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Collected Writings of Banner & Witcoff in 2016



BANNER & WITCOFF, LTD.  
INTELLECTUAL PROPERTY LAW

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### **AIPLA Daily Report**

- “Design Patents Put to the Test,” Richard S. Stockton, October 27, 2016

### **Bloomberg BNA**

- “Design Patent Community Rues Apple Stance at Supreme Court,” Robert S. Katz, October 12, 2016

### **Bloomberg Businessweek**

- “Wall Street Is Trying to Beat Silicon Valley at Its Own Game,” Binal J. Patel, February 11, 2016

### **Bloomberg Technology**

- “Big Toy Makers Clash With the Inventors They Depend On,” Ross A. Dannenberg, August 8, 2016

### **CNET**

- “Supreme Court Grills Apple, Samsung Over Value of Design Patents,” Steve S. Chang, October 11, 2016

### **Gamasutra**

- “What Legal Experts Think of Sony’s ‘Let’s Play’ Trademark Claim,” Ross A. Dannenberg, January 18, 2016

### **Heat Street**

- “Could ‘Overwatch’ Win a Suit Against ‘Paladins’ Over the Many, Many Similarities?” Ross A. Dannenberg, September 21, 2016

### **Industrial Designers Society of America**

- “Heading to the High Court: Samsung v. Apple,” Robert S. Katz, August 5, 2016

### **Law360**

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- “4 Times to File a Continuation Patent Application,” Bradley J. Van Pelt, March 17, 2016
- “Bill Curbing EDTX Patent Docket May Have Legs in Congress,” R. Gregory Israelsen, March 24, 2016

- “PTAB Told ‘Disturbing’ AIA Decision Ignored Invalidity Case,” Christopher L. McKee, March 29, 2016
- “Justices’ Enhanced Damages Ruling Gives Patents More Teeth,” Matthew P. Becker, June 13, 2016
- “Attys React to High Court’s Copyright Attys’ Fees Ruling,” Rajit Kapur, June 17, 2016
- “Pokemon No Go: How Lawyers Are Spoiling the Fun With the World’s Latest Craze,” Ross A. Dannenberg, July 22, 2016
- “Justices Question \$400M Award in Apple-Samsung Case,” Steve S. Chang, October 11, 2016

### **Legal Insight**

- “Do Not Underestimate the Role of a Company’s IP Assets,” Ross A. Dannenberg, March 23, 2016

### **Likelihood of Confusion**

- “The New Fuzzy Logic of Copyright Damages,” Rajit Kapur, June 17, 2016

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- “Samsung v. Apple: Design Patents Put to the Test at Supreme Court,” Richard S. Stockton, October 17, 2016
- “Star Athletica Arguments: Will SCOTUS Find a Uniform Test for Useful Articles?” Darrell G. Mottley, November 1, 2016

### **Medical Device Daily**

- “Bright-Line Test in Promega Seen as a No-Go,” John P. Iwanicki, December 8, 2016

### **The D.C. Bar**

- “BOG Approves Interim Report, Recommendations of Global Legal Practice Task Force,” Darrell G. Mottley, June 25, 2016

### **Washington Lawyer**

- “The Uncertain Future: Turbulence and Change in the Legal Profession,” Darrell G. Mottley, April 1, 2016

### **World Intellectual Property Review**

- “Cuozzo v Lee: SCOTUS ‘Bothered’ By Differing Claim Constructions, Lawyers Say,” Marc S. Cooperman, April 26, 2016

### **World Trademark Review**

- “Federal Circuit Finds Disparaging Marks Registerable – Analysis and Reaction,” R. Gregory Israelsen, March 15, 2016



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INTELLECTUAL PROPERTY LAW

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**TRADEMARKS**—With our clients, our attorneys evaluate trademark use and registrability issues. We obtain trademark registrations efficiently and effectively for domestic and international clients. We devise overarching brand- and product-oriented trademark strategies, both offensive and defensive for our clients as well as licensing and assigning trademarks to and from our clients. We manage and maintain large and complex trademark portfolios for global corporations, and we enforce and defend against trademark infringement allegations both domestically and internationally, including through oppositions, cancellations, court litigation, and Customs procedures.

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**U.S. Supreme Court Hears  
Arguments in *Kirtsaeng v. John  
Wiley & Sons, Inc.***

**Rajit Kapur**

***Banner & Witcoff Intellectual  
Property Alert***

***April 26, 2016***

## Intellectual Property Alert:

### U.S. Supreme Court Hears Arguments in *Kirtsaeng v. John Wiley & Sons, Inc.*

By Rajit Kapur

April 26, 2016 — Yesterday, April 25, 2016, the U.S. Supreme Court heard oral arguments in *Kirtsaeng v. John Wiley & Sons, Inc.*, No. 15-375. The Court’s ruling in this case ultimately may affect the circumstances in which attorney’s fees are awarded to prevailing parties in copyright infringement cases.

This case began more than 10 years ago, when Kirtsaeng, a native of Thailand, developed a successful business in which he obtained foreign-edition copies of English-language textbooks abroad below their U.S. market prices and resold them in the U.S. at a profit. Wiley sued Kirtsaeng for copyright infringement in 2008, alleging that Kirtsaeng violated Wiley’s exclusive rights in distributing its copyrighted works and in preventing unauthorized importation of its copyrighted works.

After Kirtsaeng lost at trial, the case ultimately reached the Supreme Court, which ruled in a 6-3 decision (with Justices Ginsburg, Kennedy, and Scalia in dissent) that Kirtsaeng’s actions did not constitute copyright infringement because Wiley’s exclusive rights in the textbooks that Kirtsaeng obtained abroad were exhausted under the “first sale” doctrine.<sup>1</sup> In the three years that have passed since the Supreme Court’s previous ruling, the case has returned to the district court, where Kirtsaeng is now seeking an award of attorney’s fees from Wiley.

Under U.S. copyright laws, a “court may [...] award a reasonable attorney’s fee to the prevailing party as part of the costs.”<sup>2</sup> The Supreme Court previously addressed this section of the copyright laws in *Fogerty v. Fantasy Inc.*, 510 U.S. 517, 29 USPQ2d 1881 (1994). In *Fogerty*, the Court held that “[p]revailing plaintiffs and prevailing defendants are to be treated alike, but attorney’s fees are to be awarded to prevailing parties only as a matter of the court’s discretion.”<sup>3</sup> The Court also discussed in *Fogerty* several “nonexclusive” factors that “may be used to guide courts’ discretion” in deciding whether to award attorney’s fees, “so long as such factors are faithful to the purposes of the Copyright Act and are applied to prevailing plaintiffs and defendants in an evenhanded manner.”<sup>4</sup>

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<sup>1</sup> *Kirtsaeng v. John Wiley & Sons Inc.*, 133 S. Ct. 1351, 568 US \_\_\_, 106 USPQ2d 1001 (2013).

<sup>2</sup> 17 U.S.C. 505.

<sup>3</sup> *Fogerty*, 29 USPQ2d at 1888.

<sup>4</sup> *See Fogerty*, 29 USPQ2d at 1889, fn. 19.

In the proceedings below, both the district court and the Second Circuit denied Kirtsaeng's bid for attorney's fees. In doing so, they have followed Second Circuit precedent that places "substantial weight" on the "objective reasonableness" factor — which asks whether the non-prevailing party's claims were "objectively reasonable" — relative to the other factors discussed in *Fogerty*.<sup>5</sup>

At issue now in *Kirtsaeng* is whether the lower courts' rulings run afoul of the statutory text of the Copyright Act and the Supreme Court's prior ruling in *Fogerty* by emphasizing the "objective reasonableness" factor over others when deciding whether to award attorney's fees in a copyright infringement action.

In yesterday's oral arguments, Justice Ginsburg, who authored the dissent in the earlier *Kirtsaeng* decision, started the questioning by asking Kirtsaeng's attorney, "if Kirtsaeng had lost this case [...] should fees have been awarded to Wiley?" Her questioning continued from there and seemed to reveal concerns about whether awarding attorney's fees to Kirtsaeng in this case would be fair. Justices Sotomayor, Breyer, and Kagan continued this line of questioning with related questions. And Justice Kagan observed that "[a]s an *ex-post* matter, you have a great David versus Goliath story to tell. But as an *ex-ante* matter, I wonder if the rule that you suggest is not going to harm the Kirtsaengs of the world." Later in the argument, Justice Ginsburg, referring back to Justice Kagan's earlier concern, noted that "your rule is if David faces Goliath and David wins, David gets fees no matter how reasonable Goliath's position was."

In addition to facing some tough questions from Justices Ginsburg, Sotomayor, Breyer, and Kagan related to fairness concerns, Kirtsaeng's attorney was also prodded by Justice Alito over the suggestion that the district court should "take into account the relative financial resources of the parties." Justice Alito seemed somewhat skeptical about whether such considerations would be appropriate.

At various points in the arguments, several Justices seemed concerned about statistics, which seem to suggest that, in practice, copyright infringement plaintiffs tend to win more awards for attorney's fees than copyright infringement defendants. The Court explored these concerns both with Kirtsaeng's attorney and with Wiley's attorney, as well as with the attorney from the U.S. Solicitor General's office who argued as *amicus curiae* in support of Wiley.

In questioning Wiley's attorney, Justices Sotomayor and Kagan both seemed particularly concerned about the "skewed results" between plaintiffs and defendants when it comes to awards of attorney's fees in copyright infringement cases.

The Justices also pressed Kirtsaeng's attorney on what test or standard, if any, the Court should adopt in this case. Kirtsaeng's attorney suggested that "a district court should consider the totality of the circumstances, including all of the *Fogerty* factors, and ask itself, would a fee award here advance the purposes of the Copyright Act?"

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<sup>5</sup> Specifically, the rulings below follow the Second Circuit's decision in *Matthew Bender & Co. v. West Publishing Co.*, 57 USPQ2d 1708 (2d Cir. 2001), which held that "objective reasonableness is a factor that should be given substantial weight in determining whether an award of attorneys' fees is warranted." *Id.* at 1712.

Justice Alito observed that such a rule might be difficult to administer because “different judges are going to have very different views about what will further the purposes of the Copyright Act.” And in a line that earned laughter in the courtroom, Justice Breyer mused that “I understand appellate lawyers love to create standards. I do not have that love at this moment.”

Overall, the Justices’ questions seemed to reveal concerns about whether the discrepancies in awards of attorney’s fees between plaintiffs and defendants are the result of its decision in *Fogerty* and the appellate court decisions that have followed in its wake, or whether such discrepancies are more properly attributable to the nature of copyright litigation itself. The Court also seemed concerned about whether it could articulate a new standard or test that would better achieve the desired aims — which themselves might not be entirely clear — than the standard already laid down in *Fogerty*. And perhaps of most concern to the parties of this case, the Court did not seem to be leaning one way or the other as to whether Kirtsaeng should be awarded attorney’s fees here. At best, the Justices’ questions seemed to suggest that they are divided on that issue.

We will continue watching this case, which has the potential to impact the strategic decisions involved in copyright litigation, including whether to bring cases, litigate cases, and settle cases, particularly in instances where there is a perceived power gap between the parties and in other instances where the looming specter of an award of attorney’s fees may drive the decision-making process.

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**U.S. Supreme Court Will Weigh in on  
*Star Athletica, LLC v. Varsity Brands,  
Inc.***

**Darrell G. Mottley**

***Banner & Witcoff Intellectual  
Property Alert***

***May 2, 2016***



## Intellectual Property Alert:

### U.S. Supreme Court Will Weigh in on *Star Athletica LLC v. Varsity Brands Inc.*

By Darrell G. Mottley

May 2, 2016 — Today, the U.S. Supreme Court agreed to review an August 2015 ruling by the 6<sup>th</sup> U.S. Circuit Court of Appeals in Cincinnati in *Star Athletica LLC v. Varsity Brands Inc.* as to whether Varsity’s two-dimensional graphic designs are entitled to copyright protection as “pictorial, graphic, and sculptural works” under the copyright law. It is the first time the U.S. Supreme Court will address copyright protection for apparel.

#### Why is this case important?

Fashion is part of the creative economy. The fashion and apparel design sector brings together fashion creatives, executives and entrepreneurs in more than 200 countries. According to industry reports, fashion is over a \$1.2 trillion global business with more than \$250 billion spent yearly in the United States. Blogs and social media like Twitter cover the fashion industry as part of their international news coverage, focusing on the ever-changing world of creative designer expressions. Intellectual property rights are an essential tool to protect new innovations and developments in the fashion design business. Copyright protection can be the appropriate avenue of protection for certain aspects of apparel, but so far it has proven to be a problematic strategy for fashion designers.

#### Copyright Protection

Copyright protection for fashion design has been difficult to obtain and is very limited, mainly due to copyright rulings that clothing designs are utilitarian or functional. In *Fashion Originators Guild v. FTC*, 114 F.2d 80, 84 (2d Cir. 1940) (L.Hand, J.), *aff’d*, 312 U.S. 457, 61 S.Ct. 703, 85 L.Ed. 949 (1941), dresses were determined to be merely useful articles not protectable by the Copyright Act. In other words, clothing design is a useful article because its function is to cover or enclose the human body of the wearer. However, many clothing designs and accessories have ornamental, artistic value that probably should be entitled to copyright protection because they are artistically expressive rather than solely utilitarian in nature. Ideally, as new expressive mediums evolve, the law should steer toward providing designers adequate protection for their creative works.

## The Separability Test

The difficult hurdle for copyright protection of clothing designs as useful articles is to pass the so-called “separability” test. The separability test permits copyright protection only if, and to the extent that, the design incorporates graphic, pictorial, or sculptural features that are conceptually or physically separable from the utilitarian aspects of the article. 17 U.S.C. §101. Courts have struggled to formulate an effective test for determining conceptual separability.

### Varsity Brands v. Star Athletica

The ruling in *Varsity Brands, Inc. v. Star Athletica, LLC*, 799 F.3d 468 (6th Cir. 2015), appears to be instructive for design-driven apparel companies seeking to overcome the obstacle of separability and obtain copyright protection. However, the U.S. Supreme Court will now have last word on copyright protection of apparel. Plaintiff Varsity Brands is a manufacturer of apparel including cheerleading uniforms. Despite the general reluctance to grant copyright protection to apparel designs, Varsity received U.S. copyright registrations for several of its cheerleading uniform designs for “two-dimensional artwork.” The Varsity designs included graphical elements such as stripes, chevrons, zigzags, and colorblocks.

Defendant Star Athletica also sold cheerleading uniforms. Star advertised cheerleading uniforms that were strikingly similar in appearance to Varsity’s designs, and so Varsity sued for copyright infringement based upon their registered designs.

At the district court, Star asserted that the Varsity copyright registrations were invalid because clothing is a useful article and therefore ineligible for copyright protection. The district court applied the separability framework that pictorial, graphic, or sculptural features are protectable if they are conceptually separable from the utilitarian function of the article, even if the features cannot be physically removed. *Id.* at 483. Subsequently, the district court entered summary judgment for Star by defining Varsity’s uniforms as having a utilitarian function as *uniforms for cheerleading* so as “to clothe the body in a way that **evokes the concept of cheerleading.**” (emphasis provided) *Varsity Brands, Inc. v. Star Athletica, LLC*, No. 10-2508, 2014 WL 819422, at \*8 (W.D. Tenn. Mar. 1, 2014).

Simply put, the court reasoned that in order to be a cheerleading uniform, the clothing must have certain essential graphical features that make it look like cheerleading apparel to the observer so that the observer recognizes that the wearer is a *cheerleader and/or a member of a cheerleading team*. For this reason, the district court concluded that the aesthetic ornamental elements (e.g., stripes, chevrons, zigzags, and colorblocks) in Varsity’s cheerleading uniforms were not separable from the clothing’s utilitarian function of identifying the wearer as a *cheerleader*. Dissatisfied with the result, Varsity appealed the district court’s entry of summary judgment to the U.S. Court of Appeals for the Sixth Circuit.

On August 19, 2015, Varsity prevailed at the Sixth Circuit. The district court’s judgment was vacated and Varsity won on the issue of whether the designs are copyrightable pictorial, graphic, or sculptural works. The court provides a unique framework to the vexing problem of shaping copyright protection for garment designs applying separability analysis. The court set forth a five

factor/question test to determine whether “pictorial, graphic, or sculptural features” are conceptually separable from the utilitarian function of a useful article:

- (1) Is the design a pictorial, graphic, or sculptural work?
  - (2) If the design is a pictorial, graphic, or sculptural work, then is it a design of a useful article?
  - (3) What are the utilitarian aspects of the useful article?
  - (4) Can the viewer of the design identify “pictorial, graphic, or sculptural features” separately from the utilitarian aspects of the useful article?
  - (5) Can “the pictorial, graphic, or sculptural features” of the design of the useful article exist independently of the utilitarian aspects of the useful article?
- Varsity*, 799 F.3d at 476.

### The Varsity Court Analysis of Separability

As to the first question, the court ruled the Varsity uniform designs have two-dimensional graphic works. For the second question, they held that it was clear the cheerleading uniform designs are useful articles. For the third question, the Sixth Circuit deviated from the district court’s view of the definition of utility. The Sixth Circuit determined that Varsity’s uniforms had a utilitarian function to cover the body, to wick away moisture and withstand athletic movements of the wearer. It rejected the definition of utility that the uniforms convey information to the observer that merely identifies the wearer as *a cheerleader or member of cheerleading team*. The court reasoned, by the statutory definition, a useful article must not only convey information (e.g., identifying the wearer) but must have a useful function, such as “to clothe the body.” The court also rejected the argument that the graphical elements in the clothing only serve a utilitarian function of decorating clothing for a cheerleading uniform. The court notes that this definition of “decorative function” as a utility would “render nearly all artwork unprotectable.” *Varsity* at 490.

For the fourth question, the court noted that the graphic features can be identified separately from the parts of the uniform design as “the record establishes that not all cheerleading uniforms must look alike to be cheerleading uniforms.” *Id.* at 491. The graphic features of the design, including the stripes, chevron, zigzags, and color-blocking, are separately identifiable because customers can identify differences between the graphic features of each of Varsity’s designs, and thus a graphic design and a blank cheerleading uniform can appear “side by side.” *Id.*

On the fifth question, the court observed that the arrangement of the stripes, chevrons, color blocks, and zigzags can exist independently of the cheerleading uniform; these designs are interchangeable on articles of clothing that can be incorporated on the surface of other types of garments, such as practice athletic wear, warmups, and jackets. Finally, the court articulated the opinion that Varsity’s graphical elements are more akin to protectable “fabric designs” imprinted on fabric rather than generally unprotectable “dress designs,” which primarily pertains to the cut or silhouette of an article of clothing. *Id.* at 490.



## Conclusion

The dissent in *Varsity* notes that separability analysis has been a metaphysical quandary for the courts and “[t]he law in this area is a mess—and it has been for a long time.” *Varsity* at 496-97. “[C]ourts will continue to struggle and the business world will continue to be handicapped by the uncertainty of the law.” *Id.* at 497.

Under this uncertainty, to present a stronger case of copyright protection for an article of apparel, seek to clearly identify the pictorial, graphic, or sculptural feature in the work of art, and make sure that the utility function of the clothing can be defined separate and apart from any graphical, pictorial or structure features. In most cases, high-value fashion designs will need a blend of copyright, trademark, and design patent protection to combat fashion piracy. Given the current ambiguity highlighted by *Varsity*, clients and attorneys will need to carefully consider the best routes for intellectual property protection of each article to determine which is most consistent with the client’s business objectives. Hopefully, the U.S. Supreme Court will provide more certainty in this area of the law.

We will continue to monitor the developments in this case.

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**The Metaphysical Quandary of  
Copyright Protection for Fashion  
Designs: Supreme Court May  
Provide Answers in *Varsity Brands,  
Inc. v. Star Athletica, LLC***

**Darrell G. Mottley**

***Banner & Witcoff IP UPDATE***

***June 8, 2016***

# UPDATE

SPRING/SUMMER 2016

## THE METAPHYSICAL QUANDARY OF COPYRIGHT PROTECTION FOR FASHION DESIGNS: SUPREME COURT MAY PROVIDE ANSWERS IN *VARSITY BRANDS, INC. V. STAR ATHLETICA, LLC*



BY: DARRELL G. MOTTLEY

The Supreme Court has agreed to review an August 2015 ruling by the U.S. Court of Appeals for the Sixth Circuit in Cincinnati in *Star Athletica LLC v. Varsity Brands Inc.*, as to whether Varsity's two-dimensional graphic designs are entitled to copyright protection as "pictorial, graphic, and sculptural works" under the copyright law. It is the first time the Supreme Court will address copyright protection for apparel.

### WHY IS THIS CASE IMPORTANT?

Fashion is part of the creative economy. The fashion and apparel design sector brings together fashion creatives, executives and entrepreneurs in more than 200 countries. According to industry reports, fashion is a nearly \$1.2 trillion global business with more than \$250 billion spent yearly in the United States. Blogs and social media like Twitter cover the fashion industry as part of their



LEFT TO RIGHT: Varsity copyrighted design; Star's uniform design

international news coverage, focusing on the ever-changing world of creative designer expressions.

Intellectual property rights are an essential tool to protect new innovations and developments in the fashion design business. Copyright protection can be the appropriate avenue of protection for certain aspects of apparel, but so far it has proven to be a problematic strategy for fashion designers.

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## COPYRIGHT PROTECTION

Copyright protection for fashion design has been difficult to obtain and is very limited, mainly due to copyright rulings that clothing designs are utilitarian or functional. In *Fashion Originators Guild v. FTC*, 114 F.2d 80, 84 (2d Cir. 1940) (L.Hand, J.), *aff'd*, 312 U.S. 457, 61 S.Ct. 703, 85 L.Ed. 949 (1941), dresses were determined to be merely useful articles not protectable by the Copyright Act. In other words, clothing design is a useful article because its function is to cover or enclose the human body of the wearer. However, many clothing designs and accessories have ornamental, artistic value that probably should be entitled to copyright protection because they are artistically expressive rather than solely utilitarian in nature. Ideally, as new expressive mediums evolve, the law should steer toward providing designers adequate protection for their creative works.

## THE SEPARABILITY TEST

The difficult hurdle for copyright protection of clothing designs as useful articles is to pass the so-called “separability” test. The separability test permits copyright protection only if, and to the extent that, the design incorporates graphic, pictorial, or sculptural features that are conceptually or physically separable from the utilitarian aspects of the article. 17 U.S.C. § 101. Courts have struggled to formulate an effective test for determining conceptual separability. In *Galiano v. Harrah’s Operating Co.*, 416 F.3d 411, 419 (5th Cir. 2005), an outfit worn by a casino employee was not protectable under copyright law because it mainly served as a uniform.

Likewise, in *Jovani Fashion, Inc. v. Cinderella Divine, Inc.*, 808 F.Supp.2d 542 (S.D.N.Y. 2011), ornate features of dresses were not protectable under the Copyright Act because the clothing served to cover the body.

While useful articles, analyzed as a whole, are not eligible for copyright protection, the individual design elements comprising a useful article may, when viewed separately, meet the Copyright Act’s requirements. For example, in *Kieselstein-Cord v. Accessories by Pearl, Inc.*, 632 F.2d 989 (2d Cir. 1980), a case concerning fashion design accessories, the court found that artwork as part of an ornate belt buckle was protectable under copyright law. The court found that the buckle design was conceptually separable from the useful belt function, because the design did not enhance the belt’s ability to hold up a person’s pants. As a conceptually separable design, the buckle could be properly viewed as a sculptural work with independent aesthetic value, and not as an integral element of a belt’s functionality.

In another fashion case, *Poe v. Missing Persons*, 745 F.2d 1238 (9th Cir. 1984), the court found an ornate swimsuit design likely copyrightable on the basis that it was more of a museum-type soft sculpture, rather than a solely utilitarian article of clothing.

## VARSITY BRANDS V. STAR ATHLETICA

The recent ruling in *Varsity Brands, Inc. v. Star Athletica, LLC*, 799 F.3d 468 (6th Cir. 2015), is instructive for design-driven apparel companies seeking to overcome the obstacle of separability and obtain copyright protection. However, the Supreme Court will now have the last word on copyright protection of apparel. Plaintiff Varsity Brands is a manufacturer of apparel including cheerleading uniforms. Despite the general reluctance to grant copyright protection to apparel designs, Varsity received U.S. copyright registrations for several of its cheerleading uniform designs for “two-dimensional artwork.” The Varsity designs included graphical elements such as stripes, chevrons, zigzags, and colorblocks.

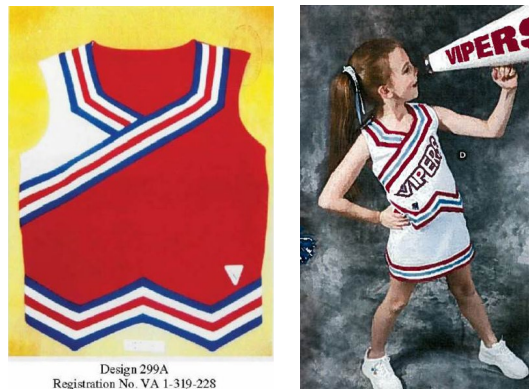
Defendant Star Athletica also sold cheerleading uniforms. Star advertised cheerleading uniforms that were strikingly similar in appearance to Varsity's designs, and so Varsity sued for copyright infringement based upon its registered designs.

At the district court, Star asserted that the Varsity copyright registrations were invalid because clothing is a useful article and therefore ineligible for copyright protection. The district court applied the separability framework that pictorial, graphic, or sculptural features are protectable if they are conceptually separable from the utilitarian function of the article, even if the features cannot be physically removed. *Id.* at 483. Subsequently, the district court entered summary judgment for Star by defining Varsity's uniforms as having a utilitarian function as *uniforms for cheerleading* so as "to clothe the body in a way that evokes the concept of cheerleading." *Varsity Brands, Inc. v. Star Athletica, LLC*, No. 10-2508, 2014 WL 819422, at \*8 (W.D. Tenn. Mar. 1, 2014) (emphasis added).

Simply put, the court reasoned that in order to be a cheerleading uniform, the clothing must have certain essential graphical features that make it look like cheerleading apparel to the observer so that the observer recognizes that the wearer is a *cheerleader and/or a member of a cheerleading team*. For this reason, the district court concluded that the aesthetic ornamental elements (e.g., stripes, chevrons, zigzags, and colorblocks) in Varsity's cheerleading uniforms were not separable from the clothing's utilitarian function of identifying the wearer as a *cheerleader*. Dissatisfied with the result, Varsity appealed the district court's entry of summary judgment to the U.S. Court of Appeals for the Sixth Circuit.

On August 19, 2015, Varsity prevailed at the Sixth Circuit. The district court's judgment

was vacated and Varsity won on the issue of whether the designs are copyrightable pictorial, graphic, or sculptural works. The Sixth Circuit provides a unique framework to the vexing problem of shaping copyright protection for garment designs applying the separability analysis. Specifically, the court set forth a five factor/question test to determine whether "pictorial, graphic, or sculptural features" are conceptually separable from the utilitarian function of a useful article:



LEFT TO RIGHT: Varsity copyrighted design; Star's uniform design

1. Is the design a pictorial, graphic, or sculptural work?
2. If the design is a pictorial, graphic, or sculptural work, then is it a design of a useful article?
3. What are the utilitarian aspects of the useful article?
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5. Can "the pictorial, graphic, or sculptural features" of the design of the useful article exist independently of the utilitarian aspects of the useful article?

*Varsity*, 799 F.3d at 476.

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## THE SIXTH CIRCUIT'S ANALYSIS OF SEPARABILITY

As to the first question, the court ruled the Varsity uniform designs have two-dimensional graphic works. For the second question, they held that it was clear the cheerleading uniform designs are useful articles. For the third question, the Sixth Circuit deviated from the district court's view of the definition of utility. The Sixth Circuit determined that Varsity's uniforms had a utilitarian function to cover the body, to wick away moisture and withstand athletic movements of the wearer. It rejected the definition of utility that the uniforms convey information to the observer that merely identifies the wearer as *a cheerleader or member of cheerleading team*. The court reasoned, by the statutory definition, a useful article must not only convey information (e.g., identifying the wearer) but must have a useful function, such as "to clothe the body." The court also rejected the argument that the graphical elements in the clothing only serve a utilitarian function of decorating clothing for a cheerleading uniform. The court notes that this definition of "decorative function" as a utility would "render nearly all artwork unprotectable." *Varsity* at 490.

For the fourth question, the court noted that the graphic features can be identified separately from the parts of the uniform design as "the record establishes that not all cheerleading uniforms must look alike to be cheerleading uniforms." *Id.* at 491. The graphic features of the design, including the stripes, chevron, zigzags, and color-blocking, are separately identifiable because customers can identify differences between the graphic features of

each of Varsity's designs, and thus a graphic design and a blank cheerleading uniform can appear "side by side." *Id.*

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## CONCLUSION

The dissent in *Varsity* notes that the separability analysis has been a metaphysical quandary for the courts and "[t]he law in this area is a mess—and it has been for a long time." *Varsity* at 496-97. "[C]ourts will continue to struggle and the business world will continue to be handicapped by the uncertainty of the law." *Id.* at 497.

Under this uncertainty, to present a stronger case of copyright protection for an article of apparel, seek to clearly identify the pictorial, graphic, or sculptural feature in the work of art, and make sure that the utility function of the clothing can be defined separate and apart from any graphical, pictorial or structure features.<sup>1</sup> In most cases, high-value fashion designs will need a blend of copyright, trademark, and design patent protection to combat fashion piracy. Given the current ambiguity highlighted



by *Varsity*, clients and attorneys will need to carefully consider the best routes for intellectual property protection of each article to determine which is most consistent with the client's business objectives. Hopefully, the Supreme Court will provide more certainty in this area of the law. We will continue to monitor the developments in this case. ■

*U.S. Prosecution Paralegal Heather Smith-Carra researched and contributed to this article.*

<sup>1</sup> One note of interest under administrative law is that the Sixth Circuit held "the Copyright Office's finding a design is protectable under the Copyright Act is entitled to *Skidmore* deference." See *Skidmore v. Swift & Co.*, 323 U.S. 134 (1944). Under *Skidmore*, an agency's decision will be given deference, and therefore, courts may defer to the Copyright Office's technical decisions because the office has more specialized experience than that of the judiciary. The Sixth Circuit noted that the Copyright Office has specialized experience in identifying useful articles, and pictorial, graphic, and sculptural works.

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**U.S. Supreme Court Rules in  
*Kirtsaeng v. John Wiley & Sons, Inc.***

**Rajit Kapur**

***Banner & Witcoff Intellectual  
Property Alert***

***June 17, 2016***





## Intellectual Property Alert: U.S. Supreme Court Rules in *Kirtsaeng v. John Wiley & Sons, Inc.*

By Rajit Kapur

June 17, 2016 — Yesterday, the U.S. Supreme Court ruled in *Kirtsaeng v. John Wiley & Sons, Inc.*, No. 15-375, that it is appropriate for a court to give substantial weight to the reasonableness of a losing party’s position when deciding whether to award attorney’s fees in a case brought under the Copyright Act as long as “all other relevant factors” are taken into account. In delivering this opinion for a unanimous Court, Justice Kagan essentially adopted a more flexible and expansive version of the approach advocated for by Wiley (the copyright owner), which primarily turned on whether a losing party’s arguments were objectively reasonable.

This case began more than 10 years ago, when Kirtsaeng, a citizen of Thailand, developed a successful business in which he obtained foreign-edition copies of English-language textbooks abroad below their U.S. market prices and resold them in the U.S. at a profit. Wiley sued Kirtsaeng for copyright infringement in 2008, alleging that Kirtsaeng violated Wiley’s exclusive rights in distributing its copyrighted works and in preventing unauthorized importation of its copyrighted works.

After Kirtsaeng lost at trial, the case ultimately reached the Supreme Court, which ruled in a 6-3 decision that Kirtsaeng’s actions did not constitute copyright infringement because Wiley’s exclusive rights in the textbooks that Kirtsaeng obtained abroad were exhausted under the “first sale” doctrine.<sup>1</sup> In the three years that have passed since the Supreme Court’s previous ruling, the case has returned to the district court, where Kirtsaeng is now seeking an award of attorney’s fees from Wiley.

Under U.S. copyright laws, a “court may [...] award a reasonable attorney’s fee to the prevailing party as part of the costs.”<sup>2</sup> The Supreme Court previously addressed this section of the copyright laws in *Fogerty v. Fantasy Inc.*, 510 U.S. 517, 29 USPQ2d 1881 (1994). In *Fogerty*, the Court held that “[p]revailing plaintiffs and prevailing defendants are to be treated alike, but attorney’s fees are to be awarded to prevailing parties only as a matter of the court’s discretion.”<sup>3</sup> The Court also discussed in *Fogerty* several “nonexclusive” factors that “may be used to guide

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<sup>1</sup> *Kirtsaeng v. John Wiley & Sons Inc.*, 133 S. Ct. 1351, 568 US \_\_\_, 106 USPQ2d 1001 (2013).

<sup>2</sup> 17 U.S.C. 505.

<sup>3</sup> *Fogerty*, 29 USPQ2d at 1888.

courts' discretion" in deciding whether to award attorney's fees, "so long as such factors are faithful to the purposes of the Copyright Act and are applied to prevailing plaintiffs and defendants in an evenhanded manner."<sup>4</sup>

In the proceedings below, both the district court and the Second Circuit denied Kirtsaeng's bid for attorney's fees. In doing so, they followed Second Circuit precedent that places "substantial weight" on the "objective reasonableness" factor — which asks whether the non-prevailing party's claims were "objectively reasonable" — relative to the other factors discussed in *Fogerty*.<sup>5</sup>

The question presented to the Supreme Court in the current *Kirtsaeng* case — and addressed by yesterday's opinion — is whether the lower courts' rulings run afoul of the statutory text of the Copyright Act and the Supreme Court's prior ruling in *Fogerty* by emphasizing the "objective reasonableness" factor over others when deciding whether to award attorney's fees in a copyright infringement action.

In yesterday's opinion, the Court held that it is appropriate for a court to give substantial weight to the reasonableness of a losing party's position when deciding whether to award attorney's fees as long as "all other relevant factors" are taken into account.<sup>6</sup> Because it was not clear here whether the lower courts "understood the full scope of that discretion" since their opinions primarily focused on the "objective reasonableness" factor, the Court vacated the lower courts' rulings in this case and remanded the case back to the district court to ensure that these "other" factors — in addition to reasonableness — are also considered.<sup>7</sup>

In setting forth this more flexible framework that gives greater discretion to district courts in deciding whether to award attorney's fees in copyright cases, the Court emphasized that its approach will further the aims of the Copyright Act insofar as it will encourage "useful copyright litigation" and will be "more administrable" than other alternatives it considered.<sup>8</sup> The Court also reaffirmed several aspects of its previous ruling in *Fogerty*. For example, quoting portions of *Fogerty*, the Court noted that fee awards must be decided on a case-by-case basis and cannot be awarded "as a matter of course." It further noted that prevailing plaintiffs and prevailing defendants should not be treated differently when it comes to awarding fees.<sup>9</sup>

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<sup>4</sup> See *Fogerty*, 29 USPQ2d at 1889, fn. 19.

<sup>5</sup> Specifically, the rulings below follow the Second Circuit's decision in *Matthew Bender & Co. v. West Publishing Co.*, 57 USPQ2d 1708 (2d Cir. 2001), which held that "objective reasonableness is a factor that should be given substantial weight in determining whether an award of attorneys' fees is warranted." *Id.* at 1712.

<sup>6</sup> See Slip Op. at 12.

<sup>7</sup> See Slip Op. at 1.

<sup>8</sup> See Slip Op. at 6-9.

<sup>9</sup> See Slip Op. at 4.

Overall, the Court’s decision here is consistent with its approach to awards of attorney’s fees in other types of intellectual property cases, including Monday’s ruling in *Halo Electronics, Inc. v. Pulse Electronics, Inc.*, No. 14-1513, which concerned fee awards in patent cases. In particular, as in *Halo*, the Court’s decision in *Kirtsaeng* elevates the discretion of a trial court over hard and fast rules that would otherwise limit discretion in deciding issues related to fee awards.

Going forward, it may be more difficult for litigants to predict whether fees will be awarded in a particular case, because courts will have more discretion in taking additional considerations into account. While the opinion suggests that under this reasonableness-based approach to awarding fees, “[t]he copyright holder with no reasonable infringement claim has good reason not to bring suit in the first instance [...] and the infringer with no reasonable defense has every reason to give in quickly, before each side’s litigation costs mount,” it might not always be clear how reasonable one’s position really is or what circumstances will matter most to the court in deciding whether to award fees until after the case has been decided on the merits. As a result of this decision, parties contemplating or involved in copyright litigation may wish to closely consider the reasonableness of their positions at each stage of litigation and particularly early on before significant fees have been incurred.

In addition, although yesterday’s *Kirtsaeng* decision represents perhaps only a moderate expansion of the analytical framework previously used by courts in deciding whether to award attorney’s fees in copyright cases, it is possible that the Court’s ruling in this case will lead to more fee awards than the Court may expect. In particular, while the Court seems satisfied that this reasonableness test is relatively easy to administer, since “[a] district court that has ruled on the merits of a copyright case can easily assess whether the losing party advanced an unreasonable claim or defense,”<sup>10</sup> it seems likely that a losing party’s position often will look less reasonable after the court has ruled against it on the merits, which is typically the point at which the court then considers whether to award attorney’s fees. Although the Court suggests that the “the issue of liability” should be separated from “that of reasonableness” in considering whether the losing party’s position was reasonable,<sup>11</sup> it may be difficult to do this in practice, since the arguments advanced by each party will inevitably be intertwined with the facts upon which liability is determined.

While it remains to be seen how yesterday’s decision will affect copyright litigation going forward, the probable outcome of the *Kirtsaeng* case itself seems clearer. In particular, the case will be heading back to the district court for further consideration in view of the Court’s new framework. And significantly, in concluding its opinion, the Court notes that in sending the case back to the district court to “take another look” at *Kirtsaeng*’s fee application, “we do not at all intimate that the District Court should reach a different conclusion,” instead “we merely ensure

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<sup>10</sup> See Slip Op. at 9.

<sup>11</sup> See Slip Op. at 10.

that the court will evaluate the motion consistent with the analysis we have set out — giving substantial weight to the reasonableness of Wiley’s litigating position, but also taking into account all other factors.”<sup>12</sup> While the district court may of course rule either way after considering these other factors, it seems likely — given these remarks by the Court — that the outcome in this case will remain the same as before, with Kirtsaeng’s bid for attorney’s fees being denied.

Please click [here](#) to read the opinion.

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please send a message to Chris Hummel at [chummel@bannerwitcoff.com](mailto:chummel@bannerwitcoff.com).



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<sup>12</sup> See Slip Op. at 12.



**SCOTUS Clarifies Standard for  
Awarding Attorneys' Fees in  
*Kirtsaeng***

**Ernest V. Linek**

***Intellectual Property Magazine***

***June 17, 2016***

## SCOTUS clarifies standard for awarding attorneys' fees in Kirtsaeng

Ernest V Linek, Banner & Witcoff

Jun 17 2016

On Thursday (16 June), the unanimous Supreme Court of the US (SCOTUS) issued its ruling in the case of *Kirtsaeng v John Wiley & Sons, Inc.* (Appeal No 15-375).

This case clarified how district court judges should decide to award attorneys' fees to successful copyright litigants, and ruled that they should place heavy emphasis on whether the case is "objectively unreasonable" while still weighing other factors.

Kirtsaeng had been accused of copyright infringement by Wiley for purchasing textbooks outside the US and then reselling those books in the US. Kirtsaeng's activities were found to be non-infringing under application of the "first sale" doctrine. Kirtsaeng then sought more than \$2m in attorneys' fees from Wiley under Section 505 of the Copyright Act, which says that a court "in its discretion may allow the recovery of full costs" by prevailing litigants.

Both the trial court and the Second Circuit refused to award attorneys' fees to Kirtsaeng. Wiley had argued, and the courts agreed, that the publisher's infringement case was not the kind of "objectively unreasonable" suit in which a fee penalty should be levied. However, in the latest SCOTUS decision, the court largely agreed with Wiley's argument, saying whether a case is "objectively unreasonable" should take an outsized role in the question of awarding attorneys' fees to the prevailing party

"When deciding whether to award attorneys' fees... a district court should give substantial weight to the objective reasonableness of the losing party's position, while still taking into account all other circumstances relevant to granting fees," wrote Justice Elena Kagan.

As a result, the court vacated the Second Circuit's decision, however, saying it may have placed too much emphasis on the "reasonableness" question.

"While the Second Circuit properly calls for district courts to give 'substantial weight' to the reasonableness of a losing party's litigating positions, its language at times suggests that a finding of reasonableness raises a presumption against granting fees, and that goes too far in cabining the district court's analysis," Kagan commented.

## **Fogerty v Fantasy**

Here, SCOTUS clarified its decision in *Fogerty v Fantasy Inc*, 510 U S 517 (1994), where the court ruled that attorneys' fees should be equally available to prevailing plaintiffs and defendants, but otherwise stated that there was "no precise rule or formula" for when they should be awarded.

In *Fogerty*, the court defined four "non-exclusive factors" for trial courts to consider; (1) the frivolousness of the case, (2) the loser's motivation, (3) the objective unreasonableness of their case, and (4) considerations of compensation and deterrence.

The court further stated that these four factors must be applied in a manner that is "faithful to the purposes of the Copyright Act".

## **Author**

Ernest V Linek is a principal shareholder in the Boston office of Banner & Witcoff.



**Google Books Story Comes to an End**

**Ernest V. Linek**

***Intellectual Property Magazine***

***July 7, 2016***



# Google Books story comes to the end

By declining to review an earlier decision regarding Google Books, the US Supreme Court has agreed that the copying of 4m books is fair use, says Ernest V Linek

Ernest V Linek, Banner & Witcoff.

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Jul 7 2016

On 18 April, the Supreme Court of the US issued an order declining to review a decision by the Court of Appeals for the Second Circuit in the copyright infringement lawsuit *Authors Guild v Google*. The Supreme Court's decision not to hear the case leaves in place the Second Circuit's ruling that Google's copying and providing access to some 4m copyrighted books was a fair use under the Copyright Act.

On 16 October 2015, the Second Circuit held that Google Books and the Google Library Project, both of which included making digital copies of full published books, was not copyright infringement, but was instead fair use under Section 107 of the Copyright Act.



In its December 2015 petition to the Supreme Court, the Authors Guild – a membership organisation of published authors – argued that the Second Circuit's unanimous decision represented “an unprecedented judicial expansion of the fair use doctrine that threatens copyright protection in the digital age”. In its petition requesting *certiorari*, the Authors Guild asked the court to review the following questions:

- Whether, in order to be “transformative” under the fair-use exception to copyright, the use of the copyrighted work must produce “new expression, meaning, or message,” as this court stated in *Campbell v Acuff-Rose Music*,<sup>1</sup> and as the Third, Sixth, and Eleventh Circuits have held, or whether the verbatim copying of works for a different, non-expressive purpose can be a transformative fair use, as the Second, Fourth, and Ninth Circuits have held.
- Whether the Second Circuit's approach to fair use improperly makes “transformative purpose” the decisive factor, replacing the statutory four-factor test, as the Seventh Circuit has charged.
- Whether the Second Circuit erred in concluding that a commercial business may evade liability for verbatim copying by arguing that the recipients of those copies will use them for lawful and beneficial purposes, a rationale that has been flatly rejected by the Sixth Circuit.
- Whether a membership association of authors may assert copyright infringement claims on behalf of its members.

In its March 2016 opposition brief, Google argued that the Second Circuit's unanimous decision in the case is correct and does not conflict with any decision of the Supreme Court or any other court of appeals and therefore does not warrant review.

Google argued that the appeals court correctly found that the scanning of books from library shelves was transformative. The appeals court further found that the scanned copies do not compete with original works. Instead, the copies are used solely for indexing and discovery purposes, benefiting users as well as the original rightsholders. In other words, the Google Books process simply enables users of the system to find the books they want to read or purchase.

In its March 2016 reply brief, the Authors Guild again argued that the Second Circuit decision expands the definition of a transformative use well beyond accepted bounds and essentially sanctions the wholesale copying of creative works, putting copyright holders at risk. According to the Authors Guild, the heart of this conflict is a fundamental disagreement about how to apply the Copyright Act in the digital age. Assuming that the primary means of distribution for books will soon be digital, the Authors Guild argued that it would be alarming for courts to authorise any and all entrepreneurs to build digital collections of the entire canon – with no specific security requirements – and then display whatever portions they choose.

## Background

Google Books is an internet tool that lets users conduct keyword searches through tens of millions of books to find particular passages of interest. The resulting passages are displayed in snippets of text, which for a typical book may entail three lines of text containing the keyword. The search results may also identify libraries where the book can be found and can provide links to merchants from whom the book may be purchased.

Since 2004, Google has scanned, rendered machine-readable and indexed more than 20m books, including both copyrighted works and works in the public domain. A majority of the books are non-fiction, and most are out of print. All of the digital information created by Google in the process is stored on servers protected by the same security systems Google uses to shield its own confidential information.

The digital works created by the scanning of these millions of books serves as the data-set for the Google Books search engine. Members of the public who access the Google Books website can enter search words or terms of their own choice, receiving in response a list of all books in the database in which those terms appear, as well as the number of times the term appears in each book.

## District court

The plaintiffs in this case are authors of published books who claimed their books were scanned without their permission by Google, which then made them available to internet users for search and snippet views on its website. The plaintiff authors include: Jim Bouton, author of *Ball Four*; Betty Miles, author of *The Trouble with Thirteen*; and Joseph Goulden, author of *The Superlawyers: The Small and Powerful World of the Great Washington Law Firms*. Each author has a legal or beneficial ownership in the copyright for his or her book.

On 14 November 2013, the district court granted summary judgment in favour of Google, based on its conclusion that Google's copying is fair use under 17 USC § 107 and is therefore not infringing.

## Appeals court

As previously discussed, the Second Circuit also concluded that Google's copying is transformative within the meaning of *Campbell*, does not offer the public a meaningful substitute for matter protected by the plaintiffs' copyrights and satisfies § 107's test for fair use.

## Fair-use analysis

Section 107 provides that "the fair use of a copyrighted work [...] for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include:

- The purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- The nature of the copyrighted work;
- The amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- The effect of the use upon the potential market for or value of the copyrighted work."

The court analysed each of these factors and found as follows:

### Purpose and character of use

Addressing the first factor, the purpose and character of the use, the court found that the Google Books search function was a highly transformative use, in that the function did not supplant the books, but rather provided information about the books to make the books easier to find.

### Nature of the copyrighted work

The court downplayed the significance of the second factor, the nature of the copyrighted work. In particular, the court noted that this factor is commonly used to confer greater degrees of copyright protection to works of fiction and lesser degrees to works that are factual, but expressed disagreement that this should be the case.

The court acknowledged that the transformative nature discussed in the first factor can also influence this second factor and concluded

that the second factor favours a finding of fair use, because the resulting work provides valuable information about the original, rather than replicating protected expression in a manner that provides a meaningful substitute for the original.

### **Amount used**

As for the third factor, the court acknowledged that Google has made copies of the books in their entirety, but the court also noted that such a complete copying can still be considered a fair use if it was reasonably appropriate to achieve the copier's transformative purpose without supplanting the original.

In evaluating this factor, the court noted that while Google made complete copies, it does not reveal that copy to the public. As for the snippet view, which reveals portions of search results to the public, the court found that it does not reveal enough of the books to risk becoming a competing substitute for the books.

### **Effect on market**

As for the fourth factor, the court found that the "cumbersome, disjointed and incomplete nature of the aggregation of snippets made available through snippet view" was unlikely to provide a meaningful substitute for the underlying book.

The court noted that the possibility, or even the probability or certainty, of some loss of sales does not make the copy an effectively competing substitute that would tilt the weighty fourth factor in favour of the rightsholder in the original works. There must be a meaningful or significant effect "upon the potential market for or value of the copyrighted work."<sup>2</sup>

### **Discussion**

The Second Circuit was largely swayed by what it deemed the highly transformative nature of the work completed in the Google Books project. The court found that the purpose of the copying is highly transformative, the public display of text is limited and the revelations do not provide a significant market substitute for the protected aspects of the originals.

According to the court, Google's commercial nature and profit motivation do not justify denial of fair use. The company's case was bolstered by the steps it took to secure the digital copies, limit the search result content viewable by users and provide additional statistical data about the books.

Google Books will continue and more literary content will become available for public searching on the internet. Likewise, it is expected that the Library Project will be expanded to include even more libraries.

### **In-house action items**

Make full use of Google Books when searching for information on the internet. The confirmation of the appeals court decision by the Supreme Court confirms that copyright owners of the original works cannot successfully sue for copyright infringement.

Review your own works regarding copyright protection. Original works are protected upon creation. Works derived from or based on previous works may require a transformative use of the original work to qualify as non-infringing fair use of the previous works. Look to the four factors of the fair use analysis as discussed earlier.

### **Footnotes**

1. 510 US569 (1994).
2. (17 USC § 107(4)).

### **Author**

Ernest V Linek is an attorney at Banner & Witcoff.

# **DESIGN PATENTS**



**Apple and Samsung at the Supreme  
Court: Case Proves Need for Design  
Patents in Overall IP Strategy**

**Bradley J. Van Pelt, Kevin C. Keenan  
and Sean J. Jungels**

***Banner & Witcoff IP UPDATE***

***June 8, 2016***

## APPLE AND SAMSUNG AT THE SUPREME COURT: CASE PROVES NEED FOR DESIGN PATENTS IN OVERALL IP STRATEGY

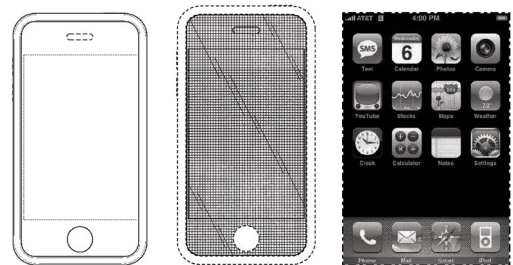


BY: BRADLEY J. VAN PELT, KEVIN C. KEENAN,  
AND SEAN J. JUNGELS

The Supreme Court will dust off its treatises and review design patents for the first time in 122 years in *Samsung v. Apple*. Although the issues in the fray are plentiful, the Justices will only tackle one: how much can a design patent holder recover from an infringer?

Apple and Samsung arrived here after several years of long-running and extraordinarily public litigations over patents and other intellectual property rights both in the United States and internationally. These disputes have been dubbed the “Smartphone Wars.” In the case pending at the Supreme Court, Apple asserted design and utility patent infringement and dilution of trade dress. Apple first filed suit against Samsung in the U.S. District Court for the Northern District of California in 2011, asserting Apple’s D593,087, D618,677, and D604,305 design patents against various Samsung smartphones (examples of which are shown to the right) and asserting that Samsung diluted its unregistered and registered trade dresses that are materially identical to the designs claimed in its design patents, among other things.<sup>1</sup> A jury found that all three design patents were infringed, as well as dilution of the trade dresses, ultimately awarding damages of \$399 million for design patent infringement and \$382 million for trade dress dilution.<sup>2</sup>

In awarding \$399 million in design patent damages to Apple, the district court applied Section 289 and awarded infringer’s profits in the amount of Samsung’s entire profits on the sales of the accused phones.



TOP (LEFT TO RIGHT): Apple’s Patents: D593,087; D618,677; D604,305;  
BOTTOM (LEFT TO RIGHT): Exemplary Accused Products: Galaxy S 4G; Samsung Fascinate UI

The district court did not require Apple to prove that the patented design features provided a material contribution to Samsung’s sales nor did it require any apportionment of the damages award. The Court of Appeals for the Federal Circuit affirmed the district court’s design patent award, and held that “total profit” in Section 289 constitutes all of an infringer’s profits from an entire product. *Id.* at 1101–1102.

After the Federal Circuit denied rehearing *en banc*, Samsung filed a petition for writ of certiorari to the Supreme Court and challenged two rulings: (1) the panel held design patent infringement depended on the factfinder's review of the overall ornamental appearance of a design, even if the design applied to aspects of the phone that had some utilitarian purpose, and (2) the panel held the text of Section 289 "explicitly authorizes the award of total profit." *Id.* However, the Supreme Court only granted certiorari with respect to the second issue.

35 U.S.C. § 289 states:

Whoever during the term of a patent for a design, without license of the owner, (1) applies the patented design, or any colorable imitation thereof, to any article of manufacture for the purpose of sale, or (2) sells or exposes for sale any article of manufacture to which such design or colorable imitation has been applied **shall be liable to the owner to the extent of his total profit**, but not less than \$250, recoverable in any United States district court having jurisdiction of the parties. Nothing in this section shall prevent, lessen, or impeach any other remedy which an owner of an infringed patent has under the provisions of this title, but he shall not twice recover the profit made from the infringement. (emphasis added)

### SECTION 289 – A SHORT HISTORY

As a short summary of the history behind Section 289, the law was enacted in part due to Congress being dissatisfied with a Supreme Court ruling that a patentee only deserved minimal damages for the infringement of its carpet design patent. When design patent law was established, similar standards were used in determining damages for infringement of both design and utility patents, which required an accounting of the profits attributed to

infringing the patented design. Because of this standard, however, design patent owners encountered much difficulty in establishing that the value of the product was attributed to the design and, thus, often only received a nominal damage award.<sup>4</sup> The most often cited example of the application of this standard is in *Dobson v. Dornan*, where the Court determined that a patented carpet design infringement was infringed but only awarded 6 cents in damages, reasoning that the design patent owner failed to establish that the cost of the infringing carpets could be attributed to the patented design.<sup>5</sup>

Dissatisfied with the result in *Dobson*, in 1887, Congress removed the attribution requirement for design patent damages and replaced this provision with the total profit rule providing that an infringer should be required to pay the design patent holder the total profit made in the sale of the infringing product including the patented design, with a minimum liability of \$250.<sup>6</sup> Congress later codified the Patent Act of 1887 in 35 U.S.C. § 289, which is at the center of the current Supreme Court case between Apple and Samsung.

### DIFFERING VIEWS ON SECTION 289

Much of Samsung's petition for writ of certiorari is dedicated to the Federal Circuit allegedly misinterpreting Section 289 and the "absurd" results that the Federal Circuit's application of Section 289 creates. Samsung argues that the damages award of all profits from its smartphones is disproportionate because it fails to account for how much the design contributed to the product's value or sales. For example, in applying this rule, "a jury that awards infringer's profits must award the entire profits on a car (or even an eighteen-wheel tractor-trailer) that contains an infringing cup-holder..."<sup>7</sup> Samsung also argues that the Federal Circuit erred in construing "article of manufacture" in the statute to mean the "entire product sold separately to **MORE ►**

ordinary customers.” (internal quotes omitted). Instead, citing to dictionary definitions and the Federal Circuit’s predecessor court, the Court of Customs and Patent Appeals, Samsung argues that an “article of manufacture” is only the portion of the product to which the patented design is applied.<sup>8</sup> In addition, Samsung noted that the “total profit” is limited by the statutory language “profit made from the infringement” in the second paragraph of Section 289.<sup>9</sup> Finally, Samsung argues that the principles of causation and equity render an award of all profits excessive and supports an award of infringer’s profits proportional to the infringer’s wrong.<sup>10</sup>

In its opposition to certiorari, Apple argued that Section 289 is clear and mandates awards of all of the infringer’s profits. Apple further argued that this is well supported by clear legislative history and case law precedent. Apple argued that in enacting Section 289, Congress’s clear intent was to “prevent[] the infringer from actually profiting by his infringement. The patentee recovers the profit actually made on the infringing article...that is what the infringer realized from infringing articles minus what they cost.”<sup>11</sup> Apple further argued that Congress had multiple opportunities to revise the “total profit” provision of Section 289 but chose not to do so. For example, in 1946, Congress abolished a similar “total profits” rule for utility patents but did not abolish the design patent equivalent. Also in 1952, Congress updated the language of Section 289, but did not alter the “total profits” provision of section 289.<sup>12</sup> Apple additionally argued that the total profits rule was supported by “an unbroken line of cases... that applied § 289” to mean an infringer’s entire profits, not merely some portion thereof. In sum, Apple contends that “Samsung had its day in court...and the...jury was well-justified in finding that Samsung copied Apple’s designs and should pay the damages that the statute expressly authorizes.”<sup>13</sup>

Samsung’s opening brief was due June 1. Apple’s response is due July 29, and Samsung’s reply brief is due August 29. Oral argument has not yet been scheduled, but pundits predict it will be held in October. Several amici curiae briefs are also expected to be filed in support of both parties.

### SIGNIFICANT ROLE OF DESIGN PATENTS

Regardless of the outcome of the Supreme Court decision, this immense clash between two technology titans illustrates the need for companies to obtain broad and varied coverage of their intellectual property rights. Intellectual property rights may be obtained using utility and design patents, trademarks, copyrights, trade dress, and trade secrets. These vehicles each confer different and often overlapping protections.

In the context of the intellectual property at issue in these cases, Apple originally sought \$2.75 billion in damages, and in 2012, Apple won a judgment of nearly \$930 million including:

- \$149 million related to infringement of Apple’s utility patents;
- \$382 million related to dilution of Apple’s trade dresses; and
- \$399 million related to infringement of Apple’s design patents.<sup>14</sup>

Of the nearly \$930 million, Samsung chose not to appeal the \$149 million judgment related to Apple’s utility patents, and the Federal Circuit eliminated the \$382 million portion of Apple’s award relating to trade dress dilution, finding Apple’s trade dresses to be functional and therefore invalid.<sup>15</sup> Thus, without Apple’s design patents, Apple would be left with only \$149 million of the \$2.75 billion it originally sought.

Design patents are an often overlooked form of intellectual property protection. In 2015, for example, utility patent application



filings outpaced design patent applications by more than 15 to 1 (589,410 utility patent applications to just 39,097 design patent applications).<sup>16</sup> Although design patents may only be obtained for the ornamental design of an item and typically the rights conferred by a design patent are narrower than the rights conferred by a utility patent, they are invaluable to an overall intellectual property portfolio and offer significant benefits over utility patents.

First, design patents are granted more quickly than utility patents. A utility patent can typically take three or more years to grant whereas a design patent may typically grant in as little as six-to-eight months, and in certain instances, as little as three months where expedited examination is requested. Second, design patents are relatively inexpensive compared to utility patents. A design patent may generally be obtained for about one-tenth the cost of a utility patent. Maintenance fees must also be paid to the U.S. Patent and Trademark Office during the life of a utility patent, but no such fees are required to keep a design patent alive. Third, design patents are allowed by the USPTO more frequently than utility patents. Design patents, for example, have an allowance rate of almost 90 percent, while utility patents have an allowance rate

of closer to 70 percent.<sup>17</sup> Finally, as evidenced by the *Samsung v. Apple* case, damages related to design patent infringement can be significant as a patent owner can recover the infringer's **total profit**.

Although design patents are not appropriate for all types of inventions, Apple and Samsung's long-running legal battle demonstrates that design patents are a necessary addition to a successful overall intellectual property strategy. ■

<sup>1</sup> Apple also asserted its D504,889 design patent but no infringement was found. Apple has additionally asserted some of its utility patents directed to smartphone technology against Samsung.

<sup>2</sup> The Federal Circuit reversed the \$382 million judgment for trade dress dilution and held the asserted trade dresses invalid as functional.

<sup>3</sup> During reexamination, the USPTO in a non-final action dated August 5, 2015, rejected the claim of the '677 design patent on several grounds. The rejection is being challenged by Apple.

<sup>4</sup> Donald S. Chisum, *Chisum on Patents* § 23.05 (1)(a)(2014)

<sup>5</sup> 118 U.S. 10

<sup>6</sup> Patent Act of Feb. 4, 1887, ch. 105, § 1, 24 Stat. 387

<sup>7</sup> *Samsung v. Apple*, No. 15-777, petition for writ of certiorari at 26.

<sup>8</sup> *Id.* at 27.

<sup>9</sup> *Id.* at 30-31.

<sup>10</sup> *Id.* at 32 and 33.

<sup>11</sup> Apple brief in opposition to cert at 5, quoting 18 Cong. Rec. 834.

<sup>12</sup> Apple brief in opposition to cert at 27

<sup>13</sup> Apple brief in opposition to cert at 37

<sup>14</sup> *Apple v. Samsung*, No. 14-1335, Samsung brief at 3

<sup>15</sup> *Apple v. Samsung*, No. 14-1335

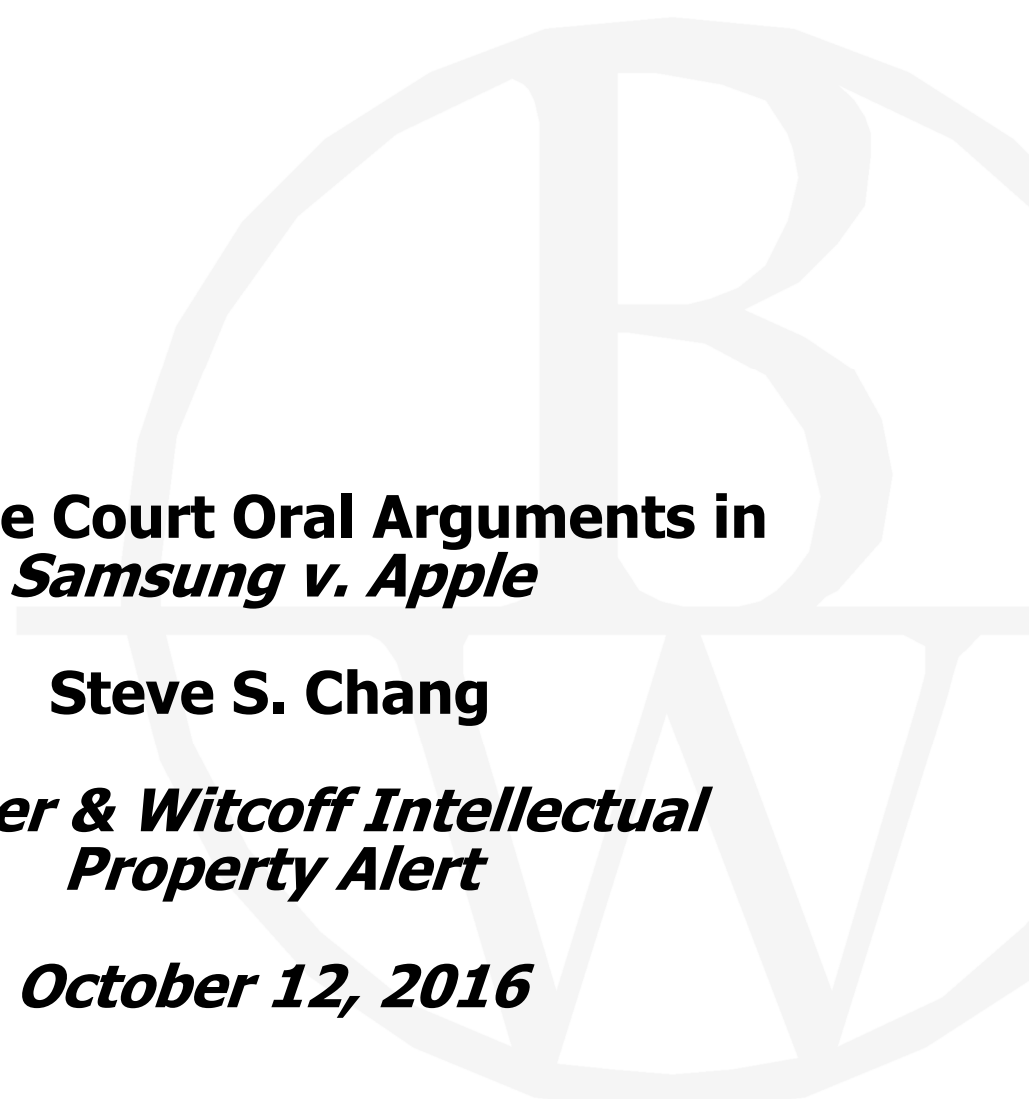
<sup>16</sup> [http://www.uspto.gov/web/offices/ac/ido/oeip/taf/us\\_stat.htm](http://www.uspto.gov/web/offices/ac/ido/oeip/taf/us_stat.htm)

<sup>17</sup> <http://www.uspto.gov/corda/dashboards/patents/main.dashxml?CTNAVID=1005>; and <http://www.uspto.gov/corda/dashboards/patents/main.dashxml?CTNAVID=1006>

## BANNER & WITCOFF AND AIA POST-ISSUANCE PROCEEDINGS

Banner & Witcoff continues to increase its involvement in America Invents Act post-issuance review activity, including *inter partes* reviews (IPRs) and post grant reviews. The firm is currently handling 28 IPRs for such clients as NIKE, Inc.; Honeywell International Inc.; and Kimberly-Clark Corp.

Since the AIA took effect, the firm has brought a number of IPRs to a successful conclusion for its clients, including successfully defending an IPR for client Mentor Graphics through appeal to the U.S. Court of Appeals for the Federal Circuit (CAFC). The firm has several other appeals from IPRs currently pending before the CAFC.



**Supreme Court Oral Arguments in  
*Samsung v. Apple***

**Steve S. Chang**

***Banner & Witcoff Intellectual  
Property Alert***

***October 12, 2016***

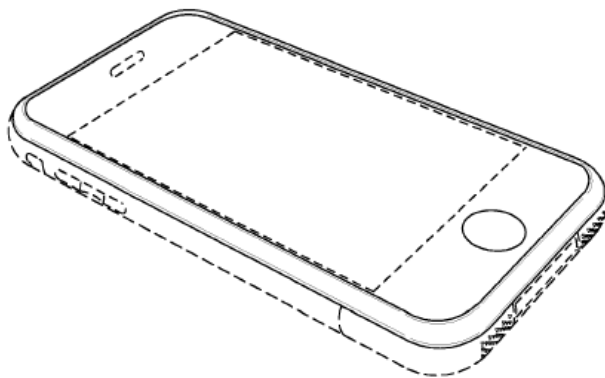
## Intellectual Property Alert: *Supreme Court Oral Arguments in Samsung v. Apple*

By *Steve S. Chang*

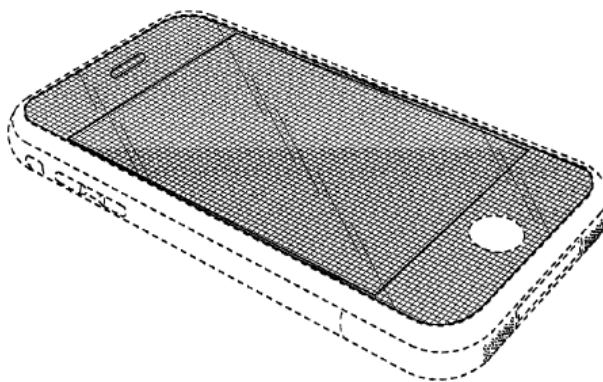
October 12, 2016 — Oral arguments were held yesterday at the U.S. Supreme Court in the closely-watched and longstanding design patent suit between Apple and Samsung<sup>1</sup>, and from the questioning and discussion, it appears that the Supreme Court's decision will likely provide some new legal standards and points to consider when design patent damages are awarded.

### Background

At issue in this appeal is the \$399 million award that Samsung was ordered to pay Apple for infringement of several of Apple's design patents. In particular, the jury found that several of Samsung's smartphones infringed three of Apple's design patents (D604,305, D593,087, and D618,677). The designs claimed in the Apple design patents are shown below:



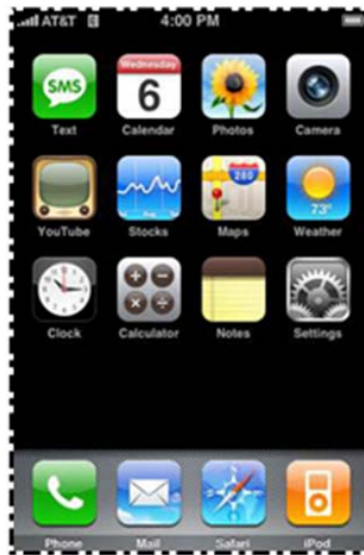
D593,087



D618,677

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<sup>1</sup> *Samsung Electronics Co. et al. v. Apple Inc.*, No. 15-777 (U.S. December 16, 2015)



D604,305

The \$399 million amounted to the entirety of Samsung’s profits from several of the infringing smartphones<sup>2</sup>. This award, affirmed on appeal to the U.S. Court of Appeals for the Federal Circuit, stemmed from the application of 35 U.S.C. 289, which addresses design patent remedies with the following (emphasis added):

Whoever during the term of a patent for a design, without license of the owner, (1) applies the patented design, or any colorable imitation thereof, to any article of manufacture for the purpose of sale, or (2) sells or exposes for sale any article of manufacture to which such design or colorable imitation has been applied shall be liable to the owner to the extent of his **total profit**, but not less than \$250, recoverable in any United States district court having jurisdiction of the parties.

Nothing in this section shall prevent, lessen, or impeach any other remedy which an owner of an infringed patent has under the provisions of this title, but he shall not twice recover the profit made from the infringement.

The award of the entirety of the profits was based on the “total profit” referenced in Section 289.

In its appeal brief, Samsung argued that the focus in Section 289 should be on the “article of manufacture to which” the design is applied, and that this “article of manufacture” could be a component of an item sold to the public. Samsung also argued that the legislative history behind the “total profit” concept was focused on articles whose value was driven by design (e.g., carpets, wallpapers), and that unfair and absurd results could come about from that rule if applied to more

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<sup>2</sup> The damages for infringement of one of the patents, the ‘087 patent, were not included in the \$399 million, and were not at issue in this appeal.

complicated items (e.g., a design patent on an automobile cupholder could warrant damages in the amount of the entire total profit of an automobile).

Apple responded in its brief by agreeing with Samsung that Section 289 does not create a *per se* rule that infringement of a design patent by a component of a device automatically, and always, entitles the plaintiff to an award of the total profit of the entire device. However, Apple argued that it was Samsung's burden to offer proof of a smaller "article of manufacture" if it didn't want damages based on the entire product, and that Samsung failed to do so (Apple noted that Samsung's own damages expert based the damages calculations on the total profit of the entire phone). Apple also argued that the "total profit" rule had been properly applied by the courts in view of the legislative history, and that the hypothetical absurd results posited by Samsung would not actually occur since the "article of manufacture" could be properly established.

### **The Oral Arguments**

The "article of manufacture" analysis took center stage at the oral arguments. Samsung argued that both parties agreed that the analysis should begin with a proper identification of the "article of manufacture." Chief Justice Roberts and Justice Kennedy both expressed concern about the form of the jury instructions, asking how a jury should be instructed on identifying an "article of manufacture." Samsung replied that the jury, having the task of determining infringement anyway, could simply be asked to look at the patent figures and the accused product, and identify what they consider to be the "article of manufacture to which the design (from the design patent) applies."

Justice Breyer noted that both parties, as well as the United States, essentially seemed to espouse a two-part test. The first part involved identifying what the "article of manufacture" was, and the second part involved determining the extent to which that "article of manufacture" was the reason for the infringer's profits. Several Justices referred back to this two-part test throughout the discussion, often times using a hypothetical example of a Volkswagen Beetle automobile. Justice Kennedy pondered how the second part would be analyzed if, for example, the design for the Beetle occurred in a relatively short "flash of genius," while developing the rest of the Beetle took a hundred thousand hours. Samsung responded by saying that in that situation, if the aesthetic design of the Beetle (as opposed to, for example, the car's performance or internal details) were proven to be the sole reason people bought the car, then an award of 100 percent of the profits could still be justified.

Justice Sotomayor noted that the United States had offered a four-factor analysis in determining the relevant "article of manufacture," and Apple conceded that those factors could indeed be part of the analysis. Those factors were as follows:

- 1) The scope of the design claimed in the patent;
- 2) The relative prominence of the design within the product as a whole;
- 3) Whether the design is conceptually distinct from the product as a whole (they give the example of a book binding being conceptually distinct from the copyrighted contents of the book); and
- 4) The physical relationship between the patented design and the rest of the product.

Justice Kennedy noted, with some bemusement, that this determination of the “article of manufacture” as a sub-component of an item sounded a lot like the “apportionment” of damages that, in the briefing and appeals below, was deemed improper in view of prior Section 289 jurisprudence. Apple noted that the key distinction here is that the “article of manufacture” analysis involves actually identifying a “thing,” whereas the prior jurisprudence “apportionment” focused on attempting to place a value on the design itself separate from the value of the actual item.

Although the discussion focused on the “article of manufacture” analysis, there were a few instances addressing the record below. Apple’s core (sorry for the pun) argument was that even had the jury been given a different instruction on the “article of manufacture” analysis, Samsung’s own evidence focused on the entire value of the phones anyway, so there would have been no basis on the record for the jury to have concluded differently on the question of damages. Justice Sotomayor picked up on this, and wondered whether the current record would have supported a contrary finding by the jury. Justice Ginsburg also explored the topic, asking if Samsung had attempted to provide evidence of damages for less than the entire product. Samsung said it tried numerous times to do so, but that its efforts were thwarted by the lower court’s interpretation of the “total profit” rule. Apple argued that, to the contrary, Samsung actually had “every opportunity” to offer the necessary evidence to support an alternative damages finding.

Justice Breyer seemed rather uninterested in discussing the details of the factual record below, and seemed inclined to articulate the legal standard for the “article of manufacture” analysis, and to remand the case for further proceedings accordingly.

## **Conclusion and Takeaways**

No firm takeaways will be known until the decision, but based on the questions, it at least appears likely that the Supreme Court will be articulating some legal guidance in the interpretation and application of Section 289, and that this legal guidance will likely involve the two-step inquiry that was discussed at oral argument. The four factors identified in the United States’ brief may well also be included as examples in that analysis. As for whether the \$399 million will stand, we will have to wait and see.

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**Steve Jobs Heard in Supreme Court**

**Steve S. Chang**

***EE Times***

***October 18, 2016***

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## Steve Jobs Heard in Supreme Court

Steve S. Chang

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**In last week's Supreme Court hearing of the design patent case of Apple v. Samsung you could almost feel the presence of Steve Jobs.**

Just a week after the fifth anniversary of his untimely passing, Steve Jobs made an appearance -- at least in spirit -- at the U.S. Supreme Court. I was attending the oral argument in the patent suit between Apple and Samsung<sup>[1]</sup>, and as I watched the arguments unfold, I was reminded several times of Mr. Jobs' influence on our lives, the tech industry, and now the law. Here's a quick summary of what happened.

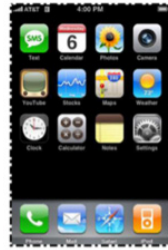
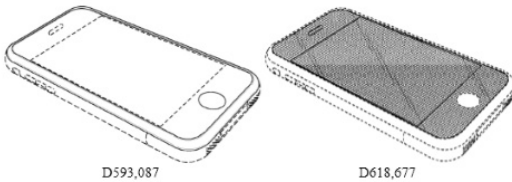
In 2011, Apple sued Samsung, alleging that 19 Samsung cell phones infringed several of Apple's patents. Apple ultimately prevailed, and won an award of \$399 million -- Samsung's entire profits on eleven of the accused smartphones.<sup>[2]</sup> The issue at the Supreme Court was whether the lower courts properly interpreted U.S. patent laws in awarding all of Samsung's profits.

The patents at issue were design patents. When most people think about patents, they think about utility patents on new and useful inventions, like cancer-fighting drugs or flying cars.

Design patents, however, are different. Instead of covering useful inventions, design patents cover ornamental inventions. Most early design patents were for things like cast iron stoves. Although the technology behind different stoves may have been the same, different stovemakers went to great lengths to create cool ornamental designs for their stoves, and they lobbied for protection against copycats.

Apple asserted three design patents against Samsung -- two had Steve Jobs as an inventor and were focused on the front face of the iPhone, while a third was directed to the phone's home screen.





Apple's case focused on three design patents on the original iPhone.

The trial court awarded \$399 million – all of Samsung's profits on the infringing phones because of a provision in the U.S. patent laws that addressed design patents. That provision states that whoever "applies the patented design...to any article of manufacture for the purpose of sale...shall be liable to the owner to the extent of his total profit."<sup>[3]</sup>

That provision was expressly added by Congress in the late 1800s, in response to a series of court cases involving carpets. In those cases, a design patent holder successfully proved that carpet manufacturers had copied the patented design, but was awarded only six cents because they were unable to prove how much of the infringer's profits came from the design itself, as opposed to the carpets they sold.<sup>[4]</sup>

While the total-profits concept might make sense for things like carpets, where the ornamental appearance is a main reason for purchase, it starts to raise eyebrows when applied to other products. One example used in the Supreme Court arguments involved a cup holder in a car: should the inventor of a novel cupholder design be entitled to all profits for a car, if the car had the infringing cupholder?

Chief Justice John Roberts made a remark that reminded me of Steve Jobs' passion for design. In particular, Chief Justice Roberts remarked that "all the chips and wires" on the inside of Apple's iPhone don't really contribute to the distinctive design of the phone's exterior case. I was reminded of how Jobs famously insisted on making even the unseen parts on the inside of Apple's products look as beautiful as possible.<sup>[5]</sup>

The Supreme Court justices asked Samsung and Apple various questions about how courts should properly and fairly apply the existing design patent laws to situations like the cup holder. Both Apple and Samsung agreed that in general you would not want to give automatically the owner of the cup holder the entire profits of a car.<sup>[6]</sup>

They said the issue should come down to how you prove what the "article of manufacture" actually was in a design patent case, and what effect that article had on the overall profits from the sale of the car. So in the cupholder case, the "article of manufacture" might just be the cupholder, and the proof of damages would focus on the effect that the cupholder had on the sales of the car.

We should know how the Supreme Court wants us to handle these issues when it releases its decision, expected sometime around June 2017.

--Steve Chang ([schang@bannerwitcoff.com](mailto:schang@bannerwitcoff.com)) is a partner with the intellectual property law firm of Banner & Witcoff, Ltd., working on design and utility patents.

END NOTES

[1] *Samsung Electronics Co. et al. v. Apple Inc.*, No. 15-777 (U.S. December 16, 2015)

[2] Other damages were awarded as well, but the issue before the Supreme Court only dealt with the \$399 million.

[3] 35 U.S.C. 289.

[4] See, e.g., *Dobson v. Dorman*, 118 U.S. 10 (1886); *Dobson v. Hartford Carpet Co.*, 114 U.S. 439 (1885); and *Dobson v. Bigelow Carpet Co.*, 114 U.S. 439 (1885).

[5] As recounted in Walter Isaacson's *Steve Jobs*, Jobs once rejected an initial circuit board layout for the Apple II because "the lines were not straight enough." Chapter Six, p. 224 (iBooks edition)

[6] This is not to say that Apple agreed it shouldn't have gotten the full \$399 million. They still contend that the evidence at trial supported that award, regardless of whether the Supreme Court articulates a new standard as a result of Samsung's appeal. Samsung, on the other hand, contends that at a minimum, there should be a new trial after the Supreme Court sets forth the proper standard for applying the design patent damages provision.

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**Another Bite at the Apple? Supreme  
Court Reverses and Remands to the  
Federal Circuit**

**Steve S. Chang and Richard S.  
Stockton**

***Banner & Witcoff Intellectual  
Property Alert***

***December 7, 2016***

## Another Bite at the Apple ... Maybe?

### *Supreme Court Reverses and Remands to the Federal Circuit*

By **Steve Chang** and **Richard Stockton**

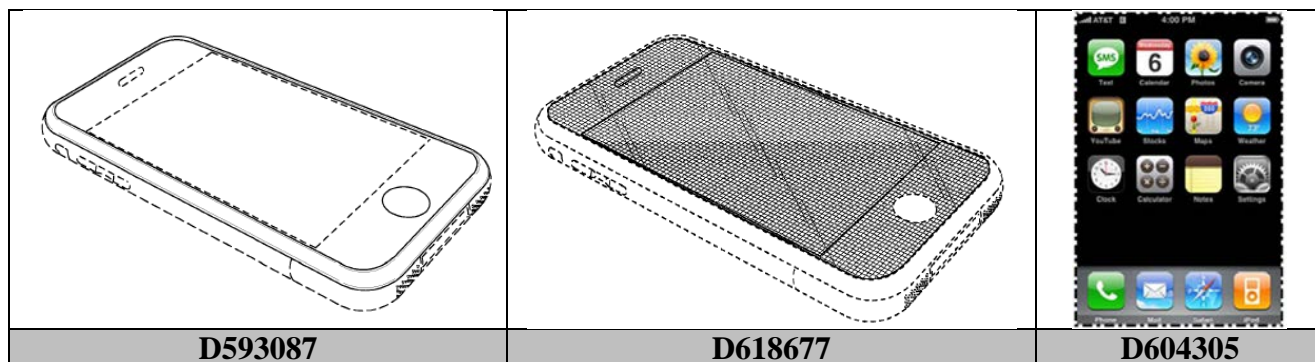
December 7, 2016 — Less than two months after oral argument, the U.S. Supreme Court released its much-anticipated decision in *Samsung v. Apple* (Case No. 15-777). But it does not seem as significant as expected.

#### **Background**

In 2012, a California jury found that several of Samsung’s smartphones infringed several of Apple’s iPhone design patents, and ultimately \$399 million — the entirety of Samsung’s profits on the accused smartphones — was awarded to Apple. This “total profit” award arose from Section 289 of the Patent Act, which states that

Whoever during the term of a patent for a design . . . , (1) applies the patented design, or any colorable imitation thereof, to any *article of manufacture* for the purpose of sale . . . shall be liable to the owner to the extent of his *total profit*, but not less than \$250 . . . .”

35 U.S.C. § 289 (emphasis added).<sup>1</sup> The design patents-in-suit, namely U.S. Patent Nos. D593087, D618677, and D604305, relate to the following elements of Apple’s iPhone product:



On appeal, Samsung argued that this “total profits” award was improper because the patented designs only covered a fraction of the features of the iPhone, but the Federal Circuit affirmed the award based on the language in the statute, and the Supreme Court granted *certiorari*.

<sup>1</sup> Apple also asserted infringement of trade dress and other patents, but these matters were not before the Supreme Court.

## **At the Supreme Court, the “Article of Manufacture” and “Total Profits” Were Addressed**

In briefing and oral argument at the Supreme Court, the parties and the United States as *amicus curiae* addressed how to identify the “article of manufacture,” and also how to determine total profits based on the article of manufacture.

There were several suggestions for the analysis, including a two-part test for the overall analysis (identify the article of manufacture and then determine the amount of profit attributable to that article of manufacture). There was also discussion of a four-factor analysis to do that (i.e., looking at the claimed design, its prominence in the product, whether the design is “conceptually distinct” from the product as a whole, and the physical relationship between the design and the rest of the product). There was discussion of the role of expert witnesses, and on how you might consider the manner in which the design was developed (*e.g.*, a “flash of genius” versus a long drawn-out design process) in deciding on the profits attributable to that design.

All of this discussion had the design patent legal community eagerly anticipating detailed guidance on how “total profits” should be tabulated, what factors were to be considered (*e.g.*, 2-part test with 4 factors?), and what evidence was to be offered.

However, in the decision, the Supreme Court declined to resolve the case on the merits, establish a test or even identify relevant factors. Instead, it merely said that the Federal Circuit “reading ‘article of manufacture’ in §289 to cover only an end product sold to a consumer gives too narrow a meaning to the phrase,” and reversed. *Id.*

### **Conclusion**

The takeaway from the Supreme Court decision is simple: the “article of manufacture” may be a component of a product sold to a consumer, regardless of whether the component is sold separately or not. However, because the Supreme Court did not provide further guidance (and said that a test “is not necessary to resolve the question presented in this case”), it seems the Federal Circuit has considerable leeway on how to proceed. Accordingly, it seems the issues presented have been punted to the Federal Circuit, and we will have to see what happens on remand.

Please click [here](#) to read the opinion.

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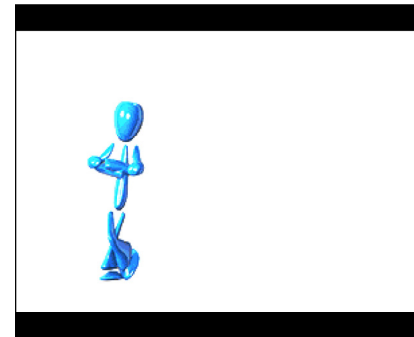
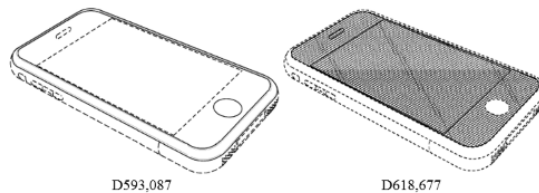
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With its decision in the Apple v. Samsung case, the Supreme Court made a narrow ruling on the issue of how to value damages in cases of products like smartphones made up of many components.

In a nutshell, the Supreme Court decided one point in the longstanding dispute between Apple and Samsung<sup>1</sup>, and sent the case back to the lower court for further proceedings. That question, and other details of the case, are addressed in the FAQs below.

Q: What was the original case about?

This part of the case<sup>2</sup> was about design patent infringement. Apple had several design patents covering various aspects of the iPhone's display, and accused several of Samsung's smartphones of infringing by having the same or similar displays. Below are the designs in the relevant Apple design patents:



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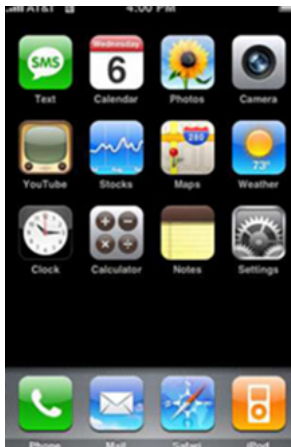
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When most people think of a patent, they think of the better mousetrap, or some kind of new and useful technological innovation. Those patents are utility patents.

Design patents do not cover those kinds of “useful” inventions. Instead, design patents cover only “ornamental” inventions — they are focused on just the appearance of something. In this case, Apple’s design patents cover the ornamental appearance of the designs shown in the images above.

From the trial, 11 of Samsung’s smartphones were found to infringe the designs claimed in the patents, and Apple was ultimately awarded \$399 million — Samsung’s entire profits on those smartphones.

**Q: Why was Apple awarded all of Samsung’s profits?**

This is due to the way the design patent laws are written. In particular, Section 289 states:

Whoever during the term of a patent for a design . . . (1) applies the patented design, or any colorable imitation thereof, to any *article of manufacture* for the purpose of sale . . . shall be liable to the owner to the extent of his *total profit*, but not less than \$250 . . .”

35 U.S.C. § 289 (emphasis added). Section 289 has pretty simple language — “total profit.” Since the displays of the Samsung smartphones are not sold separately from the smartphones themselves, the damages calculation was based on the “total profit” of the smartphones. In other words, the smartphones were considered to be the “article of manufacture” for purposes of calculating damages.

**Q. Why was the law written that way?**

The law was actually added by Congress in the 1800s in response to a series of court cases dealing with carpets<sup>3</sup>. In those cases, the Supreme Court ruled that the design patent holder would need to prove how much of the carpet profits were due to the design of the carpet and how much were due to other aspects of the carpets.

Congress was concerned that this would create unreasonably difficult proof hurdles for design patent owners. With things like carpets in mind (which are decorative in nature), Congress enacted a design patent damages provision that used the “total profit” and “article of manufacture” language found in today’s patent law.

**Q: What did the Supreme Court decide?**

The Supreme Court only decided a specific point — the “article of manufacture” for damages calculations did not have to be the entire end product sold to consumers.

Notably, there were a lot of other things that the Supreme Court *could* have addressed, but chose not to. Throughout the briefing and oral arguments, there was a lot of discussion about things like how you should decide what the “article of manufacture” was (if it was not the total end product), how you assign profits to individual portions of an end component, how you treated design patents that focused on sub-components, what role experts might have, etc.

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As is true in all appeals cases, the appellate court is primarily focused on deciding just the case at hand. It tries to avoid saying any more than needed for that purpose. Here, the Supreme Court sent the case back to the lower court to further develop that issue.

**Q: What happens now?**

The lower court, the U.S. Court of Appeals for the Federal Circuit, will review the Supreme Court's decision and decide what needs to happen next. It could offer a revised decision based on the record, which could potentially provide additional guidance on what it believes the relevant legal standard for analysis ought to be. It could even further remand to the trial court for additional evidence. So, it isn't over yet, and we will just have to wait and see.

**Q: How will this affect future patent cases?**

Creators of innovative designs will continue to protect their designs, and much of patent life will continue unchanged. In those future cases, you can expect that if the accused product is a multicomponent product like a smartphone, there will be evidence and argument regarding how much of that product is the "article of manufacture" for damages purposes. However, since the Supreme Court declined to address the details of how that analysis would be undertaken, we will have to await development of those details in lower court decisions.

--Steve Chang ([schang@bannerwitcoff.com](mailto:schang@bannerwitcoff.com)) is a partner with the intellectual property law firm of Banner & Witcoff, Ltd., working on design and utility patents.

End notes

[1] *Samsung Electronics Co. et al. v. Apple Inc.*, No. 15-777 (U.S. December 6, 2016)

<sup>2</sup> There were many other issues, such as other patents and trade dress, but this Supreme Court case only dealt with the design patent damages question.

<sup>3</sup> See, e.g., *Dobson v. Dorman*, 118 U.S. 10 (1886); *Dobson v. Hartford Carpet Co.*, 114 U.S. 439 (1885); and *Dobson v. Bigelow Carpet Co.*, 114 U.S. 439 (1885).

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# LITIGATION



**Federal Circuit's *En Banc* Decision in  
*Lexmark International, Inc. v.  
Impression Products, Inc.* Makes  
Significant Determinations Relating  
to the Doctrine of Patent Exhaustion**

**Jason S. Shull**

***Banner & Witcoff Intellectual  
Property Alert***

***February 16, 2016***



## Intellectual Property Alert:

### Federal Circuit's *En Banc* Decision in *Lexmark International, Inc. v. Impression Products, Inc.* Makes Significant Determinations Relating to the Doctrine of Patent Exhaustion

By **Jason S. Shull**

February 16, 2016 — On February 12, 2016, the Federal Circuit issued its *en banc* decision in *Lexmark International, Inc. v. Impression Products, Inc.* The *en banc* decision made two significant determinations relating to the doctrine of patent exhaustion, also referred to as the “first sale” doctrine. First, the Federal Circuit found the first sale doctrine does not apply to patented articles sold subject to restrictions on resale and reuse communicated to the buyer at the time of sale. Second, the Federal Circuit determined the first sale doctrine does not apply to patented articles first sold outside of the United States.

#### **Case Background**

Lexmark manufactures toner cartridges, which it sells either unrestricted at full price (Regular Cartridges) or at a discount in return for the buyer’s agreement to use the cartridge only once and then return the used cartridge to Lexmark for recycling or reuse (Return Program Cartridges). The Return Program Cartridges bear a label stating that by opening the package, the buyer agrees to return the empty cartridge to Lexmark for recycling, and that if the buyer declines, then it may return the unopened cartridge and obtain a Regular Cartridge. Lexmark’s Regular Cartridges and Return Program Cartridges are sold both abroad and in the United States.

In the district court, Lexmark sued a number of defendants, including Impression Products, asserting that the defendants infringed certain Lexmark patents by: (1) acquiring, refilling, and selling used Return Program Cartridges in violation of Lexmark’s post-sale restriction; and (2) acquiring, refilling, and selling used Regular Cartridges that were first sold outside the United States. Impression Products moved to dismiss the case for failure to state a claim.

The district court determined that Lexmark’s post-sale use restrictions on Return Program Cartridges were invalid under *Quanta Computer, Inc. v. LG Electronics, Inc.*, 553 U.S. 617 (2008). Accordingly, the district court ruled that the acquisition and sale of used Return Cartridges first sold in the United States did not infringe Lexmark’s patent rights. The district court also determined that the first sale doctrine does not apply to patented articles purchased abroad, despite the Supreme

Court's decision in *Kirtsaeng v. John Wiley & Sons, Inc.*, 133 S.Ct. 1351 (2013), which rejected a territorial limitation in copyright law. Accordingly, the district court ruled that the acquisition and sale of cartridges first sold abroad constituted infringement Lexmark's patent rights.

Both rulings were appealed. After hearing oral arguments from both parties, the Federal Circuit *sua sponte* ordered *en banc* consideration of the following two issues:

- (1) Should the court overrule *Mallinckrodt, Inc. v. Medipart, Inc.*, 976 F.2d 700 (Fed. Cir. 1992) in view of *Quanta Computer* to the extent that *Mallinckrodt* ruled that a sale of a patented article, when the sale is made under a restriction that is otherwise lawful and within the scope of the patent grant, does not give rise to patent exhaustion?
- (2) Should the court overrule *Jazz Photo Corp. v. Int'l Trade Comm'n*, 264 F.3d 1094 (Fed. Cir. 2001) in view of *Kirtsaeng* to the extent that *Jazz Photo* ruled a sale of a patented item outside the U.S. never gives rise to U.S. patent exhaustion?

### **The *En Banc* Decision**

The *en banc* decision, garnering support from 10 of the 12 active Federal Circuit judges, sided with Lexmark on both issues. With respect to the first issue, the Federal Circuit held: “[W]e adhere to the holding of *Mallinckrodt, Inc. v. Medipart, Inc.*, 976 F.2d 700 (Fed. Cir. 1992), that a patentee, when selling a patented article subject to a single-use/no-resale restriction that is lawful and clearly communicated to the purchaser, does not by that sale give the buyer, or downstream buyers, the resale/reuse authority that has been expressly denied.” Opinion, p. 8. The Federal Circuit determined *Mallinckrodt* was not inconsistent with *Quanta*. The Federal Circuit explained that in *Quanta* “the patentee’s authorization to the licensee to make (the first) sales was not subject to any conditions, much less conditions to be embodied in those sales.” *Id.* at p. 29. After an in-depth analysis of Supreme Court precedent and the Patent Act, the Federal Circuit ultimately concluded:

[A] patentee sells a patented article under otherwise-proper restrictions on resale and reuse communicated to the buyer at the time of sale, the patentee does not confer authority on the buyer to engage in the prohibited resale or reuse. The patentee does not exhaust its § 271 rights to charge the buyer who engages in those acts—or downstream buyers having knowledge of the restrictions—with infringement.

*Id.* at 98.

With respect to the second issue, the Federal Circuit determined that *Jazz Photo* remains good law even in view of *Kirtsaeng*. The Federal Circuit stated: “[W]e adhere to the holding of *Jazz Photo Corp. v. International Trade Comm’n*, 264 F.3d 1094 (Fed. Cir. 2001), that a U.S. patentee, merely by selling or authorizing the sale of a U.S.-patented article abroad, does not authorize the buyer to

import the article and sell and use it in the United States, which are infringing acts in the absence of patentee-conferred authority.” Opinion, p. 8. The Federal Circuit explained that *Kirtsaeng* “did not address patent law or whether a foreign sale should be viewed as conferring authority to engage in otherwise-infringing domestic acts . . . .” *Id.* at p. 9. The Federal Circuit further explained: “*Kirtsaeng* is a copyright case holding that 17 U.S.C. § 109(a) entitles owners of copyrighted articles to take certain acts ‘without the authority’ of the copyright holder. There is no counterpart to that provision in the Patent Act.” *Id.* The Federal Circuit also stated: “Nothing in the [Patent] Act supersedes the § 271 requirement of authority from the patentee before a person in Impression’s position may engage in the itemized acts without infringing.” *Id.* at p. 21. After an in-depth analysis of Supreme Court precedent and the Patent and Copyright statutes, the Federal Circuit ultimately concluded:

[A] foreign sale of a U.S.-patented article, when made by or with the approval of the U.S. patentee, does not exhaust the patentee’s U.S. patent rights in the article sold, even when no reservation of rights accompanies the sale. Loss of U.S. patent rights based on a foreign sale remains a matter of express or implied license.

*Id.* at p. 99.

In view of its two holdings, the Federal Circuit “reverse[d] the district court’s judgment of non-infringement as to the Return Cartridges first sold in the United States” and “affirm[ed] the district court’s judgment of infringement as to the cartridges first sold abroad.” *Id.* at pp. 98-99. The Federal Circuit remanded the case for entry of a judgment of infringement in favor of Lexmark. *Id.* at p. 99.

Lexmark is represented in this matter by Banner & Witcoff attorneys Timothy C. Meece, V. Bryan Medlock, Jr., Jason Shull and Audra Eidem Heinze.

Please click [here](#) to read the full opinion.

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**Federal Circuit Panel Not Sweet on  
TC Heartland's Petition to Change  
Rules for Patent Venue**

**R. Gregory Israelsen**

***Banner & Witcoff Intellectual  
Property Alert***

***March 14, 2016***



## Intellectual Property Alert: Federal Circuit Panel Not Sweet on TC Heartland’s Petition to Change Rules for Patent Venue

By **R. Gregory Israelsen**

March 14, 2016 — “Boy, doesn’t this feel like something a legislature should do?” So said Judge Moore on March 11 in the oral argument on the pending petition for a writ of mandamus in *In re TC Heartland LLC*.<sup>i</sup> Judges Wallach and Linn rounded out the Federal Circuit panel hearing the case, which as a whole seemed reticent to deviate from the existing standard for determining proper venue in patent litigation.

### **Background**

The Petitioner, TC Heartland, LLC, is a limited liability company organized in Indiana. TC Heartland sells liquid water enhancer products (e.g., Refreshe Fruit Punch Drink Enhancer), and stands accused of infringing three patents owned by Kraft Foods Group Brands LLC. Kraft brought suit in Delaware, where Kraft is incorporated, alleging personal jurisdiction on Heartland’s general sales of products in Delaware and in the U.S. District Court for the District of Delaware. Only two percent of the allegedly infringing sales occurred in Delaware.

28 U.S.C. § 1400(b) states:

Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.

Section 1400 has remained unchanged since 1948.

Furthermore, in 1957, the Supreme Court held that “28 U.S.C. § 1400(b) is the sole and exclusive provision controlling venue in patent infringement actions, and that it is not to be supplemented by the provisions of 28 U.S.C. § 1391(c).”<sup>ii</sup>

In 1988, however, Congress amended 28 U.S.C. § 1391. Based on this amendment, the Federal Circuit in 1990 held in *VE Holding Corp. v. Johnson Gas Appliance Co.*<sup>iii</sup> that the changes to Section 1391 abrogated *Fourco*, and that patent law venue would now be governed by 28 U.S.C. § 1391(c). The Supreme Court denied certiorari in *VE Holding*, and it has remained settled law since then.



In 2011, Congress again amended 28 U.S.C. § 1391. Where Section 1391 before was limited to “purposes of venue under this chapter”—chapter 87—the new version applies to “all civil actions,” “[e]xcept as otherwise provided by law.”

Based on the latest amendments to Section 1391, Heartland moved the district court to dismiss or transfer the action, but was denied. Heartland then filed a petition for a writ of mandamus from the Federal Circuit, seeking an order directing the district court to dismiss or transfer the action.

### **Oral Argument**

Heartland opened oral argument by stating, “This case turns on the meaning of six words: ‘Except as otherwise provided by law.’” And indeed, that is the case.

Heartland argued that Section 1391’s general definition of residency does not apply to patent cases, because Section 1400(b) specifically provides the standard for determining proper venue in patent litigation. Furthermore, Heartland argues that the Supreme Court’s holding in *Fourco* should be included in the definition of what is “otherwise provided by law.”

Kraft, on the other hand, argued that Congress’s 2011 changes to Section 1391 could not have meant that Section 1391 no longer controlled patent venue, at least because those changes broadened Section 1391’s applicability (i.e., changing from venue “under this chapter” to venue of “all civil actions”). And the judges seemed to agree; Judge Moore said, “it’s hard to say that [the 2011 changes to Section 1391 were] a ‘repeal’ in the form of a purposeful, intentional conveyance of narrowing.”

Kraft further argued that even if changing the standard for patent venue is warranted, this would not be the best case in which to do so. Kraft is incorporated in Delaware, and therefore is interested in litigating in Delaware. If the court’s motivation for revising the venue standard is partially animated by the high number of cases in the U.S. District Court for the Eastern District of Texas, Kraft argued, it would at least make sense to change the standard in a case originating in that district.

### **Conclusion**

Based on the oral argument, it seems unlikely that this Federal Circuit panel will change the existing standard for patent venue. Even if the panel agrees with Heartland, only the Federal Circuit sitting *en banc* has the authority to overrule *VE Holding*. Other options open to Heartland include appealing to the Supreme Court, or persuading Congress to pass legislation. Thus, defendants looking to transfer infringement actions out of the Eastern District of Texas will be unlikely to sweeten their hopes with *TC Heartland*.

The Federal Circuit’s opinion in *In re TC Heartland* is expected in early summer 2016.

Audio of the oral argument is available [here](#).

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<sup>i</sup> *In Re TC Heartland LLC*, No. 2016-0105 (Fed. Cir. argued Mar. 11, 2016).

<sup>ii</sup> *Fourco Glass Co. v. Transmirra Products Corp.*, 353 U.S. 222, 229 (1957).

<sup>iii</sup> *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574 (Fed. Cir. 1990).

**Federal Circuit Rejects Opportunity  
to Limit Patent Suits in Eastern  
District of Texas**

**R. Gregory Israelsen**

***Banner & Witcoff Intellectual  
Property Alert***

***May 5, 2016***



## Intellectual Property Alert: Federal Circuit Rejects Opportunity to Limit Patent Suits in Eastern District of Texas

By **R. Gregory Israelsen**

May 5, 2016 — On Friday, April 29, 2016, the Court of Appeals for the Federal Circuit denied<sup>i</sup> TC Heartland LLC’s petition for a writ of mandamus to direct the United States District Court for the District of Delaware to either dismiss or transfer the patent infringement suit against it by Kraft Foods Group Brands LLC. Referring to its “long standing precedent,” the Federal Circuit rejected Heartland’s arguments in a case that many had hoped would bring an end to the domination by the Eastern District of Texas among venues where patent owners seek to enforce their patents.

### **Background**

Heartland sells liquid water enhancer products (e.g., Refreshe Fruit Punch Drink Enhancer), and stands accused of infringing three patents owned by Kraft Foods Group Brands LLC. Kraft brought suit in Delaware, where Kraft is incorporated, alleging personal jurisdiction based on Heartland’s general sales of products in Delaware.

The statute establishing the standard for venue in patent cases is 28 U.S.C. § 1400, which has not changed since 1948. Venue in general is governed by 28 U.S.C. § 1391. After Congress amended Section 1391 in 1988, the Federal Circuit held<sup>ii</sup> that parts of Section 1391 should supplement the patent venue rules of Section 1400. In 2011, Congress again amended Section 1391.

Based on the 2011 amendments to Section 1391, Heartland moved the district court to dismiss or transfer Kraft’s suit. Heartland argued that the amendments nullified the Federal Circuit’s precedent<sup>iii</sup> governing venue for patent infringement suits. The magistrate judge rejected Heartland’s arguments, and the district court adopted the magistrate judge’s report in full. Heartland filed a petition for a writ of mandamus, asking the Federal Circuit to direct the district court to dismiss or transfer the action.

### **Discussion**

Heartland’s petition was based on two theories: “that it does not ‘reside’ in Delaware for venue purposes”; and “that the Delaware district court lacks specific personal jurisdiction.” The Federal

Circuit panel, in oral argument<sup>iv</sup> and in its order denying Heartland’s petition, was wholly unsympathetic to Heartland’s positions.

### *Venue*

Regarding venue, Heartland argued that Congress’s 2011 change to Section 1391—changing “For the purposes of venue under this chapter” to “For all venue purposes”—meant that Section 1391 no longer should supplement Section 1400. The Federal Circuit rejected this argument, pointing out that Congress’s change “is a broadening of the applicability . . . not a narrowing.”

The 2011 amendments also amended Section 1391 to add, “Applicability of section.—Except as otherwise provided by law.” Heartland argued that in adding “except as otherwise provided by law” to the statute, Congress intended to codify federal common law—but only Supreme Court precedent, and not Federal Circuit law. In effect, Heartland was arguing that “provided by law” was Congress’s way of returning to the Supreme Court’s 1957 interpretation<sup>v</sup> of patent venue, which was that Section 1400 alone governed venue, without the supplemental provisions of Section 1391. The Federal Circuit rejected this position as well, stating, “[w]e find [Heartland’s] argument to be utterly without merit or logic. . . . Even if [the] 2011 amendments were meant to capture existing federal common law, as Heartland argues,” the 1957 standard “was not and is not the prevailing law that would have been captured.”

### *Personal Jurisdiction*

Heartland also argued that the Delaware district court only has specific personal jurisdiction over Heartland “for allegedly infringing acts that occurred in Delaware only, not those occurring in other states.” If that were the case, the Federal Circuit said, “Kraft would have to bring separate suits in all other states in which Heartland’s allegedly infringing products are found,” or “bring one suit against Heartland in Heartland’s state of incorporation.”

The Federal Circuit rejected this argument as well, based on its precedent in *Beverly Hills Fan Co. v. Royal Sovereign Corp.*<sup>vi</sup> Specifically, the Federal Circuit explained that Heartland’s admitted act of shipping orders of the accused product to Delaware was sufficient to meet the due process requirement for specific jurisdiction. The court also said that Delaware’s interest in discouraging patent infringement, as well as in providing a forum for efficient litigation, made the district court’s exercise of jurisdiction reasonable.

### **Conclusion**

Heartland’s loss at the Federal Circuit will likely energize proponents of congressional reform of patent venue. Patent legislation in Congress has stalled—including the Innovation Act in the House and the PATENT Act in the Senate. Recently, several senators introduced the Venue Equity and Non-Uniformity Elimination Act of 2016 (VENUE Act), which focuses only on venue, and would likely curb the number of patent cases litigated in the Eastern District of

Texas. But even if the law were to change, a new most-popular district court might simply take the Eastern District of Texas's place. For example, more than 50 percent of all publicly traded companies in the U.S. are incorporated in Delaware. And the VENUE Act as currently written allows for venue "where the defendant . . . is incorporated." Therefore, the District of Delaware might simply replace the Eastern District of Texas in hearing the majority of patent cases. Thus, for those who want to avoid any one court having such a large influence, the bill might not be successful.

Furthermore, not everyone agrees that having the majority of patent cases in a small percentage of courts is a bad thing. For example, many patent owners prefer filing in Texas, and thus might be opposed to a change from the status quo. And at oral argument for Heartland's petition, Judge Moore referred to Congress's consideration of "the need for specialized trial courts in patent cases." Judge Moore continued, "Hasn't that *de facto* been what [the current] venue statute ended up creating?"

The Federal Circuit's order is available [here](#).

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<sup>i</sup> *In Re TC Heartland LLC*, No. 2016-0105 (Fed. Cir. April 29, 2016).

<sup>ii</sup> *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574 (Fed. Cir. 1990).

<sup>iii</sup> *Id.*

<sup>iv</sup> *In Re TC Heartland LLC*, No. 2016-0105 (Fed. Cir. argued Mar. 11, 2016). A summary of the oral argument is available [here](#).

<sup>v</sup> *Fourco Glass Co. v. Transmirra Products Corp.*, 353 U.S. 222 (1957).

<sup>vi</sup> *Beverly Hills Fan Co. v. Royal Sovereign Corp.*, 21 F.3d 1558 (Fed. Cir. 1994).



***Halo Electronics, Inc. v. Pulse  
Electronics, Inc. and Stryker Corp. v.  
Zimmer, Inc. — U.S. Supreme Court  
Rejects Federal Circuit's Framework  
for Enhanced Damages Under § 284***

**Matthew P. Becker**

***Banner & Witcoff Intellectual  
Property Alert***

***June 14, 2016***

## Intellectual Property Alert:

### *Halo Electronics, Inc. v. Pulse Electronics, Inc.* and *Stryker Corp. v. Zimmer, Inc.* — U.S. Supreme Court Rejects Federal Circuit’s Framework for Enhanced Damages Under § 284

By **Matthew P. Becker**

June 14, 2016 — Yesterday, the Supreme Court issued an unanimous decision in companion cases *Halo Electronics, Inc. v. Pulse Electronics, Inc.* and *Stryker Corp. v. Zimmer, Inc.*, which rejected the Federal Circuit’s rigid, two-part test for willful infringement and awarding enhanced damages in patent cases under 35 U.S.C. § 284. The decision provides district courts with more discretion to award enhanced damages to patent owners. Although the Supreme Court decision provides district courts with more discretion, the Supreme Court repeatedly instructed that a district court’s discretion is limited and its exercise should be “limited to egregious cases of misconduct beyond typical infringement.”

#### **35 U.S.C. § 284 and the Federal Circuit’s *Seagate* Test**

Enhanced damages have existed in patent law since the Patent Act of 1793. In the Patent Act of 1836, Congress changed the award of increased damages from mandatory to discretionary. In 1854, the Supreme Court interpreted the 1836 Patent Act’s enhanced damages provisions applicable when the infringer acted “wantonly or maliciously” for the purpose of “punishing the defendant,” but not when the infringer acted “in ignorance or good faith.”<sup>1</sup> Courts of Appeals from the early 1900s also “characterized enhanced damages as justified where the infringer acted deliberately or willfully.” The law from these cases was carried through to the Patent Act of 1952, which provides the current language for § 284 at issue in the *Halo* and *Stryker* decisions, which the Supreme Court previously described as applying “in a case of willful or bad-faith infringement.”<sup>2</sup>

In *In re Seagate Technology, LLC*, 497 F.3d 1360 (2007) (*en banc*) the Federal Circuit developed a two-part test for evaluating whether damages may be increased under § 284. Following *Seagate*, a patentee seeking enhanced damages needed to first “show by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent,” without regard to “[t]he state of mind of the accused infringer.”<sup>3</sup> Objective recklessness, however, will not be found if the accused infringer raised a substantial question to the validity or noninfringement at trial.<sup>4</sup> After establishing objective recklessness, the patentee then must show that the risk of infringement “was either known or so obvious that it should have been known to the accused infringer.”<sup>5</sup>

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<sup>1</sup> *Seymour v. McCormick*, 16 How. 480, 488 (1854).

<sup>2</sup> *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 508 (1964).

<sup>3</sup> *Id.*, at 1371.

<sup>4</sup> *Bard Peripheral Vascular, Inc. v. W.L. Gore & Assoc., Inc.* 776 F.3d 837, 844 (Fed. Cir. 2015).

<sup>5</sup> *Seagate*, 497 F. 3d, at 1371.



Under Federal Circuit precedent, an award of enhanced damages is subject to trifurcated appellate review. The objective recklessness step is reviewed *de novo*; the subjective knowledge step is reviewed for substantial evidence, and the ultimate determination is reviewed for abuse of discretion.<sup>6</sup>

### ***Halo Electronics, Inc. v. Pulse Electronics, Inc. and Stryker Corp. v. Zimmer, Inc.***

Both *Halo* and *Stryker* challenged the Federal Circuit's *Seagate* standard following jury trials in which a jury found willful infringement. In *Halo*, the district court declined to award enhanced damages under § 284. The district court found that Pulse presented a not objectively baseless trial defense and, therefore, Halo failed to establish the objectively recklessness under the first step of *Seagate*.

In *Stryker*, the district court awarded enhanced damages and trebled the amount of damages. The Federal Circuit vacated the award of treble damages because it concluded that Zimmer had asserted reasonable defenses at trial.

### **The Supreme Court Rejects the *Seagate* Two-Part Test, Burden of Proof Standard, and Standard of Appellate Review**

In a decision authored by Chief Justice Roberts, the Supreme Court started with the plain language of 35 U.S.C. § 284 and noted that the statute had no explicit limitation or condition attached to awards of enhanced damages. Quoting its 2014 *Octane Fitness* decision that interpreted 35 U.S.C. § 285 (a discretionary statute relating to the award of attorney's fees), the Supreme Court held that there is “no precise rule or formula’ for awarding damages under § 284.” The use of the word “may” in the statute connotes discretion, but the Supreme Court explained that years of precedent narrow the circumstances when a district court may exercise discretion to “egregious cases of culpable behavior,” such as where the “conduct warranting enhanced damages has been ... willful, wanton, malicious, bad-faith, deliberate, consciously wrongful, flagrant, or—indeed—characteristic of a pirate.”<sup>7</sup>

The Supreme Court again quoted from its 2014 *Octane Fitness* in holding that the *Seagate* test was “unduly rigid, and it impermissibly encumbers the statutory grant of discretion to district courts.”<sup>8</sup> According to the Supreme Court, the objective recklessness prong of the *Seagate* test was its “principal problem.”<sup>9</sup> Requiring objective recklessness before awarding enhanced damages would exclude “many of the most culpable offenders” of patents.<sup>10</sup> The Supreme Court described a hypothetical pirate that deliberately infringed without regard to any defense or doubts about the patent's validity and wrote “it was not clear why an independent showing of objective recklessness ... should be a prerequisite to enhanced damages.”

Permitting a deliberate infringer to escape enhanced damages simply based on the ability to muster a reasonable defense at trial, even if the infringer was unaware of the defense before it acted, also troubled the Supreme Court. Rather than an after-the-fact look at the infringer's defenses, the Supreme Court explained that culpability should be “measured against the knowledge of the actor at the time of the challenged conduct.”<sup>11</sup>

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<sup>6</sup> See *Bard Peripheral Vascular, Inc. v. W. L. Gore & Assoc., Inc.*, 682 F. 3d 1003, 1005, 1008 (Fed. Cir. 2012); *Spectralytics, Inc. v. Cordis Corp.*, 649 F. 3d 1336, 1347 (Fed. Cir. 2011).

<sup>7</sup> *Halo Electronics, Inc. v. Pulse Electronics, Inc.*, Case No. 14-1513, \_\_\_ U.S. \_\_\_, (2016) (slip op. at 8).

<sup>8</sup> *Octane Fitness LLC v. ICON Health & Fitness Inc.*, 572 U.S. \_\_\_ (2014) (slip op. at 7).

<sup>9</sup> *Halo*, \_\_\_ U.S. \_\_\_, (2016) (slip op. at 9).

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*, slip op. at 10.

After rejecting the *Seagate* two-part test, the Supreme Court reiterated the discretionary nature of enhanced damages and repeated that enhanced damages should “generally be reserved for egregious cases typified by willful misconduct.”<sup>12</sup>

Next, the Supreme Court found the *Seagate* requirement of clear and convincing evidence to prove recklessness “inconsistent with § 284.”<sup>13</sup> Again, the Supreme Court cited its *Octane Fitness* decision as instructive. In *Octane Fitness*, the Supreme Court reversed a clear and convincing evidentiary burden that the Federal Circuit had required for attorneys’ fees under § 285 because the statute did not set a heightened standard and “patent-infringement has always been governed by the preponderance of the evidence standard.”<sup>14</sup> Thus, the preponderance of evidence standard now applies to enhanced damages under § 284.

Finally, the Supreme Court rejected “any rigid formula for awarding enhanced damages under § 284 and the Federal Circuit’s framework for reviewing such awards.” Relying on its 2014 *Highmark Inc. v. Allcare Health Management System, Inc.*<sup>15</sup> decision, the Supreme Court instructed the Federal Circuit to review enhanced damages awards for “an abuse of discretion.”<sup>16</sup>

The majority opinion concluded with yet another reminder of the limits that two centuries of case law “channel the exercise of discretion, limiting the award of enhanced damages to egregious cases of misconduct beyond the typical infringement.”<sup>17</sup>

A concurring opinion authored by Justice Breyer<sup>18</sup> also emphasized the limitations on a district court’s discretion, which Justice Breyer understood are “generally appropriate ... *only in egregious cases.*”<sup>19</sup>

In sum, under *Halo* and *Stryker*, enhanced damages may be awarded in egregious cases of misconduct going beyond typical infringement. Enhanced damages proof is governed by the preponderance of the evidence standard. Decisions relating to the award, or lack thereof, of enhanced damages under § 284 will be reviewed by the Federal Circuit for abuse of discretion.

Please click [here](#) to read the opinion.

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<sup>12</sup> *Id.*, slip op. at 11.

<sup>13</sup> *Id.*, slip op. at 12.

<sup>14</sup> *Id.*

<sup>15</sup> *Highmark Inc. v. Allcare Health Management System, Inc.* 572 U.S. \_\_\_ (2014) (slip op. at 1).

<sup>16</sup> *Halo*, \_\_\_ U.S. \_\_\_, (2016) (slip op. at 12-13).

<sup>17</sup> *Id.*, slip op. at 13.

<sup>18</sup> Justices Kennedy and Alito joined the concurring opinion.

<sup>19</sup> *Halo*, \_\_\_ U.S. \_\_\_, (2016) (concurring slip op. at 2)(emphasis in original).



**2016 Patent Developments for IT  
Practitioners**

**Bradley C. Wright**

***Virginia Information Technology  
Legal Institute***

***September 30, 2016***

**2016**  
**PATENT DEVELOPMENTS**  
**FOR IT PRACTITIONERS**  
**(Sept. 2015 to Sept. 2016)**

**PRESENTED AT:**

**THE VIRGINIA INFORMATION TECHNOLOGY  
LEGAL INSTITUTE**

**FAIRFAX, VA**  
**SEPTEMBER 30, 2016**

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## **OUTLINE OF WRITTEN MATERIALS**

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## A. Patentability, Validity, and Procurement of Patents

### 1. Statutory Subject Matter – Computer Software and Genetic Testing

*Bascom Global Internet Services, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016). Bascom sued AT&T for infringing a patent relating to filtering content on the Internet. The district court granted AT&T’s motion to dismiss the lawsuit on the pleadings, finding that the patent claims were directed to a non-statutory abstract idea – namely, “filtering content.” Although the claims were directed to filtering content based on a particular architecture that located customized filters on remote servers where they could not be tampered with by end users, the district court concluded that the content provided on the Internet was not fundamentally different from content contained in books or magazines, which could be censored by parents.

The Federal Circuit vacated and remanded the case. Applying the two-step test announced by the Supreme Court in *Alice Corp. Pty Ltd v. CLS Bank*, the Federal Circuit agreed that the claims failed the first step of the *Alice* test because they were directed to an abstract idea – the notion of filtering content on the Internet. However, in applying the second “inventive concept” step of the *Alice* test, the Federal Circuit concluded that “the inventive concept described and claimed in the ‘606 patent is the installation of a filtering tool at a specific location, remote from the end-users, with customizable filtering features specific to each end user.” According to the Federal Circuit, the invention provided a “technical improvement” over prior art ways of filtering content, and provided a “technology-based solution . . . that overcomes existing problems with other Internet filtering systems.” The court concluded that “By taking a prior art filter solution (one-size-fits-all filter at the ISP server) and making it more dynamic and efficient (providing individualized filtering at the ISP server), the claimed invention represents a software-based invention that improves the performance of the computer system itself.”

*Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016). Enfish sued Microsoft for infringing patents relating to a “self-referential” database. The district court granted summary judgment to Microsoft that the patents were invalid because they were directed to an abstract idea. The Federal Circuit vacated the invalidity ruling, concluding that the patent claims were directed to “an innovative logical model for a computer database.” Unlike conventional logical models, the patented logical model stores all data entities in a single table, with column definitions provided by rows in that same table. The Federal Circuit relied in part on the fact that the patent specification disclosed that the indexing technique claimed in the patent allowed for faster searching of data than would be possible with a relational database model, and that it also resulted in more effective storage of data. Applying the first step of the two-part *Alice* test, the court concluded that the claims were not directed to an abstract idea, and hence they were not patent-ineligible. According to the court, “that the improvement is not defined by reference to ‘physical’ components

does not doom the claims, since to hold otherwise risks resurrecting a bright-line machine-or-transformation test . . . or creating a categorical ban on software patents.”

The court also cautioned that in determining whether claims are “directed to” an abstract idea, courts should consider the claims in light of the specification to determine whether “their character as a whole is directed to excluded subject matter.”

According to the court, “In this case . . . the plain focus of the claims is on an improvement to computer functionality itself, not on economic or other tasks for which a computer is used in its ordinary capacity.”

*Genetic Technologies Ltd v. Merial L.L.C.*, 818 F.3d 1369 (Fed. Cir. 2016). Genetic Technologies Limited (GTL) owns a patent directed to analyzing sequences of DNA, which spell out the instructions for synthesizing proteins in the human body. The inventor of GTL’s patent discovered that certain genetic characteristics of a person could be determined by amplifying certain parts of a DNA sequence and analyzing the amplified sequence to detect a particular mutation. Claim 1 of the patent recites a two-step method of detecting a mutation by amplifying a particular part of a DNA sequence and analyzing the amplified sequence. The patent explains that the method can be used to detect a propensity for certain types of inherited diseases, such as cystic fibrosis and muscular dystrophy.

After GTL sued Merial for infringing its patent, the district court granted Merial’s motion to dismiss the lawsuit under Rule 12(b)(6) on the grounds that the patent claimed ineligible subject matter – namely, a law of nature. On appeal, the Federal Circuit applied the Supreme Court’s two-part eligibility test in *Alice Corp. v. CLS Bank*, 134 S.Ct. 2347 (2014). The court concluded that: First, the only asserted claim is directed to a law of nature – a method of detecting a coding region of a person’s genome by amplifying and analyzing a linked non-coding region of that person’s genome. According to the court, “The claim is directed to a natural law – the principle that certain non-coding and coding sequences are in linkage disequilibrium with one another. Applying the second step of the *Alice* test – determining whether the claim contains an “inventive concept” sufficient to transform it into a patent-eligible application -- the court concluded that the claims did not do significantly more than simply describe a natural relationship. Because both steps of the method claim – the “amplifying” step and the “analyzing” step – were well known, there was nothing “inventive” about the claim.

*In re TLI Communications LLC Patent Litigation*, 823 F.3d 607 (Fed. Cir. 2016). TLI Communications sued various defendants for infringing a patent relating to taking, transmitting, and organizing digital images. The cases were consolidated in the Eastern District of Virginia for pre-trial purposes. The defendants filed a motion to dismiss on the basis that the patent is not directed to eligible subject matter, and the district court granted the motion. The Federal Circuit affirmed. Representative method claim 17 recites steps of recording images in a telephone unit; storing the images in digital form; transmitting the images and classification information to a server; receiving the data at the server; and storing the images in the server based on

the classification. Applying the first step of the *Alice Corp. v. CLS Bank* case, the court concluded that this claim was “drawn to the concept of classifying an image and storing the image based on its classification,” which it agreed was an abstract idea. It noted that, unlike the patent in the *Enfish* decision, this patent was not directed to an improvement to computer functionality. As stated in the patent, the problem solved by the invention was to archive digital images “in such a way that the information therefore may be easily tracked.” The court noted that the patent described the system components in “purely functional terms,” such as “standard features of a telephone” and “a digital photo camera of the type which is known.” The server was described “in vague terms without any meaningful limitations.” The court also explained that the claims were not directed to a solution to a “technological problem” of the type that arose in the U.S. Supreme Court’s 1981 *Diamond v. Diehr* decision. Turning to the second step of *Alice*, the court concluded that nothing in the claims transformed the abstract idea into a patent-eligible application of that idea. Instead, as admitted in the patent specification, the various components of the claims were all known in the art and performed their conventional functions.

*Mortgage Grader, Inc. v. First Choice Loan Services Inc.*, 811 F.3d 1314 (Fed. Cir. 2016). Mortgage Grader owns two patents relating to financial transactions including a method for a borrower to evaluate and obtain financing. It sued two companies for patent infringement, but the district court granted a motion for summary judgment that the patents were invalid because they recited patent-ineligible subject matter. The Federal Circuit affirmed. Applying the first step of the *Alice* test, the court concluded that the claims were directed to the abstract idea of “anonymous loan shopping.” The claim limitations, when considered individually and as a whole, “recite nothing more than the collection of information to generate a ‘credit grading’ and to facilitate anonymous loan shopping.” According to the court, the series of steps covered by the asserted claims – borrower applies for a loan, a third party calculates the borrower’s credit grading, lenders provide loan pricing information to the third party based on the borrower’s credit grading, and only thereafter (at the election of the borrower) the borrower discloses its identity to a lender – could all be performed by humans without a computer. Applying the second step of the *Alice* test, the court agreed that the claims added only generic computer components such as an “interface,” “network,” and “database.” It also concluded that the invention did not result in any improvement in the functioning of the computer or effect any improvement in any other technology or technical field.

*In re Smith*, 815 F.3d 816 (Fed. Cir. 2016). In this appeal from the PTO, a patent applicant whose application for a method of conducting a wagering game was rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter appealed to the Federal Circuit. The claims recited a method of conducting a wagering game comprising various steps of a dealer dealing cards, accepting wagers from the players, examining hands and resolving wagers based on certain rules. The patent examiner rejected the claims as being not directed to a patent-eligible category of invention. The PTAB affirmed, concluding under the two-part *Alice* test that the



claims were directed to a wagering game, which was an abstract idea, and that the other various steps such as shuffling the cards were conventional and did not add enough to render them patent-eligible. The Federal Circuit affirmed, concluding under the first step of *Alice* that the claims were directed to a wagering game, which was similar in nature to other “fundamental economic practices” that had been held in prior decisions to be nothing more than abstract ideas. Applying the second step of *Alice*, the court agreed with the PTO that the steps of shuffling and dealing the cards were conventional and lacked an “inventive concept” sufficient to transform the abstract idea into a patent-eligible one.

*McRO, Inc. v. Bandai Namco Games America Inc.*, \_\_\_ F.3d \_\_\_, 2016 WL 4896481 (Fed. Cir. Sept. 13, 2016). McRO (doing business as Planet Blue) owns 2 patents relating to a method for automatically animating lip synchronization and facial expressions for animated characters, used in applications such as video games. McRO sued various defendants for infringing the patents, but the district court ruled on the pleadings that the patents were invalid under 35 U.S.C. § 101 because they were directed to ineligible subject matter. The Federal Circuit reversed.

Independent claim 1 of one of the patents was deemed to be dispositive for purposes of the appeal:

1. A method for automatically animating lip synchronization and facial expression of three-dimensional characters comprising:

obtaining a first set of rules that define output morph weight set stream as a function of phoneme sequence and time of said phoneme sequence;

obtaining a timed data file of phonemes having a plurality of sub-sequences;

generating an intermediate stream of output morph weight sets and a plurality of transition parameters between two adjacent morph weight sets by evaluating said plurality of sub-sequences against said first set of rules;

generating a final stream of output morph weight sets at a desired frame rate from said intermediate stream of output morph weight sets and said plurality of transition parameters; and

applying said final stream of output morph weight sets to a sequence of animated characters to produce lip synchronization and facial expression control of said animated characters.

The prior art performed animation and lip synchronization using a human animator with the assistance of a computer. Animators would manually determine the appropriate morph weights to apply based on what was in a timed transcript, using subjective judgment to cause the animation to be realistic. The patents criticized this

prior art process as tedious, time consuming, and sometimes inaccurate due to the large number of frames needed to depict speech. The patents aimed to automate the process by applying rules applied to the timed transcript to determine the morph weight outputs taking into account differences in mouth positions for similar phonemes based on context. The automatic rules also produced more realistic speech without the need for human intervention.

The district court, applying the two-step *Alice* framework, found that the claims failed the first *Alice* step because they were “drawn to the abstract idea of automated rules-based use of morph targets and delta sets for lip-synchronized three-dimensional animation.” According to the district court, the claims allegedly covered every set of rules that could have been written to carry out the claimed invention. The district court stated that “while the patents do not preempt the field of automatic lip synchronization for computer-generated 3D animation, they do preempt the field of such lip synchronization using a rules-based morph target approach.”

The Federal Circuit disagreed, noting that “We have previously cautioned that courts must be careful to avoid oversimplifying the claims by looking at them generally and failing to account for the specific requirements of the claims.” The court stated that “a court must look to the claims as an ordered combination, without ignoring the requirements of the individual steps.” The court also rejected the defendants’ arguments that the claims allegedly cover all rules – “The claimed rules here, however, are limited to rules with certain common characteristics – i.e., a genus.” The Federal Circuit explained that “We therefore look to whether the claims in these patents focus on a specific means or method that improves the relevant technology or are instead directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery.” Although the claimed invention was performed on a generic computer, there was “no evidence that the process previously used by the animators is the same as the process required by the claims.” According to the court, “It is the incorporation of the claimed rules, not the use of the computer, that ‘improved [the] existing technological process’ by allowing the automation of further tasks. It distinguished *Alice* on the basis that in *Alice*, both the computer-automated process and the prior method were carried out in the same way. The court found that the claimed process used a combined order of specific rules used to create a sequence of synchronized, animated characters.

*Electric Power Group, LLC v. Alstom S.A.*, \_\_\_ F.3d \_\_\_, 2016 WL 4073318 (Fed. Cir. Aug. 1, 2016). Electric Power Group owns three patents relating to performing real-time performance monitoring of an electric power grid by collecting data from multiple sources, analyzing the data, and displaying the results. The Federal Circuit concluded that “Though lengthy and numerous, the claims do not go beyond requiring the collection, analysis, and display of available information in a particular field, stating those functions in general terms, without limiting them to technical means for performing the functions that are arguably an advance over conventional computer and network technology.” After concluding that the claims failed the first

step of the *Alice* inquiry, the court moved to the second step of *Alice*, concluding that “limiting the claims to the particular technological environment of power-grid monitoring is, without more, insufficient to transform them into patent-eligible applications of the abstract idea.” According to the court, when the claims are “so result-focused, so functional, as to effectively cover any solution to an identified problem,” they inhibit innovation by prohibiting others from developing their own solutions to the problem.

**Key take-aways:** To the extent possible, patent drafters should describe software-related inventions in such a way that they provide improvements in computer-related functionality, speed, or other measures of performance. Self-serving statements in the patent might come in handy to defend the patent-eligibility of the claims. Also, courts are being encouraged to dismiss lawsuits at the pleading stage for patents that cover ineligible inventions.

## **2. Written Description – Negative Claim Limitations**

*Inphi Corp. v. Netlist, Inc.*, 805 F.3d 1350 (Fed. Cir. 2015). Inphi Corp. filed a request for *inter partes* reexamination of Netlist’s patent relating to a memory module. During reexamination, Netlist amended the claims to recite a negative claim limitation – namely, “DDR chip selects that are not CAS, RAS, or bank address signals.” The Board then confirmed the validity of the claims as amended, and Inphi appealed. On appeal, Inphi argued that the negative claim limitation was not supported by the patent specification. Relying in part on an earlier decision, the Federal Circuit affirmed, concluding that properly describing alternative features, even if particular advantages or disadvantages of such features are mentioned, is sufficient to exclude one of those features as a negative claim limitation. Inphi had argued that the prior case law required that features described as alternatives could not be explicitly excluded in the claims unless there was an explicit reason – e.g., a disadvantage identified for such a feature. The Federal Circuit rejected that argument, relying in part on the MPEP, which states that “If alternative elements are positively recited in the specification, they may be explicitly excluded in the claims.”.

## **3. Filing a Continuation Application on the Same Day a Parent Patent Issues**

*Immersion Corp. v. HTC Corp.*, 826 F.3d 1357 (Fed. Cir. 2016). The patent statute, 35 U.S.C. § 120, permits the filing of a continuation application that obtains the benefit of an earlier-filed patent application, if the continuation application is “filed before the patenting” of the earlier-filed application. In this case, Immersion Corp filed a continuation patent application on August 6, 2002, the same day that the parent application to which it was directed issued. After Immersion sued HTC Corporation for patent infringement, HTC moved for summary judgment that the continuation patent application that ultimately led to the patent in suit was invalid due to an intervening publication of one of Immersion’s earlier-filed patent

applications. The district court agreed, concluding that because the continuation application was filed the same day that the parent patent issued, it was not entitled to the earlier filing date of the parent application – i.e., it was not filed “before the patenting” of the parent application.

The Federal Circuit reversed. Looking first at an 1864 U.S. Supreme Court decision giving rise to so-called continuation applications, the court concluded that the very origins of the later-enacted statutory language were based on a same-day filing. Later court decisions also followed the same-day filing rule. The court next concluded that the 1952 Patent Act merely codified in section 120 the then-prevalent practice of filing continuation applications. None of the legislative history provided evidence of an intent to change from same-day filings to earlier-day filings. The court also acknowledged the U.S. PTO’s longstanding regulations and practice (expressed via the Manual of Patent Examining Procedure) affording an earlier filing date to continuation applications even if they were filed on the same day as the parent patent issued. Finally, the court noted that adopting HTC’s position would disturb over 50 years of public reliance on same-day continuation applications, affecting the priority dates (and potential validity) of more than 10,000 issued patents. “In short, the repeated, consistent pre-1952 and post-1952 judicial and agency interpretations, in this area of evident public reliance, provide a powerful reason to read section 120 to preserve, not upset, the established position.”

#### **4. Obviousness**

*Apple Inc. v. Samsung Electronics Co.*, 816 F.3d 788 (Fed. Cir. 2016). Apple sued Samsung for infringing various patents relating to smartphones, including a patent relating to a so-called “swipe to unlock” feature. A California jury found the patents valid and infringed, and awarded Apple \$120 million in infringement damages. The Federal Circuit reversed the validity finding, concluding that two prior art references rendered obvious the “swipe to unlock” feature. The claim required that the phone “continuously move the unlock image on the touch-sensitive display in accordance with the movement of the detected contact.” A first prior art reference showed an unlocking mechanism for a touchscreen allowing a user to unlock a phone by continuously touching the screen of the device in a left-to-right motion. A second prior art reference showed a touchscreen-based toggle switch that shows an image of a moving switch as the user swipes a finger across the screen. The Federal Circuit rejected Apple’s first argument – that the secondary reference “taught away” from the claimed combination because it mentioned that in testing, users seemed to prefer switches that are pushed instead of switches that slide. The Federal Circuit also rejected Apple’s second argument – that the secondary reference was not in the same field of endeavor as the claimed invention, pointing to language in Apple’s own patent specification that the invention broadly related to “transitioning touch screen devices between interface states.” Finally, after considering Apple’s extensive evidence of secondary factors of nonobviousness, including commercial success, long-felt need, copying by others, and industry praise, the court found that the

evidence was not closely tied to the merits of the claimed invention and could not overcome the strong prima facie case of obviousness.

**Key take-away:** This case again illustrates how even extensive evidence of secondary factors of non-obviousness, such as commercial success, cannot overcome a strong prima facie case of obviousness. Moreover, certain judges on the Federal Circuit seem to give very little weight to such evidence.

*Arendi S.A.R.L v. Apple Inc.*, \_\_\_ F.3d \_\_\_, 2016 WL 4205964 (Fed. Cir. Aug. 10, 2016). In a rare reversal of a case from PTO’s Patent Trial and Appeal Board (PTAB), the Federal Circuit concluded that the PTAB had improperly relied on “common sense” to find that claims were obvious. Apple filed an Inter Partes Review (IPR) petition against an Arendi patent relating to a computerized method for finding data relating to contents of a document. The PTAB concluded that the claims would have been obvious over a single prior art reference, noting that “We find it reasonable to presume, as a matter of common sense at the time of the invention, that the subroutine in Pandit would search for duplicate telephone numbers and, upon locating a duplicate entry, both the first information and [second] information . . . would be displayed to the user. The Federal Circuit reversed, concluding that “there are at least three caveats to note in applying ‘common sense’ in an obviousness analysis.”

First, common sense is typically invoked to provide a known motivation to combine, not to supply a missing claim limitation, as in *DyStar Textilfarben GmbH v. C.H. Patrick Co.*, 464 F.3d 1356 (Fed. Cir. 2006), where all claim limitations were found in the prior art, and a person of ordinary skill in the art would have combined the references to achieve a cheaper, faster, and more convenient process. Second, in *Perfect Web Techs. v. InfoUSA, Inc.* 587 F.3d 1324 (Fed. Cir. 2009), where common sense was invoked to supply a limitation that was admittedly missing from the prior art, “the limitation in question was unusually simple and the technology particularly straightforward,” merely involving the repetition of a step until the desired number of delivered messages had been received. Finally, the court warned that common sense “cannot be used as a wholesale substitute for reasoned analysis and evidentiary support, especially when dealing with a limitation missing from the prior art.” In this case, the court found the Board’s “utter failure to explain the ‘common knowledge and common sense’ on which it relied is problematic.”

*In re Magnum Oil Tools Int’l, Ltd.*, \_\_\_ F.3d \_\_\_, 2016 WL 3974202 (Fed. Cir. July 25, 2016). The Federal Circuit reversed the PTAB’s conclusion that a patent was rendered obvious over certain prior art asserted by a challenger in an Inter Partes Review (IPR). According the PTAB, once the PTAB has instituted a trial, showing a “reasonable likelihood of success,” such a finding operates to shift the burden of producing evidence of non-obviousness to the patent holder. The Federal Circuit disagreed, explaining that “it is inappropriate to shift the burden to the patentee after institution to prove that the patent is patentable.” The Federal Circuit also rejected

the PTAB's assertion that the patentee was required to raise its objections in a request for rehearing before the PTAB. "Nowhere does the statute granting parties the right to appeal a final written decision in an IPR require that the party first file a request for rehearing before the Board." Finally, the Federal Circuit admonished the PTAB for adopting an argument that was not actually raised in the IPR petition: "we find no support for the PTO's position that the Board is free to adopt arguments on behalf of petitioners that could have been, but were not, raised by the petitioner during an IPR."

## **5. On-Sale Bar Not Triggered by Contract for Services**

*The Medicines Co. v. Hospira, Inc.*, 827 F.3d 1363 (Fed. Cir. 2016) (en banc), reversing 791 F.3d 1368 (Fed. Cir. 2015). The Medicines Co. owns a patent relating to a drug used as an anti-coagulant. More than one year before filing the patent, the company hired an outside consultant to produce three batches of the drug with a certain level of impurity. After it sued Hospira for patent infringement, Hospira asserted that the contract with the outside consultant constituted an invalidating on-sale bar to the patent. The district court disagreed, concluding that there was not a "commercial offer for sale" of the later-patented drug, but instead only a manufacturing services contract. The Federal Circuit initially reversed, concluding that the commercial sale of services resulted in the patented product-by-process. The court found it significant that the batches were large, each batch having a commercial value of over \$10 million. According to the court, "To find otherwise would allow The Medicines Company to circumvent the on-sale bar simply because its contracts happened to only cover the processes that produced the patented product-by-process. This would be inconsistent with our principle that "no supplier exception exists for the on-sale bar."

After rehearing the case en banc, however, the full Federal Circuit reversed itself and determined that the on-sale bar was not triggered. The court first clarified that "the mere sale of manufacturing services by a contract manufacturer to an inventor to create embodiments of a patented product for the inventor does not constitute a 'commercial sale' of the invention." Next, the court clarified that "stockpiling" by the purchaser of manufacturing services is not improper commercialization under the patent statute. The court stated that commercial benefit – even to both parties in a transaction – is not enough to trigger the on-sale bar; the transaction must be one in which the product is "on sale" in the sense that it is "commercially marketed." The court also found it persuasive that the inventor maintained control over the invention, as shown by retention of title to the produced products.

## 6. PTAB Proceedings

*Cuozzo Speed Technologies, LLC v. Lee*, 136 S.Ct. 2131 (2016). Cuozzo owns a patent relating to a speed limit indicator for vehicles. Garmin petitioned the U.S. PTO to institute inter partes review (IPR) regarding certain claims of the patent. The PTO granted the petition and instituted an IPR, resulting in a final written decision finding certain claims obvious and thus invalid. Cuozzo appealed, arguing that (1) the PTO improperly instituted an IPR based on prior art that was not identified in Garmin’s petition; and (2) the PTO should not have applied the “broadest reasonable interpretation” to the patent claims when evaluating their validity. The Federal Circuit affirmed, concluding that (1) the statutory scheme of the AIA prohibits review of a decision whether to institute an IPR, even on direct review of a final written decision; and (2) precedent spanning more than 100 years provided for review under the “broadest reasonable interpretation” before the PTO, in the absence of any statutory authority.

The U.S. Supreme Court affirmed. As to the first issue – i.e., whether a court is barred from considering whether the PTO wrongly determined to institute an IPR, the Supreme Court started with the statutory language, which states that “the determination by the [Patent Office] whether to institute an inter partes review under this section shall be *final and nonappealable*.” It also relied in part on the legislative history of the AIA, which intended to give the PTO broad legal authority to “screen out bad patents.” The Court expressly declined to rule, however, that such statutory language could bar reviews raising constitutional questions such as “where a petition fails to give ‘sufficient notice’ such that there is a due process problem with the entire proceeding,” or a challenge to the PTO acting outside its statutory limits “by, for example, canceling a patent claim for ‘indefiniteness under § 112’ in inter partes review.” As to the PTO’s power to enact its regulation stating that it would give the “broadest reasonable interpretation” to claims during IPR proceedings, the Court agreed that the AIA statute expressly empowered the PTO to issue regulations “establishing and governing inter partes review,” which includes the power to determine how patent claims should be interpreted. The Court also found it instructive that, for more than 100 years, the PTO has applied the “broadest reasonable interpretation” standard for interpreting patent claims during prosecution, and also concluded that the patent owner has the power to amend the claims during an IPR, which gives the patent owner an opportunity to clarify any claim language that is interpreted overly broadly by the PTO.

*Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331 (Fed. Cir. 2016). Blue Calypso owns 5 patents relating to a peer-to-peer advertising system that uses mobile communication devices. Groupon filed Covered Business Method (CBM) petitions attacking the patents in the U.S. PTO. The Patent Trial and Appeal Board (PTAB) instituted trial on the patents, concluding that they were “covered business methods” and not “technological inventions.” The PTAB then canceled various claims of the patents on the grounds that they were anticipated by prior art.

On appeal, Blue Calypso argued that the PTAB incorrectly classified the patents as “covered business methods.” The statute provides that CBM proceedings are limited to patents “that claim a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.” The Federal Circuit affirmed the PTAB’s determination, noting that the claims referred to “subsidies” provided to users, where “subsidy” was interpreted to mean “financial assistance given by one to another.” The Federal Circuit also rejected Blue Calypso’s argument that the claims were directed to a “technological invention,” pointing to the generic computing elements in the patents. According to the Federal Circuit, “These elements are nothing more than general computer system components used to carry out the claimed process of incentivizing consumers to forward advertisement campaigns to their peers’ destination communication devices.”

Note: Although the statute provides that the PTAB’s determination whether to institute a CBM shall be “final and nonappealable,” the Federal Circuit relied on its 2015 *Versata* decision to conclude that it had the power to decide whether the CBM proceeding was properly instituted.

*Ethicon Endo-Surgery, Inc. v. Covidien LP*, 812 F.3d 1023 (Fed. Cir. 2016), *reh’g en banc denied*. Ethicon Endo-Surgery owns a patent relating to surgical staplers. Covidien filed a petition for an Inter Partes Review (IPR) against the patent, and the PTAB granted the petition. Thereafter, the PTAB found all the challenged claims invalid as obvious over certain prior art. On appeal, Ethicon alleged that the PTAB’s final decision was invalid because the same Board panel made both the decision to institute the IPR and the final decision, which in its view constituted a due process violation and a process contrary to the intent of the America Invents Act (AIA), which created the IPR procedure. The Federal Circuit rejected the argument, concluding that other adjudicatory proceedings at other agencies had not resulted in due process violations. As to the intent of the AIA, the court held that although the statute gave the power to institute to the Director of the PTO and the final written decision to the PTAB, the Director had the power under the statute to delegate the institution decision-making to the PTAB. The court also found nothing in the statute or legislative history evidencing an intent to separate the institution decision-making from the final written decision.

*Genzyme Therapeutic Prods. Ltd v. Biomarin Pharm. Inc.*, 825 F.3d 1360 (Fed. Cir. 2016). Biomarin filed petitions for Inter Partes Review of two patents owned by Genzyme Therapeutic, and the PTO held various claims of the patents to be unpatentable. On appeal, Genzyme argued that the PTAB improperly relied on prior art references that were not identified in Biomarin’s petitions, thus depriving it of the required notice and opportunity to be heard mandated by the Administrative Procedure Act (APA). The Federal Circuit affirmed. First, the court agreed that the



PTO must provide patent owners with timely notice of the matters of fact and law asserted, such that “an agency may not change theories midstream without giving respondents reasonable notice of the change” and “the opportunity to present argument under the new theory.” Second, the court noted that “the introduction of new evidence in the course of the trial is to be expected in inter partes review trial proceedings and, as long as the opposing party is given notice of the evidence and an opportunity to respond to it, the introduction of such evidence is perfectly permissible under the APA. Third, the court found that Genzyme was provided with adequate notice at the hearings to respond to the new references, allowing it to respond. Finally, the court noted that Genzyme had failed to file a motion to exclude the new references, and it also failed to ask for leave to file a sur-reply allowing it to further respond to the arguments.

*Harmonic Inc. v. Avid Technology, Inc.*, 815 F.3d 1356 (Fed. Cir. 2016). Harmonic filed an inter partes review petition with the PTO challenging various claims of Avid’s patent. The PTO instituted an IPR proceeding on a subset of the grounds raised by Harmonic, finding that other grounds were redundant. Ultimately, the PTO concluded that the instituted grounds did not render the claims unpatentable. Harmonic appealed, challenging both the PTAB’s decision that the instituted ground did not render the claims unpatentable, and also the PTAB’s decision not to institute on alternative “redundant” grounds. The Federal Circuit affirmed, concluding that there was substantial evidence to support the PTAB’s decision that the prior art failed to show one aspect of the claimed invention. As to the PTAB’s decision not to institute trial on alternative “redundant” grounds, the Federal Circuit concluded that such a decision was unreviewable by the Federal Circuit, due to the statutory mandate that a “determination by the Director whether to institute an inter partes review under this second shall be final and nonappealable.”

*SAS Institute, Inc. v. ComplementSoft, LLC*, 825 F.3d 1341 (Fed. Cir. 2016). SAS filed an IPR against ComplementSoft’s patent. The PTAB instituted trial and found most of the challenged claims unpatentable, but concluded that one of the claims was not proven unpatentable. On appeal, SAS argued that the PTAB improperly changed its claim interpretation for a key claim limitation between the institution decision and the final written description without giving it an opportunity to be heard. The Federal Circuit agreed, based on the requirements of the Administrative Procedure Act (APA). “What concerns us is not that the Board adopted a construction in its final written description, as the Board is free to do, but that the Board ‘changed theories in midstream.’ . . . SAS focused its argument on the Board’s institution decision claim interpretation, a reasonable approach considering ComplementSoft agreed with this interpretation in its patent owner’s response and never suggested that the Board adopt the construction that eventually materialized in the final written decision. It is difficult to imagine either party anticipating that already-interpreted terms were actually moving targets, and it is thus unreasonable to expect that they would have briefed or argued, in the alternative, hypothetical constructions not asserted by their opponent.”

*Shaw Industries Group, Inc. v. Automated Creel Systems, Inc.*, 817 F.3d 1293 (Fed. Cir. 2016). Shaw Industries filed an IPR petition against a patent owned by Automated Creel Systems. The PTAB instituted trial against the claims based on only some of the combinations of references submitted by Shaw. The PTAB stated, without any explanation, that the other grounds submitted by Shaw were “redundant” and declined to institute on those grounds. On appeal, Shaw argued that it would be unfairly estopped from raising those non-instituted grounds in litigation because of the estoppel provisions of 35 U.S.C. § 315(e), which provides that a petitioner may not rely on any ground that the petitioner raised or could have raised during the IPR. The Federal Circuit disagreed, pointing out that because the non-instituted grounds did not become part of the IPR, those grounds would not have been raised *during the IPR*.

*Synopsys, Inc. v. Mentor Graphics Corp.*, 814 F.3d 1309 (Fed. Cir. 2016). Synopsys filed an IPR petition against a patent owned by Mentor Graphics. The PTAB instituted an IPR against some, but not all, of the claims requested by Synopsys. On appeal, Synopsys argued that the statute requires the PTAB to issue a final written decision, and thus it was error to render a decision that did not address every claim that Synopsys had included in its petition. Despite the statutory language that 35 U.S.C. § 318(a) directs the PTAB to issue a final written decision with respect to “any patent claim challenged by the petitioner,” that section of the statute could not be read in isolation. The Federal Circuit noted that the statute would make very little sense if it required the PTAB to issue final decisions addressing patent claims for which the IPR had not been instituted. [Disclaimer: Banner & Witcoff represented Mentor Graphics in this case.]

*In re Aqua Products, Inc.*, \_\_\_ F.3d \_\_\_, 2016 WL 4375651 (Fed. Cir. Aug. 12, 2016). The Federal Circuit granted a rare petition for rehearing en banc and asked for briefing on the following two questions:

- (a) When the patent owner moves to amend its claims under 35 U.S.C. § 316(d), may the PTO require the patent owner to bear the burden of persuasion, or a burden of production, regarding patentability of the amended claims as a condition of allowing them? Which burdens are permitted under 35 U.S.C. § 316(e)?
- (b) When the petitioner does not challenge the patentability of a proposed amended claim, or the Board thinks the challenge is inadequate, may the Board sua sponte raise patentability challenges to such a claim? If so, where would the burden of persuasion, or a burden of production, lie?

**Key Take-Away:** Validity battles over patents are shifting to the U.S. PTO, which has increased power and authority to invalidate patents under the AIA. If a defendant can get patent litigation stayed pending outcome of proceedings at the PTO, it is

likely that a patent invalidated by the PTO will result in nullification of the infringement litigation.

## **7. Coined Terminology Can Render Patent Invalid**

*Advanced Ground Information Systems, Inc. v. Life360, Inc.*, \_\_\_ F.3d \_\_\_, 2016 WL 4039771 (Fed. Cir. July 28, 2016). Advanced Ground Information Systems (GIS) sued Life360 for infringing patents relating to establishing a communication network for users of mobile devices. Among other things, the patent claims refers to “a symbol generator connected to a CPU and a database for generating symbols on a touch screen display screen.” The district court interpreted the term “symbol generator . . . for generating symbols” to be a means-plus-function limitation, but concluded that the patent specification did not disclose any particular corresponding structure for performing the recited function. Because there was no such corresponding structure, it ruled that the claims were invalid as indefinite. The Federal Circuit affirmed, noting that even though the claim did not use the word “means,” the phrase “symbol generator . . . for generating” uses an abstract element (“symbol generator”) “for” causing an action. The court also concluded that an expert for the patent owner testified that “symbol generator” was a term “coined for the purposes of the patents-in-suit.” The term was not used in “common parlance or by persons of skill in the pertinent art to designate structure.” The court noted that the term was “simply an abstraction that describes the function being performed (i.e., the generation of symbols.)” Next, because the patent specification did not disclose any particular algorithm for generating symbols, the claim term was indefinite. “In the case of computer-implemented functions, we require that the specification ‘disclose an algorithm for performing the claimed function.’” According to the court, “A patentee cannot claim a means for performing a specific function and subsequently disclose a ‘general purpose computer as the structure designed to perform that function’ because this ‘amounts to pure functional claiming.’”

## **8. Does the Constitution Preclude PTO Review of Issued Patents?**

*MCM Portfolio LLC v. Hewlett-Packard Co.*, 812 F.3d 1284 (Fed. Cir. 2015). In a bold constitutional attack against the PTO’s ability to review the validity of issued patents, the Federal Circuit upheld the right of the PTO to review and revoke issued patents as being not in violation of Article III and the Seventh Amendment to the U.S. Constitution, which guarantees a trial by jury. MCM Portfolio owns a U.S. patent relating to a computer system. Hewlett-Packard (HP) filed a petition with the U.S. PTO seeking *inter partes* review of certain claims of the patent. The PTO granted the petition and canceled the challenged patent claims. On appeal, MCM Portfolio argued that *inter partes* review by the PTO violates the U.S. Constitution because a prior U.S. Supreme Court case had suggested as much. That 1878 decision contained language suggesting that an action by the U.S. PTO to deprive a patent owner of his patent (property) without due process would be “an invasion of the judicial branch of the government by the executive.” The Federal Circuit concluded

that the case “did not address Article III and certainly did not forbid Congress from granting the PTO the authority to correct or cancel an issued patent. The court also concluded that Congress has the power to delegate disputes over public rights to non-Article III courts, such as the PTO. It pointed to more recent decisions of the U.S. Supreme Court upholding the constitutionality of a statute authorizing an administrative agency to determine “fair” rents for tenants.

## **9. Inventors Have Reputational Standing to Sue to Correct Inventorship**

*Shukh v. Seagate Technology, LLC*, 803 F.3d 659 (Fed. Cir. 2015). Shukh was employed by Seagate and named as an inventor on several Seagate patents. He had a reputation as an extremely successful innovator in the disk drive community. He signed an invention employment agreement that automatically assigned any patent rights in his inventions to Seagate. After Seagate terminated his employment, he sued Seagate under 35 U.S.C. § 256 for correction of inventorship, alleging that he was improperly omitted as an inventor on several other Seagate patents. The district court dismissed the action on the basis that he lacked standing to sue, because his employment agreement with Seagate meant that he had no financial interest in the patents. On appeal, Shukh argued that (1) the Federal Circuit should overturn its case law allowing for automatic assignments of invention rights; and (2) he had standing to sue on the basis of reputational harm, even if he could not show financial harm. The Federal Circuit vacated and remanded, concluding that there was a disputed question of fact as to whether Shukh would have suffered reputational harm, which was sufficient to confer standing to sue due to economic consequences that could flow from lack of being named on more patents. The court noted that it could not overturn its prior case law regarding automatic patent assignments absent action by an *en banc* court.

## **B. Interpretation and Infringement of Patents**

### **1. Claim Construction**

*UltimatePointer, LLC v. Nintendo Co., Ltd.*, 816 F.3d 816 (Fed. Cir. 2016). UltimatePointer sued Nintendo for patent infringement, alleging that Nintendo’s Wii remote control devices infringed its patent for controlling a feature on a computer-generated image. The district court granted summary judgment in favor of Nintendo, concluding that the term “handheld device” in the patent claims should be limited to a “direct-pointing” device and not to indirect-pointing devices such as the Wii. On appeal, UltimatePointer argued that the district court improperly imported statements from the specification into the claims. The Federal Circuit affirmed, noting that “the title of the invention explicitly states that the invention is an ‘Easily-Deployable Interactive *Direct Pointing System*.’” The court also found it significant that the specification repeated emphasizes that the system is for interacting with a presentation in a “direct-pointing” manner, and noted that the patent specification

disparages indirect pointing.

*Ruckus Wireless, Inc. v. Innovative Wireless Solutions, LLC*, 824 F.3d 999 (Fed. Cir. 2016). After Innovative Wireless sued several hotels and coffee shops for infringing patents allegedly relating to WiFi services, Ruckus Wireless filed a declaratory judgment action against Innovative Wireless, alleging that it did not infringe the patents. The district court interpreted the patents as being limited to wired – not wireless -- systems. Innovative Wireless stipulated that under that construction, no infringement could be found. Although the patents described the system as being connected over physical wires, such as a telephone line, the claims more broadly recited a “communications path,” which Innovative argued could cover wireless systems. The Federal Circuit affirmed the district court’s claim construction. “First, the title of the Terry patents indicates that they are directed to ‘Communicating Information Packets *Via Telephone Lines*.’ Second, the specification describes ‘this invention’ as one ‘particularly concerned’ with ‘two wire lines such as telephone subscriber lines.’ Third, every embodiment described in the specification utilizes a telephone wires.” One judge dissented, discounting the heavy reliance placed by the majority opinion on the title and patent specification.

*Trustees of Columbia University v. Symantec Corp.*, 811 F.3d 1359 (Fed. Cir. 2016). Columbia University sued Symantec for infringing patents relating to computer security. The district court interpreted the claim term “byte sequence feature” to be limited to machine code instructions, instead of more broadly covering other information arranged as a sequence of bytes as Columbia requested. On appeal, the Federal Circuit affirmed, noting that the patent specification stated that the “byte sequence feature” is useful and informative “because it represents the machine code in an executable.” The court also pointed to language in the earlier-filed provisional application, which stated that it represents “machine code in an executable *instead of resource information*,” which the court noted would not include an executable.

*Liberty Ammunition, Inc. v. United States*, \_\_\_ F.3d \_\_\_, 2016 WL 4488151 (Fed. Cir. Aug. 26, 2016). Liberty sued the United States for infringing a patent relating to a firearm projectile. At issue in the case was the meaning of the phrase “*reduced area of contact* of said body with the rifling of the firearm,” which the lower court interpreted to mean “less than that of a traditional jacketed lead bullet of calibers 0.17 to 0.50 BMG.” The lower court noted that the Background of the Invention explains that the patent’s proposed projectile has “a reduced contact area as compared to conventional projectiles.” The Federal Circuit noted, “The question then becomes: What constitutes a conventional projectile?” The specification mentioned only a single specific projectile – the M855 round. The court also noted that the specification mentioned the M855 round in conjunction with NATO, so the court held that a person of skill in the art would have looked to a standard NATO-issued round of caliber at the time of the patent. Based on these statements, the Federal Circuit ruled that the claim should be interpreted to be require a reduced area of contact with reference to the M855 round for 5.56 mm projectiles and the M80 round

for 7.62 mm projectiles. The court also noted that the lower court’s interpretation – comparing the area to “conventional projectiles” – would not be definite because it would not provide an objective boundary around the term of degree “reduced area of contact.” Because there was no evidence that the patent owner tested the accused projectiles against the predecessor M855 projectiles or the predecessor M80 projectiles, it ruled that the government did not infringe the claims of the patent.

*In re CSB-System International, Inc.*, \_\_\_ F.3d \_\_\_, 2016 WL 4191525 (Fed. Cir. Aug. 9, 2016). CSB is the owner of a patent directed to a circuit arrangement for integrating an electronic data processing system with telephone systems. A third party requested ex parte reexamination of the patent, which was granted. During examination, consistent with existing case law, the examiner applied the “broadest reasonable interpretation” to the patent claims, and rejected the claims based on prior art. The patent owner appealed, and while the proceeding was on appeal, the patent expired. The PTAB nevertheless continued to apply the “broadest reasonable interpretation” to the claims, instead of relying on the *Phillips* standard applied by district courts. The Federal Circuit held that it was erroneous for the PTAB to continue applying the “broadest reasonable interpretation” to the claims after the patent had expired, even though this would mean that the PTAB would be applying a different standard than the patent examiner had applied. Nevertheless, even under the *Phillips* standard, the Federal Circuit affirmed the decision.

## **2. Disclaimer of Claim Scope**

*Openwave Sys., Inc. v. Apple Inc.*, 808 F.3d 509 (Fed. Cir. 2015). Openwave sued Apple for infringing patents relating to mobile devices. The only issue on appeal was whether the claims should be given their ordinary meaning, or whether – as the district court found – the patents, through repeated disparagement in the specification, disclaimed mobile devices that contain “computer modules.” The Federal Circuit affirmed, noting that the patents stated in one place that “cellular telephone 100 is not a combination of a computer module and a wireless communication module as in prior art attempts to create an intelligent telephone,” and that in another place, the patents stated that “The combination of a wireless communication module with a computing module leads to a device that is too bulky, too expensive, and too inflexible to address the market requirements.”

## **C. Enforcement of Patents**

### **1. Permanent Injunctions – No Need to Show Infringing Features Are “Predominant Reason” for Purchasing Competitor’s Products**

*Apple Inc. v. Samsung Electronics Co.*, 809 F.3d 633 (Fed. Cir. 2015). In a case that ping-ponged back and forth three times between the district court and the Federal Circuit, in this case the Federal Circuit concluded that the district court erred in denying Apple a permanent injunction. Apple had sued Samsung for infringing

various patents, including a patent on a “slide-to-unlock” feature on its phone. After a jury found the patents valid and infringed, the district court denied Apple’s motion for a permanent injunction against Samsung on the basis that there was no evidence that the infringing slide-to-unlock feature was the “predominant reason” that consumers purchased Samsung’s phones. Although the Federal Circuit agreed that there must be a “causal nexus” between the infringement and the alleged harm, “it was legal error for the district court to effectively require Apple to prove that the infringement was the sole cause of the lost downstream sales. The district court should have determined whether the record established that a smartphone feature impacts customer’s purchasing decisions.” According to the Federal Circuit, “The district court erred when it required Apple to prove that the infringing features were the exclusive or predominant reason why consumers bought Samsung’s products to find irreparable harm.”

## **2. Attorney-Client Privilege Extended to Patent Agents**

*In re Queen’s University at Kingston*, 820 F.3d 1287 (Fed. Cir. 2016). In a matter of first impression, The Federal Circuit held that the attorney-client privilege should be extended to patent agents. Queen’s University is the owner of various patents relating to user interfaces. Queen’s University sued Samsung in the Eastern District of Texas for infringing the patents. During fact discovery, Queen’s university refused to produce certain documents with its patent agents (not attorneys) that it alleged were covered by the attorney-client privilege. Samsung moved the district court to compel production of the documents, which the district court granted, concluding that because the patent agents were not attorneys, no such attorney-client privilege applied. Queen’s University filed a petition for a writ of mandamus with the Federal Circuit, and the Federal Circuit reversed.

First, the Federal Circuit concluded that although regional circuit law would normally apply to procedural issues on appeal, it would apply its own law in this case, because the question of attorney-client privilege in the patent context involved a substantive patent law issue. Next, the court found that mandamus was appropriate, because the confidentiality of the communications would be forever lost if review of the decision was denied until after final judgment. The court then acknowledged that it had the power, under Rule 501 of the Federal Rules of Evidence, to define new privileges by interpreting common law principles. Finally, the court held that communication with patent agents should be protected for the same reason that communication with attorneys should be protected – to encourage full and frank communication between counselors and clients, to thereby promote broader public interests in the observance of law and administration of justice. It recognized that courts had refused to extend privileged communications to other non-attorney counselors, such as accountants, but pointed to a 1963 U.S. Supreme Court decision declaring that “the preparation and prosecution of patent applications for others constitutes the practice of law.” The court cautioned, however, that the scope of the privilege was limited to the scope of activities authorized by the patent statute and the patent office -- namely, the

preparation and prosecution of patent applications and advice regarding such applications. For example, a patent agent's opinion regarding the validity of another person's patent, or infringement of a patent, would not be protected by the privilege. Judge Reyna dissented, rejecting the creation of a new type of privilege.

*In re Silver*, No. 05-16-00744-CV, \_\_\_ S.W.3d \_\_\_, 2016 WL 4386004 (Tex. Ct. App. Aug. 17, 2016). The Texas Court of Appeals rejected the Federal Circuit's decision in *Queen's University* and ordered a lower court to resume compelling Silver to produce more than 300 emails between him and his patent agent. The Texas court concluded that *Queen's University* was not binding on Texas courts, since the action was a state court civil suit seeking ownership over the patents at issue, not a federal case involving substantive patent issues. According to the court, it was powerless under Texas law to declare new privileges such as the patent-agent privilege.

### **3. Infringement Damages for Design Patents – No “Apportionment”**

*Apple Inc. v. Samsung Electronics Co.*, 786 F.3d 983 (Fed. Cir. 2015), *cert granted*, 136 S.Ct. 1453. [Note: this case was covered last year, but now the U.S. Supreme Court has granted certiorari.] In this long-running dispute between Apple and Samsung involving patented smartphone technology, a jury awarded Apple damages against Samsung based on Samsung's "entire profit" for infringement of Apple's design patents. Samsung appealed, arguing that the jury should have been instructed that Apple could only recover damages for "profit attributable to the infringement." The Federal Circuit rejected this argument, concluding that the wording of the design patent infringement statute – 35 U.S.C. § 289 -- permits an award of the "total profit" made by the infringer, without any apportionment. In a footnote, the court dismissed the concerns of a group of law professors who had filed an amicus brief urging that such a rule "makes no sense in the modern world." According to the Federal Circuit, "Those are policy arguments that should be directed to Congress."

### **4. What Constitutes “Actual Notice” for Pre-Issuance Damages**

*Rosebud LMS Inc. v. Adobe Systems Inc.*, 812 F.3d 1070 (Fed. Cir. 2016). In a case of first impression, the Federal Circuit held that the patent statute's provision in 35 U.S.C. § 154(d) allowing damages for infringement occurring after a patent application is published but before the patent issues – which requires that the infringer had "actual notice of the published patent application" – does not require that the patent owner affirmatively notify the accused infringer of the publication. Instead, as long as the accused infringer had actual (not constructive) knowledge of the publication, the notice requirement would be met. The court also rejected the patent owner's argument that mere knowledge of a related patent application sufficed to show actual notice of the patent itself.



## 5. Enhanced Damages for Willful Infringement

*Halo Electronics, Inc. v. Pulse Electronics, Inc.*, and *Stryker Corp. v. Zimmer, Inc.*, \_\_\_ U.S. \_\_\_, 136 S.Ct. 1923 (2016) (two cases). The patent statute allows a court to increase patent infringement damages up to three times actual damages, which has been interpreted by the courts to be limited to cases involving “willful” patent infringement. In 2007, the Court of Appeals for the Federal Circuit in its *Seagate* decision announced a two-part test for establishing “willful” infringement: First, the patent owner must show by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent. This first part of the test could be defeated by an infringer showing that the infringer raised a “substantial question” as to the validity or infringement of the patent. Second, the patent owner must also show by clear and convincing evidence that the risk of infringement was either “known or so obvious that it should have been known to the accused infringer.”

In the first of these two cases, Halo Electronics sued Pulse Electronics for patent infringement, and a jury found that Pulse willfully infringed its patents. Applying the Federal Circuit’s *Seagate* framework for determining whether to increase the damage award, however, the district court determined that at trial, Pulse had presented a defense that was not “objectively baseless.” The Federal Circuit affirmed. In the second of these two cases, Stryker sued Zimmer for patent infringement, and a jury found that Zimmer had willfully infringed the patents. After hearing evidence that Zimmer had instructed its employees to copy Stryker’s products, the court tripled the damages awarded by the jury. The Federal Circuit, however, vacated the trebled damages because it concluded that Zimmer had asserted “reasonable defenses” at trial.

The U.S. Supreme Court granted certiorari in both cases (*Halo* and *Stryker*), and vacated and remanded both cases. First, the Supreme Court affirmed that enhanced damages are only available in cases of “willful” patent infringement, and noted that “such punishment should generally be reserved for egregious cases typified by willful misconduct.” The Court, however, concluded that the Federal Circuit’s two-part *Seagate* test was “unduly rigid, and it impermissibly encumbers the statutory grant of discretion to district courts.” As to the first part of the test, which requires “objective recklessness” in every case, the Court concluded that the *Seagate* test exculpates those who intentionally infringe a patent, as long as “objective recklessness” cannot be proved by the patent owner by clear and convincing evidence. According to the Court, “someone who plunders a patent – infringing it without any reason to suppose his conduct is arguably defensible – can nevertheless escape any comeuppance . . . solely on the strength of his attorney’s ingenuity.” The Court concluded that culpability is generally measured against the knowledge of the actor *at the time of the challenged conduct*, not later.

The Court also rejected the Federal Circuit’s clear and convincing evidentiary burden for establishing willfulness. Citing to its recent *Octane Fitness* case, in which the Supreme Court had rejected the Federal Circuit’s same heightened evidentiary burden to establish entitlement to attorney’s fees, and also pointing to lack of support in the patent statute for a higher evidentiary burden (contrasted with a heightened statutory burden of clear and convincing evidence to prove patent invalidity), the Court concluded that the ordinary preponderance of the evidence standard should apply.

Finally, the Supreme Court also rejected the Federal Circuit’s tripartite framework for appellate review, and instead reaffirmed the discretion of district courts to apply their discretion, which decisions will now be reviewed under the abuse of discretion standard of review.

**Note:** On September 12, 2016, the Federal Circuit remanded the *Stryker Corp. v. Zimmer, Inc.* case back to the district court to reconsider the award of enhanced damages and attorneys fees in light of the new standard established by the Supreme Court. 2016 WL 4729504 (Sept. 12, 2016).

## **6. Patent Exhaustion**

*Lexmark International, Inc. v. Impression Products, Inc.*, 816 F.3d 721 (Fed. Cir. 2016) (en banc). After an initial hearing before a panel, the Federal Circuit sua sponte issued an order in this case that the case be heard *en banc*. At issue was whether the sale of articles abroad that are patented in the United States exhausts the patent rights in the United States. It also ordered hearing as to whether the sales of patented articles to end users under a restriction that they use the articles (toner cartridges) and return them gives rise to patent exhaustion.

Lexmark is a printer manufacturer that has patents covering its printer cartridges. Lexmark sold some of its cartridges in the U.S. and others overseas. Some of the cartridges were sold, at a discount, subject to an express “single-use/no resale” restriction. Lexmark also sells “regular cartridges” at full price that are not subject to the single-use restrictions. Impression Products bought some of the used Lexmark cartridges, refurbished them, and re-sold them in the United States. It also imported others sold by Lexmark overseas. Lexmark sued Impression for patent infringement, alleging that: (1) Impression’s sale of the re-used discounted single-use cartridges in the United States violated its patents; and (2) Impression’s importation of all of its cartridges that were first sold overseas violated its patents. Impression argued that Lexmark’s sale of its cartridges “exhausted” its patent rights, such that Lexmark could no longer control the further sale or importation of them.

Upon rehearing en banc, the full Federal Circuit first decided to re-affirm its 1992 *Mallinckrodt, Inc. v. Medipart, Inc.* decision, which held that a patentee that sells a patented article subject to a single-use/no-resale restriction that is communicated to a purchaser does not exhaust its patent rights as to that patented article. It rejected the

district court's conclusion that the U.S. Supreme Court's 2008 decision in *Quanta Computer, Inc. v. LG Electronics* had silently overruled the *Mallinckrodt* decision. According to the court, "A sale made under a clearly communicated, otherwise-lawful restriction as to post-sale use or resale does not confer on the buyer and a subsequent purchaser the 'authority' to engage in the user or resale that the restriction precludes."

As to the second issue, whether the imported cartridges that were first sold by Lexmark overseas could be blocked by Lexmark's U.S. patent rights, the Federal Circuit agreed that, following its 2001 *Jazz Photo* decision, a patent owner's overseas sales did not "exhaust" U.S. patent rights that would allow importation of such patented articles. It rejected Impression's argument that the U.S. Supreme Court's 2013 *Kirtsaeng* decision reaching a different result in the case of copyrights should also be applied to patent rights. According to the court, the Supreme Court's contrary result under copyright law was based in part on the wording of the copyright statute, whereas the patent statute was worded differently. [Disclosure notice: Banner & Witcoff represented the patent owner -- Lexmark -- in this case.]

## **7. International Trade Commission (ITC) Proceedings**

*ClearCorrect Operating, LLC v. Int'l Trade Comm'n*, 810 F.3d 1283 (Fed. Cir. 2015). ClearCorrect sells orthodontic aligners that are placed over a patient's teeth to gradually re-align them. Align Technology Inc. filed an ITC complaint alleging that ClearCorrect's alleged "importation" of digital data used for creating the orthodontic aligners constituted a violation of the ITC statute. ClearCorrect makes its aligners as follows: First, its U.S. entity scans physical models of the patient's teeth and creates a digital recreation of the initial tooth arrangement. Second, it transmits the digital models to Pakistan, where the position of each tooth is manipulated to create a final tooth position. Third, ClearCorrect Pakistan transmits the manipulated digital models to ClearCorrect U.S., which uses 3-D printing to turn the digital models into physical models. Finally, an aligner is manufactured in the U.S. using thermoplastic molding.

The ITC concluded that ClearCorrect's digital data transmitted into the United States constituted an "article" that was imported in violation of the ITC statute constituting infringement of Align Technology's patents, which covered a method for making orthodontic appliances. The Federal Circuit reversed in a split decision, concluding that the term "articles" in the ITC statute (19 U.S.C. § 1337(a)) could only refer to material things, not intangible data, and therefore the ITC had no jurisdiction to bar importation of such data.

The majority began by noting that the Tariff Statute granted the ITC jurisdiction to bar importation of "articles" into the United States. Unless there is an importation of an "article," the ITC has no jurisdiction. Although "article" is not defined in the ITC statute, the Federal Circuit turned to contemporary dictionaries from when the statute

was enacted (1922), which defined “article” as “a material thing or class of things.” The majority rejected the ITC’s reliance on a more ambiguous definition of “article” from the 1924 edition of Webster’s dictionary. It also pointed to the 1924 Dictionary of Tariff Information, which defined “article” as a commodity, and the 1933 edition of Black’s Law dictionary, which defined “article” as “a material thing or class of things.” The majority also noted that if “article” were defined so broadly as to include electronic data, then the statute’s references to “forfeiting” and “seizing” such “articles” would make no sense. Because in its view the statute was clear, no *Chevron* deference to the ITC’s statutory interpretation was appropriate.

The majority next addressed whether, even under *Chevron*’s second step, the ITC’s interpretation of “article” would be a permissible one. It concluded that it would not, finding that such an interpretation was “irrational.” According to the majority, the ITC adopted an even broader meaning of “article” than was supported by the old dictionary definition that it relied upon.

Judge O’Malley filed a concurring opinion, agreeing with the decision but pointing out that it was not necessary to resort to *Chevron* deference at all. According to Judge O’Malley, Congress never delegated authority to the ITC to regulate the transmission of digital data, and thus *Chevron* deference was not appropriate.

Judge Newman dissented, concluding that “today’s economy” involves various computer-implemented methods and systems that were not contemplated when the 1930s Tariff Act was enacted. Pointing to various snippets of legislative history and case law, she concluded that the statute should be interpreted in light of modern technologies to encompass the transmission of digital data.

## **8. Personal Jurisdiction in ANDA Cases**

*Accorda Therapeutics Inc. v. Mylan Pharm. Inc.*, 817 F.3d 755 (Fed. Cir. 2016). Accorda Therapeutics owns various patents for a drug relating to multiple sclerosis, and it listed those patents in the FDA’s so-called “Orange Book.” Mylan Pharmaceuticals sought to produce a generic version of the drug, and it filed an ANDA certification with the FDA, asserting that its manufacture and sale of the generic version would not infringe the patents or that the patents are invalid. Accorda sued Mylan for patent infringement as provided under 35 U.S.C. § 271(e)(a)(A) for the FDA filing. The suit was filed in the District of Delaware. Mylan moved to dismiss the lawsuit on the ground that Delaware had no personal jurisdiction over it. The district court denied the motion, and the Federal Circuit affirmed.

A two-member majority of the Federal Circuit concluded that Mylan’s ANDA certification, which was not made in Delaware, in combination with its planned marketing efforts in Delaware to sell the generic version of the drug, met the “minimum contacts” required under the Fourteenth Amendment to establish specific jurisdiction under Delaware’s long-arm statute, which reaches to the full extent of the

Fourteenth Amendment. The court stated that, “it suffices for Delaware to meet the minimum-contacts requirement in the present cases that Mylan’s ANDA filings and its distribution channels establish that Mylan plans to market its proposed drugs in Delaware and the lawsuit is about patent constraints on such in-State marketing.” Judge O’Malley wrote a concurring opinion, arguing that the court should have instead decided the issue under the question of general jurisdiction, noting that because Mylan had registered to do business in Delaware, it had (under Delaware law) consented to general personal jurisdiction over it.

## **9. Standing of Successor Company to Maintain Appeal at Federal Circuit**

*Agilent Tech., Inc. v. Waters Tech. Corp.*, 811 F.3d 1326 (Fed. Cir. 2016). Waters Technologies sued Aurora SFC Systems for patent infringement. In response, Aurora filed a request for inter partes reexamination of the patent -- now replaced by Inter Partes Review (IPR) proceedings -- at the PTO. While the reexamination was being conducted, Agilent acquired “substantially all” of Aurora’s assets, and Agilent agreed to be bound by the outcome of the reexamination proceeding. After the patent examiner rejected various patent claims, Waters filed a notice of appeal to the Board, and Aurora cross-appealed the decision to the Board. Aurora also filed a request to change the real party in interest from Aurora to Agilent, and Agilent’s counsel began participating with counsel for Aurora. The Board reversed the examiner’s rejections, and Agilent filed a notice of appeal to the Federal Circuit. In a case of first impression, the Federal Circuit dismissed the appeal, concluding that the patent statute only conferred the right to appeal on the third-party requester, not a successor-in-interest to the third-party requester. The key statutory language contained in 35 U.S.C. § 134 is “A patent owner, or a third-party requester in an inter partes reexamination proceeding . . . may appeal the decision.” The Federal Circuit concluded that although Agilent had argued that it was the sole successor-in-interest to Aurora, Aurora was still listed as a separate party at the PTO and in the district court litigation, and it noted that Agilent had never supplied a copy of the asset transfer agreement to the court. “We decline to decide whether a successor-in-interest becomes the third party requester . . . because Agilent has not established that it is, in fact, Aurora’s successor-in-interest.” Note: Although this decision applies to the now-replaced inter partes reexamination provisions, it appears that it could be applicable to the new inter partes review provisions. See 35 U.S.C. § 134(c) (“A party to an inter partes review or a post-grant review who is dissatisfied with the final written decision . . . may appeal”).

## **10. Damages for Standards-Essential Patents**

*Commonwealth Scientific and Industrial Research Organisation v. Cisco Systems, Inc.*, 809 F.3d 1295 (Fed. Cir. 2015). The Federal Circuit held that damages awarded for infringement of a standards-essential patent must take into account the standards-essential nature of the patent, which might otherwise inappropriately lead to higher damages awards relating to the standards-essential nature instead of the true value of

the patent. In this case, CSIRO sued Cisco for infringement of a patent that was deemed essential to the IEEE 802.11 wireless specification, which covers the Wi-Fi standard. Although CSIRO agreed with the IEEE to license its patent on reasonable and non-discriminatory (“RAND”) terms for an early version of the Wi-Fi standard, it refused to do so for later versions of the Wi-Fi standard. Cisco stipulated to validity and infringement, and agreed to a bench trial on damages. An Eastern District of Texas judge awarded CSIRO \$16 million in damages.

On appeal, the Federal Circuit first considered Cisco’s argument that the district court failed to calculate royalties based on the “smallest salable patent-practicing unit” – i.e., a chip that incorporated the Wi-Fi technology. The Federal Circuit rejected Cisco’s argument, concluding that its argument – that all damages models must begin with the smallest salable patent-practicing unit – “is untenable.” Instead, it was permissible for the district court to rely primarily on the parties’ initial negotiations over royalty rates per end unit, not based on chips. However, the Federal Circuit faulted the district court’s failure to discount the value of the patent based on the fact that it was incorporated into a standard that must be practiced by companies in the particular field of technology – Wi-Fi. Quoting an earlier case, the Federal Circuit held that “First, the patented feature must be apportioned from all of the unpatented features reflected in the standard. Second, the patentee’s royalty must be premised on the value of the patented feature, not any value added by the standard’s adoption of the patented technology.” “Once incorporated and wisely adopted, that technology is not always used because it is the best or the only option; it is used because its use is necessary to comply with the standard.” In the context of the *Georgia-Pacific* factors, the commercial success and popularity of products that practice the invention might be due more to the standard itself than the patent’s value to the standard. The district court thus failed to take into account other patents that might also be essential to the standard.

**Note:** In 2015 the IEEE changed its patent policy, stating that compensation for using a patented invention that is part of an IEEE standard must be based on a percentage price of the component to which the standard is directed, instead of the whole device, as had previously been the case. The U.S. Department of Justice decided that the decision raised no antitrust concerns.



***SCA Hygiene: Mountain or Mole Hill?  
That is the Question***

**Ernest V. Linek**

***Banner & Witcoff Intellectual  
Property Alert***

***November 3, 2016***



## Intellectual Property Alert: *SCA Hygiene: Mountain or Mole Hill? That is the Question*

By Ernest V. Linek

November 3, 2016 — The U.S. Supreme Court heard oral arguments in *SCA Hygiene Products Aktiebolag v. First Quality Baby Products, LLC* (Case No. 15-927) on Nov. 1. The question presented to the court was whether and to what extent the defense of laches may bar a claim for patent infringement brought within the Patent Act’s six-year statute of limitations period.

Laches is an equitable defense based on an unreasonable delay in taking action by the plaintiff, to the detriment of the defendant. If laches applies in a given patent infringement action, the patent is held to be unenforceable against the defendant.

This case is a topical follow-on to the 2014 “Raging Bull” (*Petrella v. Metro-Goldwyn-Mayer, Inc.*) copyright decision by the Supreme Court, where it was held that there could not be both a statute of limitations and a laches defense to bar recovery of all infringement damages.

SCA’s patent claims an absorbent pants-type diaper. The Federal Circuit’s *en banc* majority held that the recent Supreme Court opinion in *Petrella*, which eliminated laches as a defense to a damages claim in a copyright suit filed within the Copyright Act’s statute of limitations period, did not similarly affect laches in patent suits.

Many of the Justices appeared to side with the petitioner in favor of extending *Petrella* to patent cases and reversing the Federal Circuit. Justice Ginsburg suggested that it would seem to be an easy concept to simply extend *Petrella* to patent cases.

Many of the Justices seemed to be unpersuaded by the respondent counsel’s argument that when Congress passed the 1952 Patent Act providing for damages, they intended to include laches as a defense, because there were few pre-1952 cases that had barred recovery for damages based on laches. Chief Justice Roberts called the case law evidence a “mole hill” as opposed to a “mountain.”

Based on the Supreme Court’s discussion during oral argument, there is a chance that the *Petrella* case may be extended to patent actions. However, litigants should be prepared for a decision either way.



Click [here](#) to download the transcript in *SCA Hygiene Products Aktiebolag v. First Quality Baby Products, LLC*.

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**2016 Recent Developments in  
Patent Law — Case Law**

**Bradley C. Wright**

***Presented to The D.C. Bar***

***December 12, 2016***

**2016**  
**RECENT DEVELOPMENTS**  
**IN PATENT LAW – CASE LAW**

**PRESENTED AT:**

**THE D.C. BAR**  
**WASHINGTON, DC**

**DECEMBER 12, 2016**

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INTELLECTUAL PROPERTY LAW

## OUTLINE OF WRITTEN MATERIALS

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## A. Patentability, Validity, and Procurement of Patents

### 1. Statutory Subject Matter – Computer Software and Genetic Testing

*Bascom Global Internet Services, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016). Bascom sued AT&T for infringing a patent relating to filtering content on the Internet. The district court granted AT&T’s motion to dismiss the lawsuit on the pleadings, finding that the patent claims were directed to a non-statutory abstract idea – namely, “filtering content.” Although the claims were directed to filtering content based on a particular architecture that located customized filters on remote servers where they could not be tampered with by end users, the district court concluded that the content provided on the Internet was not fundamentally different from content contained in books or magazines, which could be censored by parents.

The Federal Circuit vacated and remanded the case. Applying the two-step test announced by the Supreme Court in *Alice Corp. Pty Ltd v. CLS Bank*, the Federal Circuit agreed that the claims failed the first step of the *Alice* test because they were directed to an abstract idea – the notion of filtering content on the Internet. However, in applying the second “inventive concept” step of the *Alice* test, the Federal Circuit concluded that “the inventive concept described and claimed in the ‘606 patent is the installation of a filtering tool at a specific location, remote from the end-users, with customizable filtering features specific to each end user.” According to the Federal Circuit, the invention provided a “technical improvement” over prior art ways of filtering content, and provided a “technology-based solution . . . that overcomes existing problems with other Internet filtering systems.” The court concluded that “By taking a prior art filter solution (one-size-fits-all filter at the ISP server) and making it more dynamic and efficient (providing individualized filtering at the ISP server), the claimed invention represents a software-based invention that improves the performance of the computer system itself.”

*Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016). Enfish sued Microsoft for infringing patents relating to a “self-referential” database. The district court granted summary judgment to Microsoft that the patents were invalid because they were directed to an abstract idea. The Federal Circuit vacated the invalidity ruling, concluding that the patent claims were directed to “an innovative logical model for a computer database.” Unlike conventional logical models, the patented logical model stores all data entities in a single table, with column definitions provided by rows in that same table. The Federal Circuit relied in part on the fact that the patent specification disclosed that the indexing technique claimed in the patent allowed for faster searching of data than would be possible with a relational database model, and that it also resulted in more effective storage of data. Applying the first step of the two-part *Alice* test, the court concluded that the claims were not directed to an abstract idea, and hence they were not patent-ineligible. According to the court, “that the improvement is not defined by reference to ‘physical’ components does not doom the claims, since to hold otherwise risks resurrecting a

bright-line machine-or-transformation test . . . or creating a categorical ban on software patents.” The court also cautioned that in determining whether claims are “directed to” an abstract idea, courts should consider the claims in light of the specification to determine whether “their character as a whole is directed to excluded subject matter.” According to the court, “In this case . . . the plain focus of the claims is on an improvement to computer functionality itself, not on economic or other tasks for which a computer is used in its ordinary capacity.”

*Genetic Technologies Ltd v. Merial L.L.C.*, 818 F.3d 1369 (Fed. Cir. 2016). Genetic Technologies Limited (GTL) owns a patent directed to analyzing sequences of DNA, which spell out the instructions for synthesizing proteins in the human body. The inventor of GTL’s patent discovered that certain genetic characteristics of a person could be determined by amplifying certain parts of a DNA sequence and analyzing the amplified sequence to detect a particular mutation. Claim 1 of the patent recites a two-step method of detecting a mutation by amplifying a particular part of a DNA sequence and analyzing the amplified sequence. The patent explains that the method can be used to detect a propensity for certain types of inherited diseases, such as cystic fibrosis and muscular dystrophy.

After GTL sued Merial for infringing its patent, the district court granted Merial’s motion to dismiss the lawsuit under Rule 12(b)(6) on the grounds that the patent claimed ineligible subject matter – namely, a law of nature. On appeal, the Federal Circuit applied the Supreme Court’s two-part eligibility test in *Alice Corp. v. CLS Bank*, 134 S.Ct. 2347 (2014). The court concluded that: First, the only asserted claim is directed to a law of nature – a method of detecting a coding region of a person’s genome by amplifying and analyzing a linked non-coding region of that person’s genome. According to the court, “The claim is directed to a natural law – the principle that certain non-coding and coding sequences are in linkage disequilibrium with one another. Applying the second step of the *Alice* test – determining whether the claim contains an “inventive concept” sufficient to transform it into a patent-eligible application -- the court concluded that the claims did not do significantly more than simply describe a natural relationship. Because both steps of the method claim – the “amplifying” step and the “analyzing” step – were well known, there was nothing “inventive” about the claim.

*In re TLI Communications LLC Patent Litigation*, 823 F.3d 607 (Fed. Cir. 2016). TLI Communications sued various defendants for infringing a patent relating to taking, transmitting, and organizing digital images. The cases were consolidated in the Eastern District of Virginia for pre-trial purposes. The defendants filed a motion to dismiss on the basis that the patent is not directed to eligible subject matter, and the district court granted the motion. The Federal Circuit affirmed. Representative method claim 17 recites steps of recording images in a telephone unit; storing the images in digital form; transmitting the images and classification information to a server; receiving the data at the server; and storing the images in the server based on the classification. Applying the first step of the *Alice Corp. v. CLS Bank* case, the court concluded that this claim was “drawn to the concept of classifying an image

and storing the image based on its classification,” which it agreed was an abstract idea. It noted that, unlike the patent in the *Enfish* decision, this patent was not directed to an improvement to computer functionality. As stated in the patent, the problem solved by the invention was to archive digital images “in such a way that the information therefore may be easily tracked.” The court noted that the patent described the system components in “purely functional terms,” such as “standard features of a telephone” and “a digital photo camera of the type which is known.” The server was described “in vague terms without any meaningful limitations.” The court also explained that the claims were not directed to a solution to a “technological problem” of the type that arose in the U.S. Supreme Court’s 1981 *Diamond v. Diehr* decision. Turning to the second step of *Alice*, the court concluded that nothing in the claims transformed the abstract idea into a patent-eligible application of that idea. Instead, as admitted in the patent specification, the various components of the claims were all known in the art and performed their conventional functions.

*Mortgage Grader, Inc. v. First Choice Loan Services Inc.*, 811 F.3d 1314 (Fed. Cir. 2016). Mortgage Grader owns two patents relating to financial transactions including a method for a borrower to evaluate and obtain financing. It sued two companies for patent infringement, but the district court granted a motion for summary judgment that the patents were invalid because they recited patent-ineligible subject matter. The Federal Circuit affirmed. Applying the first step of the *Alice* test, the court concluded that the claims were directed to the abstract idea of “anonymous loan shopping.” The claim limitations, when considered individually and as a whole, “recite nothing more than the collection of information to generate a ‘credit grading’ and to facilitate anonymous loan shopping.” According to the court, the series of steps covered by the asserted claims – borrower applies for a loan, a third party calculates the borrower’s credit grading, lenders provide loan pricing information to the third party based on the borrower’s credit grading, and only thereafter (at the election of the borrower) the borrower discloses its identity to a lender – could all be performed by humans without a computer. Applying the second step of the *Alice* test, the court agreed that the claims added only generic computer components such as an “interface,” “network,” and “database.” It also concluded that the invention did not result in any improvement in the functioning of the computer or effect any improvement in any other technology or technical field.

*In re Smith*, 815 F.3d 816 (Fed. Cir. 2016). In this appeal from the PTO, a patent applicant whose application for a method of conducting a wagering game was rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter appealed to the Federal Circuit. The claims recited a method of conducting a wagering game comprising various steps of a dealer dealing cards, accepting wagers from the players, examining hands and resolving wagers based on certain rules. The patent examiner rejected the claims as being not directed to a patent-eligible category of invention. The PTAB affirmed, concluding under the two-part *Alice* test that the claims were directed to a wagering game, which was an abstract idea, and that the other various steps such as shuffling the cards were conventional and did not add

enough to render them patent-eligible. The Federal Circuit affirmed, concluding under the first step of *Alice* that the claims were directed to a wagering game, which was similar in nature to other “fundamental economic practices” that had been held in prior decisions to be nothing more than abstract ideas. Applying the second step of *Alice*, the court agreed with the PTO that the steps of shuffling and dealing the cards were conventional and lacked an “inventive concept” sufficient to transform the abstract idea into a patent-eligible one.

*McRO, Inc. v. Bandai Namco Games America Inc.*, 837 F.3d 1299 (Fed. Cir. 2016). McRO (doing business as Planet Blue) owns 2 patents relating to a method for automatically animating lip synchronization and facial expressions for animated characters, used in applications such as video games. McRO sued various defendants for infringing the patents, but the district court ruled on the pleadings that the patents were invalid under 35 U.S.C. § 101 because they were directed to ineligible subject matter. The Federal Circuit reversed.

Independent claim 1 of one of the patents was deemed to be dispositive for purposes of the appeal:

1. A method for automatically animating lip synchronization and facial expression of three-dimensional characters comprising:

obtaining a first set of rules that define output morph weight set stream as a function of phoneme sequence and time of said phoneme sequence;

obtaining a timed data file of phonemes having a plurality of sub-sequences;

generating an intermediate stream of output morph weight sets and a plurality of transition parameters between two adjacent morph weight sets by evaluating said plurality of sub-sequences against said first set of rules;

generating a final stream of output morph weight sets at a desired frame rate from said intermediate stream of output morph weight sets and said plurality of transition parameters; and

applying said final stream of output morph weight sets to a sequence of animated characters to produce lip synchronization and facial expression control of said animated characters.

The prior art performed animation and lip synchronization using a human animator with the assistance of a computer. Animators would manually determine the appropriate morph weights to apply based on what was in a timed transcript, using subjective judgment to cause the animation to be realistic. The patents criticized this prior art process as tedious, time consuming, and sometimes inaccurate due to the large number of frames needed to depict speech. The patents aimed to automate the process by applying rules applied to the timed transcript to determine the morph



weight outputs taking into account differences in mouth positions for similar phonemes based on context. The automatic rules also produced more realistic speech without the need for human intervention.

The district court, applying the two-step *Alice* framework, found that the claims failed the first *Alice* step because they were “drawn to the abstract idea of automated rules-based use of morph targets and delta sets for lip-synchronized three-dimensional animation.” According to the district court, the claims allegedly covered every set of rules that could have been written to carry out the claimed invention. The district court stated that “while the patents do not preempt the field of automatic lip synchronization for computer-generated 3D animation, they do preempt the field of such lip synchronization using a rules-based morph target approach.”

The Federal Circuit disagreed, noting that “We have previously cautioned that courts must be careful to avoid oversimplifying the claims by looking at them generally and failing to account for the specific requirements of the claims.” The court stated that “a court must look to the claims as an ordered combination, without ignoring the requirements of the individual steps.” The court also rejected the defendants’ arguments that the claims allegedly cover all rules – “The claimed rules here, however, are limited to rules with certain common characteristics – i.e., a genus.” The Federal Circuit explained that “We therefore look to whether the claims in these patents focus on a specific means or method that improves the relevant technology or are instead directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery.” Although the claimed invention was performed on a generic computer, there was “no evidence that the process previously used by the animators is the same as the process required by the claims.” According to the court, “It is the incorporation of the claimed rules, not the use of the computer, that ‘improved [the] existing technological process’ by allowing the automation of further tasks. It distinguished *Alice* on the basis that in *Alice*, both the computer-automated process and the prior method were carried out in the same way. The court found that the claimed process used a combined order of specific rules used to create a sequence of synchronized, animated characters.

*Electric Power Group, LLC v. Alstom S.A.*, 830 F.3d 1350 (Fed. Cir. 2016). Electric Power Group owns three patents relating to performing real-time performance monitoring of an electric power grid by collecting data from multiple sources, analyzing the data, and displaying the results. The Federal Circuit concluded that “Though lengthy and numerous, the claims do not go beyond requiring the collection, analysis, and display of available information in a particular field, stating those functions in general terms, without limiting them to technical means for performing the functions that are arguably an advance over conventional computer and network technology.” After concluding that the claims failed the first step of the *Alice* inquiry, the court moved to the second step of *Alice*, concluding that “limiting the claims to the particular technological environment of power-grid monitoring is, without more, insufficient to transform them into patent-eligible applications of the

abstract idea.” According to the court, when the claims are “so result-focused, so functional, as to effectively cover any solution to an identified problem,” they inhibit innovation by prohibiting others from developing their own solutions to the problem.

*Amdocs (Israel) Ltd v. Openet Telecom, Inc.*, \_\_\_ F.3d \_\_\_, 2016 WL 6440387 (Fed. Cir. Nov. 1, 2016). Amdocs sued Openet Telecom for infringing four patents relating to a system designed to solve an accounting and billing problem faced by network service providers. The system allows network service providers to bill for IP network usage with a distributed architecture that minimizes the impact on network and system resources by collecting data close to its source, thus reducing congestion in network bottlenecks. The patents explain that the invention provides an advantage over prior art systems that stored information in a single location, which made it difficult to keep up with massive record flows from the network devices, which required large databases.

The district court granted Openet’s motion for judgment on the pleadings, ruling that the claimed inventions were invalid as patent-ineligible under 35 U.S.C. § 101. On appeal, applying the two-step framework of *Alice*, the Federal Circuit reversed. The majority first explained that there is no generally-accepted definition of an “abstract idea.” It then compared the claimed invention to inventions in prior-decided cases and found the claimed invention to be most closely aligned with the one in *BASCOM Global Internet Services, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016). In that case, the Federal Circuit concluded that a content-filtering system employing a distributed architecture was patent-eligible because the design was not conventional or generic, and the claims did not preempt all ways of filtering content on the internet. The majority in this case found that the claims were directed to an “inventive concept” – namely, a “distributed fashion” and “close to the source of network information.” According to the majority, “this claim entails an unconventional technological solution (enhancing data in a distributed fashion) to a technological problem (massing record flows which previously required massive databases).” Judge Reyna dissented, concluding that the majority merely compared the claims to some, but not all, of the prior decisions involving patent eligibility determinations. Among other things, the dissent criticized the majority’s reliance on the patent specification, as compared to the claims, in reaching its decision.

*Intellectual Ventures I LLC v. Symantec Corp.*, 838 F.3d 1307 (Fed. Cir. 2016). Intellectual Ventures sued Symantec for infringing three patents: The ‘050 patent is directed to methods of screening emails for unwanted content; the ‘142 patent is directed to methods of routing email messages based on rules; and the ‘610 patent is directed to using computer virus screening in the telephone network. The district court ruled that the claims of the ‘050 and ‘142 patent were invalid under 35 U.S.C. § 101 as being directed to an abstract idea, but found the claims of the ‘610 to be not invalid. The Federal Circuit affirmed the invalidity rulings on the ‘050 and ‘142 patent, but reversed on the ‘610 patent, making all three patents invalid.

As to the ‘050 patent, which claimed a three-step method for filtering emails for

spam, the Federal Circuit agreed with the district court’s conclusion that receiving email identifiers, characterizing the emails based on the identifiers, and communicating the characterization – in other words, filtering emails – is an abstract idea. According to the court, “it was long-prevalent practice for people receiving paper mail to look at an envelope and discard certain letters, without opening them, from sources from which they did not wish to receive mail based on characteristics of the mail.” The court thus concluded that the claims did not add any “inventive concept” to the abstract idea. Importantly, the court also rejected the plaintiff’s argument that because the jury determined that none of the prior art rendered the claims invalid, the claims could not be found to be “routine and conventional.” Citing the Supreme Court’s 1981 *Diamond v. Diehr* case, the court stated that “the novelty of any element or steps in a process, or even of the process itself, is of *no relevance* in determining whether the subject matter of a claim falls within the 101 categories of possibly patentable subject matter.”

As to the ‘142 patent, which claimed a four-component “post office” for receiving and redistributing email messages on a computer network, the Federal Circuit agreed with the district court’s comparison of the claims to a corporate mailroom, pointing to the background section of the patent, which referred to human actions in controlling the flow of printed information in companies. Because the claimed components were implemented on a generic computer, the court concluded that “each step does no more than require a generic computer to perform generic computer functions.” Thus, the invalidity holding was affirmed.

As to the ‘610 patent, which the district court found not invalid, the Federal Circuit reversed. The ‘610 patent claims a virus screening method. But the Federal Circuit noted that “performing virus screening was a long prevalent practice in the field of computers, and, as the patent admits, performed by many computer users.” Therefore, “virus screening is well-known and constitutes an abstract idea.” Applying the second step of the *Mayo/Alice* test, the court concluded that the claimed invention was directed to using well-known virus screening software in the telephone network. The mere recitation of generic computers and the telephone network did not impart an “inventive concept” to the claims.

Judge Mayer filed a concurring opinion, arguing that patents “constricting the essential channels of online communication run afoul of the First Amendment,” and “claims directed to software implemented on a generic computer are categorically not eligible for patent.”

Judge Stoll filed a dissenting opinion, arguing that the ‘610 patent represented an “architectural shift” from prior virus screening methods, which occurred locally on a user’s computer, rather than in a telephone network as claimed.

Note: Individual Federal Circuit judges appear to be split amongst themselves regarding the patent-eligibility of inventions. This case provides merely one example of that split.

**Key take-aways:** To the extent possible, patent drafters should describe software-related inventions in such a way that they provide improvements in computer-related functionality, speed, or other measures of performance. Self-serving statements in the patent might come in handy to defend the patent-eligibility of the claims. Also, courts are being encouraged to dismiss lawsuits at the pleading stage for patents that cover ineligible inventions.

## **2. Filing a Continuation Application on the Same Day a Patent Issues**

*Immersion Corp. v. HTC Corp.*, 826 F.3d 1357 (Fed. Cir. 2016). The patent statute, 35 U.S.C. § 120, permits the filing of a continuation application that obtains the benefit of an earlier-filed patent application, if the continuation application is “filed before the patenting” of the earlier-filed application. In this case, Immersion Corp filed a continuation patent application on August 6, 2002, the same day that the parent application to which it was directed issued. After Immersion sued HTC Corporation for patent infringement, HTC moved for summary judgment that the continuation patent application that ultimately led to the patent in suit was invalid due to an intervening publication of one of Immersion’s earlier-filed patent applications. The district court agreed, concluding that because the continuation application was filed the same day that the parent patent issued, it was not entitled to the earlier filing date of the parent application – i.e., it was not filed “before the patenting” of the parent application.

The Federal Circuit reversed. Looking first at an 1864 U.S. Supreme Court decision giving rise to so-called continuation applications, the court concluded that the very origins of the later-enacted statutory language were based on a same-day filing. Later court decisions also followed the same-day filing rule. The court next concluded that the 1952 Patent Act merely codified in section 120 the then-prevalent practice of filing continuation applications. None of the legislative history provided evidence of an intent to change from same-day filings to earlier-day filings. The court also acknowledged the U.S. PTO’s longstanding regulations and practice (expressed via the Manual of Patent Examining Procedure) affording an earlier filing date to continuation applications even if they were filed on the same day as the parent patent issued. Finally, the court noted that adopting HTC’s position would disturb over 50 years of public reliance on same-day continuation applications, affecting the priority dates (and potential validity) of more than 10,000 issued patents. “In short, the repeated, consistent pre-1952 and post-1952 judicial and agency interpretations, in this area of evident public reliance, provide a powerful reason to read section 120 to preserve, not upset, the established position.”

## **3. Obviousness**

*Apple Inc. v. Samsung Electronics Co.*, 816 F.3d 788 (Fed. Cir. 2016), *vacated on rehearing en banc*, 839 F.3d 1034 (Fed. Cir. 2016). Apple sued Samsung for infringing various patents relating to smartphones, including a patent relating to a so-called “swipe to unlock” feature. A California jury found the patents valid and

infringed, and awarded Apple \$120 million in infringement damages. The Federal Circuit reversed the validity finding, concluding that two prior art references rendered obvious the “swipe to unlock” feature. The claim required that the phone “continuously move the unlock image on the touch-sensitive display in accordance with the movement of the detected contact.” A first prior art reference showed an unlocking mechanism for a touchscreen allowing a user to unlock a phone by continuously touching the screen of the device in a left-to-right motion. A second prior art reference showed a touchscreen-based toggle switch that shows an image of a moving switch as the user swipes a finger across the screen. The Federal Circuit rejected Apple’s first argument – that the secondary reference “taught away” from the claimed combination because it mentioned that in testing, users seemed to prefer switches that are pushed instead of switches that slide. The Federal Circuit also rejected Apple’s second argument – that the secondary reference was not in the same field of endeavor as the claimed invention, pointing to language in Apple’s own patent specification that the invention broadly related to “transitioning touch screen devices between interface states.” Finally, after considering Apple’s extensive evidence of secondary factors of nonobviousness, including commercial success, long-felt need, copying by others, and industry praise, the court found that the evidence was not closely tied to the merits of the claimed invention and could not overcome the strong prima facie case of obviousness.

Upon rehearing en banc, the full Federal Circuit vacated the panel’s decision and reinstated the jury’s verdict. As to what a prior art reference teaches and whether a skilled artisan would have been motivated to combine the prior art, the en banc court noted that both were questions of fact that were properly for the jury to decide. According to the full court, the district court properly ruled that the second prior art reference had statements suggesting that a sliding-switch feature was disadvantageous. The jury was entitled to accept Apple’s version of this evidence, which was that the second prior art reference would not have motivated a person to modify the primary reference to arrive at the claimed invention. “Our job is not to review whether Samsung’s losing position was also supported by substantial evidence or to weigh the relative strength of Samsung’s evidence against Apple’s evidence. We are limited to determining whether there was substantial evidence for the jury’s findings, on the entirety of the record.” According to the full court, “A reasonably jury could infer from this testimony that an ordinary artisan would not be motivated to combine elements from a wall-mounted touchscreen for home appliances and a smartphone, particularly in view of the ‘pocket dialing’ problem specific to mobile devices that Apple’s invention sought to address.” The full court also rejected the panel’s view that the evidence of industry praise, copying, commercial success, and long-felt need was insufficient to support the verdict that the invention was not obvious, pointing out that Samsung’s own internal documents showed that Samsung had praised the slide-to-unlock feature as “a creative way of solving UI [user interface] complexity.” As to commercial success, the full court pointed to evidence introduced by Apple showing that customers would be less likely to purchase a portable device without the slide-to-unlock feature, and showing that the feature was the first feature shown in Apple’s original iPhone TV commercial.

**Key take-away:** This case again illustrates how even extensive evidence of secondary factors of non-obviousness, such as commercial success, might not overcome a strong prima facie case of obviousness. Moreover, certain judges on the Federal Circuit seem to give very little weight to such evidence.

*Arendi S.A.R.L v. Apple Inc.*, 832 F.3d 1355 (Fed. Cir. 2016). In a rare reversal of a case from PTO's Patent Trial and Appeal Board (PTAB), the Federal Circuit concluded that the PTAB had improperly relied on "common sense" to find that claims were obvious. Apple filed an Inter Partes Review (IPR) petition against an Arendi patent relating to a computerized method for finding data relating to contents of a document. The PTAB concluded that the claims would have been obvious over a single prior art reference, noting that "We find it reasonable to presume, as a matter of common sense at the time of the invention, that the subroutine in Pandit would search for duplicate telephone numbers and, upon locating a duplicate entry, both the first information and [second] information . . . would be displayed to the user. The Federal Circuit reversed, concluding that "there are at least three caveats to note in applying 'common sense' in an obviousness analysis."

First, common sense is typically invoked to provide a known motivation to combine, not to supply a missing claim limitation, as in *DyStar Textilfarben GmbH v. C.H. Patrick Co.*, 464 F.3d 1356 (Fed. Cir. 2006), where all claim limitations were found in the prior art, and a person of ordinary skill in the art would have combined the references to achieve a cheaper, faster, and more convenient process. Second, in *Perfect Web Techs. v. InfoUSA, Inc.* 587 F.3d 1324 (Fed. Cir. 2009), where common sense was invoked to supply a limitation that was admittedly missing from the prior art, "the limitation in question was unusually simple and the technology particularly straightforward," merely involving the repetition of a step until the desired number of delivered messages had been received. Finally, the court warned that common sense "cannot be used as a wholesale substitute for reasoned analysis and evidentiary support, especially when dealing with a limitation missing from the prior art." In this case, the court found the Board's "utter failure to explain the 'common knowledge and common sense' on which it relied is problematic."

*In re Magnum Oil Tools Int'l, Ltd.*, 829 F.3d 1364 (Fed. Cir. 2016). The Federal Circuit reversed the PTAB's conclusion that a patent was rendered obvious over certain prior art asserted by a challenger in an Inter Partes Review (IPR). According to the PTAB, once the PTAB has instituted a trial, showing a "reasonable likelihood of success," such a finding operates to shift the burden of producing evidence of non-obviousness to the patent holder. The Federal Circuit disagreed, explaining that "it is inappropriate to shift the burden to the patentee after institution to prove that the patent is patentable." The Federal Circuit also rejected the PTAB's assertion that the patentee was required to raise its objections in a request for rehearing before the PTAB. "Nowhere does the statute granting parties the right to appeal a final written decision in an IPR require that the party first file a request for rehearing before the

Board.” Finally, the Federal Circuit admonished the PTAB for adopting an argument that was not actually raised in the IPR petition: “we find no support for the PTO’s position that the Board is free to adopt arguments on behalf of petitioners that could have been, but were not, raised by the petitioner during an IPR.”

#### **4. On-Sale Bar Not Triggered by Contract for Services**

*The Medicines Co. v. Hospira, Inc.*, 827 F.3d 1363 (Fed. Cir. 2016) (en banc), reversing 791 F.3d 1368 (Fed. Cir. 2015). The Medicines Co. owns a patent relating to a drug used as an anti-coagulant. More than one year before filing the patent, the company hired an outside consultant to produce three batches of the drug with a certain level of impurity. After it sued Hospira for patent infringement, Hospira asserted that the contract with the outside consultant constituted an invalidating on-sale bar to the patent. The district court disagreed, concluding that there was not a “commercial offer for sale” of the later-patented drug, but instead only a manufacturing services contract. The Federal Circuit initially reversed, concluding that the commercial sale of services resulted in the patented product-by-process. The court found it significant that the batches were large, each batch having a commercial value of over \$10 million. According to the court, “To find otherwise would allow The Medicines Company to circumvent the on-sale bar simply because its contracts happened to only cover the processes that produced the patented product-by-process. This would be inconsistent with our principle that “no supplier exception exists for the on-sale bar.”

After rehearing the case en banc, however, the full Federal Circuit reversed itself and determined that the on-sale bar was not triggered. The court first clarified that “the mere sale of manufacturing services by a contract manufacturer to an inventor to create embodiments of a patented product for the inventor does not constitute a ‘commercial sale’ of the invention.” Next, the court clarified that “stockpiling” by the purchaser of manufacturing services is not improper commercialization under the patent statute. The court stated that commercial benefit – even to both parties in a transaction – is not enough to trigger the on-sale bar; the transaction must be one in which the product is “on sale” in the sense that it is “commercially marketed.” The court also found it persuasive that the inventor maintained control over the invention, as shown by retention of title to the produced products.

#### **5. PTAB Proceedings**

*Cuozzo Speed Technologies, LLC v. Lee*, 136 S.Ct. 2131 (2016). Cuozzo owns a patent relating to a speed limit indicator for vehicles. Garmin petitioned the U.S. PTO to institute inter partes review (IPR) regarding certain claims of the patent. The PTO granted the petition and instituted an IPR, resulting in a final written decision finding certain claims obvious and thus invalid. Cuozzo appealed, arguing that (1) the PTO improperly instituted an IPR based on prior art that was not identified in Garmin’s petition; and (2) the PTO should not have applied the “broadest reasonable

interpretation” to the patent claims when evaluating their validity. The Federal Circuit affirmed, concluding that (1) the statutory scheme of the AIA prohibits review of a decision whether to institute an IPR, even on direct review of a final written decision; and (2) precedent spanning more than 100 years provided for review under the “broadest reasonable interpretation” before the PTO, in the absence of any statutory authority.

The U.S. Supreme Court affirmed. As to the first issue – i.e., whether a court is barred from considering whether the PTO wrongly determined to institute an IPR, the Supreme Court started with the statutory language, which states that “the determination by the [Patent Office] whether to institute an inter partes review under this section shall be *final and nonappealable*.” It also relied in part on the legislative history of the AIA, which intended to give the PTO broad legal authority to “screen out bad patents.” The Court expressly declined to rule, however, that such statutory language could bar reviews raising constitutional questions such as “where a petition fails to give ‘sufficient notice’ such that there is a due process problem with the entire proceeding,” or a challenge to the PTO acting outside its statutory limits “by, for example, canceling a patent claim for ‘indefiniteness under § 112’ in inter partes review.” As to the PTO’s power to enact its regulation stating that it would give the “broadest reasonable interpretation” to claims during IPR proceedings, the Court agreed that the AIA statute expressly empowered the PTO to issue regulations “establishing and governing inter partes review,” which includes the power to determine how patent claims should be interpreted. The Court also found it instructive that, for more than 100 years, the PTO has applied the “broadest reasonable interpretation” standard for interpreting patent claims during prosecution, and also concluded that the patent owner has the power to amend the claims during an IPR, which gives the patent owner an opportunity to clarify any claim language that is interpreted overly broadly by the PTO.

*Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331 (Fed. Cir. 2016). Blue Calypso owns 5 patents relating to a peer-to-peer advertising system that uses mobile communication devices. Groupon filed Covered Business Method (CBM) petitions attacking the patents in the U.S. PTO. The Patent Trial and Appeal Board (PTAB) instituted trial on the patents, concluding that they were “covered business methods” and not “technological inventions.” The PTAB then canceled various claims of the patents on the grounds that they were anticipated by prior art.

On appeal, Blue Calypso argued that the PTAB incorrectly classified the patents as “covered business methods.” The statute provides that CBM proceedings are limited to patents “that claim a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.” The Federal Circuit affirmed the PTAB’s determination, noting that the claims referred to “subsidies” provided to users, where “subsidy” was interpreted to mean “financial assistance given by one to another.” The Federal Circuit also rejected Blue Calypso’s argument that the claims were directed to a



“technological invention,” pointing to the generic computing elements in the patents. According to the Federal Circuit, “These elements are nothing more than general computer system components used to carry out the claimed process of incentivizing consumers to forward advertisement campaigns to their peers’ destination communication devices.”

Note: Although the statute provides that the PTAB’s determination whether to institute a CBM shall be “final and nonappealable,” the Federal Circuit relied on its 2015 *Versata* decision to conclude that it had the power to decide whether the CBM proceeding was properly instituted.

*Ethicon Endo-Surgery, Inc. v. Covidien LP*, 812 F.3d 1023 (Fed. Cir. 2016), *reh’g en banc denied*. Ethicon Endo-Surgery owns a patent relating to surgical staplers. Covidien filed a petition for an Inter Partes Review (IPR) against the patent, and the PTAB granted the petition. Thereafter, the PTAB found all the challenged claims invalid as obvious over certain prior art. On appeal, Ethicon alleged that the PTAB’s final decision was invalid because the same Board panel made both the decision to institute the IPR and the final decision, which in its view constituted a due process violation and a process contrary to the intent of the America Invents Act (AIA), which created the IPR procedure. The Federal Circuit rejected the argument, concluding that other adjudicatory proceedings at other agencies had not resulted in due process violations. As to the intent of the AIA, the court held that although the statute gave the power to institute to the Director of the PTO and the final written decision to the PTAB, the Director had the power under the statute to delegate the institution decision-making to the PTAB. The court also found nothing in the statute or legislative history evidencing an intent to separate the institution decision-making from the final written decision.

*Genzyme Therapeutic Prods. Ltd v. Biomarin Pharm. Inc.*, 825 F.3d 1360 (Fed. Cir. 2016). Biomarin filed petitions for Inter Partes Review of two patents owned by Genzyme Therapeutic, and the PTO held various claims of the patents to be unpatentable. On appeal, Genzyme argued that the PTAB improperly relied on prior art references that were not identified in Biomarin’s petitions, thus depriving it of the required notice and opportunity to be heard mandated by the Administrative Procedure Act (APA). The Federal Circuit affirmed. First, the court agreed that the PTO must provide patent owners with timely notice of the matters of fact and law asserted, such that “an agency may not change theories midstream without giving respondents reasonable notice of the change” and “the opportunity to present argument under the new theory.” Second, the court noted that “the introduction of new evidence in the course of the trial is to be expected in inter partes review trial proceedings and, as long as the opposing party is given notice of the evidence and an opportunity to respond to it, the introduction of such evidence is perfectly permissible under the APA. Third, the court found that Genzyme was provided with adequate notice at the hearings to respond to the new references, allowing it to respond. Finally, the court noted that Genzyme had failed to file a motion to exclude the new references, and it also failed to ask for leave to file a sur-reply allowing it to

further respond to the arguments.

*Harmonic Inc. v. Avid Technology, Inc.*, 815 F.3d 1356 (Fed. Cir. 2016). Harmonic filed an inter partes review petition with the PTO challenging various claims of Avid's patent. The PTO instituted an IPR proceeding on a subset of the grounds raised by Harmonic, finding that other grounds were redundant. Ultimately, the PTO concluded that the instituted grounds did not render the claims unpatentable. Harmonic appealed, challenging both the PTAB's decision that the instituted ground did not render the claims unpatentable, and also the PTAB's decision not to institute on alternative "redundant" grounds. The Federal Circuit affirmed, concluding that there was substantial evidence to support the PTAB's decision that the prior art failed to show one aspect of the claimed invention. As to the PTAB's decision not to institute trial on alternative "redundant" grounds, the Federal Circuit concluded that such a decision was unreviewable by the Federal Circuit, due to the statutory mandate that a "determination by the Director whether to institute an inter partes review under this second shall be final and nonappealable."

*SAS Institute, Inc. v. ComplementSoft, LLC*, 825 F.3d 1341 (Fed. Cir. 2016). SAS filed an IPR against ComplementSoft's patent. The PTAB instituted trial and found most of the challenged claims unpatentable, but concluded that one of the claims was not proven unpatentable. On appeal, SAS argued that the PTAB improperly changed its claim interpretation for a key claim limitation between the institution decision and the final written description without giving it an opportunity to be heard. The Federal Circuit agreed, based on the requirements of the Administrative Procedure Act (APA). "What concerns us is not that the Board adopted a construction in its final written description, as the Board is free to do, but that the Board 'changed theories in midstream.' . . . SAS focused its argument on the Board's institution decision claim interpretation, a reasonable approach considering ComplementSoft agreed with this interpretation in its patent owner's response and never suggested that the Board adopt the construction that eventually materialized in the final written decision. It is difficult to imagine either party anticipating that already-interpreted terms were actually moving targets, and it is thus unreasonable to expect that they would have briefed or argued, in the alternative, hypothetical constructions not asserted by their opponent."

*Shaw Industries Group, Inc. v. Automated Creel Systems, Inc.*, 817 F.3d 1293 (Fed. Cir. 2016). Shaw Industries filed an IPR petition against a patent owned by Automated Creel Systems. The PTAB instituted trial against the claims based on only some of the combinations of references submitted by Shaw. The PTAB stated, without any explanation, that the other grounds submitted by Shaw were "redundant" and declined to institute on those grounds. On appeal, Shaw argued that it would unfairly estopped from raising those non-instituted grounds in litigation because of the estoppel provisions of 35 U.S.C. § 315(e), which provides that a petitioner may not rely on any ground that the petitioner raised or could have raised during the IPR. The Federal Circuit disagreed, pointing out that because the non-instituted grounds did not become part of the IPR, those grounds would not have been raised *during the*

*IPR.*

*Synopsys, Inc. v. Mentor Graphics Corp.*, 814 F.3d 1309 (Fed. Cir. 2016). Synopsys filed an IPR petition against a patent owned by Mentor Graphics. The PTAB instituted an IPR against some, but not all, of the claims requested by Synopsys. On appeal, Synopsys argued that the statute requires the PTAB to issue a final written decision, and thus it was error to render a decision that did not address every claim that Synopsys had included in its petition. Despite the statutory language that 35 U.S.C. § 318(a) directs the PTAB to issue a final written decision with respect to “any patent claim challenged by the petitioner,” that section of the statute could not be read in isolation. The Federal Circuit noted that the statute would make very little sense if it required the PTAB to issue final decisions addressing patent claims for which the IPR had not been instituted. [Disclaimer: Banner & Witcoff represented Mentor Graphics in this case.]

*In re NuVasive, Inc.*, 841 F.3d 966 (Fed. Cir. 2016). Medtronic filed two IPR petitions against NuVasive’s patents relating to spinal fusion implants. The PTO instituted trials against both patents, concluding that most of the claims were unpatentable. In one of the IPRs, Medtronic’s petition did not include any reference to Figure 18 of a prior art reference. When NuVasive filed its patent owner response, it argued that no single reference taught an implant that was both longer than 40 mm and had a length at least 2.5 times its width. In response, Medtronic for the first time pointed to Figure 18 of the primary reference and argued that it disclosed an implant whose length was greater than 40 mm and at least 2.5 times its width as claimed. NuVasive objected on the basis that this was a new argument raised for the first time in Medtronic’s reply. NuVasive also attempted to address the matter at oral argument, but the Board refused to allow NuVasive to make substantive arguments in response. In its final written decision, the Board relied on Medtronic’s reply regarding the primary reference.

The Federal Circuit held that NuVasive’s procedural rights under the Administrative Procedure Act were violated. The court explained that a patent owner is “undoubtedly entitled to notice of and a fair opportunity to meet the grounds of rejection” based on due process and APA guarantees. In this case, NuVasive was entitled to an adequate opportunity to respond to the facts about the primary reference, and it was not provided with sufficient opportunity to respond. Because Medtronic did not provide notice about the Figure 18 disclosure in its petition, NuVasive’s response did not provide the required opportunity to address the factual assertion about Figure 18 on which the Board ultimately relied. Not until after Medtronic’s reply, after NuVasive’s patent owner response, was NuVasive given fair notice of the Figure 18 factual assertions. At no point after the reply did the Board give NuVasive an opportunity to respond to that point. The Board refused to permit NuVasive to file a surreply or to even to address the matter during oral argument. The Federal Circuit also rejected the argument that NuVasive’s opportunity to file “observations” on Medtronic’s expert testimony provided it with an adequate opportunity to respond. Accordingly, the Federal Circuit vacated and remanded the

decision to the PTO.

*In re Aqua Products, Inc.*, 833 F.3d 1335 (Fed. Cir. 2016). The Federal Circuit granted a rare petition for rehearing en banc and asked for briefing on the following two questions:

(a) When the patent owner moves to amend its claims under 35 U.S.C. § 316(d), may the PTO require the patent owner to bear the burden of persuasion, or a burden of production, regarding patentability of the amended claims as a condition of allowing them? Which burdens are permitted under 35 U.S.C. § 316(e)?

(b) When the petitioner does not challenge the patentability of a proposed amended claim, or the Board thinks the challenge is inadequate, may the Board sua sponte raise patentability challenges to such a claim? If so, where would the burden of persuasion, or a burden of production, lie?

**Key Take-Away:** Validity battles over patents are shifting to the U.S. PTO, which has increased power and authority to invalidate patents under the AIA. If a defendant can get patent litigation stayed pending outcome of proceedings at the PTO, it is likely that a patent invalidated by the PTO will result in nullification of the infringement litigation.

## 6. Coined Terminology Can Render Patent Invalid

*Advanced Ground Information Systems, Inc. v. Life360, Inc.*, 830 F.3d 1341 (Fed. Cir. 2016). Advanced Ground Information Systems (GIS) sued Life360 for infringing patents relating to establishing a communication network for users of mobile devices. Among other things, the patent claims refer to “*a symbol generator connected to a CPU and a database for generating symbols on a touch screen display screen.*” The district court interpreted the term “symbol generator . . . for generating symbols” to be a means-plus-function limitation, but concluded that the patent specification did not disclose any particular corresponding structure for performing the recited function. Because there was no such corresponding structure, it ruled that the claims were invalid as indefinite. The Federal Circuit affirmed, noting that even though the claim did not use the word “means,” the phrase “symbol generator . . . for generating” uses an abstract element (“symbol generator”) “for” causing an action. The court also concluded that an expert for the patent owner testified that “symbol generator” was a term “coined for the purposes of the patents-in-suit.” The term was not used in “common parlance or by persons of skill in the pertinent art to designate structure.” The court noted that the term was “simply an abstraction that describes the function being performed (i.e., the generation of symbols.)” Next, because the patent specification did not disclose any particular algorithm for generating symbols, the claim term was indefinite. “In the case of computer-implemented functions, we require that the specification ‘disclose an algorithm for performing the claimed function.’” According to the court, “A patentee cannot claim a means for performing

a specific function and subsequently disclose a ‘general purpose computer as the structure designed to perform that function’ because this ‘amounts to pure functional claiming.’”

## **B. Interpretation and Infringement of Patents**

### **1. Claim Construction**

*UltimatePointer, LLC v. Nintendo Co., Ltd.*, 816 F.3d 816 (Fed. Cir. 2016). UltimatePointer sued Nintendo for patent infringement, alleging that Nintendo’s Wii remote control devices infringed its patent for controlling a feature on a computer-generated image. The district court granted summary judgment in favor of Nintendo, concluding that the term “handheld device” in the patent claims should be limited to a “direct-pointing” device and not to indirect-pointing devices such as the Wii. On appeal, UltimatePointer argued that the district court improperly imported statements from the specification into the claims. The Federal Circuit affirmed, noting that “the title of the invention explicitly states that the invention is an ‘Easily-Deployable Interactive *Direct Pointing System*.’” The court also found it significant that the specification repeated emphasizes that the system is for interacting with a presentation in a “direct-pointing” manner, and noted that the patent specification disparages indirect pointing.

*Ruckus Wireless, Inc. v. Innovative Wireless Solutions, LLC*, 824 F.3d 999 (Fed. Cir. 2016). After Innovative Wireless sued several hotels and coffee shops for infringing patents allegedly relating to WiFi services, Ruckus Wireless filed a declaratory judgment action against Innovative Wireless, alleging that it did not infringe the patents. The district court interpreted the patents as being limited to wired – not wireless -- systems. Innovative Wireless stipulated that under that construction, no infringement could be found. Although the patents described the system as being connected over physical wires, such as a telephone line, the claims more broadly recited a “communications path,” which Innovative argued could cover wireless systems. The Federal Circuit affirmed the district court’s claim construction. “First, the title of the Terry patents indicates that they are directed to ‘Communicating Information Packets *Via Telephone Lines*.’ Second, the specification describes ‘this invention’ as one ‘particularly concerned’ with ‘two wire lines such as telephone subscriber lines.’ Third, every embodiment described in the specification utilizes a telephone wires.” One judge dissented, discounting the heavy reliance placed by the majority opinion on the title and patent specification.

*Trustees of Columbia University v. Symantec Corp.*, 811 F.3d 1359 (Fed. Cir. 2016). Columbia University sued Symantec for infringing patents relating to computer security. The district court interpreted the claim term “byte sequence feature” to be limited to machine code instructions, instead of more broadly covering other information arranged as a sequence of bytes as Columbia requested. On appeal, the Federal Circuit affirmed, noting that the patent specification stated that the “byte sequence feature” is useful and informative “because it represents the machine code

in an executable.” The court also pointed to language in the earlier-filed provisional application, which stated that it represents “machine code in an executable *instead of resource information*,” which the court noted would not include an executable.

*Liberty Ammunition, Inc. v. United States*, 835 F.3d 1388 (Fed. Cir. 2016). Liberty sued the United States for infringing a patent relating to a firearm projectile. At issue in the case was the meaning of the phrase “*reduced area of contact of said body with the rifling of the firearm*,” which the lower court interpreted to mean “less than that of a traditional jacketed lead bullet of calibers 0.17 to 0.50 BMG.” The lower court noted that the Background of the Invention explains that the patent’s proposed projectile has “a reduced contact area as compared to conventional projectiles.” The Federal Circuit noted, “The question then becomes: What constitutes a conventional projectile?” The specification mentioned only a single specific projectile – the M855 round. The court also noted that the specification mentioned the M855 round in conjunction with NATO, so the court held that a person of skill in the art would have looked to a standard NATO-issued round of caliber at the time of the patent. Based on these statements, the Federal Circuit ruled that the claim should be interpreted to be require a reduced area of contact with reference to the M855 round for 5.56 mm projectiles and the M80 round for 7.62 mm projectiles. The court also noted that the lower court’s interpretation – comparing the area to “conventional projectiles” – would not be definite because it would not provide an objective boundary around the term of degree “reduced area of contact.” Because there was no evidence that the patent owner tested the accused projectiles against the predecessor M855 projectiles or the predecessor M80 projectiles, it ruled that the government did not infringe the claims of the patent.

*In re CSB-System International, Inc.*, 832 F.3d 1335 (Fed. Cir. 2016). CSB is the owner of a patent directed to a circuit arrangement for integrating an electronic data processing system with telephone systems. A third party requested ex parte reexamination of the patent, which was granted. During examination, consistent with existing case law, the examiner applied the “broadest reasonable interpretation” to the patent claims, and rejected the claims based on prior art. The patent owner appealed, and while the proceeding was on appeal, the patent expired. The PTAB nevertheless continued to apply the “broadest reasonable interpretation” to the claims, instead of relying on the *Phillips* standard applied by district courts. The Federal Circuit held that it was erroneous for the PTAB to continue applying the “broadest reasonable interpretation” to the claims after the patent had expired, even though this would mean that the PTAB would be applying a different standard than the patent examiner had applied. Nevertheless, even under the *Phillips* standard, the Federal Circuit affirmed the decision.

## **2. Disclaimer of Claim Scope**

*Openwave Sys., Inc. v. Apple Inc.*, 808 F.3d 509 (Fed. Cir. 2015). Openwave sued Apple for infringing patents relating to mobile devices. The only issue on appeal was whether the claims should be given their ordinary meaning, or whether – as the

district court found – the patents, through repeated disparagement in the specification, disclaimed mobile devices that contain “computer modules.” The Federal Circuit affirmed, noting that the patents stated in one place that “cellular telephone 100 is not a combination of a computer module and a wireless communication module as in prior art attempts to create an intelligent telephone,” and that in another place, the patents stated that “The combination of a wireless communication module with a computing module leads to a device that is too bulky, too expensive, and too inflexible to address the market requirements.”

## **C. Enforcement of Patents**

### **1. Permanent Injunctions – No Need to Show Infringing Features Are “Predominant Reason” for Purchasing Competitor’s Products**

*Apple Inc. v. Samsung Electronics Co.*, 809 F.3d 633 (Fed. Cir. 2015). In a case that ping-ponged back and forth three times between the district court and the Federal Circuit, in this case the Federal Circuit concluded that the district court erred in denying Apple a permanent injunction. Apple had sued Samsung for infringing various patents, including a patent on a “slide-to-unlock” feature on its phone. After a jury found the patents valid and infringed, the district court denied Apple’s motion for a permanent injunction against Samsung on the basis that there was no evidence that the infringing slide-to-unlock feature was the “predominant reason” that consumers purchased Samsung’s phones. Although the Federal Circuit agreed that there must be a “causal nexus” between the infringement and the alleged harm, “it was legal error for the district court to effectively require Apple to prove that the infringement was the sole cause of the lost downstream sales. The district court should have determined whether the record established that a smartphone feature impacts customer’s purchasing decisions.” According to the Federal Circuit, “The district court erred when it required Apple to prove that the infringing features were the exclusive or predominant reason why consumers bought Samsung’s products to find irreparable harm.”

### **2. Attorney-Client Privilege Extended to Patent Agents**

*In re Queen’s University at Kingston*, 820 F.3d 1287 (Fed. Cir. 2016). In a matter of first impression, The Federal Circuit held that the attorney-client privilege should be extended to patent agents. Queen’s University is the owner of various patents relating to user interfaces. Queen’s University sued Samsung in the Eastern District of Texas for infringing the patents. During fact discovery, Queen’s university refused to produce certain documents with its patent agents (not attorneys) that it alleged were covered by the attorney-client privilege. Samsung moved the district court to compel production of the documents, which the district court granted, concluding that because the patent agents were not attorneys, no such attorney-client privilege applied. Queen’s University filed a petition for a writ of mandamus with the Federal Circuit, and the Federal Circuit reversed.

First, the Federal Circuit concluded that although regional circuit law would normally apply to procedural issues on appeal, it would apply its own law in this case, because the question of attorney-client privilege in the patent context involved a substantive patent law issue. Next, the court found that mandamus was appropriate, because the confidentiality of the communications would be forever lost if review of the decision was denied until after final judgment. The court then acknowledged that it had the power, under Rule 501 of the Federal Rules of Evidence, to define new privileges by interpreting common law principles. Finally, the court held that communication with patent agents should be protected for the same reason that communication with attorneys should be protected – to encourage full and frank communication between counselors and clients, to thereby promote broader public interests in the observance of law and administration of justice. It recognized that courts had refused to extend privileged communications to other non-attorney counselors, such as accountants, but pointed to a 1963 U.S. Supreme Court decision declaring that “the preparation and prosecution of patent applications for others constitutes the practice of law.” The court cautioned, however, that the scope of the privilege was limited to the scope of activities authorized by the patent statute and the patent office -- namely, the preparation and prosecution of patent applications and advice regarding such applications. For example, a patent agent’s opinion regarding the validity of another person’s patent, or infringement of a patent, would not be protected by the privilege. Judge Reyna dissented, rejecting the creation of a new type of privilege.

*In re Silver*, No. 05-16-00744-CV, \_\_\_ S.W.3d \_\_\_, 2016 WL 4386004 (Tex. Ct. App. Aug. 17, 2016). The Texas Court of Appeals rejected the Federal Circuit’s decision in *Queen’s University* and ordered a lower court to resume compelling Silver to produce more than 300 emails between him and his patent agent. The Texas court concluded that *Queen’s University* was not binding on Texas courts, since the action was a state court civil suit seeking ownership over the patents at issue, not a federal case involving substantive patent issues. According to the court, it was powerless under Texas law to declare new privileges such as the patent-agent privilege.

### **3. Infringement Damages for Design Patents – What is the “Article?”**

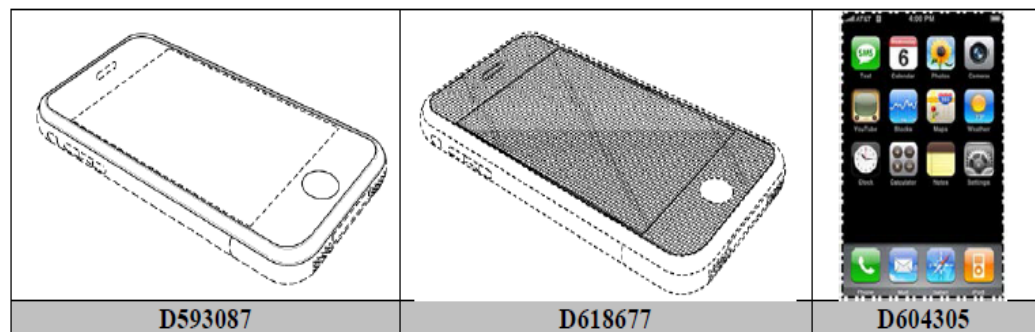
*Apple Inc. v. Samsung Electronics Co.*, 786 F.3d 983 (Fed. Cir. 2015), *reversed and remanded*, 2016 WL 7078449 (Sup. Ct. December 6, 2016). In this long-running dispute between Apple and Samsung involving patented smartphone technology, a jury awarded Apple \$399 million in damages against Samsung based on Samsung’s “entire profit” for infringement of Apple’s design patents. Samsung appealed, arguing that the jury should have been instructed that Apple could only recover damages for “profit attributable to the infringement.” The Federal Circuit rejected this argument, concluding that the wording of the patent statute – 35 U.S.C. § 289 -- permits an award of the “total profit” made by the infringer, without any apportionment. In a footnote, the court dismissed the concerns of a group of law professors who had filed an amicus brief urging that such a rule “makes no sense in



the modern world.” According to the Federal Circuit, “Those are policy arguments that should be directed to Congress.”

On December 6, 2016, a unanimous U.S. Supreme Court vacated the decision and remanded for further proceedings. The Court started by noting that the statute, 35 U.S.C. § 289, states that a person who manufactures or sells “any article of manufacture to which [a patented] design or colorable imitation has been applied shall be liable to the owner to the extent of his total profit.” Where there is a single component, such as a dinner plate, the entire product is the “article of manufacture” for purposes of damages. However, for a multi-component product, such as a kitchen oven, “identifying the ‘article of manufacture’ to which the design has been applied is a more difficult task.” The Court rejected the Federal Circuit’s holding that the entire Samsung smartphone was the only permissible “article of manufacture” under the statute.

In this case, Apple obtained three design patents, covering a black rectangular front face with rounded corners; a rectangular front face with rounded corners and a raised rim; and a patent covering a grid of 16 colorful icons on a black screen:



The jury’s \$399 million damages award was based on Samsung’s entire profit for its infringing smartphones. But the Supreme Court held that an “article of manufacture” is not limited to the end product (i.e., the smartphone), but could instead cover a component of the end product. Beginning with vintage dictionaries, the Court explained that an “article of manufacture” is “simply a thing made by hand or machine.” A component of a product, then, also meets the definition of an “article of manufacture.” The fact that a component may be integrated into a larger product does not put it outside the category of articles of manufacture. The Court also noted that the U.S. PTO permits design patents for components of multi-component products. The Court also rejected the Federal Circuit’s reasoning that the components of the smartphones could be “articles of manufacture” because consumers could not purchase those components separately from the smartphones. Because the parties did not brief the issue regarding what test or standard should be used for determining what the relevant “article of manufacture” was in this case, the Court remanded for the Federal Circuit to make this determination in the first instance.

#### 4. What Constitutes “Actual Notice” for Pre-Issuance Damages

*Rosebud LMS Inc. v. Adobe Systems Inc.*, 812 F.3d 1070 (Fed. Cir. 2016). In a case of first impression, the Federal Circuit held that the patent statute’s provision in 35 U.S.C. § 154(d) allowing damages for infringement occurring after a patent application is published but before the patent issues – which requires that the infringer had “actual notice of the published patent application” – does not require that the patent owner affirmatively notify the accused infringer of the publication. Instead, as long as the accused infringer had actual (not constructive) knowledge of the publication, the notice requirement would be met. The court also rejected the patent owner’s argument that mere knowledge of a related patent application sufficed to show actual notice of the patent itself.

#### 5. Enhanced Damages for Willful Infringement

*Halo Electronics, Inc. v. Pulse Electronics, Inc.*, and *Stryker Corp. v. Zimmer, Inc.*, \_\_\_ U.S. \_\_\_, 136 S.Ct. 1923 (2016) (two cases). The patent statute allows a court to increase patent infringement damages up to three times actual damages, which has been interpreted by the courts to be limited to cases involving “willful” patent infringement. In 2007, the Court of Appeals for the Federal Circuit in its *Seagate* decision announced a two-part test for establishing “willful” infringement: First, the patent owner must show by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent. This first part of the test could be defeated by an infringer showing that the infringer raised a “substantial question” as to the validity or infringement of the patent. Second, the patent owner must also show by clear and convincing evidence that the risk of infringement was either “known or so obvious that it should have been known to the accused infringer.”

In the first of these two cases, Halo Electronics sued Pulse Electronics for patent infringement, and a jury found that Pulse willfully infringed its patents. Applying the Federal Circuit’s *Seagate* framework for determining whether to increase the damage award, however, the district court determined that at trial, Pulse had presented a defense that was not “objectively baseless.” The Federal Circuit affirmed. In the second of these two cases, Stryker sued Zimmer for patent infringement, and a jury found that Zimmer had willfully infringed the patents. After hearing evidence that Zimmer had instructed its employees to copy Stryker’s products, the court tripled the damages awarded by the jury. The Federal Circuit, however, vacated the trebled damages because it concluded that Zimmer had asserted “reasonable defenses” at trial.

The U.S. Supreme Court granted certiorari in both cases (*Halo* and *Stryker*), and vacated and remanded both cases. First, the Supreme Court affirmed that enhanced damages are only available in cases of “willful” patent infringement, and noted that “such punishment should generally be reserved for egregious cases typified by willful misconduct.” The Court, however, concluded that the Federal Circuit’s two-

part *Seagate* test was “unduly rigid, and it impermissibly encumbers the statutory grant of discretion to district courts.” As to the first part of the test, which requires “objective recklessness” in every case, the Court concluded that the *Seagate* test exculpates those who intentionally infringe a patent, as long as “objective recklessness” cannot be proved by the patent owner by clear and convincing evidence. According to the Court, “someone who plunders a patent – infringing it without any reason to suppose his conduct is arguably defensible – can nevertheless escape any comeuppance . . . solely on the strength of his attorney’s ingenuity.” The Court concluded that culpability is generally measured against the knowledge of the actor *at the time of the challenged conduct*, not later.

The Court also rejected the Federal Circuit’s clear and convincing evidentiary burden for establishing willfulness. Citing to its recent *Octane Fitness* case, in which the Supreme Court had rejected the Federal Circuit’s same heightened evidentiary burden to establish entitlement to attorney’s fees, and also pointing to lack of support in the patent statute for a higher evidentiary burden (contrasted with a heightened statutory burden of clear and convincing evidence to prove patent invalidity), the Court concluded that the ordinary preponderance of the evidence standard should apply.

Finally, the Supreme Court also rejected the Federal Circuit’s tripartite framework for appellate review, and instead reaffirmed the discretion of district courts to apply their discretion, which decisions will now be reviewed under the abuse of discretion standard of review.

**Note:** On September 12, 2016, the Federal Circuit remanded the *Stryker Corp. v. Zimmer, Inc.* case back to the district court to reconsider the award of enhanced damages and attorneys fees in light of the new standard established by the Supreme Court. 837 F.3d 1268 (Fed. Cir. 2016).

## **6. Patent Exhaustion**

*Lexmark International, Inc. v. Impression Products, Inc.*, 816 F.3d 721 (Fed. Cir. 2016) (en banc), *cert granted*, 84 USLW 3563 (Dec. 2, 2016). After an initial hearing before a panel, the Federal Circuit sua sponte issued an order in this case that the case be heard *en banc*. At issue was whether the sale of articles abroad that are patented in the United States exhausts the patent rights in the United States. It also ordered hearing as to whether the sales of patented articles to end users under a restriction that they use the articles (toner cartridges) and return them gives rise to patent exhaustion.

Lexmark is a printer manufacturer that has patents covering its printer cartridges. Lexmark sold some of its cartridges in the U.S. and others overseas. Some of the cartridges were sold, at a discount, subject to an express “single-use/no resale” restriction. Lexmark also sells “regular cartridges” at full price that are not subject to the single-use restrictions. Impression Products bought some of the used Lexmark

cartridges, refurbished them, and re-sold them in the United States. It also imported others sold by Lexmark overseas. Lexmark sued Impression for patent infringement, alleging that: (1) Impression's sale of the re-used discounted single-use cartridges in the United States violated its patents; and (2) Impression's importation of all of its cartridges that were first sold overseas violated its patents. Impression argued that Lexmark's sale of its cartridges "exhausted" its patent rights, such that Lexmark could no longer control the further sale or importation of them.

Upon rehearing en banc, the full Federal Circuit first decided to re-affirm its 1992 *Mallinckrodt, Inc. v. Medipart, Inc.* decision, which held that a patentee that sells a patented article subject to a single-use/no-resale restriction that is communicated to a purchaser does not exhaust its patent rights as to that patented article. It rejected the district court's conclusion that the U.S. Supreme Court's 2008 decision in *Quanta Computer, Inc. v. LG Electronics* had silently overruled the *Mallinckrodt* decision. According to the court, "A sale made under a clearly communicated, otherwise-lawful restriction as to post-sale use or resale does not confer on the buyer and a subsequent purchaser the 'authority' to engage in the user or resale that the restriction precludes."

As to the second issue, whether the imported cartridges that were first sold by Lexmark overseas could be blocked by Lexmark's U.S. patent rights, the Federal Circuit agreed that, following its 2001 *Jazz Photo* decision, a patent owner's overseas sales did not "exhaust" U.S. patent rights that would allow importation of such patented articles. It rejected Impression's argument that the U.S. Supreme Court's 2013 *Kirtsaeng* decision reaching a different result in the case of copyrights should also be applied to patent rights. According to the court, the Supreme Court's contrary result under copyright law was based in part on the wording of the copyright statute, whereas the patent statute was worded differently. [Disclosure notice: Banner & Witcoff represented the patent owner -- Lexmark -- in this case.]

## **7. Personal Jurisdiction in ANDA Cases**

*Accorda Therapeutics Inc. v. Mylan Pharm. Inc.*, 817 F.3d 755 (Fed. Cir. 2016). Accorda Therapeutics owns various patents for a drug relating to multiple sclerosis, and it listed those patents in the FDA's so-called "Orange Book." Mylan Pharmaceuticals sought to produce a generic version of the drug, and it filed an ANDA certification with the FDA, asserting that its manufacture and sale of the generic version would not infringe the patents or that the patents are invalid. Accorda sued Mylan for patent infringement as provided under 35 U.S.C. § 271(e)(a)(A) for the FDA filing. The suit was filed in the District of Delaware. Mylan moved to dismiss the lawsuit on the ground that Delaware had no personal jurisdiction over it. The district court denied the motion, and the Federal Circuit affirmed.

A two-member majority of the Federal Circuit concluded that Mylan's ANDA certification, which was not made in Delaware, in combination with its planned

marketing efforts in Delaware to sell the generic version of the drug, met the “minimum contacts” required under the Fourteenth Amendment to establish specific jurisdiction under Delaware’s long-arm statute, which reaches to the full extent of the Fourteenth Amendment. The court stated that, “it suffices for Delaware to meet the minimum-contacts requirement in the present cases that Mylan’s ANDA filings and its distribution channels establish that Mylan plans to market its proposed drugs in Delaware and the lawsuit is about patent constraints on such in-State marketing.” Judge O’Malley wrote a concurring opinion, arguing that the court should have instead decided the issue under the question of general jurisdiction, noting that because Mylan had registered to do business in Delaware, it had (under Delaware law) consented to general personal jurisdiction over it.

## **8. Standing of Successor Company to Maintain Appeal at Federal Circuit**

*Agilent Tech., Inc. v. Waters Tech. Corp.*, 811 F.3d 1326 (Fed. Cir. 2016). Waters Technologies sued Aurora SFC Systems for patent infringement. In response, Aurora filed a request for inter partes reexamination of the patent -- now replaced by Inter Partes Review (IPR) proceedings -- at the PTO. While the reexamination was being conducted, Agilent acquired “substantially all” of Aurora’s assets, and Agilent agreed to be bound by the outcome of the reexamination proceeding. After the patent examiner rejected various patent claims, Waters filed a notice of appeal to the Board, and Aurora cross-appealed the decision to the Board. Aurora also filed a request to change the real party in interest from Aurora to Agilent, and Agilent’s counsel began participating with counsel for Aurora. The Board reversed the examiner’s rejections, and Agilent filed a notice of appeal to the Federal Circuit. In a case of first impression, the Federal Circuit dismissed the appeal, concluding that the patent statute only conferred the right to appeal on the third-party requester, not a successor-in-interest to the third-party requester. The key statutory language contained in 35 U.S.C. § 134 is “A patent owner, or a third-party requester in an inter partes reexamination proceeding . . . may appeal the decision.” The Federal Circuit concluded that although Agilent had argued that it was the sole successor-in-interest to Aurora, Aurora was still listed as a separate party at the PTO and in the district court litigation, and it noted that Agilent had never supplied a copy of the asset transfer agreement to the court. “We decline to decide whether a successor-in-interest becomes the third party requester . . . because Agilent has not established that it is, in fact, Aurora’s successor-in-interest.” Note: Although this decision applies to the now-replaced inter partes reexamination provisions, it appears that it could be applicable to the new inter partes review provisions. See 35 U.S.C. § 134(c) (“A party to an inter partes review or a post-grant review who is dissatisfied with the final written decision . . . may appeal”).

## **9. Specificity Required to Assert Infringement in Litigation**

*Lyda v. CBS Corp.*, 838 F.3d 1331 (Fed. Cir. 2016). Lyda sued CBS Corp. for infringing two patents relating to using devices to electronically vote on game shows or reality shows. Lyda asserted that CBS’s show “Big Brother” infringed the patents

by allowing TV audience members to vote using text messages on their cell phones that allegedly contained codes identifying the sender and a vote selection. The complaint alleged “the participation of people under the control or direction of an independent contractor engaged by the Defendant CBS Interactive to send votes using text messages.” The defendants moved to dismiss the complaint under Rule 12(b)(6) for failure to state a claim. The district court granted the motion, ruling that the plaintiff had not sufficiently alleged which of the defendants’ alleged practices constituted infringement, making it “impossible to discern what actions, activities, services, or products are infringing Plaintiff’s patents.” The Federal Circuit agreed that the minimal pleading requirements of Form 18 [now repealed for cases filed after December 1, 2015, making them subject to the Supreme Court’s *Twombly/Iqbal* pleading standard] did not apply to cases of indirect infringement, which was effectively what the plaintiff was pleading by pointing to the joint activities of multiple parties. In order to sufficiently plead a case of indirect infringement, a plaintiff must plead “facts sufficient to allow a reasonable inference that all steps of the claimed method are performed and either (1) one party exercises the requisite ‘direction or control’ over the others’ performance or (2) the actors form a joint enterprise such that performance of every step is attributable to the controlling party.” In this case, the plaintiff did not allege any facts that CBS controlled the independent contractors or unnamed third parties, and thus could not provide a reasonable inference that each step was performed by or should be attributable to the defendants. [Note: although the “control” test for method claims does not apply to system claims, in this case, the system claims were drafted like method claims and the plaintiff effectively treated them like method claims, so all the claims fell together.]

# **PATENTS**



**Clarity of Thought: Telling Congress  
How to Improve § 101**

**Brian Emfinger**

***World Intellectual Property Review***

***March 1, 2016***



## Clarity of thought: telling Congress how to improve §101

01-03-2016 Brian Emfinger



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**Amid the continuing uncertainty about subject matter eligibility in the US, particularly for computer software, stakeholders need to tell US Congress why clarity is so important and how the situation can be improved. Brian Emfinger of Banner & Witcoff makes some suggestions.**

Economist Frédéric Bastiat used the parable of the broken window to illustrate that assessing an activity's merits must take into account not only the obvious results of that activity, but also what is unseen. In short, Bastiat reminds us that the economic activity prompted by repairing a broken window—activity that is seen—must be considered along with the unseen economic activity that would have occurred had there been no need for those repairs.

In determining our patent policy and the corresponding laws and rules that implement it, so too must we consider what is not seen.

Despite the best efforts of the courts and the US Patent and Trademark Office (USPTO), the current test for identifying patent-eligible subject matter under §101 has proved unworkable. Court decisions and USPTO guidelines have raised more questions than they have answered. As a result, stakeholders at every level are left with uncertainty about when patents and patent applications satisfy the requirements of §101. This uncertainty threatens to deprive society and consumers of the benefits of a patent system having clearly defined requirements for obtaining patent protection.

Stakeholders are under pressure to help decision-makers recognise all the innovations and ensuing benefits that will go undeveloped, undisclosed, and unrealised as a result of the current ill-defined test for subject matter eligibility.

### **The need for guidance**

The uncertainty surrounding patent-eligible subject matter stems from the trio of Supreme Court cases starting with *Bilski v Kappos*, continuing through *Mayo v Prometheus*, and culminating with *Alice v CLS Bank*. The inconsistency with which the examining corps and courts apply Mayo's two-part test for subject matter eligibility is proof enough of its failure as an effective tool.

This uncertainty has affected all entities with a stake in the patent system: practitioners, patent owners and applicants, and examiners and judges. Practitioners in certain fields are now uncertain of how to draft claims that clearly satisfy §101. Potential applicants in certain technical fields are left wondering whether it is worth pursuing patent protection for their innovations given the potential costs associated with overcoming rejections for alleged lack of statutory subject matter. Patent owners must now question the value of their patent portfolios given the uncertainty surrounding monetising and enforcing their patents. And examiners and judges struggle to apply the test for subject matter eligibility in a consistent and disciplined manner.

“An objective test would allow examiners and judges to make quick assessments of whether a claim satisfies §101.”

Following *Alice*, the rates of rejection at the USPTO and the rates of invalidation in the courts on §101 grounds have skyrocketed. The irony is that industries providing much of the current innovation in our society have been hardest hit, namely the biotechnology and software industries.

Some might argue that the current test for patent-eligible subject matter is properly rejecting applications that should not be issued and rightly invalidating patents that should never have been issued. Others might argue that certain classes of inventions—eg,

software-implemented inventions—should be excluded from patent protection. Regardless of the merits of these positions, guidance that clarifies the standards under §101 should nevertheless be solicited, if only to ensure that resources used to obtain and enforce patent rights are put to their most productive uses.

Since *Bilski*, *Mayo*, and *Alice* have not provided the clarity hoped for, stakeholders must turn to those authorised to make patent law and who are in the best position to evaluate the effects of that law—in other words, US Congress.

### **Guiding principles**

When petitioning for guidance about patent-eligible subject matter, stakeholders should remind decision-makers of the purposes of a patent system. At its core, a patent system serves to promote innovation and the disclosure of that innovation beyond what would naturally occur in its absence. The mechanism by which a patent system does this is simply through the possibility—not the guarantee—of patent protection.

Stakeholders should also remind decision-makers that the ultimate beneficiaries of a patent system are not the patent owners themselves, but society and consumers. The limited monopoly granted to patent owners is simply what society has chosen to tolerate in exchange for the heightened development and disclosure of innovations, as well as the benefits derived from them.

Therefore, stakeholders should help decision-makers understand what society and consumers risk losing if there exists an ill-defined test for subject matter eligibility, which fosters a perception that the possibility of obtaining patent protection is diminished.

### **What's at stake**

'Unseen innovations' refer to those innovations that go undeveloped or undisclosed as a result of the perception that obtaining patent protection would be impossible or too costly. Society and consumers are deprived of a host of benefits if potential innovations are not developed, or, if developed, are not disclosed. Decision-makers should be made aware that these potential benefits are at risk if the current unworkable test for subject matter eligibility is left in place.

From the perspective of the individual consumer, unseen innovations include those that would provide better, cheaper, and a greater variety of, goods and services. Consumers risk losing innovations that would improve the quality, efficiency, and overall value of goods and services beyond those currently available. Consumers also risk losing competitive prices for goods and services made possible by innovations in providing them.

The competitive activities unleashed by protecting innovations that consumers value are also at risk. Unseen innovations include those that would be developed either as alternatives to

patented inventions or as design-arounds. Unseen innovations diminish consumers' freedom to choose between competing goods and services, including those that compete along the dimensions of innovation and price. Consumers also risk losing the value-enhancing and pricereducing effects of competitors entering the marketplace who are supported by investments made because of the possibility of patent protection.

From a broader societal perspective, unseen innovations include those that would improve individuals' wellbeing. Perhaps the clearest examples are innovative drug treatments and diagnostic methods that could be developed to alleviate ailments, treat diseases, and save lives. In addition, however, society also risks losing the benefits that follow from the economic activities set loose by providing those goods and services to consumers, eg, losing the employment needed to manufacture, deliver, and sell those goods and services either by the patent owners themselves or licensees of those patents.

Recognising the existence of unseen innovations is not to suggest that innovations would never occur or that their ensuing benefits would never materialise. Rather, the key consideration is how we can use effective incentives to maximise the benefits that flow from innovation. A clear standard for subject matter eligibility is a critical factor in providing those incentives.

### **A modest proposal**

Many solutions have been proposed to improve Mayo's two-part test. Whatever solution is ultimately adopted, that solution should clearly inform all stakeholders when a claim recites patent-eligible subject matter.

One way to achieve this is through an objective test for subject matter eligibility—in other words criteria which, if satisfied, demonstrate that a claim meets the requirements of §101. An objective test need not specify what is necessary to recite patent-eligible subject matter, but simply what is sufficient.

An objective test would allow patent applicants and practitioners to evaluate the trade-offs associated with claims that clearly recite patent-eligible subject matter but might be more limited in scope, and those that might be broader in scope but risk not meeting the requirements of §101. In addition, an objective test would allow examiners and judges to make quick assessments of whether a claim satisfies §101.

As a result, efforts to examine and evaluate claims could focus on the more challenging questions of whether a claimed invention is novel and non-obvious. Furthermore, an objective test would allow patent owners to easily assess the value of their patent portfolios by identifying which patents are at risk of being invalidated on §101 grounds, should those patents be enforced.

In short, an objective test would ensure that the limited resources available to secure, enforce, and monetise patents are put to their most productive uses.

Different objective tests could be defined for different fields of technology and designed to accommodate the unique aspects of those fields.

For example, in the context of computer and software-implemented innovations, one potential objective test might clarify (i) that any machine programmed to carry out computerised functions recites patent-eligible subject matter under §101; and (ii) that a claim reciting such a machine is entitled to patent protection when those functions are novel and non-obvious. To ensure objectivity, clarification should be provided that this threshold inquiry is to proceed without any consideration of whether the recited functions are basic functions or were previously known.

This type of objective test would return the initial inquiry of patent-eligible subject matter to its proper place as a threshold test that accommodates innovations in new and presently unknown fields of technology. It would also return any inquiries of what may be wellunderstood, routine, or conventional to their proper place under the evidence-based standards of §102 and §103.

Regardless of the solution, whether it's an objective test or otherwise, those able to provide clarification should recognise all the unseen innovations that will surely be lost from further delay.

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***McRO v. Namco Bandai***

**Ross A. Dannenberg**

***The IP Litigator***

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# IP *Litigator*



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# Practice Areas

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## Computer Software Litigation

Ross A. Dannenberg

### *McRO v. Namco Bandai*

In the wake of the Supreme Court's 2014 decision in *Alice Corp. v. CLS Bank*, courts have been struggling to define the line between abstract idea and patent-eligible invention. The Federal Circuit on December 11, 2015 heard oral arguments in *McRO Inc. v. Bandai Namco Games America Inc. et al.*, a case that has the potential to make that line a bit clearer.

#### Case History

McRO, Inc. (d/b/a PlanetBlue), was founded in 1988 by inventor Maury Rosenfeld, a special effects designer whose credits include "Star Trek: The Next Generation" and "Pee Wee's Playhouse." Rosenfeld has two patents on technology for automatically animating lip synchronization and facial expressions of animated characters, a technique commonly used in video game development. Many video game developers previously hired PlanetBlue to do the animation and lip synchronization. However, McRO filed suit against various developers in December 2012, after they allegedly started using the technology on their own without paying a license fee.

The patents in suit are 6,307,576 and 6,611,278. A representative claim from the '278 patent reads:

1. A method for automatically animating lip synchronization

and facial expression of three-dimensional characters comprising:

obtaining a first set of rules that defines a morph weight set stream as a function of phoneme sequence and times associated with said phoneme sequence;

obtaining a plurality of sub-sequences of timed phonemes corresponding to a desired audio sequence for said three-dimensional characters;

generating an output morph weight set stream by applying said first set of rules to each sub-sequence of said plurality of sub-sequences of timed phonemes; and

applying said output morph weight set stream to an input sequence of animated characters to generate an output sequence of animated characters with lip and facial expression synchronized to said audio sequence.

McRO's 16 cases were consolidated before US District Judge George H. Wu of the Central District of California. On September 22, 2014, Judge Wu held that in view of the Supreme Court's recent decision in *Alice* barring patents on computer-implemented abstract ideas, McRO Inc.'s animation patents merely

describe an automated process to the manual animation methods studios previously used. Judge Wu held that the novelty in McRO's idea was using rules to automate the selection and morphing of single animation frames tied to a specific sound, changing a character's lips from closed to open to show the sound "moo," for example. However, the patents only discussed the automated rules "at the highest level of generality," according to Judge Wu. The users must come up with their own rules, according to Judge Wu, while the provided rules were mere examples and only partially complete. Judge Wu stated "this case illustrates the danger that exists when the novel portions of an invention are claimed too broadly." McRO appealed to the Federal Circuit.

#### Federal Circuit Oral Arguments

Circuit Judges Reyna, Taranto, and Stoll heard oral arguments in this matter, with Judge Taranto being the most vocal of the three. The most telling portions of the oral argument are the questions posed by the judges, which are addressed below.

Judge Taranto's questions concentrated on the differences between the technology at issue in this case and the technology at issue in previous cases such as *Flook*, as well as various comparisons to other technologies that use rules-based decisionmaking, such as autopilot software and facial recognition software. Judge Taranto also was concerned with how to determine when the production of a physical item (which the court considers lip-synched animation to be) can be an abstract idea as a whole, versus when the production of the physical item merely uses an abstract idea. The supposition is that it's hard to prove that something is merely an abstract idea when it results in a physical item being produced. Judge Taranto also questioned whether the



genus of a species always is abstract, or whether the genus itself also can be patent-eligible.

Judge Reyna asked multiple questions regarding whether the district court erred procedurally. First, Judge Reyna posed a question regarding whether Judge Wu erred by stripping out portions of the claims found in the prior art, or whether claims must be considered as a whole when determining eligibility under 35 U.S.C. § 101. Judge Reyna also seemed concerned that Judge Wu added a third step to the Supreme Court's two-step process articulated in *Alice*.

Judge Stoll was the only judge who appeared to be interested in how to improve patent-eligibility determinations under Section 101. Judge Stoll asked both parties what test could be used to perform subject-matter eligibility determinations that comports with the *Alice* case, while also asking the appellant (McRO) what test the district court should have used based on the McRO's argument that the district court erred in the first place. Judge Stoll was interested to hear what the appellee (Namco Bandai) thought would need to be added to the claims—short of claiming every actual rule needed to perform automated lip synchronization and animation—before the claims would be considered subject matter eligible under Section 101.

## Will Patent-Eligibility of Computer Software Survive?

This case is important because of the level of detail with which the computer software is claimed in the patent. The software is claimed using descriptive language to recite a specific method (or algorithm) the software performs to automate the animation and lip synchronization. Most patent practitioners agree that the level of detail used in the claims in the McRO patents is commensurate with the level of detail used in hundreds of thousands of issued software patents. Indeed, even the appellee admitted during oral arguments that the claims at issue in this case are more “dense” than claims typically challenged under 35 U.S.C. § 101. If the Federal Circuit affirms the district court based on the level of detail with which the invention is claimed in this case, then the validity of some of those other patents is more easily called into question. However, those patents remain valid until shown otherwise in court or through a US Patent and Trademark Office *inter partes* review proceeding.

Despite this prospect, in view of the overall tone of the questions, the panel seems more likely than not to reverse the district court's holding of invalidity under Section 101, and

remand this case for further proceedings to reassess 101 eligibility using the correct standard, and/or also to determine infringement and validity under 35 U.S.C. §§ 102-103 (novelty and obviousness). There were several unanswered questions regarding issues such as the incorrect application of Supreme Court precedent in *Alice*, stripping claims of “prior art” subject matter before performing the analysis, and adding an improper third step to the Supreme Court's two-step analysis to lead one to believe that the court is likely to do otherwise.

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**Patent Agent Privilege Confirmed by  
Federal Circuit**

**Ernest V. Linek**

***Banner & Witcoff Intellectual  
Property Alert***

***March 8, 2016***



## Intellectual Property Alert: Patent Agent Privilege Confirmed by Federal Circuit

By Ernest V. Linek

March 8, 2016 — Yesterday, in a 2-1 mandamus decision in the case *In re Queens University*, the Federal Circuit ordered the district court to withdraw its order compelling discovery of communications with non-attorney patent agents. The decision here recognizes “patent agent privilege.”

[W]e find that the unique roles of patent agents, the congressional recognition of their authority to act, the Supreme Court’s characterization of their activities as the practice of law, and the current realities of patent litigation counsel in favor of recognizing an independent patent-agent privilege.

The question of a patent agent privilege was one of first impression for the Federal Circuit. District courts have been split on the issue, though they have agreed that privilege comes into play when a patent agent is working under an attorney’s supervision.

Queen’s University sued Samsung in the U.S. District Court for the Eastern District of Texas in 2014, claiming Samsung’s Galaxy S4 and Galaxy Note 3 smartphones infringe its patents for technology that allows humans to communicate with computers with their eyes. Samsung, the year before, had unveiled its SmartPause feature, which enabled users to pause a video simply by looking away from the screen.

During the course of discovery, Queen’s University refused to hand over certain documents, including communications between university employees and registered patent agents talking about the prosecution of the disputed patents.

After Samsung protested, the district court ordered Queen’s University to produce the communications, finding they were not protected by attorney-client privilege and that a separate patent agent privilege did not exist. The ruling was stayed until the Federal Circuit could hear the university’s mandamus petition.

The appellate court on Monday granted the petition and instructed the district court in Texas to withdraw its order. On remand, it told the lower court to “assess whether any particular claim of privilege is justified in light of the privilege we recognize today.”

In its ruling, the majority referred to the U.S. Supreme Court's 1963 decision in *Sperry v. Florida*, where justices recognized that USPTO-registered patent agents were authorized by federal law to represent individuals regarding patent prosecution.

The court, however, includes the important limitation that the privilege only extends to the extent that communications fall within the patent agent's scope of practice as "authorized by Congress." On this point, the appellate panel quotes 37 C.F.R. § 11.5(b)(1):

Practice before the Office in patent matters includes, but is not limited to, preparing and prosecuting any patent application, consulting with or giving advice to a client in contemplation of filing a patent application or other document with the Office, drafting the specification or claims of a patent application; drafting an amendment or reply to a communication from the Office that may require written argument to establish the patentability of a claimed invention; drafting a reply to a communication from the Office regarding a patent application; and drafting a communication for a public use, interference, reexamination proceeding, petition, appeal to or any other proceeding before the Patent Trial and Appeal Board, or other proceeding.

On remand, the parties in the dispute will likely now fight over whether the agent-in-question's activities fell within the above limits on a patent agent's scope of practice.

Patent agents are not licensed attorneys, but they must pass the same bar examination as do patent attorneys, in order to be certified to prepare and prosecute patent applications before the U.S. Patent and Trademark Office.

"We find that the unique roles of patent agents, the congressional recognition of their authority to act, the Supreme Court's characterization of their activities as the practice of law, and the current realities of patent litigation counsel in favor of recognizing an independent patent-agent privilege," Circuit Judge Kathleen McDonald O'Malley wrote on behalf of the majority panel.

Judge O'Malley said an applicant has a reasonable expectation that all communications relating to "obtaining legal advice on patentability and legal services in preparing a patent application" will be privileged.

"Whether those communications are directed to an attorney or his or her legally equivalent patent agent should be of no moment," the judge wrote. "Indeed, if we hold otherwise, we frustrate the very purpose of Congress's design: namely, to afford clients the freedom to choose between an attorney and a patent agent for representation before the Patent Office.

In the dissenting opinion, Circuit Judge Jimmie V. Reyna expressed doubts about the need for a patent agent privilege. And even if there were a need, he said the Federal Circuit should defer to Congress to create it.

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**Case Review: Merck Defeated in BMS  
Patent Row**

**Ernest V. Linek**

***Life Sciences Intellectual Property  
Review***

***April 7, 2016***

## Case review: Merck defeated in BMS patent row

07-04-2016

Ernest Linek



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In March, Merck unsuccessfully tried to invalidate a patent owned by Bristol-Myers Squibb covering metastatic skin cancer treatment. Ernest Linek of Banner & Witcoff reviews the arguments and the court's ruling.

On March 29, 2016, the US District Court for the District of Delaware denied Merck's motion to dismiss a Bristol-Myers Squibb (BMS) patent under Federal Rule of Civil Procedure 12(b)(6) regarding the patent ineligibility (based on §101) of a method of treating a metastatic melanoma.

The court's action could signal to the pharmaceutical industry that some methods of treatment claims, such as those in US patent number 9,073,994, can be the subject of §101 ineligibility analysis. Claim 1 of the patent reads as follows:

1. A method of treating a metastatic melanoma comprising intravenously administering an effective amount of a composition comprising a human or humanized anti-PD-1 monoclonal antibody and a solubilizer in a solution to a human with the metastatic melanoma, wherein the administration of the composition treats the metastatic melanoma in the human.

In its motion, Merck argued that the '994 patent claims are ineligible subject matter under 35 USC §101. According to Merck, the '994 patent is directed to a natural phenomenon and the patent claims do not transform such a natural phenomenon into a patent-eligible invention because the claims contain no inventive concept.

Merck asserted that the '994 patent claims that the natural phenomenon is the body's own mechanism for regulating the immune system. Specifically, T cells, which are part of the immune system, attack and kill cells that the immune system sees as foreign, such as cancer cells. Merck claimed that the '994 patent recites no inventive contribution beyond the natural phenomenon itself and that therefore the '994 patent covers patent-ineligible subject matter.

An infringement suit based on invalid patent claims fails to provide for relief. Therefore, Merck asserted that BMS's infringement claims should be dismissed with prejudice.

BMS responded that the '994 patent is a method of treatment claim that merely relies on the human body's ability to respond to the disease. BMS further asserted that Merck's argument "misses the point that every method of therapeutic treatment at its basic level relies on the biological activity of the patient's immune system".

According to BMS, the '994 patent relies on the body's immune system via the PD-1 pathway, but adds the step of administering a composition of anti-PD-1 antibodies for the treatment of metastatic melanoma to induce an immune response that would not otherwise occur in the patient's natural state.

BMS alleged that Merck induces or contributes to infringement of the '994 patent by making and selling pembrolizumab, which Merck sells in the US under the name Keytruda, for the treatment of patients with melanoma.

Federal Rule of Civil Procedure 12(b)(6) provides for dismissal where the plaintiff "fail[s] to state a



claim upon which relief can be granted”. A 2009 ruling held that “threadbare recitals of the elements of a cause of action, supported by mere conclusory statements”, are inadequate to state a claim. In considering a motion to dismiss, in 2008 another court said it “accept[s] all factual allegations as true, construe[s] the complaint in the light most favorable to the plaintiff, and determine[s] whether, under any reasonable reading of the complaint, the plaintiff may be entitled to relief”.

§101 describes the general categories of patentable subject matter as “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof”. There are, however, exceptions to these broad classifications. “Laws of nature, natural phenomena, and abstract ideas are not patentable,” as the US Supreme Court’s *Alice v CLS Bank* ruling held.

The contours of these exceptions have been the subject of much debate in recent years. As *Alice* said: “We tread carefully in construing this exclusionary principle lest it swallow all of patent law. At some level, all inventions ... embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.”

### **The two-step test**

The *Alice* decision reaffirmed the framework, first outlined in *Mayo v Prometheus*, used to “distinguish patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts”.

As a first step, a district court must determine whether the claims at issue are directed to one of those patent-ineligible concepts. If yes, as a second step the court must determine “what else” there is in the claims. To answer that question, the court must consider the elements of each claim both individually and as an ordered combination to determine whether the additional elements transform the nature of the claim into a patent-eligible application.

The court must determine (1) if the patented technology touches on ineligible subject matter, and (2) whether there are sufficient inventive elements such that the invention is “‘significantly more’ than a patent on an ineligible concept” (*DDR Holdings v Hotels.com*), and “an invention is not rendered ineligible for patent [protection] simply because it involves an abstract concept” (*Alice*).

“Merck claimed that the ’994 patent recites no inventive contribution beyond the natural phenomenon itself and that therefore the ’994 patent covers patent-ineligible subject matter.”

In this case, the ’994 patent claims recite a method of treatment for metastatic melanoma in humans by intravenously administering an effective amount of a composition comprising a human or humanised anti-PD-1 monoclonal antibody and a solubiliser in a solution.

The '994 patent relies on the scientific fact that blocking activation of the PD-1 pathway enables the patient's T cells to perform their normal biological activity of removing cancer cells. By preventing PD-1 ligands from binding to the PD-1 receptor, the anti-PD-1 antibodies prevent the PD-1 pathway from suppressing the immune system which, in turn, kills and clears the body of the cancer cells.

Based on these facts, the court concluded that, contrary to BMS's contention, the '994 patent touches on a natural phenomenon by using T cells to activate the immune system. The '994 patent relies on the known scientific fact that blocking the activation of the PD-1 pathway causes this effect in the body, which enables the patient's T cells to perform their normal biological activity of removing cancer cells. This interaction is a natural phenomenon.

Thus, the remaining question before the court was "whether the claims do significantly more than simply describe these natural relations. To put the matter more precisely, do the patent claims add enough to their statements of the correlations to allow the processes they describe to qualify as patent-eligible processes that apply natural laws?"

Merck contended that the process method consists of administering a synthetic substance through a single step to induce a natural reaction. However, BMS argued that administering anti-PD-1 antibodies is not a diagnostic step, but provides the treatment itself.

### **Bad news for Merck**

In denying Merck's motion, the court found that there were material factual disputes that cannot be resolved on a motion to dismiss. Here, the factual allegations in the patent are taken as true and, when read in the light most favourable to BMS, the dismissal of Merck's motion was deemed appropriate. The court held that whether the claims amount to an implementation step is a complicated factual determination that the court could better resolve after discovery.

Additionally, since the '994 patent is entitled to a presumption of validity under 35 USC §282, the determination of the US Patent and Trademark Office that the '994 patent was patent-eligible is presumed to be correct. The court further stated that rarely can a patent infringement suit be dismissed at the pleading stage for lack of patentable subject matter.

When rule 12(b)(6) is used to assert an affirmative defence, dismissal is appropriate only if the well-pleaded factual allegations in the complaint, construed in the light most favourable to the plaintiff, suffice to establish the defence. The court said that here there is not clear and convincing evidence that ineligibility is the only plausible reading of the patent.

Accordingly, the court concluded that Merck did not meet its burden to prove by clear and convincing evidence that the '994 patent is invalid on its face for failing to cover patent-eligible

subject matter under 35 USC §101.

*The case is Bristol-Myers Squibb v Merck & Co, Civil Action No. 15-572-GMS, in the US District Court for the District of Delaware.*

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**All Software Inventions Are Not  
Necessarily Abstract: *Enfish, LLC*  
*v. Microsoft Corp.***

**Peter Nigrelli and Aseet Patel**

***Banner & Witcoff Intellectual  
Property Alert***

***May 31, 2016***



## Intellectual Property Alert: All Software Inventions Are Not Necessarily Abstract: *Enfish, LLC v. Microsoft Corp.*

By Peter Nigrelli and Aseet Patel

May 31, 2016 — Not since late 2014 has the Court of Appeals for the Federal Circuit reversed a district court to hold that patent claims are patent eligible under 35 U.S.C. § 101 as not being directed to an abstract idea.<sup>i</sup> On May 12, 2016, in *Enfish, LLC v. Microsoft Corporation*, Appeal No. 2015-1244 (Fed. Cir. 2016), the Federal Circuit held that even at the first step of the two-part *Alice* test<sup>ii</sup> for patent eligibility, it is “relevant to ask whether the claims are directed to an improvement in computer functionality versus being directed to an abstract idea.”<sup>iii</sup> The Court held that the “focus of the claims is on an improvement to computer functionality itself, not on economic or other tasks for which a computer is used in its ordinary capacity.”<sup>iv</sup> Moreover, the Court noted that “software inventions can make non-abstract improvements to computer technology just as hardware improvement can.”<sup>v</sup>

### **The Technology in Dispute**

Enfish received U.S. Patent Nos. 6,151,604 and 6,163,775 in late 2000, concerning a type of computer database program generally involving a “‘self-referential’ property of a database.”<sup>vi</sup> The Court stated that the self-referential design stores “all data entities in a single table, with column definitions being provided by rows in that same table.”<sup>vii</sup> The Court discussed the self-referential property in comparison to existing relational databases and object oriented database technology at the time of filing.<sup>viii</sup> The Court noted that the patents teach that the self-referential design allows for faster searching of data, more effective storage of data, and more flexibility in configuring a database.<sup>ix</sup>

### **Two-Part Test under *Alice***

In *Alice*, the Supreme Court provided a two-part test to determine whether claims are directed to patent ineligible subject matter under § 101, as discussed by the Court:

Supreme Court precedent instructs us to “first determine whether the claims at issue are directed to a patent ineligible concept.” *Alice Corp. Pty Ltd. v. CLS Bank Int’l*, --- U.S. ---, 134 S. Ct. 2347, 2355 (2014). If this threshold determination is met, we move to the second step of the inquiry and “consider the elements of each claim both individually and ‘as an ordered combination’ to determine whether the

additional elements ‘transform the nature of the claim’ into a patent-eligible application.” *Id.* (quoting *Mayo*, 132 S. Ct. at 1298, 1297).<sup>x</sup>

The *Enfish* Court noted that the Supreme Court “has not established a definitive rule to determine what constitutes an ‘abstract idea’ sufficient to satisfy the first step of the Mayo/Alice inquiry.”<sup>xi</sup> Rather, the Court states that the “Supreme Court has suggested that claims ‘purport[ing] to improve the functioning of the computer itself,’ or ‘improv[ing] an existing technological process’ might not succumb to the abstract idea exception.”<sup>xii</sup> Here, the Court found “it relevant to ask whether the claims are directed to an improvement to computer functionality versus being directed to an abstract idea, even at the first step of the Alice analysis,”<sup>xiii</sup> and noted that describing the claims at “a high level of abstraction and untethered from the language of the claims all but ensures that the exceptions to § 101 swallow the rule.”<sup>xiv</sup> The Court then looked to the specification with regards “to a self-referential table for a computer database” in support of its “conclusion that the claims are directed to an improvement of an existing [database] technology.”<sup>xv</sup>

The *Enfish* Court was “not persuaded that the invention’s ability to run on a general-purpose computer dooms the claims” as the “patent-ineligible claims in issue in other cases recited use of an abstract mathematical formula on any general purpose computer.”<sup>xvi</sup> The Court further held “that the improvement is not defined by reference to ‘physical’ components does not doom the claims” since “[t]o hold otherwise risks resurrecting a bright-line machine-or-transformation test ... or creating a categorical ban on software patents.”<sup>xvii</sup> Rather, the Court notes: “[m]uch of the advancement made in computer technology consists of improvements to software that, by their very nature, may not be defined by particular physical features but rather by logical structures and processes. We do not see in *Bilski* or *Alice*, or our cases, an exclusion to patenting this large field of technological progress.”<sup>xviii</sup>

## **Holding**

The Court held:

In sum, the self-referential table recited in the claims on appeal is a specific type of data structure designed to improve the way a computer stores and retrieves data in memory. The specification’s disparagement of conventional data structures, combined with language describing the “present invention” as including the features that make up a self-referential table, confirm that our characterization of the “invention” for purposes of the § 101 analysis has not been deceived by the “draftsman’s art.” *Cf. Alice*, 134 S. Ct. at 2360. In other words, we are not faced with a situation where general-purpose computer components are added post-hoc to a fundamental economic practice or mathematical equation. Rather, the claims are directed to a specific implementation of a solution to a problem in the

software arts. Accordingly, we find the claims at issue are not directed to an abstract idea.<sup>xix</sup>

The Court further “recognize[d] that, in other cases involving computer-related claims, there may be close calls about how to characterize what the claims are directed to. In such cases, an analysis of whether there are arguably concrete improvements in the recited computer technology could take place under step two.”<sup>xx</sup>

### **USPTO’s Memorandum to Examiners**

Shortly after *Enfish*, the U.S. Patent and Trademark Office released a memorandum to its patent examiners. In its memo, the USPTO noted that “an examiner may determine that a claim directed to improvements in computer-related technology is not directed to an abstract idea under Step 2A of the subject matter eligibility examination guidelines (and is thus patent eligible), without the need to analyze the additional elements under Step 2B.” The memo also reiterated to examiners that “when performing an analysis of whether a claim is directed to an abstract idea (Step 2A), examiners are to continue to determine if the claim recites (i.e., sets forth or describes) a concept that is similar to concepts previously found abstract by the courts.” (underlining added). Notably, although the *Enfish* court provided guidance as to how that Court believes the “directed to” inquiry should be applied, the USPTO’s memo simply reiterated its previous guidance without expressly including clear, additional guidance to examiners on that front.

Click [here](#) to download the decision in *Enfish v. Microsoft*, and click [here](#) to download the USPTO’s memorandum following *Enfish*.

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<sup>i</sup> See *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014) (holding the claims to be patent eligible because “[w]hen the limitations of the ’399 patent’s asserted claims are taken together as an ordered combination, the claims recite an invention that is not merely the routine or conventional use of the Internet.”) See also 35 U.S.C. § 101 (a patent may be obtained for “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof”).

<sup>ii</sup> See *Alice Corp. Prop. Ltd. v. CLS Bank Int’l*, 134 C. St. 2347, 2355 (2014); See also, *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S.Ct. 1289, 1297 (2012).

<sup>iii</sup> See *Enfish, LLC v. Microsoft Corporation*, No. 2015-1244 (Fed. Cir. 2016), slip op. at 11.

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<sup>iv</sup> *See Enfish, slip op.* at 12.

<sup>v</sup> *See Id.* At 11.

<sup>vi</sup> *See Id.* at 3.

<sup>vii</sup> *See Id.* at 3.

<sup>viii</sup> *See Id.* at 2-7.

<sup>ix</sup> *See Id.* at 7.

<sup>x</sup> *See Id.* at 9.

<sup>xi</sup> *See Id.*

<sup>xii</sup> *See Id.* at 10.

<sup>xiii</sup> *See Id.*

<sup>xiv</sup> *See Id.* at 14.

<sup>xv</sup> *See Id.* at 15.

<sup>xvi</sup> *See Id.* at 16-17.

<sup>xvii</sup> *See Id.* at 17-18.

<sup>xviii</sup> *See Id.*

<sup>xix</sup> *See Id.* at 18.

<sup>xx</sup> *See Id.* at 19.





**Agreement Drafting Tips to  
Safeguard IP Rights**

**Rebecca P. Rokos**

***Banner & Witcoff IP UPDATE***

***June 8, 2016***

# AGREEMENT DRAFTING TIPS TO SAFEGUARD IP RIGHTS



BY: REBECCA P. ROKOS

Intellectual property rights can arise through various situations that are typically covered by written agreements, including:

(1) employee developments, (2) consultant services, (3) joint development arrangements, and (4) acquisitions, such as licenses of third party IP. When negotiating and drafting such agreements, care should be taken to ensure that rights are properly identified and secured for the client (Company). Because IP may be developed directly for Company by its employees, by outside parties retained by Company, or through joint efforts with a third party (with the resulting work product from each of these being the “developed IP”), consideration must be given to IP ownership issues. Company’s ability to use and exploit the developed IP is a central concern for any IP agreement.

Effective IP agreements require careful thought and a good degree of precision in crafting definitions and various other provisions. Every technology transfer agreement affords the opportunity to legal counsel to creatively draft terms and conditions to meet the goals of the parties to the agreement and address the circumstances unique to each situation. This article highlights some of the more important considerations and agreement terms to help protect Company’s rights in the developed IP.

## OWNERSHIP AND EMPLOYEE ASSIGNMENTS

In the United States, ownership of IP, such as patent and trade secret rights, does not automatically rest with the employer but instead initially rests with the inventor.<sup>1</sup>

The inventor must execute an appropriate assignment document in order to transfer ownership of the invention to Company. Ownership will allow Company to seek protection for the invention, for example, through patent applications, and to enforce the rights against others. Without an assignment of the inventor’s rights, the inventor retains ownership in the invention, and Company may have limited<sup>2</sup> or no rights in the invention. Although U.S. Patent and Trademark Office procedures allow Company to pursue a patent application under certain circumstances even if the inventor’s signed declaration cannot be obtained,<sup>3</sup> these procedures do not resolve all ownership issues. Consequently, although Company may obtain a patent on the invention, the uncooperative inventor who has not assigned his rights to Company will remain free to separately exploit any granted patent, and Company’s competitors could even gain rights from the inventor to practice the patented invention. This, of course, is not a desirable situation for Company.

An executed assignment typically is the most straightforward proof of ownership in IP rights. Assignments should be obtained from all inventors as soon as possible to avoid potential issues, such as departed inventors who can be difficult to locate or may no longer be cooperative. Employment agreements with relevant provisions can be a safeguard in situations where Company does not have current contact with a former employee or a former employee refuses to execute an assignment to an invention developed in the course of his employment. A standard employment agreement that includes language stating that the employee assigns to Company

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[AGREEMENT DRAFTING TIPS, FROM PAGE 10]

all inventions developed during her employment will help support a claim that the employee at least had an obligation to assign and therefore Company rightfully owns all rights in the invention. For example, including a provision such as “[employee] agrees to assign, and hereby assigns, all inventions made during the course of my employment...” in the employment agreement can effectively transfer ownership rights to Company without any further assignment from the inventor. Similarly, with respect to copyrights, the agreement could include a clause that “the parties agree that the work product shall be a ‘work made for hire’ but, if not, then employee hereby assigns to Company the copyright of the work product.”

### **EXPRESS ASSIGNMENT LANGUAGE**

Express language such as “hereby assigns,” rather than merely “agrees to assign” or “shall assign,” should be used in an agreement to effectively assign the applicable rights. “Hereby assigns” is viewed as a present assignment of all applicable future rights in an invention,<sup>4</sup> and no further assignment is necessary to transfer ownership of the rights (although a confirming assignment document for a specific patent application later may be obtained so that it can be recorded with the U.S. Patent and Trademark Office).

### **CONSULTING OR DEVELOPMENT AGREEMENTS – A NDA IS NOT ENOUGH**

When developing new technology, Company may seek assistance from outside parties. Even if Company is paying a consultant or contributing to joint efforts undertaken with another party, Company’s rights can be compromised if the proper agreement is not in place before work begins.

Although research and development (R&D) personnel may enter into a non-disclosure agreement (NDA) with an outside party before initiating discussions about developing new technology, a NDA alone will not protect Company’s interests in future IP rights. In most cases, terms on IP rights and responsibilities—other than confidentiality and use restrictions—preferably are not included in the NDA, and the parties will need to enter into a subsequent, more comprehensive agreement following initial discussions. However, having a NDA in place may give R&D personnel a false sense of security if they lose sight of the limitations of the NDA and the need to enter into a further agreement at the appropriate time. Company can lose leverage in negotiations or, more significantly, the ability to control and/or practice the IP rights, if the parties have not entered into an agreement before development activities commence.

Any consulting or development agreement should include as much detail as possible regarding rights, responsibilities and other terms of the relationship, rather than relying on a separate addendum or a Statement of Work (SOW) to define key terms. Although reference may be made in the agreement to the format for the SOW, a template of which often is attached to the agreement as an exhibit, it will be incumbent on the parties to follow up later with an executed SOW. Additional issues may arise if R&D negotiates the SOW but an attorney does not have the opportunity to review the SOW to ensure that no terms conflict with the original agreement or that any SOW terms unintentionally supersede the prior agreement terms. To guard against this, the consulting or development agreement should include all terms and should specify that those agreement terms will control over terms in a subsequent SOW. Certain exceptions may be warranted, for example, if there is a later-

developed invention that the parties agree to treat differently such that it is necessary to have the SOW or an amending agreement override terms of the original agreement. In such situations, the SOW or amending agreement should clearly specify the particular subject matter that will be governed by the new terms and confirm which original terms continue to govern the original subject matter.

### BACKGROUND OR PRE-EXISTING IP

Typically, each party will retain ownership of its pre-existing IP that it brings to the relationship. If pre-existing, or background, IP is potentially relevant to the joint efforts and may be utilized in the developed IP, the agreement should clearly define each party's pre-existing IP and require that a party notify the other party if pre-existing IP is incorporated into the developed IP. Also including in the

particularly important if Company has internal R&D operations in related technology areas and does not wish to share with the other party any developments from those separate R&D operations.

### DEVELOPED IP – CONSULTANTS

When Company hires an outside consultant to develop technology, Company usually will seek to own and control all developed IP, even if developed solely by the outside consultant, without any further payments to the consultant and without granting any ownership or commercialization rights to the consultant. If the consultant is another company, rather than an individual, the agreement should specify that the consultant will ensure that each of the consultant's employees performing work on the project agrees in writing to assign all IP rights.

**“Company can lose leverage in negotiations or, more significantly, the ability to control and/or practice the IP rights, if the parties have not entered into an agreement before development activities commence.”**

agreement a license grant to the pre-existing IP will ensure that Company is able to practice the developed IP, both during and after the development activities. The terms of the license (e.g., exclusivity, royalties, field of use, etc.) can be negotiated along with the terms of the joint development agreement and tailored to address the expected needs of Company after the conclusion of the development activities.

### INDEPENDENT IP

During the term of the agreement, a party may independently develop IP that is not related to the scope of work under the agreement. The party who develops that IP most often will retain the ownership rights in the IP, and the agreement will typically exclude such IP from any grant of rights to the other party. This is

The consultant must be responsible for obtaining all executed assignments and other documents from its employees. In the event that an inventor's assignment is needed, the burden should be on the consultant to obtain the assignment, and Company will have a cause of action against the consultant if it fails to obtain the assignment. The “hereby assigns” language can be included in the agreement as further evidence that the consultant has agreed that it will not retain any rights in the developed IP.

### DEVELOPED IP – JOINT DEVELOPMENT

Unless one party will make a greater contribution of resources to the joint activities or has a stronger position in negotiations,

**MORE ▶**

ownership rights under joint development agreements often follow inventorship of the developed IP. Thus, if both parties have employees who have contributed to the invention, the parties will jointly own, and each have an undivided, equal interest in, the developed IP in accordance with 35 USC § 262. Of course, the right to commercially exploit the developed IP need not track ownership rights, and the parties have flexibility in allocating ownership of the IP (with corresponding assignment obligations between the parties) and/or carving out commercialization rights in the developed IP generally however they desire. For example, they may choose to grant sole ownership of certain types of developments (e.g., manufacturing processes to one party or compositions to the other party) or give each party exclusive rights in particular fields of use, all of which can be set forth in the agreement. The parties also may allocate rights differently in view of other considerations that arise in the context of joint development efforts. For example, joint ownership presents unique issues regarding patent rights, (e.g., prior art status, enforcement of the rights, etc.) that should be carefully evaluated when drafting a joint development agreement to ensure that the parties recognize the maximum benefits from their joint efforts and avoid unanticipated situations.

In addition to dividing up ownership rights, the agreement can provide for contingent rights. Company may seek a right of first refusal to purchase or license the other party's interest in the pre-existing IP or developed IP if that party is no longer interested in the IP. This will help prevent an unintended transfer of rights to a competitor or other third party by the other joint owner.

## PROTECTION AND ENFORCEMENT

The agreement ideally will include terms addressing how the parties desire to handle on-going responsibilities with respect to the rights, as well as disposition of the rights after the relationship ends. Providing as much detail as possible in the agreement regarding prosecution responsibilities can help avoid misunderstandings later on. Relevant terms include how the parties will decide whether and where to file new or continuing patent applications, who will control prosecution decisions and the level of input each party will have, whether to maintain an application or patent in a particular country, whether to enforce a patent, and how the costs will be apportioned in each of these situations.

Drafting technology development agreements to address as many issues as possible regarding IP ownership, rights and responsibilities, while also anticipating the needs of Company during the course of the relationship and later during commercialization of the developed IP, can mitigate easily avoidable pitfalls and subsequent disputes. Careful consideration of the various issues can help prevent inadvertent loss of rights and other unintended consequences so that Company can enjoy the full extent of rights in the developed IP. ■

<sup>1</sup> The laws differ depending on the type of IP. For example, unlike patents, copyrightable work product created by an employee in the course of his or her employment duties may be considered a "work made for hire," and the copyright typically belongs to the employer. 17 U.S.C. § 101.

<sup>2</sup> At best, Company may be a joint owner, if there are other inventors and they have assigned their rights to Company. Without the inventor's assignment or obligation to assign, Company may have only a limited implied license, or "shop right" in the invention.

<sup>3</sup> 37 C.F.R. § 1.64 Substitute statement in lieu of an oath or declaration.

<sup>4</sup> *FilmTec Corp. v. Allied-Signal, Inc.*, 939 F.2d 1568, 1572-73 (Fed. Cir. 1991); see also *Board of Trustees of the Leland Stanford Junior University v. Roche Molecular Systems, Inc.*, 563 U.S. 776 (2011). Although current law under *FilmTec* recognizes "hereby assigns" clauses as automatically and immediately assigning legal title (as opposed to equitable title) to future inventions, the rule was questioned in Justice Breyer's dissenting opinion in *Stanford* and continues to be criticized by legal scholars.



***Alice Turns Two***

**Aseet Patel and Peter Nigrelli**

***Banner & Witcoff Intellectual  
Property Alert***

***June 15, 2016***

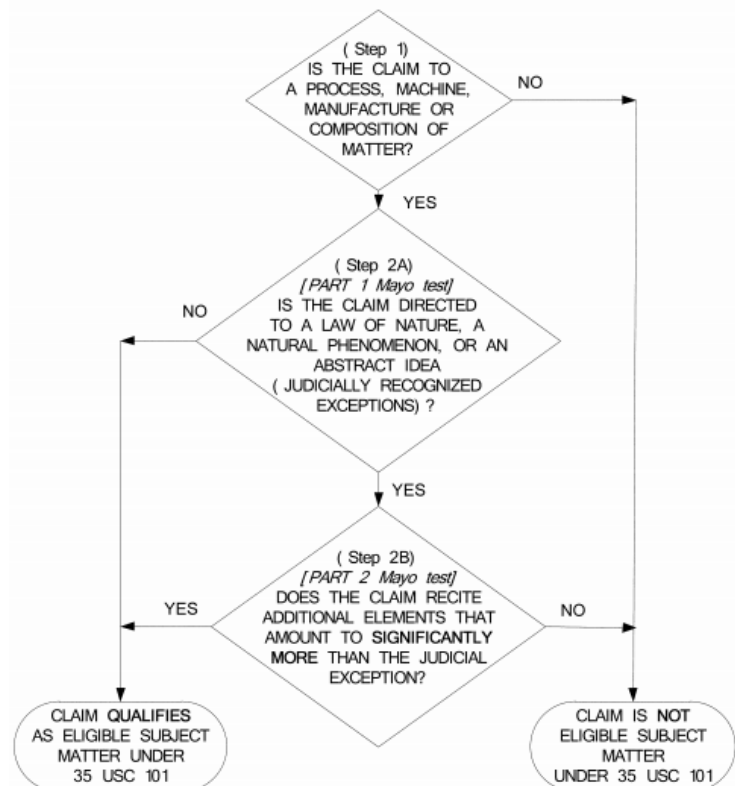
## Intellectual Property Alert: *Alice Turns Two*

By Aseet Patel and Peter Nigrelli

June 15, 2016 — As we approach the two-year anniversary of the U.S. Supreme Court’s decision in *Alice Corp. v. CLS Bank Int’l*, 134 S. Ct. 2347 (2014), a survey shows that almost all of the Court of Appeals for the Federal Circuit’s decisions on patent eligibility in the non-life sciences arts have held patent claims to be ineligible as directed to an abstract idea that fails to recite significantly more. Two Federal Circuit decisions, however, have held patent claims to be not directed to an abstract idea, thus patent eligible: *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014), and *Enfish, LLC v. Microsoft Corporation*, No. 2015-1244 (Fed. Cir. May 12, 2016). In a sea of *Alice* rejections, *DDR Holdings* and *Enfish* serve as a guide to what the Federal Circuit believes are non-abstract, patent eligible claims.

### *DDR Holdings*

The patent at issue in *DDR Holdings* involved generating a composite web page that retained the “look and feel” of the host website. *See* U.S. Patent No. 7,818,399. In holding that the claims of the ‘399 patent were patent eligible, the Court reasoned that the claimed invention was “necessarily rooted in computer technology in order to overcome a problem [(i.e., retaining website visitors)] specifically arising in the realm of computer networks.” The Court explained that the patent claims do not merely recite some business practice known from the pre-Internet world along with the requirement to perform it on the Internet. Notably, the Court appears to have arrived at this conclusion at step 2A, as depicted by the U.S. Patent and Trademark Office (see graphic, right), of the *Alice* test. Therefore, the Court concluded that the claims were simply not directed to an



abstract idea. Further scrutiny in step 2B (i.e., whether the claims recited “significantly more” than an abstract idea) seemed unnecessary.

### ***Enfish***

The patents at issue in *Enfish* concerned a type of computer database program generally involving a “self-referential” property of a database. *See* U.S. Patent Nos. 6,151,604 and 6,163,775. The Court noted that the patents teach that the self-referential design allows for faster searching of data, more effective storage of data, and more flexibility in configuring a database. In scrutinizing the patent claims for patent eligibility, the Court asked, at the first step (i.e. step 2A of the USPTO’s illustration) of the *Alice* analysis, whether the claims are directed to an improvement to computer functionality versus being directed to an abstract idea. The Court cautioned that viewing the claims at “a high level of abstraction and untethered from the language of the claims all but ensures that the exceptions to § 101 swallow the rule.” The Court held that the “focus of the claims is on an improvement to computer functionality itself, not on economic or other tasks for which a computer is used in its ordinary capacity.” Moreover, the Court added that “software inventions can make non-abstract improvements to computer technology just as hardware improvement can.”

### **USPTO’s Memorandum to Examiners**

Shortly after *Enfish*, the USPTO released a memorandum to its patent examiners. *See* <http://www.uspto.gov/patent/laws-and-regulations/examination-policy/examination-guidance-and-training-materials>. In its memo, the USPTO noted that “an examiner may determine that a claim directed to improvements in computer-related technology is not directed to an abstract idea under Step 2A of the subject matter eligibility examination guidelines (and is thus patent eligible), without the need to analyze the additional elements under Step 2B.” The memo also reiterated to examiners that “when performing an analysis of whether a claim is directed to an abstract idea (Step 2A), examiners are to continue to determine if the claim recites (i.e., sets forth or describes) a concept that is similar to concepts previously found abstract by the courts.” (underlining added). Notably, although the *Enfish* court provided guidance as to how that Court believes the “directed to” inquiry should be applied, the USPTO’s memo simply reiterated their previous guidance without expressly including clear, additional guidance to examiners on that front.

### **Appeals to Watch**

As *Alice* turns two in June, other litigants are vying to provide more clarity to the meaning of patent ineligible “abstract ideas.” Two district court decisions to watch on appeal are *McRo, Inc. v. Naughty Dog, Inc.*, 49 F. Supp. 3d 669 (C.D. Cal. 2014), and *Thales Visionix, Inc., v. United States*, No. 14-513C, 2015 WL 4396610 (Fed. Cl. July 20, 2015).



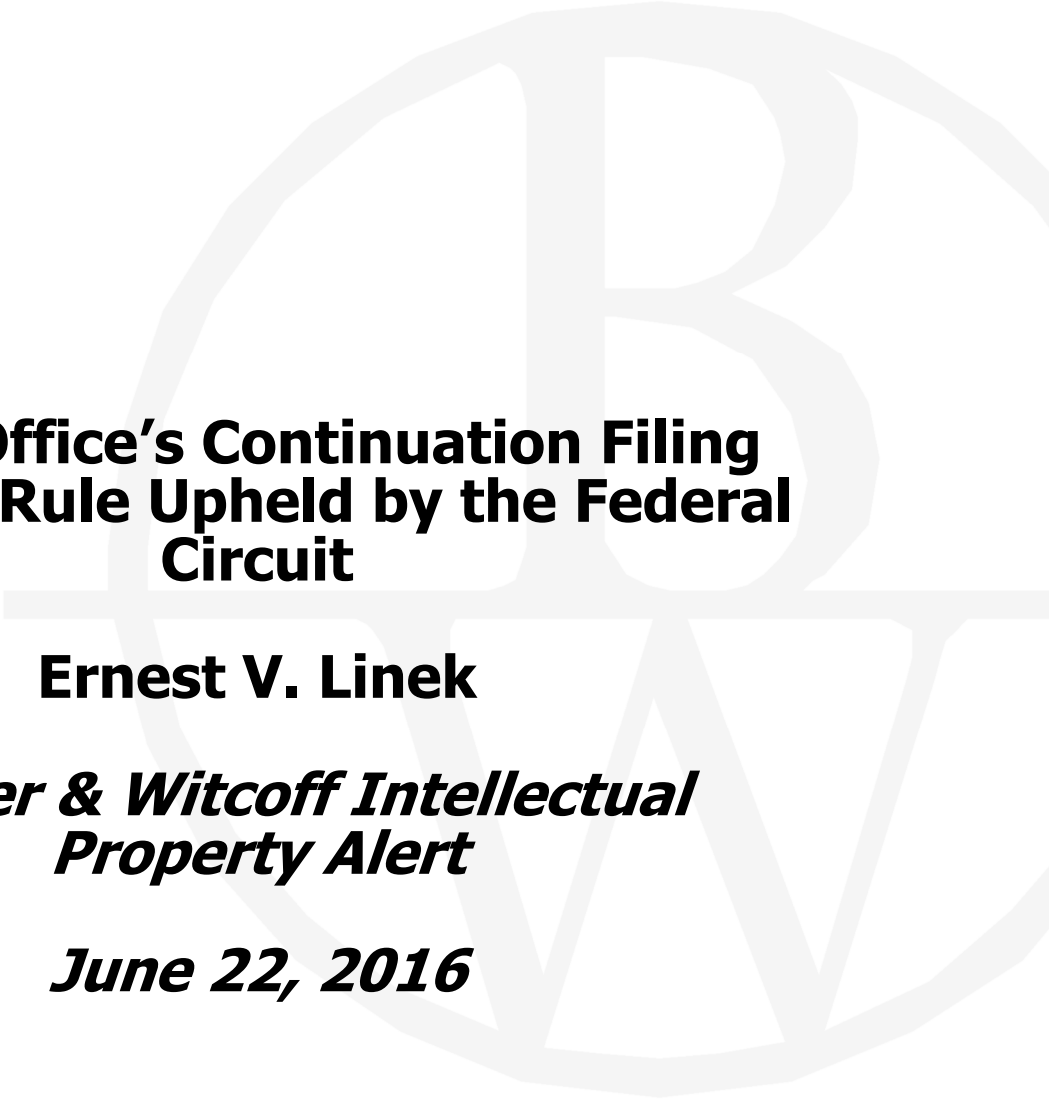
Banner & Witcoff recently partnered with Bloomberg BNA for the webinar, “Overcoming Alice: An Empirical Analysis of Granted Patents Since Alice. Please click [here](#) for more information.

To subscribe or unsubscribe to this Intellectual Property Advisory, please send a message to Chris Hummel at [chummel@bannerwitcoff.com](mailto:chummel@bannerwitcoff.com).



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**Patent Office's Continuation Filing  
Deadline Rule Upheld by the Federal  
Circuit**

**Ernest V. Linek**

***Banner & Witcoff Intellectual  
Property Alert***

***June 22, 2016***



## Intellectual Property Alert: Patent Office's Continuation Filing Deadline Rule Upheld by the Federal Circuit

By Ernest V. Linek

June 22, 2016 — Yesterday, the Court of Appeals for the Federal Circuit reversed and remanded the decision of the Delaware district court in *Immersion Corp. v. HTC Corp.*, No. 1:12-cv-00259, 2015 WL 627425 (D. Del. Feb. 11, 2015). That case held that to have continuity with an earlier filed application that was being issued as a patent, the continuing application must have been filed the day before the patent was issued by the U.S. Patent and Trademark Office. This ruling was contrary to more than 50 years of USPTO practice and procedures.

The question presented to the Federal Circuit was simply this—does 35 U.S.C. § 120, for treating a patent application, filed as a continuation of an earlier application, require that the continuing application be filed at least on the day before the patent issues—or can the continuation be filed on the same date that the patent issues?

The statute states that the continuing application must be “filed before the patenting” of the earlier application.

The Federal Circuit held that filing can occur on the same day as the issuance of the patent.

According to the court, the statutory language does not compel, though it certainly could support, adoption of a day as the unit of time for deciding if filing is “before” patenting. More importantly, the court noted that history is decisive in permitting the same-day-continuation result, under which, using units of time of less than a day, a “filing” is deemed to occur before “patenting.”

Long before Congress enacted Section 120 in the 1952 Patent Act, the Supreme Court in *Godfrey v. Eames*, 68 U.S. (1 Wall.) 317 (1864), established the basis for same-day continuations for priority-date purposes. There, Mr. Godfrey had withdrawn a previously filed patent application and, on the same day, refiled his application with an amended specification. *Id.* at 324. The Court held that “if a party choose(s) to withdraw his application for a patent . . . intending at the time of such withdrawal to file a new petition, and he accordingly do(es) so, the two petitions are to be considered as parts of the same transaction, and both as constituting one continuous application,

within the meaning of the law.” *Id.* at 325–36. It adopted that position for purposes of giving the earlier application’s priority date to the successor application (where the two were sufficiently related). And in the decades following *Godfrey*, the Supreme Court, other federal courts, and the USPTO consistently followed *Godfrey*’s rule.

The 1952 Patent Act, which introduced Section 120, was broadly a codification of existing continuation practices. And same-day continuations have been approved by a consistent, clearly articulated agency practice going back at least half a century, which has plausibly engendered large-scale reliance and reflects the agency’s procedural authority to define when the legal acts of “filing” and “patenting” will be deemed to occur, relative to each other, during a day.

### **Copending Applications**

When a later-filed application is claiming the benefit of a prior-filed nonprovisional application under 35 U.S.C. 120, 121, 365(c), or 386(c), the later-filed application must be copending with the prior application or with an intermediate nonprovisional application similarly entitled to the benefit of the filing date of the prior application.

Copendency is defined in the clause which requires that the later-filed application must be filed before: (A) the patenting of the prior application; (B) the abandonment of the prior application; or (C) the termination of proceedings in the prior application.

Prior to the Delaware decision, when a prior application issues as a patent, it is sufficient for the later-filed application to be copending with it if the later-filed application is filed on the same date, or before the date that the patent issues on the prior application. *See MOAEC, Inc. v. MusicIP Corp.*, 568 F. Supp. 2d 978, 982 (W.D. Wis. 2008). In that case, the district court interpreted “before” to mean “not later than” and allowed a continuation application filed the same day that the parent patent issued to have the benefit of the filing date of the parent application.

### **Background of the Case**

On January 19, 2000, Immersion Corp. filed with the USPTO a patent application disclosing a mechanism for providing haptic feedback to users of electronic devices. On August 6, 2002, that application issued as U.S. Patent No. 6,429,846.

Meanwhile, Immersion had filed International Application No. PCT/US01/01486, and that application was published as WO 01/54109 on July 26, 2001. The written description of the PCT publication is materially identical to that of the ’846 patent. Under 35 U.S.C. § 102(b), the PCT publication became invalidating as to claims to subject matter disclosed in that publication unless those claims were entitled to an effective filing date before July 26, 2002.

Beginning in August 2002, *i.e.*, after the July 2002 date, Immersion filed in the United States a series of applications that similarly shared the written description of the '846 patent and for which Immersion asserted an entitlement to an effective filing date of January 19, 2000, the filing date of the '846 patent's application, relying upon Section 120.

It is not disputed here that Section 120 allows multiple links of such "continuation" applications in a chain leading back to an earlier application as long as each link meets the section's requirements. Here, one link is contested. Immersion filed an application—which eventually matured into U.S. Patent No. 7,148,875—on August 6, 2002, the same day that the '846 patent issued. The present dispute is whether the '875 patent's application was "filed before the patenting" of the '846 patent's application and hence is entitled to the 2000 filing date of the '846 patent.

In early 2012, Immersion sued HTC Corp. and HTC America, Inc. (collectively, HTC) for infringing the '720, '181, and '105 patents. HTC sought summary judgment that the asserted patent claims are invalid under 35 U.S.C. § 102(b) because the WO '109 publication of July 26, 2001, disclosed the subject matter of those claims.

The decisive issue was the priority date to which the patents at issue are entitled based on the chain of applications tracing back to the '846 patent—specifically, whether the link between the '875 patent's application and the '846 patent's application met Section 120's timing requirement.

The district court held that the '875 patent's application was not "filed before the patenting" of the '846 patent's application within the meaning of Section 120, because they were filed on the same day.

## **Conclusion**

According to the appellate court, this is not a case where the language of the statute actually contradicts the longstanding judicial and agency interpretation. Nor is it a case in which the longstanding agency position is plainly outside the agency's granted authority. Here, the position is essentially a procedural one—establishing when the agency will consider an input into its process (the legal act of "filing") and an output of its process (the legal act of "patenting") to occur relative to each other—neither one being a precisely identifiable self-defining physical act, but a legally defined event. The USPTO has been granted authority to establish procedures that organize its processing of requests to issue (or cancel) patents, from entry to exit. *See* 35 U.S.C. § 2.

Once the appellate court determined that Section 120 permits consideration of whether filing was before patenting *within* a single day, any argument against same-day continuations runs into

insuperable difficulties, given *Godfrey* and the USPTO's authority, supported by obvious practical considerations, to declare when the events of "filing" and "patenting" are deemed to occur within the same day.

Please click [here](#) to read the opinion.

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**Full Federal Circuit Affirms District  
Court on Inapplicability of On-Sale  
Bar to MedCo's Transactions**

**Ernest V. Linek**

***Banner & Witcoff Intellectual  
Property Alert***

***July 12, 2016***



## Intellectual Property Alert: Full Federal Circuit Affirms District Court on Inapplicability of On-Sale Bar to MedCo's Transactions

By Ernest V. Linek

July 12, 2016—Yesterday, the Court of Appeals for the Federal Circuit issued a unanimous *en banc* decision in favor of The Medicines Company (MedCo), holding that use of a contract manufacturer's services does not constitute an invalidating sale under Section 102(b) of the America Invents Act where neither title to the product nor the right to market the same passes to the supplier. Rather, in order for the on-sale bar to apply, the court held that the product must be the subject of a commercial sale or offer for sale, and that a commercial sale is one that bears the general hallmarks of a sale pursuant to the Uniform Commercial Code.

This case concerns the circumstances under which a product produced pursuant to the claims of a product-by-process patent is "on sale" under 35 U.S.C. §102(b). This is important because, if an invention is "on sale" more than one year before the filing of an application for a patent on the governing claims, any issued patent is invalid, and the right to exclude others from making, using, and selling the resulting product will be lost.

MedCo owns two patents (US 7,582,727 and US 7,498,343) with claims directed to the preparation of the drug bivalirudin (sold as Angiomax®), a synthetic peptide used as an anti-coagulant.

MedCo purchased batches of Angiomax® from Ben Venue Laboratories between 1997 and 2006. In 2005, one of those batches contained impurities, and MedCo discovered that it could reduce the impurities by adding a pH-adjusting solution. In 2008, MedCo filed patent applications that include product-by-process claims directed to this method. However, more than one year before the filing, MedCo hired Ben Venue Labs to prepare three batches of the drug using the claimed method.

In 2010, MedCo sued Hospira for infringement. The Delaware district court rejected Hospira's on-sale invalidity defense, finding (1) that Ben Venue only sold manufacturing services, and (2) that the batches fell under the experimental use exception.



The district court applied the Supreme Court’s two-step on-sale bar analysis from *Pfaff v. Wells Electronics, Inc.*, 525 U.S. 55 (1998). *Pfaff*’s two-step on-sale bar analysis requires that the claimed invention was both (1) the subject of a commercial offer for sale; and (2) ready for patenting. 525 U.S. at 67-68.

The district court held that the claimed invention was ready for patenting under the second prong of *Pfaff* because MedCo had developed two enabling disclosures prior to the critical date, or, alternatively, reduced the invention to practice before the critical date. However, the district court concluded that the first prong of *Pfaff* was not met, because the claimed invention was not commercially offered for sale prior to the critical date. Accordingly, the district court found that the three batches Ben Venue manufactured for MedCo did not trigger the on-sale bar. The district court also agreed with MedCo that the transactions between MedCo and Ben Venue were sales of contract manufacturing services in which title to the drug Angiomax always resided with MedCo.

The original Federal Circuit panel’s decision took a literal approach to the on-sale bar and determined that because MedCo had paid Ben Venue to manufacture the drug, a sale took place and the bar applied. Judge Hughes, writing for the panel, found that it did not matter that Ben Venue provided only services and that title to the batches did not change hands. He said the Court held in *D.L. Auld Co. v. Chroma Graphics Corp.*, 714 F.2d 1144 (Fed. Cir. 1983), that the on-sale bar may apply where an inventor, before the critical date, sold products made by a patented method.

In granting the petition for *en banc* review, the Federal Circuit vacated the panel opinion and asked the parties to address whether “the circumstances presented here constitute a commercial sale under the on-sale bar,” and whether the court should overrule or revise the principle “that there is no ‘supplier exception.’”

The court posed the following questions for *en banc* briefing:

(a) Do the circumstances presented here constitute a commercial sale under the on-sale bar of 35 U.S.C. 102(b)?

(i) Was there a sale for the purposes of 102(b) despite the absence of a transfer of title?

(ii) Was the sale commercial in nature for the purposes of 102(b) or an experimental use?

(b) Should this court overrule or revise the principle in *Special Devices, Inc. v. OEA, Inc.*, 270 F.3d 1353 (Fed. Cir. 2001), that there is no “supplier exception”?

The case was argued to the *en banc* court on May 5, 2016. Hospira argued that there was a commercial sale, which benefited MedCo. This sale was before the critical date, and accordingly, the sale met the “on sale bar” test.

MedCo argued that there was no sale of the claimed product. Instead, MedCo simply purchased services from Ben Venue for the manufacture of the drug. Those services were paid for—\$347,500 to make over \$20 million worth of the drug Angiomax®. Title to the drug did not pass from MedCo to Ben Venue.

The federal government also participated in the *en banc* argument. The government’s attorney agreed that there was likely no commercial sale in this case. The manufacturing agreement was confidential. There was no public benefit from the activities of MedCo and Ben Venue. There was no public exploitation of the invention.

The *en banc* Federal Circuit court held that, to be “on sale” under §102(b), a product must be the subject of a commercial sale or offer for sale, and that a commercial sale is one that bears the general hallmarks of a sale pursuant to Section 2-106 of the Uniform Commercial Code.

The absence of title transfer further underscores that the sale was only of Ben Venue’s manufacturing services. Because Ben Venue lacked title, it was not free to use or sell the claimed products or to deliver the patented products to anyone other than MedCo, nor did it do so. Section 2-106(1) of the Uniform Commercial Code describes a “sale” as “the passing of title from the seller to the buyer for a price.” U.C.C. §2-106(1). The passage of title is a helpful indicator of whether a product is “on sale,” as it suggests when the inventor gives up its interest and control over the product. A “sale” under §102(b) occurs when the parties . . . give and pass rights of property for consideration. *Special Devices*, 270 F.3d at 1355 (quoting *Zacharin v. United States*, 213 F.3d 1366, 1370 (Fed. Cir. 2000)); *see also Trading Techs.*, 595 F.3d at 1361 (“The transaction at issue must be a ‘sale’ in a commercial law sense.”).

Because the original Federal Circuit panel held that the two patents in suit were invalid under the on-sale bar as a result of Medco’s transactions with Ben Venue, the panel did not address any other issues raised on appeal. The *en banc* court likewise did not address any issues other than the on-sale bar:

Given our conclusion that there was no “commercial sale” of the inventions in the ’727 and ’343 patents, we agree that we need not reach the question of experimental use. Since the panel opinion has been vacated, we also decline to parse individual statements therein that are not determinative of the question presented. For the same reason, we do not reach the second prong of *Pfaff*—whether the invention was ready for patenting—despite the fact that MedCo argued at the district court that it was not and challenges the district court’s finding to the contrary on appeal. Ultimately, we reach the same conclusion the

district court did regarding the inapplicability of the on-sale bar to Medco's transactions with Ben Venue, but do so on modified grounds. All other issues are remanded to the merits panel for consideration in the first instance.

The commercial character of the transaction rules. The court addressed the Supplier Exception at page 31 of the opinion:

We still do not recognize a blanket "supplier exception" to what would otherwise constitute a commercial sale as we have characterized it today. While the fact that a transaction is between a supplier and inventor is an important indicator that the transaction is not a commercial sale, understood as such in the commercial marketplace, it is not alone determinative. Where the supplier has title to the patented product or process, the supplier receives blanket authority to market the product or disclose the process for manufacturing the product to others, or the transaction is a sale of product at full market value, even a transfer of product to the inventor may constitute a commercial sale under § 102(b). The focus must be on the commercial character of the transaction, not solely on the identity of the participants.

This decision supports the practice of using third-party contract manufacturing services by pharmaceutical companies for their drug development programs. As long as the patent owner retains ownership of the invention, there will be no on-sale bar based on such service contracts.

Please click [here](#) to view the opinion in *The Medicines Company v. Hospira, Inc.*, No. 14-1469 at the U.S. Court of Appeals for the Federal Circuit.

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**Brexit's Effect on Intellectual  
Property**

**Bradley J. Van Pelt**

***Banner & Witcoff Intellectual  
Property Alert***

***July 13, 2016***



## Intellectual Property Alert: Brexit's Effect on Intellectual Property

By **Bradley J. Van Pelt**

July 13, 2016 — The United Kingdom's vote to leave the European Union (EU) (Brexit) will undoubtedly impact intellectual property rights in Europe. Currently, the referendum is not legally binding and has no legal force until Parliament votes to repeal the 1972 European Communities Act. Only then can the U.K. depart the EU. If the U.K. exits the EU, four key takeaways with respect to European intellectual property rights to bear in mind are: (1) patentees will still be able to obtain U.K. patent rights through the European Patent Office (EPO); (2) European patent litigation will essentially stay the same; (3) EU trademarks and designs will not cover the U.K.; and (4) the fate of unitary patents covering all of Europe is uncertain and will be less desirable.

### **Patentees Will Still Be Able to Obtain U.K. Patent Rights though the European Patent Office**

Patentees will still be able to validate patents in the U.K. after a centralized examination at the EPO. Typically, when seeking patent protection in multiple countries in Europe, patentees will file for patent protection at the EPO. Once the application grants, patentees can then select the individual countries in which it will validate or enforce the patent. The European patent application examination procedures at the EPO will stay the same because the EPO is an independent organization outside of the EU. For example, several European nations, such as Switzerland and Norway, are governed by the European Patent Convention despite being non-EU countries. Thus, patentees will still be able to validate EPO examined applications in the U.K. once the EPO grants the application.

### **European Patent Litigation Will Stay the Same**

The patent litigation system in the EU will also remain the same. Because patent litigation in Europe involves patent rights granted by the EPO, which again is not part of the EU, patent litigation in Europe will not be affected. The U.K. and German courts are well known for having the most patent experience. Also the U.K. and Germany contain Europe's two biggest economies and, thus, become imperative jurisdictions for seeking injunctions. For these reasons the U.K.

and Germany will continue to be the primary jurisdictions for patent litigation. Patent litigants can expect business to proceed as usual in both the British and German courts.

### **EU Trademarks and Design Registrations Will Not Cover the U.K.**

Brexit will affect trademarks and design registrations (which correspond to design patents in the U.S.). Under the current system, trademarks and design registrations can be applied for through the European Union Intellectual Property Office (EUIPO). If the U.K. formally exits the EU, current and future trademark and design registrations will not be protected in the U.K. by the EUIPO. However, it is likely that a system will be implemented to transition the existing EU trademarks and design registrations to the U.K., but it is not clear yet how such a system would work. Trademark and design registration holders should, therefore, be ready to take the appropriate action to ensure that their rights are protected in the U.K. where desired. For example, moving forward, patentees can secure certain design rights in the U.K. through the Hague treaty.

### **The Fate of the Unitary Patent is Uncertain and Will be Less Desirable**

The fate of the EU's proposed unitary patent (UP) system, which would give patentees rights throughout Europe through a single patent, is also uncertain. The proposed UP system and the EPO system are designed to exist alongside, but separately, of each other. The UP system is an EU institution (which the EPO is not). Therefore, unlike the EPO system that is in place, the UP patent will be affected by the U.K.'s departure.

The launch date of the EU's UP system will likely be pushed back, since the U.K., Germany, and France were intended to be mandatory signatories to the UP system. In addition, litigation of UPs covering pharmaceutical and chemical patents was formerly planned to be held in London. However, since the U.K. will be stripped of its access to the UP system, EU officials and member state representatives will have to renegotiate major components of the agreement, which will take considerable time and effort.

Moreover, some experts even have doubts as to whether the system will ever come into effect. For instance, experts speculate that Germany will become a more powerful nation if the U.K. leaves the EU. In turn, some nations could be deterred from participating in the system due to a heightened sense of vulnerability. Moreover, the new system can only come into effect if at least 13 countries ratify the Unified Patent Court agreement, including the largest three countries (currently the three largest EU member states are the U.K., France and Germany, and Italy will replace the U.K. if/when the U.K. leaves the EU). Although Austria, Belgium, Denmark, Finland, France, Luxembourg, Malta, Portugal, and Sweden have already ratified it, some experts are concerned these countries could now abandon it altogether.

Also, the loss of the U.K. market for potential UP patent holders makes obtaining a UP patent less attractive to businesses and, thus, less attractive to potential UP member states. Patent holders would be required to pay additional U.K. renewal fees on top of the already high renewal fees for the UP in order to cover the U.K., making a UP patent less cost effective than originally planned.

In sum, much uncertainty remains regarding the effect that Brexit will have on IP rules and regulations in the EU. Although Brexit is expected to have a minimal effect on utility patent protection and enforcement in the EU, it will likely have a larger effect on the UP system and trademark and design registrations.

Banner & Witcoff will continue to monitor any Brexit developments.

*International filing specialist Daniel Schwartz contributed research to this article.*

*This article is written from a general intellectual property perspective and does not purport to provide any legal advice with respect to law in the United Kingdom or European Union.*

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**Abstract Ideas: A Common-Sense  
Distinction in *Electric Power Group  
v. Alstom***

**Joshua Davenport and Aseet Patel**

***Banner & Witcoff Intellectual  
Property Alert***

***August 5, 2016***





## Intellectual Property Alert: Abstract Ideas: A Common-Sense Distinction in *Electric Power Group v. Alstom*

By Joshua Davenport and Aseet Patel

August 5, 2016 — While the number of decisions holding claims to be patent eligible under the two-part *Alice* test has been few and far between, sometimes even seemingly unfavorable decisions provide valuable insight into courts' application of the test.<sup>i</sup> In *Electric Power Group, LLC v. Alstom S.A.*, the Court of Appeals for the Federal Circuit affirmed the district court's grant of summary judgment, reasoning that although representative claim 12 of U.S. Patent No. 8,401,710 was "lengthy and numerous," it was "so result-focused, so functional, as to effectively cover any solution to an identified problem," and thus patent ineligible.<sup>ii</sup>

Electric Power Group (EPG) received U.S. Patent Nos. 7,233,843; 8,060,259; and 8,401,710, in late 2000 concerning "systems and methods for performing real-time performance monitoring of an electric power grid by collecting data from multiple data sources, analyzing the data, and displaying the results."<sup>iii</sup> EPG argued that a benefit of its invention is to provide a "humanly comprehensible" amount of information useful for users to assess the vulnerability/reliability of a power grid, but the Court did not find that argument persuasive.<sup>iv</sup> Claim 12 of U.S. Patent No. 8,401,710 appears below.

12. A method of detecting events on an interconnected electric power grid in real time over a wide area and automatically analyzing the events on the interconnected electric power grid, the method comprising:

- receiving a plurality of data streams, each of the data streams comprising sub-second, time stamped synchronized phasor measurements wherein the measurements in each stream are collected in real time at geographically distinct points over the wide area of the interconnected electric power grid, the wide area comprising at least two elements from among control areas, transmission companies, utilities, regional reliability coordinators, and reliability jurisdictions;

- receiving data from other power system data sources, the other power system data sources comprising at least one of transmission maps, power plant locations, EMS/SCADA systems;

- receiving data from a plurality of non-grid data sources;

- detecting and analyzing events in real-time from the plurality of data streams from the wide area based on at least one of limits, sensitivities and rates of change for one or more measurements from the data streams and dynamic stability metrics derived from analysis of the measurements from the data streams including at least one of frequency instability, voltages,

power flows, phase angles, damping, and oscillation modes, derived from the phasor measurements and the other power system data sources in which the metrics are indicative of events, grid stress, and/or grid instability, over the wide area;

displaying the event analysis results and diagnoses of events and associated ones of the metrics from different categories of data and the derived metrics in visuals, tables, charts, or combinations thereof, the data comprising at least one of monitoring data, tracking data, historical data, prediction data, and summary data;

displaying concurrent visualization of measurements from the data streams and the dynamic stability metrics directed to the wide area of the interconnected electric power grid;

accumulating and updating the measurements from the data streams and the dynamic stability metrics, grid data, and non-grid data in real time as to wide area and local area portions of the interconnected electric power grid; and

deriving a composite indicator of reliability that is an indicator of power grid vulnerability and is derived from a combination of one or more real time measurements or computations of measurements from the data streams and the dynamic stability metrics covering the wide area as well as non-power grid data received from the non-grid data source.

### **Application of the Two-Stage *Alice* Test**

The Court concluded, in stage one of the *Alice* test, that the claim was directed to “collecting information, analyzing it, and displaying certain results of the collection and analysis,” which it held is an abstract idea.<sup>v</sup> “Information as such is an intangible,” and analyzing it is essentially a mental process within the information-based category of abstract ideas.<sup>vi</sup>

Meanwhile, in stage two of the *Alice* test, the Court held the claim also failed to satisfy the *Alice* test. The Court explained that “a large portion of the lengthy claims is devoted to enumerating types of information and information sources available within the power-grid environment...,” but this does not significantly “differentiate a process from ordinary mental processes [that are excluded under] the information-based category of abstract ideas.”<sup>vii</sup> The Court turned its inquiry towards “any requirements for *how* the desired result is achieved.”<sup>viii</sup> “Nothing in the claims, understood in light of the specification, requires anything other than off-the-shelf, conventional computer, network, and display technology,” the Court noted.<sup>ix</sup> “The claims in this case do not require a new source or type of information, or new techniques for analyzing it,... [or] an arguably inventive set of components or methods, such as measurement devices or techniques, that would generate new data.”<sup>x</sup> Therefore, the claim fails under 35 U.S.C. § 101.

### **A Common-Sense Distinction**

After some prefacing, the Court agreed with the district court that “one helpful way of double-checking the application of the Supreme Court’s [two-stage *Alice*] framework to particular claims — specifically, when determining whether the claims meet the requirement of an inventive concept *in application*,”<sup>xi</sup> is by “invoking an important common-sense distinction between ends sought and

particular means of achieving them, between desired results (functions) and particular ways of achieving (performing) them.”<sup>xii</sup> “[T]here is a critical difference between patenting a particular concrete solution to a problem and attempting to patent the abstract idea of a solution to the problem in general,”<sup>xiii</sup> the district court explained, presumably relying upon the same principle of pre-emption extolled in *Alice*.<sup>xiv</sup> When the “claims [are] so result-focused, so functional, as to effectively cover any solution to an identified problem,” then they inhibit innovation by prohibiting others from developing their own solutions to the problem.

Click [here](#) to download the decision in *Electric Power Group, LLC v. Alstom S.A.*

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<sup>i</sup> See *Alice Corp. Prop. Ltd. v. CLS Bank Int’l*, 134 C. St. 2347, 2355 (2014). See also *Enfish, LLC v. Microsoft Corporation*, No. 2015-1244 (Fed. Cir. 2016).

<sup>ii</sup> See *Electric Power Group, LLC v. Alstom S.A.*, Appeal No. 2015-1778, slip op. at 12 (Fed. Cir., Aug. 1, 2016).

<sup>iii</sup> See *id.* at 2.

<sup>iv</sup> See *id.* at 9.

<sup>v</sup> See *id.* at 6.

<sup>vi</sup> See *id.* at 7.

<sup>vii</sup> See *id.* at 9.

<sup>viii</sup> See *id.* (emphasis in original).

<sup>ix</sup> See *id.* at 10.

<sup>x</sup> See *id.* at 9.

<sup>xi</sup> See *id.* at 12. (emphasis in original).

<sup>xii</sup> See *id.* at 2.

<sup>xiii</sup> See *id.* at 11.

<sup>xiv</sup> See *Alice Corp. Prop. Ltd. v. CLS Bank Int’l*, 110 USPQ2d 1976, 1980 (2014).



***McRO Inc. v. Bandai Namco Games  
America Inc. et al.***

**Ross A. Dannenberg, Aseet Patel and  
Peter Nigrelli**

***Banner & Witcoff Intellectual  
Property Alert***

***September 15, 2016***



## Intellectual Property Alert: *McRO Inc. v. Bandai Namco Games America Inc. et al.*

By Ross A. Dannenberg, Aseet Patel and Peter Nigrelli

September 15, 2016 — The U.S. Court of Appeals for the Federal Circuit in *McRO Inc. v. Bandai Namco Games America Inc. et al.*, case number 15-1080, reversed the district court's grant of judgment on the pleadings under Fed. R. Civ. P. 12(c) that the asserted claims of U.S. Patent Nos. 6,307,576 (the '576 patent) and 6,611,278 (the '278 patent) are invalid, and remanded to the U.S. District Court for the Central District of California for further proceedings. *McRO* is only the fourth decision of the Federal Circuit to reverse a lower court's holding of patent ineligibility since the U.S. Supreme Court's decision in *Alice v. CLS Bank*.<sup>1</sup> In a sea of *Alice* rejections, *McRO* serves as a guide to what the Federal Circuit believes are non-abstract, patent eligible claims.

The patents-in-suit describe motion capture technology *McRO* developed in 1997 that provides an alternative process for automatically animating lip synchronization and facial expressions of animated characters, such as in video game development. The Central District of California held the patents invalid as lacking patent eligible subject matter under 35 U.S.C. § 101 in the wake of *Alice*. *McRO* appealed, and the Federal Circuit **now reverses** that holding.

Claim 1 of the '576 patent, which is dispositive for purposes of this appeal, reads:

1. A method for automatically animating lip synchronization and facial expression of three-dimensional characters comprising:
  - obtaining a first set of rules that define output morph weight set stream as a function of phoneme sequence and time of said phoneme sequence;
  - obtaining a timed data file of phonemes having a plurality of sub-sequences;
  - generating an intermediate stream of output morph weight sets and a plurality of transition parameters between two adjacent morph weight sets by evaluating said plurality of sub-sequences against said first set of rules;
  - generating a final stream of output morph weight sets at a desired frame rate from said intermediate stream of output morph weight sets and said plurality of transition parameters; and
  - applying said final stream of output morph weight sets to a sequence of animated characters to produce lip synchronization and facial expression control of said animated characters.

### **Preemption Analysis in the Two-Step *Alice* Test**

Similar to the framework the Federal Circuit followed in *Enfish*, here the Court reached its holding without reaching step two of the *Alice* test. After performing a detailed preemption analysis in step one of the *Alice* test, the Court held “that the ordered combination of claimed steps, using unconventional rules that relate sub-sequences of phonemes, timings, and morph weight sets, is not directed to an abstract idea and is therefore patent-eligible subject matter under § 101.”

The Court cautioned against oversimplifying the claims, during step one of the *Alice* test, by looking at them generally and failing to account for the specific features recited in the claims. Claim 1 recites evaluating sub-sequences, generating transition parameters, and applying transition parameters to create a final morph weight set. The Court performed initial claim construction and determined that the claims “are limited to rules that evaluate subsequences consisting of multiple sequential phonemes,” and the Court later reasoned that “[i]t is the incorporation of these claimed rules, *not the use of the computer*, that improved the existing technological process.”<sup>ii</sup> (emphasis added). The Court noted that no evidence has been cited suggesting that animators were previously employing the type of rules required by claim 1, either by hand or on a computer.<sup>iii</sup> Furthermore, the specific rules recited in claim 1, noted by the Court as being limited to rules with certain common characteristics (e.g., a genus), “render information into a specific format that is then used and applied to create desired results: a sequence of synchronized, animated characters.”<sup>iv</sup>

Nevertheless, the Court harkened back to the cornerstone of patent eligibility: preemption, to further support its holding in stating that “[i]t is self-evident that genus claims create a greater risk of preemption, thus implicating the primary concern driving § 101 jurisprudence, but this does not mean they are unpatentable.”<sup>v</sup> The Court noted that preemption, not tangibility, is the underlying concern and emphasized that the “narrower concern here is whether the claimed genus of rules preempts all techniques for automating 3-D animation that rely on rules.” In finding that there was no preemption, the Court considered that there had “been no showing that any rules-based lip-synchronization process must use the rules with the specifically claimed characteristics” narrowly recited in McRO’s claim 1.<sup>vi</sup> Interestingly, the Court noted that “[t]he only information cited to this court... points to the conclusion that there are many other possible approaches to automating lip synchronization using rules.”<sup>vii</sup> Moreover, the Court looked to the specification and external references in determining “whether the claims in these [McRO] patents focus[ed] on a specific means or method that improves the relevant technology or are instead directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery.”<sup>viii</sup> It seems here that the numerous alternative processes available in the field to achieve the same claimed outcome in combination with McRO’s narrowly recited claim to a specific process that uses particular information to achieve a specific outcome, seemingly persuaded the Court that the preemption analysis favored patent eligibility. Here, the Court, citing *Alice*, found that the “claim uses the limited rules in a process specifically designed to achieve an improved technological result in conventional industry practice.”<sup>ix</sup>

## Takeaway

While there are many takeaways from *McRO*, one notable point is that different from prior Federal Circuit decisions since *Alice*, here the claims were found patent eligible even where the claimed improvement was incorporated in software processed by a general purpose computer and did not result in an improvement in the technological performance of a computer, computer functionality, or computer network. Rather, even when the claimed improvement is not to the computer itself, a claim may still be patent eligible when the improvement allows computers to produce an outcome that previously only could be produced by an intuitive process by humans.

## Another Appeal to Watch

Like *McRO*, another appeal to watch in this area of patent law is *Thales Visionix, Inc., v. United States*, No. 14-513C, 2015 WL 4396610 (Fed. Cl. July 20, 2015), in which claims reciting specific hardware elements used for tracking motion of objects with respect to a moving reference frame, were found to be directed to an abstract idea under 35 U.S.C. § 101. We eagerly await the Federal Circuit's decision in that case.

Click [here](#) to download the decision in *McRO Inc. v. Bandai Namco Games America Inc. et al.*

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<sup>i</sup> See *Alice Corp. Prop. Ltd. v. CLS Bank Int'l*, 134 C. St. 2347, 2355 (2014). The Federal Circuit's prior three decisions reversing a lower court's holding of patent ineligibility are: *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014); *Enfish, LLC v. Microsoft Corp.*, No. 2015-1244 (Fed. Cir. 2016); and *BASCOM Global Internet Services, Inc. v. AT&T Mobility LLC*, No. 15-1763 (Fed. Cir. June 27, 2016).

<sup>ii</sup> See *McRO, Inc. v. Bandai Namco Games America Inc. et al.*, No. 15-1080, slip op. at 24 (Fed. Cir. Sept. 13, 2016).

<sup>iii</sup> See *Id.*, slip op. at 24-25 ("This is unlike *Flook*, *Bilski*, and *Alice*, where the claimed computer-automated process and the prior method were carried out in the same way.").

<sup>iv</sup> See *Id.*, slip op. at 25.

<sup>v</sup> See *Id.*, slip op. at 23.

<sup>vi</sup> See *Id.*, slip op. at 26.

<sup>vii</sup> See Amicus Public Knowledge filed in *McRO* (citing a 2008 work by Kiyoshi Honda, "Physiological Processes of Speech Processing, in Springer Handbook of Speech Production," as support for the proposition that the claimed rules reflect natural laws).

<sup>viii</sup> See *Id.*, slip op. at 23.

<sup>ix</sup> See *Id.*, slip op. at 27.



# **4 Tips for Overcoming Abstract Idea Rejection**

**Phillip Articola**

***Law360 Expert Analysis***

***October 5, 2016***



## 4 Tips For Overcoming Abstract Idea Rejection

Law360, New York (October 5, 2016, 12:16 PM EDT) -- The case law has been pretty brutal for patent owners and patent applicants as of late regarding 35 U.S.C. §101 abstract idea rejections for computer-based inventions. However, there have been a few Federal Circuit cases that have provided a little hope and guidance for trying to overcome such rejections, if you are unfortunate enough to get one in the future. Absent a computer-based invention that improves the operability of the computer itself or that improves an existing technological process, such as the Enfish self-referential database that improves the operability of a computer, provided below are a few things that may improve your chances before a U.S. patent examiner.



Phillip Articola

### **Enfish Guidance — Blow Your Own Horn!**

In *Enfish v. Microsoft Corporation* (Fed. Cir., May 12, 2016), the Federal Circuit found that the claims were not directed to an abstract idea, and thus, under the first step of the two-step *Alice/Mayo* inquiry, the claims passed muster as reciting patent eligible subject matter. In making this determination, the Federal Circuit noted that “the claims are directed to an improvement of an existing technology [that] is bolstered by the specification’s teachings that the claimed invention achieves other benefits over conventional databases, such as increased flexibility, faster search times, and smaller memory requirements.” The Federal Circuit cited with approval a prior case, *Openwave Sys. Inc. v. Apple Inc.* (Fed. Circ. 2015), in which a patent specification’s disparagement of the prior art was found to be relevant to determine the scope of the invention and the differences of the invention with respect to the prior art.

A lesson learned from the *Enfish* case is to describe in some detail in the patent application the advantages of the invention over the prior art, to the extent known by the applicant. This is especially the case for computer-based inventions if those advantages improve the operability of a computer or a network on which the computer resides in some manner. That way, an argument can be made in response to a rejection of the claims under 35 U.S.C. §101 that the claims are directed to an improvement in the functionality of a computer as opposed to being directed to an abstract idea, and thus pass muster under step one of the *Alice/Mayo* two-step test.

### **Affinity Labs Guidance — Check Your Title and Amend if Necessary**

In *Affinity Labs v. DirecTV* (Fed. Cir., Sept. 23, 2016), the Federal Circuit found that Affinity’s claims were directed to an abstract idea. The Federal Circuit first stripped the claims of excess verbiage, and determined that claims are “directed to a network-based media system with a customized user interface, in which the system delivers streaming content from a network-based resource upon demand to a handheld wireless electronic

device having a graphical user interface.” The Federal Circuit then determined that the claims do not represent “an improvement in the functioning of a computer,” but rather merely “add conventional computer components to well-known business practices.” As such, by applying step one of the Alice/Mayo two-step test, the Federal Circuit determined that the claims were directed to an abstract idea.

The Federal Circuit then moved to step two of the Alice/Mayo two step test, in which a determination was made as to whether the claims include “significantly more” than an ineligible abstract idea. In making a determination that the claims did not include “significantly more,” the Federal Circuit noted that the title of the patent, “System and Method to Communicate Targeted Information,” was pretty much unrelated to the pending claims. Since the title of the invention was presumably the initial basis of patentability of the application in the mind of the applicant, and since the claims did not include features similar to those of the title, the Federal Circuit appeared to conclude that the claims on appeal are directed to something different than what was originally considered to be inventive. While this determination does not appear to be the primary basis of the Federal Circuit’s decision that the claims did not pass muster under step two of the Alice/Mayo two-step test, it certainly did not help the patentee’s cause in asserting that the claims did recite significantly more than an abstract idea. The scary thing here was that the patented claims were exactly the same as the originally filed claims, and so the applicant should have chosen a better title more suitable to the original filed claims at the time the application was filed.

A lesson learned from the Affinity case is to make sure that the title of the application as filed is commensurate with the broadest claim. Further, while this did not occur in the Affinity patent prosecution, one should amend the title during prosecution if necessary, based on amendments made to the claims to overcome a 35 U.S.C. §101 abstract idea rejection.

### **Bascom Guidance — Recite Claim Features That Provide a Practical Application to Abstract Idea**

In *Bascom Global Internet v. AT&T Mobility LLC* (Fed. Cir., June 27, 2016), the Federal Circuit analyzed Bascom’s claims, and found that while they were directed to an abstract idea based on application of step one of the Alice/Mayo two-step test, the ordered combination of claim limitations in Bascom’s claims “transform the abstract idea of filtering content into a particular, practical application of that abstract idea,” and thus those claims “pass step two of Alice’s two-part framework.” In Bascom’s patent, the innovation was providing an internet content filter at a particular network location “to give users the ability to customize filtering for their individual network accounts.”

The lesson learned from the Bascom case is to try to recite in the claims a practical application for the invention, such as a different location of a claim element as compared to conventional approaches. That way, one can get around the rejection of an abstract idea of “the idea of itself.” Providing such an explanation in the specification of the practical application of the invention would also be very helpful in trying to overcome a 35 U.S.C. §101 abstract idea rejection.

### **McRO Guidance — Add Specific Limitations to the Claims**

In *McRO Inc. v. Bandai Namco Games America* (Fed. Cir., Sept. 13, 2016), the Federal Circuit held that McRO’s claims directed to automating a 3-D animator’s tasks recite the use of rules with specific characteristics, in which the rules are applied to “each sub-sequence ... of timed phonemes.” From this determination, the Federal Circuit found that “[t]he specific claimed features of these rules allow for improvements realized by the invention.” Due to the recitation of rules in the claims, the Federal Circuit went on to find that the “limitations of claims 1 prevent preemption of all processes for achieving

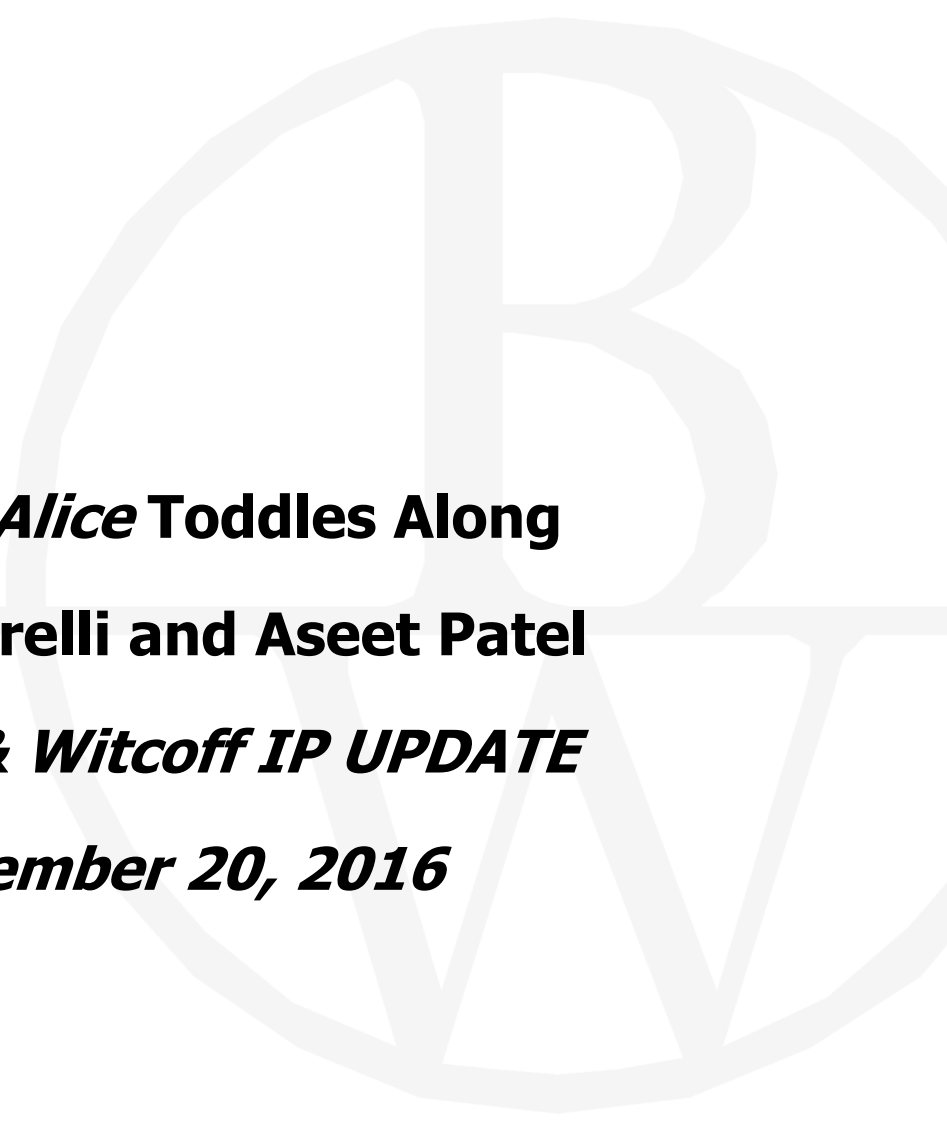
automated lip-synchronization of 3-D characters,” which is an important consideration when determining whether a claim does not recite patent eligible subject matter. This is based on the U.S. Supreme Court holding in *Mayo*, that “the concern underlying the exceptions to § 101 is not tangibility, but preemption.” Since McRO’s claim 1 “requires that the rules be rendered in a specific way,” the Federal Circuit found that there is no preemption of “all rules-based means of automated lip synchronization, unless the limits of the rules themselves are broad enough to cover all possible approaches.” Since that was not the case regarding McRO’s rules, the claims passed muster as being patent eligible under 35 U.S.C. §101.

A lesson learned from the McRO case is to work with the inventor(s) and draft your patent specification to include one or more rules that can be applied to the invention, if possible, to overcome any potential preemption issues if/when you get a 35 U.S.C. §101 abstract idea rejection.

—By Phillip Articola, Banner & Witcoff Ltd.

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**At Two, *Alice* Toddles Along**  
**Peter Nigrelli and Aseet Patel**  
***Banner & Witcoff IP UPDATE***  
***December 20, 2016***

## AT TWO, ALICE TODDLES ALONG



BY PETER NIGRELLI  
AND ASEET PATEL

Since the two-year anniversary of the U.S. Supreme Court's decision in *Alice Corp. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014),<sup>1</sup> the *Alice* framework for patent eligibility continues to toddle along a meandering path towards patent eligibility for software-based innovations. Almost all of the Court of Appeals for the Federal Circuit's decisions on patent eligibility in the non-life sciences arts have held patent claims to be ineligible as being directed to an abstract idea that fails to recite significantly more. Only two Federal Circuit decisions before the June 2016 anniversary and three more since have found the disputed claims to be patent eligible, now bringing the post-*Alice* total to five Federal Circuit decisions finding patent-eligible subject matter: *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014); *Enfish, LLC v. Microsoft Corporation*, No. 2015-1244 (Fed. Cir. May 12, 2016); *Bascom Global Internet v. AT&T Mobility LLC*, No. 2015-1763 (Fed. Cir. June 27, 2016); *McRO Inc. v. Bandai Namco Games America*, No. 2015-1080 (Fed. Cir. Sept. 13, 2016); and most recently concurrent with the publication of this article, *Amdocs Ltd. v. Opnet Telecom, Inc.*, No. 2015-1180 (Fed. Cir. Nov. 1, 2016). Additionally, the U.S. Patent and Trademark Office (USPTO), in the wake of *Enfish, LLC v. Microsoft Corporation*, clarified its guidance to examiners about how to judge the patent eligibility of software patents. Even some seemingly unfavorable decisions, such as *Electric Power Group, LLC v. Alstom S.A.*, No. 2015-1778 (Fed. Cir. Aug. 1, 2016), provided valuable insight into the

Federal Circuit's application of the test set forth in *Alice*. As the conditions defining software patent eligibility evolve, these holdings and USPTO memorandums serve as a guide to what the Federal Circuit believes are non-abstract, patent-eligible claims.

### POST 2-YEAR ANNIVERSARY CASES *BASCOM GLOBAL INTERNET V. AT&T MOBILITY LLC*

The *Bascom* decision reversed a ruling on a Fed. R. Civ. P. 12(b)(6) motion in a decision drafted by Judge Chen of the U.S. District Court for the Northern District of California, who also penned the *DDR Holdings* opinion. In the first step of the two-step *Alice* test, the Federal Circuit found the claims to be directed to the abstract idea of filtering content on the Internet. However, in the second step of the *Alice* test, the Federal Circuit found the claims to be patent eligible because "on this limited record, this specific method of filtering Internet content cannot be said, as a matter of law, to have been conventional or generic." Here, the Federal Circuit explained that "the claims do not preempt the use of the abstract idea of filtering content on the Internet or on generic computer components performing conventional activities" because the "claims carve out a specific location for the filtering system (a remote ISP server) and require the filtering system to give users the ability to customize filtering for their individual network accounts." For example, the Federal Circuit noted that by "taking a prior art filter solution (one-size-fits-all filter at the ISP server) and making it more dynamic and efficient (providing individualized filtering at the ISP server), the claimed invention represents a 'software based invention[] that improve[s]

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[ALICE, FROM PAGE 11]

the performance of the computer itself.” With respect to the district court’s analysis lacking an explanation of a reason to combine the limitations as claimed, the Federal Circuit reiterated that “the inventive concept inquiry requires more than recognizing that each claim element, by itself, was known in the art,” and that as in the instant case, “an inventive concept can be found in the non-conventional and non-generic arrangement of known, conventional pieces.” For example, in *Bascom*, the Federal Circuit noted that, although filtering content on the Internet was already a known concept, “the patent describes how its particular arrangement of elements is a technical improvement over prior art ways of filtering such content.” Increasingly, as shown in this case, the Federal Circuit is looking to the specification to provide reasoning to show support for patent eligibility.

#### *McRO INC. V. BANDAI NAMCO GAMES AMERICA*

The Federal Circuit in *McRO Inc. v. Bandai Namco Games America Inc. et al.*, reversed the U.S. District Court for the Central District of California’s grant of judgment on the pleadings under Fed. R. Civ. P. 12(c) that the asserted claims of U.S. Patent Nos. 6,307,576 (the ‘576 patent) and 6,611,278 (the ‘278 patent) are invalid as lacking patent-eligible subject matter under 35 U.S.C. § 101 in the wake of *Alice*, and remanded for further proceedings. The patents-in-suit describe motion capture technology McRO developed in 1997, that provides an alternative process for automatically animating lip synchronization and facial expressions of animated characters. Similar to the framework the Court followed in *Enfish*, here the Court reached its holding without reaching step two of the *Alice* test. After performing a detailed preemption analysis in step one of the *Alice* test, the Court held “that the ordered

combination of claimed steps, using unconventional rules that relate sub-sequences of phonemes, timings, and morph weight sets, is not directed to an abstract idea and is therefore patent-eligible subject matter under § 101.”

The Court cautioned against oversimplifying the claims, during step one of the *Alice* test, by looking at them generally and failing to account for the specific features recited in the claims. The Court narrowly construed the claims to be “limited to rules that evaluate subsequences consisting of multiple sequential phonemes,” and the Court later reasoned that “[i]t is the incorporation of these claimed rules, not the use of the computer, that improved the existing technological process.” The rules recited in claim 1, noted by the Court as being limited to rules with certain common characteristics (e.g., a genus), “render information into a specific format that is then used and applied to create desired results: a sequence of synchronized, animated characters.” And although claim 1 recited a genus claim, which increases the risk of preempting all techniques for automating 3-D animation that relies on rules, this does not mean claim 1 is unpatentable. The Court noted that preemption, not tangibility, is the underlying primary concern driving § 101 jurisprudence. In finding that there was no preemption, the Court considered that there had “been no showing that any rules-based lip-synchronization process must use the rules with the specifically claimed characteristics” narrowly recited in McRO’s claim 1. Interestingly, the Court noted that “[t]he only information cited to this court ... points to the conclusion that there are many other possible approaches to automating lip synchronization using rules.” Moreover, as in *Bascom*, the Court looked to the specification and external references in determining “whether the claims

in these [McRO] patents focus[ed] on a specific means or method that improves the relevant technology or are instead directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery.” Here, the Court, citing *Alice*, found that the “claim uses the limited rules in a process specifically designed to achieve an improved technological result in conventional industry practice.”

### PRE-2-YEAR ANNIVERSARY CASES

#### *DDR HOLDINGS, LLC V. HOTELS.COM, L.P.*

The patent at issue in *DDR Holdings* involved generating a composite webpage that retained the “look and feel” of the host website. See U.S. Patent No. 7,818,399. In holding that the claims of the ‘399 patent were patent eligible, the Court reasoned that the claimed invention was “necessarily rooted in computer technology in order to overcome a problem [(i.e., retaining website visitors)] specifically arising in the realm of computer networks.” The Court explained that the patent claims do not merely recite some business practice known from the pre-Internet world along with the requirement to perform it on the Internet. Notably, the Court appears to have arrived at this conclusion at step 2A, as depicted by the USPTO (see graphic on page 14), of the *Alice* test. Therefore, the Court concluded that the claims were simply not directed to an abstract idea. Further scrutiny in step 2B (i.e., whether the claims recited “significantly more” than an abstract idea) seemed unnecessary.

#### *ENFISH, LLC V. MICROSOFT CORPORATION*

The patents at issue in *Enfish* concerned a type of computer database program generally involving a “‘self-referential’ property of a database.” See U.S. Patent Nos. 6,151,604 and 6,163,775. The Court noted that the patents teach that the self-referential design allows for faster searching of data, more effective storage

of data, and more flexibility in configuring a database. In scrutinizing the patent claims for patent eligibility, the Court asked, at the first step (i.e. step 2A of the USPTO’s illustration) of the *Alice* analysis, whether the claims are directed to an improvement to computer functionality versus being directed to an abstract idea. The Court cautioned that viewing the claims at “a high level of abstraction and untethered from the language of the claims all but ensures that the exceptions to § 101 swallow the rule.” The Court held that the “focus of the claims is on an improvement to computer functionality itself, not on economic or other tasks for which a computer is used in its ordinary capacity.” Moreover, the Court added that “software inventions can make non-abstract improvements to computer technology just as hardware improvement can.”

### OTHER USEFUL GUIDANCE FROM THE USPTO AND THE FEDERAL CIRCUIT

#### USPTO’S MAY 2016 MEMORANDUM TO EXAMINERS

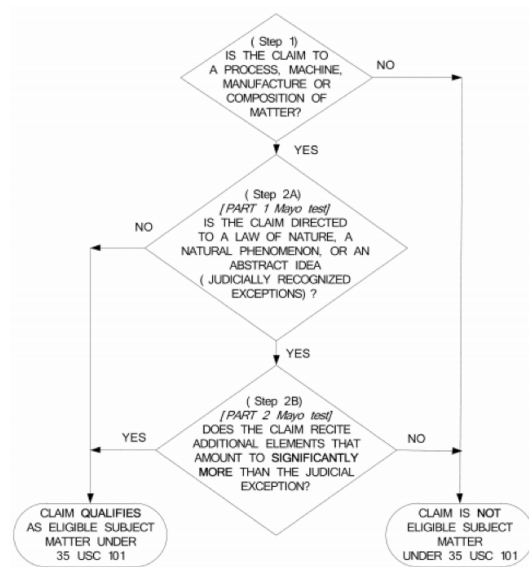
Shortly after *Enfish*, the USPTO released a memorandum to its patent examiners.<sup>2</sup> In its memo, the USPTO noted that “an examiner may determine that a claim directed to improvements in computer-related technology is not directed to an abstract idea under Step 2A of the subject matter eligibility examination guidelines (and is thus patent eligible), without the need to analyze the additional elements under Step 2B.” The memo also reiterated to examiners that “when performing an analysis of whether a claim is directed to an abstract idea (Step 2A), examiners are to continue to determine if the claim recites (i.e., sets forth or describes) a concept that is similar to concepts previously found abstract by the courts.” (underlining added). Notably, although the *Enfish* court provided guidance as to how that

**MORE ▶**



[ALICE, FROM PAGE 13]

Court believes the “directed to” inquiry should be applied, the USPTO’s memo simply reiterated their previous guidance without expressly including clear, additional guidance to examiners on that front.



### *ELECTRIC POWER GROUP, LLC V. ALSTOM S.A.*

Electric Power Group (EPG) received three U.S. patents concerning “systems and methods for performing real-time performance monitoring of an electric power grid by collecting data from multiple data sources, analyzing the data, and displaying the results.” EPG argued that a benefit of its invention is to provide a “humanly comprehensible” amount of information useful for users to assess the vulnerability/reliability of a power grid, but the Court did not find that argument persuasive. In *Electric Power Group, LLC v. Alstom S.A.*, the Federal Circuit affirmed the district court’s grant of summary judgment, reasoning that although the representative claim of U.S. Patent No. 8,401,710 was “lengthy and numerous,” it was “so result-focused, so functional, as to effectively cover any solution to an identified problem,” and

thus patent ineligible. After some prefacing, the Federal Circuit agreed with the district court that “one helpful way of double-checking the application of the Supreme Court’s [two-stage *Alice*] framework to particular claims — specifically, when determining whether the claims meet the requirement of an inventive concept *in application*,” is by “invoking an important common-sense distinction between ends sought and particular means of achieving them, between desired results (functions) and particular ways of achieving (performing) them.” “[T]here is a critical difference between patenting a particular concrete solution to a problem and attempting to patent the abstract idea of a solution to the problem in general,” the district court explained, presumably relying upon the same principle of pre-emption extolled in *Alice*. When the “claims [are] so result-focused, so functional, as to effectively cover any solution to an identified problem,” then they inhibit innovation by prohibiting others from developing their own solutions to the problem.

### CONCLUSION

With the most recent decision in *Amdocs* and the USPTO’s November 2, 2016 publication of a memorandum to its examiners about how they can apply *Bascom* and *McRO* to their examination, the *Alice* progeny continues to grow and mature toward a more certain path to software patent eligibility. We can look forward to further progress with forthcoming updates to the Subject Matter Eligibility guidance, as noted by the USPTO in the November 2016 memo.

Another appeal to watch in this area of patent law is *Thales Visionix, Inc., v. United States*, No. 14-513C, 2015 WL 4396610 (Fed. Cl. July 20, 2015), in which claims reciting specific hardware elements used for tracking motion of objects with respect to a moving reference



frame, were found to be directed to an abstract idea under 35 U.S.C. § 101. Oral arguments were held in November 2016, and an opinion of the Court is not expected until 2017. ■

*Article co-author Aseet Patel will present a Clear Law Institute webinar on post-Alice strategies at the USPTO on Jan. 18, 2017. For more information or to register for "Protecting Software Inventions: Learning From the Patents the U.S. Patent Office Has Granted Since Alice," please visit <http://clearlawinstitute.com/shop/webinars/protecting-software-inventions-learning-from-the-patents-the-u-s-patent-office-has-granted-since-alice/>.*

1. See Banner & Witcoff IP Alert, "Alice Turns Two," <https://bannerwitcoff.com/ip-alert-alice-turns-two/>
2. See <http://www.uspto.gov/patent/laws-and-regulations/examination-policy/examination-guidance-and-training-materials>

## BANNER & WITCOFF ATTORNEYS VISIT CAMP INVENTION AT FT. HUNT ELEMENTARY IN ALEXANDRIA, VA.

Robert S. Katz, Nigel Fontenot, Shambhavi Patel and Camille Sauer visited elementary school students at Camp Invention at Fort Hunt Elementary in Alexandria, Va., on Aug. 4.

Created by the National Inventors Hall of Fame, Camp Invention is a weeklong summer enrichment program that partners with schools nationwide to reinforce the traditional school year with Science, Technology, Engineering and Math (STEM) concepts. Students not only focus on STEM enrichment, but also on entrepreneurship, creativity and innovation, and professional development.

Banner & Witcoff's Pro Bono Committee, chaired by Darrell G. Mottley, supports and works with Camp Invention to teach students about intellectual property and related skills.



From left to right, Camille Sauer, Robert S. Katz, Shambhavi Patel and Nigel Fontenot visit with students at Camp Invention.



**An Intro to Double Patenting**

**H. Wayne Porter**

***Banner & Witcoff IP UPDATE***

***December 20, 2016***

## AN INTRO TO DOUBLE PATENTING



BY H. WAYNE PORTER

“Double patenting,” one of the more arcane subjects in patent law, is based on a deceptively simple idea. A patent is a

government grant that gives an inventor exclusive rights in his or her invention for a limited period. An inventor should not be allowed to circumvent that time limit by obtaining multiple patents for the same invention or for obvious variations of that invention. If an inventor obtains two patents for the same invention, or for the invention and an obvious variation, at least one of those patents will be invalid.

“Claims” and “continuations” are two concepts that are relevant to double patenting. In patent law, an invention is defined by a patent **claim**. Most patents have multiple claims. Although each of those claims effectively represents a different invention, this is allowed if those claims are drafted so that they are all sufficiently related to one another. However, double patenting is concerned with the existence of multiple claims for the same invention (or obvious variants) in *multiple patents*, and not with multiple claims within a *single patent*.

A patent, as well as the application from which a patent issues, includes a great deal more than claims. In particular, a patent includes a description of how the invention represented by the claims can be implemented. For many technologies, a patent also includes multiple drawings to explain the invention. The description and drawings often include many alternative elements and/or uses, a discussion of the relevant technology, and numerous other things that may not be recited by a

claim. It is common for an inventor to file an application and obtain a patent with claims directed to certain aspects of what is set forth in the description and drawings, and to then file a **continuation** application to obtain a separate patent. The continuation application (and the resulting separate patent, which may also be called a “continuation”) normally has the same description and drawings as the first application and patent (the “parent” application/patent), but has different claims directed to different aspects of what is set forth in the description and drawings.

There are two kinds of double patenting. “Statutory” double patenting bars an inventor from having two patents with the same claim (or with claims that are effectively identical). The prohibition against statutory double patenting arises from 35 U.S.C. § 101, which allows an inventor to “obtain a patent.” Because it requires the same claim in two patents, statutory double patenting is relatively easy to avoid and is fairly uncommon.

“Obviousness-type” double patenting bars an inventor from having a patent with a claim that is obvious over a claim in another of the inventor’s patents. The prohibition against obviousness-type double patenting arises from case-law doctrine created by judges. The principle behind this doctrine is that an inventor should not be able to extend the life of a first patent by obtaining a second patent with a claim to an obvious variation of the invention claimed in the first patent. The doctrine is also designed to protect third parties from harassment by multiple patent owners in connection with the same invention.

The following example helps to explain obviousness-type double patenting. Assume that Jim, an employee of Tempus Timepieces, Ltd., has invented a mechanical clock. Jim's invention is a system of gears that rotate in response to force from a spring. The gears are selected so that one gear rotates at 60 revolutions per minute (rpm), another rotates at 1 rpm, and another rotates at 1/60 rpm (or 1 revolution per hour). A patent application for Jim's invention is prepared. That application has numerous drawings and an excruciating level of detail that only a patent lawyer or an insomniac could appreciate. Among the many embodiments and variations included in the description and drawings are the following: a free-standing clock, a clock sized and configured to be fastened to an adult wrist by a strap, clocks with three hands (hour, minute, and second), and clocks with only two hands (hour and minute). Jim assigns his invention and the patent application to Tempus. The application issues as patent A with the following claim:

**A1.** An apparatus comprising:

housing;

a windable spring mounted inside the housing;

an hour hand coupled to an hour gear configured to rotate at 1/60 revolutions per minute (rpm) in response to force from the spring;

a minute hand coupled to a minute gear configured to rotate at 1 rpm in response to force from the spring; and

a second hand coupled to a second gear configured to rotate at 60 rpm in response to force from the spring.

Just before patent A issues, Tempus instructs its patent lawyer to file a continuation application. Tempus' main competitor is Acme

Corp. Shortly after patent A issues, Acme begins selling a wrist watch with no second hand. Upon realizing that Acme's wristwatch does not infringe patent A because it lacks a second hand, Tempus' patent lawyer amends the continuation application to include the following claims:

**B1.** An apparatus comprising:

housing;

a windable spring mounted inside the housing;

an hour hand coupled to an hour gear configured to rotate at 1/60 revolutions per minute (rpm) in response to force from the spring; and

a minute hand coupled to a minute gear configured to rotate at 1 rpm in response to force from the spring.

**B2.** The apparatus of claim B1, further comprising a strap attached to the housing, and wherein the strap and housing are sized for fastening around an adult human wrist.

The U.S. Patent and Trademark Office promptly rejects claims B1 and B2 for obviousness-type double patenting over claim A1. Claim B1 is similar to claim A1, but omits the second gear and the second hand. In general, a claim that simply omits features of another claim will be considered obvious over that other claim. Claim B2 adds strap and size limitations not present in claim A1. Although the USPTO is not allowed to treat the description and drawings of patent A as part of the prior art, it is allowed to consider the prior art in a double patenting analysis. In this case, the examiner finds an historical document showing a picture of Fred Flintstone's foreman wearing a sun dial on his wrist and using it to tell time. The examiner argues that wrist-borne timepieces were known, and that a person of ordinary

**MORE** ▶

skill would thus have had reason to modify the device of claim A1 to achieve the device of claim B2. Tempus is unable to present a credible counterargument.

Fortunately, U.S. patent law offers a solution. Tempus can overcome the obviousness-type double patenting rejection of claims B1 and B2 by filing a “terminal disclaimer.” In that terminal disclaimer, Tempus agrees that the continuation patent with claims B1 and B2 will expire at the same time as the reference patent (parent patent A in the above example), and that the patent with the terminal disclaimer will only be enforceable if it and the reference patent are commonly owned. Terminal disclaimers are only available to avoid obviousness-type double patenting. As indicated above, however, statutory double patenting is easier to avoid (by slightly changing the claimed subject matter) and is not very common.

So if statutory double patenting is easily avoided and obviousness-type double patenting is easily overcome with a terminal disclaimer, what’s the big deal? Unfortunately, obviousness-type double patenting is not always as easy to detect as the above example suggests. Applicants often use different words for similar elements in claims of different applications, often arrange claim features in different ways, and otherwise draft claims so that similarities are less noticeable. In such situations, an examiner may simply miss the possible obviousness of one claim over another. This can be a more serious problem in large application families that may involve separate examiners for different applications.

If an examiner allows an application with a claim of a first patent that is obvious over a claim of a second patent, a defendant accused of infringing that first patent claim can assert invalidity because of double patenting as a

defense. Although a patentee can submit a terminal disclaimer during litigation, this is only available under certain circumstances. If the reference patent (the patent with the claim over which an asserted claim is obvious) has expired, a terminal disclaimer is not available.

Moreover, a terminal disclaimer will not be helpful if the owner of an asserted patent does not also own the reference patent. For example, the original owner of the asserted and reference patents may have sold one of those patents and retained the other patent. As another example, the same inventor may have obtained one of the patents while working for a different employer. Returning to the previous fact pattern, assume that inventor Jim worked for National Time Devices, Inc., before joining Tempus. While at National, Jim developed a clock that used a rubber band instead of a spring. National filed an application for Jim’s rubber band clock and obtained a patent C with the following claim:

**C1.** An apparatus comprising:

an elongate cabinet having an interior cavity defined therein;

a flattened elastomeric element in the form of a band, the elastomeric element attached to a twistable fixture within the cavity, the elastomeric element being configured to store energy in response to twisting of the twistable fixture and to controllably release said stored energy to turn a drive sprocket;

a first time indicating member attached to a first time cog, wherein the first time cog is positioned within the cavity and is configured to interact with the drive sprocket via multiple intervening cogs and to rotate, in response to a drive force from the drive sprocket, once per hour; and

a second time indicating member attached to a second time cog, wherein the second time cog is positioned within the cavity and is configured to interact with the drive sprocket via the multiple intervening cogs and one or more additional intervening cogs and to rotate, in response to the drive force from the drive sprocket, once per minute.

The application that became patent C was filed before the application that became patent A. Because of its earlier filing date, patent C expires before patent A. Patent C also expires before patent B, which issued on the continuation of the patent A application after Tempus filed a terminal disclaimer over patent A. Moreover, the patent C application was examined by Examiner Sally, while the patent A and patent B applications were examined by Examiner Bob. Because of this, and because of different terminology used in claim C1 relative to claims A1, B1, and B2, Examiner Bob did not notice the similarity of claims A1, B1, and B2 to claim C1.

When Tempus tries to assert claim B1 against Acme, Acme could argue that claim B1 is invalid for obviousness-type double patenting over claim C1. “Housing” (claim B1) is a more generic term for “cabinet” (claim C1). “Gear” (claim B1) is generally synonymous with “cog” (claim C1), and there is no apparent difference between a “hand” (claim B1) and an “indicating member” (claim C1). A “spring” (claim B1) is different from a rubber band (i.e., a “flattened elastomeric element in the form of a band,” as recited in claim C1). However, a spring and a rubber band are known equivalents for at least some purposes and are used in similar ways in claims B1 and C1. Claim C1 recites more details than claim B1, but the features of claim B1 and the

relationships between those features are nonetheless present in claim C1.

If presented with the above argument, Tempus would need to show how a spring is not an obvious replacement for a rubber band, or otherwise show an aspect of claim B1 to be a non-obvious change from claim C1. If Tempus is unable to do so, claim B1 would likely be found invalid. Tempus would not be able to avoid invalidation of claim B1 with a terminal disclaimer over patent C, as Tempus does not own patent C. Acme would thus be able to invalidate claim B1 based on claim C1, even though *patent C* may not be prior art to claim B1. For example, assume Jim was the sole inventor named in patent C and in patent B and that patent C was not issued (or otherwise published) more than a year before the application for patent A (the parent of patent B). Under those facts, which are quite plausible, patent C may not be prior art to patent B. Nevertheless, a *claim* in patent C can still be used to invalidate claim B1.

The above discussion only includes some of the problems that can result from double patenting. There are numerous other situations in which double patenting can raise issues. Accordingly, and regardless of whether it is raised by an examiner during prosecution of a patent application, double patenting should always be a consideration for a patent applicant, patent owner, or a party accused of infringement. ■



**Starting Up IP: Priorities for  
Early-Stage Companies**

**Victoria R. M. Webb and  
Bennett A. Ingvoldstad**

***Banner & Witcoff IP UPDATE***

***December 20, 2016***



## STARTING UP IP: PRIORITIES FOR EARLY-STAGE COMPANIES



BY VICTORIA R. M. WEBB AND BENNETT A. INGVOLDSTAD

given situation. Although an attorney can often most effectively identify and evaluate IP, a company short on resources can begin by compiling a list of potential IP before meeting with an attorney.

This article gives a general overview of intellectual property (IP) for companies that are just beginning to recognize and capture the value of the IP they generate. Although early-stage companies have limited resources and time, awareness of some basic issues can help with prioritization and make the first meeting with an IP attorney more productive and less costly.

### IDENTIFYING TYPES OF POTENTIAL INTELLECTUAL PROPERTY

Every business generates some type of IP, although not every business recognizes its IP or captures its value. The IP created by early-stage companies, especially those seeking venture capital funding, can often form the company's most valuable assets.<sup>1</sup> The United States, like most countries, provides several legal mechanisms for protecting IP. Trademark and trade dress rights protect the company's **brand** — the recognition and goodwill in the minds of its consumers through brand identifiers like logos, trade names, and product configurations. Patents protect a company's **inventions** — improvements to the state of the art developed by its employees — in exchange for the company disclosing those inventions to the public. Alternately, a company can keep its inventions secret and rely on trade secret law. Copyright prevents copying of the company's **authored works** — anything from code to images to the company website. Each type of IP has pros and cons, and multiple types may be useful in a

### ELIMINATING QUESTIONS ABOUT OWNERSHIP

Once a company identifies its IP, it must ensure that it owns the IP. Generally, the more successful a business becomes, the more parties will come out of the woodwork with some kind of IP ownership claim.<sup>2</sup> The consequences of a company not actually owning its IP range from inability to enforce its rights against competitors to having to pay significant sums to later acquire the IP. Therefore, getting ownership issues worked out in writing upfront is an essential first step, and often the first time an early-stage company may engage an IP attorney.

For early-stage companies, ownership pitfalls arise at different points in time. First, founders and early collaborators often create IP before a company is incorporated, and that IP is owned by those individuals, not the company. Therefore, an early-stage company should verify that incorporation documents or a separate written agreement transfer ownership of any pre-incorporation IP to the company itself. Additionally, founders may not be employees of the company, so any future IP developed by the founders in connection with the company should be covered by an assignment agreement. Second, as early-stage companies expand, employment agreements should contain IP assignment clauses that effectively transfer ownership of IP developed by company employees. Third, early-stage companies will inevitably contract with third



parties (vendors, consultants, or other contractors). To ensure that ownership of any IP developed for the company by the third parties transfers to the company, the company should include assignment clauses in contracts with the third parties or otherwise acquire the IP rights.

### **PROTECTING THE BRAND: TRADEMARK, TRADE DRESS, COPYRIGHTS, AND OTHER RIGHTS**

A company's brand, as established by brand identifiers and customer-facing materials, may be as important as the products or technology it sells. Brand identifiers such as names, logos, and slogans can be protected using trademarks, trade dress, and domain names. Customer-facing materials (e.g., brochures, websites, advertising, etc.) can be protected using copyright. Although copyrights are created automatically, a company needs to take some steps to establish rights in brand identifiers.

Before investing in a brand identifier (or "mark"), a company should engage a trademark attorney to conduct a full clearance search — a search of federal trademark records, state records, and the Internet to determine availability of the mark. The goal of a clearance search is to evaluate not only whether a trademark application has a good chance of registering, but also whether the business is at risk of future legal troubles from other companies with existing rights in the same or similar marks. Considering the cost of potential litigation (or worse, having to abandon a brand the company has invested in), the cost of a clearance search is relatively minor. Sometimes even a quick do-it-yourself search on the Internet and of federal trademark records<sup>3</sup> before contacting an attorney for a more exhaustive search can reveal potential problems and save resources.

Once a company determines it can use a brand identifier, it can begin creating trademark rights via common law rights and federal trademark registrations. A company can begin to establish common law rights by simply adding a trademark (™) symbol after any mark on the company website, product literature, or other company materials. Although common law rights are cheaper and easier than registering a trademark, they afford fewer protections and make enforcement more difficult. Accordingly, companies should also consider registering their marks with the U.S. Patent and Trademark Office (USPTO). Advantages to registration over common law rights include presumptive ownership of the mark, nationwide protection of the mark, statutory damages for infringement, and benefits for filing internationally. These benefits are especially helpful if the company ever decides to enforce its mark through litigation. A trademark application should be filed as soon as possible, and can be filed even before the mark is being used. An early filing date is important, so if the company becomes aware of any similar mark in use by a competitor in any remotely similar field, a trademark attorney should be contacted immediately. Notwithstanding the added cost of applying for a registration, most businesses will greatly benefit from registering their trademarks.

In addition to filing trademark applications, desired domain names associated with the brand should be purchased. While many companies purchase .com domains early on, companies should also consider specialty domains (.blog, .store, .coupon, etc.) and foreign domain names, especially if the company envisions using these in the future for specialized marketing or for expanding the brand internationally. Once an early-stage company begins generating press attention,

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[STARTING UP IP, FROM PAGE 21]

there is a high risk that cybersquatters will purchase and try to ransom domain names in countries or spaces that the growing company will likely target in the future.

When resources are available, similar steps should be taken to protect all a company's brand identifiers, including product names, logos, slogans, advertising materials, and other branding. In most cases, early-stage companies must prioritize the marks or branding elements that are most critical to the company's overall brand and invest in protecting those marks first.

### PROTECTING TECHNOLOGY: PATENTS, TRADE SECRETS, AND OPEN SOURCE ISSUES

In addition to building and protecting its brand, an early-stage company must make smart, strategic, and early choices to protect its investment into the inventions and technology it generates. Inventions and technology can be protected via patents or simply by keeping the inventions secret.

The first option is relying on trade secrets (e.g., the Coca-Cola formula). The default strategy is always to keep technical or inventive information secret, and even companies that rely on patents will choose this strategy while preparing their patent applications. To obtain trade secret protection, a company must take certain steps and use "reasonable efforts" to protect the information from disclosure and theft.<sup>4</sup> However, for some technologies, reverse engineering or re-implementation by competitors may be possible, which destroys the value of the trade secret.

If the company plans to publicly disclose an aspect of its technology, or if the technology is susceptible to reverse engineering or re-implementation, strong consideration should be given to filing a patent application. The

patent application ideally should be filed before any public disclosure, and as early as possible once the technology is sufficiently developed. Costs can be minimized by filing cheaper provisional patent applications (a placeholder type of application), but a patent attorney should be involved; do-it-yourself patent applications of any type are usually worth very little.

Some early-stage companies forget that public disclosure includes talks with venture capitalists (VCs), potential partners, potential employees, and anyone not under a contractual obligation to keep information secret.<sup>5</sup> Most companies cannot avoid at least occasional public disclosures, but they can take steps to mitigate the impact on potential patent rights when patent applications have not yet been filed. Accordingly, companies should omit unnecessary detail during unprotected discussions with third parties, including VCs. Avoiding technical descriptions can preserve the company's ability to later patent those aspects. Although United States patent law does allow a one-year grace period for filing a patent application after public disclosure, it comes with significant risk of others taking the invention, modifying it, and patenting the modifications themselves. Additionally, other countries' patent systems do not allow any disclosure before filing patent applications, so if foreign patents are important, a patent application should be filed before any disclosure.

Once an early-stage company has decided to invest in filing patents on its technologies and products, a first meeting with a patent attorney will be most productive if the company has already thought deeply about the business case for filing a patent. A company should consider what aspect of its technology it needs to protect, what distinguishes the product or technology from its competitors, and what

aspect the company believes is novel. The company should further consider which aspects, if protected, would allow it to block competitors in the future. While patent attorneys can determine the legal issues around filing a patent application, a business is in the best position to evaluate the value of a patent in the marketplace. A patent attorney should be able to provide some sense of what aspect of the technology can potentially be patented, and how much protection the business can potentially obtain. However, the scope of any patent (and even whether it will be granted) can be highly uncertain. Ultimately, it is the company's responsibility to manage this uncertainty and decide whether filing a patent is worthwhile.

In addition to carefully considering what to focus on in a patent application prior to meeting with a patent attorney, a company can also cut expenses by preparing detailed descriptions of its inventions before meeting with the patent attorney. Flowcharts, diagrams, and descriptions with as much detail as possible can reduce the time spent on discussions with the patent attorney. In addition, they can aid in development of initial figures or charts for the patent application.

Finally, software-focused companies should also take care when leveraging open source software. Inappropriate use of open source software can taint an entire code base, resulting in a company's valuable secrets becoming open sourced. Software-focused companies should carefully manage and catalog any usage of open source software to avoid accidentally open-sourcing company technology. Particularly, use of GNU General Public License (GPL) code and libraries without consulting an open source expert should be avoided. Keeping detailed records of open source packages, how

they are used, and the license they contain will reduce headaches during due diligence (e.g., during a funding round or acquisition).

## CONCLUSION

Every business needs to prioritize its IP, and early-stage companies are no exception. Early-stage companies have unique challenges because they rapidly generate IP, and often lack adequate legal representation due to juggling multiple priorities with minimal resources. However, the long-term success of a business can often hinge on whether it took appropriate early steps to protect its IP.

An early-stage company should first ensure its contracts effectively grant ownership of IP to the company itself. Next, a company should take steps to finalize and protect its branding by securing trademark and other rights and registering domains. Finally, an early-stage company should control its technology by filing patents on key aspects before they are disclosed to the public, and take care to avoid conflicts with open source licenses. Qualified attorneys should always be engaged to advise and secure the value of a company's IP. ■

1. IP additionally remains important throughout the lifecycle of a business. One study estimates that intangible assets, of which IP forms a significant part, make up 87 percent of the value of S&P 500 companies. See <http://www.oceantomo.com/2015/03/04/2015-intangible-asset-market-value-study/>.
2. A famous example involving a claim of partial ownership of Facebook was dramatized in the 2010 film "The Social Network." See *CONNECTU LLC v. Zuckerberg*, 522 F.3d 82 (1st Cir. 2008).
3. A basic trademark search can be run at [tmsearch.uspto.gov](http://tmsearch.uspto.gov). In the search results, a trademark is currently in force if it has a registration number and is marked "Live."
4. In practice, this often means taking security measures to limit access to the information to key employees.
5. Such contractual obligations often come in the form of nondisclosure agreements (NDAs). Although a company should try to obtain an NDA before any third party disclosure, many potential business partners (including nearly all VCs) will refuse to sign NDAs before hearing a pitch.



**Adding to Your Company's Bottom  
Line with Intangible Assets:  
Creating, Maintaining & Advancing  
Your IP Portfolio**

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***Banner & Witcoff IP UPDATE***

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## ADDING TO YOUR COMPANY'S BOTTOM LINE WITH INTANGIBLE ASSETS: CREATING, MAINTAINING & ADVANCING YOUR IP PORTFOLIO



BY BRADLEY J. VAN PELT AND LUKE S. CURRAN


Intellectual property portfolios commonly rank as one of the most valuable assets within a company's corporate arsenal.<sup>1</sup> Protecting the company brand, internal know-how, and innovation plays a crucial role in maintaining a competitive advantage in today's global marketplace. However, the costs associated with procuring, preserving, and advancing intellectual property rights can affect the company's bottom line. This can put pressure on the company's decision-makers. Outside of the ability to halt the disingenuous efforts of infringers and obtain monetary damages when asserting IP rights, there are other creative and less litigious ways to extract additional value from your portfolio.

According to the "Intellectual Property and the U.S. Economy: 2016 Update," the licensing of IP rights totaled \$115.2 billion in revenue in 2012, which included 28 industries deriving revenues from licensing.<sup>2</sup> By way of example, IBM has enjoyed a successful licensing program. Although IBM may spend several billion dollars a year on research and development, it is able to recapture approximately \$1 billion a year through an effective licensing strategy. Implementing a tailored approach to IP monetization can enable companies to realize additional value from product development efforts and recover a portion of the development costs. Patents, for instance, commonly serve leveraging purposes

and can lead to advantageous terms when negotiating contracts for the business. Licensing patents to vendors can open the door to competitive pricing and more favorable contract terms, and develop cross-licensing opportunities to help reduce the scope of the company's risk of infringement. Alternately, patent rights can be sold off, act as collateral for financing, and may even be used to obtain tax deductions. Patent rights may also be employed as marketing tools. By touting a product as patented, this may foster the public perception that the company is innovative and that the product is superior, which can also help secure equity backing.

Similarly, it is well-settled that trademarks frequently act as a critical driver of value.<sup>3</sup> The value of a trademark is usually directly linked to the mark's earning power and goodwill. While acting as a source identifier to facilitate consumers' purchasing decisions, trademarks engender the inherent ability to rapidly appreciate in value. If properly safeguarded, marks may potentially live in perpetuity. By maintaining strict quality standards for their goods and services provided in connection with the mark in addition to advertising to inform consumers of these qualities, trademark owners invest in their marks. In turn, this investment leads to greater profits and source recognition. As a result, developing, managing, and advancing a trademark portfolio has transitioned from a primarily legal issue into a strategic agenda. In 2016, according to Brand Finance,<sup>4</sup> the most powerful and valuable brand (not surprisingly) was Apple, which was valued at more than \$145 billion. Fig. 1 below

catalogs the top 10 most valuable brands according to the “Annual Report on the World’s Most Valuable Brands:”

<p>2016 Rank: 1; 2015 Rank 1</p>  <p>Brand Value 2016: \$145,918m Brand Value 2015: \$128,303m</p>	<p>2016 Rank: 6; 2015 Rank 5</p>  <p>Brand Value 2016: \$63,116m Brand Value 2015: \$59,843m</p>
<p>2016 Rank: 2; 2015 Rank 3</p>  <p>Brand Value 2016: \$94,184m Brand Value 2015: \$76,683m</p>	<p>2016 Rank: 7; 2015 Rank 6</p>  <p>Brand Value 2016: \$59,904m Brand Value 2015: \$58,820m</p>
<p>2016 Rank: 3; 2015 Rank: 2</p>  <p>Brand Value 2016: \$83,185m Brand Value 2015: \$81,716m</p>	<p>2016 Rank 8; 2015 Rank 7</p>  <p>Brand Value 2016 \$53,657m Brand Value 2015 \$56,705m</p>
<p>2016 Rank: 4; 2015 Rank: 8</p>  <p>Brand Value 2016: \$69,642m Brand Value 2015: \$56,124m</p>	<p>2016 Rank 9; 2015 Rank 11</p>  <p>Brand Value 2016 \$49,810m Brand Value 2015 \$47,916m</p>
<p>2016 Rank: 5; 2015 Rank: 4</p>  <p>Brand Value 2016: \$67,258m Brand Value 2015: \$67,060m</p>	<p>2016 Rank: 10; 2015 Rank 15</p>  <p>Brand Value 2016: \$44,170m Brand Value 2015: \$34,925m</p>

Traditionally, IP portfolios are assigned value based on one of the following methods: (1) the income approach (value based on previous and future income streams under the asset); (2) the cost approach (value of the asset should not exceed cost of replacing the asset); (3) the market approach (value of the asset based on comparing publicly available similar asset transactions); and (4) the royalty approach (value based on cost to license).<sup>5</sup> While these approaches can be useful in informing a company’s decision on whether to maintain or procure IP, these approaches may be difficult to apply and may not always account for the company’s vision.

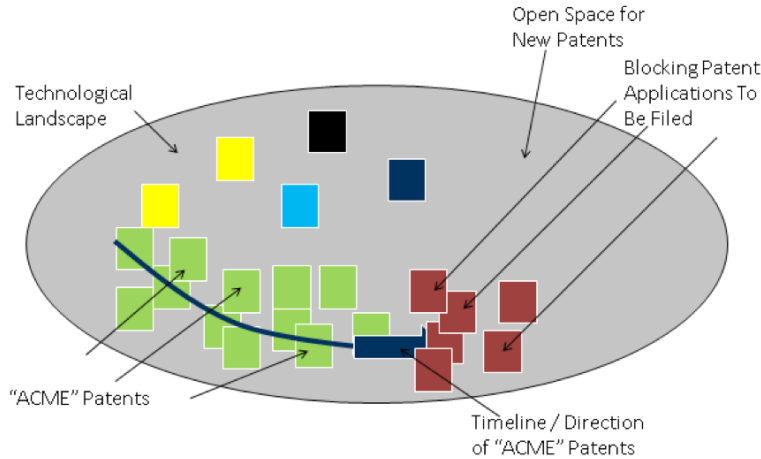
Accordingly, in order to appraise the commercial and competitive value of intangible assets — whether patents or trademarks — it is important to first blueprint how the asset is being represented (or should be). With increased cost pressures and complexities in asset protection, it is critical that rights holders appreciate the total value from the company’s IP portfolio. And in order to extract additional economic rents, it is essential to take a holistic approach by mapping and prioritizing assets when developing, acquiring, and pruning the IP portfolio.

#### ENLISTING A DIVERSE IP COMMITTEE

Recognizing the shift to a globalized business environment, the ability to traverse the nuances of maximizing, controlling, and extracting value from an IP portfolio requires continually evaluating IP rights throughout their lifecycles. For instance, focusing too heavily on volume may result in a breadth of rights; however, these rights may not be aligned with the underlying goals of the business. Company objectives often pivot, the technology may change or become obsolete, or

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## Example IP Landscaping



**Fig. 2** illustrates an example of mapping patents and future trends. In this example, the gray area represents the entire patent landscape, and the boxes represent patents. Potential patent filings (brown boxes) may have the opportunity to block competitor ACME's patents (green boxes) from moving into a particular space.

the company may no longer be selling the particular product. If the cost of keeping the rights exceeds its expected value — under the cost or income approach — consider reevaluating the need to retain those rights. Under these circumstances, companies often consider abandoning or trying to sell off that segment of the portfolio. In turn, this will reduce maintenance fees, renewals expenses, and ongoing prosecution costs. For a comprehensive approach to combating IP management issues, consider enlisting an IP committee (which can include engineering, business development, marketing, and legal professionals) to prioritize certain filings and manage portfolios. An IP committee helps ensure the company is focused on rights critical to the business strategy while confirming that the company has a consistent prosecution strategy. In short, the committee helps answer the question “why do we own this asset” while realigning IP procurement efforts with the business strategy.

## PRIORITIZATION AND PORTFOLIO MAPPING

Once the committee is assembled, it is critical to discern the landscape of the IP rights in the portfolio. Mapping key patents and future trends can help companies see opportunities, threats, strengths, and weakness of patents that are proprietary to the business. This form of information proves to be incredibly valuable in any IP analysis. Determine whether the patent covers core products, whether it has current use or exists for defensive purposes, or whether it can be used for leveraging. One of the primary benefits of auditing a patent portfolio is that it affords companies the opportunity to take a step back, see certain trends, and block competitors from moving into a desired space.

Likewise, when auditing a trademark portfolio — whether domestic or international — it is critical to map the process of how, why, when, and where a company creates and adopts each mark. These are questions the IP committee is well-suited to address. From core brands to marks with limited use, the IP committee must plan the audit and outline prosecution strategy



while considering key and emerging markets (e.g., Cuba and Iran), jurisdictions where products are manufactured, and countries where counterfeiting is common. Further, instituting an IP committee will ultimately generate a fundamental understanding of the underlying process and interaction between legal and other departments, which affords the opportunity to better advance the portfolio by identifying and eliminating inefficiencies.

When evaluating an existing trademark portfolio, IP committees may consider implementing a four-tiered approach ranging from most important marks (first tier) to least important marks (fourth tier). These rights can be ranked and prioritized accordingly, and the business can subsequently focus on the rights more central to its core business. First-tier status can be assigned to marks that are used in multiple markets and in connection with the brand's full range of products and services. The second tier traditionally houses secondary brands that represent individual products or services across a range of jurisdictions. Customarily, the third tier is reserved for marks used with the provision of limited or restricted goods or services, such as sub or regional brands. Finally, rank non-traditional marks, slogans, common-law marks, and marks intended to be used for a limited time under the fourth-tier umbrella. Also, in order to realize additional value and fill in coverage gaps, it is critical to chart the nature of each mark, the goods and services covered, what rights are included, and whether they align with business strategies. An annual audit enables companies with substantial portfolios to find value in marks that have been otherwise overlooked while anticipating future needs.

By mapping a trademark portfolio, the company can also identify gaps and new

opportunities to expand the portfolio. These checkups often unearth legal exposures by uncovering failures to seek registration of important marks in relevant markets, registrations inadequately covering goods or services used in commerce, and applications that lack commercial value. Armed with a clear picture of their assets, rights holders can also realize additional value and protection through more creative means, such as identifying opportunities for non-traditional marks, licensing, and new uses for existing marks. Equipped with this knowledge, the owner can more confidently prosecute marks for new or existing goods and services in order to fill voids and prune the portfolio.

### TRAVERSING NEW MARKETS

With the information derived from the IP audit, a company entering a new market is better equipped to forecast its IP needs and the associated costs. When exploring new markets from a trademark perspective, companies can examine the IP landscape to determine whether to obtain additional registrations and defensive registrations to preempt squatters. When expanding to new markets or applying for new marks, a modicum of forethought often pays dividends. Preempt squatters by acquiring social media handles and domain names that reflect the brand and key variations concurrently when filing applications. Whether domestic or abroad, value can also be added to existing marks through diligent and meritorious enforcement efforts because mark owners are shouldered with the affirmative obligation to police violations of their IP rights. Additional value is also realized by recording registrations covering primary brands with customs offices in key regions to assist in the seizure of counterfeit goods and halt the efforts of counterfeiters that trade off the brand's goodwill.

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[IP PORTFOLIO, FROM PAGE 9]

From a patent perspective, international rights can be a fairly large line item for companies as they can get prohibitively expensive if a particular invention is filed in many different jurisdictions. It is important to make sure that your foreign filings correspond with the company's international business ambition. For example, decision-makers should consider the viability and likelihood that the company would ever enforce IP rights abroad.

Take, for instance, Europe. In terms of patents, it can be prohibitively expensive because the patent must be validated in each of the desired countries. In Europe, all applications are initially examined at the European Patent Office and once the application grants, the applicant must decide where to validate the patent. If a single patent is validated in all of Europe, the costs could amount to hundreds of thousands of dollars in annuity fees. One strategy might be to select only key European economies (*e.g.*, Germany, France, and the United Kingdom), which may often afford sufficient protection. For example, if a competitor can be halted in one of these jurisdictions, it can have the effect of blocking the competitor throughout Europe. The competitor is not likely to redesign the particular product for the specific country in Europe; rather, they will only have one product for all of Europe.

### MOVING FORWARD

In a globalized marketplace, strive to become proactive as opposed to reactive. Legal intricacies of creating, maintaining, and advancing a comprehensive IP portfolio are commonly not addressed until confronted by an impediment. In order to enjoy a vibrant

and profitable portfolio — whether patents or trademarks — rights holders must realign IP assets with business strategy in an age of increased complexities in asset protection. Participation and interaction between lawyers, executives, marketing departments, business units, and product development teams is critical to developing a strong IP strategy while promoting a secure IP culture. Aggressively develop, prosecute and advance IP and meticulously reevaluate the portfolio annually in order to extract additional economic rents. ■

1. See Louis Carbonneau, *IP Strategies for Changing Times*, IPWATCHDOG (April 7, 2015) (estimating that “in excess of 85% of the valuation of the Nasdaq Index companies (and of the new global wealth being created) lies in intangible assets.”).
2. See Intellectual Property and the U.S. Economy: 2016 Update, United States Patent and Trademark Office <https://www.uspto.gov/learning-and-resources/ip-motion/intellectual-property-and-us-economy>
3. See *e.g.*, Brand Finance, *The Most Valuable Brands of 2016* (2016) (valuing Apple as the most valuable brand of 2016 at more than \$140 billion and valuing the second-ranked Google brand at \$94 billion).
4. *Id.* (evaluating the top brands based on brand strength index (*e.g.*, brand investment, brand equity, and brand performance), brand royalty rate, and brand revenues).
5. See International Trademark Association, *Assignments, Licenses and Valuation of Trademarks* (April 2015) (emphasizing that goodwill is an “intangible asset that provides added value to the trademark owner’s worth.”).

# **POST-ISSUANCE PROCEEDINGS**



**PTAB Denies Amgen's IPR in Win for  
AbbVie — Article "Suggests a High  
Degree of *Unpredictability*" in the  
Art at Time of Invention**

**Robert H. Resis**

***Banner & Witcoff PTAB Highlights***

***February 4, 2016***

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# PTAB HIGHLIGHTS

New developments in post-issuance proceedings

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## PTAB Denies Amgen's IPR in Win for AbbVie – Article “Suggests a High Degree of *Unpredictability*” in the Art at Time of Invention

By Robert H. Resis

February 4, 2016 — The Patent Trial and Appeal Board recently denied institution of Amgen's *inter partes* review against an AbbVie patent covering HUMIRA® (currently, the best-selling drug in the world).

[IPR2015-01514 – Amgen, Inc. v. AbbVie Biotechnology Ltd. \(Paper 9\)](#)<sup>1</sup>

In its Preliminary Response (Paper 8), AbbVie stated that the patent at issue, U.S. 8,916,157, covers HUMIRA®. In reaching its decision to deny institution, the PTAB first construed two claim phrases. The PTAB then performed an obviousness analysis, and agreed with AbbVie that an article cited by both parties (the “Wang article”) “suggests a high degree of *unpredictability* in the antibody formulation art.” A key takeaway from this case is that a patent challenger needs to rely on references that provide more than just general guidance, and do not underscore the unpredictability of the undertaking.

The PTAB found that the term “stable” as used in the preambles of the independent claims (1 and 24) “breathes life and meaning into [the claims], and, therefore, limits [their] scope.” The PTAB also agreed with AbbVie that one of skill in the art “would have understood that a formulation would need to be stable for storage and use.” The PTAB also found that “a more

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<sup>1</sup> The PTAB did a similar analysis and also denied institution of Amgen's IPR2015-01517 against AbbVie's U.S. 8,916,158.

specific threshold is unnecessary to understand the broadest reasonable interpretation of ‘stable’ with sufficient clarity to further analyze the claims in light of the cited prior art.”

The PTAB then construed the term “a human IgG1 anti-human Tumor Necrosis Factor (TNF $\alpha$ ) antibody, or an antigen-binding portion thereof, ... wherein the antibody comprises the light chain variable region and the heavy chain variable region of D2E7.” The PTAB disagreed with AbbVie’s asserted construction, and found that “the broadest reasonable interpretation of the entire phrase allows for *either* an antibody comprising the light chain variable region and the heavy chain variable region D2E7, *or* one or more fragments of D2E7 that retain the ability to specifically bind TNF $\alpha$ .”

In its obviousness analysis, the PTAB noted that both parties cited the Wang article as evidence of the state of the art at the time of invention. The PTAB also noted that the Wang article begins: “One of the most challenging tasks in the development of protein pharmaceuticals is to deal with physical and chemical instabilities of proteins.” Amgen asserted that the Wang article “teaches *all* of the excipient components recited in the challenged claims ..., and *how* to optimize those features to develop a stable formulation.” Amgen did not, however, quote or cite specific portions of the Wang article for this proposition. Instead, Amgen relied on further discussion in the declaration of its expert (Randolph).

AbbVie responded that the Wang article demonstrates unpredictability in the art of formulating proteins, quoting the Wang article: “[v]ery often, proteins have to be evaluated individually and stabilized on a trial-and-error basis.” Moreover, AbbVie pointed to Amgen’s prior reliance on the Wang article as evidence of unpredictability in the art during prosecution of Amgen’s own protein formulation patent applications, as well as to Randolph’s prior published statements regarding the complexities of protein folding and instability.

Upon consideration of the arguments and evidence, the PTAB was not persuaded that the prior art provided sufficient guidance such that a skilled artisan would have had a reasonable expectation of success in arriving at the formulation of stable, liquid pharmaceutical compositions as claimed.

Thus, AbbVie was able to stop an IPR attempted by Amgen before it was instituted. Restricted by IPR rules against submitting its own expert declaration in its preliminary response to Amgen’s petition, and restricted against new evidence in general, AbbVie nevertheless was able to present an effective argument. It argued both from the petition-cited reference itself, and “old,” not new, evidence in the form of Amgen’s own past patent applications and Amgen’s expert’s own past published statement.

Effective use of available evidence by the patent owner, by effective research in the preliminary response period, to locate any and all available and persuasive evidence, such as from the petitioner's own prosecution files, and the petitioner's expert's past publications, is another key takeaway. The petitioner anticipating such a take-down effort and preparing a petition that will survive it is another.

*The Leahy-Smith America Invents Act established new patent post-issuance proceedings, including the inter partes review, post grant review and transitional program for covered business method patents, that offer a less costly, streamlined alternative to district court litigation. With the U.S. Patent and Trademark Office's Patent Trial and Appeal Board conducting a large and increasing number of these proceedings, and with the law developing rapidly, Banner & Witcoff will offer weekly summaries of the board's significant decisions and subsequent appeals at the U.S. Court of Appeals for the Federal Circuit.*



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**PTAB Denies Lupin's IPR in Win for  
Pozen — Claimed Tablet That  
Provided Coordinated Drug Release  
Not Suggested by Prior Art, Which  
Had a Preferred Formulation That  
Provided the Reverse Release**

**Robert H. Resis**

***Banner & Witcoff PTAB Highlights***

***March 9, 2016***

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New developments in post-issuance proceedings

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## PTAB Denies Lupin's IPR in Win for Pozen – Claimed Tablet That Provided Coordinated Drug Release Not Suggested by Prior Art, Which Had a Preferred Formulation That Provided the Reverse Release

By Robert H. Resis

March 9, 2016 — The Patent Trial and Appeal Board recently denied institution of a Lupin *inter partes* review against a Pozen patent covering VIMOVO® (naproxen/esomeprazole magnesium delayed-release tablets, commercially sold by Horizon Pharma plc).

[IPR2015-01774 – Lupin Ltd. et al. v. Pozen Inc. \(Paper 15\)](#)

A key takeaway from this case is that a patent challenger should avoid relying on a prior art reference having a preferred formulation that provides the reverse result from the result provided by the claimed invention, even if seemingly valid arguments could be made that it would have been obvious to modify the prior art's preferred formulation to provide the claimed invention.

Lupin's petition asserted five obviousness grounds against claims of Pozen's U.S. 8,852,636 (the '636 patent), entitled "Pharmaceutical Compositions for the Coordinated Delivery of NSAIDs [non-steroidal anti-inflammatory drugs]." Pozen's Preliminary Response (Paper 14) contended that all of Lupin's asserted grounds failed. While not stating so in its denial to institute, the PTAB largely agreed with Pozen. The PTAB found that Lupin failed to establish a reasonable likelihood that it would prevail in showing the challenged claims unpatentable under 35 U.S.C. § 103(a).



The '636 patent discloses a drug composition that provides for the coordinated release of an acid inhibitor and a NSAID, such that there is a reduced likelihood of causing unwanted gastrointestinal side effects, when administered as a treatment for pain. More specifically, the '636 patent discloses a drug composition wherein the acid inhibitor is released first, and the release of the NSAID is delayed until after the pH in the patient's gastrointestinal tract (GI) has risen — i.e., such that a polymeric barrier coating surrounding an inner core comprising the NSAID does not dissolve unless the surrounding medium is at a pH of at least 3.5. Representative claim 1 of the '636 patent is directed to a unit dosage form as a tablet where the acid inhibitor is esomeprazole, and the NSAID is naproxen. Claim 1 recites that esomeprazole is in one or more layers outside a core comprising naproxen, wherein the one or more layers A) do not include a naproxen; B) are not surrounded by an enteric coating; and C) upon ingestion of said tablet by a patient, release said esomeprazole into said patient's stomach.

Lupin's asserted Ground 1 was based on a prior patent to Chen (U.S. 6,544,556) in view of an article of Chandramouli et al., and Ground 2 was passed on the Chen '556 patent in view of a prior patent to Gimet (U.S. 5,698,225). Lupin contended that Chen discloses an oral solid dosage form, e.g., a tablet, comprising a therapeutically effective amount of an NSAID and a proton pump inhibitor (PPI) in an amount effective to inhibit or prevent gastrointestinal side effects normally associated with the NSAID. Lupin also contended that Chen expressly discloses that the NSAID may be naproxen and the PPI may be omeprazole or omeprazole's *S*-enantiomer, esomeprazole, both of which were known in the art for reducing the risk of gastroduodenal injury associated with NSAID use.

Lupin acknowledged that Chen "discloses a preferred formulation that would release the NSAID in the stomach [i.e., first] and omeprazole in the small intestine [i.e., second]," but argued that Chen "is not limited to such formulations," and discloses generally "formulations with pH-dependent and pH-independent coatings to permit the coordinated release of one drug before the other." Lupin relied on its expert's testimony that it would have been obvious for one of ordinary skill in the art "to develop a . . . tablet with esomeprazole released before naproxen," specifically, "a core with naproxen surrounded by a pH-dependent enteric coating and non-enteric coated esomeprazole."

Additionally, in support of the assertion that one of ordinary skill in the art "would have known at least a portion of non-enteric coated, unbuffered esomeprazole would be bioavailable upon oral administration," Lupin and its expert cited a prior art study by Pilbrant, which according to Lupin, "compar[es] the bioavailability of non-enteric coated omeprazole when administered with and without a buffer and teaches a substantial portion of the uncoated omeprazole is bioavailable." Lupin further contended that in prior litigation, the Federal Circuit "has acknowledged that Pilbrant teaches non-enteric solid dosage forms of PPIs as a 'viable alternative to enteric coating.'"

The PTAB was not persuaded. First, the PTAB found that Lupin relied on selective portions of Chen, without adequate consideration of the surrounding context. Further, the PTAB found that

Lupin did not point to where Chen discloses or suggests doing the reverse, i.e., enterically coating a NSAID so that it is released further down the GI tract (where the pH is higher), and releasing “unprotected” PPI at any pH, such as in the stomach (where the pH is lower). As to Pilbrant, the PTAB found that reference teaches preparing buffered suspensions of non-enteric coated omeprazole, but teaches away from preparing non-enteric coated tablets of the drug. The PTAB found that Lupin did not explain sufficiently why an ordinary artisan would have had a reasonable expectation of success in making a tablet comprising esomeprazole with no coating or a non-enteric coating, that releases the PPI regardless of the pH, i.e., in the stomach, as required by the claims of the '636 patent.

The PTAB was also not persuaded that Lupin had established a reasonable likelihood of prevailing on its other obviousness grounds not based on Chen. Thus, Pozen was able to stop an IPR attempted by Lupin before it was instituted. Restricted by IPR rules against submitting its own expert declaration in its preliminary response to Lupin’s petition, and restricted against new evidence in general, Pozen nevertheless was able to present an effective argument from the petition-cited references themselves. Effective use of available evidence by the patent owner that demonstrates non-obviousness, e.g., showing that it would not have been obvious to modify the prior art’s preferred formulation to provide the opposite result, is another key takeaway. The petitioner anticipating such a take-down effort and preparing a petition that will survive it is another.

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**Finally, the PTAB Gets Told to Give Patent  
Owners in IPR Some Due Process**

**Charles W. Shifley**

***Banner & Witcoff PTAB Highlights***

***March 17, 2016***

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## Finally, the PTAB Gets Told to Give Patent Owners in IPR Some Due Process

By Charles W. Shifley

March 17, 2016 — As short a time period as *inter partes* reviews have existed, since they first started in 2012, patent owners have learned that they are often unlikely to get due process in IPRs from the Patent Trial and Appeal Board. This is a common complaint among them, and has resulted in several appeals, including one attempt to get the issue to the Supreme Court. Patent owners can get little notice of the specifics by which their patent claims will be invalidated, and little opportunity to respond to the specifics.

Finally, the Federal Circuit has given the PTAB a case back with a message that it has failed to give due process to a patent owner. Patent owners may hope that the PTAB learns from the experience, and does not consider it an isolated situation.

In *Dell Inc. v. Accelaron, LLC*, No. 2015-1513 (Fed. Cir. March 15, 2016), the Federal Circuit considered a PTAB decision with more wrinkles than usual, but as usual, claims to be canceled. An Accelaron patent at issue there concerned a computer-network “appliance” with a board, connectors, and hardware modules like a CPU module, power module, and similar component modules. The modules are fitted so they can be removed and replaced while the appliance remains on, or is “hot.” There is also a chassis, and “caddies.” The caddies are said to provide airflow to the chassis, front-to-rear. In a wrinkle, the PTAB confirmed the validity of some claims. Two claims were canceled. As to one, Accelaron complained of lack of notice and opportunity to be heard. As seen in many other PTAB appeals, the Patent Office defended the PTAB, asserting it did nothing wrong.

But here were the facts as the court found them. The writer of the petition, Dell, challenged the claim at issue for due process as anticipated, by a reference “Hipp.” It stated caddies were found in an “articulating door” that Hipp had. Acceleron responded. Dell replied, and in its reply, argued that caddies are found not only in the door, but in power-supply mounting mechanisms. Acceleron asked the PTAB for a call with them, and authorization to move to strike the argument about the mechanisms, or in the alternative, file a sur-reply. The PTAB *refused the call* and denied authority to move to strike.

As if that were not bad enough, Dell arrived at the oral argument only to argue that caddies were another place in Hipp — an unlabeled structure in Hipp that Dell called “slides.” Acceleron disagreed that the structure was caddies, but again sought a remedy for a new argument, with an objection at the hearing. But in its final decision, the PTAB agreed with Dell that slides were present in Hipp and were caddies. The PTAB canceled the claim.

Arriving at review of the PTAB actions as stated, the Federal Circuit vacated, remanded, and gave the PTAB a lesson on notice and opportunity to be heard. The Federal Circuit brought to bear the [Administrative Procedures Act](#), which is considered one of the most important U.S. administrative laws, and should always be remembered by all involved to apply to PTAB practices. The “APA,” the Federal Circuit held, imposes the requirements that the Patent Office inform the patent owner of the matters of fact and law asserted in a proceeding, provide opportunity for submission of facts and arguments, and provide a hearing and decision on notice of appropriate matters. The Federal Circuit noted the PTAB rules themselves prevented arguments at the oral hearing that were anything but arguments relied on in the filed papers of the IPR. In this case, the Federal Circuit stated, the PTAB denied Acceleron its procedural rights by relying on a factual assertion introduced into the proceeding only at oral argument, long after Acceleron could meaningfully respond.

Patent owners could fairly ask how the PTAB and the Patent Office could think this was an acceptable situation, since it wasn't. A remand, unfortunately, likely returns the patent to the same PTAB panel, and does so only with the instruction to hold “appropriate proceedings.” But hopefully, the Patent Office defense of the PTAB at the Federal Circuit was only a matter of the agency advocating for itself once the proceeding went outside the agency. And perhaps even more hopefully — perhaps even wistfully — the PTAB will finally recognize that patent owners deserve what the rules require, which is PTAB reliance on only the arguments presented in the parties' papers. Maybe the PTAB will also recognize that the APA provides the power of enforcement behind the rules.

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**More March Madness: PTAB Slams  
Petitioner and Insufficient IPR  
Petition**

**Craig W. Kronenthal**

***Banner & Witcoff PTAB Highlights***

***March 31, 2016***

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# PTAB HIGHLIGHTS

New developments in post-issuance proceedings

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## More March Madness: PTAB Slams Petitioner and Insufficient IPR Petition

By Craig W. Kronenthal

March 31, 2016 – In a final written decision of an *inter partes* review (IPR), the Patent Trial and Appeal Board (PTAB) finds the petition did not meet statutory and regulatory requirements (including 35 U.S.C. § 312(a)(3) and 37 C.F.R. §§ 42.104(b) and 42.22(a)(2))<sup>1</sup> and slams the petitioner for varying its positions throughout the proceeding. The decision highlights the importance of a well-drafted petition and pitfalls that petitioners should be aware of when presenting alternative theories.

[IPR2015-00066 – Kingston Technology Company, Inc. v. Imation Corporation \(Paper 19, March 24, 2016\)](#)

The petitioner filed a petition requesting *inter partes* review of a patent directed to a memory card with two interfaces — one for connecting to a device and one for connecting to a host. The petition alleges that certain claims of the patent were anticipated by a reference that discloses two different embodiments of a dual-interface memory card. The petition, however, does not clearly indicate whether the petitioner relies on both embodiments or just the second embodiment. Although the petition cites to a couple of elements in the reference's first embodiment, most of the support and citations for the petitioner's anticipation contentions relate to the reference's second embodiment.

At the oral hearing, the petitioner argued that the first embodiment of the reference anticipates claims of the patent. In the decision, the PTAB slams the petitioner for its untimely arguments. The PTAB explains that trial was only instituted on the basis of elements in the reference's

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<sup>1</sup> PDFs for the Patent Laws and Patent Rules with the text of these statutory and regulatory requirements may be found at <http://www.uspto.gov/patent/laws-regulations-policies-procedures-guidance-and-training>.



second embodiment, and therefore, anticipation by the reference's first embodiment is not on the table. The PTAB states that if it were to invalidate the claims based on the first embodiment, such decision would violate the Administrative Procedure Act (APA) requirements by not allowing the patent owner reasonable notice and an opportunity to argue that the first embodiment does not anticipate the claims. Notably, the PTAB cited the recent Federal Circuit decision in *Dell Inc. v. Accelaron, LLC*, No. 2015-1513 (Fed. Cir. Mar. 15, 2016)<sup>2</sup> in which the Federal Circuit came down on the PTAB for violating the APA. The fact that the PTAB in this case took note of this Federal Circuit decision could be an early indication that the PTAB will look to the APA for guidance more often.

Putting the APA issue aside, the PTAB still determines that the petition fails to satisfy 35 U.S.C. § 312(a)(3) and 37 C.F.R. §§ 42.104(b)(4)-(5) and 42.22(a)(2) because "the Petition fails: (1) to specify sufficiently where each limitation of [several challenged claims] are found in the first embodiment [], (2) to identify sufficiently specific supporting portions of [the] first embodiment, and (3) to provide an adequately detailed explanation of the significance of any cited evidence or elements in the first embodiment." In short, the petition's lack of cites to the reference's first embodiment doomed the petitioner's later reliance on the first embodiment.

After rejecting the petitioner's arguments relying on the first embodiment, the PTAB goes on to chastise the petitioner for varying its position relying on the second embodiment. The PTAB notes that the petitioner, throughout the proceeding, pointed to different elements in the reference's second embodiment for the "host connector" feature of a challenged claim. The petitioner was apparently attempting to articulate alternative theories for how the reference's second embodiment anticipates the challenged claim. During the oral hearing, the petitioner asserted that the challenged claim is anticipated by the second embodiment in different ways depending on how the term "host connector" is construed.

In the decision, the PTAB acknowledges that generally petitioners are free to argue alternative positions, but explains that the petition here fails to sufficiently articulate the alternative theories. The PTAB notes that the petitioner did not proffer a construction of the term "host connector" upon which the alternative theories turn and determines that the petition fails to satisfy the requirements of 35 U.S.C. § 312(a)(3) and 37 C.F.R. §§ 42.104(b)(3)-(4) and 42.22(a)(2) with respect to its reliance on the reference's second embodiment. The PTAB further states that the failure of the petitioner to clearly articulate the alternative theories until the oral hearing also "deprives the Patent Owner of adequate notice and opportunity to respond" under the APA.

This case is also remarkable in that the petitioner, in its reply, set forth a new obviousness ground contingent on the PTAB construing a claim in a way that undercut the petitioner's anticipation ground. Although the PTAB notes that conditions of the petitioner's contingent argument were not met, the PTAB explains that it would not have altered the asserted and instituted grounds in this case.

There are a number of takeaways here. This decision illustrates the importance of identifying alternative grounds before filing an IPR petition and ensuring that a petition clearly puts forth the

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<sup>2</sup> This case was discussed in another Banner & Witcoff *PTAB Highlight* that may be found at [http://bannerwitcoff.com/\\_docs/library/articles/PTAB%20Highlights.Shifley.03.17.16.pdf](http://bannerwitcoff.com/_docs/library/articles/PTAB%20Highlights.Shifley.03.17.16.pdf).

alternative grounds. Further, if alternative grounds are identified, petitioners should consider presenting constructions of claim terms upon which alternative grounds might turn. Petitioners should also be careful not to mix up separate embodiments of a reference or to present new arguments at an oral hearing. Lastly, petitioners and patent owners alike should consider the impact of APA requirements on their post-grant proceedings. For example, patent owners would be well-served to understand how the notice and opportunity to respond to requirements of the APA could be used to fend off a petitioner's arguments at oral hearing.

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*The Leahy-Smith America Invents Act established new patent post-issuance proceedings, including the inter partes review, post grant review and transitional program for covered business method patents, that offer a less costly, streamlined alternative to district court litigation. With the U.S. Patent and Trademark Office's Patent Trial and Appeal Board conducting a large and increasing number of these proceedings, and with the law developing rapidly, Banner & Witcoff will offer frequent summaries of the board's significant decisions and subsequent appeals at the U.S. Court of Appeals for the Federal Circuit.*



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**A Patent Owner's Guide to Handling  
IPRs in the Higher-Survival Patent  
Arena of Biotech and  
Pharmaceuticals**

**Robert H. Resis**

***Bloomberg BNA's Patent, Trademark  
& Copyright Journal***

***April 8, 2016***

Patents

In Part I of a two-part article, the author provides useful strategies for patent owners in inter partes review proceedings in biotechnology and pharmaceutical patents.

**A Patent Owner's Guide to Handling IPRs in the Higher-Survival Patent Arena of Biotech and Pharmaceuticals**



BY ROBERT H. RESIS

In October 2013, about one year after *inter partes* review (IPR) proceedings became available, the chief judge of the Federal Circuit called the Patent Trial and Appeal Board (PTAB) a “death squad.”<sup>1</sup> Certainly,

<sup>1</sup> At the annual meeting of the American Intellectual Property Law Association on Oct. 25, 2013, during a question-and-answer session, then Judge Randall Rader stated that PTAB was “acting as death squads, kind of killing property rights.”

*Robert H. Resis, a principal shareholder with Banner & Witcoff Ltd., Chicago. Resis was part of Amgen's successful trial team in Amgen Inc. vs. Chugai Pharmaceuticals, et al., a leading biotechnology patent case. He has successfully prosecuted patents in a variety of arts, including chemical, medical device and pharmaceutical, and has implemented U.S. Patent and Trademark Office post-grant review procedures.*

a high percentage of early IPR petitioners succeeded in getting the PTAB to hold patent claims invalid, and the number of IPRs filed has steadily climbed.<sup>2</sup> Patent claims in biotechnology and pharmaceutical patents, however, have much higher IPR survival rates than claims in patents for all technologies. When an IPR is instituted and a trial completed, biotech/pharma patents have all trial-instituted claims survive about 43 percent on final PTAB written decision versus about 13 percent for all technologies.<sup>3</sup>

Of 40 final PTAB written decisions after trial for biotech/pharma patents, the patentee had all trial-instituted claims survive in 17,<sup>4</sup> and no trial-instituted claims survive in 19, and some, but not all trial-

Rader Regrets *CLS Bank* Impasse, Comments on Latest Patent Reform Bill, Bloomberg BNA's Patent, Trademark and Copyright Journal (87 PTCJ 14, 11/1/13).

<sup>2</sup> According to PTO statistics, the number of IPR petitions filed by fiscal year was 514 (FY 2013), 1,310 (FY 2014), and 1,737 (FY 2015).

<sup>3</sup> According to PTO statistics, as of Dec. 31, 2015, 732 IPR trials reached final written decision, with the following results: all trial-instituted claims survived in 96 trials (13 percent of final written decisions), and no trial-instituted claims survive in 529 trials (72 percent of final written decisions), and some, but not all trial-instituted claims, survive in 107 trials (15 percent of final written decisions).

<sup>4</sup> For the period to Dec. 31, 2015, biotech/pharma patentees had all trial-instituted claims survive final PTAB decision in:

- IPR2013-00276 – *Ariosa v. Verinata*; note: Appeal 15-1215 (Fed. Cir. 11/16/15) (vacated & remanded)
- IPR2013-00277 – *Ariosa v. Verinata*; note: Appeal 15-1226 (Fed. Cir. 11/16/15) (vacated & remanded)
- IPR2013-00368 – *Amneal v. Supernus*
- IPR2013-00371 – *Amneal v. Supernus*
- IPR2013-00372 – *Amneal v. Supernus*
- IPR2013-00390 – *Sequenom v. Stanford*

instituted claims, survive in four.<sup>5</sup> Particularly useful strategies for patent owners are discussed below.

## Strategies for Patent Owners

### 1. Point to Prior Art Incompatibility.

In *Ariosa v. Verinata* (IPR2013-00276, -00277), the patent claimed methods of noninvasive prenatal testing for the presence of fetal chromosomal abnormalities. The patent owner's expert testified why the "tags" of one reference could not be incorporated into methods described in another reference due to incompatibility. The PTAB found that although the petition and accompanying declarations pointed to disparate elements in the three references, and attempted to map them to elements of the challenged claims, virtually no effort was made to explain how or where the references differed from the challenged claims, how a person of ordinary skill in the art (POSITA) would go about combining their disparate elements, or what modifications a POSITA would necessarily have made in order to combine the disparate elements. The PTAB held that the petitioner did not provide an "articulated reason[]" with some rationale underpinning to support the legal conclusion of obviousness."<sup>6</sup>

### 2. Show Construed Claim Term Not Disclosed in Prior Art.

IPR2013-00517 – *Intelligent Bio-Systems v. Illumina Cambridge*  
 IPR2014-00115 – *Apotex v. Wyeth*  
 IPR2014-00360 (IPR2014-01365 joined) – *Amneal v. Endo*  
 IPR2014-00376 – *Monosol v. Arius*  
 IPR2014-00377 – *Purdue Pharma v. Depomed*  
 IPR2014-00378 – *Purdue Pharma v. Depomed*  
 IPR2014-00379 – *Purdue Pharma v. Depomed*  
 IPR2014-00654 – *Endo v. Depomed*  
 IPR2014-00656 – *Endo v. Depomed*  
 IPR2014-00676 – *Phigenix v. Immunogen*  
 IPR2014-00693 – *Eli Lilly v. Los Angeles Biomedical Research Institute*

<sup>5</sup> For the period to Dec. 31, 2015, biotech/pharma patentees had some trial-instituted claims survive final PTAB decision in: IPR2012-00022 (IPR2013-00250 joined) – *Ariosa v. Isis* (split)

IPR2013-00124 – *Int'l Flavors v. USA* (substitute claims 27-44 patentable, substitute claim 45 not patentable)

IPR2013-00401 (consolidated with IPR2013-00404) – *Cyanotech v. Univ. of Illinois* (split)

IPR2014-00003 (IPR2014-00556 joined) – *Aker v. Neptune* (split)

<sup>6</sup> On appeal, the Federal Circuit vacated the finding of non-obviousness, and remanded the IPRs due to the PTAB's language in the final written decisions that left open the distinct possibility that the PTAB incorrectly limited its consideration of an exhibit, which *Ariosa* alleged showed the background knowledge that a POSITA would have possessed at the relevant time. *Ariosa v. Verinata Health Inc.*, Appeal Nos. 2015-1215, and -1226 (Fed. Cir. Nov. 16, 2015).

In *Amneal v. Supernus* (IPR2013-00368), the claimed formulations could be used to inhibit activity of collagen destruction enzymes associated with human diseases, such as rosacea, without provoking undesired side effects attendant to an antibacterial dose. The PTAB held that a secondary reference did not disclose a "delayed release" portion as claimed. The PTAB credited the declaration testimony of the patent owner's expert that inclusion of a water-soluble polymer coating of the secondary reference results in release of the drug promptly after administration, and that the petitioner did not cite credible evidence to refute that testimony. The PTAB noted that although the patent owner's expert conceded that there must be some lag while the polymer hydrates, it further credited his testimony that this lag, essentially the time required to wet the material, would not be considered a "delay" in connection with the construed claim term. Thus, the PTAB held that the challenged claims were not shown to be unpatentable.

### 3. Provide Sufficient Evidence to Corroborate Actual Reduction to Practice Before the Filing Date of § 102(e) Art Cited by the Petitioner.

In *Sequenom v. Stanford* (IPR2013-00390), the patent described prenatal diagnosis methods that allow detection of chromosomal aberrations without the use of invasive techniques, such as amniocentesis, which pose potentially significant risks to both fetus and mother. The PTAB agreed with the patent owner that a reference relied upon in every instituted ground of unpatentability did not qualify as prior art under § 102(e) because the invention recited in the patent claims was reduced to practice before the non-provisional filing date of the reference. The petitioner did not contend that the relied upon disclosures of the reference were entitled to the benefit of an earlier provisional application. Instead, the petitioner argued that the patent owner failed to advance evidence, independent of the inventor's testimony, which sufficiently corroborated the asserted reduction to practice before the reference's non-provisional filing date. The PTAB concluded that the patent owner established an actual reduction to practice before the relevant date through a draft of an article that one of the inventors sent to a non-inventor but co-author of the article. The PTAB found that the testimony of the non-inventor/coauthor corroborated that the draft was in fact a copy of the document that he received from the inventor before the reference's non-provisional filing date.<sup>7</sup>

<sup>7</sup> In *Sequenom v. Stanford* (IPR2014-00337), the PTAB denied the petitioner's second IPR Petition against the claims of the patent, holding that the provisional application of the reference was neither a patent nor an application for patent published under 35 U.S.C. § 122(b), and therefore, was not one of

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#### 4. Provide Evidence of Years of Research and Testing to Manipulate Different Variables to Come Up With the Claimed Inventions.

In *Purdue Pharma v. Depomed* (IPR2014-00377), the patent described drugs formulated as unit oral dosage forms by incorporating them into polymeric matrices comprised of hydrophilic polymers that swell upon imbibition of water to a size large enough to promote gastric retention of the drug during the fed mode. The PTAB found that each limitation of claim 1 was known in the prior art, as demonstrated by the teachings of a published article and a patent. The patent owner argued that the petitioner failed to demonstrate a motivation to combine the cited references with a reasonable expectation of success. The PTAB noted that in contrast to the testimony of the petitioner's expert that it would take him "a week" to come up with the claimed invention, the patent owner pointed to one inventor's testimony that it took "years of research and testing in the laboratory to manipulate different variables . . . to come up with the claimed inventions." The PTAB also noted that another inventor testified that a POSITA would not have reasonably expected to successfully achieve the claimed invention given that a "vast array of structural considerations affect polymer and matrix properties." The PTAB held that although the references may have interrelated teachings, the petitioner failed to explain persuasively *how* or *why* a POSITA would have combined the "swelling" and "substantially intact" features of the prior art patent formulation with the formulation disclosed in the article.<sup>8</sup>

#### 5. Demonstrate Why a POSITA Would Not Modify the Primary Reference According to a Secondary Reference.

In *Endo Pharmaceuticals v. Depomed* (IPR2014-00656), the patent was the same at issue in IPR2014-00377, *supra*. The PTAB found that each limitation of claim 1 was separately disclosed by at least one cited reference. Similar to the prior IPR, the PTAB found that although the references may have interrelated teachings, and were intended to solve the same problem of controlled drug release, the petitioner failed to explain persuasively *how* or *why* a POSITA would have combined the various features of the cited references in the manner recited in the claims. The PTAB noted that the petitioner's declarant testified about several formulation considerations that impact drug release, including polymer ratio, type of polymer used, and particle size, and that formulating a reliable gastric retentive controlled release dosage form is "very difficult." Given that testimony, the PTAB credited the testimony of the patent owner's declarant that "[m]atrices formulated with a given polymer in a dosage form can result in different release controlling mechanisms, depending on the details of the matrix formulation and drug solubility characteristics." The PTAB stated that the petitioner failed to identify any combinations of the cited refer-

ences that would be most promising to try. In contrast, the patent owner's declarant credibly explained why a POSITA would not have a reasonable expectation of success in combining the references. For example, the patent owner's declarant testified that a POSITA would expect the drug release characteristics of a secondary reference to change if the disclosed dosage forms were reformulated to remain substantially intact. The patent owner's declarant also explained that a POSITA reading the primary reference would not modify that dosage form according to another secondary reference, since the primary reference was an "improvement" of the formulation of the secondary reference in that the polymers described in the primary reference were not cross-linked and "inherently safer."<sup>9</sup>

#### 6. Provide a Prior Art Publication, Closer to Time of Invention Than the Petitioner's Primary Reference, That Counters the Petitioner's Arguments Relied Upon by the PTAB to Institute.

In *Phigenix v. Immunogen* (IPR2014-00676), the patent was directed to immunoconjugates comprising a humanized anti-body known as huMAb4D5-8 (sold as HERCEPTIN<sup>®</sup>) linked to a maytansinoid toxin, for treating tumors in humans. In deciding to institute the IPR, the PTAB found that the petitioner made a sufficient showing that an ordinary artisan would have had reason to substitute the mouse antibody in the immunoconjugate of the primary reference, published in 1992, with the humanized antibody disclosed in the prior art HERCEPTIN<sup>®</sup> Label. After institution, the patent owner submitted a 1999 prior art publication that described a Phase I clinical study of human patients receiving an immunoconjugate (erb-38) fused to a toxin wherein the patients experienced "hepatic injury" (liver toxicity). The 1999 prior art submitted by the patent owner concluded that "targeting of tumors with antibodies to erbB2 that are armed with . . . toxic agents may result in unexpected organ toxicities due to erbB2 expression on normal tissues." The PTAB held that the petitioner had not established by a preponderance of the evidence that the general statements in the 1992 primary reference, in view of teachings years later in the HERCEPTIN<sup>®</sup> Label, the 1999 prior art submitted by the patent owner, and other evidence regarding liver toxicities, would have motivated an ordinary artisan to substitute the mouse antibody of the 1992 primary reference with HERCEPTIN<sup>®</sup> on the basis that one would have expected the modified immunoconjugate to work to treat human tumors.<sup>10</sup>

## Conclusion

As shown above, the PTAB should not be considered a "death squad" for biotech/pharma patents. The exemplary biotech/pharma IPRs above demonstrate that there are successful strategies for patent owners. Patent

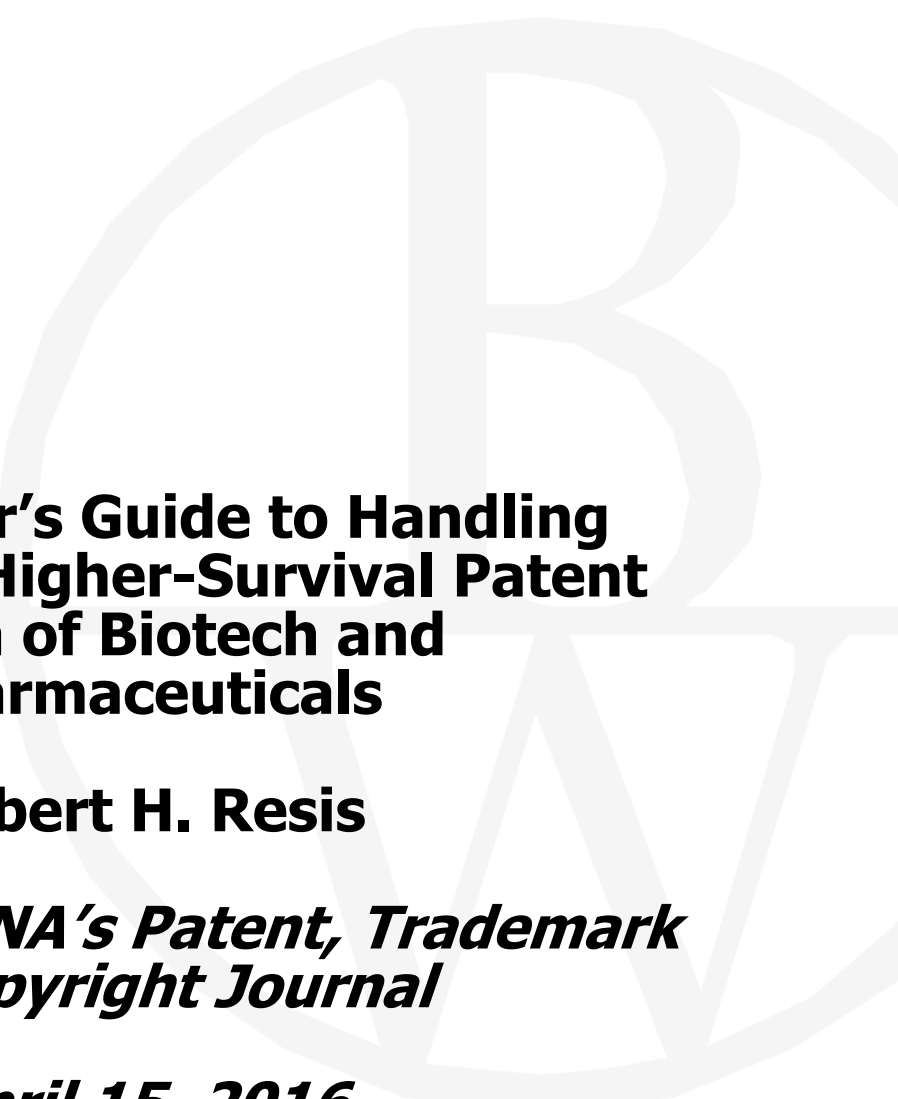
two types of documents that may be relied upon under 35 U.S.C. § 102(e) to show that claims are unpatentable.

<sup>8</sup> The patent owner presented similar evidence in IPR2014-00378 and -00379 in connection with other patents, and the PTAB also found that the petitioner failed to demonstrate unpatentability.

<sup>9</sup> The patent owner presented the similar evidence in IPR2014-00654, involving another patent, and the PTAB also found that the petitioner failed to demonstrate unpatentability of the claims of that patent. In IPR2014-00654, the patent in was the same patent at issue in IPR2014-00378, *supra*.

<sup>10</sup> The petitioner's appeal to the Federal Circuit (Appeal No. 16-1544) was docketed on February 2, 2016.

owners would be well-served to consider whether these exemplary strategies apply to the facts at issue in their matters and, if so, prepare their IPR papers accordingly.



**A Petitioner's Guide to Handling  
IPRs in the Higher-Survival Patent  
Arena of Biotech and  
Pharmaceuticals**

**Robert H. Resis**

***Bloomberg BNA's Patent, Trademark  
& Copyright Journal***

***April 15, 2016***



Patents

In Part II of a two-part article, the author provides useful strategies for petitioners in *inter partes* review proceedings in biotechnology and pharmaceutical patents.

**A Petitioner's Guide to Handling IPRs in the Higher-Survival Patent Arena of Biotech and Pharmaceuticals**



BY ROBERT H. RESIS

**P**art I of this two-part series noted that the Patent Trial and Appeal Board (PTAB) should not be considered a “death squad” for biotechnology and pharmaceutical patents in *inter partes* review (IPR) proceedings. Patent claims in biotech/pharma patents have much higher IPR survival rates than claims in patents for all technologies. When an IPR is instituted and a

trial completed, biotech/pharma patents have all trial-instituted claims survive about 43 percent on final PTAB written decisions versus about 13 percent for all technologies.<sup>1</sup> Of 40 final PTAB written decisions after trial for biotech/pharma patents, no trial-instituted claims survived in 19.<sup>2</sup>

<sup>1</sup> According to PTO statistics, as of 12/31/2015, 732 IPR trials reached final written decision, with the following results: all trial-instituted claims survived in 96 trials (13 percent of final written decisions); no trial-instituted claims survive in 529 trials (72 percent of final written decisions); and some, but not all, trial-instituted claims survive in 107 trials (15 percent of final written decisions).

<sup>2</sup> For the period to 12/31/2015, biotech/pharma patentees had no trial-instituted claims survive final PTAB decisions in:

- IPR2012-00006 – *Illumina, Inc. v. Trustees of Columbia University*
- IPR2012-00007 – *Illumina, Inc. v. Trustees of Columbia University*
- IPR2013-00011 – *Illumina, Inc. v. Trustees of Columbia University*
- IPR2013-00102 – *Smith & Nephew v. Convactec Tech.*
- IPR2013-00116 – *Gnosis v. S.Ala.Med.*; note: *S.Ala.Med. v. Gnosis, Appeal 14-1778 (Fed. Cir. 12/17/15) (obv. aff'd)*
- IPR2013-00117 – *Gnosis v. Merck*; note: *Merck v. Gnosis, Appeal 14-1779 (Fed. Cir. 12/17/15) (obv. aff'd)*
- IPR2013-00128 – *Intelligent Bio-Systems v. Illumina Cambridge*
- IPR2013-00266 – *Intelligent Bio-Systems v. Illumina Cambridge*
- IPR2013-00534 – *BioMarin v. Genzyme*
- IPR2013-00537 – *BioMarin v. Genzyme*
- IPR2013-00535 – *BioMarin v. Duke University*
- IPR2013-00539 – *Butamax v. Gevo*
- IPR2013-00590 – *Baxter Healthcare v. Millenium Biologix*

*Robert H. Resis, a principal shareholder with Banner & Witcoff Ltd., Chicago. Resis was part of Amgen's successful trial team in Amgen Inc. vs. Chugai Pharmaceuticals, et al., a leading biotechnology patent case. He has successfully prosecuted patents in a variety of arts, including chemical, medical device and pharmaceutical, and has implemented U.S. Patent and Trademark Office post-grant review procedures.*

Part I discussed particularly useful strategies for patent owners. Part II will discuss particularly useful strategies for petitioners.

## Strategies for Petitioners

### 1. Show the Primary Prior Art Document Favorably References a Secondary Prior Art Document That Discloses Claimed Feature(s) Not Found in the Primary Prior Art Document.

In *Illumina v. Trustees of Columbia University* (IPR2012-00006), the challenged patent involved sequencing DNA by incorporating a base-labeled nucleotide analogue into a primer DNA strand, and then determining the identity of the incorporated analogue by detecting the label attached to the base of the nucleotide. The PTAB agreed with the petitioner that the primary prior art document's reference to a secondary prior art reference's fluorescent nucleotides would have provided a person of ordinary skill in the art (POSITA) with a reason to have used the labeling technique of the secondary prior art reference in the method of the primary prior art reference. The patent owner argued that the primary prior art document's base label nucleotide would not have been the "starting point" to make novel nucleotide analogues because of a preference for nucleotides with the label attached to the 3' -OH group. The PTAB did not find the patent owner's argument to be persuasive because there was an explicit description of base-labeled nucleotides in the primary prior art document, and no specific disclosure had been identified therein by the patent owner that disparaged these alternative nucleotide analogues, or which would have lead a POSITA to conclude that they were unsuitable for the "sequencing DNA by synthesis" purpose described by the primary prior art document.

### 2. Argue Inherency.

In *Ariosa v. Isis* (IPR2012-00022, IPR2013-00250 joined),<sup>3</sup> the challenged patent involved prenatal detection methods using noninvasive techniques by detecting foetal nucleic acids in serum or plasma from a maternal blood sample. The PTAB held that all that was required

by the amplification step of claim 1 was a step of amplifying nucleic acid from a serum or plasma sample from a pregnant female, such as by polymerase chain reaction (PCR), as such amplified nucleic acid necessarily includes fetal nucleic acid, which necessarily includes paternally inherited nucleic acid. Further, the PTAB held that the detecting step did not require that the detected nucleic acid specifically be identified as being inherited from the father or even as being from the fetus, only that it be identified as containing some level of nucleic acid, which would include, necessarily, nucleic acid from the fetus that was inherited from the father. The PTAB held that one reference anticipated some claimed methods because it inherently detected paternally inherited nucleic acid of fetal origin. The PTAB held that the cases cited by the patent owner did not support its position that because experimental mistakes may have been made in the reference, the reference could not, under the law of inherency, anticipate the claimed methods.

### 3. Demonstrate Motivation of POSITA to Pursue Development Despite Potential Hurdles.

In *BioMarin v. Genzyme* (IPR2013-000534), the challenged patent involved treatment of Pompe disease using a claimed enzyme (GAA) biweekly. The record did not contain any evidence of human trials before the patent priority date. The PTAB found that a POSITA would have understood that to treat Pompe disease effectively using GAA, sufficient quantities of enzyme would have to reach the patient's muscle cells, which could potentially require high doses that could introduce safety and efficacy hurdles resolvable only with human clinical trials. Despite this recognized difficulty, however, the PTAB held that a POSITA would have been motivated to pursue the clinical development of the therapy disclosed in one reference, which disclosed all of the claim limitations except for a biweekly dosing schedule. The PTAB held that the evidence established that the selection of the dose and dosing schedule would have been a routine optimization of the therapy outlined in the primary reference.

### 4. Demonstrate That the Primary Reference Serves as a Starting Point, and That a POSITA Striving to Develop a Stable Product Would Have a Reasonable Expectation of Success Based on the Solution Disclosed in a Secondary Reference.

In *Noven Pharmaceuticals v. Novartis AG* (IPR2014-000549, IPR2014-00265 joined), the challenged patent was directed to a pharmaceutical composition (rivastigmine, an amine compound) in the form of a free base or acid addition salt, along with an antioxidant, and a diluent or carrier. At issue was whether a preponderance of the evidence established obviousness based on the teachings of a published U.K. patent application and a Japan Patent Office patent application. The petitioner

IPR2014-00325 – *BioDelivery Sciences v. RB Pharmaceuticals*

IPR2014-00549 (IPR2015-00265 joined) – *Noven v. Novartis*

IPR2014-00550 (IPR2015-00268 joined) – *Noven v. Novartis*

IPR2014-00652 – *Endo v. Depomed*

IPR2014-00752 – *Eli Lilly v. Los Angeles Biomedical Research Institute*

IPR2014-00784 (IPR2015-00518 joined) – *Torrent v. Novartis AG*.

<sup>3</sup> Cited in Part I as a split decision with some but not all trial-instituted claims surviving.

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asserted that the JPO application provided a POSITA a reasonable expectation that the rivastigmine transdermal patch formulation taught by the U.K. application would be unstable during long-term storage of two-to-three years. The petitioner asserted that the U.K. application served as a starting point for formulating a patch, and that a POSITA would have strived to develop stable pharmaceutical products with a commercially viable shelf life. In furtherance of that goal, according to the petitioner and its expert, one of the first steps a POSITA “would have taken when formulating a drug product is to investigate the stability of the active component.” The petitioner asserted that the POSITA would have been motivated to add an antioxidant, particularly tocopherol, as recited in claim 2 of the challenged patent, to the U.K. application’s rivastigmine transdermal composition with a reasonable expectation of maintaining the stability of the patch during long-term storage, as this was the precise solution disclosed by the JPO application. The PTAB held that the petitioner had demonstrated that the challenged claims were unpatentable based on the combined teachings of U.K. application and the JPO application, or those teachings in combination with other prior art of record.<sup>4</sup>

**5. When an Obviousness Ground Is Based on a Single Reference, Also Include an Obviousness Ground Based on That Reference in View Of a Secondary Reference to Address the Weakest Obviousness Argument.**

In *Endo Pharmaceuticals v. Depomed* (IPR2014-000652), the patent described drugs formulated as unit oral dosage forms by incorporating them into polymeric matrices comprising a combination of poly(ethylene oxide) (PEO) and hydroxypropyl methylcellulose (HPMC). The patent disclosed that the matrices swell upon exposure to gastric fluid to a size large enough to promote retention and release the drugs into the upper gastrointestinal (GI) tract, rather than the lower portions of the GI tract. The petitioner alleged that the trial-instituted claims (claims 1, 3-5, and 10-13) were obvious in view of a primary reference, Ground 1, and were also obvious in view of that reference in view of a secondary reference, Ground 2. The PTAB held that the petitioner had shown that all of the trial-instituted claims were obvious in view of the primary reference, with the exception of claim 10, which claimed a specific PEO:HPMC weight ratio. Although the primary reference did not disclose a polymeric matrix made from a combination of PEO and HPMC, it did disclose a short list of polymers to be used individually in producing a solid matrix for controlled drug release, of which HPMC and PEO were particularly preferred polymers. The primary reference also taught that polymers could be combined to form a polymatrix, and did not limit which polymers could be combined or suggest that certain polymers would not function properly in a combination matrix. The PTAB agreed with the petitioner that the petitioner had shown that all trial-instituted claims, including

claim 10, were obvious in view of the primary and secondary references. The secondary reference disclosed combinations of PEO and HPMC within the ratio set forth in claim 10. The PTAB found that the references were directed to similar issues and disclosed PEO and HPMC as swellable hydrophilic polymers, and that a POSITA would have considered the collective teachings of the secondary reference compatible with the teachings of the primary reference and would apply the disclosures in combination. But for Ground 2, claim 10 would have survived the IPR.<sup>5</sup>

**6. Show That the Patent Owner’s Own Declarant Wrote a Paper That Contradicts That Declarant’s Testimony in the IPR.**

In *Torrent Pharmaceuticals v. Novartis AG* (IPR2014-000784, IPR2015-00518 joined), the patent described a solid pharmaceutical composition suitable for oral administration, wherein the composition comprises sphingosine-1 phosphate (SIP) receptor agonist and a sugar alcohol, wherein the sugar alcohol may suitably be mannitol. The PTAB stated that the fact that the inventors may have discovered a new advantage of a combination of prior-art ingredients is not sufficient to render the claims patentable, as long as there was some reason to combine the prior-art teachings that those ingredients should be used. The patent owner argued that the petitioner failed to prove a reason to combine the two cited references. The PTAB found that the combination of teachings strongly suggested that mannitol disclosed in one cited reference likely would have been a target of investigation to a POSITA interested in finding an expedient compatible with the SIP receptor (fingolimod) disclosed in the other cited reference. The PTAB also found that a third prior art reference directly instructed that the two ingredients should be combined. The patent owner argued that the third prior art reference’s teaching of the combination was irrelevant because the third prior art reference was limited to liquid-phase pharmaceutical compositions, as opposed to the claimed solid oral dosage forms. The PTAB found that an article written by the patent owner’s own declarant (which the petitioner submitted into evidence) stated otherwise: “Most, but not all, drug degradations in the solid state take place via chemical mechanisms that are identical to those that occur in solution. Hence, a mechanistic understanding gained from solution studies can be very helpful.” The PTAB cited this article by the patent owner’s own declarant in support of its holding that the petitioner had shown a reason to combine the teachings of the cited references.

**Conclusion**

While it is typically more difficult to use IPR proceedings to knock out claims of biotech/pharma patents versus claims of other technologies, the above exemplary IPRs demonstrate that there are successful strategies for petitioners. Since petitioners must carry the burden of proof on invalidity, they would be well-served to consider whether these exemplary strategies apply to the

<sup>4</sup> The petitioner presented similar evidence in IPR2014-00550 (IPR2014-00268 joined) in connection with another patent, and the PTAB also found that the petitioner had demonstrated unpatentability of the challenged claims of this other patent.

<sup>5</sup> The PTAB held that the petitioner failed to demonstrate that the trial-instituted claims were unpatentable for obviousness over a third reference in view of the secondary reference.

facts at issue in their matters, and if so, prepare their IPR papers accordingly.



**U.S. Supreme Court Hears Oral  
Arguments in *Cuozzo Speed  
Technologies v. Lee***

**Robert H. Resis and  
Marc S. Cooperman**

***Banner & Witcoff Intellectual  
Property Alert***

***April 25, 2016***



## Intellectual Property Alert: U.S. Supreme Court Hears Oral Arguments in *Cuozzo Speed Technologies v. Lee*

By Robert H. Resis and Marc S. Cooperman

April 25, 2016 —Today, the Supreme Court heard oral argument in *Cuozzo Speed Technologies, LLC v. Lee*. Two important issues are presented to the Court:

1. Whether the court of appeals erred in holding that, in IPR proceedings, the Board may construe claims in an issued patent according to their broadest reasonable interpretation rather than their plain and ordinary meaning.
2. Whether the court of appeals erred in holding that, even if the Board exceeds its statutory authority in instituting an IPR proceeding, the Board's decision whether to institute an IPR proceeding is judicially unreviewable.

The case involves the first final written decision on the merits by the Patent Trial and Appeal Board (PTAB) in an *inter partes* review (IPR) proceeding under the America Invents Act (AIA). Cuozzo filed a petition for writ of certiorari after the Court of Appeals for the Federal Circuit affirmed the PTAB's decision that Cuozzo's patent claims were invalid over prior art. *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1273-74 (Fed. Cir. 2015), *aff'g*, *Garmin Int'l v. Cuozzo Speed Techs., LLC*, 108 USPQ2d 1852 (PTAB 2013), IPR2012-00001, Paper 59.

### **Issue 1 - Backdrop: Claim Interpretation – Broadest Reasonable Interpretation or Ordinary Meaning?**

In its briefs to the Supreme Court, Cuozzo argues that in an IPR, the PTAB is performing the same adjudicatory function on validity as district courts in litigation, and that unlike examination, inventors have a very limited ability to amend claims in IPRs. Cuozzo argues that since Congress created IPRs to be adjudicatory proceedings as a substitute or surrogate for district court litigations, the PTAB should use the same standard as the district courts, i.e., the plain and ordinary meaning standard.

The U.S. government argues that the Patent and Trademark Office (PTO) has long applied the broadest reasonable interpretation (BRI) in all agency proceedings. The U.S. government further argues that by authorizing the patentee to file a motion to amend its claims during IPRs,



Congress incorporated the principal feature that had long justified use of the BRI construction standard. Further, the U.S. government argues that IPRs were not intended to simply replicate the results of hypothetical district-court litigation. The U.S. government argues that the legislative history does not suggest Congressional intent to preclude the use of the BRI approach in IPRs.

### **Issue 1 - Oral Argument Highlights**

The justices took a keen interest in the BRI vs. ordinary meaning issue. Both counsel for Cuozzo and the PTO were the subject of substantial scrutiny by the Court, with the latter getting the lion's share of the questions. In particular, both Justice Ginsburg and Chief Justice Roberts seemed skeptical of endorsing the PTAB's use of BRI in IPR proceedings to interpret the meaning of "property rights," (i.e. patent claims), while courts use the usually narrower ordinary meaning standard to interpret those same rights. At one point Justice Roberts called this an "extraordinary" scheme that could lead to "bizarre" results.

### **Issue 2 – Backdrop: Decision to Institute – Appealable or Not?**

In its briefs to the Supreme Court, Cuozzo argues that the AIA only prohibits interlocutory appeals of the PTAB's institution upon issuance, but does not preclude review of the institution decision until the final written decision after trial. Cuozzo also argues that the PTAB cannot violate the AIA's limits without judicial oversight.

The U.S. government argues that the PTO's threshold decision to institute IPR is not ever subject to review by the court of appeals. The U.S. government argues that the statute bars all judicial review of the PTO's decision to institute. The U.S. government further argues that the statute limits review to the agency's final decision about patentability, and that limit is consistent with the AIA's purposes.

### **Issue 2 - Oral Argument Highlights**

The appeal issue took a back seat to the claim interpretation issue. Cuozzo's counsel only briefly argued the second issue at the very end of his principal argument. Additionally, after the government fielded nearly three dozen questions from the Court on the BRI issue, Justice Ginsburg only asked a few more questions on the appealability issue. Overall, the justices did not seem as concerned by the PTO's position on the appealability issue as they did with the fundamental claim construction question presented to them.

A reversal by the Court on either or both questions will have a dramatic impact on IPR proceedings, both substantively and procedurally. If the BRI standard is abandoned, it is likely that more patents will withstand IPR review and the number of IPR proceedings may decline as a

result. On the other hand, if Cuozzo wins on the appealability issue, the Federal Circuit will likely see a large increase in appeal arguments that the PTAB exceeded its statutory authority, e.g., in instituting IPR for at least certain claims as argued by Cuozzo in its case. A decision by the Court is expected before it recesses in June.

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**A Midwestern Patent Lawyer in  
Justice Roberts' Court**

**Marc S. Cooperman**

***Federal Circuit Bar Association  
Bench & Bar***

***May 1, 2016***

# Federal Circuit Bar Association

## BENCH & BAR

### Newsletter

#### Pro Bono Program

We give thanks to all member attorneys who volunteer their time and energy to make a difference in the lives of pro bono applicants. In April and May, a number of the government employees pro bono cases attorneys have taken last year were argued in the Court of Appeals in the Federal Circuit, and we would like to celebrate the reversal of Merit Systems Protection Board decision in favor of the appellant. *Cahill v. MSPB* (Fed. Cir. docket # 15-3152). Mr. Cahill's personnel action was based on his whistleblowing activity, but the board found that Mr. Cahill had failed to prove that his allegations are non-frivolous. Jason Romrell, attorney for Mr. Cahill, will provide the details of this case in this month's Pro Bono Digest. Peter Broida and Kevin Owen also reported successful resolutions of MSPB-level cases. Congratulations and we thank you for all you do. If you have any questions or concerns about the pro bono programs, please contact Hee Kim at [kim@fedcirbar.org](mailto:kim@fedcirbar.org) or (202-536-4160).



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## A Midwestern Patent Lawyer in Justice Roberts' Court

Marc Cooperman<sup>1</sup>  
Banner & Witcoff

Really? There've got to be at least 20 people in line already, and it's only 4:55 a.m. The cabbie asks what's going on this morning (a funny word to use when it's pitch black outside). Just another argument at the Court I reply, as I pay, neglecting to add it's the Cuozzo case being heard and it's my first.

The cold, crisp air feels good - for now. I wonder how it will feel after a few hours waiting outside. My protection from the elements is limited to my appropriately conservative suit and tie, as directed by the Supreme Court's website. When I woke up, Yahoo told me it was 48 degrees; but, thankfully, it predicted clear weather. (My due diligence led me to stories of dedicated visitors waiting in the rain for hours.) Even in my groggy state, I realized my trench coat should have made the trip to D.C. with me. Packing light seemed like a good idea yesterday, back home in the quiet suburbs of Chicago.

Besides, my adrenaline had already kicked in. As I jump out of the cab, I'm staring straight at the Capitol dome in the distance, lit up white in stark contrast against the dark sky. The multitude of trees and gardens surrounding it result in circuitous courtyards guarding its hid-

den entrances. Turning around, the Supreme Court building looms large and close, also lit up but presenting a distinctively different impression. Its granite pillars and tiered plazas are directly accessible by several sets of steps up from the sidewalk in front, as if inviting litigants and visitors to approach.

The line of visitors on the sidewalk who've come to hear argument on the proper claim construction standard for inter partes review proceedings is growing as I watch, but is it the "public" or "bar" line? I'm looking for the latter, hoping my membership in the Supreme Court Bar will finally pay off. Walking past the group in front busily taking selfies, I ask the last well-suited young man in line for information. I'm relieved to learn this is the public line and I haven't blown my chance to see the argument today (which begins five hours from now at 10 a.m.), for which there is limited space (only about 40 seats) available for members of the Court's bar.

With no signs posted, I wander up the steps and spot a security guard. He knows very well what I'm looking for and directs me to a different area for the bar line. I'm surprised to find out no one else is here yet and am immediately concerned that I've got the wrong day for the Cuozzo argument. After quickly checking the Court's calendar, I wonder what I'm going to do for the next several

<sup>1</sup>The views expressed in this article are the author's alone and should not be attributed to the Federal Circuit Bar Association, Banner & Witcoff, or any of its clients.

MIDWESTERN SEE PAGE 3

hours. All I have is my phone, which later will have to go into a small locker as the Court has very strict rules on what may enter the courtroom. So I do the natural thing – I open Snapchat and send a few selfies. And, because I'm facing east, I'll get to see the sunrise over the building, which means more photos as the sky grows lighter.

The bar line is lonely, except for the occasional jogger. But it's not too cold. My last minute decision to wear athletic pants under my suit was a good one. At about 6:30 a.m., my first colleague arrives and we introduce ourselves and chat. By 7:30, there are about 10 in line behind me. We have a nice time talking about other patent cases the Court has heard, and the arguments they've seen. What an enthusiastic group of intellectual property nerds we are! A few share their experiences about what we can expect when we're brought inside – a lot more waiting in line, but with the benefit of heat and nearby bathrooms. Several of my cohorts are from the Patent Trial and Appeal Board, and they express confidence that the "broadest reasonable interpretation" standard applied at the PTAB, but not by the courts, will take the day. Being a litigator I lean the other way; strongly questioning the wisdom of patent claim interpretation standards that differ depending on the venue.

Shortly after 8 a.m., the guard takes our line up the steps and into the bar entrance. We pass through security and enter the ground floor of the courthouse, which has a number of exhibits, paintings, and videos. The other end of the floor is our next destination, and there we form another line (now stretching about 50 lawyers long) to have our bar memberships verified; but not for another hour. In the meantime, we hold places in line for each other as we put our items in lockers, use the bathroom, or grab something from the cafeteria. Immediately in front of us is a remarkable statue of Chief Justice John Marshall, and behind him photos and quotations from historic Supreme Court decisions.

After getting through my last hurdle, having my Supreme Court Bar membership verified (I had called ahead the week before to make sure I was still on the roll and to get my bar number), I'm still at the head of the group as we're led upstairs. Another security check is waiting for us there but finally we're escorted into the Court Chamber. The size of the unoccupied, white marble room draped in red surprises me. It feels no bigger than a typical federal district courtroom, though configured a bit differently. Walking past the brass railing and toward the raised Bench, I'm a bit disappointed as I'm seated to the left side, in the second row of chairs. But this turns out to be quite a good (though uncomfortable) seat. During the argument I'm no more than 15 feet from Justice Kagan, and I have an excellent view from just behind the new bar members, who are sworn in at the beginning of the day's proceedings and get first row privilege.

The courtroom quickly fills up including the public seating behind the rail and the press benches to our left. Everyone is chatting as our sense of anticipation grows, even as we are periodically reprimanded to keep our voices down. At 10 a.m., the gavel sounds and the eight Justices enter as announced by the courtroom Marshall. There they are. If you've ever seen your favorite rock star or Hollywood celebrity up close, multiply that sensation by eight to understand what we're experiencing. And they're not only performing, they're playing our "favorites" because they're

talking about IP law. In fact, the case heard immediately before *Cuozzo* deals with attorneys' fees in copyright cases.

Most of the Justices are engaged. Their main interest concerns the proper claim construction standard in IPR proceedings, and they direct the argument to related practical considerations. The similarities and differences of IPR proceedings to patent prosecution on the one hand, and patent litigation on the other, is discussed quite a bit. Ability to amend claims during IPR is covered too. There is scant argument about the U.S. Patent and Trademark Office's rulemaking authority (i.e. using "BRI") and no discussion of the deference courts owe to the USPTO's administrative decisions, despite the parties' extensive discussion of these issues in their briefs. Little time is spent on the second issue before the Court dealing with appealability of PTAB decisions.

The questioning is largely even-handed and the Justice's leanings, if any, are generally not given away. The exception is a series of about 20 questions by Chief Justice Roberts, during the USPTO's argument, in which he describes the USPTO's position as "bizarre," concluding "[i]t's a very extraordinary animal in legal culture to have two different proceedings addressing the same question that lead to different results." Not reflected in the transcript, but during this barrage, Justices Thomas and Breyer (who sit next to each other) lean back in their chairs, briefly exchange comments, and start laughing. It's unclear whether this discourse has to do with the argument, the Red Sox, or something else.

*Cuozzo*'s counsel gets up for a brief rebuttal of a minute or two and faces no further questioning. And that's it, the case is submitted. Two hours of questions and answers, with a smattering of argument thrown in, have flown by. This patent lawyer's first Supreme Court experience is memorable and in the books. Expect a ruling before the Court's recess at the end of June.

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For inquiries regarding membership, please contact Darren Davis at [davis@fedcirbar.org](mailto:davis@fedcirbar.org) or 202-780-0970.

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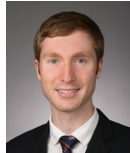
**Is Broadest Reasonable  
Interpretation the Appropriate  
Standard in an IPR? U.S. Supreme  
Court to Decide**

**Robert H. Resis and Benjamin  
Koopferstock**

***Banner & Witcoff IP UPDATE***

***June 8, 2016***

# IS BROADEST REASONABLE INTERPRETATION THE APPROPRIATE STANDARD IN AN IPR? U.S. SUPREME COURT TO DECIDE



BY: ROBERT  
H. RESIS AND  
BENJAMIN  
KOOPFERSTOCK

On April 25, 2016, the Supreme Court heard argument in *Cuozzo Speed Technologies, LLC v. Lee*.<sup>1</sup> The case stems from an *inter partes* review (IPR) proceeding in front of the Patent Trial and Appeal Board (PTAB). The IPR decision invalidated several claims of a patent owned by Cuozzo, who then appealed the decision to the Court of Appeals for the Federal Circuit, and following the Federal Circuit affirmance, to the Supreme Court.

## WHAT IS AN IPR?

Congress created IPR proceedings<sup>2</sup> with the passage of the America Invents Act (AIA) to allow third parties to challenge the validity of issued patents based on prior art patents and printed publications. Starting on September 16, 2012, IPR proceedings superseded *inter partes* reexamination proceedings.<sup>3</sup> An IPR differs from an *inter partes* reexamination proceeding in four principal ways: (1) a three-judge panel of the PTAB presides over an IPR, whereas a patent examiner handled an *inter partes* reexamination; (2) discovery, including depositions of declarant experts, is permitted in an IPR, but was not permitted in *inter partes* reexamination; (3) an IPR has statutory deadlines, including a final written decision by the PTAB within 12 months of the PTAB decision to institute trial on an IPR petition, whereas there were no like statutory deadlines in *inter partes* reexamination, which could take years to conclude; and (4) the PTAB rarely grants a motion to amend claims in an IPR, whereas a patent owner could readily amend and add claims in *inter partes* reexamination.

In most, but not all cases, IPR proceedings are instituted by an accused patent infringer in response to litigation or threat of litigation. The accused infringer can challenge the asserted patent in an IPR proceeding, which is “a quicker and cheaper substitute for litigation.”<sup>4</sup> Frequently, district courts grant accused infringers’ motions to stay litigation pending IPR proceedings. Over the past few years, the PTAB has invalidated a large percentage of claims that have been reviewed, and thus IPR has become a very popular avenue for accused infringers.

One possible reason that the PTAB is invalidating such a large percentage of claims reviewed in an IPR is that the PTAB uses a different standard than the district courts when construing claims. In an IPR, the PTAB uses the broadest reasonable interpretation (BRI) standard, which is the standard used by the U.S. Patent and Trademark Office (PTO) during examination of a patent. District courts, when construing claims in litigation, use the standard set out by the CAFC in *Phillips*, which is known as the plain and ordinary meaning standard.<sup>5</sup>

## WHAT IS AT ISSUE?

*Cuozzo* presents two issues to the Supreme Court: 1) whether the BRI standard should be used in IPR proceedings; and 2) whether the PTAB’s decision to institute an IPR is barred from appeal, or whether it should be subject to appellate review. The first issue, whether to use BRI or plain and ordinary meaning to construe claims in IPR, may impact the percentage of issued claims that survive IPR proceedings. The second issue, regardless of how it is decided, would likely only play a significant role in a limited number of IPR proceedings.

## FEDERAL CIRCUIT OPINION

A panel of three judges of the Federal Circuit affirmed the PTAB and upheld the use of BRI during IPR, stating that there was “no indication that the AIA was designed to change the claim construction standard that the PTO (US Patent and Trademark Office) has applied for more than 100 years” and that the BRI “standard has been applied in every PTO proceeding involving unexpired patents.”<sup>6</sup>

The Federal Circuit also declared that the AIA “precludes interlocutory review of decisions whether to institute IPR,” and that the AIA “prohibits review of the decision to institute IPR even after a final decision.”<sup>7</sup> Cuozzo filed a petition for rehearing *en banc* in front of the Federal Circuit, but was denied the rehearing in a 6–5 ruling.<sup>8</sup>

## IS IPR A MINI-LITIGATION OR CONTINUED EXAMINATION?

At the Supreme Court, the Justices grappled with whether IPR proceedings are an extension of patent examination or more analogous to litigation. IPR shares certain aspects with both examination and litigation. Like an applicant in examination or a patent owner in a reexamination of an issued patent, a patent owner can present claim amendments once an IPR has been instituted. But, unlike examination, claim amendments are not entered as a matter of right during IPR, and there is only a limited opportunity to amend. Additionally, unlike litigation, there is no presumption of validity of the patent in question during IPR.

On the other hand, like litigation, IPR is adversarial and generally includes discovery, briefs, and oral argument in front of the PTAB. Justice Ginsburg described IPR as “kind of a hybrid...in certain respects it resembles administrative proceedings, and other, district court proceedings...so it’s a little of one and a little of the other.”

## THE GOVERNMENT’S ARGUMENT FOR BRI

The AIA does not provide instructions to the PTO as to which standard should be used during IPR proceedings. During argument, Justice Kagan said that “if I look at the statute, I mean, it just doesn’t say one way or the other. So we’re a little bit reading tea leaves, aren’t we?” The government argued that Congress had left it to the PTO to decide which standard to use during IPR.<sup>9</sup> The government’s position is that because the PTO uses BRI throughout examination and in most other proceedings, the PTO’s decision to use BRI during IPR proceedings was reasonable and is “precisely the sort of expert judgment that warrants judicial deference.”<sup>10</sup> Additionally, because “[t]he agency often has multiple pending proceedings concerning the same patent,” which may be combined into a single proceeding, the government argued that it is more efficient for the PTO to use the same standard in each of these proceedings.<sup>11</sup>

## CUOZZO’S ARGUMENT FOR PLAIN AND ORDINARY MEANING

Cuozzo argued that IPR is more analogous to litigation than examination, and thus the plain and ordinary meaning standard is the only reasonable interpretation of the statute.<sup>12</sup> Cuozzo reasoned that the intent of Congress was clearly to create an adjudicatory proceeding, different from the prior reexamination proceedings, and thus there is no ambiguity in the statute because the only appropriate standard would be the one used by district courts.<sup>13</sup> Cuozzo also pointed out that, unlike during examination where applicants can amend claims freely, patent owners have only a very limited opportunity to amend claims during IPR proceedings.<sup>14</sup>

[MORE ▶](#)

[CUOZZO, FROM PAGE 7]

Counsel for Cuozzo argued that “the process that Congress enacted in IPR is a brand new adjudicatory proceeding unlike the PTO has ever confronted in the past,” and that using BRI during IPR “is really the quintessential example of trying to pound a square peg into a round hole simply because that peg used to fit a very different hole.”

In an amicus brief, the American Intellectual Property Law Association (AIPLA) supported Cuozzo’s position, arguing that there was “clear and unambiguous Congressional intent that AIA trials were to be adjudicatory,” and that because the “*Phillips/Markman* standard is applied in district court trials...there is no hint that Congress intended any other standard to apply in post-grant trials.”<sup>15</sup>

AIPLA further argued that the BRI “standard functions well for patent examination, but it is inappropriate for adjudicatory proceedings before the PTAB.”<sup>16</sup>

### INCONSISTENCIES BETWEEN IPR AND DISTRICT COURT LITIGATION

Justice Roberts asked a number of questions regarding inconsistent outcomes between district court litigation and IPR proceedings due to BRI being used in the latter, but not the former. Justice Roberts remarked “it’s a very extraordinary animal in legal culture to have two different proceedings addressing the same question that leads to different results.” Justice Roberts further stated that having two different interpretations of a patent was “a bizarre way to...decide a legal question.”

AIPLA also pointed to this issue in its amicus brief, arguing that “issued claims can be given a different and broader interpretation in AIA trials than they are given in district court infringement proceedings, leading to inconsistent results and uncertainty about the scope and value of patents.”<sup>17</sup> The Intellectual Property Law Association of Chicago (IPLAC)

made a similar argument in an amicus brief, stating that “[a]pplying differing standard to a claim construction reached under an IPR from one reached by a district court would be incoherent,” and that this “would unacceptably permit differing tribunals, both created by Congress, to reach differing results on the same evidence.”<sup>18</sup>

### REVIEWABILITY OF INSTITUTION DECISION

In enacting the AIA, Congress limited the reviewability of the PTAB’s decision to institute an IPR. 35 U.S.C. § 314 states that “[t]he determination by the Director whether to institute an inter partes review under this section shall be **final and nonappealable**.”<sup>19</sup> The decision of whether or not to institute an IPR is particularly important because once an IPR is instituted, the PTAB “invalidates more than four out of every five patent claims that reach a final decision.”<sup>20</sup>

Cuozzo asserted that § 314 was enacted in order to reduce the amount of time needed for the PTAB to issue a final decision in an IPR proceeding.<sup>21</sup> But, once a final decision has been rendered, Cuozzo argued that “nothing bars a party from arguing that the Board’s final decision must be set aside because the proceeding was instituted in violation of the statutory restrictions.”<sup>22</sup> The government countered that there is no need to relitigate “threshold questions that do not bear on the proper scope of the patentee’s exclusive rights.”<sup>23</sup> But Cuozzo noted that “permitting review is the only way to ensure that the Board’s scrutiny of an issued patent actually complies with the AIA’s requirements.”<sup>24</sup>

### UPCOMING SUPREME COURT DECISION

An opinion is expected in June or July, and it appears likely that the Court will issue a final



determination as to whether or not BRI is appropriate during IPR rather than defer to the PTO's discretion of the standard to use. If the Court decides that BRI is inappropriate, a decrease in the percentage of claims invalidated during IPR is likely, although it is not clear how significant this decrease would actually be. If the PTAB were to begin using the same claim construction standard as district courts, then the decision could impact litigation as well, because district courts may defer to, or be influenced by, PTAB claim construction. ■

- <sup>4</sup> Brief for the petitioner at 17, *Cuozzo Speed Techs., LLC*, No. 15-446 (U.S. Feb. 22, 2016).
- <sup>5</sup> *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005).
- <sup>6</sup> *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1277 (Fed. Cir. 2015), *aff'g*, *Garmin Int'l v. Cuozzo Speed Techs., LLC*, 108 USPQ2d 1852 (PTAB 2013), IPR2012-00001, Paper 59.
- <sup>7</sup> *In re Cuozzo*, 793 F.3d at 1273.
- <sup>8</sup> Order Denying Rehearing *En Banc*, 793 F.3d 1297 (Fed. Cir. 2015).
- <sup>9</sup> Brief for the respondent in opposition at 9–17, *Cuozzo Speed Techs., LLC*, No. 15-446 (U.S. Dec. 11, 2015).
- <sup>10</sup> Brief for the respondent in opposition at 9–10 and 14.
- <sup>11</sup> Brief for the respondent in opposition at 14.
- <sup>12</sup> Brief for the petitioner at 16–42.
- <sup>13</sup> Brief for the petitioner at 18–35.
- <sup>14</sup> Brief for the petitioner at 29–31.
- <sup>15</sup> Brief of *Amicus Curiae* American Intellectual Property Law Association in Support of Neither Party at 5, *Cuozzo Speed Techs., LLC*, No. 15-446 (U.S. Mar. 7, 2016).
- <sup>16</sup> Brief of *Amicus Curiae* American Intellectual Property Law Association at 8.
- <sup>17</sup> Brief of *Amicus Curiae* American Intellectual Property Law Association at 8.
- <sup>18</sup> Brief of the Intellectual Property Law Association of Chicago as *Amicus Curiae* in support of neither party at 15.
- <sup>19</sup> 35 U.S.C. § 314 (emphasis added).
- <sup>20</sup> Brief for the petitioner at 46, *citing* U.S. Patent and Trademark Office, Patent Trial and Appeal Board Statistics Dec. 31, 2015 at 12.
- <sup>21</sup> Brief for the petitioner at 48–49.
- <sup>22</sup> Brief for the petitioner at 49.
- <sup>23</sup> Brief for the respondent in Opposition at 21.
- <sup>24</sup> Brief for the petitioner at 52.

<sup>1</sup> *Cuozzo Speed Techs., LLC*, v. *Lee* No. 15-446 (U.S. argued April 25, 2016).

<sup>2</sup> With passage of the AIA, Congress also created post grant review (PGR) proceedings and covered business method (CBM) proceedings.

<sup>3</sup> *Ex parte* reexamination, wherein a third party files a request but has no ability to provide further input to the examiner handling the request, is still available after the AIA became effective.

## BANNER & WITCOFF REPRESENTS ELLIE'S HATS PRO BONO

Banner & Witcoff recently expanded its pro bono efforts with the representation of Ellie's Hats, a nonprofit organization in Virginia that offers children with cancer and their families care and support. Ellie's Hats started with the goal of spreading hope and joy to children with cancer by sending them a hat and showing them that someone is thinking of them. The organization has now taken on many new projects, including organizing fundraisers, offering support to hospitals that provide cancer treatment to children, and raising awareness of childhood cancer.

Robert S. Katz, one of the firm's principal shareholders, was introduced to Ellie's Hats by a member of its board of directors. He said that a primary goal of the organization is to "let the children express themselves through their hats and, in the process, create a dialogue about cancer awareness."

Banner & Witcoff associate Maurine Knutsson filed three trademark applications with the U.S. Patent and Trademark Office on behalf of Ellie's Hats on May 13, 2016:

**MARK: ELLIE'S HATS**

**Serial No. 87036430**

**MARK:**



**Serial No. 87036437**

**MARK: MORE THAN JUST A HAT**

**Serial No. 87036443**

"I was excited for the opportunity to help Ellie's Hats work toward protecting its brand," Maurine said. "I think it will be a great marketing tool for Ellie's Hats to later be able to mark its trademarks as registered and show that it is an established organization with real intellectual property rights."

**For more information about Ellie's Hats, please visit [ellieshats.org](http://ellieshats.org).**





**U.S. Supreme Court Decides *Cuozzo  
Speed v. Lee***

**Robert H. Resis**

***Banner & Witcoff Intellectual  
Property Alert***

***June 20, 2016***



## Intellectual Property Alert: U.S. Supreme Court Decides *Cuozzo Speed v. Lee*

By Robert H. Resis

June 20, 2016 — Today the U.S. Supreme Court decided *Cuozzo Speed v. Lee, Inc.*, No. 15-446. The Court affirmed the Federal Circuit’s judgment in full, thus resolving two significant issues for *inter partes review* (IPR) proceedings before the Patent Trial and Appeal Board (PTAB) under the America Invents Act (AIA).

First, the Court held that the decision of the PTAB on whether to institute an IPR proceeding is not judicially reviewable unless it involves a constitutional question as to the institution decision. The Court noted that 35 U.S.C. §314(d) states that the “determination by the [Patent Office] whether to institute an inter partes review under this section shall be *final and nonappealable*.” The Court stated that “where a patent holder merely challenges the Patent Office’s ‘determin[ation] that the information presented in the petition . . . shows that there is a reasonable likelihood’ of success ‘with respect to at least 1 of the claims challenged,’ §314(a), or where a patent holder grounds its [argument] in a statute closely related to that decision to institute [an IPR], §314(d) bars judicial review.” The Court went on to state that in this case, the patent holder’s argument that the petition “was not pleaded ‘with particularity’ under §312 [was] little more than a challenge to the Patent Office’s conclusion, under §314(a), that the ‘information presented in the petition’ warranted review.” The Court concluded that §314(d) barred the patent holder’s efforts to attack the Patent Office’s determination to institute the IPR.

The Court emphasized that its ruling does not categorically preclude review of a final decision where a petition fails to give “sufficient notice” such that there is a due process problem with the entire proceeding, nor enables the Patent Office to act outside its statutory limits by, for example, canceling a patent claim for “indefiniteness under §112” in an IPR. The Court stated that “[s]uch ‘shenanigans’ may be properly reviewable in the context of §319<sup>1</sup> and under the Administrative Procedure Act, which enables reviewing courts to “set aside agency action” that is “contrary to constitutional right,” “in excess of statutory jurisdiction,” or “arbitrary [and] capricious.”

Second, the Court held that the Patent Office had legal authority under 35 U.S.C. §316(a)(4) to issue its regulation requiring the agency, when conducting an IPR, to give a patent claim “its

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<sup>1</sup> 35 U.S.C. §319 provides in part that “[a] party dissatisfied with the final written decision of the [PTAB] under section 318(a) may appeal the decision pursuant to sections 141 through 144.”

broadest reasonable construction in light of the specification of the patent in which it appears.” 37 CFR §42.100(b). In doing so, the Court rejected the patent owner’s argument that an IPR was a “judicial” proceeding that required the “plain and ordinary meaning” claim construction as required in litigation. The Court noted that in significant respects, an IPR is less like a judicial proceeding and more like a specialized agency proceeding: (i) parties that initiate the proceeding need not have a concrete stake in the outcome; indeed, they may lack constitutional standing; (ii) challengers need not remain in the proceeding; rather, the Patent Office may continue to conduct an IPR even after the adverse party has settled, §317(a); (iii) as the case here, the Patent Office may intervene in a later *judicial* proceeding to defend its decision—even if the private challengers drop out; and (iv) the burden of proof in an IPR is different than in the district courts, i.e., the IPR challenger (or the Patent Office) must establish unpatentability “by a preponderance of the evidence,” while in district court, a challenger must prove invalidity by “clear and convincing evidence.”

The Court noted that where a statute leaves a “gap” or is “ambiguous,” it typically interprets “it as granting the agency leeway to enact rules that are reasonable in light of the text, nature, and purpose of the statute.” With respect to the appropriate claim construction standard for IPRs, the Court found “an express delegation of rulemaking authority, a ‘gap’ that rules might fill, and ‘ambiguity’ in respect to the boundaries of that gap.” The Court went on to conclude that the Patent Office’s regulation was a reasonable exercise of rulemaking authority, after noting: (i) the broadest reasonable interpretation (BRI) helps protect the public from unlawfully broad claims; (ii) the Patent Office has used BRI for more than 100 years, including in other proceedings that resemble district court litigation; and (iii) BRI is not unfair because a patent owner may at least once in the IPR make a motion to amend or narrow the claims.

Under this decision, the Patent Office has broad rulemaking authority for IPRs. Patent owners are well advised to prepare and file strong preliminary responses to IPR petitions before the PTAB decides whether to institute trial on the petitions because decisions to institute will likely not be appealable. Patent owners will also have to show that challengers have not carried their burden of proof of unpatentability of the claims, as construed under BRI.

Please click [here](#) to view the opinion.

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**The IPR Trial — A Play in Three Acts**

**Charles W. Shifley**

***The IP Litigator***

***June 27, 2016***



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and Charles W. Grimes*

# IP *Litigator*



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# The IPR Trial—A Play in Three Acts

Charles W. Shifley

*Charles W. Shifley is a principal shareholder at Banner & Witcoff, Ltd. in Chicago, IL. He has served as lead and co-counsel in numerous successful IP trials and appeals for Fortune 100 companies and others nationwide.*

How do you think about *inter partes* review (IPR)? Do you think that each IPR is a proceeding that involves a trial at the end or as a proceeding in two parts, one before the petition for IPR is granted, and one after the institution decision?

The thesis here is that you are better served in some ways to think of the IPR as a play in three acts. It is wrong to think of an IPR as a case that involves a trial at the end. It is right to think of an IPR as a case in two parts, one before and one after the institution decision. But for some purposes, it is best to think of an IPR as a play in three acts.

## Background

At this time, nearly everyone involved in patent matters is aware of IPRs. “IPRs” are *inter partes* reviews, proceedings brought into existence by the America Invents Act in 2011 (AIA). The reviews are “post grant,” in that they concern issued patents. The reviews are low-cost alternatives to litigation in the courts over the validity of issued patents.

Nearly everyone also is aware that the volume of IPRs has ballooned far beyond expectations for the procedures. To date, nearly 4,000 IPRs have been filed. The US Patent and Trademark Office’s (PTO) Patent Trial and Appeal Board (PTAB), issues monthly statistics of AIA trials, and they include extensive information.<sup>1</sup>

It should be noted, though, that stating there have been 4,000 IPRs is not to say that 4,000 patents have been subject to IPRs. Instead, due to page limits and other issues, those persons filing petitions have sometimes challenged single patents in multiple IPRs. The challenges can be serial, to all the same claims based on different prior art, spread over time, or concurrent, to subsets of the claims challenged in different petitions filed at the same time.

But nearly 3,000 *petitions* have been “completed” to date, with nearly 1,500 trials instituted. Of the 1,500, more than 500 terminated “during trial” due to settlement, dismissal, or such, and nearly 900 had their *trials* completed. The 900 resulted in just over 100 IPRs where no patent claims at issue were concluded to be unpatentable, just over 100

IPRs where some claims at issue were unpatentable and some were patentable, and nearly 650 IPRs where all claims at issue were concluded to be unpatentable. Exhibit 1 shows a confirming PTAB graphic.

## Is an IPR a Case with a Trial at the End?

The answer to the question whether an IPR is a case with a trial at the end is decidedly—no. A thought that an IPR is a case with a trial at the end is a thought that is not tied to the manner in which the PTAB actually conducts IPRs.

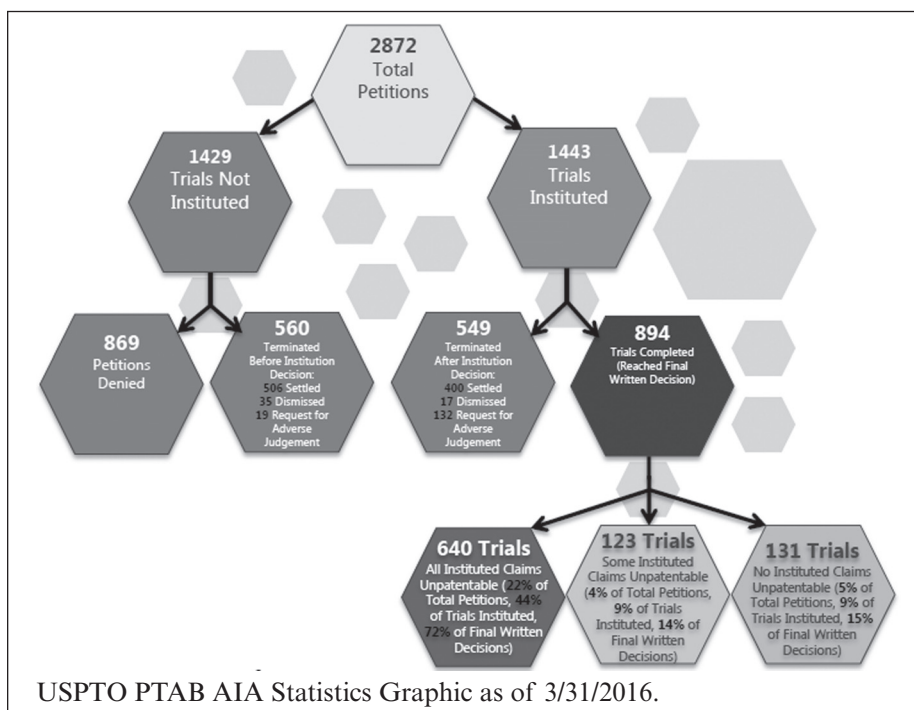
*Could* an IPR be a case with a trial at the end? The answer to the question whether an IPR *could hypothetically* have a trial at the end is—yes—but that is not actuality.

The PTAB has allowed live testimony to occur before PTAB judges in an IPR exactly once.<sup>2</sup> The fact is notorious, in that it reflects such a contrast to possibilities. When IPRs were envisioned, they were envisioned to include oral hearings. Indeed, 35 U.S.C. § 316 stated that the parties each had a “right to an oral hearing as part of the proceeding.”<sup>3</sup> But as soon as regulations were created for IPRs, a “hearing” became, not what one might envision, but a “consideration,” as in this definition: “*Hearing* means consideration of the trial.”<sup>4</sup> This “consideration,” this hearing, immediately became, in routine, nothing but a lawyers’ oral argument. The PTAB issued a trial practice guide, and stated: “The Board does not envision that live testimony is necessary at oral argument.”<sup>5</sup> The PTAB has even said, “By the time the proceeding reaches final oral hearing, ... the trial is already completed ...”<sup>6</sup>

As an example of how narrow the possibilities are for live testimony, in the *K-40* case, the only reason a live witness was allowed was that the patent owner tried to predate an invalidating reference by claiming early invention. The patent owner’s inventor asserted through a declaration that he had invented earlier than the reference. The PTAB ordered one hour of total examination, and only to let the inventor’s credibility be tested. (They didn’t believe him.)

Moreover, the PTAB has turned oral arguments into largely dead exercises by stating that oral arguments cannot present any new matters, but instead can only rehash arguments in what the parties have already filed: “A party ... may only present arguments relied upon in the papers previously submitted. No new evidence or arguments may be presented at the oral argument.”<sup>7</sup>

## Exhibit 1—Disposition of IPR Petitions Completed to Date\*



“It is unfair ... to bring a new twist or angle into a party’s case .... That would include different characterizations of the evidence and different inferences drawn from the evidence. If certain testimony previously was not developed, discussed, or explained ... it may not be developed, discussed, explained, or summarized, for the first time ... at final oral hearing.”<sup>8</sup>

Buttressing all this, the PTAB has issued decisions that exclude demonstrative exhibits because they include content not made of record in a testimony period.<sup>9</sup> The exclusions can be wholesale.<sup>10</sup> Objectionable content includes animations of figures of the patent under challenge, added and removed reference numbers, and paraphrased text, minor things one would think were not “new evidence or arguments.” The PTAB reasons that “demonstrative exhibits are not evidence...cannot add new evidence...[and cannot] rely on evidence that ... was never specifically discussed in any [past] paper before the Board.”<sup>11</sup>

Thus, in short, it is wrong to think of an IPR as a case with a trial at the end. There are no live witnesses at the end, and there is nothing new, nothing like a trial at the end, either. To the PTAB, by then, “the trial is [over].”<sup>12</sup>

### Is an IPR a Case in Two Parts?

The answer to the question whether an IPR is a case in two parts is decidedly—yes. It is as decidedly yes as the answer in the previous section was decidedly no.

An IPR is a case with a “preliminary,” “preparatory,” or “prefatory” part, and then a “nonpreliminary,” “real,” or “full” part. The two parts are required by statute. Every IPR begins as a proceeding with the filing of a petition.<sup>13</sup> Every IPR also includes a decision of the PTO director, which he delegates to the PTAB, whether to authorize an IPR to be instituted.<sup>14</sup> The PTAB can authorize the review only if the PTAB determines that the information in the petition, with one possible embellishment, shows a reasonable likelihood that the petitioner would prevail as to at least one claim challenged in the petition.<sup>15</sup>

Thus, every time an IPR petition has been filed, an IPR proceeding has begun in some sense, and the rest of the proceeding, even if it includes a conclusion that claims are or are not patentable, is one unified proceeding. But in another sense, IPR petitions do not necessarily cause IPR proceedings to proceed, because the PTAB can decide against going forward on the petition, and so IPR proceedings have a “break point,” “tipping point,” or “decision point,” at the time of the decision whether the proceeding can go on, or end. It is this decision point that divides the IPR case into its preliminary part and its full part.

The nature of the preliminary proceeding as a proceeding, as opposed to just a filing with a decision to accept or refuse the filing, as meeting or not meeting filing standards, is reinforced by one additional matter. As in the reference to an embellishment above, the patent owner need not sit idly by and let the petitioner and the PTAB

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decide whether to proceed. Instead, the patent owner has a right to a “preliminary response.”<sup>16</sup> The patent owner can “set forth reasons why no *inter partes* review should be instituted.”<sup>17</sup> Thus, when the patent owner exercises the right to respond to the petition and try to stop an IPR “before it starts,” there is a “proceeding” in the sense of a first filing, followed by an opposing filing, followed by a decision that weighs the merits of the two filings.

This is not to say, however, that the “preliminary proceeding” that is defined by the petition, the preliminary response, and the decision on the two is a “full” proceeding. From the patent owner’s perspective, the hampering of the patent owner’s “preliminary rights,” so to speak, caused by PTAB rules, is dramatic. The petitioner has had the statutory right to file affidavits and declarations “of supporting evidence and opinions.”<sup>18</sup> Most significantly, because the petitioner can present opinions, it expressly can rely on experts who give the opinions.<sup>19</sup>

Up until a rule change that took effect recently, the patent owner could not get new opinions into the record with its preliminary response. The patent owner got “[n]o new testimonial evidence,” explicitly restricted by PTO regulation against meeting expert opinions with responsive expert opinions.<sup>20</sup> The patent owner could present “old” testimony evidence, and could present non-testimony evidence, because it was not blocked against doing either, but it could not present new testimony evidence, “except as authorized by the Board,” meaning—never.<sup>21</sup> It could not present any opinion testimony that it brought into existence after the petition was filed by working with an expert for the purpose of countering the petitioner’s expert’s opinions in detail.

Under the new rule, effective on May 2, 2016, not terribly much has changed. The patent owner may present new evidence, including new expert declarations. The petitioner may request and be permitted a reply. Some discovery may be permitted.<sup>22</sup> The changes sound dramatic. But given PTO confinement of other opportunities for things to happen to the “never happening” sphere, there should be little actual change in preliminary proceedings. Yes, patent owners may work with experts to counter the petitioner’s expert’s opinions and file expert declarations. But depositions and replies are highly unlikely. In the event facts are in dispute, the new rules require that disputes of fact be “viewed,” meaning “decided,” in favor of granting the petition, such that patent owners may see little advantage in filing new expert evidence. Here, little change is expected under the new rules as to the outcomes of petition decisions—IPRs will be instituted at the same high rate.

The limits on the patent owner aside, in sum, every time an IPR petition has been filed an IPR proceeding has in some sense begun. The petitioner has set matters in motion toward an IPR conclusion by filing a petition.

Nevertheless, the IPR proceeding has not been “authorized” or “instituted” and will not proceed until the patent owner has had the opportunity to meet the petition at a preliminary stage, by filing a preliminary response, and by adding information to the situation trying to stop the IPR before it begins. Even if the patent owner does not file such a response, in any event, the PTAB is vested with making a decision whether to allow the IPR to proceed or not. That divides the IPR proceeding into a preliminary part, and a nonpreliminary part.

## But There Is Another Way, a More Useful Way, to Think about the IPR Proceeding

As shown, it is useful to avoid thinking of an IPR as a proceeding with a trial at the end, and to positively think of an IPR as a proceeding in two parts. To be most technically correct by the definitions of the PTO, there actually are two different proceedings, one preliminary and one not. “*Preliminary Proceeding* begins with the filing of a petition for instituting a trial and ends with a written decision as to whether a trial will be instituted. *Proceeding* means a trial or preliminary proceeding.”<sup>23</sup> Thus, in all IPRs, there technically are “preliminary proceedings,” and “trials,” and they are both proceedings, such that each IPR that is instituted includes two proceedings.

But there is another way to think about an IPR proceeding, and it is a better way.

Once an IPR proceeding is authorized and instituted, what are the papers the petitioner has as its initial “pleadings,” its statement of position, its “motion,” its application, and its evidence, both of documents and by testimony? The answer is simple, because it is the petition already filed (especially in a simple case of no complex preliminary proceedings). There is no provision in the statute or the rules that regulate IPRs that would allow the petitioner in any case to follow a positive institution decision with another paper, such as a “non-preliminary petition.” There is no such thing. Thus, the initial “pleading” or “summary judgment motion” of the petitioner is the petition, along with whatever “evidence-proving” papers accompanied the petition (and in a complex case, any preliminary reply). A first part of an IPR, then, actually has ended when the petitioner has filed the petition. That first part was the petitioner’s part that began with the petitioner’s early decision to move toward creating a petition, that continued with a marshalling of the facts and law for the petition, and that ended with the completion, filing, and service of the petition and associated papers.

There is one more caveat to this thought, and it is the caveat that the petitioner is allowed both supplemental



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evidence and supplemental information. These closely related terms speak to two types of additional information the petitioner may add to the information of the petition after the institution decision. “Supplemental evidence” is evidence that is responsive to objections made to existing evidence. As in 37 C.F.R. § 42.64(b)(2), a party relying on evidence may serve supplemental evidence when there has been an objection to the evidence being relied on. “Supplemental information” on the other hand is not restricted to supplemental evidence. Supplemental information is evidence relevant to a claim for which trial has been instituted<sup>24</sup> or not.<sup>25</sup> It can be submitted within a month of the institution of trial with no showing of why it was not submitted earlier or submitted later than one month with the showing of why it could not have been obtained earlier and that it should be considered in the interest of justice.<sup>26</sup> The parties have a statutory right to supplemental information.<sup>27</sup>

With this one caveat, and caveats about unlikely future cases with petitioners’ preliminary replies, however, the petitioner stands on the petition when the IPR proceeds. The first “act” of the IPR essentially is over with the filing of the petition. The institution decision is in some sense a decision with retroactive effect, because it has reached back to the date of the petition and gathered in as the initial evidence and arguments of the petitioner that evidence and those arguments that came before the decision and were present in and with the petition when it was filed. Thus, to some extent, the “trial,” even though not instituted until its institution date, already has gone on for months, started with the petition, and continued in the usual silence of no filings that change the evidence of the trial. To the extent the petitioner can go out and take its direct testimony for its case, it already has. It has done so in the form of the affidavits or declarations it has filed with the petition.<sup>28</sup> It cannot add to the evidence by taking depositions of friendly witnesses, and issuing deposition notices and subpoenas for more testimony (with tight exceptions). It can take discovery of only those “witnesses submitting affidavits or declarations,”<sup>29</sup> and because no one but the petitioner has submitted affidavits and declarations at the time of the petition, and until later, there are no witnesses who are adverse at the time of the petition and usually through the time of institution decision and beyond, until the “second act.”

This sense of the first “act” of the IPR being over for the petitioner well before the institution decision even occurs, and of the institution decision having something of a retroactive effect, is an important sense for the petitioner to have. In preparing and filing the petition and associated papers, the petitioner needs to have a clear eye ahead that “what’s done is done,” and there won’t be a brand new set of substitute papers for the petitioner to prepare and file after it learns deficiencies in its case

from the patent owner and its preliminary response, and from the PTAB and its institution decision. In the nature of some litigation lawyer wisdom, the papers filed, like a complaint in litigation, are at their best on the day of filing. After that, they do nothing to improve themselves and they get critical examination. As a result, they get worse. So they had best have been excellent at the time they were filed, so they get no worse than good.

A specific aspect of having the sense that “what’s done is done” concerns a PTAB practice of instituting an IPR on fewer than all claims. The PTAB may be cherry-picking from petitions, and may be doing so for a variety of reasons. But it does frequently institute trial on less than all challenged claims. As in PTAB AIA statistics, just less than half of patent claims that are challenged get an institution decision.<sup>30</sup> Petitioners have a tendency, on the other hand, to write at length about the first set of claims in a patent, and then truncate arguments on later claims as they run out of page and or space and don’t want to repeat at length. That can work well in some cases, but might not work well at all if the PTAB takes only the later claims into an IPR trial. If that happens, then the first act of the trial has ended for the petitioner with a relatively weak case, a case weak from having been truncated in the petition. So an excellent petition needs to be excellent on all claims, not just some.

Another specific aspect concerns petition arguments for anticipation and obviousness. Obviousness takes more space to argue. But if the PTAB is being selective, then the PTAB will pick anticipation for trial and leave obviousness out. It happens. Arguments for anticipation that have been crowded out by obviousness arguments are then the only arguments on which IPRs are going forward, and they are weaker arguments than they could have been.

Moving to the patent owner, once the IPR proceeding is authorized and instituted, what are the papers the *patent owner* has as its initial “pleadings,” etc.? Subject to supplemental evidence and supplemental information—and speaking of filings after the institution decision—the patent owner gets one and only one set of papers in answer to the petition. That set of papers is the patent owner’s response, with the opportunity of response being a statutory right,<sup>31</sup> but the time period for response being a very limited three months after the institution decision.<sup>32</sup>

In the three-month period after institution, the patent owner is in the period for the patent owner’s discovery, and can take depositions of the witnesses for the petition and the petitioner.<sup>33</sup> It also *must* take any direct un-compelled testimony it will file with the response, by securing affidavits and declarations of its witnesses.<sup>34</sup>

As can be seen on reflection, the “second act” of the IPR is a three-month period of potentially frenetic, even possibly farcical, activity. Depositions must be taken

and then countering affidavits and declarations created. The scheduling of depositions must proceed by agreement reached before notices of deposition are sent.<sup>35</sup> Because experts are involved, difficulty in scheduling can be expected. With a petitioner choosing to be difficult, deposition taking can be deferred based on a position that the rules provide that cross-examination should be taken after any supplemental evidence has been filed, and the petitioner is considering such evidence.<sup>36</sup> The petitioner also can be difficult with late scheduling by taking the position that the rules provide that cross-examination cannot be taken less than a week before the filing date of the response. In the absence of agreement to scheduling, a conference must be started with the PTAB.<sup>37</sup> Meanwhile, preparation of patent owner experts is best accomplished efficiently after the petitioner's experts have been deposed, the transcripts reviewed, and matters considered at some length. Effectively, in this act of the play, doors could be slamming behind departing actors, who are deposition subjects, on one side of the stage, while other actors, who are countering witnesses, are entering through doors on the other side—farce!

In the late stages of this activity, the patent owner must finalize and file its papers with the same concerns as the petitioner, to not short one subject by oversight or lack of page or word length while adequately handling others.

Regardless, the second act is over when the patent owner's response is filed. The period for patent owner's depositions of those persons whose affidavits and declarations were submitted with the petition is over. The period for direct testimony from the patent owner's witnesses is over. The period for the filing of the patent owner's arguments and positions is over. The act of responding to the petition, the filing of the one full response that is allowed, is over, *fini*.

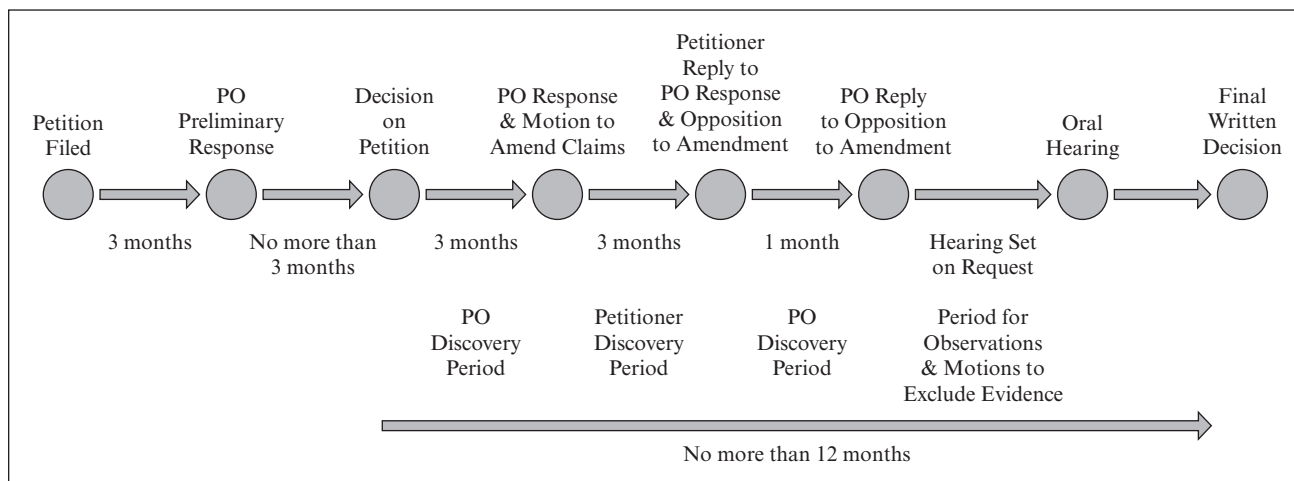
So an IPR is in some sense a play in two acts—but consider a possible two acts more. For that matter, consider possibly many acts more. The usual graphic from the PTO makes IPRs seem like plays of seven or eight acts. (See Exhibit 2.)

With seven arrows lined up with eight bullets across the graphic for seven periods of an IPR and eight deadlines, it seems that IPRs have seven or eight parts. But consider Exhibit 2 further. The seventh period is not for an act of the actors at all. It is the time period between the oral hearing and the final written decision. In that period, the actors, who are the petitioner and the patent owner, are idle. The same is true of the third period, a period for decision on the petition by the PTAB, which is a period of interlude for the actors. The count for possible acts in the IPR play, working through the Patent Office graphic, is down to five.

Consider the graphic more closely. The first period, for the patent owner preliminary response, already has been considered. The count is four. Now focus on the second-to-last period, the period for observations and motions to exclude. "Observations" is an odd term. The existence of a thing called "observations" is odd. What the term and practice reflect is bad planning in arranging IPRs. To compress IPRs into a year, to allow even mutual three-month periods for discovery, and to allow a time period for the final decision, those planning IPRs had to arrange IPR events such that the patent owner's first, last, and only paper, the response, and the petitioner's second and also last paper, the reply, are filed while a period of discovery is uncompleted and in fact not even begun. As in the graphic, the uncompleted period of discovery is the "PO discovery period" of one month.

Moreover, and again as in Exhibit 2, the parties' last papers have been filed before the patent owner has filed its possible reply in support of its motion to amend.

### Exhibit 2—Patent Office Graphic Explaining IPRs



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While the motions to amend notoriously are pointless, the PTO allows the patent owner to file new affidavits and declarations with the reply. Thus, the parties' last papers are filed not only while some discovery is out in the future, but while the filing of some possible declarations is in the future. The result is that the nicety of the graphic is smeared over with late declarations, late depositions, and "observations" on the late depositions.

But consider what the "observations" are to be. Any and every "observation" is to be "a concise statement of the relevance of identified testimony to an identified argument or portion of an exhibit."<sup>38</sup> Here is the example:

In exhibit xxx, on page xxx, lines xxx, the witness testified xxx. This testimony is relevant to the xxx on page xxx of xxx. The testimony is relevant because xxx.

The example is followed with this: "The entire observation should not exceed one short paragraph."<sup>39</sup>

This spare one short paragraph statement or set of statements is all that is allowed of observations. So even with motions to exclude added in, the second-to-last period of IPRs in the PTO graphic is hardly the stuff of major events. By process of elimination, and as referenced tangentially above, there is only one act that is a major event in the IPR in addition to the two acts of the petition and the response. The third act is the petitioner's reply.

This third act is significant because some patent owners unfamiliar with IPRs tend to assume that their response to the petition ends the briefing on the petition. Others assume that the petitioner must file a quick reply. Not so, on either score. In the usual manner of federal court motions, especially summary judgment motions, the IPR includes what is effectively the motion for relief, which is the IPR petition, the opposition, which is the IPR

response, and a reply, the IPR reply. Thus, the petitioner gets first and last word on its petition, and the patent owner must expect a reply to its response.

Moreover, the petitioner gets a substantial—in IPR terms—period for the reply. Instead of filing a reply in 10 days or two weeks as is typical in litigation, the petitioner gets three months for a reply, and in that three months, the petitioner gets discovery. Now it gets depositions of adverse witnesses, *i.e.*, the patent owner's witnesses. Thus, due to this third act, the patent owner must act carefully in the second act. As with the petition, the patent owner's response is at its peak the day it is filed. The petitioner has three months of opportunities to make the response degrade. Like the petition, the response had better be excellent, so it survives to be at least good.

The IPR, then, in some sense is a play in three acts. They are the petition, the response, and the reply. The petition is the only true "full" set of papers the petitioner gets for its challenge. The response is definitely the only full set of papers the patent owner gets for its rise to the challenge, and the IPR is decided on the papers.

## Conclusion: Think of the IPR as a Play in Three Acts

Hopefully, with the analysis above, it can be perceived that an IPR is in some sense a play in three acts: (1) petition, (2) response, and (3) reply. An IPR should not be considered a proceeding that ends in a trial. It can be considered to be a proceeding of two parts, or even two proceedings split in time between a decision, or if granularity is desired, a proceeding in seven or eight parts. But an IPR also should be considered to be a play in three acts, to fully appreciate its nature and present a best case in the three acts that are the only substantial acts to the IPR "play."

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1. See <http://www.uspto.gov/patents-application-process/appealing-patent-decisions/statistics/iaa-trial-statistics>.  
2. See *K-40 Elecs., LLC v. Escort, Inc.*, IPR2013-00203 (P.T.A.B. May 21, 2014, May 30, 2014) (Paper Nos. 34, 36).  
3. 35 U.S.C. § 316(10).  
4. 37 C.F.R. § 42.2.  
5. 77 Fed.Reg. 48768.  
6. *CBS Interactive Inc. v. Helderich Patent Licensing, LLC.*, IPR 2013-00033 (PTAB Oct. 23, 2013) (Paper 118, 2).  
7. 77 Fed.Reg. 48768.  
8. *CBS Interactive*, Paper 118 at 3.  
9. *Id.*  
10. *Id.*  
11. *St. Jude Med. v. Bd of Regents of U. of Mich.*, IPR2013-00041 (PTAB Jan. 27, 2014) (Paper 65, 2-3).  
12. *CBS Interactive*, Paper 118.  
13. 35 U.S.C. § 311 so states.  
14. See 35 U.S.C. § 314.  
15. *Id.*  
16. See 35 U.S.C. § 313.  
17. *Id.*  
18. 35 U.S.C. § 312.

19. *Id.*  
20. 37 C.F.R. § 42.107(c).  
21. *Id.*  
22. See 37 C.F.R. §§ 42.107, 42.108 as amended.  
23. 37 C.F.R. § 42.2.  
24. 37 C.F.R. § 42.123(a)(2).  
25. 37 C.F.R. § 42.123(c).  
26. See 37 C.F.R. § 42.123.  
27. See 35 U.S.C. § 316(a)(3).  
28. See 37 C.F.R. § 42.53(b).  
29. 35 U.S.C. § 316(5)(A).  
30. 19,244 claims instituted of 43,762 claims challenged as of the latest statistics, see the March 2016 statistics, *supra* n.1, p.13.  
31. See 35 U.S.C. § 316(a)(8).  
32. See 37 C.F.R. § 42.120.  
33. 35 U.S.C. § 316(5)(A).  
34. 37 C.F.R. § 42.53(b).  
35. 37 C.F.R. § 42.53(d)(1).  
36. 37 C.F.R. § 42.53(d)(2).  
37. *Id.*  
38. 77 Fed.Reg. 48768.  
39. *Id.*

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**Patent Owner's Parent Application  
Disclosing Osteoporosis Treatment  
Methods Did Not Enable the  
Challenged CIP Claims**

**Robert H. Resis**

***Banner & Witcoff PTAB Highlights***

***July 11, 2016***

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# PTAB HIGHLIGHTS

New developments in post-issuance proceedings

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## Patent Owner's Parent Application Disclosing Osteoporosis Treatment Methods Did Not Enable the Challenged CIP Claims

By [Robert H. Resis](#)

July 11, 2016 — The Patent Trial and Appeal Board recently held that a patent owner's patent claims were unpatentable under 35 U.S.C. § 102(a) over an anticipatory reference because a parent application did not enable the claims and thus did not provide a priority date that predated the reference. The PTAB also held that the patent owner failed to establish conception prior to the critical date of the reference.

[IPR2015-00291 – Daiichi Sankyo Co., Ltd. v. Alethia Biotherapeutics, Inc. \(Paper 75\)](#)

A key takeaway from this case is that a petitioner can prevail in an *inter partes* review based on a § 102(a) reference where the challenged claims are not enabled by a parent application filed before the publication date of the reference. Effective use of available evidence by the petitioner that demonstrates lack of enablement of challenged claims is another key takeaway. A third takeaway is that the PTAB will closely scrutinize a patent owner's evidence of alleged conception (including the patent owner's presentation of its clinical studies to the petitioner) before the publication date of a § 102(a) reference. Due to the adversarial nature of an IPR proceeding, a patent owner may have a more difficult time convincing the PTAB on enablement and conception than an applicant has in convincing an examiner on the same issues during an original or *ex parte* examination.

The challenged patent, U.S. 8,168,181 (the '181 patent), discloses methods of modulating osteoclast differentiation, which may be useful in the treatment of bone loss or bone resorption in patients

suffering or susceptible of suffering from certain conditions such as osteoporosis. The patent owner did not dispute that the asserted anticipatory reference discloses the limitations recited in the challenged claims. The PTAB resolved two disputes, both in favor of the petitioner.

The first dispute was whether the challenged claims of the '181 patent, filed on October 16, 2009, was entitled to its priority claim as a continuation-in-part to WO 2007/093042 (Parent Application), filed on February 13, 2007. The PTAB stated that without the benefit of priority, Hiruma, a PCT Publication published in Japanese on April 16, 2009, becomes available as prior art to the '181 patent under 35 U.S.C. § 102(a).

On the enablement issue, a question of law, the PTAB considered whether the Parent Application enabled the challenged claims, i.e., did the specification of the Parent Application describe “the manner and process of making and using [the invention], in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the [invention].” The PTAB stated that the enablement requirement is met when one skilled in the art, having read the specification, could practice the invention without “undue experimentation.” The PTAB went on to consider whether undue experimentation would be required by analyzing the evidence under the *Wands* factors: “(1) the quantity of experimentation necessary, (2) the amount of direction or guidance presented, (3) the presence or absence of working examples, (4) the nature of the invention, (5) the state of the prior art, (6) the relative skill of those in the art, (7) the predictability or unpredictability of the art, and (8) the breadth of the claims.” *In re Wands*, 858 F.2d 731, 737 (Fed. Cir. 1988).

The PTAB found that the Parent Application discloses a potential target for drug development (i.e., Siglec-15), an assay by which to screen potential inhibitory compounds to osteoclast differentiation, and a general description pertaining to conventional methods of producing antibodies. According to the PTAB, to arrive at the invention of the challenged claims, a person of ordinary skill in the art would have had to choose to pursue anti-Siglec-15 antibodies as a potential inhibitor to test in the disclosed osteoclastogenesis assay, generate anti-Siglec-15 antibodies, and then screen those antibodies until an antibody having the desired biological properties was identified. The PTAB found that while the Parent Application discloses Siglec-15 can potentially impair formation of osteoclasts from precursor cells, it fails to provide sufficient detailed guidance to a person of ordinary skill in the art suggesting more than a mere starting point or direction for further research. The PTAB found that while the Parent Application discloses the protein sequence of Siglec-15, it offers no credible guidance as to unique antigenic regions or epitopes in Siglec-15 that would have been useful for generating antibodies having the required functional properties. The PTAB concluded that the lack of specific guidance would have required a person of ordinary skill in the art to engage in a complicated and lengthy screening process to practice the invention, amounting to undue experimentation.



The PTAB also found that the Parent Application fails to sufficiently describe common structural information to show possession to the genus of antibodies recited in the challenged claims. The PTAB found the patent owner did not prove that the claims of the '181 patent are entitled to the priority date of February 13, 2007, and concluded that Hiruma thus anticipates the challenged claims under 35 U.S.C. § 102(a).

The second dispute was whether the patent owner could successfully antedate Hiruma, thus removing the reference as prior art under 35 U.S.C. § 102(a). The patent owner contended that the claimed invention was conceived prior to April 16, 2009, and constructively reduced to practice on October 16, 2009, the filing date of the '181 patent. The patent owner further contended that the inventors were reasonably diligent from April 9, 2009, to the date of the constructive reduction to practice. To demonstrate conception, the patent owner relied on the Parent Application and the declaration testimony of Dr. Mario Filion (named as a co-inventor on the '181 patent) that the subject matter claimed in the patent was conceived prior to February 13, 2007, the filing date of the Parent Application, or alternatively, prior to June 19, 2007, the date in which he presented the patent owner's clinical programs to the petitioner. The patent owner also relied upon a copy of the slide deck that accompanied Dr. Filion's presentation to the petitioner (the Patent Owner Presentation).

The PTAB found that neither the Parent Application nor the Patent Owner Presentation was sufficient to establish that antibodies that could function in the claimed methods had been defined prior to the critical date. The PTAB found that because the patent owner's records indicated that critical research activity was still necessary before identifying a Siglec-15 antibody capable of performing the functions recited in the challenged claims, the mental embodiment of such antibodies as of the critical date "was a mere hope or expectation, a statement of a problem, but not an inventive conception." The PTAB held, therefore, that the patent owner failed to antedate Hiruma, which was thus prior art under 35 U.S.C. § 102(a).

*The Leahy-Smith America Invents Act established new patent post-issuance proceedings, including the inter partes review, post grant review and transitional program for covered business method patents, that offer a less costly, streamlined alternative to district court litigation. With the U.S. Patent and Trademark Office's Patent Trial and Appeal Board conducting a large and increasing number of these proceedings, and with the law developing rapidly, Banner & Witcoff will offer weekly summaries of the board's significant decisions and subsequent appeals at the U.S. Court of Appeals for the Federal Circuit.*



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**“Your PTAB Judges Will Be Experts”  
— Right? ... Not So Fast**

**Charles W. Shifley**

***Banner & Witcoff PTAB Highlights***

***July 26, 2016***

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# PTAB HIGHLIGHTS

New developments in post-issuance proceedings

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## “Your PTAB Judges Will Be Experts” – Right? ... Not So Fast

By Charles W. Shifley

July 26, 2016 — One of the alleged benefits of *inter partes* reviews (IPRs) of patents is that the Patent Trial and Appeal Board (PTAB) is filled with judges who are experts in the technologies they are handling. Right? ... Not so fast.

First, background. The PTAB has an organization established by patent law, 35 U.S.C. § 6. “There shall be in the Office a Patent Trial and Appeal Board. The Director, the Deputy Director, the Commissioner for Patents, the Commissioner for Trademarks, and the administrative patent judges shall constitute the Patent Trial and Appeal Board.” After making four specific U.S. Patent and Trademark Office (PTO) officers and an unstated number of administrative patent judges (APJs) members of the PTAB, the law continues with a spare statement of two qualifications for the APJs. “The administrative patent judges shall be persons of competent legal knowledge and scientific ability ...” (The law also requires three member PTAB IPR panels.)

The PTO’s document, “Organization of the Board,” states that, tripling in size in the last three years due to IPRs and other AIA trials, the PTAB includes among the APJs a Chief APJ, a Deputy Chief APJ, Vice Chief APJs, Lead APJs, and then regular APJs. See <http://www.uspto.gov/sites/default/files/documents/Organizational%20Structure%20of%20the%20Board%20May%2012%202015.pdf>. (They are assisted by Supervisory Patent Attorneys, Patent Attorneys, Paralegal Specialists, Legal Instrument Examiners, Administrators, Analysts, and Support Specialists.) The Chief and Deputy Chief APJs are the “Office of the Chief Judge.” The Deputy reports to the Chief.

The PTO has a Manual of Patent Classification and Examiner Group Art Units. Just like these divisions of technology and personnel, the PTAB has 12 sections of technology. “Each section covers a broad technical focus.” Each must cover a broad focus, as the U.S. Patent Classification (USPC) system breaks technology into classes from 002 to 987 and beyond. There are two PTAB divisions each made up of six sections, such that there are two Vice Chiefs for the divisions, and 12 Lead APJs, one Lead for each “broad technical focus.”

Doing the math, with about 225 APJs at the PTAB, see e.g. <http://www.fitcheven.com/?t=40&an=38049&anc=99&format=xml&p=5488>, deducting the Chief, Deputy Chief, and two Vice Chiefs as largely administrative, and dividing the remaining 221 APJs by 12 for the 12 sections, there are about 18 APJs per section. Assuming about a hundred classes of technology as indicated by the USPC system, divided by 12, each section of 18 APJs is responsible for about 10 classes of technology.

Up to here, the organization of the PTAB seems neat and orderly. The “Organization of the Board” does state that “many judges in a section may carry dockets that span a number of technical disciplines,” but given the breadth of the sections, that is to be expected. The APJs in a section must work across many USPC classes.

But the “Organization’s” statement seems to be euphemism. What is the truth, by examples from IPRs to date, is that PTAB APJs sometimes judge patents on technologies far outside their educations and experiences. As just one example, consider IPRs 2016-00431, 00432, and 00433. All three of these IPRs concern injection molding machine patents. More specifically, they concern “valve gates” and the drive mechanisms for them. From an institution decision, in one embodiment, a “transmission assembly comprises a plurality of transmission rollers that include annular rings which extend axially along the length of each roller, and a rotatable elongated cylinder than includes a central threaded bore.” What is the technology? Mechanical, of course — injection molding machines, drives, transmission assemblies.

But the backgrounds of the APJs can be traced through the files of other IPRs, LinkedIn, the PTO attorney search function, and many other sources. One of the APJs in these IPRs judged a patent in another IPR on a “process for the removal of permanganate reducing compounds ... and alkyl iodides formed by the carbonylation of methanol in the presence of a Group VIII metal carbonylation catalyst.” In another, he judged a patent on “a process for the manufacture of diesel range hydrocarbons from bio oils and fats, commonly called ‘biodiesel.’” He was the attorney of record for a patent for monoclonal antibodies. Before becoming an APJ, he was a patent attorney and then assistant general counsel for a biopharmaceutical company. Another of the three APJs had a bachelor’s degree in chemical engineering and a master’s degree in biotechnology. The third had a bachelor’s degree in chemistry.

Plainly, not one of the three APJs was educated or had experience in engineering in relation to injection molding machines, transmissions, rollers, rings, cylinders, bores, and mechanical engineering. Striking is that all three have in common that they are involved in chemical and biotechnology matters. They must be among the “many judges in a section (theirs likely biotechnology) [who] carry dockets that span a number of technical disciplines (theirs chemistry, chemical engineering, biopharmaceuticals, biotechnology *and injection molding*).”

If you think that in an IPR your APJs will have education or experience in your technical area, or even in the relevant engineering discipline from among the mechanical, electrical, chemical, etc. disciplines, think again. The patent law requires of your APJs only that they have “competent legal knowledge and scientific *ability*.” They aren’t required to have *competent scientific educations or experiences in the technologies they judge*. Consistently, be forewarned: your injection molding machine PTAB APJs may not have any mechanical engineering education or experience whatsoever — more broadly, your [fill in your technology] PTAB APJs may not have any [fill in your engineering discipline] education or experience whatsoever.

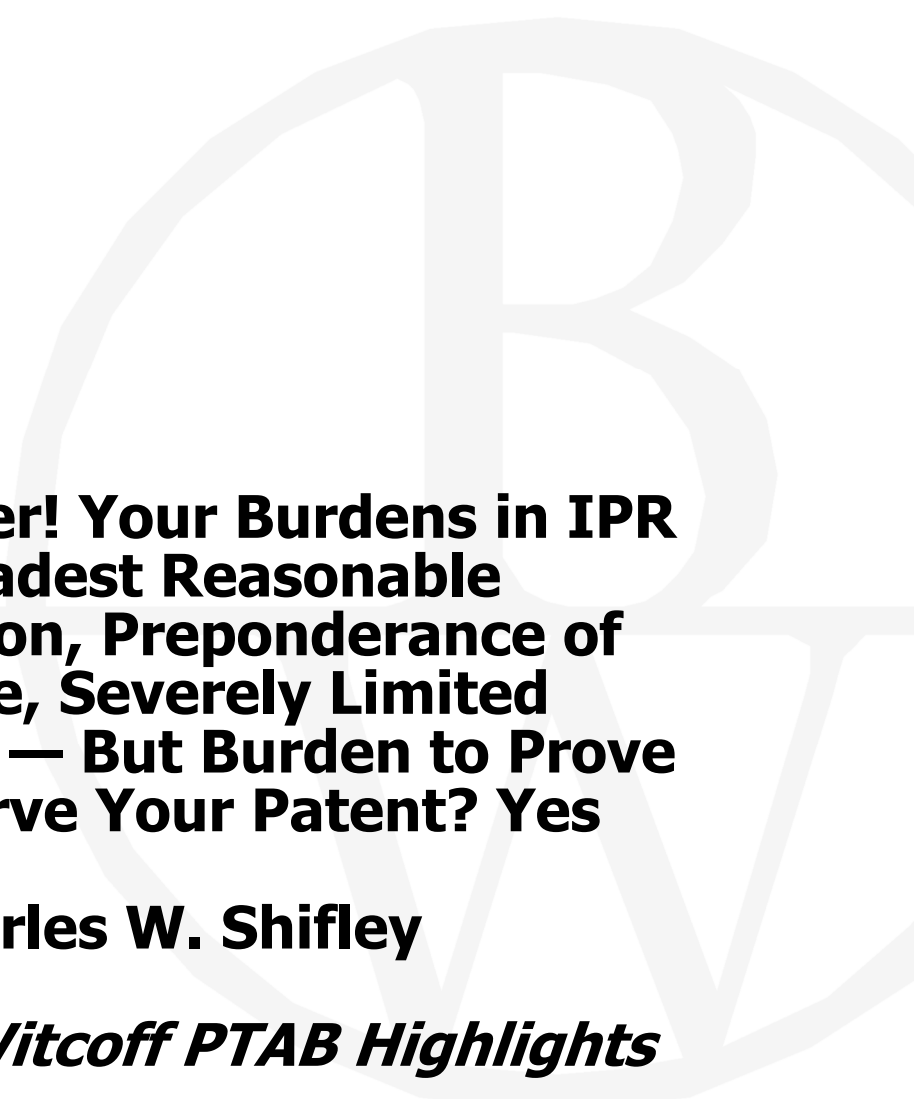
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**Patent Owner! Your Burdens in IPR  
— Broadest Reasonable  
Construction, Preponderance of  
Evidence, Severely Limited  
Amendment — But Burden to Prove  
You Deserve Your Patent? Yes**

**Charles W. Shifley**

***Banner & Witcoff PTAB Highlights***

***July 27, 2016***

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# PTAB HIGHLIGHTS

New developments in post-issuance proceedings

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## Patent Owner! Your Burdens in IPR – Broadest Reasonable Construction, Preponderance of Evidence, Severely Limited Amendment – But Burden to Prove You Deserve Your Patent? Yes

By Charles W. Shifley

July 27, 2016 — Seventy-one percent of patent claims for which *inter partes* review are instituted are canceled. You knew that. You knew your patent was subject to IPR cancellation by broadest reasonable construction. You knew your patent was subject to cancellation by preponderance of the evidence. You knew your patent was subject to cancellation with severely limited chance to amend the claims. But did you know your patent was subject to cancellation with you forced to carry the burden to prove you deserved your patent, even though no one told you? Well, it was, and you were.

In *In re Magnum Oil Tools Int'l, Ltd.*, 2015-1300 (Fed. Cir. July 25, 2016), the Federal Circuit addressed a Patent Trial and Appeal Board decision in an IPR. The patent concerned fracking, oil drilling by hydraulic fracturing. Fracking has been so revolutionary that it has caused an oil glut, e.g. <http://www.reuters.com/investigates/special-report/usa-northdakota-bust/>. When the bust is over, North Dakota will become once again an incredible success in pumping oil to join Texas, other states, and Organization of Petroleum Exporting Countries in major oil production.

In the meantime, the bust is the present, and the PTAB considered a challenge to a patent on tools that set plugs into the holes that fracking drills in the ground. This is so the holes can be sectioned and each section “fracked.” The invented tool has screw threads that disintegrate when the tool is pulled out, which is good, because the tearing up of the threads releases the tool.

The PTAB gave death to all the challenged claims of the patent. The patent owner went to the Federal Circuit.

The challenger of the patent and the patent owner settled, and the challenger agreed to refrain from participating in the appeal. But the director of the U.S. Patent and Trademark Office intervened to keep up the appeal, and keep the potential to kill the patent ongoing.

The PTO positions appear wacky. The patent owner lost its patent. But the PTO argued that the patent owner was only arguing against the decision to institute the IPR. However, that decision was not subject to review. The Federal Circuit had little need to review that PTO argument at length. It made no sense.

On the merits, the patent owner argued that the challenger had never established a *prima facie* case of claim invalidity — never carried its burden in the first place. But the “PTO [took] the view that upon institution of an IPR, the Board’s [finding of a reasonable likelihood of success toward canceling the claims] operate[d] to shift the burden of nonobviousness to the patentee.” In the specific situation, the PTAB instituted IPR on references Lehr, Cockrell and Kristiansen. The PTO asserted “the burden of production shifted [to the patent owner] to argue or produce evidence ... that Lehr, Cockrell and Kristiansen [did] not render [the claims] obvious.” Here is the astonishing part of the PTO’s position, quoted from the Federal Circuit opinion reversing the PTAB: “In making this argument, the PTO implies that the Board’s conclusion on obviousness in an IPR can be based on less than a preponderance of the evidence if the patent owner does not affirmatively *disprove* the grounds on which the IPR was initiated.”

Distinguishing as different a patent owner assertion of a date of invention before the critical date of a reference, the Federal Circuit said, “Where, as here, the only question is whether due consideration of the four *Graham* factors renders a claim or claims obvious, no burden shifts from the patent challenger to the patentee. ... It is inappropriate to shift to the patentee after institution to prove that the patent is patentable.”

The Federal Circuit was having none of it, but will the PTO, and specifically the PTAB, change the mindset against patent owners that was apparently in play with all IPRs to date and first became visible with its arguments in this appeal? One can wonder.

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**Patent Applicants: Want to Avoid  
Broadest Reasonable Interpretation  
in *Inter Partes* Review? That's Right  
– Use Means Clauses**

**Charles W. Shifley**

***Banner & Witcoff PTAB Highlights***

***August 3, 2016***

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New developments in post-issuance proceedings

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## Patent Applicants: Want to Avoid Broadest Reasonable Interpretation in *Inter Partes* Review? That's Right - Use Means Clauses

By Charles W. Shifley

August 3, 2016 — Everyone speaking for patent owners and applicants is crying out over broadest reasonable interpretation (BRI) in *inter partes* reviews (IPR) of patents. Trying as *amicus* to fend off the *Cuozzo* decision from the Supreme Court, the Licensing Executive Society (LES) likened the death of patents to BRI in IPRs as the equivalent in real estate of “an administrative system that allowed challenges” to deeds and interpreted them “for maximum invalidation” instead of interpreting them “as landowners understood and asserted them to exist, and as they would be interpreted in courts. ... The landowners would have their deeds canceled, solely on the technicality that their deeds could be hyper-inflated to cover bits of property never claimed to be owned. A taking would occur ... of land ... never claimed [and] all of the land actually owned. ... The system could be understood to make no sense.” The Federal Circuit called out the same effect of BRI in IPRs on patents, holding in *PPC Broadband, Inc. v. Corning Optical Communications RF, LLC*, 815 F.3d 734 (Fed.Cir. 2016) that it was forced to affirm the IPR invalidation of a patent that would have been valid if the Court could have used the *Phillips* claim interpretation standard used in district courts: “The case hinges on the claim construction standard applied – a situation likely to arise with frequency. ... the claim construction standard is outcome determinative.” Result: patent invalid, solely because of BRI in an IPR.

How, then, can patent applicants shed BRI in the IPR that looms in the future if the applicants’ patent is ever asserted, or even if the invention just has value to a savvy competitor? One answer, ironically, lies in “means clauses” — clauses of patent claims written in “means plus function” format.

Of course, the answer could lie in new legislation passed by Congress, but that is highly unlikely at present. Congress passed the legislation that created IPRs in part specifically to kill “bad patents,” and would no doubt consider the legislation successful in that it is killing 71 percent of patent claims that are tested in IPRs. With *Cuozzo* over, help is highly unlikely to come from the courts, although there are pending constitutional challenges to IPRs. An answer also comes from non-BRI PTAB interpretation when the patent in an IPR will expire before the IPR final decision, but that’s a small sliver of patents.

No, the only known answer lies in means clauses. BRI has no effect on the interpretation of means clauses. Whether BRI will be used in an IPR or in original patent prosecution, the BRI of a means clause and the *Phillips* interpretation of the means clause are exactly the same. Voila, bad BRI eliminated.

The authority in support of this view is old, and venerated: *In re Donaldson Co., Inc.*, 16 F.3d 1189 (Fed.Cir. 1989). By virtue of *Donaldson*, means plus function terms even in patent prosecution are given the same interpretation as in courts. Consistently, means plus function terms cover linked corresponding structures and their equivalents, “regardless of the context in which the interpretation of the means-plus-function language arises.” *Donaldson* at 1193. See also *Medtronic, Inc. v. Advanced Cardiovascular Sys., Inc.*, 248 F.3d 1303, 1312 (Fed. Cir. 2001); *Ex Parte Lakkala*, Appeal 2011-001526 (PTAB November 19, 2008)(informative opinion); and *Flotek Ind’s., Inc. v. Nat’l. Oil Well DHT, L.P.*, IPR2015-01210 Paper 11 at 8 (PTAB Nov. 6, 2015)(citing *Donaldson* at 9).

The best part for patent owners as to means clauses is that an IPR patent challenger must prove that the corresponding linked structure associated with the means clauses is in the prior art, or at least prove that an equivalent structure is in the prior art. E.g., *Spaceco Business Sol’ns., Inc. v. J. Moscovitch*, IPR2015-00127 Paper 16 at 25 (PTAB May 14, 2015). As in *Spaceco*, if the IPR challenger fails to prove that the linked corresponding structure or its equivalent is in the prior art, then the challenger does not even prove a reasonable likelihood of success in IPR, and cannot get the IPR underway. The Moscovitch patent in *Spaceco* was on a base for dual computer monitors, i.e., “displays.” The claims had a limitation to “mounting means,” i.e., “mounting means for mounting the displays to an arm assembly.” *Id.* at 12. The patent linked corresponding structure including a ball, shaft, flange, tabs, socket, rear of the display, hole, or in another embodiment, ball, shaft, plug, socket, rear of the display, shell, screws, socket, bolt, and equivalents. *Id.* at 24. The petitioner failed to demonstrate that either version of the linked structure, or an equivalent, were in the prior art. The PTAB faulted the petitioner as well for failing to submit evidence of interchangeability to support equivalency of structure. *Id.* at 26. The IPR did not proceed; it ended before it was initiated. *Id.* at 27.

The irony for patent owners is that after a burst of use of means clauses as soon as they were allowed, means clauses came to be little used once the Federal Circuit interpreted them as it did in *Donaldson*, i.e., limited to linked corresponding structure and equivalents. Means clauses were

thought to be too limiting of the scope of patent claims. Patent applicants and owners were thought to be better off without means clauses, since non-means clauses were not limited to linked structures and equivalents, and instead encompassed the full range of scope of the meanings of their terms.

But here we are, in the present, a present in which BRI can invalidate patents that would not be invalid under *Phillips*, and arguably should not be invalid, because as groups like LES say, invalidating them “make[s] no sense.” And ironically, in the see-saw world that is patent law over the years and decades, means clauses now stand out as perhaps the only safe harbor that patent applicants and owners can have against the killer effects of BRI on patent claim interpretation and invalidation at the PTAB.

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**In Your IPR, Your Expert Declares ...  
So That's Evidence By Itself, Right?  
No, Not So Much**

**Charles W. Shifley**

***Banner & Witcoff PTAB Highlights***

***August 30, 2016***

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# PTAB HIGHLIGHTS

New developments in post-issuance proceedings

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## In Your IPR, Your Expert Declares ... So That's Evidence By Itself, Right? No, Not So Much

By Charles W. Shifley

August 30, 2016 — *Inter partes* reviews are the new hotbed of patent litigation. Filed at the U.S. Patent and Trademark Office, with the Patent Trial and Appeal Board, IPRs take down bad patents and eliminate them from the courts. Every accused infringer gets the chance to file an IPR against each patent asserted against them. They do it by filing a petition to cancel patent claims, with proof of necessary facts taking the form of an expert declaration. The patent owner responds with its own expert. The experts may battle over claim interpretation and over disclosures in prior art references. The PTAB decides who to believe and whether the patent is to be sustained or canceled.

So if an expert is qualified to be an expert in the subject matter of the patent, and he states facts to be true, they are true, right, unless contradicted by another expert, one hired by the opponent in the IPR? No, not so much, not necessarily. If two experts disagree, that sets up a battle between experts that must be decided based on the substance of their opinions, right? Again, no, not so much.

In IPRs 2014-00029, -00033, -00040, and -00044, for example, the PTAB canceled claims of a cloud file storage patent. On appeal, the patent owner argued that the PTAB did a bad job of reviewing the evidence on claim construction, because it did not consider that the patent owner's expert disagreed with the opinion of the adverse expert on claim construction. The U.S. Court of Appeals for the Federal Circuit, in *B.E. Tech., LLC v. Sony Mobile Comm'ns. (USA) Inc.*, No. 2015-1882 (Fed. Cir. August 12, 2015), however, gave the argument little attention. Instead, the Federal Circuit dismissed the argument, saying only that the expert testimony on which the

patent owner relied “essentially repeat[ed the patent owner’s] claim construction without further support,” and that by rejecting the patent owner’s construction and crediting the opponent’s expert, the PTAB had rejected the patent owner’s evidence. Slip op. at 13.

Think about this. The expert said what he said, and the patent owner repeated what he said in the patent owner’s response to the IPR petition. What is wrong with that? Why is that subject to dismissal? Of course the patent owner would repeat the opinion of the expert and make the expert’s opinion the patent owner’s own position. How else could a patent owner justify a position? Because it said so, alone? It would seem to hardly make sense to take the sensible patent owner’s reliance on the opinion of an expert, and turn the resulting patent owner’s agreement with its expert’s opinion backward, and criticize the expert for having only agreed with the patent owner’s position.

And the PTAB has been critical of patent owners stating their arguments, and relying on more lengthy statements of their arguments in the supporting declarations of their experts. For example, in IPR2014-00454, the PTAB denied a petition, stating at length that it found no reasonable likelihood of success because the petitioner had stated its arguments in reliance on much more lengthy statements of positions in its expert declaration. *Cisco Systems, Inc. v. C-Cation Tech’s., LLC*, IPR2014-00454 Paper 12 (PTAB August 29, 2014)(informative opinion). According to the PTAB, this was incorporation by reference, which was prohibited. Obviously, what one learns from decisions like this is that petitions and expert declarations should fairly well match up in substance and length, one, the petition, essentially being a duplicate of the other, the declaration. Same for patent owner responses: match the expert declaration in the response.

But doing what *Cisco Systems*, IPR214-00454, required only led to trouble in *B.E. Tech.*, IPR2015-1882. Is this another governmental/bureaucratic “Catch 22?” Perhaps.

But another way to analyze *B.E. Tech.* is to recognize another problem. Just because an expert says it’s true, that doesn’t make it true. And just because your IPR paper, whether it’s the petitioner’s or the patent owner’s paper, relies on an expert’s declaration, and is justified by the declaration, that doesn’t provide the paper with the proper support. The opinions of experts, one could conclude, are not being accepted at face value, for what they state.

And that would be a correct conclusion. Experts in IPRs, no different than experts in federal litigation, or any witnesses for that matter, are tested for the support they have for what they testify. In federal court, they are tested to the extreme of Daubert motions, motions to exclude, that seek to eliminate their testimony from even being considered. If not excluded, the testimony is still tested, for relevance and reliability. In the PTAB, there is no Daubert practice, but there is

a strong practice of not crediting the opinions of experts who do not have facts and data in their support. The PTAB Trial Guide, 77 Fed. Reg. 48763 (Aug. 14, 2012), puts it this way:

Testimony Must Disclose Underlying Facts or Data: The Board expects that most petitions and motions will rely upon affidavits of experts. Affidavits expressing an opinion of an expert must disclose the underlying facts or data upon which the opinion is based. See Fed. R. Evid. 705; and § 42.65. Opinions expressed without disclosing the underlying facts or data may be given little or no weight. *Rohm & Haas Co. v. Brotech Corp.*, 127 F.3d 1089, 1092 (Fed. Cir. 1997)(nothing in the Federal Rules of Evidence or Federal Circuit jurisprudence requires the fact finder to credit unsupported assertions of an expert witness.)

So, succinctly said and proven in the PTAB decisions, it is definitely not enough for a party's paper to match a party's experts' declaration. It is definitely possible, and even likely, that if the paper and declaration match, and the expert's declaration doesn't say more, and isn't supported by facts and data, the match of the declaration to the paper will be criticized as in *B.E. Tech*. The expert's opinion will be discredited for only agreeing with the party paper. Just because a qualified expert says it's so, it ain't so.

Put another way, never let any significant portion of an expert's declaration in an IPR give the appearance of being based solely on the expert's opinion. Always support each major portion of the declaration with citations to supporting evidence, facts and data.

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**Late to File Your IPR, But the PTAB  
Says You're OK? Don't Worry, the  
Federal Circuit Can't Care**

**Charles W. Shifley**

***Banner & Witcoff PTAB Highlights***

***September 27, 2016***

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# PTAB HIGHLIGHTS

New developments in post-issuance proceedings

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## Late to File Your IPR, But the PTAB Says You're OK? Don't Worry, the Federal Circuit Can't Care

By Charles W. Shifley

September 27, 2016 — *Inter partes* reviews are the new hotbed of patent litigation. Filed at the U.S. Patent and Trademark Office, with the Patent Trial and Appeal Board, IPRs take down bad patents and eliminate them from the courts. Every accused infringer, with a chance to file, files an IPR against each patent asserted against them. They do this by filing a petition to cancel patent claims, with proof of necessary facts usually taking the form of an expert declaration. The patent owner responds with its own expert. This may lead to a battle of experts over claim interpretation, and over disclosures in prior art references. The PTAB decides who to believe and whether the patent is to be sustained or canceled.

IPR petitions must reflect a choice against court action, and be timely. A statute requires that petitions be filed before the petitioner (or real party in interest, "RPI") filed any action in court to invalidate a subject patent. 35 U.S.C. § 315. (Counterclaims do not count. *Id.*) It also requires that if the petitioner (or RPI or even a "privy") has been sued for infringement, the petition must be filed within a year of being served with the complaint. *Id.*

A year may seem like a long time, but for those in litigation wanting to enter into one or more IPRs, it can fly by. Surprised by being sued, a defendant can spend months selecting and hiring counsel; having search entities identify best prior art; selecting, retaining, educating, and getting opinions from busy experts; preparing and bombproofing the best cases of invalidity; and pulling together suitably detailed and persuasive IPR paperwork.

Timeliness mistakes can be made. Timeliness can be attacked, as well, by patent owners in front of the PTAB. They can assert lateness in relation to litigation against parties they characterize as "privies" of the petitioner. Moreover, the Supreme Court's *Cuozzo* decision states that PTAB IPR decisions can be reviewed by the courts for whether they are contrary to constitutional right,

in excess of statutory jurisdiction, or arbitrary and capricious. *Cuozzo Speed Tech. v. Lee*, 136 S. Ct. 2131, 2141-42 (2016).

So suppose you're arguably late to file an IPR, after litigation against customers, suppliers, or the like. What will the PTAB do about a patent owner's timeliness challenge, and what can the courts do? Should you worry?

The answer is, you should hardly worry. A recent Federal Circuit case demonstrated all of what the PTAB will and won't do, and what the courts will and won't do. In *Wi-Fi One, LLC v. Broadcom Corp.*, No. 2015-1944 (Fed. Cir. Sept. 16, 2016), an appeal brought a patent with PTAB-canceled claims up for review of its IPR final decision. The PTAB included in its final decision the matter of timeliness, resolving in that decision that the petition was timely. *Broadcom Corp. v. Wi-Fi One*, Case IPR2013-00601, Paper 66 at 8-9 (PTAB, March 6, 2015).

The patent owner, Wi-Fi One, was not without its reasons for challenging timeliness. Wi-Fi One's predecessor, in ownership of the patent 6,772,215, was multinational Ericsson, *id.* at 2, who had sued a who's-who group of computer industry defendants for infringement, including D-Link, Netgear, Acer, Gateway, Dell, Toshiba, and Belkin, in the U.S. District for the Eastern District of Texas in 2010. *Ericsson Inc. v. D-Link Corp.*, Civil Action No. 6:10-cv-473, filed Sept. 14, 2010. The first defendants were served in October 2010. That was three years before Broadcom filed for IPR. The "D-Link defendants" asserted that they were sued for selling products that had Wi-Fi functionality provided by chipsets from third parties, including Broadcom. *Id.*, docket report, doc. 23 at 4. The chipsets were said to include third party code that caused the allegations. *Id.* at 5. Broadcom had its chipset source code discovered. *Id.*, doc. 291. Broadcom was said to have developed and championed a proposal that led to a standard that caused the Ericsson allegations. *Id.*, doc. 416 at 44. Broadcom had an obligation to indemnify Dell and Toshiba. Broadcom IPR paper 66 at 8. Intel, in a similar situation, intervened to defend. Ericsson Civil Action doc. 416 at 33.

Wi-Fi One asked the PTAB for discovery to prove more about the relationship to the D-Link defendants. But as the PTAB does by its interpretation of its obligations and patent owner opportunities, it required that Wi-Fi One prove in its motion by evidence that there was more than a possibility that the sought-after discovery existed and that it had more than a possibility of producing further useful evidence on the privity factor. *Wi-Fi One*, Federal Circuit op. at 3-4. And as usual, the PTAB found that a petitioner had not done either. *Id.* As above, it went on to include its timeliness conclusions in its final decision. Stumped in gaining access to more facts, facts only to be discovered due to their privacy between parties adverse to the patent owner, Wi-Fi One faced the PTAB, stating in its final decision that since its arguments and evidence were not different from the arguments and evidence it had in its motion (catch-22!), the arguments and evidence were unpersuasive for the same reasons that led to the denial of Wi-Fi One's motion.

Wi-Fi One appealed. The Federal Circuit affirmed. *Id.* at 2. Wi-Fi One argued among other things that the PTAB exceeded its authority and that *Cuozzo* had changed the legal landscape, permitting appeal of the PTAB's final decision on timeliness. *Id.* at 6. Two of the three Federal Circuit judges disagreed. *Id.* at 8. While one judge dissented, *id.* at 19, the panel held it had no jurisdiction to even hear the appeal of the PTAB's timeliness decision. Said the panel, the

Federal Circuit had already decided the matter in its *Achates* panel decision, *Achates Ref. Pub., Inc. v. Apple Inc.*, 803 F.3d 652 (Fed. Cir. 2015). *Cuozzo* changed nothing as to *Achates*. *Cuozzo* even stated, they went on, that courts were prohibited from reviewing PTAB decisions on the basis of “questions that [were] closely tied to the application and interpretation of statutes related to the Patent Office’s decision to initiate inter partes review.” In spite of the PTAB including the timeliness matter in its final decision, the inclusion of the matter in the PTAB’s institution decision, the panel said, made it a question closely tied to the application and interpretation of the decision to initiate, and insulated it from court review. *Id.*

So, succinctly said and proven in the PTAB and Federal Circuit decisions, if you are potentially untimely in your IPR, due to earlier litigation against your customers, suppliers, or the like, about which you know, and for which you are indemnifying the defendant parties, lose no sleep over the matter if the patent owner does not have compelling proof that you and the defendant parties are privies. For lack of evidence to put in a motion that there is some evidence of privity to be had by discovery, the patent owner will lose any motion to get such discovery, will remain unable to prove privity, and will lose arguments that you are not timely due to the patent owner having sued the defendant parties.

The PTAB will decide for you. It will do so in its institution decision. And the Federal Circuit, by interpretation of its *Achates* case and the Supreme Court’s opinion in *Cuozzo*, has decided that it cannot take your opponent’s case — it cannot hear their appeal, it cannot care. Worry hardly.

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**Federal Circuit Hears Arguments in  
*Helsinn Healthcare S.A. v. Teva  
Pharmaceuticals USA Inc.***

**Surendra K. Ravula**

***Banner & Witcoff Intellectual  
Property Alert***

***October 6, 2016***



## Intellectual Property Alert:

### Federal Circuit Hears Arguments in *Helsinn Healthcare S.A. v. Teva Pharmaceuticals USA Inc.*

By Surendra K. Ravula

October 6, 2016 — On October 4, 2016, the U.S. Court of Appeals for the Federal Circuit heard oral arguments in *Helsinn Healthcare S.A. v. Teva Pharmaceuticals USA Inc.*, case number 16-1284. The Court’s ruling in this case could ultimately affect the way in which invalidating sales and offers for sale as well as other types of prior art enumerated in 35 U.S.C. § 102 of the America Invents Act (AIA) are interpreted.

The patents at issue in this case cover drugs including the active ingredient palonosetron, a chemical used to treat chemotherapy-induced nausea and vomiting (CINV). This chemical was discovered in the early 1990s by scientists at Syntex, which was later acquired by Roche. Helsinn acquired the rights to palonosetron from Roche in 1998. Helsinn then conducted various Food and Drug Administration (FDA) trials to determine the appropriate concentration of the chemical for clinical use. During this time, Helsinn also entered into a contract with another company named MGI to help fund Helsinn’s research and development efforts in return for granting MGI an exclusive license to any drugs found to be effective and ultimately approved by the FDA. In that agreement, Helsinn and MGI further agreed to an ordering procedure and pricing scheme for any palonosetron formulations that the FDA approved. Helsinn later filed for and was granted patents covering its drugs and ultimately brought an infringement suit under the Hatch-Waxman Act, alleging that Teva’s proposed generic drugs infringe Helsinn’s patents.

Under the AIA, 35 U.S.C. § 102 was modified to impose a much simpler first-to-file patenting regime in the U.S. The AIA replaces the more complicated structure of 35 U.S.C. § 102 under the 1952 Patent Act and defines various categories of prior art appearing before the effective filing date of the patentee. 35 U.S.C. § 102(a) under the AIA states in part:

A person shall be entitled to a patent unless (1) the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention.

Most of these categories of prior art existed under the 1952 Patent Act and had developed a judicial gloss over the decades. For example, previous cases had held that a “noninforming public use,” *i.e.*, a public use made in such a way that the public cannot readily determine the use, constitutes a public use.<sup>1</sup> Moreover, prominent cases have also held that an invalidating public use occurs even

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<sup>1</sup> *Egbert v. Lippmann*, 104 U.S. 333 (1881) (finding that the inventor’s corset stay, worn inside his fiancé’s corset for over 10 years, constituted a public use).

when a patentable machine is kept secret so as long as its products are publically used.<sup>2</sup> Finally, courts have held that secret, confidential, or non-public sales or offers for sale trigger the on-sale bar so as long as the invention is “ready for patenting,” which can be shown by proof of a reduction to practice before the critical date or by proof that prior to the critical date the inventor had prepared drawings or other descriptions of the invention that were sufficiently specific to enable a person skilled in the art to practice the invention.<sup>3</sup> Under *Pfaff*, even a single sale can trigger the on-sale bar of 35 U.S.C. 102.<sup>4</sup> In addition to these categories, the AIA apparently contemplates a new category of prior art that is “otherwise available to the public.” Just exactly what this phrase means and whether or not it affects the way the other categories of prior art are interpreted is a central issue in *Helsinn*.

The district court found *Helsinn*’s patents to be valid and infringed by Teva. In doing so, the court reached two important conclusions about why the on-sale bar was not triggered in this case. First, the court found that the claimed pharmaceutical formulations were not ready for patenting before the critical date even though the agreement with MGI was determined to be a commercial offer for sale. Second, the court found that the on-sale bar of 35 U.S.C § 102 did not apply to one of the patents at issue because the *Helsinn*-MGI contract did not make the claimed invention “available to the public” under 35 U.S.C. § 102(a)(1).

During oral arguments, Judge Dyk noted that the *Helsinn*-MGI contract was publicized, and the only thing that was not described in the press release for this agreement was the dosage levels of the claimed drugs. Teva argued that the confidentiality of the dosage levels was irrelevant, given that *Helsinn*’s activities in entering into a contract with MGI constituted commercial exploitation of the claimed invention, implying that the policy behind the on-sale bar was to prevent unintended extensions of the monopoly right granted by a patent. Meanwhile, *Helsinn* argued that the claimed drugs were not ready for patenting at the time of the *Helsinn*-MGI contract because the drugs being tested at that time were not deemed to be efficacious at a statistically significant level and, therefore, the on-sale bar was not triggered.

With regard to the second issue, Teva argued that the addition of the phrase “otherwise available to the public” does not change the meaning of the term “on sale” in 35 U.S.C. § 102, as established by decades of precedent. To help them resolve this issue, the judges questioned counsel on which canons of statutory construction should be used to determine what the phrase “otherwise available to the public” modifies. A cursory look at the language of the statute would lead one to conclude that this phrase could modify all of the categories of prior art listed; however, Teva and various intellectual property professors around the country noted that such an interpretation would throw decades of precedent out the window. Rather than changing the way that terms such as “on sale” or “public use” are to be interpreted, Teva argued that the new phrase is meant solely to enumerate a new area of prior art, including tweets and online videos, that the drafters of the 1952 statute did not contemplate.

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<sup>2</sup> *Metallizing Engineering Co. v. Kenyon Bearing & Auto Parts Co.*, 153 F.2d 516 (2d Cir. 1946).

<sup>3</sup> *Pfaff v. Wells Electronics*, 525 U.S. 55, 55-69 (1998).

<sup>4</sup> *Id.*

The Court further considered whether the Helsinn-MGI contract constituted an offer to sell, given that Helsinn was testing various dosage levels and any drug Helsinn tested was subject to FDA approval. Teva argued that the Uniform Commercial Code (UCC) makes clear that future or contingent contracts are still contracts for the sale of goods, and that Helsinn started the commercial marketing process by entering into this type of contract. Moreover, Teva argued that the claimed drugs were ready for patenting as they were undergoing FDA clinical trials and, therefore, the promise by Helsinn for a future distribution stream became an invalidating sale. Helsinn countered that the agreement constituted mere preparations for a commercial sale and thus did not trigger the on-sale bar. While the Court seemed to be open to considering the agreement as a basis for invoking the on-sale bar, Judge O'Malley dwelled on Helsinn's point that the product in this case was not defined at the time of the agreement and the money that MGI gave was in return for the exclusive license to a *potential* future product, not a binding purchase order for the claimed drugs.

Meanwhile, the US government argued that the legislative history for the AIA indicates a transaction must make an invention available to the public to trigger the on-sale bar of the AIA and thus secret sales should not trigger the on-sale bar. Because the dosage levels of the claimed drugs were not disclosed in the Helsinn-MGI agreement and MGI was bound to confidentiality, the government argued that the invention here was not made available to the public, and the agreement did not trigger the on-sale bar.

We will continue to watch this case to ascertain whether 35 U.S.C. § 102 under the AIA has added completely new types of prior art that are "otherwise available to the public" in addition to changing the meaning of various types of invalidating prior art, such as prior art sales and public uses.

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**IPR: Histrionics and Statistics**

**Charles W. Shifley**

***World Intellectual Property Review***

***November 10, 2016***

## IPR: histrionics and statistics

10-11-2016

Charles Shifley



howcolour / Shutterstock.com

Depending on where you sit, inter partes review purges bad patents and stops ‘trolls’, or discards good patents by testing them not for what they are, but what they are not. Charles Shifley of Banner & Witcoff sheds some light on the controversy.

Everyone involved in patent practice in the US knows that all US patents can be subject to *inter partes* review (IPR). Administrative patent judges at the Patent Trial and Appeal Board (PTAB) are empowered to consider IPR petitions, evaluate the petitions and responses, and cancel the contested patents.

They do this free of any requirements to consult juries or respect the job of patent examiners by giving the patents the benefit of the doubt, ie, a presumption of validity. Moreover, they read the patent claims as broadly as reasonably possible to validate or invalidate them (with broadest reasonable interpretation, and it applies with exceptions only for expiring patents and means-plus-function claim elements).

Are IPRs fair? It depends very much on who you ask.

Challengers to patents love IPRs. More specifically, those sued for patent infringement love IPRs. Eighty percent of IPRs result from patent owners first suing to enforce their patents. The reasons are plain: in lawsuits, juries decide whether patents are valid (they are presumed valid) and they are interpreted more narrowly than *the* BRI, unless litigation interpretation and BRI match up. Juries think patents are issued by patent examiners who test the merits of products while wearing white lab coats—little do they know (author's opinion).

Juries also make decisions based on generalities, such as whether the accused infringers appear to have copied their competitor. While litigation judges temper their decisions by re-judging some parts of their decisions under standards of law and other parts, by deciding whether they are within or outside the outer bounds of being reasonable, litigation judges are on the whole unable and unwilling to overrule wholesale, jury decisions.

To patent challengers, IPRs are eminently fair. To them, patents should not be tested for validity by impressionable people who frequently have little or no advanced education, who almost always know nothing of the technology involved apart from what they learn in the trial in which they sit, who have almost no “tools” for judging the merits of the substance of expert testimony, and who can be hijacked by prejudices such as bias toward underdogs and against faceless corporate conglomerates.

Patent challengers also loathe the opportunistic practices of those they brand “trolls”, ie, “patent enforcement entities” who sue defendants (including customers) in droves based on patents lacking merit in the notoriously patent owner-friendly US District Court for the Eastern District of Texas, and frequently use the high costs of patent litigation as leverage to drive settlements and make them rich.

To patent owners, on the other hand, especially those who are legitimate owners of meritorious patents, trolls—the lowest common denominators of patent owners—have caused the creation of a procedure, the IPR, that is an unfair and unmitigated disaster. Patents, once respected and judged by common-sense juries and litigation judges who were publicly nominated by the US president and confirmed by the US Congress, are now judged by people who substitute themselves for an otherwise constitutional right to trial by jury.

These people, whatever the merits of their education and desire for fairness, have never been vetted in a public proceeding, have every reason to be motivated by the US Patent and Trademark Office (USPTO), and are biased by the reliance on their jobs to make IPRs successful procedures to challenge patents because the fees paid to the USPTO for IPRs are astronomical, and without case volume they have no jobs.

The Licensing Executives Society, for example, has called IPRs, in both testimony to Congress and a brief to the US Supreme Court, “catastrophic for innovators and entrepreneurs”. At oral argument in the case that rubber-stamped BRI, *Cuozzo Speed Technologies v Lee*, Supreme Court Justice John Roberts called the IPR “bizarre” and an “extraordinary legal animal”. The bizarre legal animal called the IPR is stomping around among the general public, crushing the innocents with every other step.

Patent owners also cannot stand the restrictions on corrections in IPRs. Even patent owners who acknowledge that their patents could be better or need changes cannot seem to get the PTAB to accept amendments to them.

### **Look at the numbers**

Histrionics aside, the matter might better be judged by statistics. PTAB statistics show that there have been 5,656 America Invents Act (AIA) petitions as of September 16, 2016, of which 5,143 are IPR petitions; 3,672 have been completed. Once IPR petitions are granted, IPR trials go forward, and final decisions are the result. In 1,214 IPR trials, all claims in the trials have been found unpatentable in 833 decisions, nearly 70% of the total.

However, of the 3,672 completed petitions, trials went forward in only 1,901 (51%), while 1,075 petitions (29%) were denied. It can be seen that 3,672 minus 1,901 equals 1,771, not 1,075, reflecting that 696 cases ended without trials or denials—90% of these by settlements.

“Patents owners subjected to IPRs by those they sue and whose patents survive the IPRs cannot be forced in courts to defend their patents against more challenges.”

The PTAB states that the 833 trial results indicate that all instituted patent claims were found unpatentable in 69% of final decisions, but only 43% of trials were instituted and 23% of all IPR petitions. In another 189 trials, some claims being tried were found unpatentable, but not all, and in another 192 no claims being tried were unpatentable. Only 82 attempts to correct patents in IPRs have been made, while only six have been approved. The PTAB's handling of motions to amend is under review at the US Court of Appeals for the Federal Circuit.

The statistics are hardly better than the histrionics. Patent owners can decry the 70%. Challengers can respond with the 51% rate of going forward and the 23%, etc.

### **Is it fair?**

Putting both histrionics and statistics aside, another way IPRs might be better judged for fairness is the way they and their parties are somewhat curtailed, confined, and prevented from unreasonably extending patent validity challenges. First, patent owners are not subjected to unending IPRs. Those sued for infringement have one year, and only one, to get themselves into IPRs. They also cannot use surrogates to circumvent the one-year time period. Others who are not sued and not surrogates may file IPRs later, but they hardly have reason to expend the efforts and funds.

Second, patents owners subjected to IPRs by those they sue and whose patents survive the IPRs cannot be forced in courts to defend their patents against more challenges. This is unless the challenges could not have been brought into the IPRs that happened, either because they attack the patent eligibility of patent subject matter, as with software patents, or because they relate to alleged prior art product sales activities.

Or, the PTAB did not take some of the grounds of the petitions, or the challengers could not have reasonably known about other prior art even after extensive patent searching. These are all reasonable exceptions for new challenges. And with these remaining challenges, patent owners have the juries and vetted judges they want, and should have no complaint.

Third, patent owners in IPRs are not facing completely new second-guessing of patent examinations.

Fourth, a benefit to challengers is that they are not subjected to months and potentially years of expensive patent litigation until patents are reviewed for validity. Many US courts now have "patent local rules", and many of these rules organise patent cases in sequences that, for the most part, lead first through detailed statements of contentions and allegations, second through voluminous briefing on patent claim word interpretations, third through wide-ranging

fact discovery, fourth through thorough expert written statements of opinions and discovery, fifth through dispositive motions, and sixth through trials on any issues at all.

IPRs, instead, give challengers patent validity decisions in about 18 months, primarily based on 14,000 word petitions, 14,000 word responses, expert affidavits supporting the petitions and responses, often one expert per side, expert depositions, and final lawyer arguments for minimal hours, which is much less expensive than litigation. Additionally, once IPRs are fully underway, most courts defer the costly litigation activities.

Fifth, some bad patents are killed, not something patent owners want to hear, but true. In some instances, if not many, patents in IPRs are interpreted in the way they would be in court, and do not survive the IPR primarily because they were not examined on the most relevant patents and publications by which they should have been judged and not granted in the first instance. The Federal Circuit, in one case on appeal from an IPR, stated that the BRI made the difference and the patent would have been valid but for the BRI. It also stated that this could be expected to happen often again. On the other hand, it has never said the same thing about a patent in an IPR appeal since then.

Who has the better argument? Either IPRs eliminate bad patents and stop trolls and other undeserving patent owners from clogging courts and forcing settlements in meritless cases, or they eliminate good patents by testing them not for what they are, but what they are not, under the BRI, not for the respect they deserve, but without presumption, and not with common sense, but in front of technocrats, and preventing patent owners from amending them to make them right? Controversy rages. Fairness is in the eye of the beholder.

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**Return to Sender: A Place the PTAB  
May No Longer Go**

**Charles W. Shifley**

***Banner & Witcoff PTAB Highlights***

***November 28, 2016***

BANNER&WITCOFF

# PTAB HIGHLIGHTS

New developments in post-issuance proceedings

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## Return to Sender: A Place the PTAB May No Longer Go

By Charles W. Shifley

November 28, 2016 — Two years ago, the Patent Trial and Appeal Board (PTAB) reached a near height of absurdity in an aspect of Covered Business Method (CBM) proceedings. But now, that bureaucratic and authority-grabbing absurdity has been corrected.

As reported in a 2014 Banner & Witcoff PTAB Highlights article, link [here](#), the PTAB resolved then that a patent on handling return U.S. mail was a CBM patent. The patent, it said, met the CBM law's definition of being a patent on a method "used in the practice, administration, or management of a financial product or service." The PTAB reasoned that while return mail needed to be handled for a universe of people and companies, nevertheless, among them were finance companies, mortgage companies, and credit card companies. Since the method could be used for those companies, it said, the patent "satisfie[d] the 'financial product or service' component of the definition" of CBM patents.

But days ago, in a Federal Circuit review of a case with a similar PTAB absurdity, the court returned the case to sender — interpretation of the law unknown. That is, in *Unwired Planet, LLC v. Google Inc.*, No. 2015-1812 (Fed. Cir. November 21, 2016), the Federal Circuit addressed a CBM proceeding that had reviewed a patent on privacy blocking software, and more specifically, on a method of letting cell phone users block the discovery of the locations of their cell phones, for privacy. The PTAB held that the patent was on a CBM method, because the software could be used to block advertising from getting to phones from nearby hotels, restaurants, and stores. That was enough, said the PTAB, to make the patent subject to CBM review. And on that review, the PTAB held that the challenged patent claims were directed to unpatentable subject matter under 35 U.S.C. 101. The claims were to be canceled.



Just as in the return mail case, the PTAB had relied on its own interpretation of the CBM law — that patents met the CBM patent standard, even if they were directed to subjects that were only incidental to a financial activity, or complementary to a patent activity. *Unwired*, slip op. at 8. Handling returned mail and privacy blocking were two of a kind, meeting the definition of CBM patents, it resolved.

The Federal Circuit, on the other hand, was having none of it. CBM reviews, said the court, are limited to “those [patents] with claims that are directed to methods and apparatuses of particular types and with particular uses ‘in the practice, administration, or management of a financial product or service.’” *Id.* at 12. “To reach its decision,” the court stated, “the Board did not apply the statutory definition” of CBM patents. *Id.* at 8. Making a mockery of the PTAB absurdity, the court continued with examples of how absurd the PTAB interpretation of the law was. It said, with a first example, that “[t]he patent for a novel lightbulb that is found to work particularly well in bank vaults does not become a CBM patent because of its incidental or complementary use in banks.” *Id.* at 12. And it added, with its second example, “[t]ake, for example a patent for an apparatus for digging ditches. Does the sale of dirt that results from use of the ditch digger render the patent a CBM patent? No.”

As a result of the *Unwired* decision, the PTAB’s positioning from the past is now over. The PTAB cannot review patents in CBM proceedings where they are directed to methods that are only “incidental” or “complementary” to financial services — no more CBM reviews of patents involving light bulbs that work well in bank vaults, ditch digging to sell dirt, handling return mail, and blocking cell phone location information, for privacy. (Of course, this is subject to the possibility of further review of the *Unwired* decision at the Federal Circuit or Supreme Court (which seems unlikely).)

The court sent the specific case back to the PTAB, for further consideration, but with the PTAB’s rejected loose test of what is a CBM patent to be in the future an “address unknown” — a place the PTAB may no longer go.

For more Banner & Witcoff *PTAB Highlights*, please click [here](#).

*The Leahy-Smith America Invents Act established new patent post-issuance proceedings, including the inter partes review, post grant review and transitional program for covered business method patents, that offer a less costly, streamlined alternative to district court litigation. With the U.S. Patent and Trademark Office’s Patent Trial and Appeal Board conducting a large and increasing number of these proceedings, and with the law developing rapidly, Banner & Witcoff will offer frequent summaries of the board’s significant decisions and subsequent appeals at the U.S. Court of Appeals for the Federal Circuit.*



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**PTAB Review of Pupil Dilation  
Patent a Real Eye Opener on PTAB  
Case Witnesses and Tests**

**Robert H. Resis**

***Banner & Witcoff PTAB Highlights***

***December 7, 2016***

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# PTAB HIGHLIGHTS

New developments in post-issuance proceedings

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## PTAB Review of Pupil Dilation Patent a Real Eye Opener on PTAB Case Witnesses and Tests

By Robert H. Resis

December 7, 2016 — The Patent Trial and Appeal Board recently held in a post grant review (PGR) that a petitioner failed to prove that patent claims were obvious. The PTAB reached this holding after finding that the petitioner's declarant (its president) was a fact witness and not qualified as an expert, and that he failed to explain how tests were performed and data was generated on the petitioner's prior art compositions.

[PGR2015-00011 – \*Altaire Pharmaceuticals, Inc. v. Paragon Biotech, Inc.\* \(Paper 48\)](#)

A key takeaway from this case is that a petitioner will not prevail in a post-issuance review if it relies on tests or data in its petition, but does not meet the requirements of 37 C.F.R. § 42.65(b). The rule requires that:

If a party relies on a technical test or data from such a test, the party must provide an affidavit explaining:

- (1) Why the test or data is being used;
- (2) How the test was performed and the data was generated;
- (3) How the data is used to determine a value;
- (4) How the test is regarded in the relevant art; and
- (5) Any other information necessary for the Board to evaluate the test and data.

A second takeaway is that the PTAB will not consider testing protocols submitted with the petitioner's reply because doing so would deprive the patent owner of an opportunity to respond to the protocols.

A third takeaway is that it is important for a petitioner in a post-issuance review proceeding (PGR, *inter partes* review, or covered business method) to not rely on a fact witness as an expert without properly qualifying that witness as an expert when filing the petition. Otherwise, and even if the witness is later proven to be an expert, the witness will not be treated as an expert. While an expert may testify on certain topics, such as prior art teachings and the level of ordinary skill in the art, a lay witness may not do so. The PTAB will not allow a petitioner's reply to retroactively qualify a fact witness as an expert, because doing so would deprive the patent owner of the opportunity to consider and respond to the witness's prior testimony in a capacity as an expert.

The challenged patent, U.S. 8,859,623 (the '623 patent), discloses a way to maintain high purity pupil dilation compositions. The patent application was filed in late 2013, and thus the patent is an America Invents Act patent (i.e., an effective filing date on or after March 16, 2013). As an AIA patent, the '623 patent was subject to a petition for a PGR. The petitioner asserted that the claims of the '623 patent were obvious under 35 U.S.C. § 102(a)(1). Specifically, the petition presented two lots of petitioner's product with purity test data and asserted that they rendered obvious the claimed purity limitations and were publically available before the '623 patent application. The patent owner did not dispute that these lots qualified as prior art, and the PTAB instituted the PGR after finding that the petitioner had demonstrated in its petition that it was "more likely than not" that at least one challenged claim was unpatentable.

On final written decision, however, the PTAB held that the petitioner had not proven obviousness by a preponderance of the evidence. The PTAB held that the petitioner's declarant (its president) was a fact witness, and that the petitioner did not timely qualify him as an expert. In his original declaration presented in the petition, he testified "based on [his] personal knowledge of the facts." Nowhere in that declaration, however, did he explain his "knowledge, skill, experience, training, or education" that would provide basis for qualification as an expert. Thus, the PTAB found it appropriate to consider him a fact witness, and not an expert. A later declaration filed with the petitioner's reply was accompanied by his curriculum vitae, and detailed his experience in the pharmaceutical industry. However, the PTAB effectively deemed this later declaration as too little, too late to qualify him as an expert in the PGR proceeding.

The PTAB also found that the tests and data submitted with the petition did not meet the requirements of 37 C.F.R. § 42.65(b). The declaration filed with the petition failed to explain how the testing was performed and how the data was generated. Without this necessary information, the PTAB stated that it could not determine whether the evidence relied on by the petitioner was credible. The PTAB refused to consider documents about test protocols that were submitted with the petitioner's reply because the patent owner did not have an opportunity to respond.

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*streamlined alternative to district court litigation. With the U.S. Patent and Trademark Office's Patent Trial and Appeal Board conducting a large and increasing number of these proceedings, and with the law developing rapidly, Banner & Witcoff will offer weekly summaries of the board's significant decisions and subsequent appeals at the U.S. Court of Appeals for the Federal Circuit.*



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**Recent Developments in Post-Grant  
Review Eligibility**

**Jordan N. Bodner and Jeffery H.  
Chang**

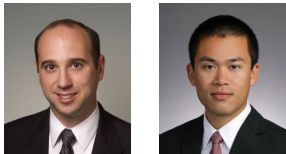
***Banner & Witcoff IP UPDATE***

***December 20, 2016***

# UPDATE

FALL/WINTER 2016

## RECENT DEVELOPMENTS IN POST-GRANT REVIEW ELIGIBILITY



BY JORDAN N. BODNER AND JEFFREY H. CHANG

Post-grant review (PGR) is a trial proceeding introduced under the American Invents Act (AIA) of 2011. Similar to *inter partes* review (IPR), PGRs allow a third party to challenge the validity of an issued patent before the Patent Trial and Appeal Board (PTAB) of the U.S. Patent and Trademark Office. PGRs can be asserted, within nine months of patent grant, against any patent<sup>1</sup> subject to the first-inventor-to-file (FITF) provisions of the AIA — that is, a patent having an effective filing date on or after March 16, 2013.<sup>2</sup> While IPRs are limited to prior art based challenges, PGRs are more powerful, having an expanded toolbox that also includes grounds such as 35 U.S.C. §§ 101 and 112.

Recent PTAB decisions have opened the penstock for petitioners to boldly assert PGRs against *any* patents filed on or after that critical date and claiming priority to a pre-March 16 priority application (so-called “transitional patents”), regardless of whether

they share identical disclosures with their priority applications. While PGRs gradually become more popular as the critical March 16, 2013 date shrinks in the rearview mirror,<sup>3</sup> we predict an additional surge in PGR petitions for transitional patents as a result of the decisions.

In addition to addressing petitioner opportunities, we also consider strategies for applicants and owners of transitional patents to reduce their exposure to PGRs.

### ANY TRANSITIONAL PATENT IS POTENTIALLY ELIGIBLE FOR PGR

Many practitioners have presumed that a transitional patent having an identical disclosure as its pre-March 16, 2013 priority filing would be safe from PGRs. PTAB decisions over the last year have demonstrated that not only is a successful PGR assertion feasible, but that a detailed claim-by-claim priority analysis to decide PGR eligibility is appropriate during the institution stage.

In *Inguran, LLC d/b/a Sexing Technologies v. Premium Genetics (UK) Ltd.*, PGR2015-00017 (instituted December 22, 2015), the petitioner requested PGR against a transitional patent,

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asserting an analysis of the effective filing date of the claims based on the prosecution history and arguing that at least some claims were subject to FITF. The patent owner argued that such analysis was not warranted at the institution stage. The PTAB held that such an analysis was indeed appropriate, because it was necessary to determine PGR eligibility<sup>4</sup> and because the petitioner bears the burden of setting forth grounds for standing.<sup>5</sup> The PTAB further confirmed that even a single claim subject to FITF would render the entire patent eligible for PGR.<sup>6</sup>

In *US Endodontics, LLC v. Gold Standard Instruments, LLC*, PGR2015-00019 (instituted January 29, 2016), the petitioner argued that claims in a transitional patent lacked enablement and written description support. In this case, the transitional patent at issue claimed priority to a series of continuation and divisional applications reaching back to 2005, each having substantively identical disclosures (there were no continuation-in-part applications in the chain). The PTAB determined, consistent with *Inguran*, that the petitioner has the burden to show that the patent is subject to FITF.<sup>7</sup> As for determining the effective filing date, the PTAB referred to the language of 35 U.S.C. § 100(i)(1), which states that the effective filing date for a claimed invention is either:

(A) if subparagraph (B) does not apply, the actual filing date of the patent or the application for the patent containing a claim to the invention; or

(B) the filing date of the earliest application for which the patent or application is entitled, as to such invention, to a right of priority under section 119, 365(a), or 365(b) or to the benefit of an earlier filing date under section 120, 121, or 365(c).

The PTAB determined that, because the common disclosure did not support at least one claim, subparagraph (B) did not apply to those claims. Instead, the language of the statute requires that subparagraph (A) applies, because subparagraph (A) states that it is invoked “if subparagraph (B) does not apply...”<sup>8</sup> Therefore, the effective filing date of a transitional patent with an unsupported claim is the actual filing date of the patent, “regardless of whether a later-filed amendment to a claim finds sufficient support in the application.”<sup>9</sup> The PTAB held that the effective filing date was the actual filing date of the patent (after March 16, 2013) because some of the claims were not enabled by the earlier pre-AIA applications, rendering the patent eligible for PGR.

What about an application filed prior to March 16, 2013, with an unsupported claim that was added by amendment during prosecution after the critical date? In *Front Row Technologies, LLC v. MLB Advanced Media, L.P.*, PGR2015-00023 (institution denied February 22, 2016), the petitioner argued that the patent had an effective filing date as of the amendment date. The PTAB disagreed, holding that the effective filing date must be the actual filing date of the application.<sup>10</sup> The PTAB, again turning to the language of 35 U.S.C. § 100(i)(1), reasoned that the statute does not contemplate that the effective filing date might be anything other than an application filing date.<sup>11</sup> See also *David O.B.A. Adembimpe v. The Johns Hopkins University*, PGR2016-00020 (institution denied July 25, 2016), finding that the effective filing date cannot be later than the actual application filing date.

The examiner’s determination of whether an application is being examined under pre-AIA or AIA provisions may also affect whether the patent that ultimately issues qualifies for PGR. In *Mylan Pharmaceuticals Inc. v. Yeda Research &*



*Development Co. Ltd.*, PGR2016-00010 (institution denied January 29, 2016), the patent owner argued that the patent was not subject to FITF, because the examiner already considered this question.<sup>12</sup> The examiner expressly stated that the application was being examined under the pre-AIA first-to-invent provisions, and that the claims of the application that matured into the patent were fully disclosed in the priority application.<sup>13</sup> The PTAB thus agreed that the issue had already been addressed during prosecution.<sup>14</sup> The patent owner further argued that the petitioner had not met its burden of demonstrating that the patent was subject to FITF. The PTAB, while not necessarily endorsing the patent owner's arguments, concluded that the patent owner's arguments supported denial of the petition. For instance, the petitioner did not fully address why certain claims were unsupported, and pointed to patent owner evidence of support.

### IMPLICATIONS FOR PETITIONERS

To successfully initiate a PGR, a petitioner must show that it is more likely than not that at least one challenged claim is unpatentable.<sup>15</sup> This threshold standard is higher than the IPR threshold standard (reasonable likelihood that petitioner will prevail), and requires the petitioner to present a complete case at the outset.<sup>16</sup> As we have seen, an important part of the petitioner's complete case is showing that the patent is PGR eligible. Thus, priority issues affecting PGR eligibility should be addressed at the institution stage.<sup>17</sup>

As we learned from *Mylan*, the petitioner may need to directly address statements in the prosecution history indicating whether the patent was being examined as an FITF application. The PTAB may take such a statement as a presumption over which the petitioner must overcome.

As we have also seen, a transitional patent having an identical disclosure as its pre-March 16, 2013 priority filing may be eligible for PGR if the petitioner can show that at least one of the claims is not supported by the specification under 35 U.S.C. § 112. Addressing multiple claims for lack of support is the better strategy, as the petitioner needs to show lack of support for only a single one of the claims, whereas the patent owner needs to win as to each and every addressed claim. However, there is a word limit for a PGR petition, so addressing every claim for lack of support is not advisable.

It is also worth noting that the attack need not be limited to issued claims — the petitioner can attack any claims that were presented during prosecution, even if they were canceled or amended. If, at any time during prosecution of the patent, an application contains a claim not entitled to the benefit of the priority claim, the resulting patent is subject to FITF,<sup>18</sup> and thus eligible for PGR. It is also worth considering an attack on claims presented in a post-AIA parent of the patent, because once an application or patent is subject to FITF, any application or patent claiming priority thereto is also subject to FITF. The FITF status is forevermore in that chain of priority.<sup>19</sup>

### STRATEGIES FOR PATENT OWNERS/APPLICANTS

As discussed above, the petitioner can argue for FITF status. The patent owner can challenge the petitioner's PGR eligibility arguments in a preliminary response. If, however, the PTAB agrees with the petitioner and institutes a PGR, all is not lost. Even after a PGR is instituted, the patent owner can still challenge PGR eligibility during trial.<sup>20</sup>

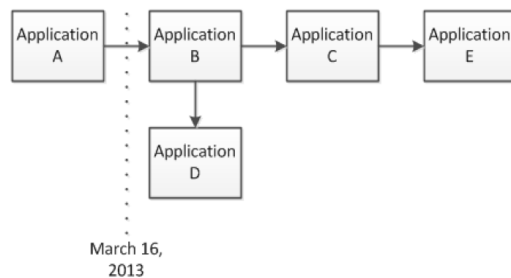
The patent owner/applicant can attempt to reduce the risk of a transitional patent being subject to a PGR by ensuring that the

**MORE ▶**

[POST-GRANT REVIEW, FROM PAGE 3]

prosecution history is clear about being examined on a pre-AIA basis. While examiners usually state this one way or the other as a matter of procedure, the patent owner should make sure that the record is clear and correct in this regard. As demonstrated in *Mylan*, such statements can create an additional obstacle for petitioners to pass.

The patent owner/applicant may also want to be careful when presenting claims during prosecution that are more vulnerable to being attacked for lack of support in the specification. For instance, the applicant should consider isolating such claims in a parallel branch of the family tree, so that any FITF finding for that application does not automatically bump child applications into FITF territory. An example of this is shown in the figure below. If vulnerable claims are placed in Application B, then Application B is a weak link in the chain because a finding of FITF status for Application B will cause Applications C and E to also be FITF applications.<sup>21</sup> If instead vulnerable claims are placed in parallel to Application D, then any FITF finding of Application D will not affect the other applications in the family.



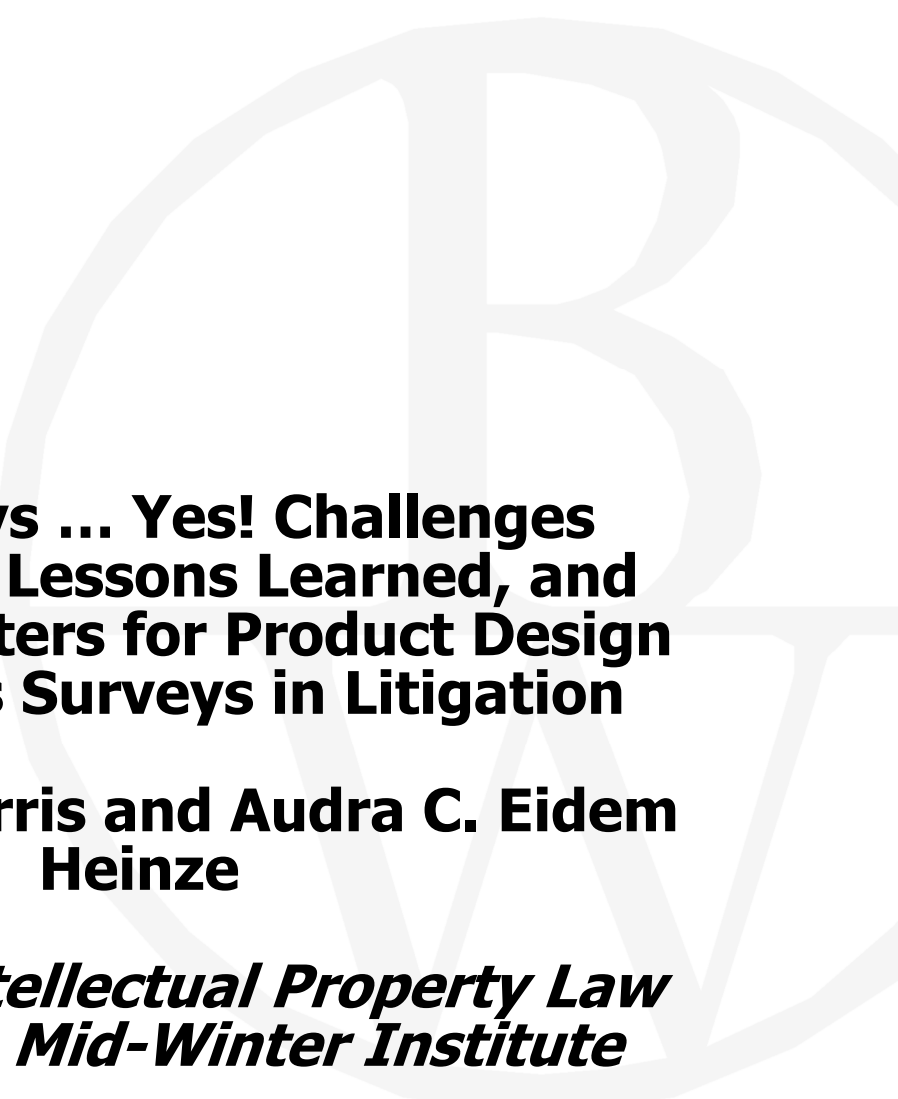
## CONCLUSION

Certifying that a transitional patent qualifies for PGR has its challenges. However, as we have learned from recent PTAB decisions, these challenges are not insurmountable. The petitioner needs to show that only a single claim is not entitled to a pre-AIA effective filing date, and can even attack claims that were presented during prosecution but not issued. If the PGR is instituted, the petitioner has access to a larger toolbox to challenge the patent than IPRs.

The patent applicant should take precautions during prosecution of transitional applications to reduce PGR exposure, such as by ensuring the prosecution history is clear as to whether FITF applies, and by isolating weakly supported claims. ■

1. With the exception of covered business method patents, which are directed to non-technological inventions for financial products/services and are subject to a separate review process.
2. AIA §§ 3(n)(1) and 6(f)(2)(A).
3. PGR filings have been few and far between. According to USPTO statistics ([www.uspto.gov/patents-application-process/appealing-patent-decisions/statistics/aia-trial-statistics](http://www.uspto.gov/patents-application-process/appealing-patent-decisions/statistics/aia-trial-statistics)), as of September 30, only 37 PGRs have been requested, whereas 143 IPRs have been requested.
4. *Inguran* Decision – Institution of Post-Grant Review (Paper 8), pp. 11-12.
5. *Id.* at 8.
6. *Id.* at 17-18, in which the PTAB determined that the transitional patent at issue was only entitled to its actual post-AIA filing date (and thus qualified for PGR) because one of the claims was not disclosed in a pre-AIA priority application in a manner required by 35 U.S.C. § 112(a).
7. *US Endodontics* Decision – Institution of Post-Grant Review (Paper 17), pp. 11-12.
8. *Id.* at 3.
9. *Id.*
10. *Front Row* Decision – Denying Institution of Post-Grant Review (Paper 8), pp. 3-4.
11. *Id.* at 3.
12. *Mylan* Decision – Denying Institution of Post-Grant Review (Paper 9), p. 6.
13. *Id.* at 6-7.
14. *Id.* at 7.
15. 35 U.S.C. § 324(a).
16. 112 Cong. Rec. S1375 (daily ed. March 8, 2011) (Senator Kyl Remarks).
17. *Inguran* Decision at 12.
18. AIA § 3(n)(1)(A), 125 Stat. at 293.
19. AIA § 3(n)(1)(B), 125 Stat. at 293.
20. *See, Inguran* Decision at 12.
21. AIA § 3(n)(1)(B), 125 Stat. at 293.

**TRADEMARKS**



**Survey Says ... Yes! Challenges  
Confronted, Lessons Learned, and  
Practice Pointers for Product Design  
Trade Dress Surveys in Litigation**

**Michael J. Harris and Audra C. Eidem  
Heinze**

***American Intellectual Property Law  
Association Mid-Winter Institute***

***January 2016***

**Survey Says . . . Yes!  
Challenges Confronted, Lessons Learned, and Practice Pointers for Product Design Trade  
Dress Surveys in Litigation**

By: Michael J. Harris and Audra C. Eidem Heinze, Banner & Witcoff, Ltd.<sup>1</sup>

**I. Introduction**

Consumer surveys in trademark cases are governed by a generally accepted set of rules or practices. For typical trademarks, such as word marks, there is a wealth of case law addressing survey design and methodology, providing guidance on how to design and evaluate surveys. In contrast, there is not nearly as much case law addressing consumer surveys for product design trade dress. As a result, courts and litigants in product design trade dress cases sometimes rely on case law related to consumer surveys for word marks. While that may be appropriate in some cases, in other cases the product design trade dress at issue may present unique issues making it difficult to rely on case law directed to word marks.

Indeed, the case law addressing consumer surveys for product design trade dress reflects an awareness of unique potential issues surrounding surveys for product design trade dress that may not exist for word marks, such as issues related to choice of control, testing for post-sale confusion, survey bias, and reliance on verbatim responses. But the cases are fact specific and it can be difficult to extrapolate general guidelines to apply in future cases.

Section II of this paper briefly summarizes some of the unique issues that may arise in product design trade dress cases. Section III contains a survey of select cases from the last decade that assess consumer surveys involving product design trade dress. Finally, Section IV provides general guidelines to consider when designing and evaluating consumer surveys in product design trade dress cases.

**II. Challenges Confronted in Some Product Design Trade Dress Cases**

Product design trade dress cases frequently involve multi-element trade dress. This can present certain challenges in some cases. The multi-element trade dress may include individual elements that, standing alone, constitute a separate, non-asserted trademark. At the same time, certain elements of the multi-element trade dress may be combined with other, non-asserted elements that likewise constitute a distinct trade dress from the one being litigated.

Because of the way consumers may, in some cases, use a number of cues in combination to identify objects,<sup>2</sup> a product design trade dress is not necessarily the sum of its parts. For example, during the holiday season, a consumer may associate a soda can with Coca-Cola if it includes (1) the “Coca-Cola” script, (2) a white ribbon, (3) a red background, and (4) polar bears.

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<sup>1</sup> The opinions expressed in this article are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. The opinions expressed are subject to change as trademark law develops. Furthermore, this article does not reflect the views of the author’s law firm, its partners, or its clients.

<sup>2</sup> See generally, e.g., J. David Smith and June H. Shapiro, *The Occurrence of Holistic Categorization*, 28 J. OF MEMORY & LANGUAGE 386 (1989).

That same consumer may likewise associate a soda can with Coca-Cola if it only includes elements (2), (3), and (4) *i.e.*, a white ribbon, a red background, and a polar bear, or another variation of two or three elements. Still, that same consumer may also associate a soda can with Coca-Cola if it only includes element (4), *i.e.*, polar bears.

This can create challenges when selecting test and control stimuli for secondary meaning or likelihood of confusion surveys if the “rules” applied in typical trademark cases are followed. With respect to the Coca-Cola example, if an accused infringer sells a soda can with a red background and a polar bear, and the asserted mark is the red background, some may argue a proper control stimulus for a likelihood of confusion survey should include everything but the red background.<sup>3</sup> In other words, the control stimulus still includes a polar bear. But a control using a polar bear may measure more than “noise,” it may measure actual associations with Coca-Cola. Thus, others may argue a can featuring a polar bear is an improper control because it may artificially depress the net confusion results.<sup>4</sup> While this example is intentionally simplistic, it highlights the issues that can arise in more complex, multi-element product design trade dress cases.

Another issue that may arise in some product design trade dress cases is the treatment of verbatim responses to secondary meaning and likelihood of confusion surveys. One leading trademark treatise observes that “[o]ften, an examination of the respondents’ verbatim responses to the ‘why’ question are the most illuminating and probative part of a survey.”<sup>5</sup> While the responses may be “illuminating,” in some multi-element product design trade dress cases, consumers may not be able to specifically articulate each element that caused them to respond the way they did. Indeed, some consumer psychologists have observed that “[s]ubjects are sometimes (a) unaware of the existence of a stimulus that importantly influenced a response, (b) unaware of the existence of the response, and (c) unaware that the stimulus has affected the response.”<sup>6</sup> To that end, they argue “[p]eople often cannot report accurately on the effects of a particular stimuli on higher order, inference-based responses. . . . The accuracy of subjective reports is so poor as to suggest that any introspective access that may exist is not sufficient to produce generally correct or reliable reports.”<sup>7</sup>

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<sup>3</sup> See, e.g., Shari Seidman Diamond, *Reference Guide on Survey Research*, in REFERENCE MANUAL ON SCIENTIFIC EVIDENCE 229, 258 (Federal Judicial Center ed., 2d ed. 2000) (“In designing a control group study, the expert should select a stimulus for the control group that shares as many characteristics with the experimental stimulus as possible, with the key exception of the characteristic whose influence is being assessed.”).

<sup>4</sup> See, e.g., *id.* (recognizing the impact of a control stimulus that is itself a likely source of consumer confusion).

<sup>5</sup> 6 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 32:175 (4th ed.). The treatise also observes that “Jacoby disagrees with the view that verbatim responses to the ‘why’ question are reliable indicators of consumer perception.” *Id.* (citing Jacoby, *Trademark Surveys*, §§ 8:05.2–8.05.3 (ABA 2014)).

<sup>6</sup> Richard E. Nisbett and Timothy DeCamp Wilson, *Telling More Than We Can Know: Verbal Reports on Mental Processes*, 84 PSYCHOLOGICAL REVIEW 231, 231 (1977).

<sup>7</sup> *Id.* at 233.

### III. Lessons Learned from Cases Analyzing Product Design Consumer Surveys Over the Past Decade

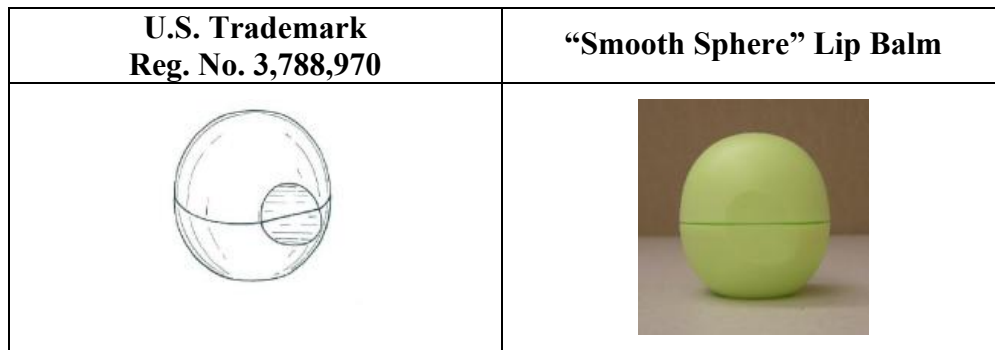
Courts addressing objections to likelihood of confusion surveys in product design trade dress cases often face similar objections as in typical trademark cases. For example, litigants may object to a product design trade dress survey for failing to survey the appropriate universe, failing to replicate market conditions, using improper stimuli, introducing survey bias, etc. However, resolution of these issues by reference to typical trademark cases may not always be appropriate.

This section surveys select cases from the last decade that address objections to likelihood of confusion surveys in product design and product packaging cases. When viewed as a whole, they provide some guidance on ways to defend, or critique, a likelihood of confusion survey in the product design context.

#### A. Post-Sale Confusion: *OraLabs, Inc. v. The Kind Group LLC*, 13-cv-170 (D. Col.)

In *OraLabs, Inc. v. The Kind Group LLC*, the defendants asserted trade dress infringement counterclaims in the design of the eos “Smooth Sphere” lip balm container, shown in the figure below.<sup>8</sup>

**Figure 1: Asserted Lip Balm Trade Dress**



The defendants relied on a consumer survey to test likely confusion from the plaintiff’s accused “Lip Revo” lip balm.<sup>9</sup> In particular, the survey employed a mall-intercept methodology to test post-sale confusion using an “Eveready” survey design.<sup>10</sup> The survey respondents were shown a physical sample of a test lip balm or control lip balm, and allowed to handle and view

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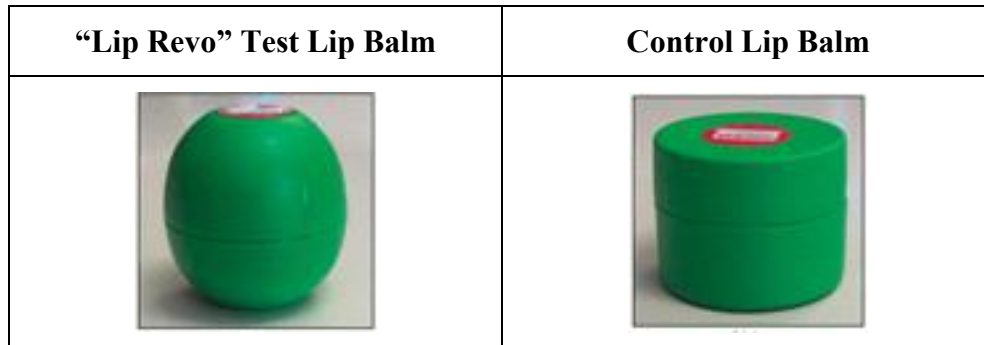
<sup>8</sup> See Answer to Complaint and Counterclaim, No. 13-cv-00170 (D. Col. Mar. 26, 2013), ECF No. 25.

<sup>9</sup> Expert Report Submitted by Dr. Bruce Isaacson Measuring the Likelihood of Confusion Between Lip Balms Produced by OraLabs and The Kind Group, *OraLabs*, No. 13-cv-00170 (Oct. 6, 2014), ECF No. 142-1.

<sup>10</sup> *Id.* at 1.

the lip balm as long as needed.<sup>11</sup> Exemplary images of the test and control lip balms used in the survey are shown in the figure below.

**Figure 2: Exemplary Test Lip Balm and Control Lip Balm**



The plaintiff filed a motion to exclude the defendants’ survey because the results were based on post-sale confusion as opposed to point-of-sale confusion.<sup>12</sup> The plaintiff acknowledged that post-sale confusion is actionable, but argued it should be limited to situations when a product is “consistently visible to the purchasing public,”<sup>13</sup> and that post-sale confusion may be “avoided when a junior user uses ‘an adequately distinguishing mark.’”<sup>14</sup> As a result, the plaintiff sought to impose a threshold requirement on the survey expert to demonstrate that “the products are first encountered in the marketplace in a post-sale context, without any identifying elements.”<sup>15</sup>

In denying the motion to exclude, the court found that post-sale confusion is “relevant to the trade dress infringement inquiry,”<sup>16</sup> and rejected the plaintiff’s request to “impose[] a threshold evidentiary burden on experts to support their decision of whether to conduct a post-sale or point-of-sale survey with research on how the public comes into contact with the product.”<sup>17</sup> The court further found that none of the authority cited in the plaintiff’s motion to exclude imposed a requirement on the survey expert to show the test product “lacks any identifying elements” as a prerequisite to conducting a post-sale confusion survey.<sup>18</sup>

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<sup>11</sup> *Id.* at 10.

<sup>12</sup> Motion in Limine to Exclude Testimony of Dr. Bruce Isaacson at 10–12, *OraLabs*, No. 13-cv-00170, 2015 WL 4538442 (July 28, 2015), ECF No. 140. The plaintiff also sought to exclude the survey on the basis of alleged flaws in the survey universe. *Id.* at 5–10.

<sup>13</sup> *Id.* at 10.

<sup>14</sup> *Id.* at 11 (citing 4 Rudolf Callman, *Callman on Unfair Competition, Trademarks & Monopolies*, § 22:16 (4<sup>th</sup> ed. 2014)).

<sup>15</sup> *Id.*

<sup>16</sup> *OraLabs*, 2015 WL 4538442, at \*6.

<sup>17</sup> *Id.* at \*7. The court accepted the surveyor’s justification for conducting a post-sale survey because (1) “it replicates the real-world scenario where someone sees the lip balm, perhaps taken out from a pocket or purse, with the top on the lip balm,” and (2) the lip products, by their nature, are not likely to be purchased frequently. *Id.* at \*6.

<sup>18</sup> *Id.* at \*7.



Accordingly, the court found that the expert’s “motivation” for conducting a post-sale confusion survey “at best goes to the weight to be afforded to his conclusions.”<sup>19</sup>

**B. Post-Sale Confusion and Choice of Controls: *Audemars Piguet Holding S.A. v. Swiss Watch International, Inc.*, No. 12-5423 (S.D.N.Y.)**

In *Audemars Piguet Holding S.A. v. Swiss Watch International, Inc.*, the plaintiff asserted trade dress infringement claims in the design of the Audemars “Royal Oak” watch, shown in the figure below.<sup>20</sup>

**Figure 3: Asserted Lip Balm Trade Dress**

U.S. Trademark Reg. No. 2,866,069	U.S. Trademark Reg. No. 3,480,826	U.S. Trademark Reg. No. 4,232,239	U.S. Trademark Reg. No. 4,232,240
			
			

To support its claims, the plaintiff introduced a consumer survey to test likely confusion from the defendant’s accused Swiss Legend “Trimix Diver” watch.<sup>21</sup> In particular, the plaintiff conducted the survey at jewelry and watch stores to test post-sale confusion using an “Eveready” survey design.<sup>22</sup> The survey respondents were shown a color, true-to-size photograph for ten seconds of a test watch or a control watch on a person’s wrist and with all indicia of source fully visible.<sup>23</sup> Two controls were used in the survey: an inexpensive round faced Timex watch and a Movado Museum watch. Exemplary images of the test and control watches are shown in the figure below.<sup>24</sup>

<sup>19</sup> *Id.* at \*6.

<sup>20</sup> Complaint, No. 12-5423 (S.D.N.Y. July 13, 2012), ECF No. 1.

<sup>21</sup> Report of Consumer Research Findings, *Audemars*, No. 12-5423 (Apr. 25, 2013), ECF No. 67-2.

<sup>22</sup> *Id.* at 3.

<sup>23</sup> *Id.*

<sup>24</sup> *Id.* at 2.

**Figure 4: Test and Control Photographs**



The defendant challenged the survey on the grounds that it did not properly test post-sale confusion and used improper controls. Specifically, the defendant argued the survey failed to “replicate real-world conditions” where people would notice a watch post-sale, such as at a restaurant, and challenged the ten second time period that survey respondents were permitted to view the photographs.<sup>25</sup> Additionally, citing to *THOIP v. Walt Disney Co.*, which states that a control “should share as many characteristics with the experimental stimulus as possible, with the key exception of the characteristic whose influence is being assessed,” the defendant argued that the control watches were improper because they “share[d] no essential features” with the trade dress or accused watches, “except for being watches.”<sup>26</sup>

The court did not find the defendant’s arguments persuasive. While the court acknowledged that the survey conditions did not “*exactly* replicate real life conditions,” it explained that “surveys ‘cannot be conducted in a vacuum.’”<sup>27</sup> To that end, the court found the survey’s presentation of the photographs “created satisfactory conditions” for a survey that “sought to shed light” on the post-sale confusion issue.<sup>28</sup> The court found this conclusion was further supported by consumers’ ability to correctly identify the Movado and Timex controls.<sup>29</sup>

As to the survey’s controls, the court accepted the plaintiff’s explanation that the control watches confirmed that the ten-second viewing of the photograph permitted sufficient time for survey respondents to view and assess the watch.<sup>30</sup> In other words, “by using both the Timex watch, with its brand name prominently displayed on the face, in addition to the Movado watch, with a well-known design and a barely visible brand name, the controls demonstrate that survey participants could see and assess both brand name and design.”<sup>31</sup> Thus, the court found the

<sup>25</sup> Memorandum in Support of Motion in Limine at 7–8, *Audemars*, 46 F. Supp. 3d 255, *rev’d in part on reconsideration on other grounds*, 2015 WL 150756 (2014) (No. 12-5423), ECF No. 90.

<sup>26</sup> *Id.* at 9.

<sup>27</sup> *Audemars*, 46 F. Supp. 3d at 273 (citing *Cartier, Inc. v. Four Star Jewelry Creations*, 348 F. Supp. 2d 217, 231 (S.D.N.Y. 2004)) (emphasis in original).

<sup>28</sup> *Id.*

<sup>29</sup> *Id.*

<sup>30</sup> *Id.*

<sup>31</sup> *Id.*

control watches “appropriate” and the survey expert’s “testimony credible with respect to the likelihood of post-sale confusion.”<sup>32</sup>

**C. Post-Sale Confusion and Choice of Control: *adidas-America, Inc. v. Payless Shoesource, Inc.*, No. 01-1655 (D. Ore.)**

In *adidas-America, Inc. v. Payless Shoesource, Inc.*, the plaintiff asserted infringement claims in the design of its “Superstar” shoe, as well as its “Three Stripe” mark, as shown in the figure below.<sup>33</sup>

**Figure 5: adidas “Superstar” shoe**



The plaintiff submitted a consumer survey to test likely confusion from the defendant’s accused shoes.<sup>34</sup> The survey employed a mall-intercept methodology to test post-sale confusion using an “Eveready” survey design.<sup>35</sup> The survey respondents were shown a photograph of a shoe on a person’s foot, and were allowed to view the photographs as long as needed.<sup>36</sup> Exemplary images of the test and control shoes used in the confusion survey are shown in the figure below.<sup>37</sup>

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<sup>32</sup> *Id.*

<sup>33</sup> Complaint, No. 01-1655 (D. Ore. Nov. 8, 2001), ECF No. 1. The plaintiff defined the Superstar trade dress as the combination of three stripes on the side of the shoe parallel to equidistant small holes, a rubber “shell toe,” a particularly flat sole and a colored portion on the outer back heel section, that identifies to consumers that the origin of the product lies with adidas. *Id.* at ¶ 17.




<sup>34</sup> Rule 26 Report of Dr. Gerald L. Ford Re: Payless Shoesource, Inc., *adidas*, No. 01-1655 (July 20, 2004), ECF No. 348-1.

<sup>35</sup> *Id.* at 6–11.

<sup>36</sup> *Id.* at 10.

<sup>37</sup> *Id.* at Vol. I, Survey Synopsis at 6, 13, 20.

**Figure 6: Test and Control Photographs**

<b>Test: Accused Shoe</b>	<b>Control 1: Elements Redacted from Test Shoe</b>	<b>Control 2: Control 1 Shoe with Stripes Added</b>
		

The defendant moved to exclude the survey on the grounds that it did not test all of the accused products, did not replicate a post-sale environment, and did not isolate the claimed trade dress.<sup>38</sup> As to the post-sale environment, the defendant challenged the use of still photographs that only showed one angle of one shoe.<sup>39</sup> The defendant also argued the survey was flawed because it allowed the interviewees to keep the stimuli in front of them throughout the interview process, stating that does not accurately reflect market conditions.<sup>40</sup> The defendant also challenged both controls used in the survey, arguing the claimed trade dress was not isolated.<sup>41</sup>

The court was not persuaded by defendant’s arguments, It found that, “[w]here actually surveyed products and subsequently accused products share common and prominent features, a trademark infringement plaintiff need not create new likelihood of confusion surveys for each newly accused product.”<sup>42</sup> As to the remainder of the defendant’s objections, the court found that they “go to the weight of [the] surveys, rather than their admissibility.”<sup>43</sup> Thereafter, the court considered the plaintiff’s likelihood of confusion survey results in denying the defendant’s motion for summary judgment on the issue of infringement.<sup>44</sup>

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<sup>38</sup> Memorandum in Support of Motion to Strike the Rule 26 Report of Dr. Gerald Ford, *adidas*, 546 F. Supp. 2d 1029 (2008) (No. 01-1655), ECF No. 652. The defendant challenged the survey on other grounds, including that the survey’s principal question was leading. *Id.* at 15.

<sup>39</sup> *Id.* at 12.

<sup>40</sup> *Id.*

<sup>41</sup> *Id.* at 14–15. The defendant argued the survey “failed to control the ‘background noise,’” pointing to the results of a replication survey it conducted using the same methodology, but with a K-Swiss shoe (which has five stripes) for the control. *Id.* at 15. The defendant explained that “40% more survey respondents identified Adidas as the source of [defendant’s K-Swiss control shoe] than the actual shoe’s maker, K-Swiss.” *Id.* The defendant concluded that, “[s]imply put, although Adidas may have rights in three stripes, if shoes with two, four, or five stripes are put in front of consumers, many will believe that shoe is from Adidas solely because it has stripes, regardless of the number.” *Id.* Some may argue the defendant’s control was improper as also being a source of confusion.

<sup>42</sup> *adidas*, 546 F. Supp. 2d at 1045.

<sup>43</sup> *Id.*

<sup>44</sup> *Id.* at 1059.

**D. Choice of Control: *KIND LLC v. Clif Bar & Company*, No. 14-770 (S.D.N.Y.)**

In *KIND LLC v. Clif Bar & Company*, the plaintiff asserted trade dress infringement claims in the overall design of its fruit and nut bar, certain elements of which are also subject to two federal trademark registrations,<sup>45</sup> as shown in the figure below.

**Figure 7: Asserted Trade Dress**



The plaintiff conducted a consumer survey to test the likelihood of confusion from the defendant’s accused fruit and nut bar packaging.<sup>46</sup> The online survey employed a line-up methodology whereby respondents were shown three photographs, one at a time, of (1) KIND fruit and nut bars, (2) gum, and (3) mints.<sup>47</sup> Respondents were then shown a second set of three photographs of (1) either the defendant’s accused bar or a control bar, (2) gum, and (3) mints.<sup>48</sup> Images of the photograph of the KIND bar, as well as of the test and control bars, are shown in the figure below. For each product shown in the second set of photographs, the respondents were asked whether the “brand of [product] is or is not made with the approval of the same company that makes the [corresponding product category] you saw in the earlier photo?”<sup>49</sup>

<sup>45</sup> Complaint, No. 14-00770 (S.D.N.Y. Feb. 6, 2014), ECF No. 2.



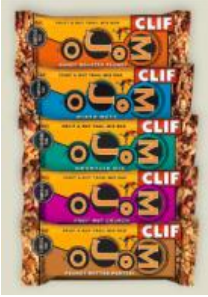
<sup>46</sup> Declaration of George Mantis, *KIND*, No. 14-00770 (Feb. 12, 2014), ECF No. 10. The surveyor explained that the survey design was modeled on the survey accepted in *Kraft General Foods, Inc. v. Allied Old English, Inc.*, 831 F. Supp. 123 (S.D.N.Y. 1993). Declaration of George Mantis at 2–3, *KIND*, No. 14-00770.

<sup>47</sup> *Id.* at 3–6.

<sup>48</sup> *Id.*

<sup>49</sup> *Id.* at 6.

**Figure 8: Test and Control Photographs**

First Line-Up: KIND Bar	Second Line-Up: Test and Control Bars	
	 <p data-bbox="873 659 932 688">Test</p>	 <p data-bbox="1192 659 1289 688">Control</p>

The defendant’s rebuttal survey expert agreed that the plaintiff’s survey design “is one appropriate general approach to this issue,” but criticized the control used.<sup>50</sup> In particular, the defendant argued the control should have incorporated a transparent wrapper (which was an element of the asserted trade dress) because, according to the defendant, it constitutes a “non-protectable” element.<sup>51</sup> The defendant’s survey expert also testified that, as a result of the control used in the plaintiff’s survey, there was “no way of measuring or seeing whether one or two elements of the trade dress are the ones causing confusion and the others are simply superfluous.”<sup>52</sup> The plaintiff disagreed, arguing that the defendant’s suggested control would itself be a source of confusion because it shares elements with the test stimuli.<sup>53</sup>

The court credited the defendant’s survey expert, agreeing that the plaintiff’s survey “was flawed because it measured whether there was confusion, but not what *caused* the confusion.”<sup>54</sup> As a result, the court found that the plaintiff’s survey “may have underestimated the level of noise and thus overestimated the level of actual confusion.”<sup>55</sup> Because the plaintiff’s survey showed a 15% net confusion level, and in view of the defendant’s criticisms and other survey factors, the court gave “little weight to the survey.”<sup>56</sup>

<sup>50</sup> Commentary on a Study Conducted by George Mantis at 4, *KIND*, No. 14-cv-00770 (Mar. 31, 2014), ECF No. 35.

<sup>51</sup> *Id.* at 4–5; see also Defendant’s Memorandum in Opposition to Plaintiff’s Motion for Preliminary Injunction at 18, *KIND*, 14-00770, 2014 WL 2619817 (June 12, 2014), ECF No. 31.

<sup>52</sup> *KIND*, 2014 WL 2619817, at \*9.

<sup>53</sup> Plaintiff’s Reply Memorandum to Motion for Preliminary Injunction at 7, *KIND*, 14-00770, 2014 WL 2619817 (Apr. 14, 2014), ECF No. 40.

<sup>54</sup> *KIND*, 2014 WL 2619817, at \*9 (emphasis in original).

<sup>55</sup> *Id.* at \*10.

<sup>56</sup> *Id.* The plaintiff appealed the district court’s denial of its motion for a preliminary injunction. See Brief & Appendix on Appeal, *KIND*, 14-2481 (2d Cir. Aug. 28, 2014), ECF No. 45. Among other things, the plaintiff argued the court legally erred in its analysis of the survey evidence. *Id.* at 36–43. After briefing on appeal, the parties entered into a Stipulation and Order of Dismissal wherein they agreed the district court’s order on the plaintiff’s motion for a preliminary injunction “focus[e]d upon the protectability as a trade dress of six elements of the KIND packaging and not the protectability of the KIND packaging as a whole.” Stipulation, *KIND*, No. 14-770 (Dec. 17, 2014), ECF No. 98.

**E. Choice of Control and Bias: *Brighton Collectibles, Inc. v. RK Texas Leather Mfg.*, No. 10-419 (S.D. Cal.)**

In *Brighton Collectibles, Inc. v. RK Texas Leather Mfg.*, the plaintiff asserted trade dress infringement claims in the design of its handbags,<sup>57</sup> shown in the figure below.

**Figure 9: Brighton Handbag Trade Dress**



To support its claims, the plaintiff conducted a consumer survey to test the likelihood of confusion from the defendant's accused handbags.<sup>58</sup> The survey respondents were first shown a table with four of the plaintiff's handbags (shown in the figure above), then shown another table with four different handbags, one of which was the accused handbag as shown in the figure below.<sup>59</sup> The survey asked respondents, "Which handbag or handbags, if any, [from the second table] do you think are made, sponsored, or endorsed by the same company as the first set of handbags?"<sup>60</sup>

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<sup>57</sup> Complaint, No. 10-419 (S.D. Cal. Feb. 24, 2010), ECF No. 1. The plaintiff defined the claimed trade dress as a sculpted, silver heart, used in conjunction with any two or more of the following: (i) leather embossed to resemble exotic materials such as crocodile, alligator, snake and lizard; (ii) filigreed, silver ornamentation; (iii) a silver heart dangling from a leather strap; (iv) cowhide or brocaded fabrics; and/or (v) additional sculpted silver hearts. *Id.* at 11.

<sup>58</sup> Expert Report of Professor Gary L. Frazier, *Brighton*, No. 10-419 (July 6, 2012), ECF No. 164-2.

<sup>59</sup> *Id.* at 6-9.

<sup>60</sup> *Id.* at 7.



**Figure 10: Second Line-up of Handbags, Including the Defendant’s Accused Handbag**



The defendant moved to exclude the plaintiff’s survey, arguing it lacked a control and was “overtly suggestive” because the accused bag was the only one of the four bags in the second line-up that looked similar to the plaintiff’s bag, including having the same colors.<sup>61</sup>

The court agreed with the defendant that the plaintiff’s survey design “was so blatantly biased that the results are unreliable,” explaining that a “line-up in which only one bag shares the most prominent and eye-catching features—two colors and silver hearts—improperly suggested . . . that Defendants’ bag was the ‘correct’ answer.”<sup>62</sup> Thus, rather than test confusion, the court found the survey “tested the ability of participants to pick the most obvious match.”<sup>63</sup> The court also found the “problem was exacerbated” because the survey did not use a control.<sup>64</sup>

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<sup>61</sup> Memorandum in Support of Motion to Exclude the Surveys and Testimony of Gary Frazier, *Brighton*, 923 F. Supp. 2d 1245 (2013) (No. 10-419), ECF No. 164. The defendant moved to exclude the survey on additional grounds, including that it failed to replicate market conditions. *Id.*

<sup>62</sup> *Brighton*, 923 F. Supp. 2d at 1257.

<sup>63</sup> *Id.* The court further observed that “color is not an element of [the asserted trade dress],” making the survey’s flaw “readily apparent.” *Id.*

<sup>64</sup> *Id.* at 1257–58. The plaintiff’s opposition to the defendant’s motion to exclude argued the other three, non-accused handbags in the second line-up served as a control. Opposition to Motion to Exclude the Surveys and Testimony of Gary Frazier, Ph.D. at 5–6, *Brighton*, 923 F. Supp. 2d 1245 (No. 10-419), ECF No. 196.



**F. Choice of Control and Bias: *Maker’s Mark Distillery, Inc. v. Diago North America, Inc.*, No. 03-93 (W.D. Ky.)**

In *Maker’s Mark Distillery, Inc. v. Diago North America, Inc.*, the plaintiff asserted trade dress infringement claims in the design of the red dripping wax seal that partially covers the neck of its bourbon bottles,<sup>65</sup> as shown in the figure below.

**Figure 11: Maker’s Mark “Dripping Wax” Trade Dress**



In response to the plaintiff’s claims, the defendant conducted a consumer survey to test the likelihood of confusion, if any, caused by the tendrils on the wax seal of its accused Jose Cuervo Reserva bottle.<sup>66</sup> Specifically, the defendant conducted an online survey using a line-up design whereby respondents were first shown three photographs of products, which included the plaintiff’s product embodying the asserted trade dress, as well as a bottle of Bloody Mary mix and a bottle of tonic water.<sup>67</sup> The respondents were then shown a second set of photographs of products, which included either a test bottle (*i.e.*, the defendant’s accused product) or a control bottle, as well as a bottle of Johnnie Walker scotch and a bottle of Crown Royal whisky.<sup>68</sup> The brand name of each product was displayed below the image shown to the respondents. Images of the test and control products are shown below.<sup>69</sup> For each product shown in the second line-up, the respondents were asked, “Do you believe that the product shown...is made by any of the companies that make a product you saw in the first set of pictures?”<sup>70</sup>

<sup>65</sup> First Amended Complaint, No. 03-93 (W.D. Ky. Mar. 28, 2007), ECF No. 60. While the plaintiff’s trademark registration is not specific to the color red, the plaintiff later narrowed its arguments to assert protection only for a red dripping wax seal. *Maker’s Mark*, 703 F. Supp. 2d 671, 682–83 (W.D. Ky. 2010).

<sup>66</sup> Likelihood of Confusion Survey Methodology and Results, *Maker’s Mark*, No. 03-93 (Sept. 1, 2009), ECF No. 219-2.

<sup>67</sup> *Id.* at 3–9.

<sup>68</sup> *Id.*

<sup>69</sup> *See id.* at D-7–D-33.

<sup>70</sup> *Id.* at 8.

**Figure 12: Test and Control Bottles Used in Defendant’s Survey**



The plaintiff objected to the defendant’s survey on the grounds that it used an improper experimental design and control, an improper definition of the relevant universe, and incorrect sampling to secure representative members.<sup>71</sup>

The court agreed with the plaintiff’s objections, finding the defendant’s study “neither useful nor persuasive.”<sup>72</sup> The court criticized the defendant’s use of an online survey because it “created an environment that was dissimilar to that in which a typical consumer would encounter” the products.<sup>73</sup> The court also criticized the defendant’s survey for displaying the brand name below each product, “which would tend to suggest that the products were not affiliated.”<sup>74</sup> Last, the court criticized the control because it “could have been confusing also,” which would have artificially depressed the confusion levels.<sup>75</sup>

**G. Verbatim Responses: *3M Company v. Mohan*, No. 09-1413 (D. Minn.)**

In *3M Company v. Mohan*, the plaintiff asserted trade dress infringement claims in the design of its “Master Cardiology” stethoscope, which is subject to a federal trademark registration, as shown in the figure below.<sup>76</sup>

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<sup>71</sup> Opposition to Defendant’s Motion for Partial Summary Judgment at 32, *Maker’s Mark*, 703 F. Supp. 2d 671, *aff’d*, 679 F.3d 410 (6th Cir. 2012) (No. 03-93), ECF No. 229.

<sup>72</sup> *Maker’s Mark*, 703 F. Supp. 2d at 694.

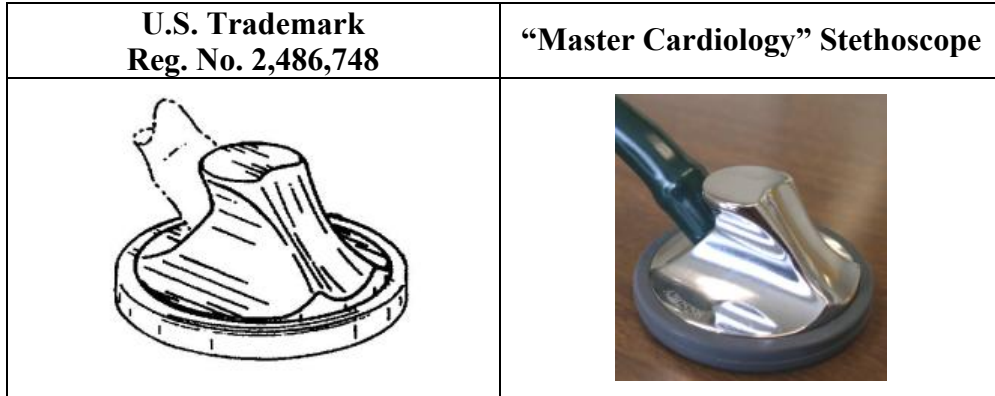
<sup>73</sup> *Id.*

<sup>74</sup> *Id.*

<sup>75</sup> *Id.* n. 29.

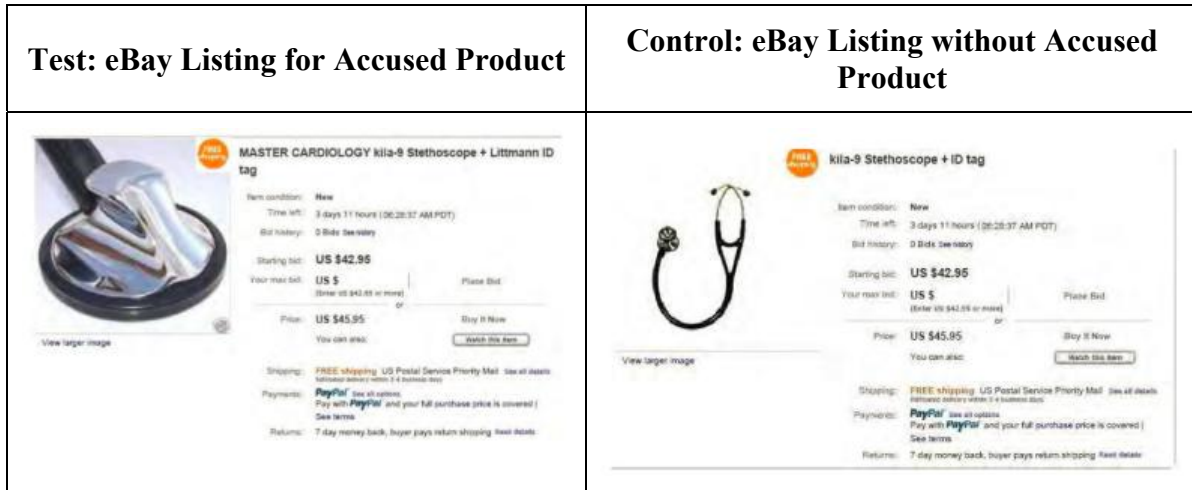
<sup>76</sup> Complaint, No. 09-1413, (D. Minn. June 16, 2009), ECF No. 1. The plaintiff also asserted trademark infringement claims relating to various word marks and logos. *Id.*

**Figure 13: Asserted Stethoscope Trade Dress**



The plaintiff submitted a consumer survey to test the likelihood of confusion from the defendant’s accused stethoscopes.<sup>77</sup> Specifically, the plaintiff conducted an online survey testing point-of-sale confusion using an “Eveready” survey design.<sup>78</sup> The survey respondents were shown one of the defendant’s eBay listings for the accused products or a control eBay listing. The control eBay listing was the same as the defendant’s eBay listing, but was altered to replace the infringing stethoscope with a non-infringing one.<sup>79</sup> Exemplary images of the test and control eBay listings used in the survey are shown in the figure below.<sup>80</sup>

**Figure 14: Test and Control eBay Listings**



<sup>77</sup> Expert Report of Hal Poret on Likelihood of Confusion Survey Concerning Pradeep Mohan’s Marketing of Stethoscopes on eBay, 3M, No. 09-1413 (Aug. 27, 2010), ECF No. 193-1.

<sup>78</sup> *Id.* at 9.

<sup>79</sup> *Id.* at 4–11. The control also removed infringing word marks and logos. *Id.* at 9–10.

<sup>80</sup> *Id.* at 5, 10.

The defendant, a *pro se* litigant, sought to exclude the plaintiff's survey for a variety of reasons,<sup>81</sup> none of which were accepted by the court.<sup>82</sup> Instead, the court "accorded substantial weight" to the survey, and further found the survey's verbatim responses "illuminating."<sup>83</sup> In particular, the court observed that the "verbatim responses made obvious the inclusion of 3M's trademarks within Defendant's advertisements caused customers to believe that Defendant's stethoscopes were at the very least associated with" the plaintiff's brand.<sup>84</sup>

#### IV. Practice Pointers

Many of the issues that arise in trademark cases discussing product design consumer surveys relate to the choice of control, testing for post-sale confusion, survey bias, and reliance on verbatim responses. Below are general practice pointers to consider with respect to those potential issues. But, it is important to note that survey design and methodology in trademark cases are not one size fits all. The proper survey design and methodology will depend on the particular facts and circumstances of the case.

- **Choice of Control:** In some cases, the choice of control may be one of the more difficult tasks in designing a consumer survey involving a multi-element trade dress, particularly when other non-asserted elements of the product may likewise create associations in the minds of consumers. To that end, it is important to articulate credible reasons for the selection of the control along with record evidence to support that reason. In some instances, it may be appropriate to use more than one control. For example, in *Audemars*, the plaintiff used two control watches, which the defendant challenged because they shared nothing in common with the test stimuli "except for being watches." Nevertheless, the court accepted the plaintiff's reasoning that the control watches were proper because they also validated other aspects of the survey, such as the amount of time consumers were allowed to view the stimuli.

- **Post-Sale Confusion:** While the majority of courts have accepted a post-sale confusion theory, litigants continue to challenge surveys that test post-sale confusion. The court in *OraLabs* agreed that a survey expert testing the post-sale environment does not have a "threshold evidentiary burden" to support their decision "with research on how the public comes into contact with the product." Nevertheless, if a party pursues a post-sale confusion theory, it may want to make that clear to the court and other parties early in the case, and plan to introduce evidence showing that consumers learn about the products in the post-sale environment, including how the products appear in the post-sale environment, to further support the survey design.

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<sup>81</sup> *3M*, 2010 WL 5095676, at \*21 (D. Minn. Nov. 24, 2010). Among other things, the defendant objected to the survey because it "could have been completed by computerized robots in Moscow" instead of doctors and nurses in the United States. *Id.*

<sup>82</sup> *Id.*

<sup>83</sup> *Id.* at \*22.

<sup>84</sup> *Id.*

- Survey Bias: While the “Eveready” method continues to be an acceptable method for conducting a likelihood of confusion survey, many product design surveys use a line-up method that initially exposes consumers to the asserted trade dress. This creates a heightened risk of survey bias, thus, it is important to use a control to mitigate that risk. For example, in *Brighton*, the court rejected a survey using the line-up method because there was no control.

- Verbatim Responses: Consumer psychology demonstrates that consumers are often not conscious of what particular elements caused them to be confused or why they associate a design with a source. Nevertheless, courts continue to reference verbatim responses when crediting, or criticizing, likelihood of confusion surveys. As a result, it is important to understand how the verbatim responses may be perceived, and conduct any necessary follow-up as part of the survey design.



**NSFW: Naked Licensing and  
Uncontrolled Trademark Use**

**Luke S. Curran**

***Licensing Executives Society  
International les Nouvelles***

***December 2016***

## NSFW: Naked Licensing And Uncontrolled Trademark Use

By Luke S. Curran

The nucleus of trademark owners' post-registration operations centers on protecting and enforcing those rights against unauthorized use by third parties. Conversely, much less attention is afforded to addressing the potential for inadvertent loss of rights when employed by authorized third parties.

Businesses are continually under pressure to generate new revenue streams from existing intellectual property assets. In turn, licensing agreements offer brand owners the ability to expand or even exploit new markets with lower financial barriers to entry. When confronting the daunting task of generating mark recognition, companies often welcome the opportunity to pay considerable royalty rates for the ability to offer their goods or services in connection with a renowned brand. Likewise, the licensee's marketing campaign ultimately benefits the licensor's goodwill. This proposition, on its face, appears to be a win-win as these agreements are the essence of any merchandising program.

However, a trademark licensing agreement, absent adequate quality control provisions, offers no guarantee precluding the risk of abandonment. Here, the operative word is "control." In the context of trademark licensing, avoid getting caught streaking with your business partner. Naked licensing occurs when the licensor fails to exercise adequate quality control over the licensee.<sup>1</sup>

This careless practice may result in the mark no longer representing the quality of a product or service that consumers expect.<sup>2</sup> The safest road to abandonment is the gradual one. Moreover, the necessary amount of authority exercised over the licensee cannot be answered in general terms.<sup>3</sup>

Accordingly, it is critical for mark owners to develop and implement a strategic plan to map licensing agree-

ments, usage guidelines, approval mechanisms, and compliance monitoring efforts. Your trademark may be your company's most valuable asset. You should ensure that it is treated that way. The following catalogues several non-exhaustive considerations when entering into such arrangements with third parties.

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### Roadmap to Avoid Indecent Exposure: Level of Quality Control

The Lanham Act provides no guidance regarding the adequate level of quality control necessary to avoid a naked license.<sup>4</sup> So how much control is enough? A sufficient level of control has been found when the licensee's goods or services satisfy the "expectations created by the presence of the mark."<sup>5</sup> Thus, there is no bright line rule as "[i]t is difficult, if not impossible to define in the abstract exactly how much control and inspection is needed to satisfy the requirement of quality control" over licensees in the modern marketplace.<sup>6</sup>

In order to avoid a judicial declaration of trademark abandonment for naked licensing, courts commonly consider:

- 1) Whether a mark owner retained contractual rights over quality of the use of the mark;
- 2) Whether a mark owner actually controlled quality of the mark's use by licensee; and

1. See *FreecycleSunnyvale v. Freecycle Network*, 626 F.3d 509, 515–16 (9th Cir. 2010) (emphasizing that naked licensing is "inherently deceptive" and constitutes abandonment of "any rights to the trademark by the licensor.").

2. See *J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition* § 18:48, at 18–79 (4th ed. 2001).

3. *Eva's Bridal, Ltd. v. Halanick Enters.*, 639 F.3d 788, 790–91 (7th Cir. 2011) (emphasizing that the level of authority exercised over the licensee "can't be answered generally" and the "licensor's self-interest largely determines the answer" when examining the nature of the business and customers' expectations).

4. 15 U.S.C. § 1127 (stating that "[a] mark shall be deemed to be abandoned. . . [w]hen any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark.").

5. *Eva's Bridal*, 639 F.3d at 790.

6. *Fuel Clothing Co. v. Nike, Inc.*, 7 F. Supp. 3d 594, 606 (D.S.C. 2014) (quoting *Barcamerica Int'l USA Trust v. Tyfield Importers, Inc.*, 289 F.3d 589, 595–96) (9th Cir. 2002)) (emphasizing that "the standard of quality control and the degree of necessary inspection and policing by the licensor will vary with the wide range of licensing situations in use in the modern marketplace").



3) Whether a mark owner reasonably relied on the licensee to maintain the quality.<sup>7</sup>

Fortunately, a party seeking to prove abandonment is confronted by a rather stringent burden of proof.<sup>8</sup> Absent a clear showing of failure to exercise control, courts are simply averse to stripping a mark owner of its valuable rights on the grounds of naked licensing.<sup>9</sup> Alternatively, when the licensor fails to adequately exercise control over the licensee, the mark owner may be estopped from asserting rights in the mark; for instance, for trademark infringement and related claims.<sup>10</sup> Such abandonment is an “involuntary forfeiture” of rights and does not require a “subjective intent” to abandon the mark.<sup>11</sup>

Trademark law requires the mark owner to exercise “decision-making authority over quality.”<sup>12</sup> It has been found that where no authority is exercised over the appearance, nature of the business operations, customers’ expectations, and even inventory of the licensee—this is the extreme paradigm of a naked license.<sup>13</sup> Accordingly, examine the course of conduct between the parties to determine whether adequate quality control exists. The absence of both an express provision in the agreement and exercising actual control over the licensee’s operations exposes the licensor.<sup>14</sup>

## I. Usage Guidelines For Licensees: Nature & Quality of Goods and Services

From a business perspective, the balance between inadequate control and excessively interfering with the licensee’s operations is delicate. The licensor has

the affirmative duty to confirm that the products and services offered in connection with its brand are of equal or greater quality. As a result, comprehensive and express quality control provisions establish the relationship in effective licensing arrangements—this is the first part of the court’s analysis.<sup>15</sup> These provisions must safeguard the value of the mark while affording the licensee with freedom to operate.

Recognizing the importance of a mark’s source identifying function and related goodwill, the licensor must incorporate strict guidelines outlining any use of its marks. These standards should employ unambiguous language defining exactly how the mark will appear, where the mark will be used, and when.

Quality is key. Provide the licensee with electronic versions of all the licensed marks—especially when a design is involved—in order to avoid reproductions and dissection. Include in the agreement that only the marks provided by the licensor can be used in connection with the licensee’s goods and services. This preserves the marks’ integrity. Foreclose the opportunity for the licensee to create modifications and memorialize these terms in the agreement. The mark should never be modified (without prior approval) and include clear quality specifications so the graphical representations are of high resolution.

The arrangement should also include express provisions detailing the manner in which the mark will be used. For instance, it is advisable to include provisions emphasizing that the mark cannot be used with other trademarks without express approval. Moreover, include instructions in the agreement requiring the licensee to use appropriate registration notice symbols. Finally, the license should clearly outline how the goods will appear—the packaging, advertising, promotional materials, and service environment if a service mark is at play.

## II. Approval By Licensor: Exercise Actual Control

Exercising actual control over the quality of the mark is the second part of the court’s analysis.<sup>16</sup> The agreement should also incorporate a clear pre-approval program for all trademark use. Either give approved use as attachment to the license or develop a procedure for approval, or both. A sophisticated licensor commonly requires the licensee to submit a specific number of production samples of proposed uses of the marks. These are then subject to written approval before use.

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7. *FreecycleSunnyvale*, 626 F.3d at 511 n.1 (citing *Barcamerica*, 289 F.3d at 596–98) (noting that by failing to enforce the terms of the mark’s use, the licensor may forfeit its rights to enforce the exclusive nature of the mark).

8. *Exxon Corp. v. Oxford Clothes, Inc.*, 109 F.3d 1070, 1075–76 (5th Cir. 1997) (citing *Moore Business Forms, Inc. v. Ryu*, 960 F.2d 486, 489 (5th Cir.1992)).

9. *FreecycleSunnyvale*, 626 F.3d at 514 (stressing that the person who asserts insufficient control of a trademark must meet a high burden of proof).

10. *Barcamerica International USA Trust v. Tyfield Importers Inc.*, 289 F.3d 589, 596 (9th Cir. 2002).

11. *Id.* (finding no express contractual right to inspect and supervise the use of the marks in addition to licensor’s infrequent wine tastings and unconfirmed reliance on the winemaker’s expertise as inadequate evidence of control to survive summary judgment).

12. *Eva’s Bridal*, 639 F.3d at 791.

13. *Id.*

14. *Fuel Clothing*, 7 F. Supp. 3d at 606 (quoting *FreecycleSunnyvale*, 626 F.3d at 516) (considering “whether the license contained an express contractual right to inspect and supervise the licensee’s operations,” or, if such contractual rights are absent, whether the licensor has exercised sufficient quality control over license).

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15. *FreecycleSunnyvale*, 626 F.3d at 516 (noting that “the absence of an agreement with provisions restricting or monitoring the quality of goods or services produced under a trademark supports a finding of naked licensing.”).

16. *Id.* at 511 n.1 (citing *Barcamerica*, 289 F.3d at 596–98).



Eliminate any uncertainties by establishing a reasonable timeframe for approval or rejection of the proposed trademark uses. And if approval is not provided, expressly require that the materials affixed with the licensor's mark be sent to the licensor, or in the alternative, destroyed.

### III. Best Practices for Periodic Compliance Monitoring

Finally, periodically demonstrate control through inspection or supervision, which must be detailed in the agreement.<sup>17</sup> While the court also examines whether the licensor reasonably relied on the licensee to maintain quality—the final factor of analysis—periodically monitoring compliance helps mitigate the risk of naked licensing.<sup>18</sup> Sole reliance on a licensee's own quality efforts is simply not enough to overcome a finding of naked licensing without other indicia of control.<sup>19</sup> Courts have even excused the lack of a contractual right to control quality in the event the licensor demonstrates actual control.<sup>20</sup>

It is best practice to routinely conduct on-site inspections to ensure compliance with the license agreement, quality standards, and all applicable laws. Just ensure notice provisions are included and refrain from disrupting business operations. Likewise, monitor developments with the brand's reputation and review customer service comments and complaints, which

may prove useful when developing future versions of the goods based on customers' expectations.

Moreover, be cognizant that adding excessive quality control provisions into the license may make it appear as if it is a franchise agreement. Strike a balance. It is equally as important to note that the quality control requirement may mean that parties injured by the product may drag you into litigation under product liability theories where the operations of the licensee have resulted in harm. For this reason, ensure strong indemnification and insurance provisions are in place. Lastly, while some countries have no legal requirement for records of licenses (*e.g.*, U.S. and U.K.), it is best practice to record the agreement to place others on notice. In other countries, a license must be recorded to be effective.

### Closing Remarks

Ultimately, when licensing a mark, 1) ensure that you retain contractual rights over quality of the use of the mark, 2) actually control the quality of the mark's use, and 3) periodically inspect and supervise. Quality control will always play a critical role because the brand represents the company's reputation and consumers rely on this reputation when confronted with purchasing decisions. ■

Available at Social Science Research Network (SSRN): <https://ssrn.com/abstract=2855219>

17. *Id.* at 518 (finding inadequate quality controls when they were not enforced and were not effective in maintaining the consistency of the trademarks); *see, e.g., Barcamerica*, 289 F.3d at 596–97 (finding no contractual right to inspect and monitor the use of the marks coupled with licensor's infrequent inspections and unconfirmed reliance on licensee's expertise as inadequate evidence of quality controls to survive summary judgment); *Stanfield v. Osborne Indus., Inc.*, 52 F.3d 867 (10th Cir. 1995) (granting summary judgment to licensee where license agreement lacked a right to inspect operations, and alleged actual controls were that licensor examined a few products, occasionally reviewed promotional materials, and gave licensee sole discretion to design the mark).

18. *FreecycleSunnyvale*, 626 F.3d at 511 n.1 (citing *Barcamerica*, 289 F.3d at 596–98).

19. *Id.* at 519 (citing *Transgo, Inc. v. Ajac Transmission Parts Corp.*, 768 F.2d 1001, 1017–18 (9th Cir. 1985)) (noting that licensor did not rely solely on his confidence in the licensee, but exercised additional control by, *inter alia*, periodically inspecting goods and was consulted regarding any changes in product).

20. *Barcamerica*, 289 F.3d at 596 (holding that a licensor may overcome the lack of a formal agreement if it exercises actual control over its licensees).



**Starting Up IP: Priorities for Early-  
Stage Companies**

**Victoria R. M. Webb and Bennett A.  
Ingvoldstad**

***Banner & Witcoff IP UPDATE***

***December 20, 2016***

## STARTING UP IP: PRIORITIES FOR EARLY-STAGE COMPANIES



BY VICTORIA R. M. WEBB AND BENNETT A. INGVOLDSTAD

given situation. Although an attorney can often most effectively identify and evaluate IP, a company short on resources can begin by compiling a list of potential IP before meeting with an attorney.

This article gives a general overview of intellectual property (IP) for companies that are just beginning to recognize and capture the value of the IP they generate. Although early-stage companies have limited resources and time, awareness of some basic issues can help with prioritization and make the first meeting with an IP attorney more productive and less costly.

### IDENTIFYING TYPES OF POTENTIAL INTELLECTUAL PROPERTY

Every business generates some type of IP, although not every business recognizes its IP or captures its value. The IP created by early-stage companies, especially those seeking venture capital funding, can often form the company's most valuable assets.<sup>1</sup> The United States, like most countries, provides several legal mechanisms for protecting IP. Trademark and trade dress rights protect the company's **brand** — the recognition and goodwill in the minds of its consumers through brand identifiers like logos, trade names, and product configurations. Patents protect a company's **inventions** — improvements to the state of the art developed by its employees — in exchange for the company disclosing those inventions to the public. Alternately, a company can keep its inventions secret and rely on trade secret law. Copyright prevents copying of the company's **authored works** — anything from code to images to the company website. Each type of IP has pros and cons, and multiple types may be useful in a

### ELIMINATING QUESTIONS ABOUT OWNERSHIP

Once a company identifies its IP, it must ensure that it owns the IP. Generally, the more successful a business becomes, the more parties will come out of the woodwork with some kind of IP ownership claim.<sup>2</sup> The consequences of a company not actually owning its IP range from inability to enforce its rights against competitors to having to pay significant sums to later acquire the IP. Therefore, getting ownership issues worked out in writing upfront is an essential first step, and often the first time an early-stage company may engage an IP attorney.

For early-stage companies, ownership pitfalls arise at different points in time. First, founders and early collaborators often create IP before a company is incorporated, and that IP is owned by those individuals, not the company. Therefore, an early-stage company should verify that incorporation documents or a separate written agreement transfer ownership of any pre-incorporation IP to the company itself. Additionally, founders may not be employees of the company, so any future IP developed by the founders in connection with the company should be covered by an assignment agreement. Second, as early-stage companies expand, employment agreements should contain IP assignment clauses that effectively transfer ownership of IP developed by company employees. Third, early-stage companies will inevitably contract with third

parties (vendors, consultants, or other contractors). To ensure that ownership of any IP developed for the company by the third parties transfers to the company, the company should include assignment clauses in contracts with the third parties or otherwise acquire the IP rights.

### **PROTECTING THE BRAND: TRADEMARK, TRADE DRESS, COPYRIGHTS, AND OTHER RIGHTS**

A company's brand, as established by brand identifiers and customer-facing materials, may be as important as the products or technology it sells. Brand identifiers such as names, logos, and slogans can be protected using trademarks, trade dress, and domain names. Customer-facing materials (e.g., brochures, websites, advertising, etc.) can be protected using copyright. Although copyrights are created automatically, a company needs to take some steps to establish rights in brand identifiers.

Before investing in a brand identifier (or "mark"), a company should engage a trademark attorney to conduct a full clearance search — a search of federal trademark records, state records, and the Internet to determine availability of the mark. The goal of a clearance search is to evaluate not only whether a trademark application has a good chance of registering, but also whether the business is at risk of future legal troubles from other companies with existing rights in the same or similar marks. Considering the cost of potential litigation (or worse, having to abandon a brand the company has invested in), the cost of a clearance search is relatively minor. Sometimes even a quick do-it-yourself search on the Internet and of federal trademark records<sup>3</sup> before contacting an attorney for a more exhaustive search can reveal potential problems and save resources.

Once a company determines it can use a brand identifier, it can begin creating trademark rights via common law rights and federal trademark registrations. A company can begin to establish common law rights by simply adding a trademark (™) symbol after any mark on the company website, product literature, or other company materials. Although common law rights are cheaper and easier than registering a trademark, they afford fewer protections and make enforcement more difficult. Accordingly, companies should also consider registering their marks with the U.S. Patent and Trademark Office (USPTO). Advantages to registration over common law rights include presumptive ownership of the mark, nationwide protection of the mark, statutory damages for infringement, and benefits for filing internationally. These benefits are especially helpful if the company ever decides to enforce its mark through litigation. A trademark application should be filed as soon as possible, and can be filed even before the mark is being used. An early filing date is important, so if the company becomes aware of any similar mark in use by a competitor in any remotely similar field, a trademark attorney should be contacted immediately. Notwithstanding the added cost of applying for a registration, most businesses will greatly benefit from registering their trademarks.

In addition to filing trademark applications, desired domain names associated with the brand should be purchased. While many companies purchase .com domains early on, companies should also consider specialty domains (.blog, .store, .coupon, etc.) and foreign domain names, especially if the company envisions using these in the future for specialized marketing or for expanding the brand internationally. Once an early-stage company begins generating press attention,

**MORE ▶**

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there is a high risk that cybersquatters will purchase and try to ransom domain names in countries or spaces that the growing company will likely target in the future.

When resources are available, similar steps should be taken to protect all a company's brand identifiers, including product names, logos, slogans, advertising materials, and other branding. In most cases, early-stage companies must prioritize the marks or branding elements that are most critical to the company's overall brand and invest in protecting those marks first.

### **PROTECTING TECHNOLOGY: PATENTS, TRADE SECRETS, AND OPEN SOURCE ISSUES**

In addition to building and protecting its brand, an early-stage company must make smart, strategic, and early choices to protect its investment into the inventions and technology it generates. Inventions and technology can be protected via patents or simply by keeping the inventions secret.

The first option is relying on trade secrets (e.g., the Coca-Cola formula). The default strategy is always to keep technical or inventive information secret, and even companies that rely on patents will choose this strategy while preparing their patent applications. To obtain trade secret protection, a company must take certain steps and use "reasonable efforts" to protect the information from disclosure and theft.<sup>4</sup> However, for some technologies, reverse engineering or re-implementation by competitors may be possible, which destroys the value of the trade secret.

If the company plans to publicly disclose an aspect of its technology, or if the technology is susceptible to reverse engineering or re-implementation, strong consideration should be given to filing a patent application. The

patent application ideally should be filed before any public disclosure, and as early as possible once the technology is sufficiently developed. Costs can be minimized by filing cheaper provisional patent applications (a placeholder type of application), but a patent attorney should be involved; do-it-yourself patent applications of any type are usually worth very little.

Some early-stage companies forget that public disclosure includes talks with venture capitalists (VCs), potential partners, potential employees, and anyone not under a contractual obligation to keep information secret.<sup>5</sup> Most companies cannot avoid at least occasional public disclosures, but they can take steps to mitigate the impact on potential patent rights when patent applications have not yet been filed. Accordingly, companies should omit unnecessary detail during unprotected discussions with third parties, including VCs. Avoiding technical descriptions can preserve the company's ability to later patent those aspects. Although United States patent law does allow a one-year grace period for filing a patent application after public disclosure, it comes with significant risk of others taking the invention, modifying it, and patenting the modifications themselves. Additionally, other countries' patent systems do not allow any disclosure before filing patent applications, so if foreign patents are important, a patent application should be filed before any disclosure.

Once an early-stage company has decided to invest in filing patents on its technologies and products, a first meeting with a patent attorney will be most productive if the company has already thought deeply about the business case for filing a patent. A company should consider what aspect of its technology it needs to protect, what distinguishes the product or technology from its competitors, and what

aspect the company believes is novel. The company should further consider which aspects, if protected, would allow it to block competitors in the future. While patent attorneys can determine the legal issues around filing a patent application, a business is in the best position to evaluate the value of a patent in the marketplace. A patent attorney should be able to provide some sense of what aspect of the technology can potentially be patented, and how much protection the business can potentially obtain. However, the scope of any patent (and even whether it will be granted) can be highly uncertain. Ultimately, it is the company's responsibility to manage this uncertainty and decide whether filing a patent is worthwhile.

In addition to carefully considering what to focus on in a patent application prior to meeting with a patent attorney, a company can also cut expenses by preparing detailed descriptions of its inventions before meeting with the patent attorney. Flowcharts, diagrams, and descriptions with as much detail as possible can reduce the time spent on discussions with the patent attorney. In addition, they can aid in development of initial figures or charts for the patent application.

Finally, software-focused companies should also take care when leveraging open source software. Inappropriate use of open source software can taint an entire code base, resulting in a company's valuable secrets becoming open sourced. Software-focused companies should carefully manage and catalog any usage of open source software to avoid accidentally open-sourcing company technology. Particularly, use of GNU General Public License (GPL) code and libraries without consulting an open source expert should be avoided. Keeping detailed records of open source packages, how

they are used, and the license they contain will reduce headaches during due diligence (e.g., during a funding round or acquisition).

## CONCLUSION

Every business needs to prioritize its IP, and early-stage companies are no exception. Early-stage companies have unique challenges because they rapidly generate IP, and often lack adequate legal representation due to juggling multiple priorities with minimal resources. However, the long-term success of a business can often hinge on whether it took appropriate early steps to protect its IP.

An early-stage company should first ensure its contracts effectively grant ownership of IP to the company itself. Next, a company should take steps to finalize and protect its branding by securing trademark and other rights and registering domains. Finally, an early-stage company should control its technology by filing patents on key aspects before they are disclosed to the public, and take care to avoid conflicts with open source licenses. Qualified attorneys should always be engaged to advise and secure the value of a company's IP. ■

1. IP additionally remains important throughout the lifecycle of a business. One study estimates that intangible assets, of which IP forms a significant part, make up 87 percent of the value of S&P 500 companies. See <http://www.oceantomo.com/2015/03/04/2015-intangible-asset-market-value-study/>.
2. A famous example involving a claim of partial ownership of Facebook was dramatized in the 2010 film "The Social Network." See *CONNECTU LLC v. Zuckerberg*, 522 F.3d 82 (1st Cir. 2008).
3. A basic trademark search can be run at [tmsearch.uspto.gov](http://tmsearch.uspto.gov). In the search results, a trademark is currently in force if it has a registration number and is marked "Live."
4. In practice, this often means taking security measures to limit access to the information to key employees.
5. Such contractual obligations often come in the form of nondisclosure agreements (NDAs). Although a company should try to obtain an NDA before any third party disclosure, many potential business partners (including nearly all VCs) will refuse to sign NDAs before hearing a pitch.



**Adding to Your Company's Bottom  
Line with Intangible Assets:  
Creating, Maintaining & Advancing  
Your IP Portfolio**

**Bradley J. Van Pelt and Luke S.  
Curran**

***Banner & Witcoff IP UPDATE***

***December 20, 2016***



## ADDING TO YOUR COMPANY'S BOTTOM LINE WITH INTANGIBLE ASSETS: CREATING, MAINTAINING & ADVANCING YOUR IP PORTFOLIO



BY BRADLEY J. VAN PELT AND LUKE S. CURRAN

Intellectual property portfolios commonly rank as one of the most valuable assets within a company's corporate arsenal.<sup>1</sup> Protecting the company brand, internal know-how, and innovation plays a crucial role in maintaining a competitive advantage in today's global marketplace. However, the costs associated with procuring, preserving, and advancing intellectual property rights can affect the company's bottom line. This can put pressure on the company's decision-makers. Outside of the ability to halt the disingenuous efforts of infringers and obtain monetary damages when asserting IP rights, there are other creative and less litigious ways to extract additional value from your portfolio.

According to the "Intellectual Property and the U.S. Economy: 2016 Update," the licensing of IP rights totaled \$115.2 billion in revenue in 2012, which included 28 industries deriving revenues from licensing.<sup>2</sup> By way of example, IBM has enjoyed a successful licensing program. Although IBM may spend several billion dollars a year on research and development, it is able to recapture approximately \$1 billion a year through an effective licensing strategy. Implementing a tailored approach to IP monetization can enable companies to realize additional value from product development efforts and recover a portion of the development costs. Patents, for instance, commonly serve leveraging purposes

and can lead to advantageous terms when negotiating contracts for the business. Licensing patents to vendors can open the door to competitive pricing and more favorable contract terms, and develop cross-licensing opportunities to help reduce the scope of the company's risk of infringement. Alternately, patent rights can be sold off, act as collateral for financing, and may even be used to obtain tax deductions. Patent rights may also be employed as marketing tools. By touting a product as patented, this may foster the public perception that the company is innovative and that the product is superior, which can also help secure equity backing.

Similarly, it is well-settled that trademarks frequently act as a critical driver of value.<sup>3</sup> The value of a trademark is usually directly linked to the mark's earning power and goodwill. While acting as a source identifier to facilitate consumers' purchasing decisions, trademarks engender the inherent ability to rapidly appreciate in value. If properly safeguarded, marks may potentially live in perpetuity. By maintaining strict quality standards for their goods and services provided in connection with the mark in addition to advertising to inform consumers of these qualities, trademark owners invest in their marks. In turn, this investment leads to greater profits and source recognition. As a result, developing, managing, and advancing a trademark portfolio has transitioned from a primarily legal issue into a strategic agenda. In 2016, according to Brand Finance,<sup>4</sup> the most powerful and valuable brand (not surprisingly) was Apple, which was valued at more than \$145 billion. Fig. 1 below



catalogs the top 10 most valuable brands according to the “Annual Report on the World’s Most Valuable Brands:”

<p>2016 Rank: 1; 2015 Rank 1</p>  <p>Brand Value 2016: \$145,918m Brand Value 2015: \$128,303m</p>	<p>2016 Rank: 6; 2015 Rank 5</p>  <p>Brand Value 2016: \$63,116m Brand Value 2015: \$59,843m</p>
<p>2016 Rank: 2; 2015 Rank 3</p>  <p>Brand Value 2016: \$94,184m Brand Value 2015: \$76,683m</p>	<p>2016 Rank: 7; 2015 Rank 6</p>  <p>Brand Value 2016: \$59,904m Brand Value 2015: \$58,820m</p>
<p>2016 Rank: 3; 2015 Rank: 2</p>  <p>Brand Value 2016: \$83,185m Brand Value 2015: \$81,716m</p>	<p>2016 Rank 8; 2015 Rank 7</p>  <p>Brand Value 2016 \$53,657m Brand Value 2015 \$56,705m</p>
<p>2016 Rank: 4; 2015 Rank: 8</p>  <p>Brand Value 2016: \$69,642m Brand Value 2015: \$56,124m</p>	<p>2016 Rank 9; 2015 Rank 11</p>  <p>Brand Value 2016 \$49,810m Brand Value 2015 \$47,916m</p>
<p>2016 Rank: 5; 2015 Rank: 4</p>  <p>Brand Value 2016: \$67,258m Brand Value 2015: \$67,060m</p>	<p>2016 Rank: 10; 2015 Rank 15</p>  <p>Brand Value 2016: \$44,170m Brand Value 2015: \$34,925m</p>

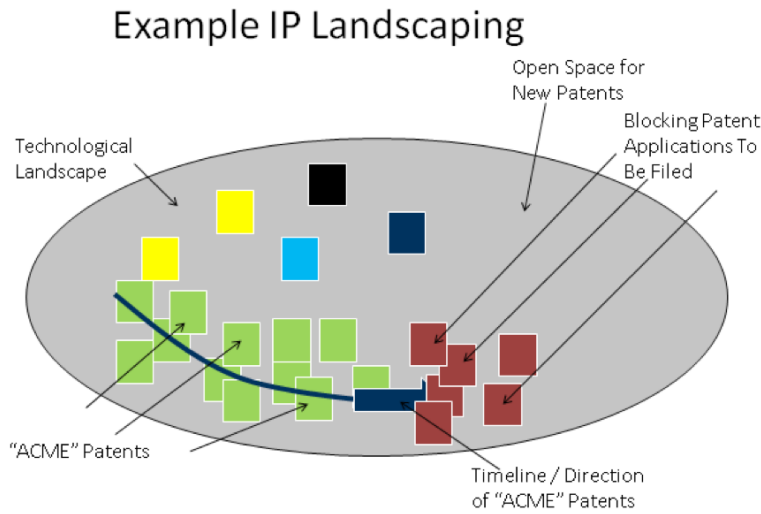
Traditionally, IP portfolios are assigned value based on one of the following methods: (1) the income approach (value based on previous and future income streams under the asset); (2) the cost approach (value of the asset should not exceed cost of replacing the asset); (3) the market approach (value of the asset based on comparing publicly available similar asset transactions); and (4) the royalty approach (value based on cost to license).<sup>5</sup> While these approaches can be useful in informing a company’s decision on whether to maintain or procure IP, these approaches may be difficult to apply and may not always account for the company’s vision.

Accordingly, in order to appraise the commercial and competitive value of intangible assets — whether patents or trademarks — it is important to first blueprint how the asset is being represented (or should be). With increased cost pressures and complexities in asset protection, it is critical that rights holders appreciate the total value from the company’s IP portfolio. And in order to extract additional economic rents, it is essential to take a holistic approach by mapping and prioritizing assets when developing, acquiring, and pruning the IP portfolio.

#### ENLISTING A DIVERSE IP COMMITTEE

Recognizing the shift to a globalized business environment, the ability to traverse the nuances of maximizing, controlling, and extracting value from an IP portfolio requires continually evaluating IP rights throughout their lifecycles. For instance, focusing too heavily on volume may result in a breadth of rights; however, these rights may not be aligned with the underlying goals of the business. Company objectives often pivot, the technology may change or become obsolete, or

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**Fig. 2** illustrates an example of mapping patents and future trends. In this example, the gray area represents the entire patent landscape, and the boxes represent patents. Potential patent filings (brown boxes) may have the opportunity to block competitor ACME's patents (green boxes) from moving into a particular space.

the company may no longer be selling the particular product. If the cost of keeping the rights exceeds its expected value — under the cost or income approach — consider reevaluating the need to retain those rights. Under these circumstances, companies often consider abandoning or trying to sell off that segment of the portfolio. In turn, this will reduce maintenance fees, renewals expenses, and ongoing prosecution costs. For a comprehensive approach to combating IP management issues, consider enlisting an IP committee (which can include engineering, business development, marketing, and legal professionals) to prioritize certain filings and manage portfolios. An IP committee helps ensure the company is focused on rights critical to the business strategy while confirming that the company has a consistent prosecution strategy. In short, the committee helps answer the question “why do we own this asset” while realigning IP procurement efforts with the business strategy.

### PRIORITIZATION AND PORTFOLIO MAPPING

Once the committee is assembled, it is critical to discern the landscape of the IP rights in the portfolio. Mapping key patents and future trends can help companies see opportunities, threats, strengths, and weakness of patents that are proprietary to the business. This form of information proves to be incredibly valuable in any IP analysis. Determine whether the patent covers core products, whether it has current use or exists for defensive purposes, or whether it can be used for leveraging. One of the primary benefits of auditing a patent portfolio is that it affords companies the opportunity to take a step back, see certain trends, and block competitors from moving into a desired space.

Likewise, when auditing a trademark portfolio — whether domestic or international — it is critical to map the process of how, why, when, and where a company creates and adopts each mark. These are questions the IP committee is well-suited to address. From core brands to marks with limited use, the IP committee must plan the audit and outline prosecution strategy

while considering key and emerging markets (e.g., Cuba and Iran), jurisdictions where products are manufactured, and countries where counterfeiting is common. Further, instituting an IP committee will ultimately generate a fundamental understanding of the underlying process and interaction between legal and other departments, which affords the opportunity to better advance the portfolio by identifying and eliminating inefficiencies.

When evaluating an existing trademark portfolio, IP committees may consider implementing a four-tiered approach ranging from most important marks (first tier) to least important marks (fourth tier). These rights can be ranked and prioritized accordingly, and the business can subsequently focus on the rights more central to its core business. First-tier status can be assigned to marks that are used in multiple markets and in connection with the brand's full range of products and services. The second tier traditionally houses secondary brands that represent individual products or services across a range of jurisdictions. Customarily, the third tier is reserved for marks used with the provision of limited or restricted goods or services, such as sub or regional brands. Finally, rank non-traditional marks, slogans, common-law marks, and marks intended to be used for a limited time under the fourth-tier umbrella. Also, in order to realize additional value and fill in coverage gaps, it is critical to chart the nature of each mark, the goods and services covered, what rights are included, and whether they align with business strategies. An annual audit enables companies with substantial portfolios to find value in marks that have been otherwise overlooked while anticipating future needs.

By mapping a trademark portfolio, the company can also identify gaps and new

opportunities to expand the portfolio. These checkups often unearth legal exposures by uncovering failures to seek registration of important marks in relevant markets, registrations inadequately covering goods or services used in commerce, and applications that lack commercial value. Armed with a clear picture of their assets, rights holders can also realize additional value and protection through more creative means, such as identifying opportunities for non-traditional marks, licensing, and new uses for existing marks. Equipped with this knowledge, the owner can more confidently prosecute marks for new or existing goods and services in order to fill voids and prune the portfolio.

### TRAVERSING NEW MARKETS

With the information derived from the IP audit, a company entering a new market is better equipped to forecast its IP needs and the associated costs. When exploring new markets from a trademark perspective, companies can examine the IP landscape to determine whether to obtain additional registrations and defensive registrations to preempt squatters. When expanding to new markets or applying for new marks, a modicum of forethought often pays dividends. Preempt squatters by acquiring social media handles and domain names that reflect the brand and key variations concurrently when filing applications. Whether domestic or abroad, value can also be added to existing marks through diligent and meritorious enforcement efforts because mark owners are shouldered with the affirmative obligation to police violations of their IP rights. Additional value is also realized by recording registrations covering primary brands with customs offices in key regions to assist in the seizure of counterfeit goods and halt the efforts of counterfeiters that trade off the brand's goodwill.

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[IP PORTFOLIO, FROM PAGE 9]

From a patent perspective, international rights can be a fairly large line item for companies as they can get prohibitively expensive if a particular invention is filed in many different jurisdictions. It is important to make sure that your foreign filings correspond with the company's international business ambition. For example, decision-makers should consider the viability and likelihood that the company would ever enforce IP rights abroad.

Take, for instance, Europe. In terms of patents, it can be prohibitively expensive because the patent must be validated in each of the desired countries. In Europe, all applications are initially examined at the European Patent Office and once the application grants, the applicant must decide where to validate the patent. If a single patent is validated in all of Europe, the costs could amount to hundreds of thousands of dollars in annuity fees. One strategy might be to select only key European economies (*e.g.*, Germany, France, and the United Kingdom), which may often afford sufficient protection. For example, if a competitor can be halted in one of these jurisdictions, it can have the effect of blocking the competitor throughout Europe. The competitor is not likely to redesign the particular product for the specific country in Europe; rather, they will only have one product for all of Europe.

### MOVING FORWARD

In a globalized marketplace, strive to become proactive as opposed to reactive. Legal intricacies of creating, maintaining, and advancing a comprehensive IP portfolio are commonly not addressed until confronted by an impediment. In order to enjoy a vibrant

and profitable portfolio — whether patents or trademarks — rights holders must realign IP assets with business strategy in an age of increased complexities in asset protection. Participation and interaction between lawyers, executives, marketing departments, business units, and product development teams is critical to developing a strong IP strategy while promoting a secure IP culture. Aggressively develop, prosecute and advance IP and meticulously reevaluate the portfolio annually in order to extract additional economic rents. ■

1. See Louis Carbonneau, *IP Strategies for Changing Times*, IPWATCHDOG (April 7, 2015) (estimating that “in excess of 85% of the valuation of the Nasdaq Index companies (and of the new global wealth being created) lies in intangible assets.”).
2. See Intellectual Property and the U.S. Economy: 2016 Update, United States Patent and Trademark Office <https://www.uspto.gov/learning-and-resources/ip-motion/intellectual-property-and-us-economy>
3. See *e.g.*, Brand Finance, *The Most Valuable Brands of 2016* (2016) (valuing Apple as the most valuable brand of 2016 at more than \$140 billion and valuing the second-ranked Google brand at \$94 billion).
4. *Id.* (evaluating the top brands based on brand strength index (*e.g.*, brand investment, brand equity, and brand performance), brand royalty rate, and brand revenues).
5. See International Trademark Association, *Assignments, Licenses and Valuation of Trademarks* (April 2015) (emphasizing that goodwill is an “intangible asset that provides added value to the trademark owner’s worth.”).

**TRADE SECRETS**



**Obama Signs Law Allowing Trade  
Secret Owners to Sue in Federal  
Court**

**Bradley J. Van Pelt and Shambhavi  
Patel**

***Banner & Witcoff Intellectual  
Property Alert***

***May 12, 2016***



## Intellectual Property Alert: Obama Signs Law Allowing Trade Secret Owners to Sue in Federal Court

By **Bradley J. Van Pelt** and **Shambhavi Patel**

May 12, 2016 — Yesterday, President Obama signed the Defend Trade Secrets Act (DTSA), enacting a federal trade secrets law. Much of the law existed under the federal Economic Espionage Act of 1996 (EEA). However, for the first time, the DTSA provides federal jurisdiction for civil cases involving the misappropriation of trade secrets.

The DTSA attempts to bring more uniformity and predictability to litigation of trade secret misappropriation claims by permitting trade secret holders to bring civil claims directly under the federal statute. Before the DTSA, private civil actions for the misappropriation of trade secrets were generally brought in state courts, with federal litigation of these actions being limited to cases having diversity and/or supplemental jurisdiction. Although 47 states have adopted the Uniform Trade Secrets Act (UTSA), which codifies the basic principles of common law trade secret protection, many state legislatures altered the original text of the UTSA before enacting it.<sup>1</sup> As a result, state law variations from the UTSA have led to different procedural and substantive standards being applied by state courts in trade secret cases.<sup>2</sup>

### **DTSA Does Not Preempt State Law**

Nevertheless, the DTSA (which is grounded in the commerce clause of the U.S. Constitution) will not preempt state law, unlike patent and copyright laws, making the DTSA akin to trademark law coexisting with state law. Under the DTSA, an owner of a trade secret may bring a federal civil action for the misappropriation of a “trade secret that is related to a product or service used in, or intended for use in, interstate or foreign commerce.”<sup>3</sup> Civil claims for trade secret misappropriation that are only related to intrastate commerce must still be brought in state courts, unless there is diversity or supplemental jurisdiction. Also, claims under DTSA must be brought within three years after the date on which the misappropriation is discovered or should have been discovered by the exercise of reasonable diligence.

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<sup>1</sup> See, Brian Yeh, “Protection of Trade Secrets: Overview of Current Law and Legislation,” p. 6.

<sup>2</sup> See, Brian Yeh, “Protection of Trade Secrets: Overview of Current Law and Legislation,” p. 6.

<sup>3</sup> See, 18 U.S.C. §1836 (b)(1).

## **Misappropriation of Trade Secrets**

The DTSA definitions of “trade secret” and “misappropriation” generally mirror those of the UTSA. The DTSA defines “trade secret” as all forms and types of information that (1) the owner thereof has taken reasonable measures to keep such information secret; and (2) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by another person who can obtain economic value from the disclosure or use of the information.<sup>4</sup> The in-depth definition of the term “misappropriation” in the DTSA includes, in part, (1) “acquisition of a trade secret of another by a person who knows or has reason to know that the trade secret was acquired by improper means,” or (2) “disclosure or use of a trade secret of another without express or implied consent by a person who ... used improper means to acquire knowledge of the trade secret.”<sup>5</sup> The DTSA states that the term “improper” includes “theft, bribery, misrepresentation, breach or inducement of a breach of a duty to maintain secrecy, or espionage through electronic or other means,” but excludes “reverse engineering, independent derivation, or any other lawful means of acquisition.”<sup>6</sup>

## **Seizure as a Remedy**

Like most state trade secret law, remedies under DTSA include injunctive relief and monetary relief. However, seizure of property is a new remedy contemplated by the DTSA. A seizure request can be brought on an *ex parte* basis for the seizure of property necessary to prevent the dissemination of the trade secret that is the subject of the action.

However, the requirements for obtaining seizure are quite numerous and stringent under the DTSA. The party moving for the seizure must file an affidavit or verified complaint that satisfies each of the requirements listed under the statute.<sup>7</sup> DTSA expressly states that an order for the seizure of property may be granted only in “extraordinary circumstances.” For example, in addition to specific requirements listed in the statute, if it clearly appears from specific facts that an immediate and irreparable injury will occur if such seizure is not ordered, the harm to the applicant of denying the application outweighs the harm to the legitimate interests of the person against whom seizure would be ordered, and the applicant is likely to succeed in showing that the information is a trade secret and the person against whom seizure would be ordered misappropriated or conspired to misappropriate the trade secret of the applicant by improper means.<sup>8</sup>

The DTSA includes several protections for the party against whom seizure is ordered. Namely, the statute requires the narrowest seizure of property necessary, stipulates that the court must

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<sup>4</sup> See, 18 U.S.C. §1839(4).

<sup>5</sup> See, 18 U.S.C. §1839 (5).

<sup>6</sup> See, 18 U.S.C. §1839 (6).

<sup>7</sup> See, 18 U.S.C. §1836 (b)2(A).

<sup>8</sup> See, *id.*



schedule an evidentiary hearing within seven days (during which the order may be modified or dissolved), and allows a party against whom the order has been issued to move the court at any time to dissolve or modify the order after giving notice to the party who obtained the order.<sup>9</sup> Also, any seized property remains in the custody of the court.<sup>10</sup>

### **Whistleblower Immunity**

A widely discussed and controversial provision of the DTSA, not present in state trade secret law, is whistleblower immunity and the consequential affirmative duties placed on employers. Specifically, the DTSA provides “immunity from liability for confidential disclosure of a trade secret to the government or in a court filing” if a disclosure of a trade secret disclosure is made “in confidence to a Federal, State, or local government official...or to an attorney; and...solely for the purpose of reporting or investigating a suspected violation of law,” or is made “in a complaint or other document filed in a lawsuit...if such filing is made under seal.”<sup>11</sup> Additionally, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding.<sup>12</sup> However, the individual must file any document containing the trade secret under seal and otherwise cannot disclose the trade secret, except pursuant to court order.<sup>13</sup>

Also, in order to receive all available remedies under the DTSA, employers have an affirmative obligation to provide notice to employees of the immunity provisions.<sup>14</sup> Failure to comply with this affirmative obligation will preclude the employer from recovering “exemplary damages or attorney fees.”<sup>15</sup> The employer may provide the notice in any contract or agreement with an employee that governs the use of a trade secret or other confidential information or by providing a cross-reference to a policy document provided to the employee that sets forth the employer’s reporting policy for a suspected violation of law.<sup>16</sup> Also, the definition of “employees” in the DTSA is very broadly defined in that it includes conventional employees as well as any individual performing work as a contractor or consultant.<sup>17</sup> In view of the notice requirement, employers may be advised to review all employment-related contract or agreement documents that govern the use of a trade secret or other confidential information to ensure that these documents provide notice to employees of their rights under the immunity provision of the DTSA. The notice requirement applies to “contracts and agreements that are entered into or

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<sup>9</sup> See, 18 U.S.C. §1836 (b)2(F)(iii).

<sup>10</sup> See, 18 U.S.C. §1836 (b)2(D).

<sup>11</sup> See, 18 U.S.C. §1833 (b)(1).

<sup>12</sup> See, 18 U.S.C. §1833 (b)(2).

<sup>13</sup> See, 18 U.S.C. §1833 (b)(2).

<sup>14</sup> See, 18 U.S.C. §1833 (b)(3)(The DTSA does not provide guidance on any verbiage that would constitute sufficient notice).

<sup>15</sup> See, 18 U.S.C. §1833 (b)(3)(C).

<sup>16</sup> See, 18 U.S.C. §1833 (b)(3)(B).

<sup>17</sup> See, 18 U.S.C. §1833 (b)(4).

updated after the date of enactment [of the DTSA].”<sup>18</sup> Therefore, while employers are not explicitly required to provide notice of the immunity to current employees, it may be advisable to amend contracts (or any other agreements that govern the use of a trade secret or other confidential information) with current employees in accordance with the notice requirement of the DTSA.

### **No Inevitable Disclosure Doctrine Under the DTSA**

The DTSA also protects former employees by restricting employers from preventing former employees from working at another company on the basis of the inevitable disclosure of trade secrets. Using the inevitable disclosure doctrine, employers in certain states can enjoin a former employee from taking a new job at another company that would inevitably result in the use of the company’s trade secrets. The DTSA does not allow for injunctive relief if doing so would “prevent a person from entering into an employment relationship,”<sup>19</sup> thereby rejecting the inevitable disclosure doctrine.

### **Summary**

Time will tell whether the DTSA brings conformity to trade secret litigation as the new act does not preclude circuit splits. That being said, the DTSA gives litigants more options in enforcing trade secrets at a juncture where many patent rights are being challenged at the U.S. Patent and Trademark Office. Whether to file a civil trade secret complaint in state or federal court will depend on a multitude of factors, such as the desired results of the plaintiff and whether the immunity provisions will apply. The broad definition of “employee” in the DTSA highlights the importance of non-disclosure agreements and the monitoring of relationships with contractors and vendors (both domestic and abroad) that may have access to confidential information. Moving forward, companies should review their policies and agreements to ensure that they are in compliance with the immunity provisions and have a proper notice in place.

Please click [here](#) to view Obama’s remarks at the signing of the DTSA.

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<sup>18</sup> See, 18 U.S.C. §1833 (b)(3)(D).

<sup>19</sup> See, 18 U.S.C. §1836 (b)(3)(A).

**ADDITIONAL  
PUBLISHED  
WORKS**



**Patent Claim Construction in the  
Federal Circuit, 2016 Edition**

**Robert H. Resis  
(Contributing Author)**

***Litigation Committee of the  
Intellectual Property Law  
Association of Chicago/Thomson  
Reuters***

***April 2016***

**PATENT CLAIM CONSTRUCTION IN  
THE  
FEDERAL CIRCUIT  
(2016 edition)**

**by the Litigation Committee of the  
Intellectual Property Law Association  
of Chicago (IPLAC)**

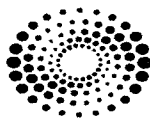


**INTELLECTUAL PROPERTY LAW  
ASSOCIATION OF CHICAGO**

**Edward D. Manzo  
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April 2016**

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**Legal Guide to Video Game  
Development, Second Edition**

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***American Bar Association***

***October 2016***

LEGAL GUIDE TO

# Video Game Development

SECOND EDITION



Edited by Ross Dannenberg

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# **WEBINARS**



**Design Patent Damages: The Law As  
It Is Today**

**Robert S. Katz**

***IPO Chat Channel***

***January 28, 2016***



### **Design Patent Damages: The Law As It Is Today**

Thursday, January 28, 2016 2:00pm – 3:00pm ET

When the Federal Circuit last summer rejected a request for a rehearing en banc from Samsung on the damages awarded to Apple for infringement of three of its design patents, it reaffirmed what experts in design patents already knew: With design patents, the infringer's damages are its entire profits from the article of manufacture. That formula stemmed from design patents' has historically been used as a weapon in the fight against counterfeits and knock-offs. But the ruling in *Apple v. Samsung*, based on a straightforward reading of Section 289 of the Patent Act, was an eye opener even for many patent law veterans outside the design space. The Federal Circuit reiterated its stance again in September in *Nordock v. Systems*, when it remanded a patent design case because the lower court's damages calculation shortchanged the plaintiff.

Our panel brings together two design-patent veterans with a damages expert to discuss the implications on design patent prosecution and litigation of the increased consciousness regarding design patent damages. Is this just a blip or will it lead to an increase in design patent litigation and prosecution, as some experts predict? How will courts define "the article of manufacture"? What are the limitations of design patent enforcement despite the possibility of 289 damages? The panelists will also consider Samsung's *certiorari* petition to the U.S. Supreme Court.

Speakers:

Alan Cox, *NERA Economic Consulting*  
Robert Katz, *Banner & Witcoff*  
Damian Porcari, *Ford Global Technologies LLC*



**Leveraging Design Patents to  
Protect Graphical User Interfaces**

**Robert S. Katz**

***Strafford***

***April 7, 2016***

## Leveraging Design Patents to Protect Graphical User Interfaces

Protecting the "Look and Feel" of GUIs, Understanding Current U.S. and Global Prosecution Practices

A live 90-minute CLE [webinar](#) with interactive Q&A

**Thursday, April 7, 2016** (in 6 days)  
**1:00pm-2:30pm EDT**, 10:00am-11:30am PDT

This CLE webinar will provide guidance to patent counsel on protecting graphical user interfaces (GUIs) in the U.S. and around the world. The panel will examine the advantages and disadvantages of design patent protection and offer best practices for leveraging design patents to protect GUIs.

### Description

As products increasingly interface directly with users, the use of GUIs continues to grow. Interaction with GUIs—the icons and visual indicators used to control electronic devices, phones, ATMs, computers and other technology—is a part of everyday life.

Using and protecting the “look and feel” of GUIs are a key representation of companies and their brands (remember the smartphone wars?). Companies and their counsel can turn to **design patent protection to safeguard GUIs** from being copied or imitated.

GUI patents/registrations continue worldwide growth as more countries recognize them. Counsel must assure protection of design rights extends globally. Counsel must know **which countries offer GUI protections and how to take advantage** of available protections.

Listen as our authoritative panel of patent attorneys discusses the advantages and disadvantages of using design patents to protect GUIs and why design patent should be used for GUIs. The panel will also review design patent protection for GUIs around the world and offer strategies for getting design patent protection for GUIs.

### Outline

- I. Using design patents to protect GUIs
  - A. Overview of design patents
  - B. Historical context
  - C. Current prosecution practices
  - D. Advantages and disadvantages
  - E. Why design patent should be used for GUIs
  - F. Strategies for getting design patent protection for GUIs
  - G. Enforcement and smartphone wars
- II. Design patent protection for GUIs around the world
  - A. China
  - B. Japan
  - C. Korea
  - D. EU
  - E. Australia
  - F. Canada

### Benefits

The panel will review these and other key issues:

- What are the advantages and disadvantages of protecting GUIs with design patents?
- What is the status of design patent protection around the world? What countries permit design patents?
- What steps should counsel employ to protect GUIs with design patents?

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I liked the practical insights, particularly when tied to cases the presenters had worked on.

*Michael Gray  
Kohler*

Strafford provided an enthusiastic presentation that focused on patent practice, not theory.

*David H. Vance  
Vance Intellectual Property*

I especially enjoyed that the speaker's were on point and presented solid answers on the complicated issues effectively.

*Steve Robinson  
Sidley Austin*

The program was well organized and had knowledgeable speakers.

*Sherry Gunderson-Schipper  
Alticor Inc. (Amway)*

Very good current, practical and applicable discussion and information provided.

*Matthew Moore  
Clawson & Staubes*

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## Faculty

### **Tracy-Gene Durkin, Director**

#### **Sterne Kessler Goldstein & Fox, Washington, D.C.**

Ms. Durkin heads the firm's Mechanical and Design Patent Group. With nearly 30 years of experience obtaining and enforcing IP rights, she has a deep understanding of utility and design patents, trademarks, and copyrights. Ms. Durkin has been an Adjunct Professor at George Mason University Law School and has spoken internationally on topics such as the interplay between design patents and trade dress, and protection of user interface and the user experience. She is currently a Vice Chair of the Industrial Designs Committee of IP Section of the ABA.

### **Robert S. Katz, Esq.**

#### **Banner & Witcoff, Washington, D.C.**

In his practice, Mr. Katz has helped procure over 5,000 design patents in the U.S. and over 15,000 design patents/registrations outside the U.S., and has helped to successfully enforce over 100 design patents. He is a frequent speaker on industrial design-related topics and is a professor at George Washington University Law School teaching Design Law and at Georgetown University Law School teaching IP Pretrial Litigation Skills. Mr. Katz currently serves as Treasurer of FICPI's U.S. Section and as Vice Chair of INTA's Design Rights Committee.

### **John Richards, Of Counsel**

#### **Ladas & Parry, New York**

Mr. Richards has more than four decades of patent law experience. He is an adjunct associate professor at Fordham University School of Law where he teaches U.S. and international patent law and at John Marshall Law School in Chicago where he teaches a course in international patent law. Mr. Richards has written and spoken frequently on international intellectual property issues, especially in the fields of patents and copyrights in the U.S., Canada, India and the Far East.

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### [Ian N. Feinberg](#)

Partner

Feinberg Day Alberti & Thompson

### [Anthony J. Fitzpatrick](#)

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### [Astrid R. Spain](#)

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**The Impact of the Hague Agreement  
on U.S. Design Law: 2016 Updates**

**Darrell G. Mottley**

***The Knowledge Group***

***May 17, 2016***



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## The Impact of the Hague Agreement on U.S. Design Law: 2016 Updates



Ian R. Walsworth  
Shareholder  
Sheridan Ross P.C.  
[Speaker bio](#)



Darrell G. Mottley  
Attorney  
Banner & Witcoff, Lt  
[Speaker bio](#)



Margaret Polson  
Founder  
Polson Intellectual L  
[Speaker bio](#)



Mark J. Thronson  
Partner  
Blank Rome LLP  
[Speaker bio](#)

Tuesday, May 17, 2016

12:00 pm - 2:00 pm EST

[Register](#)

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Let's talk!

### Key Topics

- Overview of The Hague Agreement
- The USPTO final rules and its local provisions of The Hague Agreement
- Updates on the U.S. Design Patent practice under The Hague System
- Understanding the benefits and drawbacks of The Hague System
- Best practices in filing International Design Application (IDA)

### Who Should Attend?

- IP Attorneys & Consultants
- Patent Attorneys
- Patent Licensing Attorneys
- Design Patent Attorneys
- Patent Consultants
- Patent Litigators
- Public and Private Companies
- Other Related/Interested Professionals and Organizations

### Registration

Tuesday, May 17, 2016  
12:00 pm - 2:00 pm EST

Credits Offered: CLE, CPE, SHRM  
Recommended Credit: 1.75 - 2.0

\$249.00 Standard Rate

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**Let's talk!**

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**Overcoming *Alice*: An Empirical  
Analysis of Granted Patents Since  
*Alice***

**Aseet Patel**

***Bloomberg BNA***

***June 8, 2016***



WEBINAR

# Overcoming Alice: An Empirical Analysis of Granted Patents Since Alice

**Wednesday, June 8, 2016**

11:30 AM to 1:00 PM ET

## **DESCRIPTION**

The U.S. Supreme Court's *Alice v. CLS Bank* decision swung the pendulum, putting the patent eligibility of software inventions and business method patents into question. In the wake of *Alice*, the U.S. Patent and Trademark Office abruptly halted allowance of these categories of patents and companies saw their patent allowance rates fall to almost nil. Even after releasing preliminary interim guidance, the USPTO's allowance rate in some art units remain low.

On this two-year anniversary of *Alice*, this Bloomberg BNA webinar presents the results of an empirical analysis of those US patents that the USPTO initially rejected under *Alice*, but then subsequently granted in spite of *Alice*. What types of claim amendments and arguments did the USPTO find to be effective to overcome *Alice*?

Attendees will leave the webinar with materials that will serve as a template and quick reference guide for effectively responding to *Alice* rejections.

### **Educational Objectives:**

- What can companies learn by analyzing the types of software and business method inventions the USPTO has allowed as patent eligible under *Alice*?
- Which Art Units at the USPTO have been most strict (or lenient) with *Alice* rejections?
- In-house practitioners and outside counsel will leave this webinar with a template and quick reference guide for effectively responding to *Alice* rejections in Technology Center (TC) 3600.

### **Who would benefit most from attending this program?**

Software and internet technology companies, their in-house counsel, and outside counsel serving technology clients. Any inventor facing a 35 U.S.C. § 101 rejection under *Alice* would benefit from attending this webinar.

## **SPEAKERS**

MICHAEL RISCH, PROFESSOR OF LAW, VILLANOVA UNIVERSITY, CHARLES WIDGER SCHOOL OF LAW

Professor Michael Risch joined the Villanova faculty in 2010 from the West Virginia University College of Law, where he directed the Entrepreneurship, Innovation and Law Program. Prior to joining the West Virginia faculty, he served as an Olin Fellow in Law at Stanford Law School.

Professor Risch's teaching and scholarship focus on intellectual property and internet law, with an emphasis on patents, trade secrets and information access. His articles have been published in the *Stanford Law Review* and *Duke Law Journal*, among others; online in the *Yale Law Journal Online* and *PENNumbra*; and less formally at the *Written Description Madisonian*, *Prawfsblawg Faculty Lounge*, and *Patently-O* blogs.

Professor Risch has published numerous articles (in addition to blog posts) related to patentable subject matter, including: Everything is Patentable, Forward to the Past, Life After Bilski, A Surprisingly Useful Requirement and Nothing is Patentable. Two of these articles were cited by the United States Supreme Court.

Professor Risch received his A.B. with honors and distinction in Public Policy and with distinction in Quantitative Economics from Stanford University, and his J.D. with high honors from the University of Chicago Law School. Prior to entering academia, he was a partner at intellectual property boutique Russo & Halle LLP in Palo Alto, California.

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#### **IVAN KIRCHEV, IP SALES AND LICENSING BUSINESS STRATEGY MANAGER, HEWLETT PACKARD ENTERPRISE**

Mr. Ivan Kirchev is the IP Sales and Licensing Business Strategy Manager with Hewlett Packard Enterprise. He is a registered U.S. Patent Attorney with a wide variety of intellectual property experience, including patent development and portfolio management, analysis and monetization of intellectual property, patent sales, licensing and divestiture, software licensing, software open source, tech transfer, and opinion work. He is a member of the Hewlett Packard Enterprise Intellectual Property Sales and Licensing group responsible for monetizing HPE's intellectual property by executing all activities around identifying, analyzing, and closing various IP related deals, software licensing, tech transfers and other business transactions involving HPE IP rights. He was previously Patent Counsel and Portfolio Manager for the Software and Analytics Lab in Hewlett Packard Labs, and before that he was an Intellectual Property attorney with Michael Best & Friedrich LLP.

Mr. Kirchev earned his J.D. from Loyola University Chicago School of Law and his B.S. in Computer Information Systems from the Illinois Institute of Technology.

---

#### **ASEET PATEL, PARTNER, BANNER & WITCOFF, LTD.**

Mr. Aseet Patel concentrates on patent prosecution and litigation matters primarily in the electrical, computer and business method arts. He also provides opinion counseling services to clients, including various types of clearance opinions on patents.

At Banner & Witcoff, Mr. Patel has been preparing and prosecuting patent applications for many years in a variety of technology areas, including those relating to electronic circuits, computer hardware and networks, cellular telephones, Internet and e-commerce, business methods, semiconductor processing, and medical devices. Mr. Patel also has substantial litigation experience. He has represented clients in all aspects of litigation, including pre-trial discovery, witness preparation, depositions, and trial. While representing a major set-top box manufacturer in a multi-patent infringement suit, Mr. Patel used his software expertise to analyze source code in several different programming languages to assess infringement and assisted at the depositions of technology-savvy witnesses. Mr. Patel has also prepared witnesses and exhibits for trial and drafted various court documents.

Mr. Patel is admitted to practice in Illinois, the U.S. Patent and Trademark Office, and the U.S. Circuit Court of Appeals for the Federal Circuit. He earned his J.D. from Loyola University and his B.S. from the University of Illinois.



**IP Law Review — A Survey of Recent  
Developments in Patent, Trademark,  
and Trade Secret Law**

**Darrell G. Mottley**

***National Bar Association — IP Law  
Section***

***June 8, 2016***

Wed, Jun 8 at 1:00 PM

# NBA IP Law Section: Intellectual Property Law Review

The NBA IP Law Section is pleased to announce its upcoming CLE webinar:

**IP Law Review - A survey of recent developments in patent, trademark, and trade secret law.**

**Presenters:**

- Tonya Evans (Widener University Commonwealth Law School) – Moderator
- Darrell Mottley (Banner Witcoff)
- Shontavia Johnson (Drake University Law School)
- Kevin Jordan (JP Morgan Chase)

The NBA IP Law Section is looking into obtaining CLE accreditation in the following jurisdictions: CA, GA, IL, NY, and VA. This webinar is free for NBA Law Section members, and costs \$30 (plus processing fees) for non-members.

Webex log-in instructions will be forwarded to registered participants prior to the webinar.

**WHEN**

Wednesday, June 8, 2016 from 1:00 PM to 2:30 PM (EDT) - [Add to Calendar](#)

**Bill Barrow ([wbarrow@mayerbrown.com](mailto:wbarrow@mayerbrown.com))**

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This webinar is being sponsored by the Intellectual Property Law Section of the National Bar Association. The National Bar Association was founded in 1925 and is the nation's oldest and largest national network of predominantly African-American attorneys and judges. It represents the interests of approximately 60,000 lawyers, judges, law professors and law students. The NBA is organized around 23 substantive law sections, 9 divisions, 12 regions and 80 affiliate chapters throughout the United States and around the world.



**Willful Patent Infringement and  
Enhanced Damages After *Halo***

**Matthew P. Becker**

***Strafford***

***July 19, 2016***



# Strafford

## Willful Patent Infringement and Enhanced Damages After Halo

Navigating the New Standard Under 35 U.S.C. §284 Following Supreme Court Ruling

A live 90-minute CLE [webinar](#) with interactive Q&A

**Tuesday, July 19, 2016**

**1:00pm-2:30pm EDT**, 10:00am-11:30am PDT

Early Registration Discount Deadline, Friday, July 1, 2016

This CLE webinar will provide guidance to patent counsel on the Supreme Court's new standard for enhanced damages under 35 U.S.C. §284. The panel will explain the Court's recent decision and its implications.

### Description

On June 13, 2016, the Supreme Court **rejected the Federal Circuit's standard for awarding enhanced damages** under 35 U.S.C. §284 in companion cases *Halo Electronics v. Pulse Electronics* and *Stryker Corp. v. Zimmer Inc.* The Court overturned the Federal Circuit's objective recklessness standard established in *In re Seagate* (Fed. Cir. 2007).

The Court also rejected the clear and convincing evidence standard of proof of willfulness, replacing it with the preponderance of evidence standard. Further, the Court **adopted the abuse of discretion standard** of review, rejecting the appellate standard of review.

Justice Breyer authored a concurrence in which he emphasized the **need for due diligence in the form of a clearance opinion**. Further, the concurrence expressed concern that the Court's opinion should not be taken by district courts to mean willful misconduct can be established by knowledge of the patent and nothing more.

Listen as our authoritative panel of patent attorneys examines the *Halo* and *Stryker* decisions and what they mean for enhanced damages in patent cases. The panel will discuss the new standard under 35 U.S.C. §284 and will offer guidance on what companies and their counsel need to do in light of the Supreme Court's decision.

### Outline

- I. *Halo* and *Stryker* decisions
  - A. Rejection of *Seagate* two-part test
  - B. Burden of proof standard
  - C. Standard of appellate review
  - D. District court discretion and limitations
- II. Implications for enhanced damages in patent cases
- III. Guidance on what companies and their counsel need to do in light of the Supreme Court's decision

### Benefits

The panel will review these and other key issues:

- How will the district courts apply the new standard for enhanced damages?
- Should companies reevaluate policies regarding when to obtain formal opinions on noninfringement?
- Will the *Halo* decision inspire patent trolls?

### Faculty

**Matthew P. Becker**, *Principal Shareholder*  
Banner & Witcoff, Chicago

**Early Registration  
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July 1, 2016  
(12 days)**

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I liked the practical insights, particularly when tied to cases the presenters had worked on.

*Michael Gray  
Kohler*

Strafford provided an enthusiastic presentation that focused on patent practice, not theory.

*David H. Vance  
Vance Intellectual Property*

I enjoyed the program's high level of detail.

*Claire C. Rosston  
Dorsey & Whitney*

I thought it was helpful to hear about a topic that does not seem to be discussed very often.

*Jessica Millett  
Linklaters*

Better than I expected. Well done on both subject matter and production quality.

*Jeff Simpson  
Gordon, Fournaris &  
Mammarella*

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*Partner*

Mr. Becker focuses his practice on litigating of patent, copyright, and trademark disputes. He has successfully represented plaintiffs and defendants in numerous patent litigations as lead and co-counsel in a wide range of technologies. He has obtained favorable verdicts in patent infringement jury and bench trials, obtained summary judgments of non-infringement and invalidity in patent infringement actions, obtained preliminary injunctions in patent infringement cases, and preserved favorable judgments on appeal.

*Additional faculty to be announced.*

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***Samsung v. Apple: Is A Single  
Patent Infringement Worth All the  
Profit?***

**Robert S. Katz**

***IP Watchdog***

***October 20, 2016***

# Samsung vs. Apple

## Is A Single Patent Infringement Worth all the Profit?

The United States Supreme Court heard oral arguments in the never-ending patent battle between Samsung Electronics and Apple. In this iteration, Samsung appealed to the Supreme Court a \$400 million design patent infringement award upheld by the United States Court of Appeals for the Federal Circuit.

Design patents have become increasingly important over the last decade and should the Supreme Court rule against Apple, the decision would have far reaching implications well outside of this mammoth battle of smartphone giants.

Join us on Thursday, October 20, 2016, from 2pm to 3pm ET for a riveting and enlightening discussion with IP industry expert, [Gene Quinn](#), and [Bryan Chaffin](#), co-founder and Editor of [The Mac Observer](#).

They will explore the genesis of the patent battle between Apple and Samsung, asking the question “how did we get here”? In addition to taking as many questions from the audience as possible, discussion highlights will include:

- Primer on design patents and the test for determining if there is infringement
- The positions taken by Apple, Samsung and the Solicitor General at the Supreme Court
- Predictions regarding what the Supreme Court will ultimately decide

Register to Attend

Thursday, October 20<sup>th</sup>, 2016  
2:00 PM – 3:00 PM ET



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\* Business Email:

\* Company:

\* Title:

\* Phone:

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### About The Presenter:



**Gene Quinn, Patent Attorney & President, IPWatchdog, Inc**

Gene's particular specialty as a patent attorney is in the area of strategic patent consulting, patent application drafting and patent prosecution. He has worked with independent inventors and start-up businesses in a variety of different technology fields. He works with those pursuing patent protection for their innovations and the majority of his practice is focused on software, computer implemented methods, business methods, and internet innovations. As a patent attorney, he is able to represent inventors and businesses seeking patents across the United States.



**Bryan Chaffin, Co-Founder and Co-Publisher, The Mac Observer**

Bryan Chaffin is the cofounder and copublisher of The Mac Observer, which makes him a geek. He's been writing about Apple, Macs, iPods, iPhones, iPads, and other technology topics since 1997. He has contributed to MacAddict and MacFormat, and he has contributed to, tech edited, and co-authored books with and for the awesome Bob "Dr. Mac" LeVitus.

**Robert S. Katz, Attorney, Banner & Witcoff**



Robert Katz has benefited firm clients in the areas of utility patents and industrial designs. He has drafted and prosecuted to issuance numerous and significant utility patents in the U.S. and in foreign countries. These clients include Fortune 500 companies as well as many individual inventors and small companies who rely on strong patent protection in their marketplaces. Many patents drafted and prosecuted by Mr. Katz have been successfully enforced with some having served as the cornerstone for the successful sale of companies.

Mr. Katz has also provided advice and prepared opinions regarding the patentability of inventions, patent infringement, patent validity, and trade secret protection to help clients properly assess the advantages and disadvantages of certain intellectual property and business decisions. Both nationally and internationally, Mr. Katz is considered as one of the premier practitioners in the field of industrial designs leading the way in the procurement and enforcement of design patents.

On behalf of the firm's clients, he has helped procure over 6,000 design patents in the U.S. and over 18,000 design patents/registrations outside the U.S., and has helped to successfully enforce over 100 design patents. Leaders from foreign Design Patent Offices have consulted with him regarding industrial design policies, and he has been named as an expert in multiple design patent litigations. [Read more...](#)



**Design Patent Claim Construction:  
Navigating Written Description,  
Ornamentality, Functionality and  
More**

**Robert S. Katz**

***Strafford***

***November 17, 2016***

## Design Patent Claim Construction: Navigating Written Description, Ornamentality, Functionality and More

Drafting Claims to Withstand Scrutiny and Avoiding Claim Limitation Attack

A live 90-minute CLE [webinar](#) with interactive Q&A

**Thursday, November 17, 2016**  
**1:00pm-2:30pm EST**, 10:00am-11:30am PST

This CLE webinar will provide guidance to counsel for defining design patent claims. The panel will examine recent court treatment of claim construction issues and offer approaches for design patent claim construction and drafting.

### Description

By definition, design patents protect ornamental designs. The standard for determining whether a design or design feature is ornamental—and what effect that determination has—remains unsettled. Unlike utility patents, design patent applications are not published when the applicant files directly with the USPTO. Further, the application's prosecution history is not publicly available until the application issues unless it is a divisional or continuation application. Consequently, less information is available about design patent applications until the applications issue.

Counsel must find the proper balance when claiming designs. Applicants will often use **portion claiming techniques**, which helps protect the innovative portions of a design while making it more difficult to "design around" the patent. However, it may also make it harder to get the patent because it is more susceptible to the prior art.

In light of recent design patent decisions, including the Federal Circuit's decision in *Sport Dimension* (2016), counsel should consider filing applications with **multiple embodiments or filing multiple applications** for a design concept with different degrees of scope.

Listen as our authoritative panel of patent attorneys examines key considerations when defining and drafting design patent claims and discusses how the courts are treating claim construction issues for design patents.

### Outline

- I. Key considerations
  - A. Portion claiming
  - B. Divisional filings
  - C. Ornamentality and functionality
  - D. Written description
- II. Court treatment
  - A. *Sport Dimension Inc. v. The Coleman Co. Inc.* (Fed. Cir. 2016)
  - B. *Ethicon Endo-Surgery Inc. v. Covidien Inc.* (Fed. Cir. 2015)
  - C. *Samsung Electronics Co. Ltd. v. Apple Inc.*

### Benefits

The panel will review these and other key questions:

- What key considerations should counsel keep in mind in design patent drafting?
- What steps should counsel to patent owners take to factor out functional aspects during claim construction?
- What guidance can be drawn from recent court decisions for design patent claim construction?

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Strafford provided an enthusiastic presentation that focused on patent practice, not theory.

*David H. Vance*  
**Vance Intellectual Property**

I liked the practical insights, particularly when tied to cases the presenters had worked on.

*Michael Gray*  
**Kohler**

I appreciated the programs focused subject matter and that the speakers did not try to cover too much.

*Ernest Williams*  
**Stoll Keenon Ogden**

I liked the combination of the substantive material and the legal perspective.

*Jane Shea*  
**Frost Brown Todd**

I really enjoyed Strafford's program on this challenging and complex topic.

*Ken J. Pedersen*  
**Pedersen & Company**

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[Ian N. Feinberg](#)

*Partner*

## Faculty

### **Christopher V. Carani, *Shareholder*** **McAndrews Held & Malloy, Chicago**

Mr. Carani is nationally recognized in the field of design law, regarding the protection and enforcement of product design through the use of design patents, trade dress and copyrights. A registered attorney before the USPTO, Mr. Carani's secures the full panoply of Design IP rights for some of the world's most design-centric companies and designers, securing over 2000 design rights, both in the U.S and in over 70 countries around the world. Mr. Carani has successfully litigated numerous disputes regarding design rights and has also served as a consultant and expert witness in numerous design law cases. He represented the AIPLA in the landmark design patent case *Egyptian Goddess v. Swisa*, where the positions set forth in his amicus briefs were ultimately adopted by the Federal Circuit thereby reshaping the law on design patents.

### **Robert S. Katz, Esq.** **Banner & Witcoff, Washington, D.C.**

In his practice, Mr. Katz has helped procure over 5,000 design patents in the U.S. and over 15,000 design patents/registrations outside the U.S., and has helped to successfully enforce over 100 design patents. He is a frequent speaker on industrial design-related topics and is a professor at George Washington University Law School teaching Design Law and at Georgetown University Law School teaching IP Pretrial Litigation Skills. Mr. Katz currently serves as Treasurer of FICPI's U.S. Section and as Vice Chair of INTA's Design Rights Committee.

### **Nathan B. Sabri** **Morrison & Foerster, San Francisco**

Mr. Sabri practices in the firm's Intellectual Property Group. He focuses his practice on litigation, and has experience litigating in federal court and state court as well as managing global strategy in cases spanning multiple jurisdictions. His matters have included advice and patent litigation involving subject matters such as antibody development, noninvasive prenatal diagnostics, surgical robotics, smartphones, email software, and graphical user interfaces. Mr. Sabri was a member of the in-court trial team in high-profile smartphone cases leading to three jury verdicts totaling over \$1 billion, among other matters.

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***Samsung v. Apple: What You Need  
to Know***

**Robert S. Katz**

***ISDA: Take the Creative Lead***

***December 14, 2016***



INDUSTRIAL DESIGNERS SOCIETY OF AMERICA

# Take the Creative Lead

## Samsung v Apple: What you Need to Know

**Wednesday, Dec. 14, 2016 1:00PM ET**

Robert Katz, A/IDSA

Principal Shareholder

Banner & Witcoff, Ltd., an IDSA Ambassador

The FREE webinar will review the positions taken, now that the US Supreme Court ruled Dec. 6, 2016 on the historic **Samsung v Apple** case. Predictions on how the outcome could affect designers and their companies will be discussed. Alternative solutions also will be discussed.

### 3 Key Takeaways:

- Obtain a better understanding of this important case
- Learn the law regarding damages for design patent infringement
- Realize possible outcomes of the case and how it may affect future innovation

Robert Katz, A/IDSA, of Banner & Witcoff, an IDSA Ambassador, has helped procure more than 6,000 design patents in the United States and 18,000+ design patents/registrations outside the country and helped to successfully enforce more than 100 design patents. He is a frequent speaker on industrial design-related topics and has been invited to speak before industry and legal professional organizations on six continents. He is a professor at George Washington University Law School and Georgetown University Law School, and currently serves as treasurer of FICPI's US Section and as vice-chair of INTA's Design Rights Committee.

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# **MEDIA MENTIONS**



**“Design Patents Put to the Test”**

**Richard S. Stockton**

***AIPLA Daily Report***

***October 27, 2016***

What's at stake in the  
Tam Supreme Court case

NEWS Page 2



The duty of candor in  
patent prosecution

NEWS Page 4



## A continuous balancing act

**L**isa Jorgenson has been AIPLA's Executive Director for almost two years. She started in the role in November 2014, having previously been Group Vice President of Intellectual Property and Licensing at STMicroelectronics.

Jorgenson quickly realized that the work of the Association has increased since her time on the Board from 2005-2008. "A lot more activity goes on at headquarters that I ever imagined," she says. "As one person put it, it is like drinking from a fire hose on a constant basis."

AIPLA's diversity of membership and diversity of issues has grown tremendously. AIPLA has taken a bigger role in international issues, such as patent harmonization, global dossier, the Industry Trilateral and the Industry IP5. This year alone, the Association has submitted comment letters to seven different countries or patent offices. It has also grown its regional IP Practice Committees, which now includes Latin America. AIPLA's IP Practice Committee delegations traveled to six different overseas regions this year.

With so much going on domestically and globally, AIPLA is challenged with prioritizing the issues on which to focus its resources.

"It is an ongoing balancing act to find the right mix between being reactive to what comes up and being proactive to find a way to get ahead of what we believe will be the critical issues, whether here in the US or abroad. We have to choose the ones we believe are most important to our members and get ahead of the curve."

One recent example of an important issue came up on October 14 when the USPTO announced in a notice published in the Federal Register that it will begin a nationwide conversation on patent eligible subject matter through two roundtable discussions, one in Alexandria, Virginia on November 14 and one at Stanford University in Stanford, California on December 5.

"We've had a task force working in the patent subject matter eligibility area for about a year and a half," says Jorgenson. "We believe we are ahead of the game. We have been proactively identifying and analyzing the issues. We may not have all the solutions but when the Federal Register Notice came out, we were already on top of the issues."

Jorgenson notes that subject matter eligibility is one of the issues where consensus



will be difficult to achieve. "The answers are not easy and a fair amount of time is needed before people will be able to finally coalesce around more of a single solution," she says. "We are making sure we can get the best people in a room on a regular basis to discuss the issues."

Another big issue on members' minds is the Patent Trial and Appeal Board (PTAB).

"It is still fairly new to many people and there is still some uncertainty about how things will be played out at the Patent Office as well as the Federal Circuit," says Jorgenson. "Any time there is something new in intellectual property, it does have some uncertainty to it. So we are watching very carefully, paying close attention to cases that come out of the PTAB including the cases that go to the Federal Circuit, and of course keeping our members updated."

Attendees will have the chance to gain further insights into the PTAB today. The luncheon keynote speaker is David Ruschke, who became the PTAB Chief Judge this past May. He was previously managing the IP portfolio of Medtronic's CSH business unit.

"Chief Judge Ruschke has a lot of experience that he is bringing to the table for the USPTO," says Jorgenson. "The discussion that he and Denise DeFranco will have promises to be very enlightening in terms of how he would like to see the PTAB move forward. So I am really looking forward to that lunch."

Another constant issue for AIPLA is legal reform. For example, the Association

was involved in discussions around the Defend Trade Secrets Act of 2016, which was signed into law in May. "We worked hard on that bill which was a truly bipartisan bill. This was a good bill for the American economy, and good for our members and their clients. So we are very happy with the result," says Jorgenson.

"We've remained very active on the issues on the Hill, and that includes patent litigation reform," says Jorgenson. "We anticipate that this activity will increase again and we will be paying close attention to it, staying involved in the process and educating people on the issues."

Advocacy is a core activity for AIPLA. This includes amicus issues, with the Association filing briefs in nine cases this year. "Both the areas of the law and the types of issues are very diverse which makes it interesting and challenging to pull together a really well thought out and very purposeful amicus brief. We have a very good reputation in the courts so when AIPLA submits a brief, the courts know that a lot of thought has gone into the issues."

## Design patents put to the test

**T**he recent oral arguments in *Samsung v Apple* marked the first design patent case at the Supreme Court in more than a century. Samsung appealed the Federal Circuit's ruling that it should pay \$399 million in profits from its Galaxy phones to Apple. The judgment of infringement is no longer in question. Instead each party, as well as the Office of the Solicitor General, proposed their respective approaches to two questions about design patents remedies: what test or standard should be used to identify the "article of manufacture" in question, and how should the value of that article be determined.

Sarah Burstein a professor of law at the University of Oklahoma who teaches copyright and courses on design patents and who attended the oral arguments, says that Apple "changed its tune" between the time that the writ of certiorari was granted and briefing was completed. Instead of defending the

position that the Federal Circuit had correctly defined the article of manufacture as Apple had done before, the iPhone-maker agreed with Samsung and the government that an article of manufacture is not necessarily the entire product.

Samsung and Apple stopped arguing over whether or not the statute definitively means that the whole product is the "article of manufacture". "The fight became 'how do we effectuate that?'" says Burstein.

Samsung's lawyer, Kathleen Sullivan of Quinn Emanuel Urquhart & Sullivan, argued for a two-step test: "First, determine what is the article of manufacture. Then, second step, determine the quantum of damages, quantum of profits from that article."

Brian Fletcher, assistant to the Solicitor General, suggested a four-step test to determine the article of manufacture and its value. He suggested consumer research and expert witnesses be used to help to deter-

mine the value of the article of manufacture as opposed to the whole product, citing methods used in other areas of law such as cases dealing with utility patents. He also, like Sullivan, suggested evaluation of factors such as component production costs versus percentages of revenue; "a bottom up calculation," he said.

The Justices – particularly Justice Kennedy – cautioned that a test would need to be practically applicable, in terms of cost, time, and accuracy. "It was difficult to discern whether the Supreme Court had made up its mind" about what they thought the test should be "or if it was giving real consideration to the proposals made," says Richard Stockton, a patent attorney at Banner & Witcoff. What is clear to him, however, is that "Samsung controlled the narrative. Samsung had the Department of Justice's wind in its sails, and it used that to its full advantage."



**“Design Patent Community Rues  
Apple Stance at Supreme Court”**

**Robert S. Katz**

***Bloomberg BNA***

***October 12, 2016***

Oct 12 2016 19:57:31

## Daily Report for Executives

October 13, 2016

Patents

### Design Patent Community Rues Apple Stance at Supreme Court

#### BNA Snapshot

- Apple: Design patent damages ruling wrong, but our case comes out same anyway
- Experts: Supreme Court appears poised to disrupt patent design litigation

☒ Apple Watch and iPhone By **Tony Dutra**

Oct. 12 — Apple Inc. disappointed design patent legal experts by failing to defend the current standard of awarding damages in design patent infringement cases at the U.S. Supreme Court.

Apple's counsel did not contest during oral arguments at the high court Oct. 11 that infringement of its patented iPhone designs by 11 Samsung Electronics Co. models might encompass something less than the full phone. Apple generally accepted a multi-factor test proposed by the U.S. government that would attempt to determine what portion of an infringer's profits correspond to the design it copied.

"It's going to screw up design patent litigation for years to come if the Supreme Court adopts that test," Perry J. Saidman, of Saidman DesignLaw Group, Silver Spring, Md., said at a post-hearing conference.

The stakeholders were less concerned about a multi-million dollar fight between smartphone behemoths than far more typical design patent battles between a small company relying on a design patent to prevent "knock-offs" by bigger, established companies.

***"What will really get screwed are the small- to medium-size companies who rely heavily on design patents to keep the knock-offs at bay."***

***Perry J. Saidman, of Saidman DesignLaw Group***

"If a multi-factor test is inserted into the damages calculation, it also inserts a huge uncertainty in the outcome, and will make the knock-off companies much more reluctant to stop their infringement, or even negotiate, and will create potential huge costs for the design patentees to litigate and prove those factors," Saidman said in an e-mail. "In other words, what will really get screwed are the small- to medium-size companies who rely heavily on design patents to keep the knock-offs at bay."

The government conceded in the oral arguments that its test would likely require a patent owner to present expert testimony and consumer survey results supporting its charges that consumers bought the whole product because of the patented design.

**"The idea that [patent owners] have to provide survey evidence and extra experts and all—stuff that costs over \$100,000, when the total amount of infringing sales is \$40,000 to \$50,000—totally breaks the system," Robert Katz, Banner & Witcoff Ltd., Washington, said at the conference in Washington sponsored by American University School of Law.**

Christopher V. Carani of McAndrews, Held & Malloy Ltd., Chicago, agreed, predicting after the arguments that the court seemed prepared to go well beyond the narrow question presented in the battle between Samsung and Apple.

“The very evolution of consumer products, both in appearance and function, both in the physical and the digital realms, will be significantly impacted by this decision,” he said. “It will have broad implications.”

### Focus on Government's Test

The need for a test arises because of the language of **35 U.S.C. §289**. It allows a district court to award damages, in design patent cases only, “to the extent of [Samsung's] total profit,” if it “sells or exposes for sale any article of manufacture” that infringes Apple's design patents. The judge instructed the jury that the “articles” in this case were Samsung's entire phones.

The jury awarded Apple \$399 million for Samsung's infringement, a figure equal to Samsung's total profits on the 11 devices. But it also found that no device infringed all three patents asserted, and it is undisputed that no one patent covers the entire iPhone design.

After the Supreme Court decided to review the issue, the definition of “article of manufacture” became the focal point. With all parties in agreement, the court is at least poised to reject the ruling of the U.S. Court of Appeals for the Federal Circuit that Section 289 cannot possibly refer to anything less than “the entire infringing product.” *Apple Inc. v. Samsung Elecs. Co.*, **786 F.3d 983**, **114 U.S.P.Q.2d 1953** (Fed. Cir. 2015) (**96 DER A-18, 5/19/15**).

The oral arguments focused on the government's suggested two-step approach. The first step is to define the article of manufacture using a four-factor balancing test. At the second step, “the infringer [is] liable for all its profits for that article,” the **brief** filed by the U.S. Office of the Solicitor General said. But the brief didn't provide much guidance on how to determine that figure when the infringer sells a larger product encompassing the article identified at step one, and there is no separate market for that smaller article.

### Apple's Concession

Apple's **brief** in the case foretold its argument in court. Yes, it said, the article of manufacture can be “less than the product as sold,” but the burden was on Samsung to show it in this case.

Matt Levy, patent counsel for the Computer & Communications Industry Association, Washington, told Bloomberg BNA he understood Apple's concession to the government's position because they are often on the other side.

“They were arguing for a rule that might work in this case, where they're the patent owner, but that same rule could be disastrous if they were defendants against a design patent infringement suit,” Levy said. And, he added, keeping the \$400 million damages award was certainly an incentive to focus on the case specifics. “Once they've conceded that the ‘article of manufacture’ doesn't have to be the whole phone, they don't have a lot of ways to preserve that award.”

### Getting Around Apportionment?

But the justices had difficulty reconciling the government's test with uncontested precedent on Section 289—no apportionment of “total profit.”

“Once you've identified the relevant article, then it seems to me necessarily what you're doing is apportioning profits,” Kennedy said. “I just don't see how we can get away from that word.”

“Both parties argued that although the test resulted in a division of profits, this was not the type of apportionment that the Congress had tried to avoid in enacting Section 289,” Elizabeth D. Ferrill of Finnegan, Henderson, Farabow, Garrett & Dunner LLP, Washington, told Bloomberg BNA in an e-mail. “At the end of the day, this is likely a distinction without a difference.”

Saidman called it “back-door apportioning.” All except Anthony M. Kennedy “seemed to have fallen prey to the major contradiction in the case,” he said in an e-mail Oct. 12.



Kennedy's proposed solution, instead of the government's test, was a “de minimis exception” that would allow a court to say infringement of a design patent on a cupholder could never justify awarding total profits on a Mercedes.

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**For More Information**

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**“Wall Street Is Trying to Beat Silicon  
Valley at Its Own Game”**

**Binal J. Patel**

***Bloomberg Business Week***

***February 11, 2016***

# Wall Street Is Trying to Beat Silicon Valley at Its Own Game

Banks race to beat the patent trolls—and Silicon Valley.

Susan Decker Elizabeth Dexheimer

**Bloomberg Businessweek**

February 11, 2016 — 10:18 AM CST

Reprints

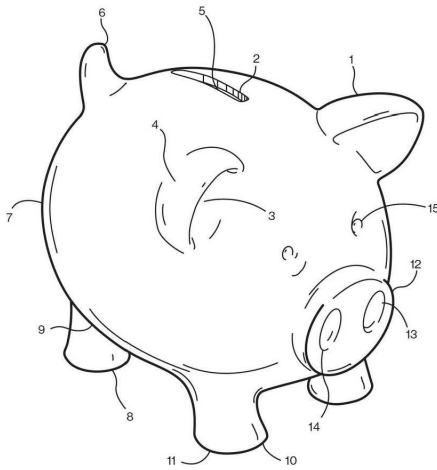


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Banks and Silicon Valley are on a collision course, the future of finance may be at stake, and one side is brandishing its most dreaded weapon: the PowerPoint presentation.

In January dozens of government patent examiners gathered in a suburban Washington lecture hall to listen to Bank of America employees go through a slideshow. Hundreds more tuned in for a webcast. The presentation detailed 25 ways banks digitally authenticate such things as a customer depositing checks. It may sound agonizingly technical, but for banks, documenting every detail of what they do has become critical. As Silicon Valley entrepreneurs dream up ways to disrupt the financial-services business, bankers and Wall Street companies are taking patents very seriously.

“There is so much innovation in finance right now that if you want to stay ahead and maintain an edge, you have to patent it,” says Linda Coven, a banking and payments analyst at research firm Aite Group.

The biggest U.S. banks, including Bank of America, and payments networks such as MasterCard are applying for more patents than ever before on everything from mobile wallets to blockchain ledgers similar to those used for the digital currency bitcoin. Banks and payments companies were awarded 1,192 patents over the past three years, 36 percent more than the prior three-year period, according to researcher Envision IP.

They're also hosting seminars for the U.S. patent office to head off what the industry sees as bad patents that cover age-old banking practices. By showing the examiners how the industry already operates, the banks hope the office won't grant patents to applicants with similar ideas.

Tech companies from Apple to Google have for years fought patent wars over smartphone features, search technology, and computer chips. Banks largely ignored the patent office and gained a reputation for keeping their internal processes to themselves.

That secrecy has become a problem. In 2011 the nation's banks and stock exchanges were sued by an independent patent owner over the way they encode and transmit data related to billions of transactions every day. Banks spent millions of dollars to successfully fight the claim.

After a few dozen suits like that, banks decided they needed to intervene before patents were issued. "There was this frustration of 'Why is that patent out there?'" says Sean Reilly, general counsel of Askeladden, a group set up to address patent issues by the Clearing House, a payments company owned by the biggest U.S. banks. Bank of America and JPMorgan Chase are among the companies scouring old computer files and boxes of documents to create a database that shows the evolution of modern banking practices.

A 2014 U.S. Supreme Court ruling found that automating a concept or practice wasn't enough to win a patent. But the focus on claiming intellectual property isn't only about fighting lawsuits over existing processes. Banks also want to beat back competitors as they and tech-driven startups experiment with ways to lend, make trades, and conduct mobile banking.

**"It's all stemming from the fact that banks are no longer your standard brick-and-mortar company that holds your money," says Binal Patel, a patent lawyer at Banner & Witcoff. "They're touching pretty much anything that Silicon Valley seems to be touching."**

Banks often team up with tech companies—JPMorgan did a deal with online lender On Deck Capital to offer small-business loans—but they know today's ally may be tomorrow's rival. "There's certainly the suggestion that, 'If we don't protect our innovations like the Silicon Valley innovations, we're going to be left behind, and they're going to take over our industry,'" says Jeff Berkowitz, a patent lawyer with the firm Finnegan.

Bank of America has won the most patents among U.S. banks in recent years, with an active portfolio of more than 3,000. These include patents covering blockchains, a wearable financial indicator such as a watch, and automated teller machines that can be operated by a smartphone. MasterCard applied for 500 last year, 10 times the number in 2010, according to Colm Dobbyn, head of the company's patent program.

The patent office welcomes the attention. The Bank of America seminar was part of the agency's effort to provide more technical training for examiners. Bristol-Myers Squibb, Google, and Tesla have also held sessions for patent office workers.

Until a 1998 court ruling opened the door to more business-method and software patents, most finance patents weren't allowed. Once they were, the patent office still didn't have access to information on how financial companies operated. Sometimes the companies themselves struggled to document the things they had already been doing before a patent applicant came along.

Michael Zoppo, a patent lawyer with Fish & Richardson, recalls a case over an automated version of something trading-pit workers had been doing for years. "Nobody writes that down," he says. "They talk about it over drinks. It's a cultural issue with the industry."

***The bottom line:** Wall Street and Silicon Valley are increasingly in the same businesses, and that's driven a big increase in bank patents.*

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**“Big Toy Makers Clash With the  
Inventors They Depend On”**

**Ross A. Dannenberg**

***Bloomberg Technology***

***August 8, 2016***

# Big Toy Makers Clash With the Inventors They Depend On

Companies like Hasbro rely on an army of freelance inventors, but recent lawsuits claim they don't always pay for the ideas.

By Matthew Townsend | August 8, 2016  
Photographs by Graham Walzer for Bloomberg

In 2012, Ellie Shapiro invented a new kind of toy: little animal figurines with snow globes in their bellies. Shapiro called them Wishables, and she loved them, which meant something. Before her nearly two decades as a toy inventor, the 53-year-old had spent 10 years as an executive at toy-industry titans Mattel Inc. and Walt Disney Co. and worked on such major brands as Barbie and Disney Princess.

In June, Shapiro started pitching to toymakers. By November, toy giant Hasbro Inc. asked her to submit ideas for some of its largest brands, including My Little Pony and Littlest Pet Shop. About five months later, in April 2013, she signed a confidentiality agreement and delivered her Wishables pitch to three Hasbro executives in a suite at a DoubleTree Hotel in Santa Monica, Calif. Her presentation centered on a make-believe world filled with characters such as Riskers the Kitty and Moonzy the Fawn. She had made plastic prototypes and sample packaging and shared her own focus-group testing. She laid out ideas for line extensions such as playsets and licensing. She was thorough.

**“The heartbeat of a lot of toy companies is the inventor community”**

The Hasbro executives liked her presentation enough that they asked her to send samples to the company's headquarters in Pawtucket, R.I., and upload her presentation to their server. But after reviewing it exclusively for almost three months, Hasbro told her in July 2013 that it was passing on the idea. Shapiro says she

continued trying to find a home for Wishables until the fall of 2014, when she walked into her local Target store in Eagle Rock, Calif., and saw a new toy on the shelf. It was a little animal figurine that doubled as a snow globe. It had been made by Hasbro.

Thus goes the symbiotic, yet often strange and tenuous relationship between toy inventors and toy companies. For starters, they need each other. Inventors can try to go it alone, but it's often too expensive, so few do. Crowdfunding is a burgeoning option, but sustaining an invention through marketing and distribution is still highly difficult. Making a living for most means pitching to toymakers (what most inventors simply call "marketing companies") and getting paid a royalty of about 5 percent of the sales for the ideas that go to market. And even though companies employ hundreds of people to develop new toys, they still rely on outside submissions for some of their biggest and most creative hits.

For example, former NASA engineer Lonnie Johnson created a high-powered water gun that was acquired by Hasbro, which then turned it into its gigantic Super Soaker franchise. Such hits as Monopoly and Rubik's Cube are also on that list. Freelance inventors basically serve as an arm of development—one that works faster and more nimbly because they aren't held back by big company bureaucracy, says Peter Wachtel, a Los Angeles-based toy inventor who was previously an executive at toymaker Jakks Pacific Inc. This is what happened in the Shapiro case, according to an e-mail filed in court, with Hasbro's inventor relations team asking for submissions such as dolls that employ the "hottest girls trends" or "low cost innovation" for Littlest Pet Shop.

"These outside inventors are all over the globe and doing all kinds of crazy stuff, and that's where the ideas come from," Wachtel said. "The heartbeat of a lot of toy companies is the inventor community."

Yet allegations of stealing are rampant to the point of routine. Many inventors largely chalk it up as an unavoidable part of the job: Either accept that some of your ideas are going to be lifted, or pursue another career, says Louise White, who's been inventing toys for more than 15 years. Companies have borrowed from her submissions too



many times to count. But there have been at least five instances when she was blatantly ripped off. The most egregious came when she says a manufacturer, whom she declined to identify, didn't even bother changing the name of the bath toy idea it stole. When she complained, the company said it would get its lawyers involved. She balked. Legal action is risky because it can get an inventor branded sue-happy and dry up opportunities, plus few have the money to fund a suit, she says.

“They know you are the little guy and know you won't waste the time and money bringing a lawsuit,” said White, who lives in Long Branch, N.J. “It makes you angry, but after a while you just shrug your shoulders.”

At the minimum, White can punish companies that have wronged her by crossing them off her pitch list. But there are fewer toymakers, after years of consolidation, and if you have a relationship with a big one you'll overlook stealing to keep it, says Linda Simonin. She once submitted an idea for putting a doll on a skateboard, making the case that girls actually dug skating. A room of male executives scoffed, saying their market research didn't back that up. Still, the company, which she declined to name, looked at her prototype for months before passing. Then that idea showed up in its product line, with the company explaining one of its designers had already been working on it. Despite this, she kept pitching that company expecting that it would eventually buy. It did.

“They will borrow from you a lot until they sense a point that they need to purchase something from you to keep you coming back,” said San Francisco-based Simonin, whose inventions include those giant snow globes people put on their lawns during Christmas. “They took. They took. They took. And then ... bam. They bought. It helps you forget.”

Shapiro doesn't buy it. “At first, I was in shock and in disbelief,” she said in an interview. “Then I felt completely sick.”

She had sued before—a 2014 action against Australia-based Moose Enterprises was settled—and complained about Hasbro a decade ago. That time she says Hasbro pilfered an idea she pitched for using the long, spiky hair associated with those little troll dolls on pretty girl dolls. Her lawyer sent a letter asking to be compensated. Hasbro ignored her, and she dropped it. But when the Wishables incident happened, she couldn't let it go. Now she's chosen the rare step of taking on an industry giant.

“It's never OK to steal from people,” Shapiro said. “That can't be a part of our business model.”

According to a lawsuit she filed last year that could go to trial in September, the My Little Pony figure was filled with glitter-infused liquid like a snow globe—the centerpiece of her pitch to Hasbro. She later found a Littlest Pet Shop toy that also appeared to replicate her submission. When she asked Hasbro to be compensated, it brushed her off for months, the suit says. The world's second-largest toymaker later responded that snow globes had already been used in toys, so this wasn't a novel approach. Plus, the genesis of the toys Shapiro says Hasbro stole had come from its in-house design staff in 2012, before her submission.

In an e-mailed statement, Hasbro said Shapiro's case is “without merit” and that “we deeply value our longstanding relationships with the hundreds of inventors we work with and we engage with them in a collaborative, fair and mutually beneficial process.”

In any business relationship, both sides have incentives to be good actors. And while the scales are weighted in favor of the toy companies, because of their huge advantage in financial resources, they also face risks, says Ross Dannenberg, an intellectual property lawyer in Washington, D.C., for Banner & Witcoff.

“If Hasbro gets a reputation [for] stealing ideas, people are going to stop submitting ideas to them,” said Dannenberg, author of the American Bar Association's Legal Guide to Video Game Development. And that would hurt innovation and ultimately

sales, he said. Plus, getting in front of a jury brings risks, because they're likely to look at the toy company "as the big, bad corporation trying to steal from little, individual inventors" and that can lead to a hefty award for damages, he said. Even not facing a jury can be risky. In February 2014, Hasbro settled with Johnson, the Super Soaker inventor, for \$58 million after he brought claims of failure to pay some royalties.

Shapiro, it turns out, isn't the only litigious toy inventor. There's also Marisa Pawelko, who claimed in May that Hasbro stole her idea for a "liquid mosaic" that used what looks like a caulking gun to bespeckle objects. Hasbro used her submission to create DohVinci, a successful line of decorating kits that uses a kind of caulk gun-styled applicator that had the goal of attracting older kids to its Play-Doh brand, the lawsuit says.

And in April last year, three former longtime Hasbro executives sued the toymaker for lifting an idea for action figures with interchangeable body parts (think combining a different head, torso, and legs in one body). The pitch came in February 2011, and two years later Hasbro introduced Marvel Superhero Mashers, which allow kids to mix and match body parts, like putting Captain America's head on the Hulk's body. Hasbro has since expanded the masher concept to its other biggest brands—Star Wars and Transformers.

"He also said he often disagreed with executives in other parts of the company, such as research and development. Sometimes his recommendation to pay an inventor wasn't followed, he said"

Hasbro said that the allegations in these two cases are also "without merit."

One of the former executives suing is Steven D'Aguanno, who not only worked at Hasbro for three decades but also ran inventor relations for several years. It was D'Aguanno's job to find hit products for Hasbro and oversee the submission and royalty process that he's now claiming wronged him. In a deposition for Shapiro's

case, D'Aguanno, who left Hasbro in 2006, described how Hasbro dealt with claims from inventors of not being compensated. He said there were many instances where the legitimacy of an inventor's claims wasn't clear, which is understandable, because toy companies receive hundreds, if not thousands, of submissions a year and develops oodles of ideas in house. He also said he often disagreed with executives in other parts of the company, such as research and development. Sometimes his recommendation to pay an inventor wasn't followed, he said.

"There were different opinions because it was never really black and white," D'Aguanno, who has been credited with co-creating the My Little Pony brand, said in the deposition. "It was common."

Steve Rehkemper has been creating toys since the early 1980s and says inventors are getting squeezed more than ever because of increased pressure on the toymaker's operating model. The industry has become overly reliant on licensed items—such as all those Frozen dolls and Star Wars lightsabers. They come with a hefty royalty for the intellectual property holders, such as Disney, so adding another payment for an inventor may be too much. There are also rising labor costs in Asia. And the discounting of Wal-Mart Stores Inc. and Amazon.com Inc. creates a ceiling on prices, which forces toymakers to remove costs wherever they can, he said. His company currently has a lawsuit against Canadian toymaker Spin Master Corp. for breach of contract and patent infringement.

Toy companies are "stuck in the middle, and it squeezes inventors out the side because they just can't afford that 5 percent royalty in there," said Rehkemper, whose design firm's inventing credits include remote-control planes and helicopters.

Increasing hurdles for toy inventors are coming at a particularly trying time for the industry. The explosion of mobile devices is luring kids away from traditional toys at earlier ages than previous generations. That has left toymakers grasping for innovations to win back kids from their screens.

“If the inventing community was healthier, the marketing companies faced with marketing against iPads and Pokémon Go would have more to offer,” Rehkemper said.

For her part, Shapiro says she’s not abandoning the profession, but the Wishables incident has her rethinking how she’ll now deal with toymakers.

“I have to find a new way to get my inventions out there,” Shapiro said. “I can’t not do what I do because I love it. And I also think I’m good at it.”



**“Supreme Court Grills Apple,  
Samsung Over Value of Design  
Patents”**

**Steve S. Chang**

***CNET***

***October 11, 2016***

# Supreme Court grills Apple, Samsung over value of design patents

The justices, who said they'd be confused if they were jurors, used the analogy of a Volkswagen Beetle to understand the two sides.

October 11, 2016 11:30 AM PDT



by [Shara Tibken](#)

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Even the US Supreme Court justices were a little befuddled over what to do with the legal saga between Apple and Samsung.

The two largest phone makers in the world squared off in the highest court in the land Tuesday over the value of **design patents**, marking the likely conclusion to a long-running battle that goes back to a 2012 case.

One nuance of the case -- how jurors were supposed to break out the value of a design from the overall product -- was a source of most of the questions. The justices wanted to know what instructions the jury would be given when looking at damages.

"If I were the juror, I simply wouldn't know what to do," **Justice Anthony Kennedy** said several times during the hour-long hearing here in Washington, DC.

The justices used the analogy of a **Volkswagen Beetle** in their questioning to understand the positions of Apple, Samsung and the Justice Department.

Some justices pointed out that the VW Beetle's design is what makes that car different from all the others, but Justice Samuel Alito remarked that some people don't care what a car looks like but instead want good gas mileage or other features.

A decision by the court, which is hearing its first design case since the 1800s, could have a ripple effect across the technology industry and ultimately affect the gadgets you buy. What's at question is how much money one company has to pay for copying the designs of another. Current law says an award can be collected on the entire profits of an infringing device. In this case, that's the \$399 million Samsung paid Apple late last year.

The **Supreme Court** will likely rule on this case in the first quarter.

Samsung and its supporters are trying to limit the damages patent infringers have to pay. Samsung says an Apple victory would stifle innovation. Apple argues a Samsung win would weaken the protections afforded to new creations. Notably, the devices in question haven't been on the market in years.

"The justices certainly seemed to be thinking about establishing a new legal standard for how Section 289 [of the Patent Act of 1952] should be applied, and asked a lot of questions dealing with details like jury instructions and the kinds of evidence that would be needed," said Steve Chang, an intellectual property law attorney at firm Banner & Witcoff. He attended the hearing Tuesday.

Chang said while it was tough to tell which way all of the justices were leaning, at least one, Justice Stephen G. Breyer, seemed ready to send the case back to a lower court for further proceedings.

### **Long-running battle**

The original **Apple v. Samsung** trial in 2012 captivated Silicon Valley and the tech industry because it exposed the inner workings of two notoriously secretive companies. It was just one of many cases around the world as the rivals sparred both in the marketplace and in the courtroom.

And yes, it's still going on now.

At issue in the original case were design patents for a black, rectangular, round-cornered front face; a similar rectangular round-cornered front face plus the surrounding rim, known as the bezel; and a colorful grid of 16 icons. Those icons were a particular point of contention because many of the images used by Samsung shared distinct similarities with their Apple counterpart (the phone, messages and contact icons, for instance, looked identical aside from minor superficial changes).

Those three patents are being considered in the Supreme Court case.

"We firmly believe that strong design patent protection spurs creativity and innovation," Noreen Krall, Apple's chief litigation officer, said in a statement. "And that's why we've defended ourselves against those who steal our ideas. Eleven times now, Samsung has



been found guilty of intentionally and blatantly copying the iPhone. Every court at every level has agreed. We think that's wrong and that it poses chilling risks to the future of design innovation."

Samsung attorney Kathleen Sullivan, a partner at law firm [Quinn Emanuel](#), told reporters after the hearing that the precedent of court decisions awarding full profits for design patent infringement "devalues all of the [other] important patents that comprise a smartphone." She noted that a typical device has 250,000 patented features necessary for making it work, and design is a part of that. Sullivan also said she's "hopeful" about the outcome of the case.

"We're hopeful the Supreme Court will give a sensible and fair reading of the design patent damages statute, and we believe that will be a win for business and consumers alike," Sullivan said.

### **Highest court in the land**

Sullivan kicked off Tuesday's argument by saying it makes "no sense" to give a patent holder the entire profits from a device for infringing narrow design patents. She was given 25 minutes to make Samsung's argument and answer questions, as well as four minutes at the end for a rebuttal.

She didn't get more than two or three minutes into her remarks before Kennedy stopped her with the first question. What he wanted to know was how juries would figure out the value a patented design has. "I'd have the iPhone in the jury room. I'd look at it [and] I just wouldn't know."

Sullivan said Samsung has proposed jurors consider two factors when determining what a "relevant article of manufacture" is (in other words, what the infringing part of the device actually is): What does the design patent claim and what is the product to which it has been applied?

The Justice Department, meanwhile, has proposed four questions for juries to identify what a "relevant article of manufacture is." They must consider the scope of the claimed design, the extent to which that design determines the appearance of the product as a whole, whether the design is conceptually distinct from the product as a whole and the extent to which the various components can be physically separated.

Seth Waxman, a partner at law firm [WilmerHale](#) who spoke for Apple at the Supreme Court hearing Tuesday, said that Samsung in previous trials never tried to show the design applied to only a part of the device, not the entire phone.

"What's so easy about this case is that they never identified, to the jury, in either case, any article of manufacture other than the phone," Waxman said. And all of Samsung's "evidence was calculated based on the total profits to the phone."

All that's left is to wait for the justices to deliberate.

*First published October 11, 8:39 a.m. PT*



**“What Legal Experts Think of Sony’s  
‘Let’s Play’ Trademark Claim”**

**Ross A. Dannenberg**

***Gamasutra***

***January 18, 2016***



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## What legal experts think of Sony's 'Let's Play' trademark claim

January 18, 2016 | By Chris Baker

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There was a flurry of speculation last week when the patent office rejected [Sony's attempt to trademark the words "Let's Play."](#) The claim was rejected for what seems like an odd reason--it was too similar to the existing trademark of a company called Let'z Play.

What would it mean for streamers and people who release Let's Play videos on Youtube if Sony is ever actually granted this patent? Has the patent office rebuffed them once and for all? What is Sony trying to do, and what will they do next?

We reached out to several attorneys with an expertise in patents and intellectual property to help us sort this out.

### What do you think Sony is trying to do with this patent application?

"It would appear that Sony is looking to focus more on digital distribution of gameplay videos to compete with Twitch, YouTube, etc. Moreover, it may be looking to further develop its digital distribution business for other entertainment content."--[Sean Kane, partner in the Interactive Entertainment Group at Frankfurt Kurnit](#)

"Sony is being proactive and progressive with this move. It's unclear to me to what extent they have a claim on the 'Let's Play' mark, but 'Let's Play' videos are the future of marketing video games and esports. Sony clearly wants to be an integral part of that culture."--[Ross A. Hersemann, attorney, board member IGDA Chicago, writer for LoadingLaw](#)

"I tend to advise restraint when the gaming community grabs their pitchforks to rise up against the latest vague trademark application by a large company, as much of the hostility against such filings is often due to a misunderstanding of what trademark law is meant to accomplish... In this case, however, I am definitely fully onboard the 'this is a bad idea' bandwagon. Sony is trying to trademark the phrase 'Let's Play' in connection with '[e]lectronic transmission and streaming of video games via global and local computer networks; streaming of audio, visual, and audiovisual material via global and local computer networks.' So, basically, sharing and streaming gameplay video online, which is exactly the context in which the phrase 'Let's Play' has been commonly used in the gaming community for years now."--[Angelo Alcidi, attorney, writer of the Journal of Geek Law](#)

### Sony has the option to appeal this decision before June 29th. Do you think they have a shot at prevailing if they do?

"Sony does have a shot at prevailing due to the specific reason for the USPTO's current rejection. Much of the current reporting of the USPTO's 'rejection' of Sony's trademark application in the news seems to have an air of finality about it, as if the USPTO decidedly told Sony 'no' and Sony must now appeal that decision. Instead, the USPTO issued a 'non-final office action' in response to Sony's application, which is more accurately described as the USPTO saying "we have some issues with this, let's talk about it" rather than a flat 'no.'"--[Angelo Alcidi](#)

"It's interesting to me that the mark was rejected based on someone else's trademark and not due to undescriptiveness. The trademark examiners probably aren't gamers. They have to look at a lot of

January 18, 2016 | By Chris Baker

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marks, and it's easier to search trademark records for a previous example rather than search on their own to see how the words are generally used. It's gonna take the examiner hours and hours to do the latter, whereas they can just do a quick search in trademark records to dispose of case and work on something else. The fact that the rejection is based on another mark doesn't mean that the trademark office wouldn't also eventually conclude that the words are generic or descriptive. On the other hand, if Sony somehow comes back and successfully argues that there's no likelihood of confusion with Letz Play, it's unknown if the examiner will take necessary time to investigate underlying meaning of 'Let's play.'"--**Ross Dannenberg, editor in chief of Patent Arcade and senior partner at Banner & Witcoff**

"Understand that receiving an initial rejection from the USPTO is very common. The vast majority of applications receive an initial office action rejecting the request for registration. In many instances, a clarification in the class of goods or description may be sufficient for registration to move forward. Here, where there are two similar marks for use by companies in somewhat similar industries and where the descriptions of use are also potentially close, this becomes more difficult. If Sony is to prevail in its application it would need to demonstrate that its proposed mark is different from the Let'z Play mark, its services would be targeted to a different consumer and that the consumers are sophisticated enough to not be confused by the Let's Play v. Let'z Play marks. All that said, given Sony's size compared to that of Let'z Play of America, LLC it is possible that Sony could purchase its Let'z Play mark or otherwise enter into an agreement for both marks to co-exist.'"--**Sean Kane**

"They will almost certainly respond if they're planning on registering the mark for the purpose I think they are (based on the description of goods/services), but whether they'll win it probably depends on how the registered owner responds if Sony reaches out to them first. Sony has some options here—they can directly appeal to the registered owner of the competing mark and either buy out the mark or get a license/waiver, which will most likely follow a line of reasoning such as 'we don't contest the registration and don't consider the mark as competing.' They can try to modify the descriptive language of their application, but in this case it will be difficult, as the registered mark gets precedence. As the reviewing attorney noted, they both rely on 'online services to video game enthusiasts.' That's a fairly broad market, so that's going to hinder Sony in a direct fight with the Trademark Trial and Appeal Board/United States Patent and Trademark Office. I think they're more likely to go to the original mark holder. If the registered mark's use is fairly limited in regional/geographic scope, this could also help Sony's position.'"--**Mona Ibrahim, senior associate and Interactive Entertainment Law Group**

"The trademark is very easy to attack as abandoned. It's not in use and the company that owns it was recently dissolved. Sony could easily have the trademark cancelled, so if that mark is the only thing in its way, it would be able to eventually get the registration.'"--**Stephen Charles McArthur, who filed a Letter of Protest last week formally protesting Sony's trademark claim**

"Sony will be fighting an uphill battle. Trademarks are a legal indication of source and brand, and 'Let's Play' had been colloquially used by gamers in reference to any video game play through, review, or commentary, not just ones affiliated with Sony Overcoming that common practice will be tough.'"--**Ross A. Hersemann**

"I think it's doubtful that Sony will end up getting a trademark on the phrase 'Let's Play' at the end of this whole ordeal. When a trademark application is approved by the USPTO, before it is officially registered it is first "published for opposition" for 30 days, giving any member of the public who believes they may be negatively affected by the trademark a chance to oppose the trademark (or file for an extension of time in order to file an opposition later). So even if the USPTO ultimately approves Sony's application, I think it's safe to say there are a great many prominent people in the gaming community who would oppose it given the chance.'"--**Angelo Alcid**

## If Sony were to receive a trademark on "Let's Play," how might that effect people who use the "Let's Play..." monicker in their playthrough videos?

"Sony securing the mark could mean that streamers and gamers may have to rebrand and stop using the term 'Let's Play.' It depends on how aggressive Sony would choose to be in enforcing its new label, but since intellectual property rights take active enforcement to stay effective, you can bet it won't be fair game anymore.'"--**Ross A. Hersemann**

"It could be potentially disastrous for anyone who relies on 'Let's Play' videos for their livelihood. Theoretically, if Sony did end up getting this trademark, they could try to assert their trademark against all existing 'Let's Play!' YouTube videos. While the DMCA is meant to be used in cases of copyright infringement, it is also commonly (though incorrectly) used in trademark infringement cases as well. YouTube's current system for handling DMCA takedown requests would automatically take the contested videos down until the uploader responded to Sony's allegations... even if they did eventually get their videos back online, having them taken down for the first week or two would be very damaging to their income.'"--**Angelo Alcid**

"I don't think Sony will engage in any serious Trademark trolling with the mark. They likely want to create a more commercialized version of what's already out there. This may include paid promotion programs with YouTubers and Twitch streamers who already create 'Let's Play' videos. It's more likely that they'll strive to make this mutually beneficial for themselves and the Let's Play community.'"--**Mona Ibrahim**

"The first amendment right of free speech coexists with Trademark rights. As an example, I am allowed to mention the word 'Apple' in a video without becoming a fool of the rights of Apple the company. It really

Indie Games

depends on how I am using the phrase. A Trademark is really and identifier of the source of a good or service. If a gameplay video tries to use this phrase 'Let's Play' to mislead people into thinking the video is coming from Sony that would be a problem. However, if someone just said something in a video along the lines of 'I just got the Witcher III, let's play,' that's unlikely to be a violation of Sony's Trademark rights."--Sean Kane

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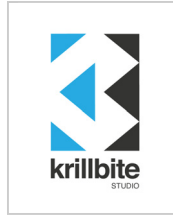
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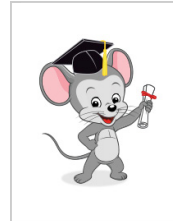
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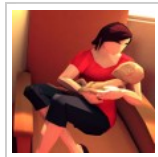
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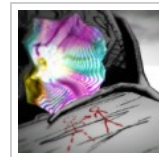
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Alan Barton

18 Jan 2016 at 5:39 am PST



Hang on, if Sony's "Let's Play" can't be accepted because its like "Let'z Play" ... then why wasn't "Let'z Play" rejected, because its like millions of uses of "Let's Play" all over the Internet?

It sounds like the USPTO failed twice. Both times because they failed to see "Let's Play" is in such widespread usage. Even now they are still failing by failing to accept what so many are saying, that its in widespread usage.

Also, the other side of this, is the fact Sony would even attempt to own "Let's Play" which shows how out of touch they are. Its very hard to believe they didn't know its in such widespread usage. But even if they didn't know, it would be showing gross ignorance, because they are suppose to be keeping up with the market. But if they did know, then it would be deeply Machiavellian and a clear PR disaster waiting to hurt their company, by reflecting very badly on them. (Also if Sony force through, to try to win this, its going to be an even bigger PR disaster for them). So why didn't anyone at Sony see its in such widespread usage and so wrong to even try?

From my own experience of some of these kinds of corporate companies, I bet its because they behave like a corporation where people are afraid to provide feedback changes back up the corporate hierarchy, to point out what is obvious to the workers, but not obvious to their senior managers; Some managers don't allow anyone to give them feedback, because they are loving being in charge so much, that they don't want to listen. (Frankly its really dumb that any corporation can't see this problem greatly undermines their ability to solve



**“Could ‘Overwatch’ Win a Suit  
Against ‘Paladins’ Over the Many,  
Many Similarities?”**

**Ross A. Dannenberg**

***Heat Street***

***September 21, 2016***

# HEATSTREET

## Could 'Overwatch' Win a Suit Against 'Paladins' Over the Many, Many Similarities?

By William Hicks | 4:04 pm, September 21, 2016

*Paladins: Champions of the Realm* is a free to play game many are calling an *Overwatch* clone.

Both are multiplayer hero shooters developed around a cast of personality-driven, colorful characters. To name just a few similarities, both have a bearded dwarf-like character who builds turrets and shoots molten lava, a flying character w/ a rocket launcher, a knight dude with a blue energy shield, a woman who turns into an icicle and loot boxes containing unlockables. But, uh, *Paladins* has horses.

So what would happen if Blizzard Activision (*Overwatch*'s developer) got salty about Hi-Rez's (*Paladins*) stepping on their turf? Do they have grounds to sue? Can you even copyright stuff like burly, turret-building, lava shooters and annoying icicle women?

Video game copyright law is a bit muddled and thankfully lax. If one game was able to copyright core gameplay elements, you could have games like *Call of Duty* forming monopolies on entire genres. Most video games are highly derivative, thus the industry couldn't grow if one powerhouse was able to hold ownership on certain elements.

But on the flip side, what is a developer to do if they feel like their game is being blatantly copied?

According to Banner & Witcoff attorney — and editor of the American Bar Association's legal guide to video game development — Ross Dannenberg,



developers can't copyright functionality, but can copyright artwork and character design.

"In the world of art, all art was built on art that came before it," he said. "It's always difficult to see when you crossed the line between inspiration and illegal appropriation."

Blizzard can't copyright functions like teleporting or hook shots, but does hold copyright on the look of their characters.

So they could not win a lawsuit based on the fact that *Paladins* has a character that has the "functionality" to shoot lava and build turrets, but would have a better chance if they said that *Paladin's* Barik looked too much like their Torbjorn.

Another avenue for Activision Blizzard is style. A 1987 court case between artist Saul Steinberg and *Columbia Pictures* set a precedent allowing for copyright lawsuits to be based on the copying of certain stylistic elements. The poster for the film *Moscow on the Hudson* apparently copied too much of the style of Steinberg's *New Yorker* cover, and therefore infringed on the latter's copyright.

What exactly it means to take something else's style is not entirely clear, however, watching videos of *Overwatch* compared to *Paladins*, it certainly feels like the same game.

"If I were Blizzard, I would be investigating this," Dannenberg said, having played *Overwatch* and watched videos of *Paladin*.

Yesterday Hi-Rez's COO Todd Harris took to Reddit to make his case on why *Paladins* is not an *Overwatch* clone, citing videos from early development.

"While *Overwatch* is a fine game, we want people to understand that game development is an iterative process with many ideas coming from past projects," he wrote. "This is true for Hi-Rez and almost every other game

studio. For a hero shooter, the game that deserves the most credit for the genre is [*Team Fortress 2*].”

While it is true even *Overwatch* has much to credit to *Team Fortress 2*, the overwhelming number of similarities between *Overwatch* and *Paladins* is beyond coincidence. But as to whether it was “inspiration” or something more, the jury is still out.



**“Heading to the High Court:  
Samsung v. Apple”**

**Robert S. Katz**

***Industrial Designers Society of  
America***

***August 5, 2016***

# Heading to the High Court: Samsung v Apple

“DESIGN IS THE GREAT PRODUCT DIFFERENTIATOR”

Here's the latest news on what will be the first **US Supreme Court** case in more than a century involving design patents. The outcome



of **Samsung v Apple** could define the value of product design—and affect everything from innovation to the workforce to the US economy.

Oral arguments could begin October 2016 with an opinion expected to be issued by the high court by mid-2017. Samsung filed a request in December 2015 for the Supreme Court to hear the case, after the South Korea-based electronics giant was ordered to pay \$548 million in damages to California-based Apple over three design patents involving the iPhone's: round corners; bezel on surrounding rim; and colorful grid of 16 icons.

On August 4, a new amicus brief was filed in the case on behalf of a group of “**distinguished industrial design professionals and educators**” convened by **Charles Mauro, IDSA**, chair of

IDSA's Design Protection Section and president and founder of Mauro New Media. The group includes 113 "leading industrial design professionals, fashion designers, design museum directors, design research professionals and design academics" who "share a strong professional interest in seeing that design patent law continues to protect investments in product design."

**Apple filed its brief** on July 29. "As with so many other Apple products, the iPhone's success was directly tied to its innovative design, including its distinctive front face and colorful graphical touchscreen user interface, which Apple protected with US design patents," according to the Apple brief (see link to PDF below). "The innovation and beauty of Apple's iPhone designs were hailed by consumers and the press and envied by Apple's largest competitor, Samsung.... Samsung then made a deliberate decision to copy the iPhone's look and many of its user interface features—a decision that revived Samsung's sales."

**Samsung filed its brief** on June 1, calling Apple a "latecomer" to the mobile phone industry. "The three, narrow, Apple design patents at issue in this case claim only partial features of a smartphone's design. While Apple often speaks as if the patents cover the 'iconic' 'look and feel' of the entire iPhone, the patents, in fact, claim neither something 'iconic' nor any kind of 'look and feel.'"

**IDSA's brief** was filed on June 8. It does *not* take a side in Samsung v. Apple; rather, the brief supports Section 289 of US law—and the protection it “provides to industrial designers, innovative companies and ultimately society as a whole.” **IDSA Board of Directors Chair John Barratt** and **Executive Director Daniel Martinage, CAE**—along with a review team of Mauro; **Peter Bressler, FIDSA**; **Nancy Perkins, FIDSA**; and **Cooper Woodring, FIDSA**—worked closely with attorney **Robert Katz, A/IDSA**, who served as counsel of record on the brief. The former United States Patent and Trademark Office (USPTO) examiner who is now a Banner and Witcoff attorney will speak August 18 on **Apple v. Samsung: Past, Present, Future and its Impact on Designers** at **IDSA's International Conference 2016** in Detroit.

The brief—a legal document filed with the high court by an individual or group who are not a party to the lawsuit but who believe the court's decision may affect their interest—was one of the items on the agenda in April 2016, when IDSA, which has a **Design Protection Special Interest Section**, partnered with the University of Pennsylvania's Law School and Integrated Product Design Program on a **roundtable discussion** on design patent law.

The brief opens, “IDSA has a strong interest in offering advice to the Court on the importance of the protections that Section 289 provides to industrial designers, innovative companies and ultimately society as a whole. IDSA respectfully submits this brief for the benefit of the Court and in specific support of neither party.”

It elaborates on why Industrial design is important to companies, consumers and society—declaring that industrial designers work on a wide range of products and “combine creativity, business and engineering talent with information on product use, marketing and materials of construction to create the best and most appealing designs, and to make the product competitive with others in the marketplace.”

The brief points out, “Creativity often begets innovation and invention,” and cites USPTO data showing about 40 percent of inventors named on design patents also were named on utility patents; while two percent of utility patent holders also were named on design patents. “Industrial designers not only drive aesthetic innovation, they also materially contribute to technological innovation. Given the economic significance of design, it is no wonder that there are more than 40,000 industrial designers practicing in the United States.”

IDSA agrees with David Kappos, former under secretary of commerce for intellectual property and director of the USPTO, who declared in a 2015 *Wired* article that “to promote great design, the law must afford meaningful protection for designers’ work.... To maintain America’s lead in this field, it is critical that we continue to incentivize investment in great design by ensuring that our design protection laws remain strong.”

The latest viewpoints on this critical issue include:

- August 4, 2016: [Design Professionals brief](#)
- July 29, 2016: [Apple brief](#)
- June 8, 2016: [IDSA brief](#)
- June 8, 2016: [Department of Justice brief](#)
- June 1, 2016: [Samsung brief](#)
- Feb. 4, 2016: [Apple’s reaction](#)
- July 2015: [Brief filed with US Court of Appeals by Dell, eBay, Facebook, Google, HP, Vizio, etc.](#)



**“Law360’s Weekly Verdict: Legal  
Lions & Lambs”**

**Timothy C. Meece, V. Bryan Medlock,  
Jr., Jason S. Shull and Audra C.  
Eidem Heinze**

***Law360***

***February 18, 2016***



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## Law360's Weekly Verdict: Legal Lions & Lambs

By **Andrew Strickler**

Law360, New York (February 18, 2016, 6:25 PM ET) -- Lawyers from Sidley Austin LLP, Banner & Witcoff Ltd. and Stoll Keenon Ogden PLLC lead this week's legal lions with a Federal Circuit win preserving a key patent exhaustion rule. Our legal lambs include a plaintiffs lawyer in a "shocking" pretrial evidence dump in a Pennsylvania fracking case.

### Legal Lions

The Federal Circuit handed a win to printer cartridge maker **Lexmark International Inc.** and its legal team with an en banc decision to **retain a longstanding rule** that overseas sales of a product don't exhaust a patent owner's right to sue in the U.S. In a 129-page decision, the 10-2 majority concluded that a 2013 U.S. Supreme Court decision that foreign sales exhaust copyrights has no impact on patent law. Lexmark had sued **Impression Products Inc.**, which refurbishes Lexmark cartridges, for patent infringement. Impression did not dispute infringement, arguing only that Lexmark's rights were exhausted. Lexmark is represented by **Constantine Trela, Robert Hochman, Joshua Fougere** and **Benjamin Beaton** of **Sidley Austin LLP**, **Timothy Meece, Bryan Medlock, Jason Shull** and **Audra Eidem Heinze** of **Banner & Witcoff Ltd.** and **Steven Loy** of **Stoll Keenon Ogden PLLC**. Impression is represented by **Edward O'Connor** and **Jennifer Hamilton** of **Avyno Law PC**.

One-time **Dewey & LeBoeuf LLP** client relations manager **Zachary Warren** sealed a **deferred prosecution deal** just weeks before trial over his alleged role in the defunct firm's collapse. Warren, 31, was charged as a low level co-conspirator in the firm's purported fraud scheme but maintained his innocence. Warren, who joined Dewey after getting his law degree from Georgetown University Law Center, has also accepted an **associate position** at **Williams & Connolly LLP**. His deal calls for the charges to be dropped in a year if he completes 350 hours of community service. Warren is represented by **Paul Shechtman** and **William Murphy** of **Zuckerman Spaeder LLP**.

Alternative investment firm **Apollo**, backed by a team from **Paul Weiss Rifkind Wharton & Garrison LLP**, strengthened its foothold in the business and home security space with a deal worth **\$15 billion** for **ADT Corp**. Apollo closed simultaneous acquisitions of business and home security providers Protection 1 and ASG Security last year. Under the terms of the ADT deal, Apollo-affiliated funds and other investors will pay \$42 in cash per ADT share, a 56 percent premium over the company's closing price last Friday. ADT has a 40-day go-shop period. Apollo and Protection 1 are being advised by a Paul Weiss team led by **Taurie Zeitzer** and **Gregory Ezring**. ADT is represented by a **Simpson Thacher & Bartlett LLP** team led by **Alan Klein** and **Anthony Vernance**.

**Orrick Herrington & Sutcliffe LLP** continued to make moves in the Lone Star state this week with a second round of legal power to a new Houston office. The firm added **seven partners** from **Morgan Lewis & Bockius LLP** and **McGuireWoods LLP** in its mergers



and acquisitions, capital markets, securities, tax, energy and infrastructure groups. **Carlos Treistman**, former co-chairman of Morgan Lewis' Latin America team and the Houston head of corporate and business transactions practice, was named office leader. Orrick, which opened its Houston office in January, has staffed the office with 22 lawyers from seven different firms.

## Legal Lambs

**U.S. Magistrate Judge Martin C. Carlson** in Pennsylvania gave a harsh job review for plaintiffs and their lawyer in an environmental contamination suit against **Cabot Oil & Gas Corp.** In an order granting a Cabot motion to exclude more than 300 documents and other materials, Judge Carlson called out plaintiffs and lawyer **Leslie L. Lewis** for "**wildly kaleidoscopic**" evidence filings on the eve of trial. Many of the submissions "contradict one another and contain thousands of pages of material, and hundreds of exhibits, many of which have long existed but have never been previously disclosed," the judge wrote. The litigation began in 2009 with 44 landowners claiming they had suffered property damage and injuries as a result of Cabot's drilling operations in Susquehanna County. All but four have left the case. Cabot is represented by **Norton Rose Fulbright US LLP**.

In another convoluted case, **Dechert LLP** lost its spot as debtor's attorney in a Connecticut real estate consortium's tangled Chapter 11. A Delaware bankruptcy judge concluded that the firm had **too many real or potential conflicts** in the "chaotic" case. Following a tangle of allegations of fraud, Ponzi-like money-handling and mismanagement in the years leading up to the filing by **Seaboard Realty LLC, Newbury Common Associates LLC** and 23 associated companies, an attorney for the U.S. trustee and some creditors objected to Dechert's role as debtor attorney last month. Among the reasons cited was the firm's retention prior to the bankruptcy filing by two Newbury and Seaboard investors and managers. Newbury Common and Seaboard are represented by **Robert Brady** of **Young Conaway Stargatt & Taylor LLP** and previously by **Brian Greer, Neil Steiner, Rebecca Kahan Waldman, Janet Bollinger Doherty** and **Michael Maloney** of Dechert.

A pair of **Carlton Fields** attorneys representing Shaquille O'Neal in a social media defamation and privacy suit also found some judicial disfavor this week. A Florida federal judge ordered **Benjamine Reid** and **Jeffrey Cohen** to pay \$13,058.82 after they told O'Neal he could **send a representative** in his place to a mediation conference scheduled on the same day he was to appear on "Jimmy Kimmel Live." The conference was part of a suit alleging O'Neal defamed and invaded the privacy of Jahmel Binion, who has a genetic disorder, by posting a side-by-side picture of the two on Twitter and Instagram. The sanctions order included travel costs, the mediator's fee and attorneys' fees for time spent in mediation and on crafting the sanctions request. Binion is represented by **John Hubbard** and **Eric Parzianello** of **Hubbard Snitchler & Parzianello PLC**.

Arizona attorney **Jeffrey H. Greenberg**, a former counsel at **Variant Holding Co. LLC**, was held in **contempt of court** and sanctioned \$20,000 for failing to turn over records related to the real estate company, despite numerous court orders for him to do so. **U.S. Bankruptcy Judge Brendan L. Shannon** concluded that Greenberg repeatedly flouted court orders by failing to produce 108 gigabytes of emails and other materials requested by Variant's current counsel pertinent to the company's ongoing Chapter 11 bankruptcy. The company had argued Greenberg should be sanctioned for failing to hand over the information or explain privilege claims or how their production would be overly burdensome. Variant is represented by **Richard Pachulski, Alan Kornfeld, Maxim Litvak** and **Peter Keane** of **Pachulski Stang Ziehl & Jones LLP**.

**Broward County Circuit Judge Cynthia Imperato** resigned from the bench after the Florida Supreme Court hinted at her removal over a **drunk driving arrest**. The Supreme Court had ordered Judge Imperato to show cause why she should not be removed from

office for her 2013 bust in Boca Raton following her attendance at a reception at an Italian restaurant. While Judge Imperato flashed her judicial badge and did not request preferential treatment, a judicial oversight board report said such a request could have been reasonably inferred by the officer. Judge Imperato is represented by **David Rothman** of **Rothman & Associates PA**.

--Additional reporting by Ryan Davis, Chelsea Naso, Jonathan Randles, Michelle Casady, Brandon Lowrey, Aaron Vehling, Kali Hays, Aebrá Coe, Michelle Casady and Carolina Bolado. Editing by Christine Chun.

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**“4 Times to File a Continuation  
Patent Application”**

**Bradley J. Van Pelt**

***Law360***

***March 17, 2016***



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## 4 Times To File A Continuation Patent Application

By **Erin Coe**

Law360, San Diego (March 17, 2016, 2:00 PM ET) -- When inventors are looking to protect an innovation, a standard patent application may not be enough, and a continuation application may be the answer to fortify their claims and prevent competitors from designing around their invention.

While their patent application is pending, inventors also can file a continuation application that has the same specification but modified or additional claims, giving them the benefit of the earlier filing date of the original or "parent" application.

The number of continuation applications filed with the U.S. Patent and Trademark Office has steadily grown over the years, from 31,271 in fiscal year 2009, to 47,447 in fiscal year 2011, to 64,372 in fiscal year 2013, to 76,898 in fiscal year 2015.

"It's less expensive than filing a new application," said Jennifer Hayes, a Nixon Peabody LLP partner. "And the advantages are you can cover different aspects of your invention and may be able to cover features of an invention that was described in the specification but was not claimed in the parent application."

Here, attorneys highlight four times when patent applicants may want to consider obtaining a continuation patent.

### **When Planning to File a Patent Application**

As inventors prepare to move forward with a patent application, they also should consider whether there are any continuation patents they may want to pursue.

"I think companies and clients should be thinking about continuation applications as part of their long-term strategy for developing their patent portfolio," Hayes said. "When I meet with clients to talk about the original patent application, we develop multiple patent claims we could claim in the parent patent application, and also oftentimes pick one or two that could be important and could be filed in a later set of continuation applications."

By considering this option at the outset, inventors can identify the key features they want to have in a parent application that might be approved by the patent office quickly, while filing broader claims in continuation applications that could take longer to get through the prosecution process, she said.

"This can be a really important strategy for startups," she said. "Oftentimes, investors want to make sure a company has one or more patents. When a company puts narrow claims in an original application and files for a prioritized examination, it might be able to

get a patent issued in less than a year, and that way, it can focus on continuation applications for broader claims.”

When drafting the initial application, prosecutors should focus on writing a robust specification with many alternative embodiments, according to Bradley Van Pelt, a shareholder at Banner & Witcoff Ltd.

“You should brainstorm with the inventors and try to predict where the technology is heading and capture that at the time of filing,” he said. “This can give you flexibility to craft valuable claims in continuations.”

Starting with narrower claims in a parent application makes sense because once the examiner allows the parent case, he or she will be more favorable to the child application, where the applicant can present broader claims, according to Van Pelt.

One disadvantage of continuation practice is that examiners are still searching for and may find prior art in a continuation proceeding that was not discovered during the prosecution of the parent application, according to Linda Thayer, a partner at Finnegan Henderson Farabow Garrett & Dunner LLP.

“If the record reflects that this piece of art is potentially relevant, and the continuation contains claims that are closely related to those of the parent, it may cast a cloud over the parent,” she said. “[But] it is still preferable to know about the prior art than not knowing and finding out during litigation that the parent patent is invalid. Finding out during prosecution of a continuation means that the claims of the parent could be amended and strengthened in the continuation.”

Instead of making minor changes to a continuation application, prosecutors may want to draft claims using different language from a parent application so that it would not be as obvious whether art cited in a continuation proceeding brings into question the validity of the parent patent, she said.

While there is some risk involved in pursuing a continuation application, not filing one may be the biggest of all, according to Les Bookoff, a co-founder of patent counseling and prosecution services boutique Bookoff McAndrews PLLC.

“Once the parent case issues, you won’t have the co-pendency requirement for filing a continuation application,” he said. “Years later, when the technology has developed and you could have mined the claims to get something really good, there is not going to be much recourse at that point.”

### **When the Technical Field Is Evolving**

Having a continuation application in the works also can be beneficial for inventors that are still developing their products to determine which features may be the most important and where the market may be trending, according to Hayes.

“Filing a continuation application gives inventors time to see where the industry is headed and what competitors might be working on so that they make sure that they are covering the key features of products as well as features that competitors and other industry players are potentially interested in,” she said.

Oftentimes, when startups are still in the prototype stage with their products, the filing of continuation applications assists them in aligning the patent claims with the products actually on the market, she said.

“When they are doing an original patent application fairly early in the design stage,

companies often through the design process come up with a product that is slightly different or more than slightly different than what they originally started with," she said. "A continuation application gives them an opportunity to develop a product and file claims that more closely match the product that makes it to market."

Another advantage of going through the continuation process is it gives inventors extra time to digest the prior art in the field, according to Hayes.

"After going through the patent office with a parent application, inventors can get a better understanding of the prior art and what others are working on," she said. "In a continuation application, they can tailor their claim set faster and more quickly identify the innovative features that are disclosed in the original patent specification."

Continuation patents can build on inventors' efforts to prevent competitors from simply designing around an invention, according to Bradley Hulbert, a co-founder of IP firm McDonnell Boehnen Hulbert & Berghoff LLP.

"By claiming an invention in different ways, it's harder for a competitor to take the basic idea and design around it," he said. "It adds another stake in the picket fence around your invention."

### **When the Law Is in Flux**

Another instance in which inventors may want to look at continuation applications is when core patent laws and how they are interpreted by authorities are in a state of limbo.

For instance, in *Alice Corp. v. CLS Bank International*, the U.S. Supreme Court in 2014 held that abstract ideas implemented with a computer cannot be patented under Section 101 of the Patent Act, and the decision has been responsible for a wave of software patents being invalidated at the courts and the patent office.

Patent applicants with software claims may want to file continuation applications as the courts and the patent office continue to flesh out what is patent eligible subject matter, according to Hulbert.

"Inventors may want to file continuation applications while they wait to get guidance on how courts want software claims to be constructed," he said. "Inventors can draft claims in different ways, such as by claiming the hardware, input processes or output processes of a software invention. That gives them flexibility once the Federal Circuit gives more guidance. By having different variations of claims, at least some claim subsets may hit the mark in terms of what the Federal Circuit later advises it is looking for."

The option of a continuation application can be helpful in keeping a patent family alive in the face of changing patent laws, according to Thayer.

"With the passage of *Alice*, more patent claims have been found invalid as patent ineligible," she said. "If the patent is a member of an open patent family, and there is sufficient supporting material in the specification, the claims — amended to comply with the most recent guidance — may be able to be refiled in a continuation."

### **When Involved in Patent Litigation**

If a patent owner is currently bringing an infringement suit or its patents are being challenged in a post-grant proceeding at the patent office, it can be advantageous to have a pending continuation application so that related claims can be modified based on what arises in those contentious proceedings.

"It's useful to have a continuation application to be able to come up with claims of different scope and to either capture what the accused product is or avoid prior art references that are discovered in the course of litigation," said Jeffrey Snow, a partner in Pryor Cashman's IP group. "If related claims of similar scope are further examined by the patent office and equally found to be patentable, that's further indication of the strength of the patent [in litigation]."

Having a continuation application increases the value of the patent application or the patent family as a whole and makes the patent or family more attractive to those seeking to litigate, according to Thayer.

"If additional prior art becomes known during litigation or post-grant review, the claims may be amended and the art cited in the continuation application," she said. "The flexibility — and the unknown of what claims may issue in the future from any continuations — is one factor that may weigh in favor of settling when a defendant is faced with an 'open' family."

During prosecution, attorneys must be mindful that claim amendments and arguments made to overcome rejections of a continuation application can be used in litigation of the parent patent as a way to limit the scope of the invention or to argue that the construction of the claims should be relatively narrow, according to Hayes.

"Prosecutors should be cognizant of the potential risks of arguments and claim amendments made throughout the patent portfolio, and they should be consistent in their arguments and responses," she said.

--Editing by Jeremy Barker and Kelly Duncan.

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**“Bill Curbing EDTX Patent Docket  
May Have Legs in Congress”**

**R. Gregory Israelsen**

***Law360***

***March 24, 2016***





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## Bill Curbing EDTX Patent Docket May Have Legs In Congress

By **Ryan Davis**

Law360, New York (March 24, 2016, 3:01 PM ET) -- A Senate bill that would place new restrictions on where patent lawsuits can be filed would effectively shut down the busy patent docket in the Eastern District of Texas and could get enough support to become law, even though broader patent legislation has stalled, attorneys say.

The bill, **introduced March 17**, would restrict patent suits to courts where the defendant has a place of business or is incorporated, or where the patented invention was developed, among other factors.

The bill appears aimed at preventing patent suits from being filed in the Eastern District of Texas, which saw **45.5 percent** of all patent complaints last year. Few accused infringers are based in East Texas and few technologies are developed there, so the rules would be an effective way of shifting patent legislation elsewhere, attorneys say.

"This bill screams, 'We want patent cases out of the Eastern District of Texas.' It all but says that," Baldassare Vinti of Proskauer Rose LLP said. "If it passes, it will have a real effect and real teeth, and the patent community will quickly see an impact."

A **very similar provision** was included in a wide-ranging patent bill that **advanced out of committee** in the House last year, but it has stalled in the months since. A narrowly targeted bill to overhaul venue rules for patent cases could stand a better chance of being enacted, however, since the disproportionate number of cases in Texas has gotten widespread attention, attorneys say.

"It seems like this is the kind of thing Congress can do," Arthur Gollwitzer of Michael Best & Friedrich LLP said. "It's a very simple, four-page bill, and it looks like it would work."

The more comprehensive patent bill in the House, and a similar one in the Senate, include such provisions as raising pleading standards in patent cases and requiring fee-shifting more often. Proponents say the bills are aimed at reducing abusive litigation by nonpracticing entities, but the changes would apply to all patent owners, **sparking concerns** that they could stifle even legitimate patent suits.

The venue bill, in contrast, is aimed narrowly at the subset of nonpracticing entities seeking to use the Eastern District of Texas to their advantage, according to Rudolph Telscher of Harness Dickey & Pierce PLC.

"This venue statute is a very precise piece of legislation that would be effective at curbing abuse," he said. "Why bite off more than we can chew?"

## Eyes on East Texas

The Senate bill, known as the "Venue Equity and Non-Uniformity Elimination Act" or VENUE Act, S.2733, was introduced by Sen. Jeff Flake, R-Ariz., at a time when the sheer volume of patent suits in the Eastern District of Texas has come under increasing scrutiny.

Earlier this month, the Federal Circuit **heard oral arguments** in a case where TC Heartland LLC is asking the court to change patent venue rules, which currently allow plaintiffs to file suit in any district where the accused infringer makes sales, to allow suits only where the defendant is incorporated or has an established place of business.

Major companies including Google Inc. have filed **amicus briefs** saying the case, which does not actually involve the Eastern District of Texas, is an ideal opportunity to stem the tide of cases flowing into a court that is perceived to be friendly to plaintiffs and is a favored venue for nonpracticing entities.

However, the judges on the Federal Circuit appear wary of overhauling venue rules themselves.

"Boy, doesn't this feel like something a legislature should do rather than something we should be asked to do?" Circuit Judge Kimberly Moore said at the arguments in the TC Heartland case.

It may be a coincidence that Flake introduced his venue bill in the Senate less than a week after she said that, but the measure indicates that Congress is willing to take on the issue if the Federal Circuit decides to maintain the current rules.

The bill appears also to have some support in the House of Representatives. Politico reported Wednesday that Rep. Bob Goodlatte, R-Va., the chairman of the House Judiciary Committee, said in a recently recorded C-SPAN interview that he is open to taking up a patent venue bill like Flake's in his committee. Goodlatte said that his preference is for a more comprehensive patent bill but that a narrow measure limiting venue is "certainly a possibility."

However, the publication reported Thursday that Rep. Darrell Issa, R-Calif., a vocal proponent of congressional action on abusive patent litigation, said he would prefer to pass a wide-ranging bill addressing the issue, rather than a venue-only bill focused on "just one, relatively easy portion of it."

## Proposed New Rules

Efforts to tighten the venue rules and reduce the number of patent suits in the Eastern District of Texas would be welcomed by many attorneys and major companies, Telscher said.

"It's very illogical to have the largest number of patent suits in the Eastern District of Texas, which is not a major technology center," he said. "It's not even a big area."

Most patent cases have no rational reason for being heard in the district, a collection of small cities about 100 miles east of Dallas, Telscher said. Most accused infringers have minimal contact to the area and many nonpracticing entities buy patents developed elsewhere and just set up shop in East Texas.

The new bill seeks to address that issue by focusing on physical facilities for establishing venue. It allows suits to be filed where the accused infringer has its principal place of business or is incorporated, or has a facility that gives rise to infringement. It also permits suits where the inventor engaged in research and development or the patent owner

manufactures products embodying the invention. If those places are not in East Texas, the suit would have to be filed elsewhere.

"It seems likely that the bill as currently written would limit the number of patent cases filed in the Eastern District of Texas," R. Gregory Israelsen of Banner & Witcoff Ltd. said.

He cautioned that there could be unintended consequences to the bill, which allows suits to be filed where a defendant is incorporated. Since so many companies are incorporated in Delaware, that state might simply replace Texas in hearing the lion's share of patent cases, he said.

"If venue is an issue that most people can agree on, then it seems like the bill might have a better chance," Israelsen said. However, it remains to be seen whether lawmakers will agree that the venue rule should be changed or how to change it, and it may be difficult to reach a consensus, he said.

The bill would provide more venue options than would be available if the Federal Circuit adopted TC Heartland's position, which would allow suits to be filed only where the accused infringer is incorporated or has an established place of business. The bill's rules allowing suits where the patented invention was developed are "more even-handed," Gollwitzer said, benefiting individual inventors and only restricting licensing entities that purchase patents years later.

"The man or woman who invents something in their garage still gets to file suit in their home court," he said.

Leonard Davis of Fish & Richardson PC, the former chief judge of the Eastern District of Texas, said that there are advantages for litigants to having patent cases in court that hears a large number of them. The district is part of a pilot program aimed at enhancing the expertise of judges who handle patent cases, and it has been "a great success story in that area," Judge Davis said.

"We'll see what happens with the bill, but I'd be surprised if Congress stepped in and did something so contrary to long-settled law and the policy reasons they have articulated in having the patent pilot program," he said.

However, many litigants feel that it would be better for patent law to no longer have so many cases in one court, Telscher said.

"The judges in the Eastern District of Texas are smart people and they know the law, but that doesn't make it fair for everyone to be hauled into a jurisdiction that really has no connection to the lawsuit," he said.

--Editing by Jeremy Barker and Emily Kokoll.



**“PTAB Told ‘Disturbing’ AIA  
Decision Ignored Invalidity Case”**

**Christopher L. McKee**

***Law360***

***March 29, 2016***



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## PTAB Told ‘Disturbing’ AIA Decision Ignored Invalidity Case

By **Ryan Davis**

Law360, New York (March 29, 2016, 6:56 PM ET) -- A Patent Trial and Appeal Board decision not to institute inter partes review of a raccoon trap patent gave too much deference to the examiner’s decision to issue the patent and showed “disturbing” disregard for the petition’s invalidity arguments, counsel for the petitioner has argued.

Neil Ziegman NPZ Inc. on Friday filed a request for rehearing of a Feb. 24 PTAB decision denying a petition for inter partes review under the America Invents Act of inventor Carlis Stephens’ patent on a trap for efficiently restraining animals like raccoons, which Ziegman has been accused of infringing.

The PTAB said that the same prior art reference raised by Ziegman was considered by the examiner when Stephens prosecuted the patent at the U.S. Patent and Trademark Office, so the board decided to exercise its discretion not to institute a review.

Ziegman argued in the request for rehearing that the board improperly based its analysis simply on whether the same prior art was considered during examination, rather than the evidence of invalidity presented in the petition.

“By simply relying on whether or not petitioners’ prior art and arguments are the same or substantially the same to those presented to the office during examination, without considering the merits of such prior art and arguments, the board lacks a sufficient basis to decide whether denial of a petition is proper,” the request said.

The company requested that the case be reheard by an expanded panel to address the important issue of the extent to which the board has discretion to deny institution of inter partes reviews.

Christopher McKee of Banner & Witcoff Ltd., an attorney for Ziegman, said in an interview Tuesday that “this case is extreme because the board didn’t look at the merits at all.”

“That’s what’s really disturbing,” he said. “In the exercise of the board’s discretion not to institute review, a consideration of the merits should come in.”

Under the AIA, the board can reject a petition because the same or substantially the same prior art or arguments had previously been “presented to the office.”

McKee said that while the board had previously interpreted that provision to mean that inter partes review petitions that present the same arguments as earlier petitions for inter partes review or re-examinations can be rejected, this case marked the first time the board held that the same is true of petitions that raise issues addressed during

prosecution.

McKee said he was concerned that the board appeared to have rejected the petition due to concerns about its workload, since it wrote that the proceeding "will devolve into a resource-consuming dispute" about issues the examiner considered in prosecution.

"Certainly the board has discretion to deny institution, but this decision seems to extend it too far as a docket control measure," he said. "Petitioners invest a lot of money and resources to file petitions and they hope it's going to be given fair consideration. Certainly the office should not be hesitant to question whether the decision made by the examiner in prosecution was in error."

The board said in its decision that the petition "asks the board to, essentially, second-guess the office's previous decision on substantially the same issue," which it declined to do.

Ziegman disputed that the issues it raised were the same as those considering during prosecution, saying that it had presented "new arguments that establish new factual and legal bases of invalidity of the claims and demonstrate factual and legal errors in the prior examination of the application."

If allowed to stand, the board's decision would effectively require petitions in inter partes reviews to present a substantial new question of patentability, McKee said. That standard was used in the old reexamination system, but was replaced by inter partes review, which requires petitioners to show a likelihood of prevailing.

Stephens sued Ziegman and many others over the patent last year in the Eastern District of Missouri, accusing the defendants of selling infringing raccoon traps.

An attorney for Stephens declined to comment on the rehearing request Tuesday.

The patent at issue is U.S. Patent Number 8,881,447.

Ziegman is represented by Jeffrey Harty and Glenn Johnson of Nyemaster Goode PC and Christopher McKee of Banner & Witcoff Ltd.

Stephens is represented by Edward Robinson and Patrick Delaney of Ditthavong & Steiner PC.

The case is Neil Ziegman NPZ Inc. v. Carlis Stephens, case number IPR2015-01860, before the Patent Trial and Appeal Board.

--Editing by Rebecca Flanagan.

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**“Justices’ Enhanced Damages Ruling  
Gives Patents More Teeth”**

**Matthew P. Becker**

***Law360***

***June 13, 2016***

## Justices' Enhanced Damages Ruling Gives Patents More Teeth

By **Ryan Davis**

Law360, New York (June 13, 2016, 9:01 PM ET) -- The U.S. Supreme Court's decision Monday casting aside a strict test for securing enhanced damages in patent cases clears the way for patentees to recover big damages more frequently and exert greater leverage over accused infringers in settlement talks, attorneys say.



After a string of recent U.S. Supreme Court rulings in cases involving patent eligibility and other issues that have been widely viewed as making it more difficult to enforce patents, Monday's decision strengthens patent owners' hand, attorneys say. (Credit: Law360)

The justices unanimously held that the Federal Circuit had wrongly set a high bar for patent owners to clear to show their entitlement to triple damages. The Patent Act imposes no such requirements, the high court ruled, and district judges have broad discretion to determine when enhanced damages are warranted.

After a string of recent Supreme Court rulings in cases involving patent eligibility and other issues that have been widely viewed as making it more difficult to enforce patents, Monday's decision strengthens patent owners' hand, attorneys say.

"The decisions over the last few years appeared to have cut back on patent rights in some respects," said Erik Paul Belt of McCarter & English LLP. "This a case that I think is very pro-patent and gives patent owners more tools with which to enforce patents and make sure companies that are competitors are not pirating their technology."

By making it more likely that a judge could order a defendant to pay triple damages, the decision boosts the position of patent owners when negotiating settlements, since it makes the worst-case scenario for accused infringers even worse, said Michael Sacksteder of Fenwick & West LLP.



"It's certainly reasonable to conclude that if the worst thing that can happen is three times worse than it used to be, more accused infringers are going to be trying to get out earlier," Sacksteder said.

While throwing out the Federal Circuit's standard as "unduly rigid," the Supreme Court did not give district judges a free hand to award patent owners triple damages, holding that such awards are appropriate only in "egregious cases of misconduct beyond typical infringement."

"The sort of conduct warranting enhanced damages has been variously described in our cases as willful, wanton, malicious, bad-faith, deliberate, consciously wrongful, flagrant or — indeed — characteristic of a pirate," the justices wrote.

That means that while it will now be less challenging for patent owners to show they are entitled to enhanced damages, it still won't be easy, attorneys say.

"On balance, the court relaxed the requirements for enhanced damages, but it wasn't a clear-cut victory for patentees," said Michael Hawes of Baker Botts LLP.

In a **2007 decision** known as *Seagate*, the Federal Circuit had ruled that enhanced damages could be awarded only when a court found infringement to be willful, and set a two-part test that patent owners must meet to prove that. They needed to show first there was a high likelihood that the infringer's actions constituted infringement, then that the infringer knew of that risk.

In **Monday's decision**, involving unrelated cases where Halo Electronics Inc. and Stryker Corp. lost their bids for enhanced damages for failing to meet the *Seagate* standard, the Supreme Court concluded there is no basis in the Patent Act for the requirements established by the *Seagate* test.

The statute states only that "the court may increase the damages up to three times the amount found or assessed," and that language "permits district courts to exercise their discretion in a manner free from the inelastic constraints of the *Seagate* test," Chief Justice John Roberts wrote for the high court.

One major problem with the Federal Circuit's standard, he wrote, was that it meant that an accused infringer who could present a reasonable defense at trial, even unsuccessfully, could not be found liable for enhanced damages.

The *Seagate* test thus improperly allowed a person who willfully infringed a patent to escape enhanced damages "solely on the strength of his attorney's ingenuity," the chief justice wrote. The focus of the inquiry should be on what the accused infringer knew at the time of the infringement, rather than on the defense later presented at trial, he said.

That marks a significant shift from how courts had been evaluating cases, where reasonable defenses by accused infringers could defeat a claim for enhanced damages, according to Hawes.

"We won't have trial defenses saving defendants who would otherwise be in trouble, and that's what was happening under *Seagate*," Hawes said.

In addition to discarding the *Seagate* test, the Supreme Court held that enhanced damages awards need not be proven by clear and convincing evidence, as the Federal Circuit held, but only by a preponderance of the evidence.

Further, such awards by district courts should be reviewed on appeal for abuse of discretion, rather than the complicated three-part standard of review set by the Federal

Circuit, the justices ruled.

Taken together, the changes imposed by the Supreme Court could make judges more inclined to award enhanced damages than they had been before, attorneys say.

"District court judges who were perhaps outraged by an infringer's behavior, but uncomfortable about meeting the Seagate test may be more comfortable under the new Halo standard," said Douglas Nemec of Skadden Arps Slate Meagher & Flom LLP.

Even so, the high court's insistence that triple damages are appropriate only in severe cases of infringement, highlighted by Chief Justice Roberts' strong language about pirates and a concurrence by Justice Stephen Breyer reiterating that point, likely means that such awards will continue to be rare, attorneys say.

"The question is whether the floodgates will open to a lot of awards of enhanced damages," said Matthew Becker of Banner & Witcoff Ltd. "The Supreme Court was pretty clear that you shouldn't expect to get enhanced damages in a run-of-the-mill patent case. It should be reserved for egregious misconduct."

As in other recent cases where the Supreme Court has discarded Federal Circuit tests it deemed overly rigid, the justices did not replace the Seagate standard with any specific rules. Instead, it assigned more discretion to district court judges, with the caveat the enhanced damages should be limited to egregious cases.

That means district courts and the Federal Circuit will have to grapple with what precisely makes patent infringement egregious and worthy of enhanced damages for the foreseeable future.

Regardless of whether one thought it was legally correct, Seagate "had the benefit of clarity," and the issue of enhanced damages is now more nebulous, according to Sacksteder.

Limiting enhanced damages to "egregious cases of misconduct beyond typical infringement" is "not a very clear standard at this time," Sacksteder said. "Over the years, the district courts and the Federal Circuit are going to have to figure out what it means by applying it to the facts of specific cases."

By relaxing the rigid Seagate test and making sizable damages awards a more realistic possibility, the Supreme Court's decision could have a deterrent effect on patent infringement, since the risk of triple damages could make companies think twice before infringing, according to Belt.

Companies that may have previously infringed a patent thinking there was less of a risk might now instead decide to create something new and get their own patent, and "that's a very good thing for the country," Belt said.

"If a goal of the patent system is to reduce litigation, one way to do it is to make patent rights stronger so would-be infringers are more careful in the future," he said.

The cases are Stryker Corp. v. Zimmer Inc., case number 14-1520, and Halo Electronics Inc. v. Pulse Electronics Inc. et al., case number 14-1513, in the Supreme Court of the United States.

--Editing by Katherine Rautenberg and Edrienne Su. Photo by Jimmy Hoover.



**"Attys React to High Court's  
Copyright Attys' Fees Ruling"**

**Rajit Kapur**

***Law360***

***June 17, 2016***

## Attys React To High Court's Copyright Attys' Fees Ruling

Law360, New York (June 17, 2016, 11:00 AM ET) -- The U.S. Supreme Court Thursday decided in *Kirtsaeng v. John Wiley & Sons* that to determine the award of attorneys' fees to successful copyright litigants a heavy emphasis should be placed on whether the case is "objectively unreasonable." Here, attorneys tell Law360 why the decision is significant.

### Peter Afrasiabi, One LLP



"This decision is a practical decision with useful guidance for litigants and trial judges in the copyright trenches. By making clear that the fee balancing test must account primarily for the reasonableness of the litigation stance, and by eliminating discretion for trial judges to consider the precedential impact of their decisions within the world of copyright, this opinion ultimately makes settlement more likely in a whole range of copyright cases. A plaintiff with a clear infringement case where there is no real defense will secure fees and a defendant with no defense will pay them. This encourages early settlement. Importantly, although not stated in the decision, it is in fact a vindication of the Ninth Circuit, because the Supreme Court's mandate to focus on reasonableness primarily is how the courts in the Ninth Circuit had evolved since *Fogerty* anyway."

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### John G. Bisbikis, Lathrop & Gage LLP



"This case is significant because having a 'reasonable defense' to an infringement claim or bringing a 'reasonable claim' of infringement is not enough to avoid an award of fees in a copyright case. District courts must also consider other 'relevant factors.' For example, if a court finds there has been litigation misconduct or overaggressive assertions of infringement claims, it may award attorneys' fees against a losing party, regardless of the reasonableness of its claims or defenses. This cautions parties to act reasonably throughout the course of litigation to avoid having their conduct be used against them when a district court decides whether to award fees."

**Jason Bloom, Haynes and Boone LLP**



"The court's decision does not appear to substantially modify the law in the Second Circuit, but it will likely modify the application of it by causing lower courts to give serious consideration to factors other than the (un)reasonableness of the losing party's position rather than considering reasonableness to be dispositive of the issue. Although *Kirtsaeng* involved a fee request by a defendant, the Supreme Court has reaffirmed that courts should apply the same consideration when awarding fees to prevailing plaintiffs and defendants. Thus, in those jurisdictions where fees are routinely awarded to prevailing plaintiffs in copyright cases with little consideration for the reasonableness of the defendant's position, courts will now have to take a different approach, and may end up awarding fees to prevailing plaintiffs less routinely. That being said, the Supreme Court has still left lower courts very broad discretion in deciding whether to award fees to prevailing parties in copyright cases."

**Lee Brenner, Kelley Drye & Warren LLP**



"To the extent that there was any confusion among the district courts across the nation about how they should exercise their broad discretion in making attorneys' fees award decisions in copyright cases, there is more clarity now. And for parties, it provides even more clarity and predictability in assessing risks that they will be hit with an attorney's fees award. In reviewing the Supreme Court's opinion, it is clear that the chances that Wiley will be hit with having to pay the other side's attorneys' fees are just about nil. In making its decision, the district court already went through all of the appropriate factors that the Supreme Court identified today, laid out its reasoning in great detail, and determined that Wiley was not required to pay the other party's attorneys' fees. There is no reason to think that the district court will reach a different conclusion now, and the Supreme Court explicitly mentioned that it was not intimating that Wiley should pay its opponent's fees."

**Dale Cendali, Kirkland & Ellis LLP**



"The Supreme Court in Wiley clarified the test for fee awards in copyright cases by endorsing Wiley's position that an objectively reasonable test is more in keeping with the purposes of copyright law over Kirtsaeng's argument in favor of rewarding those who attempt to advance changes to the law. The court also noted that an objectively reasonable approach would be easier for a court to administer as it relates more closely to the merits of the case. But the court also noted that while substantial weight should be given to this factor, other consideration case be taken into account as well, such as litigation misconduct. As a practical matter, the decision aids copyright lawyers as it gives nationwide clarity as to the appropriate test. It also should give comfort to lawyers and their clients that they should not be at risk of a fee-shifting award if they are taking reasonable positions based on existing law and do not otherwise engage in some form of litigation misconduct. Also, the court took pains to note the test applied to both plaintiffs and defendants."

**Michelle Ciotola, Cantor Colburn LLP**



"In ruling that a court should give 'substantial weight to the objective reasonableness of the losing party's position,' Kirtsaeng gives a level of certainty to copyright holders and encourages cases which will settle significant and uncertain issues of copyright law. The 'objective reasonableness approach' serves to 'encourage parties to stand on their rights' but still acts as a deterrent to those with weak claims. The Supreme Court strikes a balance between two competing aims of the Copyright Act — encouraging and rewarding authors' creations, and allowing others to build on that work."

**Craig J. Cox, Bell Nunnally & Martin LLP**



"In Kirtsaeng, the Supreme Court gives more latitude to trial courts when deciding whether to award attorneys' fees under the Copyright Act. The court found that the objective reasonableness of the losing parties arguments should carry significant weight when deciding when to awarding fees, however, it cannot be the controlling factor. Courts may consider other circumstances, including litigation misconduct, repeated infringement, or overaggressive assertion of claims when determining whether to award fees. Copyright litigants, therefore, must look beyond the reasonableness of legal arguments and consider conduct as a whole when assessing the risk or reward of an award of legal fees."

**Linda Friedman, Bradley Arant Boult Cummings LLP**



"It is somewhat surprising that the Supreme Court rejects consideration of whether the suit clarified the law by resolving an important and close legal issue. Mr. Kirtsaeng incurred over \$2 million in fees to successfully defend himself against infringement claims based on reselling books he had purchased abroad. The 2013 decision resolved a conflict among the circuits, but Kirtsaeng may never recoup any fees. Otherwise, the court's decision in *Kirtsaeng v Wiley & Sons* is not surprising or particularly new, in its affirmation of the trial court's wide discretion in deciding whether to award attorneys' fees."

**Harvey Geller, Carlton Fields**



"While Congress provided in 17 U.S.C. Section 505 that a court may award reasonable attorneys' fees to the prevailing party in a copyright litigation, the factors to be considered by that court in deciding whether an award is appropriate have always been rather malleable, thus creating a rather murky area of the law. This has led to inconsistency in fee awards. But the one serious factor that seemed to find the most support was that if the losing party's position was objectively reasonable then an award of fees was not appropriate. Today's decision in *Kirtsaeng* weakens that factor by allowing an award even when the losing party's position was found to be objectively reasonable. Thus, rather than clarifying the discretion that judges may exercise in determining fee awards, the decision actually makes that discretion even more discretionary."

**Joseph Grasser, Squire Patton Boggs LLP**



"*Kirtsaeng* ostensibly clarifies how district courts determine whether to award attorneys' fees under the Copyright Act. In reality, the court followed its recent trend in patent cases of eschewing clear tests and imbuing district courts with greater discretion. A district court must put 'substantial weight' into the objective reasonableness of the parties' positions. No longer should all factors be treated equally. At the same time, the prevailing party is not presumed entitled to fees, nor is the 'objective reasonableness' factor dispositive. The court has therefore increased district court discretion such that a court has the discretion to award fees even where the losing party's position was reasonable and vice-versa."

**Michael D. Hobbs Jr., Troutman Sanders LLP**





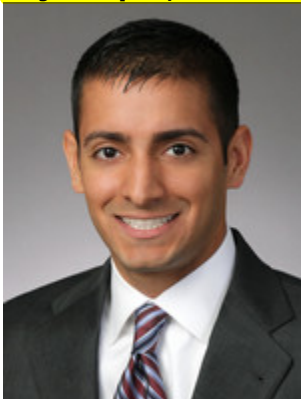
"Ultimately, the court confirmed that over 200 years of jurisprudence under the American legal system applies to the Copyright Act and its fee shifting provisions. Unless a party brings or defends an unreasonable case or commits misconduct, each party should bear its own legal fees. We simply don't have a loser-pays British model. I think this should give some comfort to parties to a copyright case that unless they litigate an objectively unreasonable case or litigate in bad faith, even if they lose the decision, they shouldn't also have to pay the prevailing parties' fees."

**Judy Jennison, Perkins Coie LLP**



"The Supreme Court has clarified the standard for awarding attorneys' fees in copyright cases. The district court must consider whether the losing party's legal position was objectively reasonable or unreasonable. But reasonableness alone is not dispositive. District courts must also consider other factors that could outweigh objective reasonableness, such as litigation misconduct, repeated infringements or multiple overly aggressive filings. The decision provides needed clarity, but is not a huge departure from existing standards. Fee awards are unlikely to either increase or decrease significantly as a result."

**Rajit Kapur, Banner & Witcoff Ltd.**



"In ruling that it is appropriate for a court to give substantial weight to the reasonableness of the losing party's position when deciding whether to award attorneys' fees as long as 'all other relevant factors' are taken into account, the court's decision seems consistent with its approach to fee awards in other types of IP cases, including Monday's ruling in Halo concerning fee awards in patent cases. In particular, as in Halo, the court's decision in Kirtsaeng elevates the discretion of a trial court over hard and fast rules that would otherwise limit discretion in deciding issues related to fee awards. Going forward, it may be more difficult for litigants to predict whether fees will be awarded in a particular case, however, because courts will have more discretion in taking additional considerations into account."

**Jeff Kobulnick, Brutzkus Gubner Rozansky Seror Weber LLP**



"The court's ruling today is not inconsistent with precedent in other areas of law when it comes to attorneys' fees awards, typically predicated on a losing party's unreasonable conduct. Still, this does raise a question of whether parties like Kirtsaeng who may have the stronger legal position in copyright cases may now be more reluctant to incur the great expense — here, over \$2 million — associated with proving their case. This case suggests that if a case is a 'close call' warranting an ultimate decision by the Supreme Court neither party should expect to recover its attorneys' fees and costs, which as a practical matter may yield unintended results that are inconsistent with the cited objectives of the Act."

**Edwin Komen, Sheppard Mullin Richter & Hampton LLP**



"The Supreme Court's decision in Kirtsaeng, affirming the importance of the 'objective reasonableness' approach in awarding attorneys' fees in a copyright action, is significant in at least four respects. First, the decision was unanimous, something exceptionally rare in Supreme Court IP jurisprudence. We can, thus, discern that the Supreme Court really means what it says. Second, by deciding a case dealing primarily with a statutory remedy — in this case attorneys' fees — the Supreme Court is acknowledging the importance of the remedy as a tool in encouraging meritorious copyright claims and defenses. Without access to attorneys' fees, most copyright infringements would not be worth pursuing. Conversely, most defendants would be discouraged from standing firm against purely

frivolous claims. Third, and flowing from the second, the court emphasizes the need for evenhandedness and predictability. Accordingly, the 'objective reasonableness' of a claim or defense should be given substantial weight in assessing entitlement to an attorneys' fee award. Such standard encourages both parties to carefully weigh the merits of their respective claims and defenses before committing to potentially protracted and costly litigation. Fourth, although 'objective reasonableness' should be given 'substantial' weight, it should not be considered 'dispositive.' Other factors may also have a bearing including those enunciated by the court in *Fogerty v. Fantasy, Inc.*, including frivolousness, motivation and the need to advance considerations of compensation and deterrence."

**David Leichtman, Robins Kaplan LLP**



"[Volunteer Lawyers for the Arts] is gratified that the Supreme Court did not add a separate factor that would favor the prevailing party's position where it advances the purposes of the Copyright Act by winning a close case or setting new precedent. In rejecting that standard proposed by the petitioner, the Supreme Court said that the benefit of adding it as a new factor was 'entirely speculative.' Instead, the court agreed with VLA's and Respondents' positions that a district court should give substantial weight to the objective reasonableness of the losing party's position, rather than the merits of the winning party's position, while still taking into account the totality of the circumstances."

**Aaron Moss, Greenberg Glusker Fields Claman & Machtinger LLP**



"This opinion offers a little something for everyone — the court has clarified that plaintiffs can be awarded fees even when a defendant's position is objectively reasonable, but defendants can take solace in the fact that their objective reasonableness will be awarded substantial weight. I predict that, overall, the ruling is likely to help defendants more than plaintiffs. This is especially true in cases that often involve gray areas, like fair use."

**R. Gregory Parker, Bass Berry & Sims PLC**



"The Supreme Court's decision in *Kirtsaeng* adopts an 'objective-reasonableness approach' to Section 505 of the Copyright Act and resolves disagreement in the lower courts about how to address an application for attorneys' fees in a copyright case. Going forward, courts must give substantial weight to the reasonableness of the losing party's position. While courts must also consider a range of factors beyond the reasonableness of litigation positions, the key question is whether the losing party advanced an objectively reasonable claim or defense. The answer to that question more often than not will be outcome determinative on whether to award fees."

**Glenn Pudelka, Locke Lord LLP**



"Today's decision is significant in that it provides more certainty and clarity to the risks involved by a party in a copyright infringement case. Where the threat of an award of attorneys' fees and costs may deter a party from bringing or fighting an infringement action, today's decision provides some guidance to a party that reasonably believes that its position is justified under the Copyright Act. The holding that courts should give 'substantial weight' to the 'objective reasonableness' will better define a party's risk in cases where the law is unclear or unsettled."

**Paul Reilly, Baker Botts LLP**



“The Supreme Court decision in *Kirtsaeng* cleared up what had been viewed as a circuit split on the application of the standard for awarding attorneys’ fees in copyright litigations. The court generally sided with the Second Circuit in holding that substantial weight should be given to the objective reasonableness of the losing party’s position, but that it is not controlling and the district courts should also take into account all other relevant factors; as a result, the court vacated the decision below so that the district court could take another look at the fee issue in light of its holding.”

**Peter S. Sloane, Leason Ellis LLP**



“The *Kirtsaeng* decision should not have much impact on copyright litigation. It did not change the standard for awarding attorneys’ fees in as much as the Supreme Court previously held that district courts must consider several nonexclusive facts including objective unreasonableness. In *Kirtsaeng*, the court merely clarified that district courts should give ‘heavy emphasis’ or ‘substantial weight’ to the ‘objective unreasonableness’ of the losing party’s position while still taking into account all other relevant factors, but there was not much in the way of evidence that district courts were doing otherwise. As the prevailing party, *Kirtsaeng*’s argument that special consideration should be given as to whether a lawsuit ‘meaningfully clarified copyright law’ seemed to come out of left field and was rightly shot down by the court.”

**Janice Ta, Vinson & Elkins LLP**



“With *Octane Fitness*, *Highmark*, and the recent *Halo* decision, the Supreme Court has shown an interest in providing more guidance on fee shifting. Where the Federal Circuit has preferred bright-line rules, the Supreme Court has opted for flexible tests, giving the district courts a bit more discretion to consider factors such as litigation misconduct, degree of willfulness, and the broader purposes of rewarding innovation. The *Kirtsaeng* decision holds that objective reasonableness should be one measuring stick for awarding attorneys’ fees in copyright cases – but it’s not the ‘controlling factor.’ This is consistent with the court’s rulings in *Octane Fitness* and *Halo*. While the decision is not that surprising, it will likely lead to even more appeals on attorneys’ fees issues.”

**Bruce Turkle, Phillips Nizer LLP**



"The court took a correct and fairly practical approach in rejecting Kirtsaeng's position that special consideration be given to whether a suit resolved an important and close legal issue. The court understood that such an approach is less 'administrable' because the trial judge does not know whether a newly decided issue might ultimately prove to be of legal significance. The court was on target in recognizing this as something a judge could know only in retrospect."

**Bryan Wheelock, Harness Dickey & Pierce**



"Today's Supreme Court decision in Kirtsaeng, denying attorneys' fees to Kirtsaeng in his successful defense of a copyright infringement claim by Wiley, properly focuses like a lens the coercive effect of an attorneys' fee award. Both copyright owners and accused infringers can litigate reasonable positions without minimal risk of a fee award if they turn out to be wrong, while the cost of successfully battling an unreasonable position will likely be shifted to the party who took that unreasonable position."

**Jennifer Zourigui, Ingram Yuzek Gainen Carroll & Bertolotti LLP**



"The Supreme Court's ruling in Kirtsaeng gives substantial weight to the 'objective reasonableness' of a losing party's position in a copyright case as an important factor in

assessing fee applications, but also requires district courts to consider other factors. The emphasis on whether a losing plaintiff's case was 'objectively unreasonable' will likely bring some modicum of comfort to copyright plaintiffs who might otherwise have been deterred from bringing potentially meritorious cases that are on the cusp of copyright law and where the lawsuit itself may be essential to test and set the boundaries of copyright law." The U.S. Supreme Court Thursday decided in *Kirtsaeng v. John Wiley & Sons* that to determine the award of attorneys' fees to successful copyright litigants a heavy emphasis should be placed on whether the case is "objectively unreasonable." Here, attorneys tell Law360 why the decision is significant.

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**“Pokemon No Go: How Lawyers Are  
Spoiling the Fun With the World’s  
Latest Craze”**

**Ross A. Dannenberg**

***Law360***

***July 22, 2016***



## Pokemon No Go: How Lawyers Are Spoiling The Fun With The World's Latest Craze

By Ed Beeson

Law360, New York (July 22, 2016, 6:39 PM EDT) --



Exeggcute, a Pokemon, is found by a "Pokemon Go" player at Bayfront Park in downtown Miami. The "Pokemon Go" craze has sent legions of players hiking around cities and battling with "pocket " on their smartphones. (Credit: AP)

At 37, Judge Ryan Patrick counts himself as likely the youngest of the hundreds of jurists who preside over Texas' state district courts. Like many in his generation, the elected Republican judge is active on Facebook, Twitter and Instagram. He also knows, to paraphrase U.S. Supreme Court Justice Potter Stewart, "Pokemon Go" when he sees it.

"Ugh!" the judge wrote on Twitter on Tuesday morning. "A Pokemon was just captured on the defense table in my courtroom, by a defense atty. Not kidding."

Minutes earlier, the judge had heard from a bailiff that a defense attorney had been showing off the smash hit "Pokemon Go" when she spotted on her smartphone one of the little virtual monsters players have to catch bouncing around his courtroom. She flicked a virtual Pokeball its way and caught it. After that, a bemused Judge Patrick sent his tweet and called court into session, he recounted in an interview later Tuesday.

As he was working his way through his criminal docket, people on Twitter began chiming in with questions. What type of Pokemon was it? Was it a Pikachu? Who will defend it?

"Was there a fist pump?" one user asked.

"No," Judge Patrick later replied.

Four hours later, the judge returned to Twitter with a new message. "There is more in the courthouse than just Pokemon sightings. Click to find out more!" The link led to a button to sign up for email updates from Judge Patrick, who is running for re-election in the fall.



Ryan Patrick 🇺🇸  
@ryanpatrick177

Follow

Ugh! A Pokémon was just captured on the defense table in my courtroom, by a defense atty. Not kidding.

9:22 AM - 19 Jul 2016

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For anyone who's been paying attention to the news these days, it should be pretty clear what happened in Judge Patrick's courtroom and Twitter feed. "Pokemon Go," that smartphone app that took pop culture by storm just a couple weeks ago, has invaded the judiciary as well, showing that even a most serious-minded profession can be susceptible to an unshakable urge to catch 'em all.

But lawyers are more than just playing along. Soon after "Pokemon Go" was released for public consumption, stories about people falling off cliffs, getting mugged and causing auto accidents began coursing through social media, raising a host of legal questions that lawyers are eager to address.

Who's responsible if bystanders get hurt by people chasing Pokemon? What rights does a property owner have if a rare Vaporeon appears on their land? If a pizza joint uses one of the game's lures to attract Pokemon inside its restaurant, could it face a legal headache if it doesn't have a ramp for wheelchair access? And what exactly are the makers of this game doing with all the data they're collecting from people as they hunt Pokemon?

Even if "Pokemon Go" proves to be a passing summer fad, many of these questions will remain ones to answer. That's because this game, arguably the world's most successful experiment with augmented reality, is also a herald of things to come. Unlike virtual reality, which requires users to strap on headsets for a totally immersive — and sometimes nausea-inducing — experience, augmented reality and its more-evolved cousin "mixed reality" are capable of overlaying virtual sights and sounds onto scenes of real life. "Pokemon Go," for example, accomplishes this by using a smartphone's camera, display screen and GPS capabilities to bring to life the beloved monster-catching game of the 1990s. But soon even more sophisticated technology will reach consumers' hands.

## What Exactly Is "Pokemon Go"?

On the most basic level, it is a smartphone game that takes a beloved franchise from the 1990s and dusts it off for a new generation. The game essentially is the same as it ever was, in that players go exploring the wide world for cute little Pokemon creatures that they can train into fearsome warriors.

**But there are a few big differences:** While the original "Pokemon" was a smash hit among the preteen set, there may be no comparison to "Pokemon Go." The free-to-play game, which was released on July 6 in the U.S., quickly became one of the most downloaded apps in history, with more than 30 million downloads in two weeks, according to the consulting firm Sensor Tower. And that's without counting countries where "Pokemon Go" has just launched, including its ancestral home of Japan.



All the excitement means not just good times for obsessed fans. It also promises a bonanza for companies that can cash in on things like in-app purchases and cross-promotions. Sensor Tower estimates that "Pokemon Go" made \$35 million in net revenue during its first two weeks.

**Why is "Pokemon Go" different?** In a phrase, augmented reality. Unlike traditional games, "Pokemon Go" forces players to get out and explore their surroundings, albeit while hunched over and staring at their smartphone screens. The game uses smartphones' GPS capabilities to direct players to spots around the real world, where they collect items and capture monsters using their phone's camera and a flick of their fingers across their phone's screen.

In September, Lenovo, the Chinese computer manufacturer, will release the Phab2 Pro, billed as the world's first smartphone powered by Google's sophisticated new augmented reality software called Tango. Down the road, Microsoft Corp. will launch its HoloLens headset, which generates holograms that can be used in a wide array of work and entertainment applications. Then there is Magic Leap, a much buzzed-about startup that's developing a lens-shaped device that has been wowing tech giants from Google to Alibaba with its apparent ability to seamlessly blend a virtual world with the real one.

Even if these developments go the way of Google Glass, the once-buzzy but later-ridiculed attempt at augmented eyewear, the potential applications of augmented reality could take it from niche to everyday, experts say. Car windscreens may eventually become capable of displaying information about upcoming hazards or giving driving directions. Surgeons may be able to guide operations from far-away locations through the use of AR-enhanced goggles. Even lawyers may find use for augmented reality, playing back, for example, a car crash so that jurors can see with their

own eyes who was at fault.

But what happens when behind the wheel of the car in that crash, the driver was distracted by a hunt for a long-sought Charmander?

### **Pokemon and Drive**

One of the most remarkable things about "Pokemon Go" has been its transformation of the sedentary act of playing a video game into an active one. Parks, sidewalks, museums and other public spaces have been overrun with people young and old hunched over their phones and following GPS-enabled directions to new Pokemon, Pokestops and virtual gyms.

It didn't take long for police and fire departments to issue warnings that people need to be safe and alert and **abide by the law** as they play "Pokemon Go." It also didn't take long for accidents to start happening. On Wednesday, footage from a Baltimore police officer's body camera began making the rounds on the internet because it showed an SUV smashing into the back of a parked police cruiser. When the errant driver stepped out of his vehicle down the block, he showed the cop his smartphone screen and its display of the telltale "Pokemon Go" game.

**It's only a matter of time before a lawsuit is filed against Nintendo for an injury associated with "Pokemon Go."**

**— Ross Dannenberg, lawyer and patent blogger**

Local governments have also cracked down. On Tuesday, the city council in Newnan, Georgia, banned the playing of "Pokemon Go" in its three cemeteries after locals complained that the graves of their loved ones were being trampled by young people scanning their phones for signs of virtual life.

Not that it would be gamemakers' fault if a player were injured or arrested in the process of hunting. The developer Niantic Labs, which created the game in conjunction with Nintendo Co. Ltd. and The Pokemon Co., has tried to shield itself from player lawsuits by requiring them to agree, under the game's terms of service, to not hold the companies' liable for any injury, property damage or death that occurs while playing the game.

But what of the people who aren't players? They aren't going to be bound by Niantic's terms of service, noted Ngai Zhang, an intellectual property attorney at Pillsbury Winthrop Shaw Pittman LLP. If they are injured by a user of the game, they may try to make the game's developers pay up, he and other attorneys say.

"Plaintiffs are typically going to be looking for people with deep pockets," he said.



Whether a claim like that survives in court is unknown, but one need only watch the video of a recent stampede in New York's Central Park that occurred when someone spotted a rare Pokemon to see how a claim could come about.

**"It's only a matter of time before a lawsuit is filed against Nintendo for an injury associated with 'Pokemon Go,'" said Ross Dannenberg, a lawyer at Banner & Witcoff Ltd. who runs the blog Patent Arcade.**

Requests for comment from Niantic and Nintendo weren't returned.

This is, of course, not an issue that's isolated to "Pokemon Go," Zhang said. "In the future, you are going to have augmented reality games that are much more realistic than what we have in 'Pokemon Go,'" he said.

And these could pose their own dangers.

Take, for example, a game currently in the works called Father.IO. The game, which has raised nearly \$375,000 through online crowdfunding, bills itself as the "world's first real-life, massive multiplayer, first-person shooter." According to videos promoting it, the game will be played by people who attach small devices to their phones, divide into factions and hunt each other down using virtual guns that pop up on their phone's screens. The players in the video are seen running through what appears to be a campus of sorts, ducking and shooting each other until the last man standing.

A request for comment from the developers of Father.IO wasn't returned. But when a game involves people running around in public, pretending to shoot each other with mobile phones, there's also a chance someone could get hurt, Zhang said.

## An Attractive Nuisance

Property rights are another big question for augmented reality. If one of the so-called Legendary Pokemon appears on someone's lawn, what rights does a property owner have if people end up swarming his property to catch it? If that property owner hasn't downloaded the game and agreed to its terms of service, which bans people from using the app in commercial ways, could that homeowner charge for access to hunt the rare creature?

Another question has to do with whether the attractive nuisance doctrine applies to Pokemon. This doctrine holds that property owners are liable for injuries to children trespassing on their property if they were drawn to something that's a natural temptation to kids, like an unfenced pool or a trampoline.

Keith Lee, an Alabama-based attorney who publishes the blog Associate's Mind, wonders if someone will eventually convince a judge that a Pokemon is an attractive nuisance. A child could easily wander into someone's yard and absent-mindedly step into a hazard while hunting down one of the beasts. But who could be held liable? The actual property owner didn't place the Pokemon in her yard, so the fault could lie with Nintendo or Niantic, Lee said, because they control the computer code that determines when and where creatures spawn throughout the real world. Perhaps they also could have foreseen that children will do what it takes to catch them all.

## The Pokemon Bar Association

The pop culture phenomenon that is "Pokemon Go" has gotten all sorts of businesses looking for ways to tap into the renewed interest of the beloved franchise.

Lawyer.com is no exception. An online listing service that connects consumers with attorneys, the New Jersey company launched its own Pokemon-themed scavenger hunt last week in a bid to draw more internet traffic to its site.

The website has sprinkled 55 classic Pokemon characters on the more than 1 million profile pages it maintains for lawyers around the world. The object of the hunt is to find the most varieties of digital monsters in hopes of winning a \$500 prepaid gift card. (The site already gave away a \$5,000 gift card to the person who spotted the rarest of Pokemon — a sinister-looking feline named Mewtwo.)

For those who don't want to troll around Lawyer.com for prizes, they may be entertained seeing which Pokemon is associated with which legal eagle.

For example, which controversy-stoking political celebrity is now represented as a moth-like Butterfree? (That would be Republican Texas Sen. Rafael Edward "Ted" Cruz.)

Or which big-time federal judge is now shown as a four-armed Alakazam? (U.S. District Judge Jed S. Rakoff.)

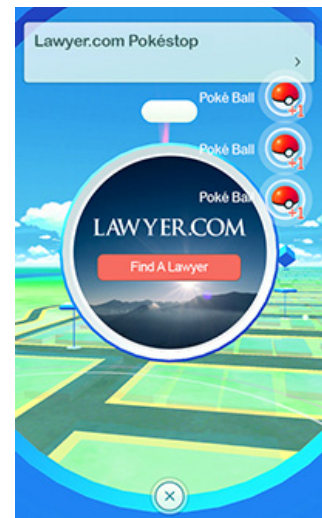
Or which trusted adviser to Wall Street CEOs is now an adorable pink Clefable? (Sullivan & Cromwell LLP senior chairman H. Rodgin Cohen.)

Lawyer.com CEO Gerald Gorman says Pokemon were randomly dispersed through the website by way of an algorithm. So no offense to any rainmaker who's now represented by Jigglypuff. Those who don't like a Pokemon avatar are free to have theirs changed.

"If they prefer not to have a Pokemon, we're happy to put their formal photo" instead, Gorman said.

The contest comes to a close on July 31, but Gorman, himself a "Pokemon Go" enthusiast, sees other opportunities, like making law firms themselves actual destinations in the game.

"We think Poke stops at lawyers' shops could be big business," he said.



"Doesn't Nintendo have a duty to make sure these things are safe?" Lee said. "I don't think it's unreasonable that a judge will say that's a question for a jury."

But what legal rights plaintiffs have in these circumstance remains to be seen. Like many modern service providers, "Pokemon Go's" developers have put in place a mandatory arbitration clause into its terms of service. Some plaintiffs lawyers have called this out and urged users to take advantage of a limited ability to opt out of this requirement.

### **Manchurian Candidates**

It's not just children's physical safety that could be a concern. It's also their **data privacy**. The game's privacy notice says the developers abide by the parental consent requirements of the Children's Online Privacy Protection Act and other laws. The notice also outlines the steps that parents and guardians have to take to give their children access to the game. The developer also says parents have a right to refuse the collection of their kids' personally identifying information by notifying Niantic.

Yet Angela Campbell, a Georgetown University law professor who heads a legal clinic that advocates for media policies in the public interest, says these steps may not be all that effective and she worries that data about the children using the app will get exploited anyway. While Niantic says it collects only a limited amount of information about its users, even the location data from individual players can give away a lot of information, Campbell said.

Nintendo and Niantic will soon begin partnering with McDonald's and likely other businesses that want to draw crowds by sponsoring the so-called gyms where people go to train their Pokemon. Not only does this mean users may be lured into buying fast food, Campbell said, it also means they could open themselves up for more data mining.

"If you know that it's a 10-year-old kid, you could use the information for targeting ads on that app to that kid," she said.

The data collection issue is already one that is drawing public scrutiny to "Pokemon Go." Not long after the game was released, Sen. Al Franken, a Democrat from Minnesota, sent a letter to Niantic's chief executive John Hanke **demanding explanations** about how the company is collecting and using players' data, particularly data from children. On Wednesday, a group of German consumer groups reportedly sent a letter to Niantic, threatening a lawsuit if the company does not update its data privacy policies to comply with German law.

It's become a best practice in the app development industry to notify and seek user consent before accessing potentially sensitive or private information on their mobile devices, such as locations, contacts and photos, says Alysa Hutnik of Kelley Drye & Warren LLP. But a big question developers may face is whether they are indeed collecting, using and disposing of personal information in the way they say they are, she said.

Federal regulators, state attorneys general and even private plaintiffs are going to be scoping these questions. In fact, some already have. Snapchat, the popular social media platform, is currently facing a proposed class action over the technology that allows its users to augment self-portraits people take with animated imagery, like flower garlands and bug eyes.

At this point they have millions of Manchurian candidates out there that are basically going where they tell them to go.

— Ben Esplin, a partner at Sheppard Mullin

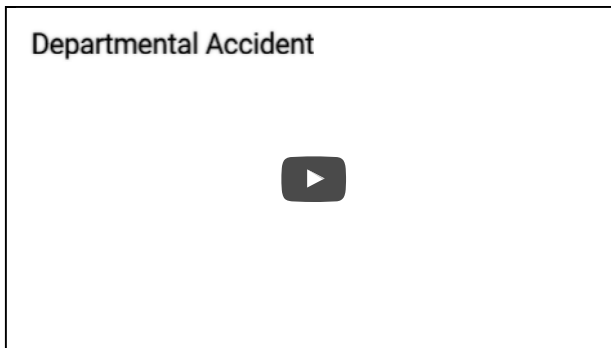
According to plaintiffs in the suit, which has been removed to California federal court, the company is collecting, storing and using the data on the facial features of its Illinois-based users in violation of the state's strict biometric privacy laws. The company has denied any wrongdoing and has called the suit meritless.

While the question of data privacy is something that will attract official attention, the power of augmented reality to shape people's behavior — as demonstrated by perhaps the two Pokemon hunters in San Diego who reportedly fell off a cliff in pursuit of digital treasure — may be cause for greater government alarm as the game's commercial prospects grow.

"That ability to shape behavior is going to draw even more scrutiny than the privacy issues," said Ben Esplin, a partner at Sheppard Mullin Richter & Hampton LLP. "At this point they have millions of Manchurian candidates out there that are basically going where they tell them to go."

### **Unanswered Questions**

Among the legal questions that have been raised around "Pokemon Go," a more novel one is whether the game should comply with the Americans with Disabilities Act. The popularity of the mobile game could make it a target for claims that say it should be more readily playable, for instance, by people who use wheelchairs, attorneys say.



That, however, taps into a broader legal question about whether internet-based services like “Pokemon Go” are subject to the ADA. Title III of the 1990 law requires brick-and-mortar businesses to be accessible to people with disabilities, but it is unsettled if the same goes for online services. The federal government has yet to say, while courts have come out differently on the issue. Courts in the Ninth Circuit have said the ADA doesn’t apply to businesses like eBay, Netflix and Facebook, while district courts in the First and Second circuits have said otherwise.

But one question over which there is less disagreement is whether physical stores that look to capitalize off the success of “Pokemon Go” could be in for a shock if they are not up to par with the law.

“The business itself, separate and apart from the game publishers, still may need to be ADA compliant,” said Jay Marshall Wolman of the Randazza Legal Group. “Sometimes when you attract a new clientele, you end up with new problems you didn’t anticipate.”

### **Blurred Lines**

To Brian Wassom, a Honigman Miller Schwartz & Cohn LLP partner who’s been tracking legal developments in augmented reality for years, the most interesting question in the field is what happens when brands use augmented reality in ways that blur competitor identities or infringe trademarks.

For example, what happens if Burger King runs an ad campaign that rewards people with coupons each time they scan McDonald’s Golden Arches with an augmented reality device, Wassom says. Or what happens if Starbucks buys ads that directs users of AR-enhanced eyewear to its nearest location whenever they look at the logo of a competitor coffee shop?

In many respects, these questions are essentially the same as the ones posed by the swath of cases over Google and Yahoo’s keyword advertising sales, where companies bought ads that displayed specifically when someone searched for a competitor brand. A number of these cases failed for plaintiffs, attorneys note. But augmented reality literally adds new dimension to the question about trademark infringement, Wassom said.

‘Pokemon Go’ is probably the canary in the coal mine.

— Keith Lee, lawyer and blogger

There haven’t been any cases over the use of augmented reality to blur trademarked images, Wassom says, but there certainly have been examples of this at work. Soon after the 2010 BP oil spill, a developer created an app that turned the BP logo into a leaking pipe when viewed on a smartphone screen. Another developer in 2011 created an app that allowed users to overlay the image of Goldman Sachs CEO Lloyd Blankfein onto a poster for the latest iteration of “The Pirates of the Caribbean.”

“When it goes from being a political statement to one that you profit off of, that’s where people get litigious,” Wassom said.

### **Lawyers Ruin Everything**

Soon after Keith Lee, the Alabama lawyer who runs the blog Associate’s Mind, posted a blog entry titled “Is Pokemon Go Illegal?” a Twitter user asked, “Is a lawyer’s first responsibility to ruin all the fun?”

Lee, who had written about the notion of Pokemon being an attractive nuisance, jokingly responded in all-caps, “It isn’t my fault I think this way, law school made me like this.”

In an interview, the Birmingham-based attorney said there is a legitimate need to tease out questions about augmented reality years before it becomes the bit of technology that no one can live without.

“I don’t think it’s a matter of killing the fun, but I do think there are some pretty complex legal, regulatory and compliance issues that need to be worked out,” he said. Thanks to the rapid success of “Pokemon Go,” the issues are no longer theoretical, but are now starting to make their way into the real world. “‘Pokemon Go’ is probably the canary in the coal mine.”

“Within 15 years,” Lee also predicted, “we could see some augmented reality legal issue maybe working its way up to the

Supreme Court.”

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**“Justices Question \$400M Award in  
Apple-Samsung Case”**

**Steve S. Chang**

***Law360***

***October 11, 2016***



## Justices Question \$400M Award In Apple-Samsung Case

By **Ryan Davis**

Law360, New York (October 11, 2016, 4:08 PM EDT) -- Several justices of the U.S. Supreme Court suggested Tuesday that they do not believe Apple should have been awarded all of Samsung's profits from smartphones found to infringe Apple's design patents, as the court grappled with how to calculate damages in design patent cases.



"A single design patent on the portion of the appearance of a phone should not entitle the design-patent holder to all the profit on the entire phone," Samsung's attorney, Kathleen Sullivan, right, told the justices Tuesday. (AP)

At oral arguments in Samsung Electronics Co. Ltd.'s appeal of a jury verdict that awarded Apple Inc. \$399 million in the long-running case, some of the justices questioned the decisions by the district court and the Federal Circuit to set damages at Samsung's total profits from the accused phones.

In the first design patent case to reach the Supreme Court in over 120 years, the justices seemed to be open to Samsung's argument that the damages should have instead been the profits it derived from the features found to infringe Apple's design patents, which cover the face of the iPhone and the layout of home screen icons.

"Maybe I'm not grasping the difficulties in the case," said Chief Justice John Roberts. "It seems to me that the design is applied to the exterior case of the phone. It's not applied to all the chips and wires ... so there shouldn't be profits awarded based on the entire price of the phone."

Justice Stephen Breyer said suggested that a workable standard was found in an **amicus brief** from Google Inc. and others supporting Samsung, which said that only profit derived from the patented design should be awarded. Total profits would be appropriate if the design covers the whole product, he suggested, but not when the design patent covers

only a few features of a multicomponent device like a smartphone.

"Now, really, to understand it, you have to have examples," he said, adding that there could be "examples to explain it to the jury, you know, wallpaper, you get the whole thing. A Rolls-Royce thing on the hood? No, no, no. You don't get all the profit from the car."

The design patent statute states that anyone who applies a patented design to an "article of manufacture" or sells an article to which the design has been applied "shall be liable to the owner to the extent of his total profit." Much of the arguments focused on how courts should determine what the article of manufacture is.

The trial judge instructed jurors that if Samsung was found to infringe, they could award Apple the total profit attributable to Samsung's infringing products, not just the features covered by the design patent, and the Federal Circuit affirmed that approach.

Samsung's attorney, Kathleen Sullivan of Quinn Emanuel Urquhart & Sullivan LLP, told the justices that "that result makes no sense." Smartphones contain "hundreds of thousands of the technologies that make it work," she said, so the article of manufacture should be only the features covered by the design patents.

"A single design patent on the portion of the appearance of a phone should not entitle the design-patent holder to all the profit on the entire phone," she said.

That idea seemed to resonate with Justice Sonia Sotomayor, who compared Apple's patents to one covering the iconic look of the Volkswagen Beetle.

"It makes logical sense to me, it may not to anybody else, that the Volkswagen body, not the innards, are the article of manufacture," she said.

Some of the justices asked how damages could be determined if they were deemed to be profits from only some aspects of a product, and what evidence and expert testimony would be needed.

"The problem is how to instruct the jury on that point," Justice Anthony Kennedy told Sullivan. "If I were the juror, I simply wouldn't know what to do under your test."

Sullivan responded that courts could first identify the relevant article of manufacture, which she said in this case should be the front face of the phone and the icons, and then get evidence and expert testimony on how much those features contributed to the infringer's profits.

Apple's attorney, Seth Waxman of WilmerHale, said that while the damages in design patent cases should be limited to the article of manufacture, "there is no basis to overturn the jury's damages verdict in this case" because Samsung never argued that the article of manufacture should be anything other than the phones themselves.

"Thus, no reasonable juror in these trials could possibly have awarded total profits on anything other than the phones," he said.

Sullivan maintained that Samsung argued on six occasions that the article should be something less than the whole phone, "and we were rebuffed every time" by the district judge. The justices showed little interest in sorting out that issue.

"So, disagreement on this point," Justice Breyer told Waxman. "We have a hard enough question trying to figure out what the standard is. Now, why can't we just ask the lower courts to listen to your arguments and theirs, and work it out?"

Steve Chang of Banner & Witcoff Ltd., who attended the argument and is not involved in the case, said that the justices appeared interested in setting a new standard for design patent damages, rather than talking about why the damages awarded to Apple may have been correct.

"There wasn't much discussion about the idea that the straight language of the statute justified the granting of the entire profits," he said. "They were more digging into this apportionment concept and defining what an article of manufacture is going to be."

Several of the justices seemed to approve of Samsung's proposal that courts first determine the article of manufacture and then how much that contributed to the profit, so "when the decision comes out, it will probably have some flavor of that two-part test in there," Chang said.

The Computer & Communications Industry Association, which filed an amicus brief supporting Samsung, said in a statement after the arguments that the court appeared likely to modify the damages award in the case. CCIA patent counsel Matt Levy said that Samsung and Apple seemed to agree that the lower court was wrong to award the entire profits from the accused products.

"The justices seemed to be comfortable with this position as well, because they focused on the correct standards to use in applying the statute," he said. "Based on what I heard, I think it's very likely that the court will modify the lower court's decision."

Noreen Krall, Apple's chief litigation officer, said outside the court after arguments that "we firmly believe that strong design patent protection spurs creativity and innovation."

"And that's why we've defended ourselves against those who steal our ideas," she said. "Eleven times now, Samsung has been found guilty of intentionally and blatantly copying the iPhone. Every court at every level has agreed. We think that's wrong and that it poses chilling risks to the future of design innovation."

Samsung said in a statement after the arguments that awarding all the profits for a single patent "devalues the contributions of the hundreds of thousands of other patents in a smartphone."

"We are hopeful that the Supreme Court will give a sensible and fair reading to the design patent statute. That would be a win for businesses and consumers alike," it said.

A jury **found in 2012** that Samsung infringed Apple's patents and awarded more than \$1 billion in damages, but a damages retrial and a Federal Circuit **decision last year** reduced the award to \$548 million. Samsung only appealed the \$399 million part of the award related to design patents.

The patents-in-suit are U.S. Patent Numbers D593,087, D604,305 and D618,677.

Apple is represented by William Lee, Mark Fleming, Lauren Fletcher, Eric Fletcher, Sarah Frazier, Steven Horn and Seth Waxman of WilmerHale and Harold McElhinny, Rachel Krevans, Erik Olson, Nathan Sabri and Christopher Robinson of Morrison & Foerster LLP.

Samsung is represented by Kathleen Sullivan, William Adams, David Cooper, Cleland Welton II, Michael Zeller, B. Dylan Proctor, Victoria Maroulis and Brett Arnold of Quinn Emanuel Urquhart & Sullivan LLP.

The case is Samsung Electronics Co. Ltd. et al. v. Apple Inc., case number 15-777, in the U.S. Supreme Court.

--Editing by Katherine Rautenberg.

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**“Do Not Underestimate the Role of a  
Company’s IP Assets”**

**Ross A. Dannenberg**

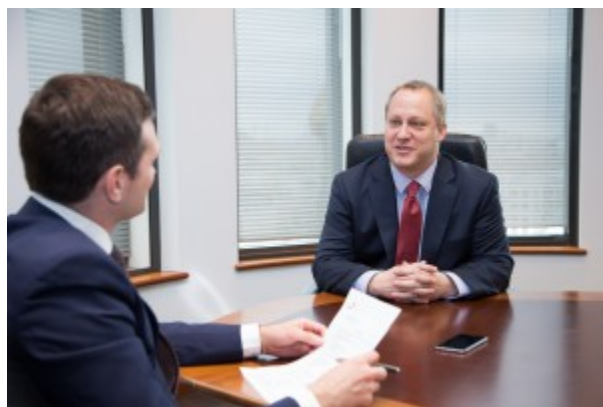
***Legal Insight***

***March 23, 2016***

# Legal Insight

## НЕ НЕДООЦЕНИВАЙТЕ РОЛЬ IP-АКТИВОВ СВОЕЙ КОМПАНИИ

In [Интервью](#), [Новости](#) by Маргарита Гаскарова 23.03.2016



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### Досье

**Росс А. Данненберг** (Ross A. Dannenberg), партнер юридической фирмы Banner & Witcoff. В 1994 году получил степень бакалавра компьютерных наук в Технологическом Институте

штата Джорджия, США. В 2000 году получил степень юриста в Университете Джорджтауна. Допущен к юридической практики в Вирджинии и Вашингтоне, с 2001 года является также патентным поверенным. Соучредитель Video Game Bar Association, автор многочисленных статей и блога, посвященного роли патентов в мире видеоигр.



**“The New Fuzzy Logic of Copyright  
Damages”**

**Rajit Kapur**

***Likelihood of Confusion***

***June 17, 2016***



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June 17, 2016 | [0 Comments](#)

## The new fuzzy logic of copyright damages

Written by: [Ron Coleman](#)

What's all this about the Supreme Court and copyright damages?

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Pretty thorough analysis of yesterday's SCOTUS #Kirtsaeng judgment#copyright [twitter.com/BannerWitcoff/...](https://twitter.com/BannerWitcoff/)

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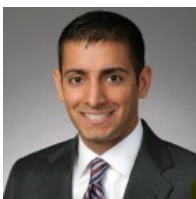
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2

So we got that part over with. Now, I have written a bit about the first-sale aspects of [prior iterations of the Kirtsaeng case](#), and a bit about [copyright damages](#), myself. Now, however, thanks to the Supreme Court, it's two great tastes in [one candy bar](#)! So here's part of what [Rajit Kapur](#) of [Banner & Witcoff](#) has to say (footnotes omitted):



Yesterday, the U.S. Supreme Court ruled in *Kirtsaeng v. John Wiley & Sons, Inc.*, No. 15-375, that it is appropriate for a court to give substantial weight to the reasonableness of a losing party's position when deciding whether to award attorney's fees in a case brought under the Copyright Act as long as "all other relevant factors" are taken into account. In delivering this opinion for a unanimous Court, Justice Kagan essentially adopted a more flexible and expansive version of the approach advocated for by Wiley (the copyright owner), which primarily turned on whether a losing party's arguments were objectively reasonable. . .

After Kirtsaeng lost at trial, the case ultimately reached the Supreme Court, which ruled in a 6-3 decision that Kirtsaeng's actions did not constitute copyright infringement because Wiley's exclusive rights in the textbooks that Kirtsaeng obtained abroad were exhausted under the "first sale" doctrine. In the three years that have passed since the Supreme Court's previous ruling, the case has returned to the district court, where Kirtsaeng is now seeking an award of attorney's fees from Wiley.

Under U.S. copyright laws, a "court may [...] award a reasonable attorney's fee to the prevailing party as part of the costs." The Supreme Court previously addressed this section of the copyright laws in *Fogerty v. Fantasy Inc.*, 510 U.S. 517, 29 USPQ2d 1881 (1994). In *Fogerty*, the Court held that "[p]revailing plaintiffs and prevailing defendants are to be treated alike, but attorney's fees are to be awarded to prevailing parties only as a matter of the court's discretion." The Court also discussed in *Fogerty* several "nonexclusive" factors that "may be used to guide courts' discretion" in deciding whether to award attorney's fees, "so long as such factors are faithful to the purposes of the Copyright Act and are applied to prevailing plaintiffs and defendants in an evenhanded manner."

In the proceedings below, both the district court and the Second Circuit denied *Kirtsaeng*'s bid for attorney's fees. In doing so, they followed Second Circuit precedent that places "substantial weight" on the "objective reasonableness" factor — which asks whether the non-prevailing party's claims were "objectively reasonable" — relative to the other factors discussed in *Fogerty*.

The question presented to the Supreme Court in the current *Kirtsaeng* case — and addressed by yesterday's opinion — is whether the lower courts' rulings run afoul of the statutory text of the Copyright Act and the Supreme Court's prior ruling in *Fogerty* by emphasizing the "objective reasonableness" factor over others when deciding whether to award attorney's fees in a copyright infringement action.

In yesterday's opinion, the Court held that it is appropriate for a court to give substantial weight to the reasonableness of a losing party's position when deciding whether to award attorney's fees as long as "all other relevant factors" are taken into account. Because it was not clear here whether the lower courts "understood the full scope of that discretion" since their opinions primarily focused on the "objective reasonableness" factor, the Court vacated the lower courts' rulings in this case and remanded the case back to the district court to ensure that these "other" factors — in addition to reasonableness — are also considered.



The Second Circuit – caught in the middle again.

So... we have been gifted here with a refinement of the test — a refinement in the nature of coarsening. Courts are to consider not merely "objective reasonableness," but "other factors." [Back to Rajit \(link to SCOTUSBlog added by me\):](#)

In setting forth this more flexible framework that gives greater discretion to district courts in deciding whether to award attorney's fees in copyright cases, the Court emphasized that its approach will further the aims of the Copyright Act insofar as it will encourage "useful copyright litigation" and will be "more administrable" than other alternatives it considered. The Court also reaffirmed several aspects of its previous ruling in *Fogerty*. For example, quoting portions of *Fogerty*, the Court noted that fee awards must be decided on a case-by-case basis and cannot be awarded "as a matter of course." It further noted that prevailing plaintiffs and prevailing defendants should not be treated differently when it comes to awarding fees.

Overall, the Court's decision here is consistent with its approach to awards of attorney's fees in other types of intellectual property cases, including [Monday's ruling in \*Halo Electronics, Inc. v. Pulse Electronics, Inc.\*](#), No. 14-1513, which concerned fee awards in patent cases. In particular, as in *Halo*, the Court's decision in *Kirtsaeng* elevates the discretion of a trial court over hard and fast rules that would otherwise limit discretion in deciding issues related to fee awards.

Going forward, it may be more difficult for litigants to predict whether fees will be awarded in a particular case, because courts will have more discretion in taking additional considerations into account.

[You have spoken well, Rajit.](#) It may very well be — it will certainly be — more difficult for litigants, their clients, judges, clerks, litigation funding outfits, shareholders, expert witnesses, legal journalists, bloggers, astrologers and everyone on Twitter to predict whether fees will be awarded in a particular case.

Question: Why did the Supreme Court remand for a determination of the fees question, given the new and amorphous nature of this new test? Its jurisdiction, of course, is plenary with respect to the discretionary matter of an award of fees. It had the same record before it as the district court, which it had already reviewed closely in coming to its decision. Couldn't the court have applied its new test to the facts before it and ruled on the question, thus providing some degree of guidance?

It could have, of course — and while some might be tempted to say that while it should have, it would not really be expected to, for the Supreme Court does not do that sort of thing these days — this would be error. A better answer may be that if, indeed, the test is to be applied on a case by case basis, if the Supreme Court were to apply that test here to a specific set of facts, the effect of doing so would be denude the high court's "case by case" instruction of virtually all its meaning.

The better approach, then, was to send the file back down the rabbit hole, to the judge most familiar with it and where discretion most appropriately resides; and whose ruling, when it comes, will not in and of itself have the de facto precedential impact of one made by the Supreme Court.

Either way, you'll want to settle your cases. True, settlement is always informed by the likelihood of a fee award, and now it is harder to predict a fee award, it seems, than ever. Well, if you'll excuse a bit of unrefined logic, that seems to militate in favor of more ... lower ... settlements — a net negative for the copyright plaintiff's bar. Sorry, guys.

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*The question of whether consumers are [likely to be confused](#) is the signal [inquiry](#) that determines if a trademark infringement claim is valid. This blog is about trademark law, copyright law, free speech (mostly as it relates to the Internet) and legal issues related to blogging.*



As for me, I'm an AV-rated partner and commercial litigator in the IP Department of [Archer & Greiner PC](#)\* with offices in New York and New Jersey (but active nationwide) and, [some say, "IP maven"](#)\* with a special interest in copyright and trademark infringement claims involving the Internet, including advising clients how to avoid them.



**“Samsung v. Apple: Design Patents  
Put to the Test at Supreme Court”**

**Richard S. Stockton**

***Managing Intellectual Property***

***October 17, 2016***

# Managing Intellectual Property

The Global IP Resource

## SAMSUNG V APPLE ANALYSIS: DESIGN PATENTS PUT TO THE TEST AT SUPREME COURT

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17 October 2016 | Natalie Rahhal, New York

**Apple was put in a tough spot during oral arguments at the US Supreme Court over how the value of design patent infringement should be determined while it was unclear if the Justices were swayed by Samsung's proposal of a two-part test for establishing the article of manufacture, believe observers**

By the time it reached the Supreme Court, the biggest design patent case in more than a century had lost some teeth. Oral arguments in Samsung v Apple last week pitted the world's two largest smartphone makers against one another came to the highest court in the country not with a battle, but a quibble, it seemed.

Samsung appealed the Federal Circuit's ruling that it should pay \$399 million in profits from its Galaxy phones to Apple. The judgement of infringement is no longer in question. Instead each party, as well as the Office of the Solicitor General, proposed their respective approaches to two questions about design patents: what test or standard should be used to identify the "[article of manufacture](#)" in question, and, second, how should the value of that article be determined (you can read our summary of oral arguments [here](#)).



### Apple changes tune

In the lower courts, it was "very clear that they established this bright line rule that the article of manufacture is whatever the defendant sells; it's their product," says [Sarah Burstein](#) a professor of law at the University of Oklahoma who teaches copyright and courses on design patents.

[Richard Stockton](#), a patent attorney at Banner & Witcoff, on the other hand, says that according to his reading of the Federal Circuit's decision the court did not treat this definition as a matter of law but as its determination in Apple's case.

Burstein, who attended the oral arguments, says that Apple "changed its tune" between the time that the writ of certiorari was granted and that briefing was completed. Instead of defending the position that the Federal Circuit had correctly defined the article of manufacture as Apple had done before, the iPhone-maker agreed with Samsung and the government that the article of manufacture was not *necessarily* the entire product.

This is "somewhat unfortunate to other design patent holders," says Bill Seymour, a patent attorney with Lando & Anastasi who writes about design patent law on his blog "[The Ordinary Observer](#)". "I think Apple was put in a position of speaking on behalf of all design patent owners and unfortunately, I think they've taken an approach to the case that sort of concedes the high ground in a lot of design patent-owners' minds."

So Samsung and Apple stopped arguing over whether or not the statute definitively means that the whole product is the "article of manufacture". "The fight became 'how do we effectuate that?'" says Burstein, "when are the 'sometimes'" that the article of manufacture is less than the whole product.

The [Federal Circuit](#) had taken it as what some interpreted to be a matter of law that the article of manufacture is the whole product, which "has led to some Draconian results," said Seymour, citing [the Pacific Coast v Malibu Boats](#) Federal Circuit case as an example.

## The difficulty of defining a test

But finding a test to establish the article of manufacture seemed to be problematic. Among the issues in establishing a procedure was the parties' clear disagreement about where the burden of proof should lie. Samsung argues that the burden of proof should belong to the patentee, as is true in most damages cases, while Apple argues the opposite. Where the burden of proof should lie will influence the test adopted, if the Justices do so.

Samsung's lawyer Kathleen Sullivan of Quinn Emanuel Urquhart & Sullivan argued for a two-step test: "First, determine what is the article of manufacture. Then, second step, determine the quantum of damages, quantum of profits from that article."

Brian Fletcher, assistant to the Solicitor General of the Department of Justice, suggested a four-step test to determine the article of manufacture and its value. He suggested consumer research and expert witnesses be used to help to determine the value of the article of manufacture as opposed to the whole product, citing methods used in other areas of law such as cases dealing with utility patents. He also, like Sullivan, suggested evaluation of factors such as component production costs versus percentages of revenue; "a bottom up calculation," he said.

The Justices – particularly Justice Kennedy – cautioned that a test would need to be practically applicable, in terms of cost, time, and accuracy. "It was difficult to discern whether the Supreme Court had made up its mind" about what they thought the test should be "or if it was giving real consideration to the proposals made," says Banner & Witcoff's Stockton.

What is clear to him, however, is that "Samsung controlled the narrative. Samsung had the Department of Justice's wind in its sales, and it used that to its full advantage."

Expressing concern for what the Supreme Court's ruling could mean for design patent holders en masse, Stockton says that the "one ray of hope here is the amount of confusion as to how to implement Samsung's analysis as it proposed here." While the Department of Justice supported Samsung's arguments, and even Apple seemed to back down, "I think the Justices want Section 289 to have robust protections as it has for the last 200 years," he says.

The Justices also grappled with how to define the value of the article of manufacture, even if one of the proposed tests could effectively identify what that was. Finding this value, based on something less than the whole product runs dangerously close to apportionment. This, as Justice Kennedy pointed out would conflict with the statute.

If the Supreme Court does direct lower courts to define the scope of the article of manufacture more narrowly, "one of the potential results of weakening design patents this way is that we may begin to see less variety out there," argues Seymour at Lando & Anastasi.

He says that these tests will lead design patent holders to have to scramble to prove what he refers to as the "niftiness factor" of whatever their article of manufacture is determined to be. This would put judges in a position of making a value judgement that many believe the statute is intended to circumvent.

## COMMENTS

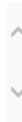
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**“Star Athletica Arguments: Will  
SCOTUS Find a Uniform Test for  
Useful Articles?”**

**Darrell G. Mottley**

***Managing Intellectual Property***

***November 1, 2016***

# Managing Intellectual Property

The Global IP Resource

## STAR ATHLETICA ARGUMENTS: WILL SCOTUS FIND A UNIFORM TEST FOR USEFUL ARTICLES?

01 November 2016 | Natalie Rahhal, New York

**Supreme Court oral arguments in *Star Athletica v Varsity Brands* touched on copyright, cheerleader uniforms and camouflage, with observers uncertain the court will come up with an appropriate test for useful articles**

The Supreme Court heard arguments in *Star Athletica v Varsity Brands* on Monday in a copyright dispute over designs for cheerleading uniforms. The question presented was: "What is the appropriate test to determine when a feature of a useful article is protectable under section 101 of the Copyright Act?"

The case involves the following designs, taken from **Star Athletica's petition for cert** :



Varsity registered a copyright for a two-dimensional design, involving an arrangement of striped chevrons. The depository image is clearly in the



form of a cheerleading uniform but, Varsity argues, the copyright itself is for a two-dimensional applied work of art, which could be replicated on all kinds of products, not just a cheerleading uniform.

The petitioner, Star Athletica, sells a cheerleading uniform that uses the same elements in its design as Varsity's. Varsity sued Star for copyright infringement. Star argued that, when applied to a cheerleading uniform, Varsity's copyright essentially barred any other company from making a cheerleader uniform because the chevrons, stripes, ribbon and so on were functional elements that make a cheerleading uniform a cheerleading uniform. Instead, the petitioner argued, Varsity's copyright should protect the use of its two-dimensional design on anything *but* a cheerleading uniform.

This case is the first one the Court has heard concerning separability of ornamental elements of a product from functional ones since 1954. That case, Mazer v Stein, dealt with sculptural lamp bases. Its precedent has withstood more than 60 years of cases, but courts have been inconsistent in their interpretations of that precedent.

Although separability was the question on which *Star Athletica* was granted cert, a portion of the oral arguments focused on the possible economic ramifications of altering the scope of copyright protection for the fashion industry. "If suddenly in this case we say that dresses are copyrightable, and they are because every one of them has design, perhaps we'll double the price of women's clothes," said Justice Breyer, prodding the argument made by Varsity's attorney, William Jay of Goodwin Proctor.

John Bursch of the American Law Institute, arguing on behalf of Star Athletica, opened by stating: "Congress did not intend to grant a century-long copyright monopoly in cheerleader uniform design."

Bursch claimed that design of cheerleading uniforms was functional in a number of ways: the ribbon trim hides the turned out seams, which allows the uniform to be smooth against the wearer's skin; the chevrons and lines make the wearer look "slimmer", or "taller and more curvy", and identify the wearer (and, what would otherwise be simply a dress) as a cheerleader.

"If the design is doing work on the fabric in the place where it was designed to be, then utilitarian function is lost when you remove it ... and if the article does less work when that thing is gone, it's not separable, it's protectable," concluded Bursch.

Assistant to the Solicitor General Eric Feigin poked a comical hole in the Bursch's argument: "If I were to wear a shirt that said 'Please focus on my very nicely toned arms. I've worked very hard on them,' I think we'd all understand the message conveyed by that shirt to be expressive and

separable from the non-expressive functions that the shirt performs covering my body."

Varsity, which won at the appellate level, on the other hand, argued that its two-

dimensional design was entirely separable from the functional clothing article, and could be reproduced in other types of objects, pointing to a set of sweats that it sells as an example. Varsity claimed that the elements of its design were expressive, rather than functional, and that Star Athletica's use of those elements on a uniform was infringement.

Justice Ginsberg asked if Varsity was simply looking for a way to "deal with a knock-off problem", hinting at concerns that the design copyright was too broad.

## **Camouflage and cheerleading uniforms**

However, it's worth noting that "there are so many options available and so many ways to express the design, that the argument that there's only a certain number of ways to express that design really just falls flat, as David Leichtman, an attorney with Robins Kaplan who attended the arguments, puts it.

Camouflage also came up as an example in the arguments as the closest parallel to the issues at stake in this case. Camouflage is both copyrightable and functional, in that it provides concealment to the wearable, but the particular fabric patterns of camouflage can be copyrighted. The Justices "sort of went back and forth about what that means," says Darrell Mottley, an attorney with Banner & Wittcoff, who also attended the arguments.

The Copyright Office does grant copyrights on the camouflage fabric patterns, but, says Mottley, "you can't just say that because we know it's camouflage, that's the function of it. You have to separate the function of concealment from the fact that you know that it's camouflage." This, essentially was the point made by both the government and Varsity, translated that to this case: just because an article has a design on it that is worn by cheerleaders, it does not mean that it's a cheerleading uniform.

Leichtman says he's "not sure what [the Justices] are going to do, because they didn't ask that many questions about what the test should be." He adds: "They seemed sort of fixated on some of these other subsidiary questions."

According to him, the Justices seemed to fall into two camps: those who assumed that one ruling would make all clothing copyrightable, and were concerned about the economic impact and "the ones that actually understood the issue before them relates to whether or not the design can exist independently from a cheerleading uniform," said Leichtman.



**“Bright-Line Test in Promega Seen  
as a No-Go”**

**John P. Iwanicki**

***Medical Device Daily***

***December 8, 2016***

# MEDICAL DEVICE DAILY™

THE DAILY MEDICAL TECHNOLOGY NEWS SOURCE

THURSDAY, DECEMBER 8, 2016

VOLUME 20, NO. 237

## DEAL ON DEATH ROW

### Abbott ready to bolt on Alere based on 'damaging business developments'

By Amanda Pedersen, Senior Staff Writer

After nearly 10 months of waffling on a \$5.8 billion decision, [Abbott Laboratories](#) might have spotted an emergency exit from its contract to buy [Alere Inc.](#)

[See Abbott, page 3](#)

## A FLICKER OF HOPE FOR AD

### MIT team reduces beta amyloid plaques in mice using light therapy

By Nuala Moran, Staff Writer

LONDON – A new frontier has opened up in the search for Alzheimer's therapies, with researchers at the Massachusetts Institute of Technology reporting they can reduce beta amyloid plaques in mouse models using lights flickering at specific frequencies to stimulate neural circuits.

[See Alzheimer's, page 3](#)

## NOW AWAITS PRESIDENT'S SIGNATURE

### Cures Act sails through Senate in 94-5 landslide

By Mark McCarty, Regulatory Editor

The 21st Century Cures Act needed three days to get through a procedural vote and a final vote on the floor of the U.S. Senate, but the legislation performed well on arrival, passing by a margin of 94-5 to the applause of the life science industries. The bill, which would pump \$500 million into the FDA's coffers and \$6.3 billion into the NIH account, needs only President Obama's signature to become law, providing what proponents

[See Cures, page 5](#)

## DO THE MATH

### EU sliding toward a compliance cliff as regulations advance

By John Brosky, Contributing Writer

BRUSSELS – The European Union (EU) has drafted new regulations for medical devices that it may not be able to enforce for many years to come, according to the authorities responsible for implementing that law.

Where the current Medical Device Directive spells out in 30 pages how to

[See CE mark, page 7](#)

## REGULATORY

### Attorney says outcome of hearing on CRISPR patents tough to predict

By Mark McCarty, Regulatory Editor

The hearing at the U.S. Patent and Trademark Office (PTO) regarding two patents for clustered, regularly interspaced short palindromic repeats (CRISPR) is a pivotal moment for the intellectual properties associated with the technology, but Bob Underwood, a partner at the Chicago office

[See CRISPR, page 9](#)

## ANOTHER WIN FOR 2016

### Abiomed Impella CP gets green light for high-risk PCI treatment

By Liz Hollis, Staff Writer

Danvers, Mass.-based [Abiomed Inc.](#) soared Wednesday in the wake of the announcement that its [Impella Cp](#) heart pump has been given the FDA's blessing to be used in high-risk percutaneous coronary interventions (PCI).

After closing Tuesday at \$112.94, Abiomed (NASDAQ:AMBD) climbed

[See Abiomed, page 10](#)

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## ORTHOPEDICS EXTRA

Executive Editor Holland Johnson  
on one of med-tech's key sectors

[Read this week's Thursday Special](#)

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## CRISPR

[Continued from page 1](#)

of McDermott Will & Emery, told *Medical Device Daily* that prognostication on the outcome is a dicey exercise.

This patent interference case, which the PTO's Patent Trial and Appeal Board (PTAB) heard Dec. 6, pits the University of California at Berkeley (UCB) against the Broad Institute at the Massachusetts Institute of Technology, but both parties are backed by spin-off companies intent on taking their respective technologies to market. The UCB patent deals with the use of CRISPR to conduct gene editing of bacteria while the Broad patents deal with editing of eukaryote genes, a distinction that may prove vital to the outcome.

Underwood noted that Broad fast-tracked their application at PTO, which he remarked is "not an unusual procedure when the invention is important." However, the UCB group had filed their application first.

"One possible outcome is that the invention is not patentable to either," Underwood mused, which may drive the two parties to "reach a settlement, in which case one party would acknowledge the other party is entitled to the patents." In this scenario, he said, cross-licensing might prove the solution for both sets of litigants.

Another possible outcome, Underwood said, is that the PTAB panel would conclude that Broad's claims are drawn to a different patentable invention, which would mean "those patents can co-exist." That outcome could create some additional licensing burdens to any who wish to use either set of patents because those that licensed one group's patents might have to license the other group's patents as well in order to avoid infringement.

Underwood observed that granting patents to both groups for at least some claims would seem to dilute the market value of both groups' licensing offers, if only because licensing contracts typically call for discounts if licensees find that additional licenses eventually become necessary.

One key question is whether it was obvious to adapt the technology from bacteria to eukaryotes, and Underwood said that the obviousness test starts with the question of whether it was obvious to try the technology on eukaryotes. However, the process for determining whether obviousness damages or destroys a patent also hinges on whether there a reasonable expectation of success using the methods spelled out in the first patent for use of that invention, a difference that may tilt the obviousness question toward the Broad Institute and its partners.

This case is driven more by facts than by any issues regarding the fundamentals of patent law, which Underwood said is one reason it's tough to predict PTAB's view of the case. He noted that while the team at Broad was first to reach the finish line for editing in eukaryotes, there were another couple of groups looking at CRISPR for this use. "It was just a race to the finish," Underwood shrugged, adding, "they were all doing it using conventional techniques."

Once the interference is settled, the Court of Appeals for the Federal Circuit is the next stop if either or both parties are unhappy

with the outcome, but Underwood said the Federal Circuit is likely the last stop due to the absence of any question of the fundamentals of patent law.

Underwood said that some have argued that Broad gamed the system by hustling its application through PTO, but he observed also, "when we're representing start up companies, we frequently take this approach" because "they're not going to have any hard assets for several years. Getting patents granted becomes sort of the key asset for the company." However, he noted that there are exceptions, such as instances in which a company believes there are a lot of details to work out regarding the potentially patented article.

This case is interesting for a couple of reasons, Underwood commented, partly because of the novelty of the technology in question. Still, he said, "the system is built to resolve these issues," and thus development of this technology should not be impeded by the outcome, "at least not in a significant way."

### BRIGHT-LINE TEST IN PROMEGA SEEN AS A NO-GO

The case of *Life Technologies v. Promega* examines whether Life Technologies of Carlsbad, Calif., had induced patent infringement in its provision of genetic testing kits that included a Taq polymerase component that is alleged to violate a patent held by Promega Corp. of Fitchburg, Wisc. Life Technologies manufactures only the Taq polymerase in the U.S., and ships those kits to the U.K. for assembly with the remaining components. The question for the U.S. Supreme Court in the Dec. 6 hearing was whether a single kit component is sufficient to meet the test of a "substantial portion" of a purportedly violative article.

Section 271(f)(1) of the statute governing patents states that any entity that supplies a components that form a "substantial portion" of a patented invention in such a manner as to induce patent infringement would itself be deemed an infringer of that invention. Promega lost the district court hearing, but prevailed in the Court of Appeals for the Federal Circuit, which in essence declared that the provision of a single component was sufficient to meet the standard of a "substantial portion."

John Iwanicki of the Boston office of Banner & Witcoff told *Medical Device Daily* that past cases at the Supreme Court suggest the Court "isn't especially enamored of bright-line approaches," generally, which he said is likely to pertain to the question of what constitutes a substantial portion of an invention. "There have been a few decisions in which the Federal Circuit wanted to initiate a more stringent test," Iwanicki said, such as the issue of willful infringement in connection with *in re Seagate*. Iwanicki stated further that the Supreme Court has given voice to a preference for a totality-of-the-circumstances approach to such questions.

"In this instance, I think you have a special situation in that the statute on its face seems to suggest you're supposed to count things," Iwanicki said, commenting that the outcome at the Federal Circuit raises the question of "how many components is enough."

[See CRISPR, page 10](#)

## CRISPR

[Continued from page 9](#)

I think the Supreme Court is going to shy away from giving a number," he continued, because such a precedent may prove impractical in times to come. "I think it would be irresponsible for them to set a number, and I don't think they want to set a number," he said.

The removal of any of the components of the Life Technologies kit, Iwanicki said, would render the entire unit unworkable, so asking whether a component is substantial based on whether the overall article will or will not function won't serve as an adequate test. He said also a numeric approach could be subverted by counting the constituent parts of a component, thus rendering a much higher numerical count of purported components.

Iwanicki said – as was heard at the Supreme Court hearing – that the term "substantial portion" can be construed as meaning "considerable in importance and/or amount, and you can let the jury hear the evidence" and come to a determination based on how that discussion ensued in court. "That's where I think this will eventually wind up at the Supreme Court," Iwanicki said. //

## Abiomed

[Continued from page 1](#)

Wednesday. It eventually closed at \$116.65, up more than 3 percent.

Clinicians heralded the approval, with Jeffrey Moses, professor of medicine at the Columbia University Medical Center, saying it "expands the hemodynamic options for the cardiovascular community to effectively revascularize severely ill patients who have limited options and high mortality risk."

For its part, Abiomed has touted its Impella pumps as the only minimally invasive treatment options that can stabilize the patient's hemodynamics and unload the left ventricle of the heart. With the Impella Cp, a surgeon can insert the pump in a standard catheterization procedure through the femoral artery, into the ascending aorta, across the valve and into the left ventricle.

The company estimated that there are about 121,000 high-risk patients with advanced, inoperable heart disease in the U.S. each year.

Abiomed noted the expanded approval for high-risk PCI mirrors the indication for the Impella 2.5, meaning it can serve as a ventricular support system for six hours or less in hemodynamically stable patients with severe coronary disease and depressed left ventricular ejection fraction, if appropriate.

Data backing the Impella Cp's use in this new indication came from the Protect II study that demonstrated that Protected PCI

with Impella heart pumps reduced major adverse events by 29 percent while increasing patient quality of life by 58 percent. Additional evidence came from the cVAD Registry – previously known as the U.S. Impella Registry – that includes approximately 3,000 patient records.

Mike Minogue, president, chairman, and CEO of Abiomed, said the company will focus on expanding training for the procedures associated with the device, saying it will provide around-the-clock support.

The FDA's action on Impella Cp caps a year of big wins for Abiomed. In April, the company received the FDA's signoff that paved the way for Impella's use for cardiogenic shock, a complication that can occur after a severe heart attack or cardiac surgery. (See *Medical Device Daily*, April 11, 2016.) The approval covered the Impella 2.5, Cp, 5.0, and Ld pumps for the cardiogenic shock indication.

Abiomed did run into some hurdles in the second quarter of 2017, something analysts had predicted in May. So, it came as little surprise to some that in late October, the company unveiled second quarter fiscal year 2017 results that failed to impress a few analysts. William Blair analysts cited lagging domestic procedure growth as a factor. "We believe the slowdown in growth was a factor of worse than normal third quarter seasonality (many interventional cardiologists go on vacation during the summer) and a shift in focus to cardiogenic shock ...drawing focus away from high-risk percutaneous coronary intervention [PCI]."

Still, revenue for the quarter reached \$103 million, representing an increase of 35 percent over \$76.4 million total for the same period of fiscal 2016. In addition, the company maintained its guidance, predicting revenue growth in the range of 32 percent to 35 percent fiscal year 2017.

It is the cardiogenic shock indication that excited William Blair analysts at the Transcatheter Cardiovascular Therapeutics (TCT) conference in late October. Ben Andrew said adoption in this area is an ongoing process, but Abiomed is on top of it. The biggest hurdle is education; however, those familiar with the product have spoken highly of it. That said, those "in the know" are few in number and "[the] reality is that more than half of cardiogenic shock patients are treated at lower-volume, less educated centers."

Abiomed faces a bit of competition from St. Paul, Minn.-based St. Jude Medical Inc., which picked up the former's main rival, Thoratec, in 2015 for \$3.4 billion. Complicating matters is the pending deal between St. Jude and Abbott Labs that could close by the end of the year. During a fourth quarter 2016 earnings call this past May, CEO Mike Minogue downplayed concerns that Abiomed would have to change its long-term strategic thinking upon the anticipated completion of the merger.

"The short answer is no," he said, adding that any effort to advance the conversation and improve education about hemodynamic support "is advantageous," irrespective of whether it comes from St. Jude or a combination of it and Abbott. //



**“BOG Approves Interim Report,  
Recommendations of Global Legal  
Practice Task Force”**

**Darrell G. Mottley**

***The D.C. Bar***

***June 25, 2016***



## BOG Approves Interim Report, Recommendations of Global Legal Practice Task Force

By Sarah Kellogg

June 25, 2016

The D.C. Bar Board of Governors has approved a series of recommendations of the Global Legal Practice Task Force to better address the needs of its members who live and practice abroad, as well as those who live in the U.S. and have international practices. The recommendations were released in May as part of the Task Force's interim report, which outlined a series of short-term and long-term proposals that seek to expand networking opportunities for members here and abroad, and increase professional development offerings around the practice of international law. The Board also approved a recommendation to conduct ongoing study of developments in alternative business structures and multidisciplinary practice.

"Globalization is not going away because we are more interconnected today than ever before, and there are a growing number of cross-border legal issues," says Darrell G. Mottley, the Task Force chair and a principal shareholder at Banner & Witcoff, Ltd. "Lawyers work with clients, and clients are increasingly dealing with issues in other countries. We're not creating the globalization. Our clients are the ones who are going global, and we are following them."

D.C. Bar members practice in 83 countries, and nearly 1,500 of the Bar's 101,500 members live and work abroad. Fifty-four percent of the Bar's domestic members were very or somewhat interested in expanding their international practices within the next five years, according to a Bar survey, with 57 percent of that number indicating that they expect to expand their practices during that time.

"There was a very strong sense from the survey[s] and the feedback we received that the members are craving and seeking connections among their fellow Bar members practicing internationally," says Esther H. Lim, who oversaw the Task Force's work on "outbound" Bar members and is a partner with Finnegan Henderson Farabow, Garrett & Dunner LLP.

"We have a significant percentage of our membership who have international backgrounds or practices and multijurisdictional licenses. The D.C. Bar is properly situated to take advantage of that opportunity and provide new services to our increasingly global membership," adds Lim.

The Task Force, established in September 2014, conducted research, distributed surveys, and held a focus group to assess the needs of members around international and cross-border practice issues. The Task Force also considered how its recommendations would dovetail with [D.C. Bar 2020 \(/about-the-bar/strategic-plan/index.cfm\)](#), the Bar's five-year strategic plan.

To best achieve its charge, the Task Force divided its study into three areas: examining how best to serve domestic Bar members with international practices and clients, and Bar members who live and work overseas (outbound); studying the rules by which lawyers from foreign countries can be admitted and licensed to practice in the District (inbound); and studying developments in alternative business models being employed by law firms domestically and in other countries. The interim report reflects the recommendations of the outbound subgroup and a recommendation to conduct ongoing study of alternative business structures and multi-disciplinary practice. The Task Force's work continues on issues about the regulation, admission, and practice of foreign-educated lawyers in the District of Columbia.



The Task Force's proposals for outbound members fell into three broad categories: connections or networking, resources, and education and professional development.

Highlights of the proposals for short-term implementation recommend that the Bar should:

- Develop networking opportunities with substantive content for smaller groups of domestic Bar members with international legal practices.
- Improve the exchange of information about resources, education, and networking for all members engaged in the practice of cross-border and international law.
- Create varying "expertise" levels of educational programming in international law topics for all members and develop marketing for this programming.
- Develop educational programming about issues in international practice that all members often encounter: multi-country litigation; record keeping; e-discovery training and tools; conflicting legal ethics rules; attorney-client privilege abroad; and data security and privacy.

Highlights of the proposals for long-term implementation recommend that the Bar should:

- Facilitate informal gatherings of its members residing in specific regions of the world where these members commonly live and practice, such as Canada, China, France, and the United Kingdom.
- Facilitate networking between members who reside and practice outside the United States and local business groups.
- Partner with international groups and organizations based in Washington, D.C., for hosting networking events with domestic members with international practices.
- Develop and maintain a list of volunteer "resource attorneys" by international law subject matters or by conducting business in specific regions of the world.

Bar members should be able to turn to the D.C. Bar as their primary trusted resource for information and education to assist them in their international law practices, provide venues to develop professional opportunities, and connect with their counterparts who practice in similar legal areas and in similar regions of the world," notes the Task Force.

Read the [interim report \(javascript:HandleLink\('cpe 0 0','CPNEWWIN: blank^@CP PAGEID=47836,/about-the-bar/reports/upload/GLPTF-Final-Report-with-exhibits-May-2016.pdf'\)\)](javascript:HandleLink('cpe 0 0','CPNEWWIN: blank^@CP PAGEID=47836,/about-the-bar/reports/upload/GLPTF-Final-Report-with-exhibits-May-2016.pdf');).



**“The Uncertain Future: Turbulence  
and Change in the Legal Profession”**

**Darrell G. Mottley**

***Washington Lawyer***

***April 1, 2016***

# The Uncertain Future: Turbulence and Change in the Legal Profession

*From Washington Lawyer, April 2016*

By Sarah Kellogg



The legal profession is experiencing an era of turbulence and transformation. Some have an aversion to change, others worry about losing ground, and still others are concerned that the headlong rush to remake the profession will cause a shift from the practice of law to the business of law, with the profession losing its moral and cultural footing along the way.

The leading edge of that future is already visible: paper pushing and data management long practiced by lawyers are making way for computers and robots, international boundaries are more legally porous than ever, and economic forces are refashioning law practices. Consumer trends such as do-it-yourself legal services and legal smartphone apps are now ubiquitous. And clients are playing a larger role in managing their legal portfolios.

These changes are significant, even revolutionary, and they will be magnified exponentially in the years to come. The transformation of the profession will be remarkably agnostic when it comes to law firms, experts say, applying equal pressure to solo practitioners as well as to the largest global firms. The responsibility for accommodating all this radical change will fall most heavily on the individual attorney, who must be nimble, savvy, and swift in responding to these fast-moving currents.

"In my mind, uncertainty is the hallmark of the future for law firms," says James G. Leipold, executive director of the National Association for Law Placement (NALP). "It's hard to predict what the profession will look like in 10 years because there are so many forces at work. We know it will look very different from what it does now."

The roll call of disruptive factors greeting the profession has proved transformative for other industries, too. Entertainment, media, medicine, and accounting have come face to face with globalization, technology, and the push for economic sustainability, with varying results. The revolution may have only begun in the legal industry, but the combination of these forces will reshape it for years ahead.

"Technology is going to have a profound effect on our profession," says Tanina Rostain, professor of law and co-director of the Center for the Study of the Legal Profession at Georgetown University Law Center. "The lawyers who are going to be in a good position and will do fine in the future are the lawyers who understand the technology and its limits, and [who] understand where they can add the value that technology cannot provide."

A highly mobile, globally interconnected, and seamlessly agile society will demand the same of its attorneys and law firms. Advanced technologies have already transformed the practice of law and soon will impact even more its delivery. Whether that transformation will continue to bring significant opportunities and challenges will depend on how fast lawyers and law firms embrace innovation.

The transition from bespoke services tailored to the client to an automated system of professional work is prompting structural changes in law firms. Some argue the practice of law is departing from the advisory business model and shifting to a depersonalized system of delivering services, driving

corporate clients to seek out "deals" from law firms and redefine the attorney–client relationship as a transactional one.

"We've got a shift in the nature of legal work with globalization and technology," says Erin Troy Clinton, founding partner and president of Troy Clinton Law Group, PLLC. "Law firms combined over the years because they thought clients wanted a one-stop shop, but that's not the case anymore. Clients are much more willing to parse out the work based on various attorneys' expertise and [try] to make the most of shrinking budgets and global challenges. That's having a very large impact on the legal environment."

Finally, the unknowable effects of globalization promise to be far reaching, going beyond mere geography and establishing a system for disparate human beings to speak about, process, and resolve differences across space and time. All of these factors have the power to make the world seem both much bigger and smaller, which explains the opportunity and anxiety.

### **Law Schools at a Crossroads**

Legal Education in the United States faces an uncertain future. Despite fierce complaints about outrageous levels of student debt and declining law school admissions, there has been no profession-wide drive to reform ongoing and critical structural problems. [Read more... \(/bar-resources/publications/washington-lawyer/articles/april-2016-law-school-crossroads.cfm\)](#)

### **A Snapshot in Time**

Eight years after the 2008 recession began, the legal industry is still grappling with economic instability. The result? Revenues and profits in 2015 and 2016 were projected to remain modest in comparison to the prosperous pre-2008 period, according to one of the organizations that annually take the pulse of the legal profession in the United States.

"We expect overall industry revenue and profitability growth rates in both 2015 and 2016 to be in line with the low single-digit growth rates of 2010–13, with continued dispersion and volatility," noted Citi Private Bank and Hildebrandt Consulting in their "2016 Client Advisory" released in December.

In March 2015, the District of Columbia Bar, as part of its strategic planning process, asked its members to weigh in on the state of the profession, and feedback in a combination of surveys and focus groups made it clear that Washington, D.C., is not insulated from the instability being felt across the country. One in four survey participants said they had changed their area of professional practice within the past five years, and for 20 percent of that group, it wasn't by choice.

But there was a decided and optimistic interest among D.C. Bar members in figuring out ways to address their concerns about globalization and technology. They were curious about how to leverage technology and the Internet to provide legal services, and they wanted to explore the implications of online legal services competing with traditional legal work.

Moreover, Bar members showed great interest in initiatives to strategically address the proliferation of nontraditional legal services providers and the impact of increasing globalization on the legal

profession. Members also suggested that the D.C. Court of Appeals consider entering into reciprocal agreements with foreign countries so that lawyers admitted in one jurisdiction could be admitted in another.

"There's no doubt the profession has changed significantly in the last 25 years," says Tim Webster, president of the D.C. Bar and a partner at Sidley Austin LLP. "The law has become nationalized. There are lawyers who work in D.C., Chicago, and Los Angeles, people who practice around the country. The same kind of thing is occurring internationally. We need to find ways to address those trends."

Altman Weil's 2015 *Law Firms in Transition Survey*, now in its seventh year, painted a similar picture, especially on the increasingly thorny decision by corporate legal departments to in-source work and use legal tech solutions to reduce the need for outside lawyers. "Sixty-seven percent of law firms say they are currently losing business to corporate law departments that are in-sourcing legal work," the survey found.

Much of the reason for that shift is the cost of doing business with outside counsel. After years of saddling corporate clients with substantial fees, companies began to balk at paying for billable hours, especially when it looked like they were paying to train associates on behalf of the law firm.

"I think there's always going to be a need for lawyers and law firms, especially for banks or other companies to get advice from the outside," says Suzanne Garwood, associate general counsel for JPMorgan Chase & Co. "If there's anything law firms need to work on [it] is their cost structure. They need to take a look at the billable hour."

The billable hour concept is embedded deeply in the financial *raison d'être* of law firms and has been a fundamental building block of their financial system. As the law firm structure begins to change, however, experts believe the billable hour may become an artifact of the past.

### **The Tech Revolution Is Here**

In the future, lawyers are not going to become a tribe of law school-educated programmers, but it wouldn't hurt them to know how to apply data analytics and mobile applications to the practice of law. The opportunity of these groundbreaking technologies lies in getting rid of the costly work of document management to assign greater value to the firm's expertise and the attorney's intellect.

The goal of much of this technological adaptation is to decrease costs, increase convenience, and improve access to justice—an admirable objective in anybody's book. Experts say computer-assisted document reviews are less expensive, more efficient, and more accurate. Many believe the profession will be less fixated on forms and more passionate about knowledge management in the future. The focus will be on designing legal tech systems, working across disciplines, and creating legal processes for clients rather than memorizing law.

"We're already seeing the beginning of the applications of artificial intelligence in the law," says Leipold. "ROSS [a computer program] at the University of Toronto is built on the IBM Watson platform, and they're developing sophisticated document assembly processes for machines. They've designed software with a 200- or 300-question tree. Once someone answers the questions, the machine can draft the document. It still needs a lawyer to review it, but it is not nearly as much drafting time. Once the question tree is complete, it can be used over and over again."

A new generation of online legal solutions has been created in the last few years, but the giants still dominate the market. Thomson Reuters' Westlaw and CLEAR and LexisNexis' Lexis Advance, Nexis, and Quicklaw command the legal research and legal management market. Rivals to each other, they also have attracted a number of rising competitors such as Fastcase and PACER.

LegalZoom is the granddaddy of consumer-based sites for legal advice and document creation, providing simple contracts and documents for online clients. But even it has upstart competitors nipping at its heels, such as Rocket Lawyer, LawDepot, and Nolo.

To differentiate themselves, legal sites have taken on a variety of roles. Clio focuses on law firm management system, the Depose app allows users to draft and edit depositions, DocketLaw calculates court deadlines, Axiom provides lawyer placement services, and Legal OnRamp is a place for legal professionals to share information and discuss trends. Exigent and Pangea3, the latter also owned by Thomson Reuters, provide global legal process outsourcing options.

Online solutions also are available for lawyers to access a network of qualified legal professionals and firms around the globe with which to develop collaborative relationships. Meritas, wireLawyer, UpCounsel, and Priori Legal are examples of this so-called marketplace of legal services that are gaining traction.

What is remarkable about these projects being considered by tech companies, law firms, and law schools is their variety. Some address the needs of firms, others are focused on lawyers, and still others are targeted at the legal interests of clients. A few groundbreaking examples illustrate the dizzying effects of technology on the practice of law.

The Canadian province of British Columbia has created the first of that country's online tribunal to resolve small claims disputes and condo conflicts of up to \$10,000. The Civil Resolution Tribunal (CRT), also available as a mobile app, is in beta testing now and will launch later in 2016. Officials are offering CRT as a voluntary means of resolving disputes, but they expect it to become mandatory for certain cases. The system's built-in process includes party negotiations, a mediation-type phase, and an adjudication that has the same force as a court ruling.

Another project—designed by two law professors and a data scientist and consultant—is applying machine learning and artificial intelligence techniques to predict the outcomes of cases before the U.S. Supreme Court. So far the computer model has an accuracy rate of 70 percent, which is considered remarkably high for these kinds of predictive projects.

The widespread adoption of data analytics will be a game changer. Over and over again, legal technologists have forecasted the revolutionizing effects of data analytics and artificial intelligence in discovery, document review, and in teasing out legal strategies. "We know the world is about data," says Rostain of Georgetown Law. "Lawyers need to be able to find data, they need to know how to use it and manipulate it. We're teaching students how to get data off the Internet now and use it in ways that help and support the practice of law."

These kinds of legal tools are having a broad effect on the profession as they hand more control over legal matters to clients. A sampling of online legal sites, games, and mobile apps discussed below are just the tip of the iceberg when it comes to opportunities for attorneys and clients.

Designed for trial lawyers, The Juror Rater mobile app helps attorneys to select a jury by rating the probable bias of prospective jurors toward the criminal prosecution or civil defense by evaluating key factors. The \$25 app is available for tablets.

Shake, another mobile app, allows users to create five types of contracts by walking them through a series of questions. It follows the TurboTax process of guiding users to create, sign, and send freelance, nondisclosure, buy-sell, loan, and rental and lending agreements. The contracts are stripped of "unnecessary" legal language and written in simple English.

Even the American Civil Liberties Union of the Nation's Capital (ACLU-DC) has gotten into the business of app production. Its Mobile Justice DC app, for instance, enables users to record

suspect or violent encounters with law enforcement, file an incident report, and send those reports to the ACLU-DC for review.

And then there's Estate Quest, a video game that teaches basic estate planning concepts to consumers. While the game isn't intended at this stage to provide legal advice, the goal is to help players prepare to meet with an attorney. "The player is a detective presented with different case files about individuals who failed to prepare estate planning for their families before their death," according to the game's description online. "The player uses a time machine to time travel to different dates showing scenes in the case. Each scene is interactive with animated elements and clues for the player to discover. The clues reveal what should have been written into an estate plan to prevent the negative consequences."

If that doesn't feel like a brave new world, imagine the last time anyone considered estate planning the stuff of games.

### **A Shrinking World, a Crowded Market**

While technology is transforming the legal landscape, globalization also is making an impact. U.S. law firms have "gone global" to respond to client demands and the flow of capital, as well as to access new markets. With the profit magnetism of Dubai, Shanghai, Singapore, Tokyo, and many other world capitals, Big Law firms have established outposts and expanded their networks to better serve international clients.

"The world is shrinking and firms are setting up branch offices to service their corporate clients," says Sanford K. Ain, principal and cofounder of Ain & Bank P.C. "The law practice is becoming completely one in terms of other countries. Globalization of the legal profession is dramatic and dynamic and will continue. As time goes on, I expect that we'll be dealing with other countries much the way we deal with other states."

The 2016 Client Advisory forecasts that the "global legal market is becoming extremely competitive and, in some markets, over-crowded. The most successful global firms will be those where the goal is to service clients with global needs and to diversify the firm's practice profile."

Much of the globalization of the legal industry is focused on two types of law firms: the "global Goliaths" and the "global elites." Both are comprised of large firms serving their multinational clients' cross-border, multijurisdictional legal transactions. The global Goliaths are law firms with record numbers of attorneys and offices. The global elites are those firms known for their bespoke services that operate domestically or in adjacent markets.

"The fact we've become more global really has given lawyers . . . incredible opportunities," says Brigida Benitez, a partner at Steptoe & Johnson LLP and immediate past president of the D.C. Bar. "We now can be here and have an exciting practice that touches on issues and factors all around the world."

Many observers believe globalization will continue into the future, especially as firms respond to the need for comparative legal knowledge and the growing number of transnational transactions. The barriers to international businesses continue to fall, and law firms play a critical role in helping international companies to compete globally.

"In terms of the legal profession, I think it's increasingly difficult if not impossible to rely on expats to handle your overseas offices," says William Sudow, cofounder of Sudow Kohlhagen LLP who has worked his entire career on overseas transactions. "You really need to have folks who are local lawyers and fluent in the local language as well as English. It's evolved to the point where large international law firms, in order to thrive overseas, need to have a good network of local lawyers who are partners or who have collaborative relationships."

Moreover, international treaties have changed the complexion of the global legal practice, and will likely continue to break down barriers in the way international law firms and their services are defined and structured.

"Globalization is now part of the frame of reference in which the U.S. legal profession operates and one cannot talk about lawyers and globalization without considering the impact of international trade agreements on any given issue," wrote Laurel S. Terry in "From GATS to APEC: The Impact of Trade Agreements on Legal Services," which appeared in the *Akron Law Review* in 2010. "While these agreements may not ultimately apply, they reflect the globalized world in which we now live and are an integral part of the regulatory landscape that must be considered."

The D.C. Bar has joined other state bars in looking at the effects of globalization in terms of the size, makeup, and jurisdictions of local law firms. The Bar's Global Legal Practice Task Force, chaired by Darrell Mottley, a principal shareholder at Banner & Witcoff, Ltd. and a former D.C. Bar president, is expected to release its recommendations in the coming months. There also have been efforts locally, nationally, and internationally to harmonize professional rules between countries to reduce conflicts across international jurisdictions.

"The [Bar's] Board of Governors set up the Global Legal Practice Task Force to study how globalization is impacting the law practice," says Mottley. "Between alternative business structures and law firms trading on the stock market, there are many things out there we probably don't know about yet."

### **A New Business Model**

After the recession, law firms around the globe were looking for ways to stay afloat. Some closed their doors, others cut back with massive layoffs. The turbulence of the economic collapse caused even some of the most successful firms to pare back by cutting interns, associates, and support staff.

In medium and large law firms, there is still tremendous pressure from corporate clients to bring down the cost of their overall legal spending. That means they're leaning on law firms to provide value.

Altman Weil's *Law Firms in Transition Survey* documents how the legal profession is changing, and also identifies emerging forces defining its future. One of those changes is the move by corporate legal departments to in-source work and to adopt legal technology solutions to reduce the need for outside lawyers.

"Sixty-seven percent of law firms say they are currently losing business to corporate law departments that are in-sourcing legal work," the survey states. "[M]any firms are engaging in a variety of changes in response to post-recession market forces. But the majority of change efforts can be characterized as limited, tactical and reactive. Law firms appear to be gambling that a measured approach to change will hold them in good stead among peer firms taking the same incremental approach."

The Center for the Study of the Legal Profession at Georgetown Law and Thomson Reuters Peer Monitor, in their *2016 Report on the State of the Legal Market*, suggest that U.S. firms have been slow to react to the current situation because they aren't convinced the problem exists. "To date, however, very few firms have been willing to engage *proactively* in the consideration or implementation of the kinds of operational changes that would be required to respond effectively to the changed expectations of their clients," the report states.

That isn't the case worldwide. The United Kingdom, Australia, Hong Kong, and some Canadian provinces began to look for ways to handle legal case backlogs while also teeing up new clients



from nontraditional sources. Officials focused their efforts on deregulating their legal sectors, opening up ownership of law firms, and allowing the provision of certain low-level services by nonlawyers.

"The reason they adopted the change in the law was they thought they'd have lower costs for consumers with a lot more competition and with creative business structures," says Mottley. "We're waiting to see if that happens."

Since 2007 the UK has allowed nonlawyers to enter the legal services market in a bid to address the unmet legal needs of lower-income individuals. The UK's welcoming attitude to nonlawyer services has opened doors for the Big Four U.S. accounting firms—Deloitte LLP, PricewaterhouseCoopers (PwC), Ernst & Young, and KPMG LLP—to offer legal services, as well as for law firms to seek external equity investments by raising investment capital or going public on the stock market.

The Co-operative Group, the UK's largest mutual business, has added legal services to its menu of offerings, which already include retail food operations, appliance sales, and financial and even funeral services.

"Obviously, law firms have to compete in a global marketplace where legal services are provided in a variety of settings and at a variety of price points," says Leipold of the NALP. "I think there's a strong movement toward deregulation. We have seen the Legal Services Act in the UK derail the law in a lot of ways. Law firms can raise outside capital on the stock market. They can be owned by nonlawyers. And alternative business structures allow the Big Four accounting firms to provide legal services in the UK."

The future might include Walmart or Safeway offering legal services at a window in its stores right next to the grocery and pharmacy. Or large accounting or consulting firms such as Deloitte or PwC offering new lines of business to their longstanding clients. In February 2016, PwC, the world's largest accounting firm, announced that it was on track to reach 100 million pounds in revenue by 2018 in the UK (about \$142.8 million today). Following at a distance, but still growing, are consulting giants Ernst & Young and KPMG.

In 2015 the American Bar Association's House of Delegates adopted a resolution that provides states a framework for the regulation of nontraditional legal services providers. Known as Resolution 105, it acknowledges that some states may decide to allow nonlawyers to provide certain types of legal services.

The District of Columbia permits nonlawyer ownership of law firms, subject to certain restrictions. Under D.C. Rule of Professional Conduct 5.4(b), nonlawyer owners must perform professional services that assist the firm in providing legal services, and that the sole purpose of the firm must be the provision of legal services to clients.

Washington state allows nonlawyers to be licensed to provide legal services to clients in certain practice areas and to own a minority interest in a law firm. Legal technicians, also known as limited license legal technicians or LLLTs, are trained and licensed to advise and assist people going through divorce, child custody, and other family law issues. In Georgia, where nonlawyer ownership or investment is not permitted, a law firm is allowed to work and share legal fees with a firm in another jurisdiction that allows nonlawyer partnership or passive investment in a firm.

Opponents fear that licensing programs will give birth to a two-tiered system where nonlawyers serve the poor and lawyers are accessible only to the wealthy.

One feature of the past that most clients and many lawyers would like to see listed as extinct is the billable hour. The enormous cost of litigation has been a deterrent for many clients, and more and more of them, even corporations, want to work on a flat rate.

"I don't think that the billable hour encourages the right behavior," says Garwood of JPMorgan Chase. "If you think about it, you're a first-year [associate] and your mission in life is to work as many hours as you can. Whereas your client's mission is to get really good work with as few hours as possible. There is a huge disconnect."

The billable hour concept makes it easy to think of legal services as a product. "Legal services have become a bit of a commodity," says Clinton of Troy Clinton Law Group. "It used to be about relationships. It's far less so now. I do think clients are looking at legal services as a commodity, one that they can shop around for."

The billable hour system, with its corrosive effects, are likely to change for most law firms in the future, except possibly for some of the very largest. Outsourcing, data analytics, online tools, and broader tech solutions will make it difficult to convince price-conscious clients to accept what they consider an antiquated way to pay for services.

"The pressure to generate revenue adversely impacts people's quality of life and health," says Ain. "A more moderate culture and a more moderate approach to the way people practice law would be an improvement. We need to start treating it more like a profession" and less like a bottom-line business.

### **Now the Good News**

The future appears to hold great promise for the legal profession. It's just too early to tell. After all, it's not mindless optimism that drives one to believe a problem can be turned into a virtue, and observers say challenges like globalization and rapid change in technology open new doors as fast as they close old ones.

"I think the future is even more integrated with more cross-border transactions," says Sudow. "I think there will end up being at least two or three or four languages used in international transactions. I believe we'll be able to figure out how to manage it."

The challenge for the profession, its leaders, and its foot soldiers is to be more creative and visionary in considering what to do next. This won't be a journey for the fainthearted or the nonaligned.

Sure, there are some who are predicting the demise of professions, including law, medicine, and engineering, because they are under attack from the forces of technology and culture. Or that the centuries-old social compact between the professions and the public is beginning to fray due to a series of challenges with no easy answers.

"The end of the professional era is characterized by four trends: the move from bespoke service; the bypassing of traditional gatekeepers; a shift from a reactive to a proactive approach to professional work; and the more-for-less challenge," wrote Richard Susskind and Daniel Susskind in *The Future of the Professions: How Technology Will Transform the Work of Human Experts*.

Yet, these changes also are expected to bring new opportunities for law firms and lawyers. Taking steps now to build a more global firm, to restructure from an antiquated billing system, and to adopt technology to its fullest capacity will pay off in years to come.

The question for people considering a legal career—or those already in it and hoping for a long one—is how will society interface with law in the future? Will robots be able to handle both basic

and complex legal transactions and counsel? Will lawyers, if not law firms, be the knowledge keepers?

Uncertainty in the current business climate may not subside soon, but there will be lawyers taking risks and rolling the dice on the future of the profession. "For students going to law school, it's still a great profession and you get a great education, but you have to have some kind of risk tolerance. You're just entering a profession experiencing profound change."

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*Sarah Kellogg is a regular contributor to Washington Lawyer.*



**“Cuozzo v Lee: SCOTUS ‘Bothered’  
By Differing Claim Constructions,  
Lawyers Say”**

**Marc S. Cooperman**

***World Intellectual Property Review***

***April 26, 2016***

## Cuozzo v Lee: SCOTUS ‘bothered’ by differing claim constructions, lawyers say

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Zerbor / Shutterstock.com

US Supreme Court justices are “clearly bothered” by the fact that courts and the US Patent and Trademark Office (USPTO) reach different results depending on the standard of claim construction used, lawyers have told *WIPR*.

Yesterday, April 25, the court [heard oral arguments](#) in *Cuozzo Speed Technologies v Lee*, a case that centres on the claim construction standard that the USPTO's Patent Trial and Appeal Board (PTAB) applies during the *inter partes* review (IPR) process.

The dispute started in 2012 after Cuozzo's rival Garmin challenged the validity of Cuozzo's patent, US number 6,778,074, which covers technology used in a speedometer, by requesting an IPR at the PTAB.

After construing the claims asserted in the patent under its broadest reasonable interpretation (BRI) standard, the PTAB invalidated it in 2013 on the grounds that it was obvious.

But Cuozzo argued that its patent would have been held valid under the Phillips standard, which is used by US district courts.

Earlier this year, the US Court of Appeals for the Federal Circuit rejected Cuozzo's challenge against the PTAB's ruling and, five months later, a divided federal circuit rejected a request for an *en banc* hearing.

Cuozzo then petitioned the US Supreme Court, which [agreed to hear the case](#) earlier this year.

Brad Olson, partner at law firm Barnes & Thornburg, told *WIPR* that Cuozzo began its arguments by questioning two of the justices, Ginsburg and Sotomayor, about whether the PTAB is applying the proper standard.

Olson added that Chief Justice Roberts said that pitting the courts against the USPTO is a "very extraordinary animal" in the legal culture and that two different proceedings addressing the same question can lead to different results.

"The opinion of the court may well hinge on whether Roberts can convince a sufficient number of associate justices to sign on to a majority opinion that holds that the BRI standard is leading to two separate pathways to different results and significant unintended consequences," Olson said.

Naveen Modi, partner at law firm Paul Hastings, agreed.

He told *WIPR* that "Some of the justices were clearly bothered by the fact that the district courts and the PTAB could arrive at different results depending on the standard used."

He added that the justices had inquired why, if IPRs were intended to cut down on litigation, they do not use the same standard as courts.

Marc Cooperman, principal shareholder at Banner & Witcoff, said the justices were “very engaged and active” in exploring the principal question of possible differing claim constructions.

“The justices took a keen interest in the BRI v ordinary meaning issue. Both counsel for Cuozzo and the USPTO were the subject of substantial scrutiny by the court, with the latter getting the lion’s share of the questions,” Cooperman said.

He added: “If the BRI standard is abandoned—which seems likely based on the court’s questioning—more patents should withstand IPR review and the number of IPR proceedings may decline as a result.”

A decision is expected in June this year.



**“Federal Circuit Finds Disparaging  
Marks Registerable — Analysis and  
Reaction”**

**R. Gregory Israelsen**

***World Trademark Review***

***March 15, 2016***



## Features

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# Federal Circuit finds disparaging marks registrable – analysis and reaction

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In its reversal of a refusal to register THE SLANTS, the Federal Circuit has found unconstitutional the prohibition on disparaging marks. *World Trademark Review* compares reactions from corporate counsel, private practitioners and the applicant himself

By Trevor little

### The decision

The Federal Circuit has reversed the Trademark Trial and Appeal Board's (TTAB) refusal to register THE SLANTS for entertainment in the form of a musical group (see *In re Simon Shiao Tam* (Fed Cir December 22 2015)). According to the court, the specific portion of Section 2(a) of the Lanham Act which prohibits the registration of disparaging marks is unconstitutional.

Simon Tam sought to register the mark THE SLANTS for his musical group, but was refused registration by the examining attorney on the basis that the mark would be considered disparaging to persons of Asian descent. Tam, who himself is of Asian descent, argued that he chose the mark specifically to reclaim a term that is generally considered derogatory. The TTAB affirmed the examining attorney's refusal to register the mark and Tam appealed to the Court of Appeals for the Federal Circuit.

The court upheld the TTAB's decision that THE SLANTS mark is disparaging, but reversed the refusal to register the mark on the grounds that the disparagement provision of Section 2(a) is unconstitutional. To cover all bases, the court reviewed the statute under both the strict scrutiny standard for expressive speech and the intermediate standard for commercial speech, and held that the statute failed under both tests.



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Karin Segall, Leason Ellis

However, in the court's view, the speech at issue was expressive and thus subject to strict scrutiny, even though a trademark serves a commercial function. Moreover, the court found that the disparagement provision discriminated based on disapproval of the message conveyed by the mark at issue and therefore was not content neutral, further supporting invocation of the strict scrutiny standard. As it was undisputed that the statute could not withstand this level of scrutiny, the statute failed under this test.

The government's primary arguments in favour of the statute's constitutionality rested on the fact that denial of registration is not prohibition of speech. The court rejected the different variations on this argument, essentially because registration affords significant benefits and the denial of registration therefore deters people from choosing disparaging marks and thus has a chilling effect on speech. The court also rejected arguments that a trademark registration is 'government speech' or a 'government subsidy', each of which would have avoided strict scrutiny.

Under the intermediate level of scrutiny, the statute also failed because the government did not meet its burden of justifying the statute as meeting a government interest. The court rejected arguments that the government is entitled to dissociate itself from odious speech and that it has an interest in "declining to spend its resources to facilitate the use of racial slurs as source identifiers in interstate commerce".

As part of the decision, the Federal Circuit overruled a case by its predecessor court, which had held that Section 2(a) was not unconstitutional. That case, *In re McGinley* (660 F 2d 481 (CCPA 1981)), held that the denial of registration is not a prohibition on speech because it does not affect the right to use the mark. The court determined that the prior case did not sufficiently analyse the constitutionality issue.

The length of the court's opinion, as well as the number of concurring and dissenting opinions, demonstrates the complexity of the issue of whether the prohibition on registering disparaging trademarks is constitutional. For example, one opinion that concurs in part and dissents in part would find the statute unconstitutional as applied to the mark at issue (because of its expressive content), but not unconstitutional *per se*. Another dissenting opinion would find that trademarks are always commercial speech which Congress can regulate. The

case will be instructive for the Fourth Circuit in its pending review of the cancellation of the REDSKINS marks and sets the stage for a potential Supreme Court decision on the issue.

## **Karin Segall, Leason Ellis**

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### **Applicant's perspective**

In some ways, the victory was absolutely incredible: to know that we have been able to make this kind of difference on an antiquated (and ineffective) law is very humbling. In other ways, it feels anti-climatic. After nearly six years of work, news of the decision exploded on Twitter – but it was almost entirely reframed as a win for the Washington Redskins rather than a win for free speech.

Our win does not guarantee victory for the National Football League (NFL) team. It certainly may influence it; but even if it does, it is an important legal decision in its own right. If the team name were not in the picture, would the media or legal community write about the expansion of rights and the recognition of reappropriation as an important form of political speech? That seems more newsworthy to me.

Unfortunately, most of the reactions have seemed opportunistic: headlines have become fodder for clickbait; analysis has been weak at best. Most people writing and commenting on the case have little knowledge of the history of the Lanham Act or the details of my case. Most of them wanted to compare it to the most familiar case to them: the *REDSKINS* case. But the reality is that most trademark owners do not have millions of dollars invested in goodwill or a large professional sports organisation which pays for the legal fees, so this is not a relevant comparison for business owners. The media should focus on what matters most: that another law which has been justifying the denial of rights based on race has been revoked, trademark owners can secure better protection for their marks and the market (rather than government) gets more control.

## **Simon Tam, The Slants**

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**Going beyond disparaging marks?**

My opinions about the implications of this decision beyond disparaging marks are of no more significance than those of the fellow on the next barstool. We were at pains to brief and argue only the narrow question that the court asked us. As it is, the disparagement provision has its own set of unique and problematic First Amendment problems, which were more than enough to keep the court busy for 110 pages. Most of the problems addressed in the opinion seem specific to disparaging marks, except perhaps the vagueness issues raised in the opinion, which we did address in our submissions and which are well known to practitioners.



Ronald Coleman, Archer & Greiner

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There will be a lot of intelligent discussion in the coming months by knowledgeable and sensitive people who will take issue with ‘this analogy’ or ‘that emphasis’ in the various parts of the decision, and we will all benefit from that conversation. It is hard, if you are a political economy major like me, not to want to extend beyond mere trademarks. Is government in general – not just the US Patent and Trademark Office (USPTO) – really where society should turn to finetune ethnic and racial relations? I am not suggesting that the circuit court had any intention of addressing that question or that such a matter could be addressed if *In re Tam* were reviewed by the Supreme Court. But if you are asking barstool questions, that would be mine.

In terms of the next steps, it will be an interesting few months because, as far as we can tell, the next shoe to drop will probably be official NFL regulation footwear. Like everyone else, we are closely watching the action in the Fourth Circuit, which will probably be where the next play takes place.

**Ronald Coleman, Archer & Greiner, who represented The Slants in this matter**

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**Promising development, but there could be more to come**

For Tam and his band, the prospect of trademark registration looks promising. The Federal Circuit remanded the case to the TTAB for further proceedings and assuming that THE SLANTS mark meets the other requirements for

registration, the band's name is likely to be granted trademark registration. Of course the Federal Circuit's holding is subject to appeal; and if the Supreme Court decides to grant *certiorari* in the case, Tam may have to wait a while longer – and prevail again – before the USPTO allows his application.

Additionally, many have speculated that a victory for Tam would pave the way for reinstatement of the trademark for Washington's professional football team, the Redskins. Six REDSKINS trademarks were cancelled in 2014 by the TTAB, based on the TTAB's determination that the term disparages Native Americans. This decision was upheld in July 2015 by the US District Court for the Eastern District of Virginia and is now on appeal at the Fourth Circuit in a case styled *Pro-Football, Inc v Amanda Blackhorse*. In response to the Federal Circuit's opinion in *Tam*, the appellee United States filed an unopposed motion in the Fourth Circuit, requesting an extension of time for appellees to file their briefs. The court granted this motion. All briefs in final form are due March 18 2016. The case has not yet been calendared for oral argument.

While the Fourth Circuit is not bound by the Federal Circuit's holding in *Tam*, portions of the *Tam* opinion seemed to be written with it in mind. For example, *Tam* cited multiple times from the brief of *amicus curiae* submitted for Pro-Football, Inc, which owns the REDSKINS marks. The opinion further cited examples of cases where the Ninth Circuit, Fifth Circuit and DC Circuit have applied the unconstitutional conditions doctrine to protect speech under the First Amendment from government overreach. But if the Fourth Circuit in *Pro-Football, Inc* reaches a different outcome from the Federal Circuit's decision in *Tam* (eg, if the Fourth Circuit upholds the constitutionality of Section 2(a)'s disparagement provision), then the Supreme Court is likely to grant *certiorari* in at least one case to resolve the resulting circuit split.

**R Gregory Israelsen, Banner & Witcoff**



R Gregory Israelsen,  
Banner & Witcoff

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An unfortunate decision

Let us hope that the Supreme Court corrects the unfortunate decision of the Court of Appeals for the Federal Circuit in *In re Tam*, holding that the federal government is powerless – because of the First Amendment – to deny a request to federally register a racial slur as a trademark because it may disparage persons.

The decision invalidates the nearly 70-year-old disparagement portion of Section 2(a) as a violation of applicant Tam’s right to free speech, without adequately explaining how an applicant’s speech would be chilled by a registration denial or the fear of one. The fewer than 5 million federal trademark registrations issued to date are a drop in the ocean as compared to the total number of trademarks that have been used in this country. Simply put, registrations are not needed to express private or even commercial viewpoints. However, they are needed to express government approval. The irony of the flawed ruling is: Tam cannot be denied a registration because his free speech rights require it, so he is better equipped to silence others.

In regulating interstate commerce, Congress has created the federal trademark registration programme. It does not forbid the use of disparaging trademarks, but it does disallow registration. The statutory bars to registration are narrowly tailored, so that most matter serving a trademark purpose may be registered, but certain types of matter violating public policy, such as racial slurs, cannot qualify. The federal government has a legitimate interest in not being seen as approving such matter for registration. Section 7 of the Lanham Act explicitly confirms that a certificate of registration is issued in the “name of the United States of America”. So the trademark registration – as opposed to the trademark itself – is a piece of paper issued by the federal government with its literal and figurative signatures all over it.

Conflating the federal government’s act in approving a trademark for registration and issuing a certificate of registration in the name of the United States with the applicant’s commercial use of the trademark yields an improper analysis of the First Amendment question.



Stephen R Baird, Winthrop  
& Weinstine

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Another unfortunate aspect of the decision is the purely academic question of whether Congress could amend the Copyright Act to add a similar disparagement provision. Congress has never done or expressed plans to do so. Nevertheless, the underlying premise that trademarks should be treated like copyrights is not the law, is not obvious and has multiple flaws. First, copyright law is pre-emptive – states cannot seek to protect copyright under state law. Yet with trademarks, there is no pre-emption – states can and do protect trademarks. Second, a prerequisite to copyright enforcement is federal registration – not so with trademarks. Unregistered marks may be protected by the states under common law. Third, in terms of Congress’s legitimate interest in limiting confusion in the marketplace, it is reasonable and accurate for the public and potential consumers to infer governmental approval of the matter comprising a trademark when the federal registration symbol (®) is used, because it is unlawful to use it without first having obtained a certificate of registration in the name of the United States. But again, not so with copyright – there is no prohibition on the use of the copyright registration symbol (©) and there is no registration requirement in order to use it.

To suggest that all forms of intellectual property (copyright, patents and trademarks) should be treated the same ignores the careful balance that Congress has struck over the last century in legislating unique protections and limitations for each form of intellectual property.

### **Stephen R Baird, Winthrop & Weinstine**

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#### **A word of caution**

For more than 70 years, the USPTO has relied on Section 2 (a) as the basis for refusing applications for trademarks that it deems immoral, deceptive or scandalous. By striking down Section 2(a) of the Lanham Act as unconstitutional, the court confirms that “the government may not penalize private speech merely because it disapproves of the message it conveys” (slip op at 4). The court’s reaffirmation of the importance of the First Amendment right to freedom of speech will certainly open the USPTO’s door to rights holders seeking to register colourful marks, which previously would have been precluded.





However, a word of caution: just because a rights holder may now have the option to register an “immoral, deceptive or scandalous mark”, this certainly does not mean that it is a wise business or marketing decision to do so. First

James H Johnson,  
Sutherland Asbill &  
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Amendment strict scrutiny will now be applied to trademark registrations, but public scrutiny will also take place. All registration applications are matters of public record; depending on the unique aspects of each market, the use and registration of disparaging marks may alienate and offend consumers.

The court’s ruling also gives support and optimism to current rights holders embroiled in litigation involving Section 2(a) rejections. Most notably, the USPTO cancelled the controversial REDSKINS trademark as disparaging to Native Americans under Section 2a. A district court upheld the cancellation and the case is currently on appeal to the US Court of Appeals for the Fourth Circuit. Although the Fourth Circuit is not required to follow the Federal Circuit’s ruling that Section 2(a) is unconstitutional, a circuit split on the constitutionality of Section 2(a) could force the US Supreme Court to resolve this issue.

### **James H Johnson, Sutherland Asbill & Brennan LLP**

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#### **Broader effect**

The Federal Circuit held that the Lanham Act’s prohibition on the registration of disparaging marks violates the First Amendment right to free speech. This provision has become a target of controversy and is central to the longstanding battle over the marks used by professional football team the Washington Redskins, which some critics have called a racial epithet. In the present case, the court held that the government could not refuse to register disparaging remarks just because it disapproved of the messages conveyed by them. It held that “the government regulation at issue amounts to viewpoint discrimination, and under the strict scrutiny review appropriate for government regulation of message or viewpoint, we conclude that the disparagement proscription of Section 2(a) is unconstitutional”.



Beth Seals, Squire Patton  
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Obviously, this drastic change to US trademark law will pave the way for owners of marks that may be viewed as disparaging to a certain group to reap the benefits of federal registration, in addition to their common law use-based rights. However, this decision may have broader effects as well. For example, Section 2(a) of the Lanham Act also prevents the registration of supposedly immoral or scandalous marks. The court expressly left the question open that other portions of Section 2(a) may likewise constitute government regulation of expression based on message. Thus, it is possible that this decision will open the gateway for challenges to these provisions as well. Also, this decision may have some effect on state law. For example, California was recently the first state to ban the use of the name 'Redskins' as a public school mascot, following the TTAB's order cancelling the Washington Redskins football team's registrations under Section 2(a). Of course, it is also possible that this issue will be litigated all the way up to the US Supreme Court, which will have the final word.

## **Beth Seals, Squire Patton Boggs**

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### **New 'slant' on things to come**

"The government regulation at issue amounts to viewpoint discrimination, and under the strict scrutiny review appropriate for government regulation of message or viewpoint, we conclude that the disparagement proscription of §2(a) is unconstitutional." Those words were most likely music to the ears of the band known as The Slants, with a 70-year-old clause shot down by the US Court of Appeals for the Federal Circuit.

Under Section 2(a) of the Lanham Act, a trademark examiner determines the disparaging factor of a mark on whether it "dishonors by comparison with what is inferior, slights, deprecates, or affects or injured by unjust comparison". That said, the court found that this standard, as depicted in the act, allows a single person, namely a trademark examiner, without any higher authority review to reject a mark based on his or her sole conclusion that the subject mark would be disparaging to a particular group based on a synthesised viewpoint. While the government pulled out the old standard argument that strict scrutiny should not



Relani Belous,  
FriendFinder Networks Inc

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apply, the court disagreed. It essentially said that since this section is presumptively unconstitutional, the government would have to prove that Section 2(a) is “narrowly tailored to serve compelling state interests”. Well, it is not.

So perhaps the First Amendment is alive and well, and not on life support. That said, ultimately, in light of the *REDSKINS* case decided in the US District Court for the Eastern District of Virginia, the final decision in this frontline melee may be one for the Supreme Court.

**Relani Belous, FriendFinder Networks Inc**

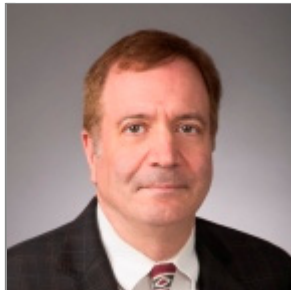
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Mr. Articola has written more than 30 articles on various aspects of patent prosecution. He has written about important patent decisions of the Court of Appeals for the Federal Circuit and the Supreme Court, including several articles regarding the *Alice v. CLS Bank* decision. He has also written an article on the Confederate Patent Office and the Stonewall Jackson patent.

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Matt Becker focuses his practice on litigating of patent, copyright, and trademark disputes. Matt has successfully represented plaintiffs and defendants in numerous patent litigations as lead and co-counsel in a wide range of technologies.

Matt has been named an Illinois Super Lawyer in Intellectual Property Litigation from 2013-2017, after being named a Rising Star from 2008-2012. The Super Lawyers list represents the top 5% of attorneys in Illinois as chosen through a peer balloting process and through the independent research of Thomson Reuters.



Matt's litigation accomplishments include:

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Examples of published decisions from cases on which Matt has worked include:

- RMDI v. Remington Arms Company, Inc. et al., 2:10-cv-00029-TS-DN (D. Utah Jan. 18, 2012) (obtaining summary judgment of invalidity)
- In re Certain Toner Cartridges and Components Thereof, Inv. No. 337-TA-740 (U.S.I.T.C. Sept. 27, 2011) (obtaining determination of violation of Section 337 and issuance of general exclusion order).
- Zamora Radio LLC v. Pandora Media, Inc., 758 F.Supp.2d 1258 (S.D. Fla. 2010) (obtaining summary judgment of noninfringement).
- Kimberly-Clark Worldwide, Inc. v. First Quality Baby Products, LLC, 2010 WL 2025100 (E.D. Wis. May 20, 2010) (obtaining preliminary injunction on four process patents).
- MOAEC, Inc. v. Pandora Media, Inc., 607 F.Supp.2d 980 (W.D. Wis. 2009) (obtaining summary judgment of noninfringement).
- Static Control Components Inc. v. Lexmark Int'l Inc., 615 F.Supp.2d 575 (E.D. Ky. 2009).

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- Pitney Bowes, Inc. v. Kern Int'l Inc., 239 F.R.D. 62 (D. Conn. 2006).
- PNA Construction Techs., Inc. v. McTech Group Inc. et al, No. 1:05-CV-1753-WSD, 2006 WL 304052 (N.D. Ga. 2006) (obtaining preliminary injunction).
- Automotive Tech. Int'l v. BMW of North America, Inc. et al, 378 F.Supp.2d 780 (E.D.Mich.2005) (obtaining summary judgment of invalidity).
- Lisle Corp. v. AJ Mfg. Inc., 289 F.Supp.2d 1048 (N.D. Ill. 2003) aff'd 398 F.3d 1306 (Fed. Cir. 2005) (affirming summary judgment of infringement and denial of JMOL following jury trial on invalidity).
- Benedict v. General Motors Corp., 184 F.Supp.2d 1197 (N.D. Fla. 2002) (obtaining summary judgment of invalidity).
- Allied Tube and Conduit Corp. v. John Maneely Co., 125 F.Supp.2d 987 (D. Ariz. 2000) (obtaining preliminary injunction).
- Whatley v. Nike Inc., 54 U.S.P.Q.2d 1124 (D. Or. 2000). Lampi Corp. v. American Power Prods. Inc., 52 USPQ2d 1733 (N.D. Ill. 1999) aff'd in part 228 F.3d 1365 (Fed. Cir. 2000) (affirming findings of noninfringement following bench trial).
- Aero Industries Inc. v. John Donovan Enterprises-Florida Inc., 80 F.Supp.2d 963 (S.D. Ind. 1999) (obtaining preliminary injunction).

Matt graduated, with distinction, from Purdue University in 1995 earning a B.S. degree in Chemical Engineering while in the Honors Program. Matt was also inducted into the Tau Beta Pi Engineering Honor Society. In 1998, Matt earned his law degree from Northwestern University School of Law. Matt is a registered patent attorney and is admitted and to practice in Illinois and numerous federal district courts.

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In his previous career, Mr. Bodner worked as an electrical and systems engineer for IBM, Loral Corporation, and Lockheed-Martin Corporation. He has substantial experience in designing and installing large computer systems and networks for customers such as the United States Air Force.

Mr. Bodner has a Bachelor of Science degree in Electrical Engineering from Washington University, a Master of Science degree in Electrical Engineering from the University of Colorado, and a Juris Doctor from George Mason University.

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During law school, Mr. Chang worked as a full time law clerk with the Firm and as a patent examiner at the U.S. Patent & Trademark Office examining medical device applications. During this time, he gained valuable experience in various matters related to patent prosecution, client counseling, and intellectual property litigation. Prior to law school, Mr. Chang interned at a Fortune 500 medical device company and a Midwest electric power cooperative.

Mr. Chang earned a B.S. in Electrical Engineering, *summa cum laude*, with a minor in statistics from the University of Minnesota. He earned a J.D., with honors, from the George Washington University Law School, where he was a member of the *American Intellectual Property Law Association (AIPLA) Quarterly Journal*. At graduation, Mr. Chang was awarded the American Bar Association/Bureau of National Affairs Award for demonstrating excellence in the study of intellectual property law.

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Steve has handled utility patents in a wide-range of computer and electrical technologies, including Internet services, video games, content delivery networks, user interfaces, wired (e.g., DOCSIS, MoCA, etc.) and wireless (e.g., cellular, wi-fi) communication systems, and many others.

He has also handled hundreds of design patent applications to help his clients protect the novel ornamental appearances of their physical hardware and software user interfaces. Sample representations include work to protect operating system user interfaces, computing hardware and user input devices used by millions of people today.

Outside of work for clients, Steve is an Adjunct Professor at Georgetown University Law School, teaching their course on IP Pretrial Litigation Skills. Steve has also given speeches and presentations for a variety of organizations, such as the IEEE, ABA, Triangle Game Conference and U.S. Navy OGC, and has authored various articles and book chapters in the intellectual property field.

In his spare time, Steve enjoys entertaining his kids, and organizes a weekly pickup game of Ultimate.

Steve received his Bachelor of Science degree in Electrical Engineering from The Ohio State University in 1995, and has been with Banner & Witcoff since receiving his Juris Doctor from the Temple University School of Law in 1998.

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- *McAirlaids, Inc. v. Kimberly-Clark Corp.*, 2014 WL 904717 (W.D.Va 2014)
- *Kimberly-Clark Worldwide v. First Quality Baby Products*, 2013 WL 3397871 (M.D.Pa 2013)
- *Kimberly-Clark Worldwide. v. First Quality Baby Products*, 2011 WL 2161072 (Fed. Cir. 2011)
- *Synventive Molding Solutions, Inc. v. Husky Injection Molding Systems*, 2009 WL 3172740 (D.Vt. Oct. 1, 2009)
- *First Quality Baby Prods., LLC v. Kimberly-Clark Worldwide, Inc.*, No. 09-0354, 2009 WL 1675088 (M.D. Pa. June 15, 2009)
- *Arquest, Inc. v. Kimberly-Clark Worldwide, Inc.*, 89 USPQ2D 1751 (S.D.N.Y. 2008)
- *Greenstreak Group, Inc. v. PNA Construction Technologies, Inc.*, 251 F.R.D. 390 (E.D. Mo. 2008)
- *Tyco Healthcare Retail Services AG v. Kimberly-Clark Corp.*, 480 F.Supp.2d 810 (E.D.Pa. 2007)
- *Kimberly-Clark Corp. v. Tyco Healthcare Retail Group*, 456 F.Supp.2d 998 (E.D.Wis. 2006)
- *Outside Box Innovations, LLC v. Travel Caddy, Inc.*, 455 F.Supp.2d 1374 (N.D. Ga. 2006)
- *P.N.A. Const. Technologies, Inc. v. McTech Group, Inc.*, 414 F.Supp.2d 1228 (N.D.Ga. 2006)
- *Peaceable Planet Inc. v. Ty Inc.*, 362 F.3d 986 (7th Cir. 2004)
- *National Steel Car, Ltd. v. Canadian Pacific Railway, Ltd.*, 357 F.3d 1319 (Fed.Cir. 2004)
- *Shen Wei (USA) Inc. v. Kimberly-Clark Corp.*, 64 USPQ2d 1528 (DC NIII 2002)

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U.S. District Court for the Northern District of Illinois  
U.S. Patent and Trademark Office  
U.S. Supreme Court

- *Allied Tube v. John Maneely Co.*, 57 USPQ2d 1329 (D. Ariz 2000)
- *Aero Industries v. John Donovan Enterprises*, 53 USPQ2d 1547 (S.D.Ind.1999)
- *Imperial Toy Corp. v. Ty, Inc.*, 48 USPQ2d 1299 (N.D.Ill. 1998)
- *Nike, Inc. v. Wal-Mart Stores*, 46 USPQ2d 1001 (Fed.Cir.1998)

Marc frequently speaks and writes about intellectual property litigation. He is an adjunct professor at Northwestern Law School in Chicago and at Georgetown University Law School in Washington, D.C., where he teaches courses on patent and trademark litigation. Marc is a contributing author to the book, "Intellectual Property Law & Interactive Media," published by Peter Lang Publishing Inc. in 2009. Marc has been a contributing editor to the *Federal Circuit Bar Journal*. He has also written a regular column on intellectual property issues affecting the toy industry for *Playthings* magazine. Marc is a past National Chair of the Saul Lefkowitz Moot Court Competition, put on by the International Trademark Association. He also has participated as a facilitator for the Illinois Supreme Court Committee on Professionalism law school program. He is admitted to practice in numerous Federal Courts and the Patent and Trademark Office.

Marc has a Bachelor of Science in Mechanical Engineering (1986) and a Juris Doctor (1989), both from the University of Illinois.

Marc has been featured in several magazines, including a *Chicago Daily Law Bulletin* article when he became managing partner of the firm at age 34. Marc was featured as a "Notable Practitioner" in the Intellectual Property – Illinois section of *Chambers & Partners USA 2016*. Marc was named an IP Star by *Managing Intellectual Property* in 2016 and recognized in *Euromoney's* "Guide to the World's Leading Patent Law Practitioners" in 2017. He was recognized by Illinois Super Lawyers in 2017.

Marc Cooperman practices in the Chicago office of Banner & Witcoff, Ltd.

## LUKE S. CURRAN

Attorney

Luke Curran understands the value of clients' intellectual property rights. He assists clients in securing and protecting those rights across a range of industries. He advises on many aspects of intellectual property law, with particular emphasis on trademark clearance and prosecution in the U.S. and abroad, trademark enforcement, opposition and cancellation proceedings before the Trademark Trial and Appeal Board, anti-counterfeiting, IP licensing, copyright, privacy, and domain name and Internet related issues. As an author and jazz guitarist, he recognizes the importance of effectively advancing and protecting rights for content creators. Luke also enjoys counseling on legal and strategic issues, learning each client's business, and acting as an extension of their company.



Luke currently serves as Vice-Chair of the Membership Committee and as a member of the Trademark Committee of the Intellectual Property Law Association of Chicago (IPLAC).

Luke was awarded his J.D. with a Certificate in Intellectual Property Law for Trademarks and Copyrights from The John Marshall Law School. While there, he was a member of the Trial Advocacy and Dispute Resolution Honors Council and the Moot Court Honors Council. He was also the Lead Articles Editor for the *Review of Intellectual Property Law*. His law review article was published and has since been cited in a federal opinion, multiple law review articles, working papers and journals, online sources, and was selected for a compilation cataloguing the most important articles on computers, technology and the law. Luke earned his Bachelor of Arts in Electronic Media and Business, *cum laude*, from the University of Cincinnati.

Luke is admitted to practice in the state of Illinois and practices in the Chicago office of Banner & Witcoff, Ltd.

### Published Articles

- "NSFW: Naked Licensing and Uncontrolled Trademark Use," Licensing Executive Society International *les Nouvelles* (December 2016).
- "#MediaLegalFails, Ramifications of Online Overshare: IP, Native Ads, Endorsements & Media Pitfalls," *Landslide* (July 2016).
- "All Trademarks Are Not Created Equal: Common Misconceptions of U.S. Trademarks," *Managing IP* (November 2015).
- "Understanding Non-Traditional Trademark Protection Through the Lens of the USPTO," *IAM GUIDE* (October 2015).
- "Trademark Bullying: Defending Your Brand or Vexatious Business Tactics?" *IPWatchdog* (July 2015).

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### Education

B.A. 2011, cum laude, University of Cincinnati  
J.D. 2015, John Marshall Law School

### Bar Admissions

2015, Illinois

- “Copyright Trolls, Defining the Line Between Legal Ransom Letters and Defending Digital Rights: Turning Piracy into a Business Model or Protecting Creative From Internet Lawlessness?” 13 J. Marshall Rev. Intell. Prop. L. 170 (2013).

#### **Speaking Engagements**

- “Clickwrap vs. Browsewrap: Traversing Online Contract Formation in Cyberspace,” The Federation of Associations of Regulatory Board’s 24th Annual Regulatory Law Seminar, Chicago, IL, Sept. 30, 2016

## ROSS A. DANNENBERG

Attorney

Ross Dannenberg handles a wide-range of intellectual property issues, with experience in Internet, video game, telecommunications, and computer software-related issues. With a background in computer science, Ross has prepared and prosecuted hundreds of patent applications in a variety of technical fields, and has been involved in numerous patent, copyright, and trademark enforcement lawsuits. He has considerable experience with intellectual property protection of video games, including patent, trademark and copyright protection, copyright clearance, licensing, and enforcement of intellectual property rights.



Mr. Dannenberg earned his Bachelor of Science degree in Computer Science from the Georgia Institute of Technology in 1994, and earned his private pilot's license in 1999. Between his undergraduate studies and law school, Mr. Dannenberg was an Information Systems Manager for Carnival Cruise Lines, where he was responsible for all facets of computer and network use, training, and administration aboard a cruise ship. He earned his Juris Doctor from The George Washington University Law School in 2000, where he was a member of The Environmental Lawyer legal journal.

Mr. Dannenberg is a founding member of the Video Game Bar Association, and was the founding Chair of the American Bar Association's (ABA) IP Section Committee on Computer Games and Virtual Worlds. Mr. Dannenberg is the Editor-in-Chief of the Patent Arcade website, is the editor and an author of The American Bar Association's *Legal Guide to Video Game Development*, published by the ABA in 2011 (1st Ed.) and 2016 (2nd Ed.), and is an executive editor of *Computer Games and Virtual Worlds: A New Frontier in Intellectual Property Law*, published by the ABA IP Section in 2010. Mr. Dannenberg is a Lifetime Fellow of the American Bar Foundation, and is an adjunct copyrights professor at George Mason University School of Law.

Mr. Dannenberg has been named to Washington D.C. Super Lawyers and *Managing Intellectual Property's* IP Stars since 2013.

Mr. Dannenberg's representative clients include multinational software, networking, and telecommunications companies, multiple video game companies having user bases of over 20 million users, video game developers and publishers of various sizes, and emerging technology companies.

Mr. Dannenberg practices in the firm's Washington, D.C. office.

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### Education

B.S. 1994, Georgia Institute of Technology  
J.D. 2000, George Washington University

### Bar Admissions

2000, Virginia  
2001, District of Columbia

### Court Admissions

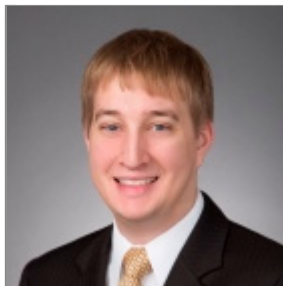
Supreme Court of Virginia  
U.S. Court of Appeals for the Federal Circuit  
U.S. Court of Appeals for the Fourth Circuit  
U.S. District Court for the Eastern District of Virginia  
U.S. Patent and Trademark Office

## **JOSHUA L. DAVENPORT**

*Attorney*

Joshua Davenport represents clients in a variety of intellectual property matters, including patent prosecution, litigation, and counseling.

Mr. Davenport earned a B.S. in Electrical Engineering, cum laude, from the University of Alabama, and a J.D. from the University of Alabama School of Law. While in law school, Mr. Davenport interned with a law firm handling patent portfolios and providing intellectual property counsel



for a wide variety of clients ranging from Fortune 500 companies to individual inventors. He was also served as a member on the University of Alabama School of Law's Campbell Moot Court Board. Mr. Davenport was awarded Best Brief, Best Oral Argument, and Best Overall in the Southeastern Lefkowitz Moot Court Tournament, and he advanced to the national finals as a member of the Intellectual Property Moot Court Team.

Prior to law school, Mr. Davenport worked for ADTRAN as a Design Engineer, with experience both in hardware and software. He helped to design carrier routing equipment now used by multiple Internet Service Providers to interconnect multiple types of communication, increase bandwidth in their pipelines, and implement the transition into IPv6.

Mr. Davenport practices in the Washington, D.C., office of Banner & Witcoff, Ltd.

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### **Education**

B.S.E.E. 2010, University of Alabama  
J.D. 2014, University of Alabama

### **Bar Admissions**

2014, Virginia  
2016, District of Columbia

### **Court Admissions**

U.S. Patent and Trademark Office



BANNER & WITCOFF, LTD.  
INTELLECTUAL PROPERTY LAW

## AUDRA C. EIDEM HEINZE

*Attorney*

Audra C. Eidem Heinze applies a strategic and creative approach to resolving client needs, whether related to complex litigation, opinion work, or transactional issues involving patents, trademarks, or copyrights. Her experience involves an extensive range of fields including, for example, imaging devices and supplies, computer hardware and software, and athletic footwear, apparel, and equipment.



Audra has represented clients in numerous proceedings across the country, including in California, Delaware, Florida, Illinois, Maryland, Mississippi, Missouri, Nevada, New York, Ohio, Oregon, Puerto Rico, South Carolina, Texas, the International Trade Commission, and the Trademark Trial and Appeal Board.

Some exemplary successful client representations from cases on which Audra worked as a member of the litigation team include the following:

- Successfully sought affirmance at the Supreme Court of the United States—in a unanimous decision—of the lower court’s dismissal of the defendant’s trademark invalidity counterclaim
- Successfully sought a writ of mandamus at the Federal Circuit vacating the district court’s decision denying transfer in a patent infringement action
- Successfully sought affirmance at the Federal Circuit of the district court’s grant of summary judgment that collateral estoppel prevented the plaintiff from asserting patent claims
- Successfully sought summary judgment of no trademark infringement due to the absence of a likelihood of confusion
- Successfully sought dozens of judgments for infringement and permanent injunctions in case involving 21 patents
- Successfully sought judgment of no patent infringement for a defendant in the Eastern District of Texas
- Successfully sought transfer of a patent infringement action from the Eastern District of Texas
- Successfully sought transfer of declaratory judgment action in a patent infringement case from the Southern District of Florida
- Successfully sought stay of litigation pending reexamination of the patent-in-suit.

Prior to joining Banner & Witcoff, Audra researched gene mutations at the University of Texas Southwestern Medical Center’s Biomedical Research Facility. She also worked as a Field Claims Specialist Intern for Monsanto Corporation.

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### Education

B.S. 2005, with Honors, University of Missouri  
J.D. 2009, summa cum laude, Texas Wesleyan University

### Bar Admissions

2009, Illinois  
2012, Missouri

### Court Admissions

U.S. Supreme Court  
Supreme Court of Illinois  
Supreme Court of Missouri  
U.S. Court of Appeals for the Federal Circuit  
U.S. Court of Appeals for the Second Circuit  
U.S. District Court for the Northern District of Illinois  
U.S. District Court for the Central District of Illinois  
U.S. District Court for the Eastern District of Missouri  
U.S. Patent and Trademark Office



Audra earned her J.D. degree from Texas Wesleyan University School of Law (now Texas A&M University School of Law), graduating *summa cum laude*. She was a member of the Texas Wesleyan Law Review and the President of the National Conference of Law Reviews, Inc. She earned a Bachelor of Science in Biochemistry from the University of Missouri, graduating with Honors.

Audra is admitted to practice before the U.S. Supreme Court, the Supreme Court of Illinois, the Supreme Court of Missouri, the Court of Appeals for the Federal Circuit, the Court of Appeals for the Second Circuit, the U.S. District Court for the Northern District of Illinois, the U.S. District Court for the Central District of Illinois, and the U.S. District Court for the Eastern District of Missouri. She is also registered to practice before the United States Patent and Trademark Office.

Audra practices in the Chicago office of Banner & Witcoff, Ltd.

## BRIAN EMFINGER

*Attorney*

Brian concentrates his practice on preparing and procuring patents in the computer, mechanical, and electromechanical fields including matters involving computer software, computer networks, image processing wireless devices, automotive control systems, military systems, scientific instruments, navigation devices, audio devices, and hydraulics. Brian also has experience providing legal and technical support during patent enforcement and various phases of patent litigation. Brian works with a diverse base of clients including individual inventors, startups, mid-size emerging growth companies, and Fortune 500 corporations.



Brian earned his B.S. in Computer Science, highest honors, from the Georgia Institute of Technology and his J.D. from the Chicago-Kent School of Law where he served as Executive Articles Editor for the Journal of Intellectual Property. During law school, Brian interned in the legal department at a leading online travel company where he assisted in the preparation of a patent application related to a high-profile travel service. Brian also received the 2008 Dolores K. Hanna Trademark Prize for outstanding performance in an intellectual property course.

Before joining Banner & Witcoff, Brian gained valuable experience as an associate at an IP boutique firm in the Chicagoland area where he focused on patent preparation and procurement. Prior to attending law school, Brian worked as a programmer for a software consulting company in Alpharetta, Georgia where he developed database-driven, customized business applications.

Mr. Emfinger is admitted to practice in the state of Illinois and before the United States Patent and Trademark Office.

Brian practices in the firm's Chicago office.

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### Education

B.S. 2004, Georgia Institute of Technology  
J.D. 2009, Chicago - Kent College of Law

### Bar Admissions

2009, Illinois

### Court Admissions

U.S. District Court for the Northern District of Illinois  
U.S. Patent and Trademark Office

## SHAWN P. GORMAN

Attorney

Shawn Gorman has experience in a range of intellectual property issues, primarily in complex patent matters.

Mr. Gorman prepares and prosecutes patent applications in a wide variety of technology areas, including the electronic arts, business methods, mechanics and biotechnology. Specifically, he has prepared and prosecuted applications relating to graphical user interfaces, cellular technologies, integrated business systems and models, video gaming systems, online gaming systems, as well as interleukins, medical diagnostics and laboratory devices.



Mr. Gorman often works directly with the firm's clients to combine multiple forms of intellectual property protection. In this regard, he obtains domestic and international patent rights to protect the client's core technology and business methods, trademark protection, and enforcement of those rights through licensing and purchasing agreements. Shawn works closely with foreign attorneys throughout the world to determine the best strategies for multiple jurisdictions. He has assisted in the training of foreign attorneys in U.S. patent laws and continually uses this experience to further his knowledge of international laws and best practices.

When litigation has become necessary, Shawn has handled the various aspects of patent litigation. He is presently a member of a trial team for a Fortune 500 medical device company as well as member of a trial team defending a leading manufacturer of VoIP telephony devices.

Before joining Banner & Witcoff, Mr. Gorman was with the patent division of CIBA Vision. He also served as an extern for Wyeth Pharmaceuticals. Mr. Gorman earned his graduate degree from the University of Florida College of Veterinary Medicine, where he was awarded the Phi Zeta Excellence in Master's Studies Scholarship for his work investigating an experimental patent-pending product. The results of his graduate work were utilized to satisfy the best mode requirement of U.S. patent laws.

Mr. Gorman is a contributing author for *The American Bar Association's Legal Guide to Video Game Production*, published by the ABA in 2011. Mr. Gorman has also written articles in such publications as the *Journal of the American Veterinary Medical Association*, *Theriogenology*, and the *Pierce Law Review*.

Mr. Gorman earned his Juris Doctor degree from the Franklin Pierce Law Center, where he was Senior Staff Editor of the *Pierce Law Review*, successfully contended in the Jessup International Law Moot Court and was honored to receive the Rapee Intellectual Property Scholarship. He is admitted before the United States Patent and Trademark Office.

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### Education

B.S. 1998, University of Florida  
M.S. 2001, University of Florida  
J.D. 2004, Franklin Pierce Law Center

### Bar Admissions

2005, Illinois

### Court Admissions

U.S. Court of Appeals for the Federal Circuit  
U.S. District Court for the Northern District of Illinois

## MICHAEL J. HARRIS

Attorney

Michael focuses his practice on litigation and counseling. He represents and advises industry-leading clients on intellectual property matters across a broad spectrum of technologies, including computer software and hardware, Internet and e-commerce, telecommunications, electronic gaming machines, food and beverage technologies, and athletic apparel, footwear, equipment and accessories.



Since joining the firm in 2003, Michael has successfully represented clients in hundreds of matters, including high-stakes utility patent, design patent, trademark, trade dress, copyright, trade secret, false advertising, and unfair competition lawsuits. He practices in federal district courts, federal appellate courts, and the International Trade Commission. He also handles patent post-issuance proceedings before the Patent Trial and Appeal Board, as well as trademark proceedings before the Trademark Trial and Appeal Board.

Michael previously served as in-house IP counsel for a Fortune 150 company. In that role, Michael provided business stakeholders with strategic guidance, oversight, and direction on intellectual property matters worldwide; he managed a large and diverse caseload of intellectual property lawsuits around the world; he prepared intellectual property licenses and agreements; and he assisted in due diligence reviews and acquisitions.

Michael is a contributing author of the *Patent Litigation Strategies Handbook*, Third Edition, and its yearly cumulative supplements. He is also serving as an adjunct professor at Northwestern University School of Law in Chicago teaching a course on Patent Office Litigation.

Michael has been recognized in the 2017 edition of *BTI Client Service All-Stars* for superior client service. He was nominated by a major manufacturing company, and is one of just 300 lawyers nationwide to receive the honor. In each year from 2009 to 2017, Michael has been named an "Illinois Super Lawyers Rising Star" in the field of Intellectual Property Litigation. Super Lawyers Rising Stars names the state's top 2.5% of up-and-coming attorneys under the age of 40.

Michael graduated, *cum laude*, from the University of Illinois College of Law. He served as the Internet Editor for The University of Illinois Journal of Law Technology & Policy. Prior to law school, Michael earned a B.S. in Electrical Engineering, *summa cum laude*, from Valparaiso University. He was an electrical engineer for the Illinois Commerce Commission, where he performed operational and financial analyses, policy development, and public safety and enforcement activities related to the electric utility industry.

Michael practices in the firm's Chicago office.

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### Education

B.S.E.E. 2000, Valparaiso University  
J.D. 2003, University of Illinois

### Bar Admissions

2003, Illinois

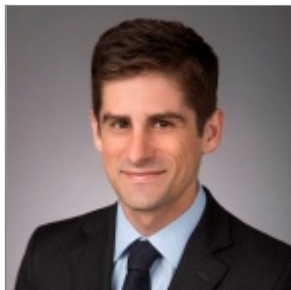
### Court Admissions

Supreme Court of Illinois  
U.S. Court of Appeals for the Federal Circuit  
U.S. Court of Appeals for the Fifth Circuit  
U.S. Court of Appeals for the Fourth Circuit  
U.S. District Court for the Central District of Illinois

## **BENNETT INGOLDSTAD**

*Attorney*

Ben Ingvoldstad focuses his practice primarily on patent prosecution and strategic counseling in a wide variety of technical fields within the computer and electrical arts, including television systems, video encoding, mobile phones, user interfaces, machine learning, search systems, and electrical components.



Prior to joining Banner & Witcoff, Mr.

Ingvoldstad gained broad experience as intellectual property counsel for a late-stage startup in Silicon Valley. He was involved in every aspect of building the company's patent portfolio and strategy, and worked closely with inventors and engineers to file several hundred high quality patent applications. Mr. Ingvoldstad additionally gained experience managing a trademark portfolio, establishing an open source policy, and advising on copyright issues. He successfully managed several disputes, including trademark opposition proceedings in Europe and domain name disputes in Asia.

As a former Primary Examiner at the U.S. Patent and Trademark Office, Mr. Ingvoldstad examined patent applications related to television and video systems. He also interned at the Office of the Solicitor, where he drafted briefs and mooted oral arguments for Federal Circuit cases handled by U.S. Patent and Trademark Office Solicitors.

Mr. Ingvoldstad earned his B.S. in Electrical Engineering from Illinois Institute of Technology, where he also worked as a teacher's assistant. While studying, he interned at a Midwest electrical controls company. He earned his J.D. from Georgetown University.

Mr. Ingvoldstad is admitted to practice in Illinois and before the U.S. Patent and Trademark Office. He practices in the District of Columbia office of Banner & Witcoff, Ltd. Practice in the District of Columbia is limited to matters and proceedings before federal courts and agencies.

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### **Education**

B.S.E.E., 2007, Illinois Institute of Technology  
J.D., 2013, Georgetown University

### **Bar Admissions**

2013, Illinois

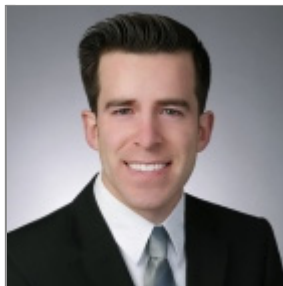
### **Court Admissions**

U.S. Patent and Trademark Office

## R. GREGORY ISRAELSEN

Attorney

Greg Israelsen focuses on intellectual-property litigation, representing clients in patent disputes related to electrical, computer-hardware, computer-software, and mechanical arts. He also represents clients in copyright- and trademark-infringement actions.



During law school, Mr. Israelsen worked as a summer associate at the firm. He also clerked for a patent boutique, where he drafted and prosecuted patent applications for a Fortune 50 client and was part of a litigation team in a trademark-infringement action for a nationwide food franchise.

Before law school, Mr. Israelsen formed his own company and developed smartphone apps for mobile platforms. Several of his apps won awards from a well-known smartphone manufacturer and were featured on a top technology website.

Mr. Israelsen studied Electrical Engineering at the University of Illinois at Urbana-Champaign and at Brigham Young University. He earned a Bachelor of Science, *with University Honors*, from Brigham Young University. He earned a Juris Doctor, *cum laude*, from the J. Reuben Clark Law School at Brigham Young University. In law school, he served as Vice President of the Student Intellectual Property Law Association, Vice President of the Student Bar Association, Senior Editor on the *Brigham Young University Law Review*, and Managing Articles Editor on the *BYU Journal of Public Law*. He was a member of the IP Moot Court, Vis International Commercial Arbitration, and Moot Court teams. He also won the local Giles S. Rich IP Moot Court competition two years in a row, going on to represent his school at the regional competition in California. And he received the Faculty Award for Meritorious Achievement and Distinguished Service and the John S. Welch Award for Outstanding Legal Writing.

Mr. Israelsen has extensive international experience. He lived for several years in Hong Kong and Caracas, Venezuela, and has traveled all over the world. He is fluent in spoken Cantonese and conversant in Spanish.

Mr. Israelsen practices in the Washington, DC office of Banner & Witcoff, Ltd.

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### Education

B.S. 2009, Brigham Young University  
J.D. 2013, J. Reuben Clark Law School

### Bar Admissions

2013, Illinois  
2014, District of Columbia

### Court Admissions

Supreme Court of Illinois  
District of Columbia Court of Appeals  
U.S. Patent and Trademark Office  
American Bar Association (ABA)

## JOHN P. IWANICKI

Attorney

John P. Iwanicki is a registered patent attorney with 25+ years of experience analyzing intricate legal issues from a cutting edge perspective in procuring and enforcing intellectual property rights in the chemical, life sciences and biotechnology industries. Start-ups and established companies alike rely on John to understand their business objectives when designing strategies to achieve market exclusivity and freedom to operate.



John is the rare combination of a patent litigator and patent prosecutor. Possessing both skill sets, John brings a perspective unique in the industry to obtaining and enforcing patents. John works hand-in-hand with clients to develop and manage pragmatic patent portfolios and to advise clients on the patent portfolios of others when making licensing or investment decisions. Recognizing that a patent can be both a sword and a shield, John has both enforced patents and defended allegations of patent infringement in federal court.

A conference organizer and presenter in China, John has lectured to Chinese scientists, business executives, representatives of SIPO and students in Beijing, Shenzhen and Shanghai on issues of United States patent law practice and procedure. John is also a member of the American Chemical Society.

John has been recognized as a LMG *Life Sciences Star* for 2012-2015, and a New England/Massachusetts *Super Lawyer* for 2004-2016. He has also been listed as an *Intellectual Asset Management Patent 1000* "World's Leading Practitioner" and *Managing Intellectual Property* "IP Star" for 2013-2016.

John practices in the Boston office of Banner & Witcoff, Ltd.

A frequent lecturer, teacher and author on intellectual property, John's recent [speaking engagements](#) and [publications](#) are below:

### SPEAKING ENGAGEMENTS

Speaker at MDG Boston (Medical Device Group) meeting: Protecting your Medical Device Invention in China, April 6, 2016.

Speaker on Licensing and IP at Integra LifeSciences in-house counsel offsite retreat, October 14, 2015.

Panelist and Speaker at American Conference Institute Life Science Patents Conference 2015, New York on "Statutory Subject Matter under Section 101," January 14, 2015.

Speaker at World IP Forum 2015, New Delhi, India on "USPTO Guidance on Statutory Subject Matter," January 10-12, 2015.

Speaker, Gene Patenting Pre- and Post-Myriad, Haut Conseil des Biotechnologies, Paris, France, April 29, 2014.

Speaker, Obviousness Post Myriad and Prometheus: A Practical Approach to Prosecution, IP Leadership Forum, New Delhi, India, January 9, 2014.

Speaker, Protecting protein and peptide related inventions, PepCon-2013, Suzhou, China, March 21, 2013.

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### Education

B.S. 1984, Chemistry, Boston College  
M.S. 1986, Physical Chemistry, University of California, Irvine  
J.D. 1990, Suffolk University

### Bar Admissions

1990, Massachusetts  
1991, District of Columbia

### Court Admissions

U.S. Court of Appeals for the District of Columbia  
U.S. Circuit Court of Appeals for the Federal Circuit  
U.S. Court of Appeals for the First Circuit  
U.S. District Court for the District of Massachusetts  
U.S. Supreme Court  
American Chemical Society  
IPO Pharmaceutical Issues Committee

Speaker, Demystifying the Current Obviousness Standard and Its Implications for Biotech Patenting, American Conference Institute's Biotech Patents Conference, Boston, MA, November 29, 2012.

Speaker, Protein and Peptide Related Inventions, PepCon-2012, Beijing, China, March 25, 2012.

Speaker, The America Invents Act, Pharma IPR Conference, Mumbai, India, February 1, 2012.

Speaker, Preparing for a Radical Overhaul of the U.S. Patent System: The Impact of Reform on Biotech Patent Strategies, American Conference Institute's Biotech Patents Conference in Boston, December 1, 2011.

Speaker, Patenting Your Medicinal Chemistry Invention, Chinese National Medicinal Chemistry Symposium, Guangzhou, China, November 20, 2011.

Speaker, Patenting of Antibodies, American Conference Institute's Biotech Patents Conference, Boston, MA, December 1, 2010.

Speaker, Patenting of Antibodies, American Conference Institute's Biotech Patents Conference, Boston, MA, November 30, 2010.

Speaker, IP Basics, Zhongguancun Haidian Science Park Beijing, Beijing China, September 10, 2010.

Speaker, US Patent Practice, The Patent Information Annual Conference of China (PIAC China), hosted by the State Intellectual Property Office, Beijing China, September 9, 2010.

Speaker, Safe Harbor Provision of 35 USC sec. 271(e)(1), American Conference Institute's Hatch-Waxman Bootcamp in Boston July 19-20, 2010.

Speaker, "IP Issues Relating to Therapeutic Oligonucleotides and Peptides," IBC LifeSciences TIDES Conference, Boston, MA, April 28, 2010.

Hosts a Roundtable Discussion, "The Practical Aspect of Patents as Strategic Business Tools," Cambridge Healthtech Institute's 9th Annual Peptide and Protein Conference, San Diego, CA, January 12, 2010.

Speaker, "Maximizing Your Global Patent Strategy," 5th International Conference on Corporate Intellectual Property Strategy, Zhengzhou, Henan Province of China, October 28-30, 2009.

Guest Lecturer, "Making Medicine," Harvard University, Cambridge, MA, June 22, 2009.

Speaker, "Freedom to Operate and Injunctions under US Law," Unitalen Law Firm, Beijing, China, June 5, 2009.

Keynote Speaker, "Global Patent Strategies," International Symposium on Drug Discovery and Intellectual Property, Suzhou, China, June 2, 2009.

Short Course Lecturer, "Intellectual Property as it Relates to Antibodies", Cambridge Healthtech Institute's 5th Annual PEGS Protein Engineering Summit, Boston, MA, April 5, 2009.

Chair and speaker, "Biotechnology and Technology Transfer," BIT Life Sciences 3rd Annual Protein and Peptide Conference, Beijing, China, March 23, 2009.

Short Course Lecturer, "Intellectual Property as It Relates to Peptides and Proteins ad Therapeutics and Diagnostics", Cambridge Healthtech Institute's Peptide and Protein Week, San Diego, CA January 11, 2009.

Keynote Speaker, Beijing International Workshop on Drug Design and IP Protection in Beijing, China, October 23-24, 2008.

Speaker and Chair, BIT's 5th Annual International Conference on Drug Design Science and Technology in Beijing, China, October 18-22, 2008.



Speaker, "We've Got Patents. How Can We Be Sued"?, BIT's 1st Annual Protein and Peptide Conference in Shenzhen, China, April 22-24, 2008.

Speaker, "Avoiding IP Surprises"; Cambridge Healthtech Institutes 14th Annual Molecular Medicine Tri-Conference in San Francisco March 25, 2008.

Speaker, Protein and Peptide Patent Law, Cambridge Healthtech Institute's Peptide and Protein Week, San Diego, CA January 12, 2008.

Speaker, "US Pharmaceutical Patent Law", State Intellectual Property Office of the People's Republic of China pharmaceutical conference in Beijing October 17-19, 2007.

Speaker, "Freedom to Operate: Analysis and Opinions for Pharma and Biotech Patents, Pharma/Biotech Patent Boot Camp, American Conference Institute, San Francisco, September 18-19, 2007.

Speaker, Protecting Start-Up Intellectual Property; CELLutions Summit, Cambridge Healthtech Institute, Boston MA, August 20, 2007.

Speaker, Written Description and Enablement in Biotechnology related cases: Current Developments in Federal Circuit Caselaw, American Conference Institute, Palo Alto, California, April 18-19, 2007.

Speaker, "Intellectual Property Issues for Emerging Technology Companies"; Cambridge Healthtech Institutes 13th Annual Molecular Medicine Tri-Conference in San Francisco February 27, 2007.

Speaker, "Nanotechnology", South Shore Science Center, January 27, 2007.

Speaker, "Peptide and biomarker related Inventions"; Cambridge Healthtech Institute's 6th Annual Peptide-Protein Information conference in San Diego January 9-12, 2007.

Speaker, "Corporate Counsel Seminar" in Chicago December 8, 2006.

Speaker, "Current trends in drafting pharmaceutical patent applications" for American Conference Institute's 7th Advanced Forum on Biotech Patents in Boston November 29-30, 2006.

Speaker, "Protecting Your Pharmaceutical Inventions", State Intellectual Property Office of the People's Republic of China pharmaceutical conference in Beijing November 1-3, 2006.

Speaker and Course Organizer; Cambridge Healthtech Institutes's Second Annual Executives on Target pharmaceutical conference in Boston October 24-25, 2006. Short course on Protecting Your Pharmaceutical Inventions. Speaker on litigation issues involving pharmaceutical inventions.

Speaker, "Patents as Business Tools"; Cambridge Healthtech Institutes' Partnerships & Technology conference, August 17, 2006 in Boston.

Speaker, "Building Foundations for Screening Technologies, Therapeutics and Regenerative Medicine": Cambridge Healthtech Institutes' Science of Stem Cell Research conference, August 14, 2006 in Boston.

Speaker, "Patenting Peptides and Peptide-Related Inventions", CHI's Annual Peptide Conference, San Diego, January 2006 Speaker, "Overview of the Patent Application Process", Harvard University, 2003.

Speaker, "The Present Status of Gene Patenting", National Human Genome Research Institute, 2002.

Speaker, "Gene Patenting", University of Maryland School of Law, 2002  
Speaker, "Patenting Plastics", Society of Plastic Engineers, 2001.

## ARTICLES AND PUBLICATIONS

"The Attack on Patentable Subject Matter Continues: Organic Seed v. Monsanto Pushes Utility to the Limit"; *BNA's Patent, Trademark & Copyright Journal*, May 2011

"The Attack on Patentable Subject Matter: ACLU v. Myriad Genetics as a Harbinger of Things to Come"; *BNA's Patent, Trademark & Copyright Journal*, August 2010

"Oral Argument Sheds Light in *Bilski v. Kappos*," *Genetic Engineering & Biotechnology News*, December 2009

"Tips on How to Properly Construe Patent Claims"; *Genetic Engineering & Biotechnology News*, December 2008

"Biotechnology & Pharmaceutical Sector Special Report"; *Financier Worldwide*, February 2007

"International Efforts Are Achieving Credible IP Enforcement Even Amid Chronic Abuse", *Intellectual Property & Technology Law Journal*, March 2006

"Stemming the Tide of Counterfeits Abroad", *National Law Journal*, December 2005

"Brazil's Agreement with Abbott: A New Perspective on Patent Prosecution as a Business Process", *Intellectual Property & Technology Law Journal*, December 2005

Zhongguancun Haidian Science Park Beijing, Beijing China, September 10, 2010

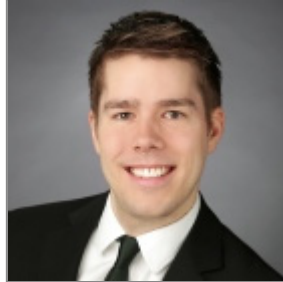


BANNER & WITCOFF, LTD.  
INTELLECTUAL PROPERTY LAW

## SEAN J. JUNGELS

*Attorney*

Sean's practice comprises all areas of intellectual property, with a focus on patent and trademark litigation, and the procurement and enforcement of design patents. Sean has experience in representing plaintiffs and defendants in many phases of federal litigation including pre-trial investigation, discovery, motion practice, and pre-trial efforts. Sean also provides assistance to clients concerning design patents. His experience in this field includes the prosecution and enforcement of design patents, both nationally and internationally.



Sean graduated Order of the Coif and earned his J.D. degree with high honors from Chicago-Kent College of Law. He also received a certificate in intellectual property law and two Cali awards in legal writing. He was also an associate editor for the Chicago-Kent Journal of Intellectual Property and was involved with the Intellectual Property Law Society. Sean earned a Bachelor of Science in Mechanical Engineering from the University of Illinois Urbana-Champaign.

Sean is admitted to practice before the Supreme Court of Illinois and the U.S District Court for the Northern District of Illinois. He is also registered to practice before the United States Patent and Trademark Office as a patent attorney.

Sean was listed as a Super Lawyers' Illinois Rising Star in 2016 and 2017.

Sean practices in the Chicago, IL office of Banner & Witcoff, Ltd.

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### Education

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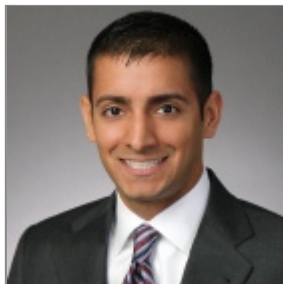
### Bar Admissions

2010, Illinois

## RAJIT KAPUR

Attorney

Rajit Kapur is a registered patent attorney who helps software developers and companies protect and enforce their intellectual property rights. His practice is primarily focused on designing and implementing intellectual property strategies that maximize value for clients and are tailored to their individual goals.



Rajit has particular experience in advising app developers and other mobile software companies with respect to the unique IP issues that they encounter, including protecting elements of their graphical user interfaces (GUIs), dealing with knockoffs and copy-cat apps introduced in mobile application stores in the United States and around the world, and identifying and protecting IP assets with an eye towards obtaining funding, increasing valuations, and protecting the features that distinguish and differentiate clients' applications from those of their competitors in the marketplace.

Rajit assists and advises clients with respect to patents, trademarks, copyrights, and other forms of intellectual property. He primarily concentrates on preparing and prosecuting patent applications, and he has drafted and prosecuted numerous patent applications directed to computer software. One of the better known patent applications that Rajit drafted and filed in 2010 has since granted as the now-ubiquitous "pull-to-refresh" patent, U.S. Patent No. 8,448,084, which was acquired from one of the firm's clients by a large social networking service.

In addition to handling software patent applications, he also has experience handling patent applications directed to medical device information systems, mobile device hardware and accessories, web applications, video games, graphical user interfaces, financial products and services, multimedia networks and systems, satellite communications and positioning systems, business methods, ergonomic office products, wind turbines, printers and multifunction devices, and mechanical devices.

Rajit is a contributing author to the *ABA Legal Guide to Video Game Development* and to the Banner & Witcoff Patent Arcade blog, which covers developments in video game IP law. He is also a member of several professional organizations, including the intellectual property-focused Giles S. Rich American Inn of Court, the South Asian Bar Association of Washington, DC, and the American Bar Association.

Prior to joining the firm as an attorney, Rajit was an associate in the Silicon Valley office of a large international law firm, where his practice focused on patent prosecution in the electrical and computer arts. During law school, Rajit was a summer associate and law clerk with Banner & Witcoff.

Rajit earned his B.S. in Mechanical Engineering, *magna cum laude*, from Tufts University and his J.D. from The George Washington University Law School. He is admitted to the bar in California, the District of Columbia, and Massachusetts, and he is registered to practice before the United States Patent and Trademark Office.

In his free time, Rajit enjoys running and cycling along trails in Northern Virginia, practicing hot yoga, and discussing healthcare policy issues with his wife.

Rajit is an attorney in the Washington, DC, office of Banner & Witcoff.

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### Education

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J.D. 2009, George Washington University

### Bar Admissions

2009, California  
2011, District of Columbia  
2016, Massachusetts

### Court Admissions

U.S. Patent and Trademark Office



## ROBERT S. KATZ

*Attorney*

Robert Katz has benefited firm clients in the areas of utility patents and industrial designs. He has drafted and prosecuted to issuance numerous and significant utility patents in the U.S. and in foreign countries. These clients include Fortune 500 companies as well as many individual inventors and small companies who rely on strong patent protection in their marketplaces. The patents have been directed primarily to mechanical and electromechanical devices, and to software and computer-related inventions. Many patents drafted and prosecuted by Mr. Katz have been successfully enforced with some having served as the cornerstone for the successful sale of companies.



Mr. Katz has also provided advice and prepared opinions regarding the patentability of inventions, patent infringement, patent validity, and trade secret protection to help clients properly assess the advantages and disadvantages of certain intellectual property and business decisions.

In patent and trademark litigation matters, he has assisted clients in enforcing and defending intellectual property related claims at the district court and the Court of Appeals for the Federal Circuit, and in the International Trade Commission.

Both nationally and internationally, Mr. Katz is considered as one of the premier practitioners in the field of industrial designs leading the way in the procurement and enforcement of design patents. On behalf of the firm's clients, he has helped procure over 6,000 design patents in the U.S. and over 18,000 design patents/registrations outside the U.S., and has helped to successfully enforce over 100 design patents. Leaders from foreign Design Patent Offices have consulted with him regarding industrial design policies, and he has been named as an expert in multiple design patent litigations.

He is a frequent speaker on industrial design-related topics and has been invited to speak before industry and legal professional organizations on six continents. He has spoken at conferences and seminars hosted by ABA (American Bar Association), AIPLA (American Intellectual Property Law Association), FICPI (Federation International des Conseils en Propriete Industrielle), INTA (International Trademark Association), IPO (Intellectual Property Owners Association), IPR University Center (Finland), the U.S. Patent and Trademark Office (USPTO), and WIPO (World Intellectual Property Office). Representatives from the Japanese Patent Office and WIPO have consulted with him on issues of design patent harmonization.

Mr. Katz has written articles addressing issues relating utility patent, design patent, and trade dress rights. Mr. Katz has authored a section of a recently published book entitled *Writing Patents for Litigation and Licensing* for BNA Publishing. He is currently a professor at George Washington University Law School teaching Design Law and a professor at Georgetown University Law School teaching Intellectual Property Pretrial Litigation Skills.

Mr. Katz is a member of several professional organizations including: AIPLA, FICPI, ABA, IPO, INTA, PTAB Bar Association and IDSA (Industrial Design Society of America). He currently serves as Treasurer of FICPI's U.S. Section, and as Vice Chair of INTA's Design Rights Committee. He is a former Chair of the Industrial Design Section for both FICPI and AIPLA. Mr. Katz also serves as a member of the Industrial Designs working group

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### Education

B.S. 1986, Carnegie Mellon University  
J.D. 1992, George Washington University

### Bar Admissions

1992, Virginia  
1993, District of Columbia

### Court Admissions

U.S. Court of Appeals for the Federal Circuit  
U.S. Court of Appeals for the District of Columbia  
U.S. District Court for the Eastern District of Virginia  
U.S. Patent and Trademark Office

of the AIPLA Special Committee on Legislation, and on an INTA Presidential Task Force on Trademarks and Innovation.

Before joining Banner & Witcoff, Mr. Katz was a patent examiner at the USPTO. In that capacity, he examined patent applications for article and material handling devices covering a broad range of applications including robotics, conveyors, and loading and unloading vehicles. Mr. Katz also worked as a mechanical engineer at Digital Equipment Corporation's High Performance Systems where he designed mechanical, electrical, and electromechanical devices for main-frame computers. Additionally, he is a co-inventor of U.S. Patent No. 4,723,549 entitled "*Method and Apparatus for Dilating Blood Vessels*."

Mr. Katz earned his Bachelor of Science degree in Mechanical Engineering from Carnegie-Mellon University, and his Juris Doctor degree, with honors, from George Washington University. He is admitted to practice before many courts including the U.S. Supreme Court, the U.S. Court of Appeals for the Federal Circuit and the U.S. District Court for the Eastern District of Virginia. He is a member of the bar in Virginia and the District of Columbia, and is registered to practice before the U.S. Patent and Trademark Office.

Mr. Katz is recognized as a top patent practitioner by IAM, MIP and Legal 500, and is AV Peer Review Rated by the LexisNexis Martindale-Hubbell Ratings. He was named as one of the "Top 50 Under 45" intellectual property attorneys in 2008 by *IP Law and Business*.

Mr. Katz practices in the Washington, D.C. office of Banner & Witcoff, Ltd.

## KEVIN C. KEENAN

Attorney

Mr. Keenan is active in a variety of areas within intellectual property law, with particular emphasis in patent prosecution, patent litigation, and counseling. Mr.

Keenan has experience prosecuting and litigating utility and design patent applications in a variety of industries and technological areas including athletic equipment, footwear, construction machinery, wallboard manufacturing systems, safety equipment, medical devices, pharmaceuticals, business methods, filtration systems, automobile tires, control systems, electrical connectors, and engines.



Mr. Keenan has experience preparing and prosecuting U.S. and international patents as well as consulting and rendering opinions on patentability, infringement, validity, and enforceability. He also has served as counsel in patent litigations in U.S. federal courts and has experience in all aspects of litigation including discovery, motion practice, pre-trial efforts, trial, and appeal. Furthermore, he has experience drafting and negotiating agreements relating to intellectual property, including patent and technology licenses.

Mr. Keenan was also named as an Illinois Super Lawyers *Rising Star* in 2012, 2013, and 2014. The *Rising Star* list represents the top five percent of attorneys in each state.

Before joining Banner & Witcoff, Mr. Keenan gained valuable experience as an associate at an international intellectual property law firm where he focused on all aspects of intellectual property law. Prior to joining the firm, Mr. Keenan worked for USG Corporation as a project engineer in a wallboard manufacturing facility and he interned with The Boeing Company and Rockwell Automation, Inc.

Mr. Keenan earned a Bachelor of Science in Engineering, *magna cum laude*, from the University of Michigan, where he majored in Mechanical Engineering. He received his J.D. degree from Chicago-Kent College of Law in 2007. During law school, he was a member of The Chicago-Kent Law Review and served as a judicial extern to the Honorable Wayne R. Andersen, United States District Court judge for the Northern District of Illinois. Mr. Keenan is admitted to practice before the Supreme Court of Illinois, and the U.S. District Court for the Northern District of Illinois.

He is also registered to practice before the U.S. Patent and Trademark Office as a patent attorney.

Mr. Keenan practices in the Chicago office of Banner & Witcoff, Ltd.

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### Bar Admissions

2007, Illinois

### Court Admissions

U.S. Patent and Trademark Office  
Supreme Court of Illinois  
U.S. District Court for the Northern District of Illinois





BANNER & WITCOFF, LTD.  
INTELLECTUAL PROPERTY LAW

## SCOTT M. KELLY

*Attorney*

Scott M. Kelly represents clients throughout the life of an invention, from the birth of an idea through procuring a patent and enforcing it to protect key technologies and business interests. Mr. Kelly's practice is focused on intellectual property issues relating to a wide range of computer software, networking, and business methods. He has worked with technologies including user interfaces, gesture-based input, mobile devices, cloud computing, algorithms, client-server architecture, network routing, and virtualization. In addition to preparing and prosecuting patent applications, Mr. Kelly counsels clients regarding validity, infringement, and other issues presented by asserted patents or potential acquisitions.



Mr. Kelly is a former Examiner with the U.S. Patent and Trademark Office where he examined patents in class 715 – Presentation Processing of Documents and Operator Interface Processing. During his time at the USPTO, Mr. Kelly examined patents relating to a variety of technologies, including word processing, spreadsheets, markup languages, input validation, display rendering, and assistive technologies. Mr. Kelly also examined business method patents, including several directed to the process of drafting a patent.

Mr. Kelly has a passion for startup companies. His most recent venture was founding a company to develop an intelligent patent search engine using document similarity analysis. The company was acquired by a startup foundry and remains in development. Prior to law school, Mr. Kelly was the sixth employee at a startup company developing gigapixel resolution video cameras for use on drone aircraft.

Mr. Kelly received his J.D. from the University of Virginia School of Law. He also holds a Bachelors of Science he received in honors from Virginia Tech, where he majored in Computer Science with minors in Physics and Mathematics.

Mr. Kelly is admitted to the Virginia State Bar. He is also admitted to practice before the U.S. Patent and Trademark Office.

Mr. Kelly practices in the Washington, DC office of Banner & Witcoff, Ltd.

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### Education

B.S. 2006, Virginia Polytechnic  
Institute and State University  
J.D. 2010, University of Virginia

### Bar Admissions

2010, Virginia

### Court Admissions

U.S. Patent and Trademark Office  
Supreme Court of Virginia

## MAURINE L. KNUTSSON

*Attorney*

Maurine Knutsson works with clients to protect, enforce, and manage their trademarks, copyrights, designs, and cyber rights.

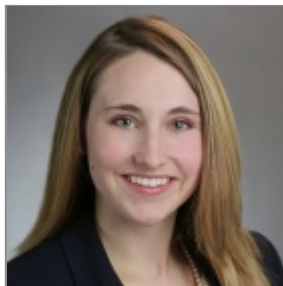
Maurine knows the value and importance of reputation and is passionate about protecting clients' brands online and around the world. Maurine works with clients to develop effective strategies for establishing and enforcing U.S. and global trademark rights. She also represents clients in opposition and cancellation proceedings before the Trademark Trial and Appeal Board.

Maurine helps clients make the most of their online presence and implement social media best practices. She helps protect clients from Internet trolls through online brand enforcement, DMCA, anti-cybersquatting procedures, and UDRP arbitration proceedings.

Maurine represents clients in federal courts throughout the U.S. in intellectual property claims involving trademark infringement, unfair competition, copyright infringement, design patent infringement, counterfeiting, rights of publicity, and false advertising.

Maurine earned her J.D. from the University of Notre Dame Law School in 2012 and her B.S. in Engineering Mechanics from the University of Illinois at Urbana-Champaign in 2009. She is an author of The American Bar Association's Legal Guide to Video Game Development, published by in 2016 (2nd Ed.). She enjoys traveling and working with Best Buddies International and other organizations that help people with intellectual and developmental disabilities.

*Maurine is admitted to practice before the United States Patent & Trademark Office and in the State of Indiana.*



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### Education

B.S. 2009, University of Illinois  
J.D. 2012, University of Notre Dame

### Bar Admissions

2012, Indiana  
2015, Illinois  
2015, California

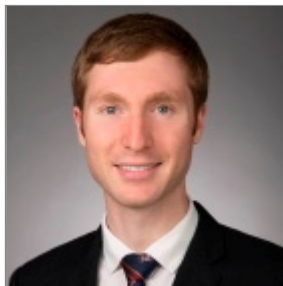
### Court Admissions

U.S. Patent and Trademark Office  
Indiana Northern District  
Indiana Southern District

## **BENJAMIN KOOPFERSTOCK**

*Attorney*

Mr. Koopferstock's practice primarily focuses on the preparation and prosecution of patent applications. He has prepared and prosecuted patent applications in the fields of computer software, user interfaces, consumer electronics and seismic exploration.



Mr. Koopferstock received his law degree from the Washington & Lee University School of Law in Lexington, Virginia.

At Washington & Lee, he served as the Senior Articles Editor and Technology Editor for the Washington & Lee Journal of Energy, Climate, and the Environment.

Prior to beginning his legal career, Mr. Koopferstock received his B.S. in Computer Engineering with a minor in Mathematics from Southern Methodist University ("SMU"). While at SMU, he was president of the Association for Computing Machinery. Mr. Koopferstock was also a member of the SMU Database Research Group, where he researched data mining using the R software environment.

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### **Education**

B.S. 2010, Southern Methodist University  
J.D. 2013, Washington & Lee

### **Bar Admissions**

2013, Texas  
2016, District of Columbia

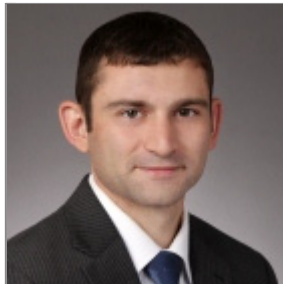
### **Court Admissions**

U.S. Patent and Trademark Office  
American Intellectual Property Law Association  
Houston Intellectual Property Law Association

## CRAIG W. KRONENTHAL

Attorney

Craig Kronenthal devotes his practice to the preparation and prosecution of patent applications in various fields, and especially in the computer and electronic device areas. Additionally, Craig is actively involved in litigation and reexamination matters, client counseling, and preparing patentability and infringement opinions. Craig regularly works with start-ups and entrepreneurs as well as large, multinational corporations.



Craig has extensive experience in matters related to semiconductors, antennas, telecommunications, computer networks, data encryption, e-commerce, and nanotechnology. Craig also has significant experience in prosecuting and preparing applications for biomedical and mechanical inventions. Further, Craig has technical experience in the fabrication, measuring, and testing of micro-resonators and other silicon based microelectromechanical systems for biomedical applications.

Before joining Banner & Witcoff, Craig was a patent examiner at the U.S. Patent & Trademark Office (USPTO) for more than two years. As a patent examiner, his primary focus was on image processing with regards to watermark, biomedical, and object tracking applications. Moreover, Craig obtained valuable experience through his previous positions at the law firms of IP&T Group LLP in Annandale, VA, Sughrue Mion, PLLC in Washington, DC, and Christopher & Weisberg, PA in Ft. Lauderdale, FL. His experiences include conducting prior art searches, drafting patent applications, responding to office actions, and preparing trademark and patentability opinions.

Craig graduated from the Georgia Institute of Technology with a Bachelor of Science degree in Electrical Engineering and a Certificate of Entrepreneurship. While at Georgia Tech, Craig worked for the MicroSensors and MicroActuators Group in the School of Electrical and Computer Engineering. In addition, Craig earned his Juris Doctorate, *cum laude*, from the University of Miami School of Law. During law school, Craig participated in the Health and Elder Law Clinic and was Vice President of the Intellectual Property Law Society and a member of the University of Miami Business Law Review.

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### Bar Admissions

2009, Virginia  
2015, District of Columbia

### Court Admissions

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## ERNEST V. LINEK

Attorney

In over thirty years of practice, Ernest Linek has successfully prosecuted hundreds of U.S. and international patent applications in fields including natural product chemistry, polymer chemistry, pharmaceuticals, biotechnology, electroplating, semiconductors, and photoreceptors. Non-chemical utility patents and design patents obtained by Mr. Linek have included household storage containers, police safety equipment, toys, games and sporting goods.



In addition to his patent practice, Mr. Linek's trademark practice has resulted in his assisting clients in the selection and registration of hundreds of new trademarks and service marks, both in the United States and abroad, including Community Trademark and Madrid Protocol filings. He is also very active in providing client counseling and opinions regarding the validity and infringement of patents and trademarks.

Mr. Linek has extensive litigation experience and has successfully protected his client's interests in numerous Federal District Courts and before the U.S. Court of Appeals for the Federal Circuit. Specific areas of litigation have included trademark infringement, trade dress infringement, design patent infringement and utility patent infringement actions.

Mr. Linek also provides his clients with counseling and legal opinions regarding issues of validity and infringement of both patents and trademarks. On multiple occasions, Mr. Linek has served as a patent expert in litigation.

Mr. Linek also devotes time to the education of future lawyers, and he has been a guest lecturer at Franklin Pierce Law School in Concord, New Hampshire and at Northeastern Law School in Boston, Massachusetts.

Mr. Linek earned his B.S. degree in Chemistry (with a minor in computer science) in 1975 from the State University of New York, College at Fredonia, and his M.S. in Organic Chemistry in 1977 from the University of New Hampshire. He earned a J.D. degree in 1982 from Seton Hall University. From 1977 to 1984, Mr. Linek was employed by the multi-national pharmaceutical company – Merck & Co., first as a research chemist, then as a patent agent and finally as a patent attorney.

He is admitted to practice in the states of New Jersey and Massachusetts, as well as the Federal District Courts thereof. In addition, Mr. Linek is admitted in the U.S. District Court for the Eastern District of Wisconsin, and the Courts of Appeals for the Ninth and Federal Circuits. He is also active in numerous professional organizations, including the New York Academy of Science, the American Chemical Society, the American Bar Association, the Boston Bar Association, the Massachusetts Bar Association, the Federal Circuit Bar Association, the American Intellectual Property Law Association and the Boston Patent Law Association.

Mr. Linek has been recognized in the New England and Massachusetts *Super Lawyers* lists, published by Thomson Reuters, from 2004 to 2016. The listings were published in *Boston Magazine* and in the legal publication, *New England Super Lawyers*. He is AV Peer Review Rated by the LexisNexis Martindale-Hubbell Ratings.

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### Education

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M.S. 1977, University of New  
Hampshire  
J.D. 1982, Seton Hall University

### Bar Admissions

1982, New Jersey  
1985, Massachusetts

### Court Admissions

U.S. Court of Appeals for the  
Federal Circuit  
U.S. Court of Appeals for the  
Ninth Circuit  
U.S. District Court for the District  
of Massachusetts  
U.S. District Court for the District  
of New Jersey  
U.S. District Court for the East-  
ern District of Wisconsin



## CHRISTOPHER L. MCKEE

Attorney

Christopher McKee has focused on patent litigation, counseling and prosecution throughout his career. His concentration is in the mechanical and electrical/computer related arts.

Mr. McKee has extensive experience in handling litigation-related patent reexaminations, as well as new post-grant proceedings available under the America Invents Act. Since enactment of the AIA, his practice has been largely devoted to handling of *inter partes* review (IPR) proceedings before the USPTO's Patent Trial and Appeal Board. He served as lead counsel on behalf of the patent owner in two of the earliest filed IPRs. One of those (IPR 2012-00041) was the first to conclude in denial of the IPR petition in its entirety. The other (IPR 2012-00042) was the first IPR to result in a final written decision upholding the bulk of the patent claims in the trial.

The AIA review proceedings and reexaminations he has handled have involved a variety of art areas, including electronic design automation (EDA), computer networking/digital data transmission and dynamic system control.

In addition, Mr. McKee has substantial experience in patent litigation and licensing matters, and he has prepared and successfully prosecuted scores of patent applications, in numerous technologies. These include EDA, integrated circuit fabrication, computer (hardware and software), telecommunications, medical device and machine tool technologies, and consumer appliances.

Mr. McKee began his career in intellectual property law with the USPTO, where he served as a patent examiner from 1984-86. There, he examined patent applications in a variety of arts, including metal founding and metal fusion bonding. Mr. McKee's early experience as a patent examiner has given him a particular sensitivity to examiner concerns, enabling him to negotiate cases to allowance with great effectiveness.

Mr. McKee serves as an adjunct law professor at the Georgetown University Law Center, teaching a class on Intellectual Property Litigation, Pretrial Skills. He previously served as a faculty member for Patent Resources Group's bi-annual patent bar review course, and as a steering committee member of the Bar Association of the District of Columbia's Patent, Trademark and Copyright Section. Mr. McKee chaired the firm's New Attorney Education program from 2003 – 2009, and remains active as a presenter in that program.

Mr. McKee earned his Bachelor of Science in Industrial Engineering from Iowa State University in 1983, and his Juris Doctor from the National Law Center of George Washington University in 1988. He is admitted to the bars of Virginia and the District of Columbia, and to practice before the Court of Appeals for the Federal Circuit and the Supreme Court of the United States.

Mr. McKee practices in the Washington, D.C. office of Banner & Witcoff, Ltd.



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### Education

B.S. 1983, Iowa State University  
J.D. 1988, George Washington University

### Bar Admissions

1988, Virginia  
1991, District of Columbia

### Court Admissions

U.S. Circuit Court of Appeals for the Federal Circuit  
U.S. Supreme Court





## V. BRYAN MEDLOCK, JR.

Attorney

V. Bryan Medlock is a nationally recognized patent trial lawyer with more than 35 years of experience trying cases. As Of Counsel at Banner & Witcoff, Mr. Medlock focuses his practice on intellectual property litigation and counseling.

Mr. Medlock has served as counsel in more than 200 patent cases, with a 75% win rate in jury trials. He served as counsel for Kimberly-Clark in successfully litigating several large cases characterized in the press as the “Diaper Wars” and recently defended AT&T in an East Texas Federal District Court against a claim in excess of \$150 million. Mr. Medlock has authored and co-authored numerous papers on many subjects within the realm of patent law for legal entities such as the American Bar Association, American Intellectual Property Law Association, Intellectual Property Owners Association, and the State Bar of Texas.

Mr. Medlock is a Texas Bar Foundation Fellow, an American College of Trial Lawyers Fellow, and has received recognition by several professional publications including: *Best Lawyers in America*, *Chambers USA* and *Chambers Global* as a “Leading Lawyer for Business,” *Who’s Who Legal* (International, Texas and Patents); *Texas Super Lawyer* (Texas and Dallas/Ft. Worth); and *Dallas Business Journal’s* “Top 15 Business Defenders in the Dallas/Ft. Worth Metroplex.” Mr. Medlock also served as Managing Editor of the *Oklahoma Law Review*. He was a guest lecturer on Trade Secret Law at Southern Methodist University from 1972 to 1975, and served as chairman of the annual Southwestern Legal Foundation Institute on Patent Law from 1976 to 1979, and again from 1983 to 2006.

Mr. Medlock earned both his Bachelor of Science degree in Chemical Engineering and Juris Doctor from the University of Oklahoma, where he was a member of Tau Beta Pi engineering honor society. He is admitted to practice in the state of Texas, the United States Supreme Court, the Court of Appeals for the Federal Circuit and a host of other federal and district courts.

Mr. Medlock is affiliated with the Chicago office of Banner & Witcoff, Ltd.



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### Education

B.S. 1959, University of Oklahoma  
J.D. 1962, University of Oklahoma

### Bar Admissions

1962, Texas

### Court Admissions

U.S. Supreme Court  
U.S. Court of Appeals for the Federal Circuit  
U.S. District Court for the Central District of Illinois  
U.S. Court of Appeals for the Fifth Circuit  
U.S. Court of Appeals for the Eleventh Circuit  
U.S. District Court for the District of Arizona  
U.S. District Court for the Eastern District of Texas  
U.S. District Court for the Western District of Texas  
U.S. District Court for the Southern District of Texas  
U.S. District Court for the Northern District of Texas  
U.S. District Court for the Northern District of Oklahoma



BANNER & WITCOFF, LTD.  
INTELLECTUAL PROPERTY LAW

## TIMOTHY C. MEECE

Attorney

Timothy C. Meece is a principal shareholder in the Chicago office of Banner & Witcoff and has over twenty years of experience litigating and trying complex intellectual property cases. His reputation as an effective and winning first-chair trial lawyer has been earned representing both Fortune 500 companies and small clients in intellectual-property infringement lawsuits in district courts throughout the country and in *inter partes* reviews (IPRs) in the PTAB in electrical, computer hardware/software, mechanical, and chemical arts, and also for copyright infringement with respect to computer software. He has represented clients in numerous jurisdictions including California, Delaware, Florida, Georgia, Illinois, Kentucky, Massachusetts, Michigan, Mississippi, Nevada, New York, Ohio, Oregon, Pennsylvania, Puerto Rico, Texas, Virginia, Wisconsin, and the U.S. International Trade Commission.



Mr. Meece has been featured in the *National Law Journal's* "Intellectual Property Hot List" of the top 20 IP firms in the U.S. He has also been featured as a "Legal Lion" for his successful representation of Lexmark International, Inc., in *Law360's* "Weekly Verdict: Legal Lions & Lambs." In addition, he has been recognized repeatedly in intellectual property law as well as in commercial litigation by *Chambers USA*, *Managing Intellectual Property*, Martindale-Hubbell™ (AV LexisNexis® Martindale-Hubbell® Peer Review Rating), where he has a 5.0 out of 5.0 rating for peer and client reviews, *American Lawyer Media*, *Chicago Magazine*, *Illinois Super Lawyers*, *Illinois Leading Lawyer's* Leading Lawyers Network, *Who's Who Among Law Professionals*, and *Who's Who Among Executives and Professionals*. He is listed as one of the top 3% of attorneys in the United States by *The Legal News* and was named in *IAM Strategy 300—The World's Leading IP Strategists* as an individual who offers "world-class services relating to the development and implementation of strategies that enable IP owners to maximize the value of their intellectual property portfolios." He has also been a winner of Corporate LiveWire – Global Awards in the field of IP litigation.

Mr. Meece has won on behalf of multiple defendants facing potential liability of over a billion dollars. He recently won a General Exclusion Order for Lexmark International Inc. in one of the largest ITC investigations ever initiated which, according to the Office of Unfair Import Investigations, involved assertion of an "unprecedented" number of patents. On behalf of intellectual property owners, he has won many judgments/settlements in the range of \$10 million-\$100 million, temporary restraining orders, preliminary injunctions, permanent injunctions, and orders for contempt for violations of permanent injunctions. He has also successfully defended more cases brought by non-practicing entities against his clients than most attorneys in the country.

### Recent Exemplary Successes

- Won judgment of no infringement on video slot machines for video game manufacturer and its casino gaming customers
- Won landmark *en banc* Federal Circuit appeal for patent owner regarding no patent exhaustion for products sold domestically

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### Education

B.S.E.E. 1990, University of Illinois  
J.D. 1994, John Marshall Law School

### Bar Admissions

1995, Illinois

### Court Admissions

U.S. Supreme Court  
U.S. Court of Appeals for the Federal Circuit  
U.S. Court of Appeals for the Fifth Circuit  
U.S. Court of Appeals for the Sixth Circuit  
U.S. Court of Appeals for the Seventh Circuit  
U.S. Court of Appeals for the Ninth Circuit  
Supreme Court of Illinois  
U.S. District Court for the Northern District of Illinois  
U.S. District Court for the Northern District of Illinois, Trial Bar  
U.S. District Court for the Eastern District of Michigan  
U.S. District Court for the Eastern District of Wisconsin  
U.S. District Court for the Eastern District of Texas

subject to a single-use license and products first sold outside the United States

- Won Federal Circuit appeal for voice-over telephony defendants affirming invalidity of patents asserted by a patent troll and notorious contingent-fee patent firm
- Won judgment of invalidity under 35 U.S.C. 101 for \$100M claim for damages for alleged infringement of software patent
- Won petition for writ of mandamus from Federal Circuit on behalf of a software defendant ordering transfer of a patent case from a pro-plaintiff forum and thereafter won the case in the correct venue
- Won approximately 75+ judgments for infringement, permanent injunctions, 4 contempt orders and a preliminary injunction for myriad cases involving 21 patents on laser toner cartridges as well as multiple awards of attorneys' fees
- Won final judgement, permanent injunction, domain name seizure, treble damages and an award of attorneys' fees in Online Video Game Lawsuit for trademark counterfeiting, trademark infringement, cyber piracy, unfair competition, false designation of origin and copyright infringement
- Won TRO and Preliminary Injunction in Online Video Game Lawsuit for trademark counterfeiting, trademark infringement, cyber piracy, unfair competition, false designation of origin and copyright infringement
- Won dismissal of complaint on \$500M claim for alleged false-patent marking on myriad patents and products, which was the largest case under 35 U.S.C. 292 ever filed in the United States
- Won GEO and multiple CDOs for complainant in ITC investigation in which 15 patents were asserted against over 20 respondents
- Won judgment of no infringement of software patents for defendant in East Texas on \$30M claim
- Single-handedly tried and won patent infringement arbitration on three patents and obtained \$3M damage award
- Won JMOL of no patent infringement during trial at close of plaintiff's case in chief on \$650M in accused sales
- Won JMOL of patent infringement during trial at close of defendant's case in chief
- Won summary judgment on \$1B counterclaim for alleged anti-trust violation
- Won multiple summary judgments of infringements, validity, and enforceability
- Million dollar attorney-fee award and multiple multimillion dollar settlements with large royalty rates

- Won landmark *en banc* Federal Circuit appeal for patent owner regarding no patent exhaustion for products sold domestically subject to a single-use license and products first sold outside the United States
- Won judgment of invalidity under 35 U.S.C. 101 for \$100M claim for damages for alleged infringement of software patent

**Representative Clients Served (and Sample Subject Matter of Representation)**

- Aria Resort & Casino Holdings (casino gaming equipment and gaming software)
- Bally Gaming (casino gaming equipment and gaming software)
- Bayer Healthcare (consumer care products and pharmaceuticals)
- Bellagio (casino gaming equipment and gaming software)
- CIBA Vision (colored contact lenses, chemical processes for making colored lenses, and extended wear contact lenses)
- Circus Circus Casinos (casino gaming equipment and gaming software)
- Comcast (cable systems and communications software)
- Delphi Automotive (automobile condensers)
- Digimarc (software digital watermarking of images and audio files)
- Dimension Data (Managed Cloud Platform supporting public and private cloud services with a common user interface and application programmable interface)
- Georgia-Pacific (computer system controlling programmable logic controllers)
- IMX Cosmetics (scanning, designing, creating, and dispensing custom cosmetic products for consumers)
- Ionit Technologies (compression technology used in digital video recording security systems)
- Jagex (server software for RuneScape, a massive multiplayer online game, which holds the World Record for the most popular MMOG with approximately 104 million subscribers worldwide)
- Lexmark International (toner cartridges for printers; microchips on toner cartridges; software embedded in printer firmware; software embedded in toner cartridge microchips; multifunction device telephony, networking, and software; managed print services; and managed software services; AirPrint Apple technology; and televisions)
- Logitech (voice-over IP telephony equipment)
- Lydall (thermal and acoustical insulating shields for automobiles)

- Mandalay (casino gaming equipment and gaming software)
- MGM Grand Hotel (casino gaming equipment and gaming software)
- Microsoft/Skype (voice-over IP telephony equipment)
- New Castle (casino gaming equipment and gaming software)
- New York-New York Hotel & Casino (casino gaming equipment and gaming software)
- NIKE (Internet websites and online tools)
- PepsiCo (Internet websites and electronic communication)
- Ramparts (casino gaming equipment and gaming software)
- RTX Telecommunications (voice-over IP telephone equipment)
- Scientific-Atlanta (subscription television systems and interactive program guides)
- Scientific Games Corporation (ticket-in/ticket-out printer technology; casino gaming equipment; and gaming software)
- Team Play (video games and computer source code)
- The Mirage Casino-Hotel (casino gaming equipment and gaming software)
- U.S. Robotics (voice-over IP telephony equipment)
- Victoria Partners (casino gaming equipment and gaming software)
- Wargaming.net (WORLD OF TANKS, which has risen quickly to become one of the most popular, massive, multiplayer, online games of all time, having amassed over 18 million users by December 21, 2011, and earning a Guinness World Record for Most Players Online Simultaneously on One MMO Server)
- WMS Gaming (casino gaming equipment and software)

#### **News/Press Releases**

- Timothy C. Meece wins final judgment of invalidity for Lexmark and its multifunction printer customers
- Timothy C. Meece Wins Judgment of No Infringement for WMS Gaming and its Casino Customers
- Timothy C. Meece wins Federal Circuit affirmance on behalf of Skype Technologies (Microsoft) and RTX Telecom
- Timothy C. Meece named "Legal Lion" by *Law360* for his work on landmark *en banc* Federal Circuit appeal for Lexmark
- Timothy C. Meece wins landmark *en banc* Federal Circuit appeal for Lexmark regarding no patent exhaustion

- Timothy C. Meece wins claim construction ruling for WMS Gaming and its casino customers
- Timothy C. Meece wins judgment for Lexmark based on invalidity under 35 U.S.C. § 101
- Unprecedented *en banc* hearing ordered after Timothy C. Meece's Federal Circuit panel oral argument regarding lack of domestic and foreign exhaustion in Lexmark's sales of patented printer cartridges
- Actionable Intelligence discusses Timothy C. Meece's Federal Circuit oral argument in *Lexmark v. Impression Products*
- Timothy C. Meece Prevails on Petition for Writ of Mandamus from Federal Circuit for WMS Gaming
- Timothy C. Meece Wins on Patent Exhaustion for Cartridges First Sold Outside the U.S. for Lexmark
- Timothy C. Meece Wins *Inter Partes* Reexaminations for Microsoft, Skype and RTX Telecom
- Twenty-five Banner & Witcoff attorneys named 2014 Illinois Super Lawyers and Rising Stars
- Twenty Banner & Witcoff attorneys named to 2013 *Super Lawyers Business Edition*
- Nine Banner & Witcoff Attorneys Named to Chicago's Legal Leaders 2013 List of "Top Rated Lawyers"
- Twenty-two Banner & Witcoff Attorneys are Named Illinois Super Lawyers and Rising Stars
- Banner & Witcoff Named to The National Law Journal's IP Hot List
- Timothy C. Meece Wins Permanent Injunction, Treble Damages, Domain Name Seizure, and an award of Attorneys' Fees in Online Video Game Lawsuit for World of Tanks® developer Wargaming.net LLP
- Timothy C. Meece Wins Preliminary Injunction in Online Video Game Lawsuit for World of Tanks® developer Wargaming.net LLP
- Timothy C. Meece Wins Temporary Restraining Order in Online Video Game Lawsuit for World of Tanks® developer Wargaming.net LLP
- Timothy C. Meece Wins Early Dismissal of Patent Infringement Claims for Lexmark
- Timothy C. Meece Wins Judgment of Copyright Infringement, Violations of the DMCA, and Trademark Infringement for Jagex as well as Extraordinary Permanent Injunction
- Timothy C. Meece Wins Dismissal of False Marking Complaint for Lexmark

- Timothy C. Meece Wins General Exclusion Order and Cease & Desist Orders for Lexmark
- Timothy C. Meece Wins Federal Circuit Affirmance of No Patent Infringement for NIKE, Inc.
- Timothy C. Meece Obtains Judgment of No Patent Infringement for Jagex, Ltd.
- Timothy C. Meece Discusses Banner & Witcoff's App in *Chicago Lawyer Magazine*
- Timothy C. Meece Wins Summary Judgment of No Patent Infringement for NIKE
- Timothy C. Meece presents at John Marshall Law School's 53rd Intellectual Property Law Conference on "Strategies Regarding Patent Exhaustion After *Quanta*"
- Timothy C. Meece named Illinois Super Lawyer in field of Intellectual Property Litigation
- Timothy C. Meece comments on the Federal Circuit ruling in the *TS Tech* case
- Timothy C. Meece Wins Final Judgment in Copyright Infringement Case, including Award of Attorneys' Fees, Defendant's Gross Profits, and Treble Damages
- Timothy C. Meece Wins Affirmance in a Trademark Infringement Case in the U.S. Court of Appeals for the Seventh Circuit
- Banner & Witcoff Announces that it Prevailed in a Patent Infringement Suit on behalf of CIBA Vision Corp.
- Timothy C. Meece Obtains Second Multimillion-dollar Award for SunTiger, Inc.
- Jury verdict ends latest chapter in the toner cartridge patent and copyright case *Static Control Components, Inc. v. Lexmark International, Inc.*
- Timothy C. Meece Wins 7th Circuit Appeal in Trademark Infringement Case
- Timothy C. Meece and Aseet Patel quoted in *E-Commerce Times* on the exemptions to the Digital Millennium Copyright Act and their impact on the mobile phone industry
- Timothy C. Meece Obtains \$969K Award for B&W Client in Trademark Infringement Case
- Timothy C. Meece featured in *Wired's* privacy security blog on the new copyright ruling for unlocking cellphones
- Timothy C. Meece Wins Trademark Infringement Case
- Timothy C. Meece comments on U.S. Supreme Court's decision in *MercExchange v. eBay*

- Timothy C. Meece Wins Summary Judgment Striking Down Affirmative Defenses in Patent Case
- Timothy C. Meece Wins Permanent Injunction in Patent Infringement Lawsuit
- Timothy C. Meece Wins Summary Judgment of Patent Infringement
- Timothy Meece Comments on Gaming Industry Patents in the *IP Law Bulletin*
- Banner & Witcoff, Ltd. Wins Summary Judgment of No Copyright Infringement

Mr. Meece practices in the firm's Chicago office. Please contact Mr. Meece directly for a complete listing of articles and publications authored by him, his press interviews, his bar association memberships, bar committee assignments, and adjunct professorships as well as other teaching activities.

Mr. Meece is also an FAA-certified commercial drone and instrument-rated pilot and holds many scuba certifications including PADI MasterDiver.



## DARRELL G. MOTTLEY

Attorney

Darrell G. Mottley is a principal shareholder of Banner & Witcoff, and the past president of the D.C. Bar. Mr. Mottley provides strategic counseling in intellectual property protection related to patent and trademark matters, including procurement, opinions, licensing and litigation. Mr. Mottley's intellectual property practice includes complex technologies in a variety of fields such as telecommunications, internet-related technology, computer-gaming, medical devices, semiconductors, mechanical technologies, and electro-mechanical technologies.



Recently, Mr. Mottley advised a Fortune 500 company on an anti-counterfeiting project which included opinion analysis and scope and patent identification in a global anti-counterfeiting action using design/registrations. Mr. Mottley has advised clients on intellectual property matters in multi-million dollar venture capital transactions. He has successfully represented clients and obtained U.S. utility and design patents through the U.S. Patent and Trademark Office (USPTO), and the firm successfully enforced the patents to protect the core businesses of clients. He has successfully represented clients before the USPTO Board of Appeals and Patent Interference. Mr. Mottley has advised global companies on patent clearance and prosecution in cooperation with local country counsel in countries such as Singapore, Taiwan, Malaysia, Thailand, China, Hong Kong, Europe, Mexico, Russia, Brazil, Peru, and South Africa.

Throughout his career Mr. Mottley has worked as an engineer, a project manager, engineering chief for the AAI Corporation, U.S. Army Belvoir Research and Engineering Development Center, and the National Oceanic and Atmospheric Administration. He has worked in diverse fields such as network communications, data center design and construction, advanced composite materials, military electronics, and military aircraft logistics and maintenance.

Mr. Mottley earned a Bachelors of Science in Engineering Science and Mechanics in 1987 and his Masters of Business Administration from the Virginia Polytechnic Institute and State University in 1994 with a concentration in corporate finance and management science. He earned his Juris Doctor degree, *with honors*, in 2000 from The George Washington University, where he also served as an editor on the student editorial board of the *ABA Public Contract Law Journal*. He had an article published in the journal concerning information technology in the Federal Government.

Mr. Mottley is the former Chair of the District of Columbia Bar's Council on Sections. He also served as Vice-chair of, Division IV of ABA Section of Intellectual Property Law. Mr. Mottley is registered to practice before the United States Patent and Trademark Office and is a member of the National Bar Association concentrating on intellectual property law. He is also a Fellow of the American Bar Foundation, the premier U.S. socio-legal research institute.

Mr. Mottley completed a four year term on the Industrial Advisory Council at the College of Engineering at Virginia Tech. In this capacity he assisted with the recruitment, retention, and development of students in engineering, focusing on under-represented students from diverse backgrounds.

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### Education

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M.B.A. 1994, Virginia Polytechnic Institute and State University  
J.D. 2000, George Washington University

### Bar Admissions

2000, Virginia  
2001, New Jersey  
2002, District of Columbia

### Court Admissions

U.S. Circuit Court of Appeals for the Federal Circuit  
U.S. Court of Appeals for the Fourth Circuit  
U.S. District Court for the Eastern District of Virginia  
U.S. Patent and Trademark Office

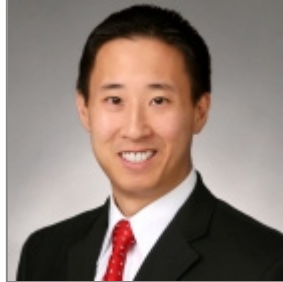
Mr. Mottley is an adjunct professor at The George Washington University Law School teaching classes in design law. Mr. Mottley previously lectured on patent law at Howard University Law School. Mr. Mottley is a contributing author to the Thomson Reuters published book, Navigating Fashion Law: Leading Lawyers on Exploring the Trends, Cases, and Strategies of Fashion Law, in which he authored the section "The Tools for Protecting Fashion Law Clients." He is also a contributing author to the ABA published book, Annual Review of Intellectual Property Law Developments, in which he authored the section "Design Patent Infringement – Egyptian Goddess." He currently serves on the editorial board for the ABA's *Landslide* magazine.

Mr. Mottley practices in the Washington, DC office of Banner & Witcoff, Ltd.

## CHUNHSI ANDY MU

Attorney

Chunhsi Andy Mu specializes in portfolio management, client counseling and prosecution in a broad range of technical fields, including Internet, e-commerce, business methods, telecommunications, sensors and other mechanical devices, and computer software. In addition to preparing and prosecuting patent applications, Mr. Mu prepares freedom to operate, non-infringement and invalidity opinions for utility patents, and counsels clients on all aspects of IP procurement, management and strategy. Additionally, Mr. Mu has extensive experience in the preparation and prosecution of design patents. Most recently, Mr. Mu successfully managed the development of a multi-million dollar patent portfolio for a joint venture among multiple Global 500 companies.



Mr. Mu represents a wide spectrum of clients ranging from individual inventors to Fortune 500 multi-nationals in diverse industries on matters of both national and international scope. In addition to representing global clients, his international patent experience includes consulting engagements in Japan (Tokyo, Nagoya) and collaborating with legal counterparts from many countries including Japan, China, the U.K. and Germany. In conjunction with these engagements and partnerships, Mr. Mu frequently lectured on topics ranging from U.S. IP laws to USPTO guidelines and initiatives to prosecution strategy.

Before joining the firm, Mr. Mu served in the National Institute of Standards & Technology's (NIST) Intelligent Systems and Advanced Network Technologies Divisions. His work encompassed gathering topographical measurements for use in autonomous vehicle simulations, implementing and developing algorithms to simulate vehicle movements and traffic patterns, and engineering maps of a virtual test arena in various simulation languages.

Mr. Mu earned a B.S. in Mechanical Engineering, *with honors*, and a B.S. in Computer Science from the University of Maryland. During his undergraduate career, he served as a research assistant in the Mechanical Engineering Department where he studied the characterization of flow and mixing characteristics of various screw configurations in twin screw extruders. He earned his J.D. from The George Washington University Law School, where he was a member of the Mock Trial Board.

Mr. Mu is a contributing author of The American Bar Association's Legal Guide to Video Game Development (2011). Mr. Mu is currently editing a book on helping start-ups and small companies navigate IP issues. Mr. Mu has also served as an assistant adjunct professor in copyright law at the George Mason University Law School. He is conversant in Mandarin.

Mr. Mu practices in the Washington, DC office of Banner & Witcoff, Ltd.

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### Education

B.S. 2002, University of Maryland  
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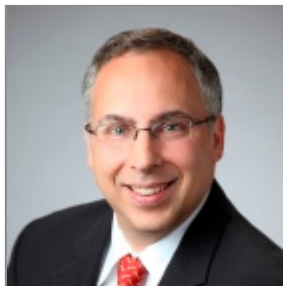
### Bar Admissions

2005, Virginia  
2006, District of Columbia

## PETER NIGRELLI

*Attorney*

Peter Nigrelli's practice concentrates on the preparation and prosecution of both domestic and foreign patent applications, patentability searches, patent portfolio assessments and evaluations on a variety of patent matters. Pete has experience drafting and prosecuting patent applications in a variety of technologies, including electrical devices, software applications, business methods, medical devices and chemical processes.



Prior to joining Banner & Witcoff, Pete worked as a patent attorney at a Fortune 500 corporation drafting and prosecuting patent applications. Pete worked as a senior development engineer at a large international corporation for more than eleven years developing and supporting hardware and software products used in industrial automation and food packaging applications.

Mr. Nigrelli earned a B.S.E.E. from Michigan State University and a M.S.E.E. from University of Colorado.

Mr. Nigrelli practices in the Chicago office of Banner & Witcoff, Ltd.

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### Education

B.S. 1993, Michigan State University  
M.S. 1996, University of Colorado  
J.D. 2010, Chicago - Kent College of Law

### Bar Admissions

2010, Illinois

### Court Admissions

U.S. Patent and Trademark Office

## ASEET PATEL

Attorney

Aseet Patel concentrates on patent prosecution and litigation matters primarily in the electrical, computer, and business method arts. He also provides opinion counseling services to clients, including various types of clearance opinions on patents.



Mr. Patel relies on his experience as a former Patent Examiner at the United States Patent and Trademark Office when representing clients in all phases of the prosecution of patent applications. While at the Patent Office, Mr. Patel examined patent applications directed to high technology inventions such as memory devices, RAMs/ROMs, flash memories, caching algorithms, memory partitioning techniques, memory addressing techniques, hard drives, and RAID systems.

Before serving at the Patent Office, Mr. Patel worked as a consultant and programmer for Trilogy Software, Inc. in Austin, TX where he helped develop and deploy multi-million dollar software products for Fortune 500 clients. He is Java Programmer Certified by Sun Microsystems and has developed e-commerce software using HTML, Java server pages (JSP), Java, javascript, relational database technologies, and other web technologies.

At Banner & Witcoff, Mr. Patel has been preparing and prosecuting patent applications for many years in a variety of technology areas, including those relating to electronic circuits, computer hardware and networks, cellular telephones, Internet and e-commerce, business methods, semiconductor processing, and medical devices.

Mr. Patel also has substantial litigation experience. He has represented clients in all aspects of litigation, including pre-trial discovery, witness preparation, depositions, and trial. While representing a major set-top box manufacturer in a multi-patent infringement suit, Mr. Patel used his software expertise to analyze source code in several different programming languages to assess infringement and assisted at the depositions of technology-savvy witnesses. Mr. Patel has also prepared witnesses and exhibits for trial and drafted various court documents.

Mr. Patel earned a B.S. degree in Computer Engineering from the University of Illinois at Urbana-Champaign, where he was the Vice President of the Institute of Electrical and Electronic Engineers (IEEE) student chapter, a Student Senator representing the College of Electrical and Computer Engineering, and the recipient of numerous scholarships. Mr. Patel received his Juris Doctor degree from Loyola University Chicago School of Law. He is admitted to the bar of the State of Illinois and is registered to practice before the United States Patent and Trademark Office.

Mr. Patel serves on the board of the Chicago Intellectual Property Alliance and became chair of its Technology & Education Committee in 2016. As the chair, he developed a **partnership** with Girls4Science, enabling CIPA members to volunteer to teach young women about patent, copyrights and other legal topics as they relate to the current science topic of their semester.

He was recognized in *Lawyers of Color's* "Hot List 2013," an inaugural publication that honors early- to mid-career attorneys from six different regions in the U.S. who have excelled in the legal profession.

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### Education

B.S. 2000, University of Illinois  
J.D. 2005, Loyola University

### Bar Admissions

2006, Illinois

### Court Admissions

U.S. Patent and Trademark Office  
U.S. Circuit Court of Appeals for the Federal Circuit

Mr. Patel practices in the Chicago office of Banner & Witcoff, Ltd.

*Download the Invention Disclosure Meeting Checklist*

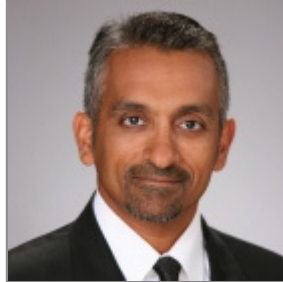


BANNER & WITCOFF, LTD.  
INTELLECTUAL PROPERTY LAW

## BINAL J. PATEL

Attorney

Binal has a broad range of experience in intellectual property matters including procurement, litigation, and counseling. Binal represents clients in various industries including financial services, insurance, automotive and heavy equipment technologies.



### Patent Procurement Experience:

Binal actively manages the patent procurement programs for a number of large and medium sized corporations in the U.S. and internationally. Having litigated patents in court, Binal approaches patent procurement with an eye towards litigation and with an effort to obtain maximum desirable claim coverage. Binal counsels his clients to establish and maintain effective patent prosecution procedures. Binal has prepared and successfully prosecuted numerous patent applications in the fields of computer software, Internet-related technologies, computer hardware, telecommunications, and medical devices. In the software space, Binal has experience in electronic commerce applications, mobile-device applications, security and fraud-detection systems, authentication technologies, compliance and enterprise governance technologies, Web tools and business-to-business solutions, insurance solutions, banking services and asset management products. He also has experience in preparing patentability, validity, and infringement opinions relating to inventions in these fields.

### Litigation Experience:

Binal has significant experience managing complex litigation matters involving the enforcement and defense of intellectual property rights. Binal handles litigation with a pragmatic and pro-active approach and tailors his litigation strategies to suit the business goals of his clients. Binal's approach to litigation has achieved substantial success for clients in defending against patent infringement suits involving tens of millions in alleged liability. Binal also has proven successful in enforcing clients' intellectual property rights. Some of Binal's recent litigation achievements include the following matters and examples:

- *Advanced Cartridges Technologies, LLC v. Lexmark International, Inc.*
- *Stambler v. Fiserv, Inc. et al*
- *Ionit Technologies, Inc. v. Vision Controls Corporation*
- *Phoenix Licensing, LLC et al v. Allstate Corporation et al*
- *NIKE Inc. v. I J Huang et al*
- *Lexmark International, Inc. v. Abraham et al*
- *Lexmark International, Inc. v. Laserland, Inc.*
- *Steven B. Michlin v. Lexmark International Inc. et al*
- *Lexmark International Inc. v. Static Control Components, Inc.*

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### Education

B.S.E.E. 1993, University of Illinois  
J.D. 1996, Northwestern University

### Bar Admissions

1996, Illinois

### Court Admissions

Supreme Court of Illinois  
U.S. Circuit Court of Appeals for the Federal Circuit  
U.S. District Court for the Eastern District of Michigan  
U.S. District Court for the Northern District of Illinois

- *Automotive Technologies International v. BMW North America Inc. (Delphi)*
- *Benedict, et al v. General Motors Corp. et al*
- *Databurst LLC v. Checkfree Corp.*
- *Methode Electronics, Inc. v. Delphi Automotive Systems, LLC*
- *Delphi Automotive Systems, LLC v. Methode Electronics, Inc.*
- *Abbott Laboratories et al v. Orchid Chemicals & Pharmaceuticals LTD. (Sandoz)*
- *Static Control Components, Inc. v. Lexmark International, Inc.*
- *Globecomm Systems v. Gilat Satellite, et al*
- *Hughes Electronics v. Gilat Satellite, et al*
- *Reinforced Earth v. VSL Corporation, et al*
- *Boston Scientific v. Circon Corporation*
- *Unistrut Corporation v. Portable Pipe*
- *Shure Bro Inc. v. Pro DJ Inc., et al*

**Additional Litigation Examples:**

- Binal and a team of B&W lawyers successfully defended a client in an international arbitration involving a series of patents.
- Binal argued at the Court of Appeals for the Federal Circuit where he successfully obtained final dismissal of a class action patent infringement lawsuit.
- On multiple occasions, Binal and a team of B&W lawyers have obtained preliminary injunctions to protect against patent and copyright infringement.
- Binal successfully argued and achieved dismissals of patent infringement suits by way of summary proceedings such as summary judgment motions and *Markman* proceedings.

Binal frequently presents on various intellectual property topics. Below is a sample listing of Binal's recent speeches and presentations.

**Speeches and Presentations:**

- "The Truth about False Marking," B&W Corporate IP Seminar
- "Patentable Subject Matter After *Bilski*" B&W and BNA Webinar
- "Careers in IP Law," Northwestern University IP Society
- "In the Wake of *Bilski*," B&W Corporate IP Seminar
- "Process of Patent Prosecution and Interference," Northwestern University IP Law Week
- "Implications of *Seagate*," B&W Corporate IP Seminar



- “IP Litigation in the 21<sup>st</sup> Century,” Northwestern Journal of Technology & Intellectual Property Symposium
- “Changes in Patent Rules and Effect on Patent Law,” North American South Asian Bar Association Conference
- “Insurance, Intellectual Property and Patents,” NAVA Compliance & Regulatory Affairs Conference
- “Patent Plaintiffs – Hot or Not?” North American South Asian Bar Association Conference
- “Patent Case Law Updates,” National Bar Association
- “Do Opinions of Counsel Still Make Sense in Light of the *Seagate* Decision,” B&W Corporate IP Seminar
- “Patent Prosecution Strategies – From a Litigation Perspective,” B&W Corporate IP Seminar
- “Patent Enforcement and Defense Without Litigation,” B&W Corporate IP Seminar

**Bar-related Activities:**

- Co-founder and board member of the Indian-American Bar Association of Chicago
- Co-founder and former member of the executive committee of the North American South Asian Bar Association
- Member of the Software & Business Method Patents Committee of the Intellectual Property Owners Association
- Invited speaker to the Minority Corporate Counsel Association

Binal is a member of the *Leading Lawyer Network*. Based upon peer nominations and approval by the network’s advisory board, only the top lawyers are nominated and eligible for membership in the *Leading Lawyers Network*. From 2012-2016, he was also listed in *Illinois Super Lawyers*, which represents the top 5 percent of attorneys in the state.

Prior to becoming an attorney, Binal progressed through engineering positions at Andersen Consulting, Baxter Healthcare Corporation, and PSG Engineering Associates, Inc. Binal earned his Bachelor of Science degree in Electrical Engineering at the University of Illinois at Urbana-Champaign where he graduated, with *highest honors*, as a James Scholar, and as a member of the Senior 100. He earned his Juris Doctor degree from Northwestern University where he was a member of the *Journal of International Law and Business*.

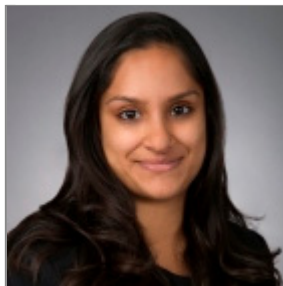
Binal is a registered patent attorney and is admitted to practice before the Supreme Court of the State of Illinois, the Court of Appeals for the Federal Circuit and numerous federal district courts throughout the country.

He practices in the Chicago office of Banner & Witcoff, Ltd.

## SHAMBHAVI PATEL

*Attorney*

Shambhavi Patel represents clients in a wide variety of intellectual property matters, including litigation and patent prosecution. She has experience handling technology related to telecommunications hardware and software, and semiconductor devices.



Prior to joining the firm, Ms. Patel was a patent examiner with the United States Patent and Trademark Office. She examined applications related to simulation and modeling of various technologies, including integrated circuits, software, graphical user interfaces, virtual/augmented reality, mechanical systems, vehicular systems, petroleum engineering systems, computational fluid dynamics, aeronautical systems, CAD systems, and nuclear systems. Ms. Patel was awarded the Department of Commerce Bronze Medal award for Superior Federal Service in recognition of her work as a Primary Patent Examiner in 2012.

Ms. Patel received her J.D. from George Washington University Law School and earned a B.S. in Electrical and Computer Engineering from Carnegie Mellon University.

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### Education

B.S. 2005, Carnegie Mellon University  
J.D. 2013, George Washington University

### Bar Admissions

2013, Virginia  
2015, District of Columbia

## H. WAYNE PORTER

*Attorney*

Wayne Porter concentrates his practice in patent prosecution and related counseling, including evaluation of patent infringement and validity issues. He has prepared and prosecuted numerous patent applications in various software, electronic and mechanical fields. His areas of experience include database management, electronic design automation, microprocessor emulation, signal processing, computer input devices and other computer hardware, user interfaces, power conversion and regulation, telecommunications, computer networking, electrical connectors, construction materials, medical devices, manufacturing, and semiconductors. He has substantial experience in design patents, and has also assisted clients in other areas of intellectual property law, including copyrights.



Prior to receiving his law degree, Mr. Porter was employed as a mechanical engineer for the United States Government, where his duties included mechanical design and testing.

Mr. Porter earned a Bachelor of Mechanical Engineering from the Georgia Institute of Technology and a Juris Doctor degree, with *high honors*, from the University of Florida College of Law. While in law school, he was on the board of the *Florida Law Review* and graduated as a member of the Order of the Coif. Mr. Porter is admitted to practice before the U.S. Patent and Trademark Office and in the District of Columbia. Mr. Porter is also a member of the Florida bar and of the American Bar Association.

Mr. Porter practices in the Washington, DC office of Banner & Witcoff, Ltd.

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### Education

B.S.M.E. 1984, Georgia Institute of Technology  
J.D. 1990, University of Florida

### Bar Admissions

1990, Florida  
2002, District of Columbia

### Court Admissions

U.S. Patent and Trademark Office  
U.S. Supreme Court  
American Bar Association (ABA)

## SURENDRA K. RAVULA

Attorney

Surendra “Kumar” Ravula focuses his practice on all aspects of intellectual property litigation, counseling, and procurement. He works with clients to tailor solutions to their particular needs and maximize the potential of their intellectual property.

**Litigation.** In his litigation practice, Kumar currently represents a global media conglomerate, a high-end sporting goods company, and a beauty products company. In the past, Kumar has worked with Banner & Witcoff teams representing a global sportswear and apparel company, an electronic gaming company, and a longstanding motorcycle manufacturer. These representations involve patent, trademark, and trade dress cases in U.S. federal district courts and the International Trade Commission, as well as adversarial proceedings before the United States Patent and Trademark Office.

**Procurement.** Kumar has also managed patent portfolios for large corporations as well as individual inventors and counseled them on offensive and defensive strategies for best using their assets. In this aspect of his practice, Kumar combines his extensive technical expertise with innovative legal solutions to ensure that his clients understand and react to potential problems before they happen.

Prior to joining Banner & Witcoff, he worked as a research engineer at several engineering companies in the public and private sectors, including Agilent Technologies in Palo Alto, California, and Sandia National Laboratories in Albuquerque, New Mexico. As an engineer, Kumar led research efforts in engineering portable bio-threat detection systems and analyzing microarray systems for genomic sequencing.

He earned his B.S. degree in electrical engineering, *magna cum laude*, from Duke University, and his M.S. and Ph.D. degrees in electrical and computer engineering from the Georgia Institute of Technology, where he was a National Science Foundation Fellow and a President’s Fellow. He earned his J.D. from the Northwestern University Pritzker School of Law, where he graduated *cum laude*. He has also published numerous peer-reviewed journal articles and has presented his work at universities around the country and at international conferences.

Kumar practices in the Chicago office of Banner & Witcoff, Ltd.

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### Education

B.S. 2000, Duke University  
M.S. 2002, Georgia Institute of Technology  
Ph.D. 2006, Georgia Institute of Technology  
J.D. 2016, Northwestern University

### Bar Admissions

2016, Illinois

### Court Admissions

U.S. Patent and Trademark Office



BANNER & WITCOFF, LTD.  
INTELLECTUAL PROPERTY LAW

## ROBERT H. RESIS

Attorney

Robert Resis has over 30 years of experience in successfully representing clients in a wide variety of intellectual property matters. Mr. Resis' practice includes trial and appellate work. Mr. Resis was part of the trial team in *Amgen Inc. vs. Chugai Pharmaceuticals, et al.*, a leading biotechnology patent case (including a significant role in preparing Amgen's winning post-trial brief). Mr. Resis was recognized in the *BTI Client Service All-Stars 2017* as one of just over 300 lawyers nationwide for superior client service – he was nominated by a global industrial manufacturing giant client for IP litigation.

Mr. Resis' accomplishments include the following:

In 2013-16, Mr. Resis assisted a large research and development organization in obtaining worldwide patents for processes for production of useful fuels from renewable sources.

In 2012, Mr. Resis requested for a large pharmaceutical client an *inter partes* reexamination against a patent asserted by a competitor. The Patent Office rejected all of the claims of the asserted patent in the reexamination, and in 2013, after Mr. Resis filed third-party requester comments, sustained the rejection of all claims in a Right to Appeal Notice. Thereafter, the competitor stipulated to dismissal with prejudice of its infringement suit against Mr. Resis' client, thereby saving his client litigation costs and a trial. In 2015, the PTAB affirmed the rejection of all claims.

In 2012, Mr. Resis obtained for an ecommerce client a dismissal of Digital Millennium Copyright Act (DMCA), Lanham Act, and state claims that had been filed against it by another ecommerce business. In 2013, Mr. Resis obtained a dismissal of the DMCA claim and a copyright claim based on an asserted work that had been filed in an Amended Complaint. The case settled shortly after the court's dismissal of claims of the Amended Complaint.

In 2011, Mr. Resis requested *ex parte* reexamination for a client against a patent that was later asserted by a competitor. The Patent Trial and Appeal Board affirmed the Examiner's rejection of all of the claims of the asserted patent in the reexamination. The competitor did not file a further appeal, and Mr. Resis' client can practice all of the claims of the asserted patent without any liability risk.

In 2010, Mr. Resis prepared pretrial and trial papers to help obtain a jury verdict of over \$19 million in patent infringement damages for a firm client against a competitor. The jury verdict was upheld by the district court after denying the competitor's post-trial motions. Thereafter, the case settled favorably for the firm client.

In 2010, after limited discovery, Mr. Resis obtained an agreed order of dismissal with prejudice of a non-practicing entity's claims of patent infringement that had been filed against a firm client in connection with its on-line order and delivery business. The firm client did not pay the NPE any money and did not take a license.



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### Education

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J.D. 1986, Northwestern University

### Bar Admissions

1986, Illinois

### Court Admissions

Supreme Court of Illinois  
U.S. Circuit Court of Appeals for the Federal Circuit  
U.S. District Court for the Eastern District of Michigan  
U.S. District Court for the Northern District of Illinois  
U.S. District Court for the Northern District of Illinois, Trial Bar  
U.S. Supreme Court

In 2009, Mr. Resis requested for a transportation client an *ex parte* reexamination against patent claims previously asserted by the practicing patent owner against a competitor. The Patent Office rejected all of the claims in Mr. Resis' request. In 2013, the Patent Trial and Appeal Board sustained the rejection of all claims in Mr. Resis' request, and the practicing patent owner did not file a further appeal. Thereafter, the Patent Office issued a Reexamination Certificate that canceled all of the claims in Mr. Resis' request, and Mr. Resis' client can practice the canceled claims without risk of being sued for infringement of those claims.

In 2009, Mr. Resis successfully defeated a motion by an accused infringer to stay a case pending *inter partes* reexamination. The case settled shortly after the motion to stay was denied.

In 2009, Mr. Resis prepared pre- and post-trial papers in helping to obtain and maintain a jury verdict in favor of a firm client that all the patent claims asserted by the opposing party were invalid for obviousness.

Mr. Resis takes pride in successfully representing clients against larger, well-financed opponents. For example, Mr. Resis achieved the successful enforcement of a patent in Texas for a small startup company against a multimillion-dollar defense effort by the primary and decades-long vendor in the industry. He achieved this success within 18 months of filing suit and despite summary judgment and patent reexamination efforts by the defendant. Mr. Resis' firm prosecuted the successfully enforced patent. *Southwest Die Corp. v. Ontario Die Company Limited*, Civil Action No. EP-01-CA-0204-PRM (W.D. Tex.).

Mr. Resis is also experienced in the procurement, counseling and licensing aspects of intellectual property rights. He has successfully prosecuted patents in a variety of arts, including the chemical, medical device, and pharmaceutical arts. He has also effectively implemented the post-grant review procedures of the Patent Office to the benefit of the firm's clients, including clients involved in litigation. Mr. Resis also assists clients with strategic planning and patent-portfolio management.

Mr. Resis received his B.S. in Chemical Engineering from the University of Illinois. Between college and law school, he worked as a refinery process engineer at Chevron U.S.A. Mr. Resis earned his J.D. from Northwestern University and is admitted to practice before the U.S. Supreme Court, the U.S. Court of Appeals for the Federal Circuit, the Supreme Court of Illinois, the Northern District of Illinois and numerous other U.S. District Courts. He is registered to practice before the U.S. Patent and Trademark Office, and is a member of several professional associations, including the Intellectual Property Owners Association, the Intellectual Property Law Association of Chicago (member of the Amicus Committee) and the PTAB Bar Association (member of the Program Committee).

Mr. Resis is the author of "Preliminary Relief in Patent Infringement Disputes," published by the ABA in 2011. Mr. Resis is a contributing author of the book "Patent Claim Construction in the Federal Circuit," published by the Intellectual Property Law Association of Chicago (2012, 2015 and 2016 Editions). Mr. Resis is also the author of numerous articles on intellectual property law, including "Lessons to Learn from Post-KSR Pharmaceutical Obviousness Decisions," *ABA Landslide* (Nov./Dec. 2009 Vol. 2, No. 2), "Reducing the Need for Markman Determinations," *John Marshall Law School Review of Intellectual Property Law* (Fall 2004) (his proposal to require patent applicants to declare during prosecution whether they are relying on 35 U.S.C. 112, paragraph 6 and to identify the corresponding structure, material or acts for performing the specified function was adopted by the U.S. Patent Office in its 2006 rules for Accelerated Examination), "History of the Patent Troll and Lessons Learned," *ABA Intellectual Property Litigation* (Winter 2006), and "Solutions for Reducing Patent Application Pendency," *John Marshall Law School News Source* (Spring 2006).

Mr. Resis is Vice President of the West Northfield School District 31 Board of Education. He was recognized for his service on Nov. 15, 2016, during Illinois' eighth annual "School Board Members' Day."

Mr. Resis practices in the Chicago office of Banner & Witcoff, Ltd., where he has spent his entire legal career.

## REBECCA P. ROKOS

*Attorney*

Rebecca Rokos focuses her practice on patent prosecution, counseling and licensing, primarily in the chemical, mechanical and design arts. She assists clients ranging from small, privately-held companies to Fortune 100 corporations with managing their utility and design patent portfolios in more than 70 jurisdictions, including portfolios having over 5,000 assets. She helps clients develop global strategies to expand and optimize their scope of intellectual property protection and maximize the value of their intellectual property budgets. With 20 years of experience, Rebecca works closely with clients to achieve their business objectives through creative and targeted solutions.



As a registered patent attorney, she has successfully prepared and prosecuted utility and design patent applications on such diverse subject matter as chemical compounds, artificial and natural sweeteners, bottles and other product packaging, beverage formulations, coating materials, functional food and beverage ingredients, brooms and other household cleaning tools, food processing, fertilizers, vending equipment, environmental control systems, railcars, and medical devices. Rebecca conducts patentability, validity and infringement evaluations and works with clients to develop innovative solutions for avoiding exposure to liability. Additionally, she has drafted and successfully negotiated numerous technology and license agreements.

Rebecca relates her ability to effectively prosecute patent applications, manage portfolios and counsel clients to her experience with patent litigation. Having actively participated in all phases of litigation, she calls on this experience to establish strong intellectual property rights for her clients.

Before receiving her law degree, Rebecca was employed as a project engineer for an environmental consulting firm, working on hazardous waste site remediation projects and environmental control systems, as well as providing regulatory compliance services. She also has experience with water and wastewater treatment systems.

Rebecca earned a B.S.E. in Chemical Engineering from the University of Michigan and a M.S. in Environmental Engineering from the University of Illinois. She earned her J.D. from the University of Michigan, where she was Executive Note Editor for the University of Michigan Journal of Law Reform.

Rebecca is a member of the American Bar Association, the Intellectual Property Owners Association, and Chicago Women in IP. She practices in the Chicago office of Banner & Witcoff, Ltd.

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### Education

B.S. 1990, University of Michigan  
M.S. 1993, University of Illinois  
J.D. 1996, University of Michigan

### Bar Admissions

1996, Illinois

### Court Admissions

Supreme Court of Illinois  
U.S. District Court for the Northern District of Illinois  
U.S. Patent and Trademark Office



## CHARLES W. SHIFLEY

Attorney

Over a full career, Charles Shifley has concentrated on intellectual property cases and trials. Recently, Charles and a team gained the transfer of an ongoing patent case from the home base of Caterpillar in Peoria to a neutral court in Las Vegas. See 2012 WL 6618602. Earlier counsel had failed in a motion to dismiss from Peoria. Charles and a team also kept the ongoing defense of a motorcycle manufacturer away from risks of a jury by diverting the patent dispute into arbitration. Charles has been succeeding for patent owners in patent post-grant proceedings, putting requesters in situations worse for them than if they had not started proceedings they expected to win for them. See USPTO 95/001600, 95/000437, 95/000467. Charles enjoys juries, avoiding juries, fast-paced efforts, and resolutions that involve allowing others to act and events to occur in their own time. Last year, Charles and a team brought to a settlement a multi-year defense of a large automotive company against patent infringement for duplicating the products of a terminated supplier in 2008. Injunction efforts were defeated and the settlement was less than 6% of the supplier's demand, at one-third the supplier's legal fees. Earlier, Charles avoided litigation altogether by engaging opponents as needed and appropriate, while having third parties have priority and defeat the opponents, and even simply watching as windows of liability closed from passages of time.



In contrast, Charles is skilled in gaining fast relief for clients in difficult situations. Charles and a team brought the urgent enforcement of a patent for a construction industry company to a successful result in eight months, on a patent Charles had gained for the company. See Civil Action No. 4:07-cv-2099 (E.D.Mo.) Charles and teams of lawyers have gained preliminary injunctions on a once-lapsed patent, see 56 USPQ2d 1329, a just-issued patent, see 53 USPQ2d 1547, and a patent in an uncertain market, see 2006 U.S. Dist. LEXIS 4910. Earlier, Charles directed a team of lawyers for an arbitration in the digital video disk and movie industries, within 16 days of notice of arbitration. The arbitration settled on the 16th day, in major part because of the speed and thoroughness of the preparation. Charles also gained two trademark preliminary injunctions, see 48 USPQ2d 1299 and 45 USPQ2d 1846. Similarly, Charles and a team brought the defense of a major instant message provider against a \$160M patent claim to a successful early summary judgment and resulting settlement. See Civil Action 04C4240 (N.D.II.). Charles and a trial team successfully enforced IP rights for a start up company against a multimillion-dollar defense effort. Charles also successfully defended an Internet music delivery company, successfully defended a rail supply company, and successfully ended an offensive case for a pharmaceutical software provider. Charles has gained several other early injunctions and seized counterfeit goods within hours of filing suits and within a day of contact with clients having problems to solve. In a case including a jury trial, Charles and his trial team proved willful patent infringement and had a permanent injunction in place 11 months after filing suit.

Where extended efforts are required, Charles provides them. Charles and a team brought the defense of the automotive industry and the nation's largest automotive supplier to a successful, affirmed summary judgment

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### Education

B.S.M.E. 1973, Ohio State University  
J.D. 1976, Ohio State University

### Bar Admissions

1976, Illinois

### Court Admissions

Supreme Court of Illinois  
U.S. Circuit Court of Appeals for the Federal Circuit  
U.S. Court of Appeals for the Seventh Circuit  
U.S. District Court for the Eastern District of Michigan  
U.S. District Court for the Eastern District of Wisconsin  
U.S. District Court for the Northern District of Illinois  
U.S. District Court for the Central District of Illinois

against patent infringement. See 501 F.3d 1274. Earlier, a trial team under his direction won an affirmed \$6M jury verdict for willful patent and copyright infringement and breach of a shrink-wrap agreement. See 302 F.3d 1334. Charles also won an affirmed multi-million dollar jury award for willful patent infringement and attorneys fees. See 9 F.Supp.2d 601, 1999 U.S. App. LEXIS 8584, and 189 F.3d 1327. Charles and a team brought the defense of a major building systems provider against a \$200M trade secret misappropriation claim through extended arbitration discovery and to a successful settlement. See Civil Action 3:07CV312 (N.D.Tex.). Charles was also co-counsel in a trial defeating patent infringement claims, see 65 F.Supp.2d 757, and defended the judgment on appeal, 56 USPQ2d 1445. Earlier, and at a jury trial, Charles and a team of lawyers won an affirmed permanent injunction and \$1M patent infringement award. See 61 USPQ2d 1152. Charles has also gained an important 7th Circuit trademark decision by appeal, see 362 F3d 986.

Charles has served as lead and co-counsel in numerous successful trials and appeals for Fortune 100 and additional companies, across the country. Technical subjects have included in-building wireless systems; airbag actuation electronics; Internet delivery software; digital video disks; photochemistry; photographic software; engines, electronic components, and automotive hardware; human heart pacemakers and defibrillators; welding equipment; computerized controls; high technology valves; industrial franchise operations; high-technology metal casting and consumer goods. He has generated several large claims for damages, including one for \$30 million based on \$300,000 in accused sales. He has been consistently sensitive to costs and client communication.

In addition, Charles has also developed capable counseling, negotiation, settlement and patent procurement strategy skills, see USPTO 13/116851, and prepared opinions and gained clients many valuable contracts concerning patents, trademarks, copyrights, trade secrets, and franchises. He is proud to have had a client grow from startup to \$25M in sales in a short time on the strength of its inventions, patents he gained, and patent enforcement suits he successfully pursued. He is also proud to have brought an individual inventor patent license royalties in excess of \$1M, for a single and simpler invention.

Mr. Shifley speaks on patent litigation and related matters, and authors articles espousing critical thinking in handling intellectual property concerns. He has taught pretrial, trial and appellate advocacy at Northwestern University, Georgetown, John Marshall of Chicago, and Chicago Kent Colleges of Law, with Federal Circuit Court of Appeals Chief Judge Paul Michel among others, and taught Law for Engineering Managers at Northwestern for many years. He is currently an Adjunct Professor at John Marshall Law School, Chair of the Amicus Committee of the Intellectual Property Law Association of Chicago, and past President of the Richard Linn American Inn of Court. Charles has represented IPLAC in several U.S. Supreme Court, Federal Circuit and Illinois Supreme Court cases on issues including patent-eligible subject matter, patent damages, jurisdiction, and inequitable conduct. See Supreme Court 11-1118, Federal Circuit 2011-1301, 2011-1363, 2012-1548 and Illinois 112910.

Charles earned a Bachelor of Science degree in Mechanical Engineering, summa cum laude, and a Juris Doctor degree, cum laude, both from The Ohio State University, in his home state.

Mr. Shifley practices in the Chicago office of Banner & Witcoff, Ltd.

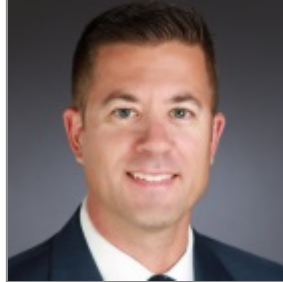


BANNER & WITCOFF, LTD.  
INTELLECTUAL PROPERTY LAW

## JASON S. SHULL

Attorney

Jason is a principal shareholder of Banner & Witcoff, with over 15 years of experience in representing plaintiffs and defendants in all phases of intellectual property litigation, from pre-trial investigation through jury trials and appeals. His practice comprises all areas of intellectual property law, with a focus on patent, trademark, and copyright litigation, and Section 337 investigations at the United States International Trade Commission.



Jason has a consistent track record of winning on the merits and achieving favorable resolutions on behalf of his clients. Jason has achieved favorable results for his clients in numerous jurisdictions including Arizona, California, Delaware, Illinois, Kentucky, Michigan, Missouri, New York, Nebraska, Ohio, Oregon, Pennsylvania, Puerto Rico, Tennessee, Texas, Utah, Vermont, Wisconsin, and the U.S. International Trade Commission. Jason's cases have involved a wide range of technologies, including printers, electronic sensors and monitors, medical and diagnostic devices, mobile devices, computer hardware and software, and consumer electronics. Exemplary clients represented by Jason in litigation matters, and sample subject matter of representation, include:

- America Online, Inc. (Patent litigation regarding instant messaging and internet chat services)
- CIBA Vision/Wesley-Jessen (Patent litigation regarding colored contact lenses and chemical processes)
- Dimension Data (Managed Cloud Platform supporting public and private cloud services with a common user interface and application programmable interface)
- Dutton-Lainson Company (Patent litigation regarding trailer hitch technology)
- Husky Injection Molding (Patent litigation regarding injection molding systems)
- Integra LifeSciences Corp (Patent litigation regarding dural sealants)
- Kimberly-Clark (Patent litigation regarding baby diapers and adult incontinence products)
- Lexmark International, Inc. (Patent litigation relating to toner cartridges for printers; microchips on toner cartridges; multifunction device telephony, networking, and software; managed print services; and managed software services; and mobile printing technology)
- Logitech (Patent litigation involving voice over IP telephony equipment)

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### Education

B.S. 1997, Michigan State University  
J.D. 2000, Chicago - Kent College of Law

### Bar Admissions

2000, Illinois  
2015, Arizona

### Court Admissions

U.S. Circuit Court of Appeals for the Federal Circuit  
U.S. Court of Appeals for the Sixth Circuit  
U.S. District Court for the Eastern District of Michigan  
U.S. District Court for the Northern District of Illinois  
U.S. District Court for the Western District of Wisconsin  
U.S. District Court for the Northern District of Illinois, Trial Bar  
U.S. District Court for the Eastern District of Wisconsin  
U.S. District Court for the District of Arizona

- Newell Rubbermaid (Patent litigation relating to window latch technologies)
- NIKE (Patent litigation involving footwear technology)
- Peapod LLC (Patent litigation regarding online grocery shopping and delivery services)
- PNA Construction Technologies (Patent litigation involving load transfer devices in concrete flatwork)
- Rock River Arms (Patent litigation involving firearm technology)
- RTX Telecom (Patent litigation involving voice over IP telephony equipment)
- Skype Technologies (Patent litigation involving voice over IP telephony equipment)
- Team Play (Copyright litigation regarding video games and source code)
- U.S. Robotics (Patent litigation involving voice over IP telephony equipment)

In addition to his litigation experience and achievements, Jason has a wide range of experience in patent, trademark, and copyright counseling and procurement. Jason has prepared and prosecuted numerous patent applications on a variety of subject matters including medical and diagnostic devices, security systems, structural ceramics, superconducting materials, sports equipment, and other mechanical and electro-mechanical devices and processes. Jason also has experience in preparing and prosecuting domestic and foreign trademark applications.

Jason has also successfully represented several clients in appeals before the United States Patent Trial and Appeal Board and the Trademark Trial and Appeal Board.

Jason is recognized in the 2016 edition of *Who's Who Legal* for his work in patent law. He is an active member of the American Bar Association. He has chaired several committees of the ABA Section of Litigation and Section of Intellectual Property Law, and has received several awards from the Section of Litigation. Jason is also an active member of the Arizona Technology Counsel, the Intellectual Property Owner's Association, and the ITC Trial Lawyers Association.

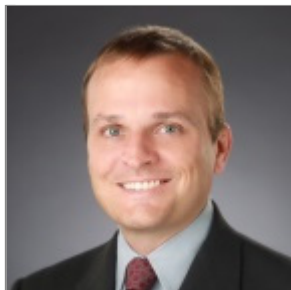
Jason earned his Bachelor of Science degree in Civil and Environmental Engineering from Michigan State University. Prior to earning his degree from Michigan State University, Jason attended the United States Air Force Academy where he earned the Commandant's Silver Wreath for outstanding military performance. Jason earned his Juris Doctor degree from Chicago-Kent College of Law. While pursuing his Juris Doctor degree, Jason also completed graduate coursework towards a Master of Science degree in Chemical Engineering from the Illinois Institute of Technology.

Jason is a registered patent attorney and is admitted to practice in the state of Arizona and Illinois. He is also admitted to practice before the Court of Appeals for the Federal Circuit and numerous federal district courts.

## RICHARD S. STOCKTON

Attorney

Richard Stockton advises clients on all aspects of intellectual property law, including tactical and strategic counseling, portfolio management, litigation and prosecution matters. Exemplary achievements include:



- Procuring >1,500 U.S. utility patents, design patents, trademark registrations and copyright registrations
- Managing multiple IP portfolios with >1,000 properties worldwide; supporting transfer of >10,000 property portfolio
- Serving as counsel of record in numerous patent, trademark and copyright litigations, and assisting with dozens more
- Rendering many U.S. infringement, invalidity/unenforceability and freedom-to-operate opinions
- Supervising infringement, invalidity and counterfeiting investigations and seizures
- Drafting licensing agreements, cease and desist letters/responses and transfers to IP holding companies
- Prevailing in dozens of domain name arbitrations before National Arbitration Forum, World Intellectual Property Organization (WIPO) and other providers; negotiated numerous no-decision settlements and acquisitions
- Overseeing IP matters in >130 foreign jurisdictions

Richard earned a Bachelor of Science degree in Electrical Engineering from the University of Illinois at Urbana-Champaign (UI) in 1997. He graduated from the UI College of Law *cum laude* in 2000, where he was the Editor-in-Chief of *The University of Illinois Journal of Law, Technology & Policy*, the Legislation Editor of the *Illinois Law Update* section of *The Illinois Bar Journal* and a founder of *Modern Trends in Intellectual Property*. As an alumnus, Richard joined the Chicago Illini Leadership Council in 2014 (chairing it in 2015-16), and served on the Athletic Board from 2012-2016. He also served on the College of Law Board of Visitors from 2005-2011 and the Campus Alumni Advisory Board from 2006-2012. Richard is a member of various UI giving societies, including the President's Council and John E. Cribbet Society. He is also a UI Alumni Association Life Member and frequently mentors law and engineering students.

Richard is an active and dedicated member of the bar. Exemplary awards and bar and teaching activities include:

### Awards

- "40 Illinois Attorneys Under 40 to Watch" Law Bulletin Publishing Co., 2015

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### Education

B.S. 1997, University of Illinois  
J.D. 2000, University of Illinois

### Bar Admissions

2000, Illinois

### Court Admissions

U.S. Supreme Court  
U.S. Court of Appeals for the  
Federal Circuit  
U.S. District Court for the North-  
ern District of Illinois  
U.S. District Court for the Central  
District of Illinois

- Super Lawyers Rising Star (Illinois), 2008-2016
- Law Bulletin's Emerging Lawyers, 2015
- *IP Star*, Managing IP magazine, 2013-2016

#### **Bar Activities**

- American Bar Association (ABA)
  - Vice-Chair, Patent Litigation Committee, Section of Intellectual Property Law, 2013-Present
  - Co-Chair, Technology for the Litigator (TFL) Committee, Section of Litigation, 2010-13
  - Newsletter Editor-in-Chief, TFL Committee, 2006-10
- American Intellectual Property Law Association (AIPLA)
  - Industrial Designs Committee, Vice-Chair, 2014-Present
  - Delegate, Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (WIPO, Geneva) (SCT), 31st and 33rd Sessions, 2014-2015
  - Chair, *In re Owens* Subcommittee, Industrial Design Committee, 2013-Present
  - Drafter, AIPLA comments to proposed regulations regarding Hague Agreement implementation
- International Trademark Association (INTA), Saul Lefkowitz Moot Court Committee
  - National Chair, 2016-Present; National Vice-Chair and Bench Memo Committee Chair, 2015-16
  - Chicago Regional Competition Chair, 2013-2015; Vice-Chair, 2011-2013; Committee Member, 2006-Present; Bailiff, 2000-06
- Intellectual Property Owners Association (IPO)
  - Industrial Designs Committee, Member, 2013-Present
  - Delegate, WIPO SCT, 34th Session, 2015
- ICANN IP Constituency, Banner & Witcoff Primary Representative, 2016-Present
- Member: ABA, AIPLA, INTA, IPO, Illinois State Bar Association, IP Law Association of Chicago

#### **Teaching Activities**

- Adjunct Professor, *IP Litigation Pretrial Skills*
  - Northwestern University (NU) School of Law, LITARB 614A, 2012-Present
  - Georgetown University Law Center, LAWJ-293-07, 2004-11

- Guest Lecturer, *Fundamentals of Legal Practice*, UI College of Law, 2015-16
- Class panelist, NU School of Law, UI College of Law, IIT Chicago-Kent College of Law, Loyola University Chicago School of Law

Richard frequently writes and presents on IP topics. Exemplary publications and presentations include:

#### **Publications**

- "Hague Weighed: Should I Change My Design Filing Strategy?," *Inside Counsel*, 2015
- "The Written Description Requirement in U.S. Design Patent Prosecution: Background and Recent Developments," AIPLA Roundtable, 2014
- "Turkey Shoot: How Sam Keller's Spat May Flower into a Multi-Billion Dollar War Against the NCAA and College Amateurism," *Intellectual Property Today*, 2013
- "A Hague Accolade: U.S. Poised to Join an International Design Protection System," *IP Frontline* and *IP Law360*, 2012-13
- "Grappling with Keywords in the Fourth Circuit," *IP Law360*, 2011 (co-authored with Mark Wilinski)
- "USC's Trojans Hit a Home Run in a Trademark Battle over 'SC,'" *B&W IP Update*, 2010 (co-authored with Surendra Ravula)
- "The Patent and the Pendulum: The Oscillating Interface of Antitrust and Patent Law," Prepared for the ABA Antitrust Section's "Competition and Innovation in High-Tech Industries" Conference, 2002 (co-authored with Mark Banner)

#### **Presentations and Panels**

- Moderator, "The Wide World of Designs: Best Practices for the Procurement of Design Patents Across Borders and in the U.S.," AIPLA Mid-Winter Institute, 2016
- Public Speaker, "Roundtable Event on the Written Description Requirement for Design Applications," U.S. Patent and Trademark Office, 2014
- Presenter, "Design and Utility Patents, Trade Dress, and Copyright: How to Prosecute and Enforce Multiple Layers of IP Protection," IPO Chat Channel, 2013
- "Design Patent Functionality After Egyptian Goddess and Richardson: The Assumption of Claim Construction Dysfunction and Gumption," AIPLA Spring Meeting, 2013
- "Owens Poems and High Point Haikus," Industrial Design Committee Meeting at AIPLA Annual Meeting, 2013

- Panelist, “Computer Fraud and Abuse Act,” Northwestern School of Law, 2013
- “Shall I Complain or Abstain about a Domain,” Banner & Witcoff Corporate IP Seminar, 2012
- New gTLD Overview, gTLD Opposition Overview, American Marketing Association Podcasts, 2011, 2012
- Public Panelist, “Designs in Recent Court Decisions,” Design Day, U.S. Patent and Trademark Office, 2010

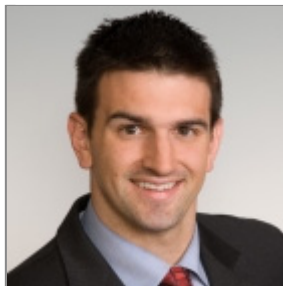
Richard also has experience with governmental relations and policy. He prepared draft legislation for the Illinois General Assembly relating to the organic statute of the UI Board of Trustees, and served as a legislative extern to the Illinois House of Representatives. Richard also was an intern for a Congressman in Washington, D.C., during the 104th Congress. His other volunteer activities have included serving on the Chicago Public Schools Local School Council for Audubon Elementary School and the Champaign Liquor Advisory Commission, and volunteering as an instructor for Presidential Classroom for Young Americans.



## BRADLEY J. VAN PELT

*Attorney*

Brad Van Pelt concentrates on prosecution, counseling, and litigation in all areas of intellectual property. Brad has wide-ranging experience in prosecution and counseling. He has years of patent drafting experience in the mechanical, software, and business method arts. He frequently prepares freedom-to-practice opinions, and has served on successful patent litigation teams in obtaining favorable rulings for clients. In addition to his utility patent practice, Brad also has extensive experience in procuring design patents and is active in the design patent bar. He was also named to the 2014, 2015, and 2016 Illinois Super Lawyers Rising Stars, which include only the top 5 percent of attorneys in the state.



Brad assists clients with creative strategies in developing strong patent portfolios both domestically and internationally. Brad leverages his experience as a former examiner to creatively advance applications to grant. He has also presented at numerous conferences on creative strategies in advancing applications and development of prosecution strategies in light of the America Invents Act.

Brad has prepared and prosecuted software-oriented applications directed to security, networking, audio monitoring, cash handling devices, business methods, and graphical user interfaces and mechanical applications directed to merchandizing systems, transducers, microphones, earbuds, medical devices, insulation devices, sporting equipment, composite materials, container handlers, and dispensers.

Prior to his role at Banner & Witcoff, Brad was a patent examiner at the U.S. Patent and Trademark Office in the early 2000s. While at the Patent and Trademark Office, Brad examined patent applications directed to the mechanical arts, especially in the automotive, transportation, and power generation arts. Brad served in the chambers of the Honorable Richard Linn of the United States Court of Appeals for the Federal Circuit, which hears all patent appeals in the United States. Brad was also a design engineer for Sub-Zero Freezer Company where he designed testing equipment for digital refrigeration components and software.

He earned his undergraduate degree in Mechanical Engineering from the University of Wisconsin-Madison in 2002. He was awarded his J.D. degree from Georgetown University in 2007.

Brad is registered to practice before the U.S. Patent and Trademark Office, and is admitted to practice in Illinois. He practices in the Chicago office of Banner & Witcoff, Ltd.

### Presentations

- “Advanced Patent Prosecution Strategies to Further Corporate Goals,” at the All Ohio Annual Institute on Intellectual Property in Cleveland and Cincinnati in 2016
- “Best Practices for Corporate Counsel: Economically Protecting Your Inventions,” at WITCON, Banner & Witcoff’s Corporate Intellectual Property Seminar in Chicago in 2015

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### Education

B.S. 2002, University of Wisconsin  
J.D. 2007, Georgetown University

### Bar Admissions

2007, Illinois

### Court Admissions

U.S. Patent and Trademark Office

- “The Total User Experience: Improving the Content and Quality of Your Company’s Patent Application Post-AIA” at WITCON, Banner & Witcoff’s Corporate Intellectual Property Seminar in Chicago in 2014
- “The Total User Experience: Improving the Content and Quality of Your Company’s Patent Application Process Post-AIA” at the Managing Intellectual Property Conference in Washington, D.C. in 2014
- “Two Sides of Patents: Getting Stronger Patents for Your Company and Alternative Ways to Defend Against Patent Litigation,” at the ACC Chicago CLE Program in Rosemont, IL and in Chicago in 2014
- “The Total User Experience: Improving the Content and Quality of Your Company’s Patent Application Process Post-AIA” in a Banner & Witcoff/BNA webinar in 2013
- “Emergency IP: Expediting the Granting of Patent Rights” at WITCON, Banner & Witcoff’s Corporate Intellectual Property Seminar in 2012

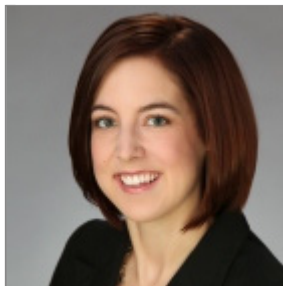
#### **Articles**

- “Brexit’s Effect on Intellectual Property,” *IP Alert*, July 13, 2016
- “Apple and Samsung at the Supreme Court: Case Proves Need for Design Patents in Overall IP Strategy,” *IP Update*, June 8, 2016
- “Obama Signs Law Allowing Trade Secret Owners to Sue in Federal Court,” *IP Alert*, May 12, 2016
- “4 Times to File a Continuation Patent Application,” *Law360*, March 17, 2016
- “Preparing for the Obvious at the PTAB,” *Law360*, June 30, 2015
- “Challenging and Defending Obviousness at the PTAB,” *IP Update*, Spring/Summer 2015
- “AIA Toolbox: Intake, Checklists, and Faster Drafting Techniques,” *IP Update*, Fall/Winter 2014

## VICTORIA R. MCDONALD WEBB

Attorney

Victoria Webb practices in a variety of areas of intellectual property law and works with clients to obtain and enforce a broad range of intellectual property rights. She currently focuses her practice on patent prosecution and litigation, as well as trademark and trade dress matters.



Ms. Webb's experience includes the preparation and prosecution of patents in the mechanical arts. She also has experience prosecuting patents in the dental, personal care, business method, appliance, and consumer product fields. In addition to prosecuting U.S. patents, she also assists clients in obtaining foreign patent protection in a variety of jurisdictions.

Additionally, Ms. Webb has a wide range of litigation experience, representing clients from small companies to Fortune 500 corporations. She has experience drafting motions and opinions, assisting in key phases of patent infringement cases, and representing both plaintiffs and defendants in infringement suits. Ms. Webb is currently part of a litigation team defending a Fortune 500 sporting goods client against claims of patent infringement. She also is assisting a client in the development of use guidelines and enforcement strategies to protect iconic trade dress.

Ms. Webb has also provided counseling and opinion work on patent and trademark matters. In this area, she has evaluated the scope of obtainable intellectual property protection and her clients' freedom to practice in various fields.

Prior to earning her J.D., Ms. Webb worked in the plumbing division of Kohler Co. focusing on current and new product development of toilets, urinals, and other bathroom fixtures. She also worked in manufacturing, facilities, and quality at John Deere. Additionally, Ms. Webb has experience in solar and other renewable energy, water pumping, and potable water system design through her work with Engineers Without Borders.

Ms. Webb graduated from Marquette University with honors, earning a B.S. in mechanical engineering and a minor in Spanish. She was a founding member of the Marquette University chapter of Engineers Without Borders, and led the design and implementation of several renewable powered drinking water systems in developing regions of Guatemala. Additionally, she was a member of the honors program, the Jesuit Honors Society, the Mechanical Engineering Honors Society, the Engineering Honors Society, and the Spanish Honors Society.

Ms. Webb graduated order of the coif from the University of Iowa College of Law. While in law school, she was a member of the first team from the University of Iowa to participate in the INTA Saul Lefkowitz Trademark Moot Court Competition, earning Best Brief and placing second overall in the Midwest region in 2010 and earning Best Oral Arguments and placing third overall in the Midwest region in 2011. Ms. Webb was an associate note editor for the *Journal of Transnational Law and Contemporary Problems* and authored *Stirring the Waters: Whether The Pirate Bay Case and the Thomas-Rasset Case Will Impact File Sharing and Piracy in Sweden and the United States*, 20 *Transnat'l Law & Contemp. Probs.* 563 (2011).

Ms. Webb is admitted to practice in the states of Illinois and Colorado.

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### Education

B.S. 2008, Marquette University  
J.D. 2011, University of Iowa

### Bar Admissions

2011, Illinois  
2016, Colorado

### Court Admissions

Supreme Court of Illinois  
U.S. Patent and Trademark Office  
U.S. District Court for the Northern District of Illinois

## BRADLEY C. WRIGHT

Attorney

Brad Wright concentrates on prosecution, litigation and counseling in patent and copyright matters, especially in the electrical and computer areas, including Internet and e-commerce. He has drafted and prosecuted numerous patent applications in such technologies as computer hardware and software, cable TV systems, electrical devices, facsimile systems, neural networks, smart cards, Internet applications, operating systems, computer games, business methods, mobile telephones, and video processing techniques. In 2010, two patents drafted by Mr. Wright were successfully asserted in litigation, resulting in a \$200 million settlement.



Brad has also won several appeals before the Patent Trial and Appeal Board. He represents clients in district court litigation including patent, copyright and trademark matters. He has also successfully argued and briefed appeals before the U.S. Court of Appeals for the Federal Circuit. He has also provided clients with infringement, validity and patentability opinions in numerous different technical areas. Additionally, Brad is experienced with protecting inventions overseas under patent treaties and conventions.

Mr. Wright is a former law clerk to the Honorable William C. Bryson of the Court of Appeals for the Federal Circuit, which hears all patent appeals in the United States. He earned his electrical engineering degree from the Massachusetts Institute of Technology and his law degree, with *distinction*, from George Mason University, where he graduated as the top student in the Patent Law Track and was a member of the Law Review. After earning his electrical engineering degree, Brad worked as an electrical engineer and software engineering manager for E-Systems, which is now part of Raytheon Corp. In that position, Brad developed novel algorithms relating to signal intelligence and specialized hardware, and worked on database projects including an object-oriented database.

Mr. Wright is registered to practice before the U.S. Patent and Trademark Office. He is admitted to the bars of the Supreme Court, the Court of Appeals for the Federal Circuit, and is a member of the Virginia and District of Columbia bars. Brad is also active in the American Intellectual Property Law Association, where he co-chaired the Software Patent Subcommittee of the Emerging Technologies Committee. He is also a member of the Institute of Electrical and Electronic Engineers and the American Bar Association, where he chaired subcommittees relating to business method patents, patent litigation, and multimedia and interactive technology. Additionally, Brad has been an adjunct professor of law at George Mason University School of Law, where he has taught copyright and patent law.

Mr. Wright was the President of the Patent Lawyers Club of Washington. He has published numerous articles and has given speeches before various organizations regarding intellectual property law.

Mr. Wright served as Editor-in-Chief and a chapter author of *Drafting Patents for Litigation and Licensing*, published by BNA Books in 2008. This book, the first of its kind, was written to help patent practitioners draft the broadest possible patent that can sustain a validity challenge by synthesizing and applying lessons from the case law.

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### Education

B.S.E.E. 1984, Massachusetts  
Institute of Technology  
J.D. 1994, George Mason University

### Bar Admissions

1994, Virginia  
1995, District of Columbia

### Court Admissions

U.S. Circuit Court of Appeals for  
the Federal Circuit  
U.S. Court of Appeals for the  
Fourth Circuit  
U.S. Court of Appeals for the  
Sixth Circuit  
U.S. District Court for the District  
of Columbia  
U.S. District Court for the East-  
ern District of Virginia  
U.S. Supreme Court

Mr. Wright earned a 2016 Martindale-Hubbell® AV Preeminent™ Rating and was selected by Martindale-Hubbell as a 2015 “Top Rated Lawyer” in DC-Baltimore. Mr. Wright was listed as a *Washington D.C. Super Lawyer* in 2016, and named as one of the “World’s Leading IP Strategists” by *Intellectual Asset Management* magazine. He is listed as a leader in intellectual property law in the 2016 edition of *Best Lawyers in America*. He is recognized by *Managing Intellectual Property* as a 2016 IP Star.

Mr. Wright practices in the Washington, D.C. office of Banner & Witcoff, Ltd.

### **Sample Articles and Publications**

“Patent Developments for IT Practitioners,” presented at the *2016 Virginia Information Technology Legal Institute* (September 30, 2016)

“Patent Developments for IT Practitioners,” presented at the *2015 Virginia Information Technology Legal Institute* (October 9, 2015)

“Recent Developments in Patent Law,” presented at *The D.C. Bar’s 2014 IP Law Year in Review Series* (December 9, 2014)

“Patent Developments for IT Practitioners,” presented at the *2014 Virginia Information Technology Legal Institute* (October 10, 2014)

“Functional Claiming,” presented at the *2014 9th Annual Advanced Patent Law Institute* (January 23-24, 2014)

“Developments in Patent Law 2013,” presented at *The D.C. Bar’s 2013 IP Law Year in Review Series* (December 11, 2013)

“Patent Developments for IT Practitioners,” presented at the *2013 Virginia Information Technology Legal Institute* (September 27, 2013)

“Changes Coming to U.S. Patent Law,” *Bloomberg BNA Books Monitor* (February 27, 2013)

“Federal Circuit Appears Split on Patentability of Computer-Implemented Business Methods,” *Banner & Witcoff IP Alert* (February 11, 2013)

“Patent Developments for IT Practitioners,” presented at the *2012 Virginia Information Technology Legal Institute* (September 28, 2012)

“Developments in Patent Law,” presented at John Marshall Law School’s *56th Anniversary Conference on Developments in Intellectual Property Law* (February 24, 2012)

“Developments in Patent Law 2011,” presented at *The D.C. Bar’s 2011 IP Law Year in Review Series* (December 13, 2012)

“Patent Developments for IT Practitioners,” presented at the *2011 Virginia Information Technology Legal Institute* (September 23, 2011)

“Drafting Patents for Litigation and Licensing, with 2011 Cumulative Supplement,” *BNA and ABA-IPL* (August 1, 2011)

“Functional Claiming and Functional Disclosure,” *Banner & Witcoff IP UP-DATE* (Spring/Summer 2011)

“Developments in Patent Law 2010,” presented at *The D.C. Bar’s 2010 IP Law Year in Review Series* (December 15, 2010)

“Patent Developments for IT Practitioners,” presented at the *2010 Virginia Information Technology Legal Institute* (October 8, 2010)

“Supreme Court Eases Test for Patentability in *Bilski v. Kappos*,” *Intellectual Property Advisory* (June 28, 2010)

“Recent Developments in IP Law,” presented at John Marshall Law School’s *54th Annual Conference on Developments in Patent, Trademark, Copyright and Trade Secrets Law* (February 26, 2010)

"Developments in Patent Law 2009," presented at *The D.C. Bar's 2009 IP Law Year in Review Series* (December 18, 2009)

"Supreme Court Hears Argument in *Bilski* Case," Intellectual Property Advisory (November 9, 2009)

"Supreme Court Grants Cert in *Bilski* Case," *Banner & Witcoff IP UPDATE* (November 1, 2009)

"Federal Circuit Issues Split Decisions on PTO Continuation Rules," *Banner & Witcoff IP UPDATE* (Spring/Summer 2009)

"Developments in Patent Law," presented at *The D.C. Bar Program on Developments in Intellectual Property Law* (December 2008)

"End of the Road for E-Commerce Patents?," *E-Commerce Times* (May 2008)

"Patents Under Attack," *Executive Counsel* (June 2008)

"Federal Circuit May Clamp Down on Process Patents," Intellectual Property Advisory (May 8, 2008).

### **Recent Speaking Engagements**

"Patent Developments for IT Practitioners," Annual Virginia Information Technology Legal Institute, Fairfax, VA, September 30, 2016.

"2015 Patent Law in Review," DC Bar's IP Year in Review Series, Washington, DC, December 15, 2015.

"Patent Developments for IT Practitioners," Annual Virginia Information Technology Legal Institute, Fairfax, VA, October 9, 2015.

"Recent Developments in Patent Law," DC Bar's Patent Law Year in Review Series, Washington, DC, December 9, 2014.

"Functional Claiming," All Ohio Annual Institute on Intellectual Property, Cincinnati, September 18, 2014.

"Functional Claiming," Annual Advanced Patent Law Institute at the USPTO, Alexandria, VA, January 23, 2014.

"Developments in Patent Law," DC Bar's IP Year in Review Series, Washington, DC, December 11, 2013.

"Patent Developments for IT Practitioners," Annual Virginia Information Technology Legal Institute, Fairfax, VA, September 27, 2013.

"Important Patent-Related Cases Over the Past Year and Their Implications," FICPI's ABC Meeting, New Orleans, May 18, 2013.

"The New Patent Law and More," DC Bar's IP Year in Review Series, Washington, DC, December 11, 2012.

"Patent Developments for IT Practitioners," 2012 Virginia Information Technology Legal Institute, Falls Church, VA, September 28, 2012.

"Recent Developments in Patent Law," John Marshall Law School's 56th Intellectual Property Law Conference, Chicago, IL, February 24, 2012.

"The Corporate Response to New Legislation: Changes in Portfolio Development and Patent Defense Strategies," 2012 Advanced Patent Law Institute at the USPTO, Alexandria, VA, January 19, 2012.

"The New Patent Law and More," DC Bar's IP Year in Review Series, Washington, DC, December 13, 2011.

"IP Basic Training Series: Patents, Trademarks, and Copyrights," D.C. Bar Conference Center, Washington, DC, October 18, 2011.

"Patent Developments for IT Practitioners," 2011 Virginia Information Technology Legal Institute, Falls Church, VA, September 23, 2011.

"Recent Developments in Patent Law," John Marshall Law School's 55th Intellectual Property Law Conference, Chicago, IL, February 25, 2011.

"Functional Claiming and Functional Disclosure," University of Texas at Austin, School of Law's 6th Annual Advanced Patent Law Institute, Alexandria, VA, January 21, 2011.

"Recent Developments in Patent Law," D.C. Bar's 2010 IP Year in Review Series, Washington, DC, December 15, 2010.

"Patent Developments for IT Practitioners," 2010 Virginia Information Technology Legal Institute, Falls Church, VA, October 8, 2010.

"Patentable Subject Matter After Bilski," BNA Webinar, July 8, 2010.

"The Use of Opinion of Counsel as Evidence in Patent Litigation," ABA IPL Section's 25th Annual Intellectual Property Law Conference, Arlington, VA, April 9, 2010.

"Recent Developments in IP Law," John Marshall Law School's 54th Annual Conference on Developments in Patent, Trademark, Copyright and Trade Secrets Law, Chicago, IL, February 26, 2010.

"Recent Developments in Patent Law," D.C. Bar's 2009 IP Year in Review Series, Washington, DC, December 17, 2009.

"Developments in Patent Law, 2008," D.C. Bar's 2008 IP Year in Review Series Part II, Washington, DC, December 10, 2008.

"New Practical Patent Strategies," Virginia Information Technology Center, Waterford, VA, September 26, 2008.



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