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## Gaining the Benefit of an Earlier-Filed *Inter Partes* Review by Applying the IPR Joinder Provisions Under the America Invents Act

By Kenneth R. Adamo, David W. Higer & Eugene Goryunov<sup>1</sup>

An *inter partes* review (“IPR”) filed under the America Invents Act (“AIA”) after service of a complaint alleging patent infringement must be filed no later than one year after the date on which the IPR petitioner, real party-in-interest, or privy of the petitioner was served with the infringement complaint.<sup>2</sup> This one-year statutory bar, however, does not always preclude filing an IPR petition. A petitioner may still file an otherwise-time-barred petition so long as it also contains a timely request for joinder into the IPR, since the one-year bar does not apply to requests for joinder.<sup>3</sup> Joinder, however, is discretionary and decided on a “case-by-case basis, taking into account the particular facts of each case, substantive and procedural issues, and other considerations.”<sup>4</sup> This article explores current PTAB precedent to identify how different **substantive issues, procedural matters,** and “**other considerations**” impact the PTAB’s decisions on joinder.

By way of background, the IPR joinder provisions of the AIA permit the Patent Trial and Appeal Board (“PTAB”) to join:

- a party – by consolidating multiple proceedings involving a patent or joining an otherwise-time-barred

second petition – to an already instituted IPR trial;<sup>5</sup> and

- additional grounds of invalidity presented by the same petitioner in a second (timely) or otherwise-time-barred second petition,<sup>6</sup> which we refer to as “serial IPR” filings.

The mechanics of joinder require that the petitioner seeking joinder (“requester” in this article) file its own IPR petition that the PTAB “determines warrants the institution of an [IPR] under section 314.”<sup>7</sup> Requests for joinder must also be accompanied by a motion filed “no later than one month after the institution date of any [IPR] for which joinder is requested.”<sup>8</sup> In deciding whether to grant a joinder request, the PTAB interprets the USPTO Rules “to secure the just, speedy, and inexpensive resolution of every proceeding.”<sup>9</sup>

The summary table below identifies PTAB decisions reviewed for this article. The table shows the outcome and the particular substantive, procedural, and/or other factors considered by the PTAB for each decision reviewed. Substantive factors considered by the PTAB include whether the requester’s petition challenged the same claims, was based on the same prior art, was supported by the same declarant involved in the

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I am pleased to report that our March 28th Dinner in Honor of the Federal Judiciary was a great success. There was a significant increase in attendees and honored guests. Clearly, a celebratory spirit was present during the event, the Distinguished Public Service Award to Judge Gregory Sleet was roundly endorsed, and the dinner presentation by Ken Starr was well received.

We were also pleased with the Day of the Dinner CLE Program moderated by Association Past Present Tom Meloro and U.S. Patent and Trademark Office Representative Michelle Lee. A lively and informative discussion was held for the benefit of a large audience. The event clearly added an expanded spectrum to the day's events.

Other events during March also proved to be quite successful in providing valuable information to the profession. I was fortunate to be able to participate on one of the panels in the March 14th CLE program "Federal Circuit Bar Association Bench & Bar: Patent Litigation in New York Courts: A View from the Bench," co-sponsored by the NYIPLA and the Federal Circuit Bar Association and moderated by Association Past President Mark Abate. The program was well attended



at New York University School of Law and emphasized various aspects of patent litigation and enforcement. The panel also included the Honorable Victor Marrero, U.S. District Judge for the Southern District of New York; the Honorable Gabriel W. Gorenstein, U.S. Magistrate Judge for the Southern District of New York; and the Honorable Steven M. Gold, Chief U.S. Magistrate Judge for the Eastern District of New York.

In furtherance of the Association's outreach to cooperate with other bar associations, I was pleased to moderate a panel on federal litigation for the Licensing Executives Society of the United States and Canada which took place on March 27, 2014 in New York City and included United States District Court Judges James Holderman and Colleen McMahon along with experienced Special Master, Robert Rando. The Association also provided an additional panel moderated by Dorothy Auth and directed to patent assertion entities and vexatious litigation.

On April 17, 2014, the NYIPLA co-sponsored a roundtable discussion at New York Law School concerning the progress of implementation of AIA litigation procedures in the United States Patent and Trademark Office. The program was presented as a CLE event and traced the progress of the AIA programs and what can be anticipated and expected for the future. Attendance was excellent and the program was quite informative. Discussion leaders included judges and other representatives from the USPTO, as well as private practitioners. A lively, interactive group of attendees participated in the event.

April 23, 2014 was the 30th Anniversary Seminar of the very successful Joint Patent Practice Continuing Legal Education program. On Thursday, May 1st, the Association presented a program entitled, "A Tool Kit of Practical and Essential IP Advice for Startups" in association with a number of business and technical organizations on Long Island as an educational project. CLE credit will be available for attendees. The event was well organized under the direction of Association members Raymond Farrell, Colman Ragan, and Steven Lendaris. It is gratifying to observe the development and growth in educational and informational programs the Association makes

available to the profession. The scope of the events is varied and quite diverse in order to reach many different aspects of the professional and business world.

I do want to commend the diligent and highly professional efforts of members of the Association in the excellent campaign to inform and guide the United States legislature in its efforts to further reform the patent laws. Insightful letters have been prepared and sent to Congress to assist in the process. Special expertise has been displayed by the Association's committee members, Annemarie Hassett, Denise Loring, Dorothy Auth, Kevin Ecker, and Julia Kim.

Our Annual Meeting and Dinner took place on May 20th. We presented our annual Inventor of the Year Award, and the Honorable Roslynn Mauskopf, U.S. District Court Judge for the Eastern District of New York, presented the Hon. William C. Conner Writing Competition Awards at the Awards Dinner at the Princeton Club in New York City. During the day, we had three CLE programs available as well.

The meeting is a culmination of the year's significant events and accomplishments for the Association due to the extraordinary commitment of its membership. I thank the members for their effort and support. It has been my extreme pleasure to associate with so many dedicated and excellent contributors to the Association. The NYIPLA is certainly a vibrant and successful asset to the intellectual property law profession.

I would be remiss if I did not urge you to peruse the excellent articles in the present NYIPLA *Bulletin*. They certainly provide further contributions of Association members for the benefit of our readers.

At our Annual Meeting on May 20th, I turned over the reins of a vibrant and growing Association to the next president, Anthony Lo Cicero. I wish him and fellow officers and board members success for the coming year.

Charles R. Hoffmann

## NYIPLA Calendar

[www.nyipla.org](http://www.nyipla.org)

### Half-Day Trademark CLE Seminar

EARN NY/NJ 3.5 CLE CREDITS INCLUDING ETHICS

➤ THURSDAY, JULY 17, 2014 ◀

The Princeton Club, 15 West 43<sup>rd</sup> Street, New York

### Patent CLE Seminar

EARN NY/NJ 7.0 CLE CREDITS INCLUDING ETHICS

➤ THURSDAY, NOVEMBER 20, 2014 ◀

The Princeton Club, 15 West 43<sup>rd</sup> Street, New York

### 93rd Annual Dinner in Honor of the Federal Judiciary (Judges Dinner)

➤ FRIDAY, MARCH 27, 2015 ◀

The Waldorf Astoria New York Hotel, 301 Park Avenue, New York

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instituted IPR trial, and concerned the same filer involved in the instituted IPR trial. As to procedural factors, the PTAB has so far addressed the timeliness of the joinder request and procedural protections – that is, whether the requester agrees to play an “understudy role”<sup>10</sup> in a joined IPR trial – that may be implemented to prevent prejudice to the original parties in the instituted IPR trial. Although not always considered, “other” factors the PTAB has considered include whether (1) the joinder request is being made in a serial IPR situation; (2) the requester delayed moving for joinder; and (3) the instituted IPR trial has been, or is on the verge of being, terminated as a result of settlement.

### Substantive Issues

The decisions analyzed reflect that the PTAB is more inclined to grant joinder requests when the requester’s petition does not raise any new issues not already before the PTAB.<sup>11</sup> In *Dell Inc. v. Network-1 Sec. Solutions, Inc.*, for example, the requester properly filed its petition and a motion to join an already instituted IPR trial.<sup>12</sup> The PTAB observed that the requester’s petition was asserting the same grounds of unpatentability as those already involved in the trial. The requester’s arguments were also identical to those made by the first petitioner in the trial and were supported by the same declarant. The PTAB concluded that these substantive considerations weighed in favor of joinder because the requester’s petition raised no new issues.<sup>13</sup> The PTAB has reached the same conclusion in serial IPR situations.<sup>14</sup>

Conversely, the PTAB has denied all joinder requests to date when joining the requester’s petition to the instituted IPR trial would require the PTAB to address new substantive issues not already before it. For example, in *NetApp, Inc. v. PersonalWeb Techs., LLC*, the PTAB denied joinder even though the requester’s petition challenged only one new claim.<sup>15</sup> The PTAB observed that the inclusion of the new claim in the trial would require additional claim construction and resolution of issues relating to lack of enablement, written description, and indefiniteness. The requester’s petition also added new expert declarations that would require further discovery and analysis. All of these substantive factors weighed against joinder.<sup>16</sup> The PTAB has similarly relied on these substantive factors in denying requests for joinder in serial IPR situations.<sup>17</sup>

As these decisions indicate, the PTAB is more likely to grant a requester’s joinder motion if the requester’s petition does not present significant new substantive issues over those involved in the already instituted IPR trial.

### Procedural Matters

The timeliness of the joinder request is an important procedural consideration. In *Sony Corp. v. Network-1 Sec. Solutions, Inc.*, for example, the requester filed its petition more than seven months after the first IPR petition was filed. The PTAB denied joinder at least in part because the requester delayed its filing and also to avoid delaying upcoming events in the instituted IPR

Case Name	Case No.	Outcome	Date	Substantive				Procedural		Other
				Same Claims?	Same Prior Art?	Same Expert?	Same Filer?	Timeliness	Understudy Role	
<i>Microsoft Corp. v. Proxyconn, Inc.</i>	IPR2013-00109	Granted	02/25/13	N	Common		Y	Y		Serial IPR
<i>Motorola Mobility LLC v. SoftView LLC</i>	IPR2013-00256	Granted	06/20/13	Y	Y		N		Y	Stayed Reexam
<i>NetApp, Inc. v. PersonalWeb Techs., LLC</i>	IPR2013-00319	Denied	07/22/13	Common	N	N	N	N		Schedule in Other IPRs
<i>Dell Inc. v. Network-1 Sec. Solutions, Inc.</i>	IPR2013-00385	Granted	07/29/13	Y	Y	Y	N	Y	Y	Policy Favors
<i>Sony Corp. v. Network-1 Sec. Solutions, Inc.</i>	IPR2013-00386	Denied	07/29/13	N	Y		Y	Y		Serial IPR
<i>ABB Inc. v. ROY-G-BIV Corp.</i>	IPR2013-00282	Granted	08/09/13	N	Common		Y			Unopposed
<i>Ariosa Diagnostics v. Isis Innovation Ltd.</i>	IPR2013-00250	Granted	09/03/13	Common	Common	Common	Y	Y		Serial IPR
<i>Sony Corp. v. Network-1 Sec. Solutions, Inc.</i>	IPR2013-00495	Granted	09/16/13	Y	Y	Y	N	N	Y	Outside 1 Month
<i>Sony Corp. v. Yissum Research Dev. Co.</i>	IPR2013-00326	Granted	09/24/13	N	Common	N	N	N		Delay
<i>ZTE Corp. v. ContentGuard Holdings</i>	IPR2013-00454	Denied	09/25/13	Y	N		Y	N		Other IPR Terminated
<i>Apple Inc. v. VirnetX, Inc.</i>	IPR2013-00348	Denied	12/13/13	Common	N		N			Other IPR Terminated
<i>Fifth Third Bank v. Leon Stambler</i>	IPR2014-00244	Denied	12/17/13	Y	Y	Y	N	N		Other IPR Terminated
<i>Cyanotech Corp. v. Bd. of Trustees of Univ. of Illinois</i>	IPR2013-00401	Granted	12/19/13	Y	Common		Y	Y		Sua Sponte
<i>SAS Inst., Inc. v. ComplementSoft, LLC</i>	IPR2013-00581	Denied	12/30/13	N	Common	Y	Y			Serial IPR
<i>Shaw Indus. Grp., Inc. v. Automated Creel Sys., Inc.</i>	IPR2013-00584	Denied	12/31/13	N			Y	N		Outside 1 Month

trial.<sup>18</sup> The PTAB also found delaying the proceeding of the instituted IPR trial a factor weighing against joinder in *NetApp v. PersonalWeb*. The PTAB noted in *NetApp* that the original parties maintained five other related IPRs for patents that shared a common disclosure with the subject patent. Also, the schedule of the related IPRs had been coordinated and synchronized and the parties had even stipulated to a single deposition usable in all IPR trials.<sup>19</sup> The PTAB concluded that these factors weighed against granting joinder.<sup>20</sup>

The PTAB, however, has viewed procedural restrictions imposed on the requester as a fact weighing in favor of granting a joinder motion. For example, in *Motorola Mobility LLC v. SoftView LLC*, the PTAB concluded that the following procedural protections weighed in favor of joinder:

- the requester agreed that the first petitioner would retain primary responsibility for all petitioner filings;
- the requester would be permitted to make separate filings “limited to no more than seven pages directed only to points of disagreement” with the first petitioner;
- the requester agreed not to make “any arguments in furtherance of those advanced” by the first petitioner; and
- the patent owner would be permitted to file a “corresponding number of pages to respond separately” to any submissions filed by the requester.<sup>21</sup>

The PTAB has also found procedural restrictions on the role of the requester in depositions and at any oral hearing as weighing in favor of joinder. In *Dell v. Network-1*, the PTAB approved restrictions that allowed the requester to have a substantive role in depositions and at any oral hearing so long as the first petitioner would take on a primary role.<sup>22</sup> In *Sony v. Network-1*, the PTAB approved restrictions where the requester would not have “a separate opportunity to actively participate.” The approved restrictions prevented the requester from filing any written submissions, posing any questions at depositions, or making any statements at any oral hearing without prior permission of the first petitioner. The requester, however, would take on a more active role in the IPR trial if the first petitioner settled with the patent owner.<sup>23</sup>

As shown by these cases, the PTAB is more likely to grant joinder requests when the requester’s petition is timely and the requester agrees to procedural restrictions on its participation in the IPR trial.

## Other Considerations

The PTAB has also addressed other considerations in deciding joinder motions, including:

- encouraging joinder in a particular situation. For example, the PTAB granted joinder based on “the policy preference for joining a party that does not present new issues that might complicate or delay an existing proceeding.”<sup>24</sup> The original parties to the IPR trial argued that joinder would discourage settlement. The PTAB, however, disagreed, concluding that joinder was appropriate because the requester’s petition raised no new issues and the requester agreed to an understudy role;<sup>25</sup>
- whether joinder would substantially affect a complex coordinated and synchronized schedule entered in related IPR trials. The PTAB observed that the IPR trial scheduling and the fact that the requester could have filed its petition earlier but chose not to do so weighed in favor of denying joinder;<sup>26</sup>
- whether a requester in a serial IPR situation asserted prior art that could have been asserted in its first petition. The PTAB noted that the requester’s second petition contained grounds based on prior art that the requester had disclosed to the patent owner months before it filed its second petition. The PTAB concluded that this weighed against joinder since the requester did not adequately explain why it had not asserted the grounds in its first petition;<sup>27</sup>
- whether the PTAB stayed the requester’s post-grant challenge of the subject patent before the requester filed its petition.<sup>28</sup> The PTAB has consistently stayed *ex parte* reexamination proceedings in favor of proceeding with an IPR trial,<sup>29</sup> but has granted joinder motivated in part by allowing the requester to protect its interests;<sup>30</sup>
- whether the requester is seeking joinder with an already-terminated IPR trial. The PTAB agreed with the patent owner that the requester should not have delayed filing its petition “until after it learned of the settlement” between the original parties in the IPR trial. By waiting, the second petitioner “took a risk that the [IPR] proceeding would terminate . . . . [The requester] made a litigation choice, and now must face the consequences.”<sup>31</sup>

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Based on these other considerations, the PTAB is more likely to grant joinder where the interests of the requester have been affected by some action by the PTAB, for example, a stay of a related post-grant challenge. Joinder is less likely to be granted by the PTAB where the PTAB concludes that the requester could have filed its petition prior to the expiration of the one-year statutory bar window, but the requester decided not to do so within that timeframe. These considerations further reflect that a requester would be well served to file its petition as soon as practicable, taking into account any relevant litigation strategies.

A review of how the PTAB has ruled on requests for joinder can strategically inform you or your clients as to when to file a request for joinder and under what circumstances. It may also assist you and your clients to identify considerations that could maximize the likelihood that joinder will be granted and similarly identify issues that may reduce the likelihood of joinder.

**(Endnotes)**

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<sup>2</sup> 35 U.S.C. § 315(b); *Amkor Tech., Inc. v. Tesser, Inc.*, IPR2013-00242, Paper 98, at 18 (Jan. 31, 2014) (holding that the one-year bar “applies only to civil actions brought under 35 U.S.C. §§ 271 and 281”).

<sup>3</sup> 35 U.S.C. § 315(b). The AIA also includes joinder provisions for covered business method patents. See 35 U.S.C. § 325(c) and (d). A discussion of these provisions is not included in this article because there is no one-year bar to filing a covered business method patent review.



<sup>4</sup> *Shaw Indus. Grp., Inc. v. Automated Creel Sys., Inc.*, IPR2013-00584, Paper 20, at 3 (Dec. 31, 2013) (citing 157 Cong. Rec. S1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl)).

<sup>5</sup> 35 U.S.C. §§ 315(c) and (d).

<sup>6</sup> *Ariosa Diagnostics v. Isis Innovation Ltd.*, IPR2013-00250, Paper 25, at 4 (Sep. 3, 2013).

<sup>7</sup> 35 U.S.C. § 315(c).

<sup>8</sup> 37 C.F.R. § 42.122(b). As noted below, there are some limited circumstances in which the PTAB has exercised its discretion and waived the one-month requirement. However, best practice is to avoid these situations because there is no guarantee of receiving a waiver. Compare *Sony Corp. v. Network-1 Sec. Solutions, Inc.*, IPR2013-00495, Paper 13, at 6-7 (Sep. 16, 2013) (waiving the one-month filing rule where the second petitioner asserted the same arguments as those already at issue in the instituted IPR trial, second petitioner agreed to an understudy role, and second petitioner attempted previously, within the one-month time period, to be joined) with *Shaw Indus.*, IPR2013-00584, Paper 20, at 4-5 (declining to waive the one-month filing rule where the second petitioner filed a request for rehearing in another IPR trial, concluding that “[f]iling a request for rehearing does not toll the time period for seeking joinder”).

<sup>9</sup> *Shaw Indus.*, IPR2013-00584, Paper 20, at 3.

<sup>10</sup> If a requestor assumes an understudy role, the petitioner in the instituted IPR retains primary responsibility for all petitioner acts.

<sup>11</sup> See generally, e.g., *Motorola Mobility LLC v. SoftView LLC*, IPR2013-00256, Paper 10, at 2, 9 (Jun. 20, 2013) (finding that same grounds and same claims weighed in favor of joinder); *Dell, Inc. v. Network-1 Sec. Solutions, Inc.*, IPR2013-00385, Paper 17, at 2 (Jul. 29, 2013) (same); *Sony*, IPR2013-00495, Paper 13, at 5 (same).

<sup>12</sup> *Dell*, IPR2013-00385, Paper 17, at 2.

<sup>13</sup> *Id.* at 7.

<sup>14</sup> *Ariosa*, IPR2013-00250, Paper 24, at 2; *ABB Inc. v. ROY-G-BIV Corp.*, IPR2013-00282, Paper 15, at 3 (Aug. 9, 2013).

<sup>15</sup> *NetApp, Inc. v. PersonalWeb Techs., LLC*, IPR2013-00319, Paper 18, at 4-5 (Jul. 22, 2013).

<sup>16</sup> *Id.* at 5-6.

<sup>17</sup> *Sony Corp. v. Network-1 Sec. Solutions, Inc.*, IPR2013-00386, Paper 16, at 2, 6-7 (Jul. 29, 2013) (denying joinder in a serial IPR situation where the later petition added new substantive issues not already before the PTAB).

<sup>18</sup> *Sony*, IPR2013-00386, Paper 16, at 8.

<sup>19</sup> *NetApp*, IPR2013-00319, Paper 18, at 7.

<sup>20</sup> *Id.* at 7-8.

<sup>21</sup> *Motorola*, IPR2013-00256, Paper 10, at 9.

<sup>22</sup> *Dell*, IPR2013-00385, Paper 17, at 9.

<sup>23</sup> *Sony*, IPR2013-00495, Paper 13, at 6.

<sup>24</sup> *Dell*, IPR2013-00385, Paper 17, at 10 (citing 157 Cong. Rec. S1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl)).

<sup>25</sup> *Id.* at 7-9.

<sup>26</sup> *NetApp*, IPR2013-00319, Paper 18, at 9.

<sup>27</sup> *Sony*, IPR2013-00386, Paper 16, at 9-10.

<sup>28</sup> *Motorola*, IPR2013-00256, Paper 10, at 10.

<sup>29</sup> Kenneth Adamo, David Higer, and Eugene Goryunov, *Parallel Proceedings*, The Patent Lawyer, March/April 2014, at 25.

<sup>30</sup> See generally *Motorola*, IPR2013-00256, Paper 10.

<sup>31</sup> *Fifth Third Bank v. Leon Stambler*, IPR2014-00244, Paper 4, at 5 (Dec. 17, 2013).

# A National Treasure: Prepared Remarks for the 92<sup>nd</sup> Annual Dinner in Honor of the Federal Judiciary

By *Kenneth Starr\**

It is a great pleasure – and honor – to be with you. Earlier this week, I journeyed to Washington, D.C. to participate in a conference organized to celebrate a new partnership between Georgetown University and the institution where I am privileged to serve, Baylor University, founded during the days of Texas' independence from Mexico prior to Texas' statehood.

The unifying theme of the conference I attended was freedom – here at home and abroad. Freedom of conscience as a foundation to fundamental human dignity. Appropriate for our celebration this evening, we began the Washington, D.C. conference with a return to the words of the founding document, America's original Constitution. We quoted from the soaring words of the Preamble: “We the People . . .”

Simple and elegant.

“We the people of the United States, . . .”

The Constitution's Preamble then sets forth a mission, indeed the vision of “We the People . . . in order to form a more perfect union.”

At the time those words were crafted during that long summer in Philadelphia, our fledgling, newly independent nation was a union, to be sure, of the several States, but the *structure* of that union – like a defective architectural design – was deeply flawed.

Indeed, clear and present dangers of structural collapse loomed large, a perilous condition rendered all the more acute by national security dangers posed by the great powers of Europe. Something had to be done, but what? Disunity abounded. Mighty voices, including that of the Empire State's powerful Governor, George Clinton, were raised against major alterations to the governmental architecture. The long-serving Governor had early on supported calls for a stronger central government, but he recoiled when the Continental Congress asked the States to approve a national tariff. That innovation, he feared, would deprive New York of its greatest source of income. Of course, as in life, improvements could be made around the edges, but no radical makeover.

So too, Virginia's Patrick Henry had smelled a rat, and thus refused to attend the Philadelphia conclave. In the swirl of that 18th century conversation, the nation's attention focused in particular on the division of governmental authority as between the central government and the States, as well as the structure of the

national government itself. How powerful would the new government be? What would be the role of the States under the new architecture? We the People divided into the familiar camps of Federalists and Anti-Federalists.

Happily, the magnificent body of law that draws us together in fellowship and friendship this evening – the specific body of the law of intellectual property – flows out of a truly national, Constitution-ordained function. This vitally important category of law was not a source of vigorous dispute during the lively debates.

That is not hard to understand. Brief reflection suggests that patent law rests comfortably at the core of those functions properly and uncontroversially entrusted, with all due respect to the States in our continental federal republic, to federal, not state, authority. Some functions simply do not logically or practically belong to States and localities.

It is unimaginable, say, that New York would have its own currency, and across the Hudson, the Garden State would wave around its own version of the Empire State's “Knickerbocker.” Think of Europe – other than the United Kingdom – before the Euro was created.

Indeed, as reflected by the pre-Philadelphia gatherings at Mount Vernon in 1785, and Annapolis in 1786, the broad domestic concern informing those continent-wide conversations was the new nation's lack of a truly common market. Low-level trade wars among the newly-freed colonies were erupting up and down the Atlantic seaboard.

General Washington, Dr. Franklin, Mr. Adams – these great men and other patriot luminaries fretted. They well understood that a truly national government was needed to establish and protect the manufacture and flow of commerce throughout the nation.

Let's return to the currency hypothetical. Imagine the unimaginable, say, trying to cross the George Washington Bridge from Fort Lee and confronting not only traffic congestion on a particularly bad day, but discovering that you, a hapless traveler, brought only New Jersey currency. Let's call the currency “the Trenton,” rather than the New York “Knickerbocker.” You get the idea. On the one hand, certain and very practical tools of daily commerce are powerful symbols of national unity and cohesion, and on the other, symbols of Balkanization and inevitable hydraulic pressures toward protectionism.

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And so the great provisions of Article I, Section 8, came to be, including Clause 8 – drawn from proposals on the floor of the Constitutional Convention championed by Mr. James Madison and Charles Cotesworth Pinckney of South Carolina.

“To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries”

This clause, indispensable for a dynamic, entrepreneurial economic system, was adopted unanimously, and, indeed, without debate. Again, this bears repeating: certain functions of government were seen as indisputably, quintessentially national in nature. Patent law was one of them.

Not so, as we all learned as school children, with the proposed Constitution as a whole. What Akhil Amar elegantly describes as a continental conversation echoed up and down the thirteen Continental United States. Ratification was by no means assured. Opponents of the fledgling document were numerous. They were also powerful, including the once-sympathetic Governor Clinton right here in New York.

Into action rolled two great New York lawyers, Colonel Alexander Hamilton and his considerably older contemporary, John Jay. Writing furiously in his lower Manhattan law office, Colonel Hamilton joined with Jay, who authored 5 of the 85 famous essays, and their philosophical ally to the south, Mr. Madison in Central Virginia, to produce the iconic Federalist Papers. These essays were popular briefs – intended to allay the concerns and explain the benefits – in support of ratification.

As with the debates at the Convention itself, the ratification debates scarcely touched on the Patent Clause. Federalist 43, authored by Madison, devoted only a single paragraph to that provision. Ironically, the reference point as to the protection of patents was the law of Great Britain, where patents had been granted as a matter of discretion and favor by both the Crown and Parliament. His Majesty’s Patent Office had not yet entered an appearance in English law and practice. Politics and influence, rather than agency expertise gained through a career in civil service, were ascendant in the Mother Country.

As to the structure of the proposed government, however, disagreement abounded.

It was here that the Federalist Papers’ three authors had a daunting task. And time was short. The two New Yorkers and their writing partner in Old Dominion produced, chapter by chapter, political and rhetorical masterpieces. It fell to Colonel Hamilton, writing not

far from where we gather this evening, to defend the proposed federal judicial system. The idea of federal judges was a natural, logical outgrowth of a system of national law. Surely, even if state judges could – as they indeed do – apply federal law in county and state courthouses, wasn’t at least a Federal Supreme Court necessary if goals of unity – and hopefully uniformity – of law were to be achieved?

Here in New York, writing away, Colonel Hamilton was brilliant. According to Teddy Roosevelt, Hamilton was, “The most brilliant American statesman who ever lived, possessing the loftiest and keenest intellect of his time.”

Hamilton loved Blackstone’s Commentaries, but he knew that America would chart its own legal course. Early on in his career, the prolific graduate of King’s College, now, of course, Columbia University, authored his own legal manual, “Practical Proceedings in the Supreme Court of New York.” This was informed by the practice of the courts at Westminster, but American courts were, in the main, fiercely independent.

That overarching characteristic – the independence of the proposed federal judiciary – was the theme of Hamilton’s masterpiece, Federalist 78, which defends what we in bench and bar rightly treasure as the Article III branch. It addressed head-on the concerns of the Constitution’s opponents – the Anti-Federalists – over the power and scope of the federal judiciary. The great lawyer, the orphan who hailed from the Caribbean island of Nevis, fashioned an unassailable defense of judicial review. That mighty, albeit undemocratic, power flowed logically from the very concept of a written constitution as the nation’s supreme law.

First published in the *Independent Journal* in June 1788, Federalist 78 vigorously defended the key but controversial concept of federal judges not only wielding great power but enjoying life tenure – the pivotal structural protection of that ultimate goal being independence from the political branches. The debate was on. It was Hamilton, writing under the pseudonym “Publius,” versus a respected Empire State jurist, Robert Yates, writing under his *nom de plume*, “Brutus.” Not a fair fight. Publius versus Brutus. Judge Yates needed a bit of Madison Avenue public relations advice. Aided in immeasurable ways by the efforts of Hamilton, Madison and Jay, the friends of the new Constitution – and true national power over commerce – carried the day. Narrowly, to be sure. But as in March Madness, a win is a win.

Here in New York, the vote was extraordinarily close at the state ratification convention – 30 for, 27 against. So too in Virginia, the pro-Constitution forces eked out

a narrow victory in the state convention in Richmond – 89 for, 79 against. North Carolina stubbornly refused to come on board. So too Rhode Island insisted on charting its own course. The result was that “We the People” had some gaping holes – quite apart from the unspeakable evil of slavery and the disenfranchisement of women. Those expansions of “We the People” were many decades away.

Convening here in New York, the First Congress – and General Washington – came into office by virtue of ballots cast in 11 of the 13 States.

With the new government getting under way, an early order of business was to exercise the power granted by Article I, Section 8, Clause 8.

The first patent law, the Patent Act of 1790, launched the enterprise of encouraging invention and innovation, while balancing the broad public policy that favored competitive forces battling it out in the marketplace.

And so it has been since the founding of the Republic. What has ensued in the 224 years since passage of the landmark Patent Law of 1790 is an ongoing – and frequently lively – conversation between and among the three branches of the federal government about the appropriate role of patent law and the courts in a market economy that increasingly prizes innovation as a vital engine not only of job creation, which is certainly important enough in its own right, but more broadly of human flourishing. That inter-branch conversation has been especially lively in this 113th Congress.

Various proposals are now swirling about, and legislation quickly wended its way last year through the rites of passage of the House of “We the People,” the appropriately named House of Representatives. Not so the Senate. The architecture is different. The Senators’ hands are to be on the reins with an occasional suggestion or shout of “whoa!” In theory, and frequently in practice, the Senate is to take the longer view, with the enviable structural luxury of a six-year term – one-third longer than that of the President, and three times as long as that of their wistful colleagues on the opposite side of Capitol Hill, who face the electorate every 24 months.

The very idea – and ideal – of the Senate is to encourage thoughtful, deliberative debate. No rushing about to arrive at a hasty judgment. That deliberative process is especially called for in the current conversation over the high-visibility issues of patent trolls, pleading requirements, fee-shifting to potentially place the financial onus on litigation losers, limitations on discovery and the like.

But the broader danger is that eagerness to address emerging issues of the day may tend to erode the spirit of comity between the Article I and Article III

branches. The dynamism and creativity found within the confines of Article III chambers may be cabined or constrained, or even ignored by policymakers and legislators. That would not be good. A prominent federal appellate judge has spoken directly to this point, urging greater caution by Congress as it goes about the process of crafting various would-be reforms. I’m reminded of the story about the backbencher in the House of Commons rising to his feet during a lively debate and bellowing, “Reform. Reform. Don’t speak to us of reform. Things are bad enough as they are!”

Over a century ago, Oliver Wendell Holmes reminded us that experience looms large in the shaping of substantive law. So too with process. Quite apart from separation-of-powers issues, it makes sense to avail ourselves of the reservoir of wisdom shaped by daily experience in the cauldron of actual litigation.

Louis Brandeis famously trumpeted the virtues of “the laboratory of the States.” In the same manner, judges preside over laboratories of illuminating experience. That cumulative experience of wise and able federal judges is a precious national resource. It should be treated as such.

I am reminded of a comment by a former law clerk to Judge Henry Friendly of the Second Circuit shortly after the great man’s passing from this life: “his mind was a national treasure.”

“A national treasure.” How fitting and proper, as President Lincoln said at Gettysburg, that we celebrate this evening a national treasure in this 92<sup>nd</sup> Annual Dinner in honor of the Federal Judiciary.

As Colonel Hamilton eloquently stated in Federalist 78:

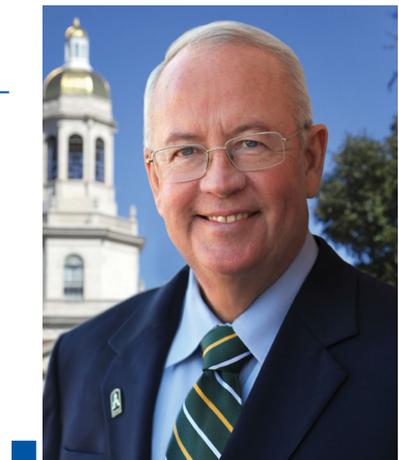
“And [the federal judiciary] is the best expedient which can be devised in any government, to secure a steady, upright, and impartial administration of the laws.”

Ladies and Gentlemen, Judges and friends of the Judiciary, we honor our national treasure.

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#### (Endnotes)

\* The remarks reprinted in this *Bulletin* are Mr. Starr’s prepared remarks, which may differ from the speech as actually presented at the Judges Dinner.



# Roll Over Gutenberg, Tell Mr. Hull the News: Obstacles and Opportunities From 3-D Printing

*by Jonathan E. Moskin\**

Imagine that you want to get your child a new Star Wars action figure for an imminent birthday. However, you don't want to wait in lines at stores or even wait for new Sunday delivery from the Postal Service. Or (more sinisterly) imagine that you want a new non-metallic firearm to evade TSA security and your flight is leaving in the morning. Instead of heading to the nearest store, you just download a Computer-aided Design (CAD) file, turn on your 3-D printer and go to sleep. In the morning the product is ready and waiting. Such scenarios, seemingly snatched straight from science fiction, are already a reality. Indeed, it is already possible to find online computer files enabling the printing of toys, appliance parts, jewelry, food, and – yes – guns. Similarly, but at the opposite end of the spectrum from the ridiculous to the sublime, 3-D printers can generate new lung tissue, bone replacements and other living structures. We may soon be able to print medicines at home. The falling prices of personal printers and other factors are making them increasingly accessible. Technical advances promise better printed products too.

3-D printing comprises a variety of so-called “additive” manufacturing processes, allowing the accretive creation of products by adding layer upon layer of material as an alternative to traditional manufacturing methods. Computer files can map the geometries of pretty much any given thing and generate digitized cross-sections of the virtual model that can be applied in layers of various “inks,” be they plastics, metals or even living cells. By referring to 3-D printing as an additive process, it can be distinguished from those traditional manufacturing methods, such as casting or machining, in which material is removed by techniques such as cutting or drilling (subtractive processes).

## Litigation Regarding 3-D Printing

Thus far, there appears to have been very little litigation concerning products made using such methods. Although current limitations on the technology make it difficult to mass produce items using additive printing techniques, costs will come down and quality will go up, making the process and products more prevalent. While it may make little sense now for Lucasfilm, for instance, to commence suit against an individual making a single Darth Vader figure in his or her kitchen, as the technology improves, soon it may be more cost-effective for small commercial enterprises to make such parts in commercial quantities

and more cost-effective and imperative to pursue legal enforcement actions against them. And, as more individuals are able to acquire 3-D printers for personal use, it will likely become more common for websites to make available CAD files of popular products for downloading and home printing – just as commercial websites currently make available digital copies of music and movies. The Pirate Bay, best known as a purveyor of pirated music and movies, has already announced plans to make available image files for downloading. Moreover, local print shops, on an ad hoc or regular basis, will increasingly be able to provide distributed manufacturing services on high-quality 3-D printers. It may then increasingly make sense for IP owners to take action against those entities distributing CAD files or providing such printing services.

In something of a hybrid, in an example litigation, a defendant mass-produced infringing action figures and replacement parts for use in connection with the plaintiff's game. The defendant made digital copies of the plaintiff's products or parts of those products, first printing prototype copies using 3-D printers, and then using these printed prototypes to make masters for mass-production by traditional means. The point is that, with relatively little skill and at relatively low cost, one can copy quite complex shapes and properties and produce or mass produce them with precision.

## The Fate of Traditional Manufacturers

Precisely because of the ease with which 3-D printing and the digitization of physical products facilitate widespread copying, certain traditional manufacturers may suffer consequences not unlike those sustained by the music and film industries as a result of digital file sharing. However, the very companies that might be most at risk to be victimized by the new technology may also find the greatest opportunities from distributed manufacturing on 3-D printers – not unlike the way Apple and others have found opportunities to turn a profit from digital music and video distribution.

Manufacturers may be able to get ahead of this wave and provide value-added opportunities to their customers from the distributed manufacturing 3-D printing permits. By merging practices derived from social media marketing and new methods of distributed manufacturing, a toy-maker, for instance, can have available at select stores not only the latest characters it mass produces in its factories but also CAD templates

for fans to use and adapt to generate customized products – derivative works, as it were. The customized products can be printed on the spot.

Just as marketers have begun to allow and encourage customers to use social media tools to generate their own content, for example, videos expressing the customers' experiences with and loyalty to a product, customers can help generate entirely new creative concepts and product development ideas. The same toy company that owns the intellectual property in a character or line of characters can use the social media tools to encourage fans to participate in the development of new products that can be made not only in ones and twos at a local printer, but mass-produced for a wider national or international audience. Traditionally, of course, manufacturers were reluctant (and rightly so) to accept idea submissions that might cloud their ownership of their own creative processes. However, in the age of social media and user-generated content, intellectual property owners are learning to set aside such qualms. Provided the transfer of such new ideas and designs is accompanied by adequate waivers or assignments of rights, the age of 3-D printing may open an era in which customers and fans can be directly involved in the design process and be rewarded directly for their efforts.

### **IP Owners Need to Focus on Available Legal Tools to Protect Product Designs**

It should come as no surprise that intellectual property owners concerned that their valuable product designs will be copied and traded on the Internet (like digital music files and movies), need to focus on the available legal tools to protect product designs – most notably copyright, design patent law, and laws protecting trade dress in product configurations. Alternately, lawyers representing those contemplating copying need to be mindful of the same legal limitations and obligations.

Copyright affords protection for original works of authorship, including sculptural works such as toys and models. This would include figures such as the Star Wars characters noted above or certain types of jewelry designs. Copyright was precisely the issue in the example litigation mentioned already, where the defendant was found to have infringed certain characters, the masters

for which were produced using 3-D printers. However, copyright is limited to exclude “useful articles,” such that a party printing replacement appliance or automobile parts or a gun would likely fall outside the scope of copyright. To be protectable under copyright law, the test is whether a product’s non-utilitarian or aesthetic features are physically or conceptually separable from its utilitarian features. Nor does copyright protect ideas. Thus, certain designs are denied copyright protection because of the so-called “merger” doctrine, under which the design concept is said to merge with the embodiment of the design itself.

To the extent copyright is available, owners have increased incentive to register their works, particularly because, in the age of distributed manufacturing in limited quantities, the threat of statutory damages or attorney fees may be critical to limit such copying. Even though there may be less incentive to spend resources to prevent small-scale copying on 3-D printers, the opportunity to recover statutory damages and attorney fees not only may help justify legal action by intellectual property owners but may also provide sufficient disincentives to copyists to persuade them to turn off their printers.

3-D printing technology may present other interesting questions as to the extent of direct and contributory liability. A party that creates a CAD file or one who then downloads it from the Internet and prints a 3-D copy would appear to be most at risk for unlawful copying. The mere transformation of media from physical to digital should be no bar to liability. However, less clear may be whether a party infringes merely by uploading the file or simply hosting a website where the file can be accessed or, in the scenario envisioned above, whether a local print-shop is liable when it facilitates copying by renting out its 3-D printers to the public.

Design patents may also be a key tool to prevent digital copying, particularly for those producers of utilitarian items that can be reproduced on 3-D printers. A design patent can protect an ornamental design of virtually any kind or, as the statute defines the subject matter, a design patent can protect any “new, original and ornamental design for an article of manufacture.” 35 U.S.C. § 171. A design patent can protect the configuration or shape of an article or the surface ornamentation on an article or both.



## **NYIPLA Job Board**

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refer members to postings, and search for new opportunities  
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A design patent also can be tailored to claim only the specific parts of an overall configuration that are likely to be copied.

Not unlike copyright, the test of design patent infringement is substantial similarity as viewed by an ordinary observer. Although the scope of a design patent is largely limited by what is shown and claimed in the patent drawings, in the case of 3-D printing, where copyists may have an incentive to generate copies of replacement parts for appliances, automobiles, or the like, it may well be that all that is most needed is a scalpel-like legal tool to prevent copying of the exact item.

Trademarks and trade dress rights in product configurations may well overlap with copyrights or design patents. However, to be protectable under trademark law, the configuration must have become associated with the claimed owner. Following *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205 (2000), and *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23 (2001), as well as the 1999 amendment to Section 43(a) of the Lanham Act (15 U.S.C. §1125(a)(3)) limiting protection for unregistered designs, it is both more important and more difficult to prove secondary meaning and non-functionality of the design for it to be protected.

In the context of 3-D printing, rights may also be more difficult to enforce given the need to prove likelihood of confusion, which is the test of infringement. Simply printing a copy of a figure at home for personal use may not be actionable because no one is confused. Liability may, perhaps, only arise when the party making 3-D prints is selling them on the market to third parties. However, a party that creates or uploads the file may also be liable if it is encouraging unlawful copying by others,

and the same logic may apply to a website that hosts the file or a local print-shop that rents out its 3-D printers to the public.

Chuck Hull is often credited as the inventor of 3-D printing back in the 1980s, a process he called stereolithography. With 3-D printing just emerging as a viable broad-based technology, it is, of course, impossible to predict the many ways in which the processes will be used or abused. However, as 3-D printers create entirely new economies of scale based on the individual unit rather than mass production alone, intellectual property owners can already begin to take steps to take advantage of the technology and to guard against its risks. Gutenberg's movable type turned the world upside down, although he could scarcely have grasped the changes he wrought, by permitting the mass production of the printed word. The industrial revolution furthered this process of building an economy on the model of mass production. So too, new printing technologies may remake the world as we know it – however, by inverting this model and printing one product after another – one item at a time. The legal challenges promise to be interesting.

#### (Endnotes)

\* Jonathan E. Moskin is a partner with Foley & Lardner LLP, where he is a member of the IP Litigation, Trademark, Copyright & Advertising and Privacy, Security & Information Management Practices. A version of this article was previously published in *Manufacturing Business Technology* in January 2014.



## Moving UP ▲ & Moving ON ►►►

- Ivor R. Elrifi and Brian P. Hopkins, formerly of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., have joined Cooley LLP as Partner and Special Counsel, respectively, in its Patent Counseling & Prosecution practice group.
- Joseph Casino, Michael Kasdan, and Abraham Kasdan, formerly of Amster, Rothstein and Ebenstein, and Sapna Palla, formerly of Kaye Scholer LLP, have joined Wiggin and Dana LLP as Partners in its Intellectual Property practice.
- Perla Kuhn, formerly of Edwards Wildman Palmer LLP, has joined Fox Rothschild LLP as Partner in its Intellectual Property practice.

The Bulletin's Moving Up and Moving On feature is for the Association's members. If you have changed your firm or company, made partner, received professional recognition, or have some other significant event to share with the Association, please send it to the Bulletin editors: Mary Richardson ([mary.e.w.richardson@gmail.com](mailto:mary.e.w.richardson@gmail.com)) or Robert Greenfeld ([rgreenfeld@mayerbrown.com](mailto:rgreenfeld@mayerbrown.com)).

# Declaratory Judgment Actions – Reconciling the Federal Circuit’s *Organic Seed Growers* Opinion with the U.S. Supreme Court’s Recent *Lexmark* Decision

By Matthew Sklar<sup>1</sup>

## Introduction

Your longtime client calls to discuss its latest product and to thank you for providing it with great intellectual property counseling. The sales figures for this product are steadily increasing, and your client expects that the product will become a huge commercial success. This is great news for you, too, as your client notes that at least part of the success is due to its broad patent protection, which you helped to secure. However, this broad protection may be at risk.

Your client believes that a smaller competitor may seek to invalidate some of its patent claims by filing a declaratory judgment action. Arguably, this competitor manufactures a device covered by some of the more critical patent claims. However, your client does not view this competitor’s device as a threat, and, quite frankly, it is not interested in a protracted fight over its patent. The competitor, on the other hand, seems ready to battle in a public and high-profile forum. It has already intimated that it may bring a declaratory judgment action and has been asking for a broad covenant not to sue from your client. In response, your client has informed its competitor that it doesn’t believe that there is an issue at this time and that it won’t attempt to enforce its patent in light of these circumstances. Your client – who is well versed in the law thanks to you – asks if it will be able to avoid defending against the merits of a declaratory judgment action in light of *Organic Seed Growers & Trade Association v. Monsanto Co.*, 718 F.3d 1350 (Fed. Cir. 2013), *cert. denied*, 134 S. Ct. 901 (2014). As with many questions, the answer to this query will likely be, “It depends.”

## *Organic Seed Growers*: The Declaratory Judgment Action is Dismissed

In *Organic Seed Growers*, the Federal Circuit affirmed the dismissal of a declaratory judgment action regarding patents concerning Monsanto’s genetically-modified seeds.<sup>2</sup> The declaratory judgment plaintiffs in *Organic Seed Growers* were “growers, seed selling businesses, and agricultural organizations” that did not – among other things – want to use or sell Monsanto’s patent-protected seeds.<sup>3</sup> However, these plaintiffs were concerned that if their crops became contaminated with Monsanto’s protected seed, they would be accused of patent infringement.<sup>4</sup> Accordingly, they brought suit

against Monsanto seeking declaratory judgments that Monsanto’s patents were invalid, unenforceable, and not infringed.<sup>5</sup> Although it refused to enter into a covenant not to sue with the plaintiffs, Monsanto assured the plaintiffs that it would not sue them for patent infringement.<sup>6</sup> In light of these circumstances, the district court dismissed the declaratory judgment action.<sup>7</sup>

The Federal Circuit affirmed this dismissal on appeal because there was no actionable, justiciable controversy between the parties.<sup>8</sup> The court explained that the question before it was not whether the plaintiffs’ fear of suit by Monsanto was “genuine,” but rather turned on whether the plaintiffs “demonstrated a ‘substantial risk’ that . . . harm will occur, which may prompt [them] to reasonably incur costs to mitigate or avoid that harm.”<sup>9</sup> The Federal Circuit acknowledged that there was a possibility that the plaintiffs might engage in infringing behavior, but Monsanto had effectively disclaimed any intent to sue through both statements published on its website and other representations that it would not sue the plaintiffs.<sup>10</sup> The court also explained that although Monsanto did not enter into a covenant not to sue, its representations had a similar effect – *i.e.*, future suits could be subject to judicial estoppel.<sup>11</sup> However, the Federal Circuit explained that Monsanto’s disclaimer had a “limited scope” and intimated that Monsanto may be able to sue those who engage in acts that do not fall within the scope of the disclaimed activities.<sup>12</sup> Nonetheless, the Federal Circuit noted that the plaintiffs could not move forward with their declaratory judgment claims because the claims fell within the scope of the disclaimer, and the court rejected other arguments presented by the plaintiffs as they failed to provide adequate justification for their suit.<sup>13</sup>

## *Lexmark*: The Declaratory Judgment Action Can Proceed

*Organic Seed Growers* illustrates that a patent holder can avoid the risk of subjecting itself to a declaratory judgment attack by taking certain actions. However, it is still worthwhile to consider other cases that appear to fall outside of the sphere of patent law when determining whether an action may proceed. For example, although it concerns a different area of law, the Supreme Court’s recent unanimous opinion in *Lexmark International, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377 (2014), concerning standing with regard to Lanham Act

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false advertising claims, indicates that the principles behind *Organic Seed Growers* are sound.

*Lexmark* concerned a dispute over toner cartridges for printers.<sup>14</sup> The Supreme Court recognized that Lexmark International, Inc. (“Lexmark”) “dominates” the market for cartridges that are compatible with its printers.<sup>15</sup> Nonetheless, Lexmark faced some competition from those who “acquire used Lexmark toner cartridges, refurbish them, and sell them in competition with new and refurbished cartridges sold by Lexmark.”<sup>16</sup> Static Control Components, Inc. (“Static Control”) made and sold components that may be used to refurbish Lexmark cartridges, which undermined a “Prebate” program that Lexmark instituted in an attempt to prevent others from refurbishing and reselling Lexmark cartridges.<sup>17</sup> Against this backdrop, Lexmark sued Static Control for numerous causes of actions, and, in response, Static Control countersued alleging, among other things, false advertising under section 43(a) of the Lanham Act.<sup>18</sup>

In support of its claims, Static Control alleged that Lexmark misled users of its cartridges by indicating that the users were bound to the terms of the Prebate program and were required to return cartridges to Lexmark after a single use.<sup>19</sup> Static Control also alleged that “upon introducing the Prebate program, Lexmark ‘sent letters to most of the companies in the toner cartridge

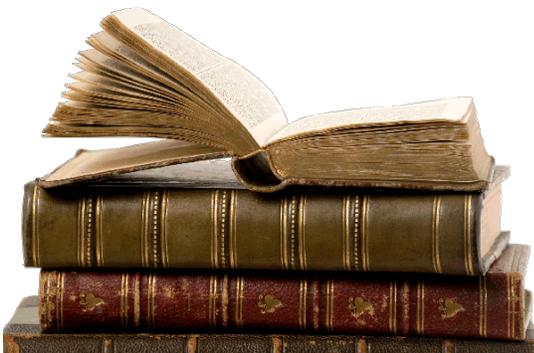
remanufacturing business’ falsely advising those companies that it was illegal to sell refurbished Prebate cartridges and, in particular, that it was illegal to use Static Control’s products to refurbish those cartridges.”<sup>20</sup> Static Control claimed that Lexmark made material misrepresentations regarding its own products and Static Control’s products.<sup>21</sup> And according to Static Control, those representations had proximately caused – and were likely to cause – it injury through the diversion of sales.<sup>22</sup> Static Control also claimed that Lexmark’s purported misrepresentations substantially injured Static Control’s business reputation by leading others to believe that Static Control was engaged in illegal conduct.<sup>23</sup>

The district court dismissed Static Control’s Lanham Act claim, and the appellate court reversed the dismissal while recognizing that the circuit courts did not apply a uniform test in determining whether a party has standing to bring such a claim.<sup>24</sup> The Supreme Court sought to clarify how these types of claims should be analyzed for the purposes of standing.<sup>25</sup>

First, the Court applied a “zone of interests” test to determine who may invoke a claim under section 43(a) of the Lanham Act.<sup>26</sup> The Court explained “that to come within the zone of interests in a suit for false advertising under [section 43(a)], a plaintiff must allege an injury to a commercial interest in reputation or sales.”<sup>27</sup> Next, the Court noted that this type of cause of action is limited to plaintiffs whose injuries are proximately caused by violations of section 43(a).<sup>28</sup> The Court went on to explain that “a plaintiff suing under [section 43(a)] ordinarily must show economic or reputational injury flowing directly from the deception wrought by the defendant’s advertising; and that that occurs when deception of consumers causes them to withhold trade from the plaintiff.”<sup>29</sup>

After further explaining why these principles are appropriate, the Court applied them to Static Control’s claims.<sup>30</sup> The Court recognized that Static Control’s claimed injuries were the type of injuries that the Lanham Act protects and were proximately caused by Lexmark’s alleged misrepresentations.<sup>31</sup> The Court acknowledged that although Static Control and Lexmark were not direct competitors, Static Control had alleged reputational injury from disparagement, and therefore, competition was not required for proximate cause.<sup>32</sup> Additionally, the Court indicated that Static Control “adequately alleged proximate causation by alleging that it designed, manufactured, and sold microchips that both (1) were necessary for, and (2) had no other use than, refurbishing Lexmark toner cartridges.”<sup>33</sup> As such, the Court recognized that Static Control presented an allegation indicating that “any false advertising that reduced the remanufacturers’ business necessarily injured Static Control as well.”<sup>34</sup> In conclusion, the Court

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reiterated that to “invoke the Lanham Act’s cause of action for false advertising, a plaintiff must plead (and ultimately prove) an injury to a commercial interest in sales or business reputation proximately caused by the defendant’s misrepresentations.”<sup>35</sup>

### Avoiding a Declaratory Judgment Suit: Applying *Lexmark* and *Organic Seed Growers*

In *Lexmark*, the Supreme Court rejected various standing tests that were applied by the circuit courts and, instead set forth a seemingly straightforward test that is consistent with general standing principles. Although *Organic Seed Growers* concerned a declaratory judgment action regarding patent law, because the Federal Circuit explicitly noted that the plaintiffs “lack[ed] an essential element of standing” in affirming the dismissal of their declaratory judgment action, the principles behind that decision should be evaluated in light of *Lexmark*.<sup>36</sup>

Although *Organic Seed Growers* and *Lexmark* concern different areas of the law and different procedural issues, they both illustrate that certain general principles apply in determining whether a party can pursue a declaratory judgment action. Namely, a party has to make allegations that demonstrate that it has a sufficient connection to the supposed harm – or in the case of a patent declaratory judgment action, a potential harm – to be addressed by the Court. In *Lexmark*, the Supreme Court indicated – albeit in the context of a Lanham Act false advertising claim – that if a party has alleged that it has suffered some type of injury, it may be able bring an action against the party whose actions proximately caused the injury. Static Control’s allegations concerned a specific harm that purportedly affected its business interests, and this supposed harm was tied to the actions of *Lexmark*. In contrast, in *Organic Seed Growers*, the Federal Circuit viewed the potential harm presented in the plaintiffs’ allegations as overly speculative and unlikely to occur in light of Monsanto’s representations. In other words, the Federal Circuit determined that the possibility of a harm was not present.

### Conclusions

Your client may be correct in assuming that it can continue to take steps to avoid a protracted litigation proceeding. Although there is no guarantee that its competitor will not file a declaratory judgment action, it appears that your client may be able to secure an early dismissal if it continues to indicate that it will not initiate a patent infringement suit. However, the specific interactions between your client and its competitor will likely be analyzed closely and may serve as a basis for a reviewing court’s decision regarding how to proceed. Additionally, your client should consider that its current actions could affect the viability of any future patent

infringement suits. Nonetheless, if your client wants to preserve the opportunity to secure an early dismissal, it should continue to act in a manner that minimizes the possibility that its actions could be viewed as setting the stage for a dispute.

#### (Endnotes)

<sup>1</sup> Matthew Sklar is an associate in McCarter & English, LLP’s Intellectual Property/Information Technology group, where his practice focuses on intellectual property litigation. He has participated in patent litigation proceedings involving various technologies including medical devices, pharmaceuticals, and electronic devices. Prior to entering private practice, Mr. Sklar served as a law clerk to the Honorable Mary Ellen Coster Williams at the United States Court of Federal Claims. The opinions expressed are those of the author and do not necessarily reflect the views of McCarter & English, LLP, its clients, or any of their respective affiliates.



<sup>2</sup> *Organic Seed Growers*, 718 F.3d at 1352. “Monsanto” refers to Monsanto Co. and Monsanto Technology, LLC.

<sup>3</sup> *Id.* at 1353.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> *See id.* at 1354.

<sup>7</sup> *Id.*

<sup>8</sup> *See id.* at 1354-55, 1360-61.

<sup>9</sup> *Id.* at 1355.

<sup>10</sup> *Id.* at 1357-58.

<sup>11</sup> *See id.* at 1358-59.

<sup>12</sup> *See id.* at 1359.

<sup>13</sup> *See id.* at 1359-61.

<sup>14</sup> *See Lexmark*, 134 S. Ct. at 1383.

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> *See id.* at 1383-84.

<sup>18</sup> *Id.* at 1384.

<sup>19</sup> *Id.*

<sup>20</sup> *Id.* (citation omitted).

<sup>21</sup> *Id.*

<sup>22</sup> *Id.*

<sup>23</sup> *See id.*

<sup>24</sup> *See id.* at 1385.

<sup>25</sup> *Id.* at 1388.

<sup>26</sup> *See id.* at 1388-89.

<sup>27</sup> *Id.* at 1390.

<sup>28</sup> *Id.*

<sup>29</sup> *Id.* at 1391.

<sup>30</sup> *See id.* at 1393.

<sup>31</sup> *Id.*

<sup>32</sup> *Id.* at 1393-94.

<sup>33</sup> *Id.* at 1394 (citation omitted).

<sup>34</sup> *Id.*

<sup>35</sup> *Id.* at 1395.

<sup>36</sup> *Organic Seed Growers*, 718 F.3d 1361.

# Medtronic v. Mirowski: Patentees Carry the Burden of Proving Infringement In Declaratory Judgment Actions for Non-Infringement

By Wan Chieh (Jenny) Lee<sup>1</sup>

On January 22, 2014, the U.S. Supreme Court held in *Medtronic v. Mirowski*<sup>2</sup> that “when a licensee seeks a declaratory judgment against a patentee to establish that there is no infringement, the burden of proving infringement remains with the patentee.”<sup>3</sup> The Federal Circuit’s earlier decision shifted the burden of persuasion to Medtronic, the plaintiff in a declaratory judgment action.<sup>4</sup> In a unanimous decision, the Supreme Court reversed.<sup>5</sup>

## Background

Mirowski Family Ventures, LLC (“Mirowski”) owns a number of patents relating to implantable heart stimulators.<sup>6</sup> In 1991, by way of a number of different agreements through different parties,<sup>7</sup> Mirowski licensed certain patents to Medtronic in exchange for continuous royalty payments.<sup>8</sup> As a condition of the 1991 license agreement, the parties agreed that if Mirowski identifies a new Medtronic product that it believes to infringe one of the licensed patents, Medtronic would be obliged to either: (1) simply submit payment of royalties or (2) submit royalties and at the same time challenge Medtronic’s assertion of infringement by filing a declaratory judgment action in court.<sup>9</sup> However, if Medtronic does not respond, it would be in breach of the license agreement, and Mirowski would be free to sue Medtronic for patent infringement.<sup>10</sup> In a subsequent agreement entered into in 2006, the parties agreed that in the event of a declaratory judgment action, royalties would be remitted to an escrow account and the prevailing party would be entitled to recover the monies in escrow.<sup>11</sup>

In 2007, Medtronic and Mirowski became mired in a patent infringement dispute contemplated by the 1991 and 2006 agreements.<sup>12</sup> Specifically, Mirowski identified to Medtronic seven new Medtronic products that Mirowski believed were covered by the licensed patents, and contended that additional royalties were due to Mirowski based on the sales of these new Medtronic products.<sup>13</sup> Medtronic took the position that the licensed patents either did not cover the products or were invalid.<sup>14</sup> Therefore, pursuant to the 1991 and 2006 agreements, Medtronic brought a declaratory judgment action in the U.S. District Court for the District of Delaware seeking a declaration that its seven products did not infringe the licensed patents and that the patents were invalid.<sup>15</sup> Simultaneously, Medtronic submitted royalty payments for these products into an escrow account.<sup>16</sup>

## District Court and Federal Circuit Rulings

A key inquiry throughout this dispute has been

which side has the burden to prove infringement during trial.<sup>17</sup> In the District Court proceeding, the court recognized that Mirowski was the defendant in the declaratory judgment action.<sup>18</sup> Nonetheless, the district court held that “[a]s the parties asserting infringement, *defendants bear the burden of proof* by a preponderance of the evidence.”<sup>19</sup>

On appeal, the Federal Circuit rejected the District Court’s approach and carved out an exception for declaratory judgment actions brought by licensees in good standing. Specifically, the Federal Circuit held that “in the limited circumstance *when an infringement counterclaim by a patentee is foreclosed by the continued existence of a license*, a licensee seeking a declaratory judgment of noninfringement and of no consequent liability under the license bears the burden of persuasion.”<sup>20</sup> The Federal Circuit observed that this situation is different from typical declaratory judgment actions because the continued existence of the license agreement between Medtronic and Mirowski precludes the patentee from asserting an infringement action.<sup>21</sup> Therefore, the Federal Circuit stated that the licensee, Medtronic, is shielded from the risk of liability for infringement.<sup>22</sup>

## The U.S. Supreme Court Rejected the Exception Created by the Federal Circuit

The Supreme Court granted *certiorari* to consider which side should bear the burden of proof. The Court rejected the exception created by the Federal Circuit, and unanimously held “*the burden of persuasion is with the patentee, just as it would be had the patentee brought an infringement suit.*”<sup>23</sup>

The Court’s analysis focused on three legal propositions.<sup>24</sup> First, the Court found that it is well settled that “the burden of proving infringement generally rests upon the patentee.”<sup>25</sup> Notably, the Court cited to a case from 1880 for this first proposition.<sup>26</sup> Second, the Court found “the operation of the Declaratory Judgment Act to be only procedural leaving substantive rights unchanged.”<sup>27</sup> Third, the Court held that “the burden of proof is a substantive aspect of a claim.”<sup>28</sup> In view of these three legal propositions, the Court concluded that “the burden of proving infringement should remain with the patentee.”<sup>29</sup>

The Court also evaluated several practical considerations and reached the same conclusion.<sup>30</sup> In particular, the Court noted that shifting the burden from the patentee to the licensee could create post-litigation uncertainty as to the scope and validity of patent claims.<sup>31</sup> In addition, the Court considered a patentee to be “in a better position than an alleged infringer to know, and be

able to point out, just where, how, and why a product (or process) infringes a claim of that patent.”<sup>32</sup>

Lastly, the Court concluded that the burden-shifting rule created by the Federal Circuit cannot be reconciled with the basic purpose of the Declaratory Judgment Act.<sup>33</sup> Specifically, the Court cited to its 2007 decision in *MedImmune, Inc. v. Genentech, Inc.*,<sup>34</sup> which held that “the very purpose of the Act is to ameliorate the dilemma posed by putting one who challenges a patent’s scope to the choice between abandoning his rights or risking suit.”<sup>35</sup> The Court continued to reject the Federal Circuit’s burden-shifting rule because it creates “a significant obstacle” for using declaratory judgment actions and “recreates the dilemma that the Declaratory Judgment Act sought to avoid.”<sup>36</sup>

### Take-aways From *Medtronic v. Mirowski* for Licensees and Patent Holders

Prior to the 2007 decision in *MedImmune v. Genentech*,<sup>37</sup> licensees could not seek a declaration for non-infringement or challenge the validity of licensed patents in court, without first breaching the license agreement.<sup>38</sup> Under this old regime, licensees were faced with the difficult decision of continuing to pay for their patent license or risk facing treble damages, liability for attorney fees, and injunctive relief.<sup>39</sup> In 2007, the Court in *MedImmune* addressed this imbalance and held that a patent licensee is not required to break or terminate its license agreement “before seeking a declaratory judgment in federal court that the underlying patent is invalid, unenforceable, or not infringed.”<sup>40</sup>

The recent *Medtronic* decision further shifts the balance in favor of licensees, consistent with *MedImmune*. Licensees now enjoy a limit on their risk of liability, while leaving the patentees to bear the burden of proving infringement, even where the patentee is an unwilling participant in litigation. In view of this shift, a licensee may now be more motivated to go back to the patentee to try to renegotiate unfavorable terms of a license agreement or to initiate a declaratory judgment proceeding.

In contrast, in negotiating license agreements, a patentee should consider potential contractual penalties that can be triggered upon the filing of a declaratory action by the licensee. For example, the patentee may consider provisions that:

- terminate the license agreement upon a challenge to the underlying patents;
- require the licensee to return all licensed biologic materials upon a challenge to the underlying patents;
- increase the amount of royalties due upon a challenge to the underlying patents;
- require the licensee to reimburse the patentee’s attorney fees should the licensee lose its declaratory judgment action;

- provide early lump-sum non-refundable payments, instead of ongoing royalties; and/or
- require the parties to enter alternative dispute resolution proceedings, e.g., mediation or arbitration, before the licensee can bring a declaratory judgment action in court.

However, whether these types of provisions are enforceable still needs to be decided by the courts in view of the Supreme Court’s recent guidance in the *Medtronic* decision.

#### (Endnotes)

- <sup>1</sup> Wan Chieh (Jenny) Lee is Of Counsel at Fay Kaplun & Marcin LLP.
- <sup>2</sup> *Medtronic, Inc. v. Mirowski Family Ventures, LLC*, 571 U.S. \_\_\_, 134 S. Ct. 843 (2014) (“*Medtronic III*”).
- <sup>3</sup> *Id.* at 846.
- <sup>4</sup> See *Medtronic v. Boston Scientific Corp.*, 695 F.3d 1266 (Fed. Cir. 2012) (“*Medtronic II*”).
- <sup>5</sup> *Medtronic III*, 134 S. Ct. at 846.
- <sup>6</sup> *Id.*
- <sup>7</sup> The Supreme Court explained that “Mirowski entered into a license agreement with Eli Lilly & Co., which then sublicensed the Mirowski patents to Medtronic.” *Id.*
- <sup>8</sup> *Id.*; see also *Medtronic v. Boston Scientific Corp.*, 777 F. Supp. 2d 750, 758-59 (D. Del. 2011) (“*Medtronic I*”).
- <sup>9</sup> *Medtronic III*, 134 S. Ct. at 846-47.
- <sup>10</sup> See *id.* at 847.
- <sup>11</sup> *Id.*
- <sup>12</sup> See *id.*
- <sup>13</sup> *Id.*
- <sup>14</sup> *Id.*
- <sup>15</sup> *Id.*
- <sup>16</sup> *Id.*
- <sup>17</sup> See *id.*; *Medtronic II*, 695 F.3d at 1271-76; *Medtronic I*, 777 F. Supp. 2d at 765-66.
- <sup>18</sup> *Id.*
- <sup>19</sup> *Medtronic I*, 777 F. Supp. 2d at 766 (emphasis added) (citing *Symbol Techs., Inc. v. Opticon, Inc.*, 935 F.2d 1567 (Fed. Cir. 1991)).
- <sup>20</sup> *Medtronic II*, 695 F.3d at 1274 (emphasis added).
- <sup>21</sup> *Id.* at 1273.
- <sup>22</sup> *Id.*
- <sup>23</sup> *Medtronic III*, 134 S. Ct. at 849 (emphasis added).
- <sup>24</sup> See *id.*
- <sup>25</sup> See *id.*
- <sup>26</sup> See *id.* (citing *Imhaeuser v. Buerk*, 101 U.S. 647, 662 (1880)).
- <sup>27</sup> *Id.*
- <sup>28</sup> *Id.*
- <sup>29</sup> *Id.*
- <sup>30</sup> See *id.* at 849-50.
- <sup>31</sup> *Id.* at 850.
- <sup>32</sup> *Id.*
- <sup>33</sup> See *id.*
- <sup>34</sup> 549 U.S. 118 (2007).
- <sup>35</sup> *Id.* at 129 (internal quotations omitted) (quoting *Abbott Laboratories v. Gardner*, 387 U.S. 136, 152 (1967)).
- <sup>36</sup> *Medtronic III*, 134 S. Ct. at 850-51.
- <sup>37</sup> *MedImmune*, 549 U.S. 118 (2007).
- <sup>38</sup> See e.g., *Gen-Probe v. Vysis Inc.*, 359 F.3d 1376 (Fed. Cir. 2004) (holding that a patent licensee must breach its license agreement to have an “actual controversy” for standing under the Declaratory Judgment Act).
- <sup>39</sup> See 35 U.S.C. §§ 283-285.
- <sup>40</sup> *MedImmune*, 549 U.S. at 137.



# U.S. Bar/EPO Liaison Council 2013 Meeting Report

*By Thomas E. Spath\**

For the second year in a row, the U.S. Bar/EPO Liaison Council held its 29<sup>th</sup> annual meeting in Munich, Germany. The meeting took place on October 18, 2013 at the European Patent Office conference facility. The location of the U.S. Bar/EPO Liaison Council meetings traditionally alternates between Munich and the United States and is generally coordinated with the AIPLA annual meeting in Washington, D.C.

## Fortieth Anniversary of the European Patent Convention (EPC)

In conjunction with the 29<sup>th</sup> annual meeting, the Council was graciously invited to attend the 40<sup>th</sup> anniversary celebration of the signing of the European Patent Convention that was hosted by the EPO. The day of festivities preceded the meeting and included morning speeches by EPO President Battistelli and other European Union dignitaries and officials, and presentations at the nearby Deutsches Technologie Museum followed by tours and a buffet lunch. The evening concluded with a social event at the historic Munchen Residenz that included speeches, a buffet dinner and a concert by musicians that included EPO employees.

## The Council Meeting

President Benoit Battistelli continued the European Patent Office president's tradition of attending the annual Council meeting. Nine other EPO representatives also participated in the meeting.

The U.S. contingent consisted of 12 delegates from various national and regional bar associations in the United States, as well as in-house corporate intellectual property counsel. As a result of a special initiative begun in 2011, the membership of the U.S. Bar/EPO Liaison Council has continued to show a significant increase in the number of representatives from IP sections and bar associations from around the country, and the Council continues to pursue its goal of enlisting two representatives from each bar association. Those who have served in leadership roles on the Council are also encouraged to continue their participation.

The NYIPLA representative at this council meeting was Thomas Spath from Abelman, Frayne & Schwab, who is serving as the Council's Secretary. Samson Helfgott, who is among the original members of the Council and has a long history of attendance and

expertise in the field of EPO practice, also represented our Association.

## Significant Changes Favoring Applicants

Two major procedural changes approved by the EPO Administrative Council at its meeting on October 16, 2013 were announced just two days later at our Liaison Council meeting. Both will be welcomed by applicants and their counsel. The principal provisions and effects are as follows:

### 1. Rule 36 EPC - Abolition of the 24-month deadline for filing divisional applications

On April 1, 2014, the EPO was set to abolish the heavily criticized 24-month deadline for filing a divisional application following the first substantive examination communication and will return to the former regulation, which permitted one or more divisional applications to be filed at any time, so long as the parent application has not been granted or finally refused. The EPO intends to charge a fee in addition to the application fee for any second (or subsequent) generation divisional applications, *i.e.*, divisional applications divided from an application that is itself a divisional application. The amount of the surcharge had not been announced at the time of our Council meeting, although it was suggested informally that fees for second and subsequent divisionals would be progressively higher. In the meantime, the official fees have been set and those for second and later generation divisionals are progressively and significantly increased over the first divisional filing fee.

The new rule will also permit the filing of a divisional application in an application for which the 24-month deadline has already expired.

In order to avoid the supplemental fee for second or later generation divisional applications where the 24-month term has not yet run, the filing of such divisional applications should have been completed before April 1, 2014.

### 2. Rule 164 EPC - Unity objections upon entry from the PCT into the regional EPO stage

Under the present rule, if the EPO examiner finds that the claims lack unity, only the subject matter that is found to constitute the first claimed invention is searched. If an applicant wishes to proceed with the

subject matter that has been held to be a second or additional invention, the applicant is forced to file a costly divisional application. This rule was particularly criticized by non-European applicants because in many cases non-unity was not raised in the PCT stage and was raised only by the EPO. In such cases, applicants were taken by surprise and did not understand why the claims were divided in the manner chosen by the EPO examiner.

Beginning November 1, 2014, if the EPO did not serve as the International Searching Authority, the examiner will still draw up the European Supplementary Search Report for the first invention. However, the applicant then will be given the opportunity to pay one or more additional search fees so that any additional invention(s) can be searched. This will give the applicant the opportunity to direct the search(es) to any invention(s) disclosed in the application as filed and to avoid the necessity of filing divisional applications just because the EPO examiner classified the desired subject matter as a second invention rather than as the first invention.

An analogous procedure will apply when the EPO was the International Searching Authority for the PCT application. In this case, the applicant will have the option of requesting a search for subject matter for which it did not pay search fees in the international phase or for non-unitary subject matter that was later claimed.

These changes to Rules 36 and 164, which have been on the Council's agenda in the past, are seen as harmonizing European practice in a way that will be a significant benefit to many applicants.

## **EPO Developments**

President Battistelli opened his remarks with the observation that "The EPO is doing well!"

There has been a continuation of the trend of increased filings, again up 5% from the prior year with a record 258,000 European application filings. U.S. filers continued to represent the largest number from a single country at 25%, with the next closest being Japan at 20%. About 37% of the EPO filings originate from the 38 member states of the European Patent Organization.

The EPO has also entered into an agreement to accept validations in the non-member state of Moldova and, at the time of our meeting, was negotiating with Georgia, Tunisia and the Organisation Africaine de la Propriété Intellectuelle (OAPI).

It was noted that the percentage of granted patents increased to 50% of filings (a total of 65,700 for 2012); 22% of the applications filed were abandoned after

receipt of the search report and 28% were abandoned during examination.

President Battistelli also expressed satisfaction with EPO pendency times, with searches and preliminary opinions being completed on average within about 5 months for first-filed applications, thereby allowing applicants a significant amount of time to determine appropriate international filing strategies within the priority year and well before the publication of their applications at 18 months. The average time from filing to issuance in 2011 was 44 months, which President Battistelli considered too long. The accelerated examination program referred to as PACE remained at a level of only about 6% of applicants – a surprisingly low rate to most U.S. practitioners since there is no special petition required or fee payable when PACE is requested; the only requirement imposed upon the applicant is that responses be filed within a somewhat shortened reply period. The appeal and opposition rates were both down compared to prior years. An increase in the number of Board members has resulted in more issued decisions.

## **Machine Translation Advances**

As of the time this report was prepared machine translations were available in 22 languages. Japanese, Chinese, Russian and Korean were expected to be available in 2013. An average of 10,000 requests/day were being received.

## **Cooperative Patent Classification (CPC)**

The CPC was launched in January 2013 by the USPTO. The EPO has the world's most refined patent document classification system, with 250,000 subdivisions.

Concern was expressed that the USPTO had committed insufficient funds and had hired a private contractor, resulting in a lower quality of classification – 24% vs. 80% by the EPO. We were advised that the EPO would be pressing the USPTO to improve its system and results.

## **PCT Procedures**

It is the EPO's goal to provide an "Equal Service Level" for PCT filers, *i.e.*, to achieve equivalency of PCT examinations with directly filed European applications. PCT fees will be frozen (if possible) to reduce the spread between PCT and EPO direct filings.

Most EPO applications and granted patents have followed the PCT route, and the EPO wants to enhance the quality by:

- (1) performing a "top up search" during the International Preliminary Examining

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Authority (IPEA) stage (after the International Search Authority (ISA)) to identify any non-published EPO and PCT applications that were not available at the time of the ISA report, and the results of searches in the family by other patent offices; and

- (2) a second Written Opinion will be issued and the applicant will be given an opportunity to reply where claim amendments were filed and there are still negative issues that would otherwise result in a negative International Preliminary Examination Report (IPER).

Concern was expressed that some of the new PCT/ISA patent offices lack technical expertise, but, as Mr. Battistelli said, those are political decisions.

### **Joint Activities/Cooperation with Other Patent Offices**

The June 2013 IP5 meeting was held in California and continued the tradition of a “user day” with representatives from industry invited to meet with patent office officials. Todd Dickinson, former USPTO Director, noted that industry users will continue meetings with the Trilateral Offices (*i.e.*, JPO, EPO and USPTO). The Trilateral group will reportedly assume more of a steering function.

The IP5 heads agreed to move ahead on the so-called Global Dossier that would make an IP5 Wrapper available to the public. A user could enter at a single point and determine the status of a family of applications pending at the IP5 Offices. This system is already available to, and regularly used by EPO examiners. Apparently, at the time of our Council meeting, the EPO was awaiting authorization from the other four member Offices to make this information available. This is a significant step since the IP5 Offices account for 95% of PCT work and 80% of patents worldwide.

### **EPO Practice and Procedures**

The program to improve quality under the EPO designation “Raising the Bar” continues with no significant new regulations in 2013. The effects of this program will be evaluated in about two years; user consultations for changes are also being received and evaluated.

Time has shown that a significant improvement has resulted from previously enacted Rule 62(a), which requires the applicant to promptly respond to a Pre-search Classification Communication to clarify the subject matter that is intended to be claimed. Before Rule 62(a), about 7% of applications were rejected

after examination because the examiner found the specification and claims to be so unclear that an effective search could not be performed. Under the new procedure, the rejection rate was reduced to 2.4%. Typically, the applicant sends amended claims with the reply to the Communication.

As discussed in detail above, the amendment to Rule 164 will allow an applicant entering the regional stage of a PCT application in which the EPO was the ISA to pay additional search fees(s) for multiple inventions, rather than having to immediately file one or more divisionals in order to obtain the search. This change will give applicants the benefit of multiple searches on which to base the decision of which invention to elect for initial examination and permit the delay of divisional filing(s), if any.

### **The Unitary EU Patent and Unified Patent Court**

As noted in the past, the adoption of the unitary patent will not have any effect on EPO examination, since it will be up to the applicant to decide at the time of grant whether to proceed under the current national validation procedure on a country-by-country basis, or to choose the new unitary patent.

The work and contributions by the EPO to the regulations relating to the Unitary Patent Protection (UPP) scheme and the Unified Patent Court (UPC) were described. A significant concern to users that was reiterated by the U.S. Bar Council members will be the cost of maintaining the granted UPP over the entire block of member countries for the life of the patent, as compared to the present scheme where subsequent annual maintenance fee payment decisions can be made on a country-by-country basis in view of commercial activity with the passage of time. We were advised that the EPO officials involved in the financial aspects were well aware of the issue. President Battistelli expected that the EPO would receive 50% of the fees, the balance to be shared in proportions that remain to be established.

The EPO is also participating as an “observer” and is providing logistical support and input to the drafters of the UPC Rules, such as assisting in the training of judges.

The goal of having the UPP and UPC operational by “early 2015” was recognized as optimistic, in view of the significant amount of detailed work to be completed.

### **Formal Presentations**

In accordance with the generally established custom, after Mr. Battistelli’s introductory remarks, the following formal Agenda topics were presented on behalf of the EPO by the speakers indicated:

- |  |                               |
|--|-------------------------------|
| 1. The Unitary Patent Protection and Unified Patent Court                                      | M. Fröhlinger                 |
| 2. PCT Strategy - EPO proposals to strengthen the PCT  | R. Hesper                     |
| 3. Recent caselaw from the Enlarged Board of Appeals   | W. van der Eijk               |
| 4. "Raising the Bar" Follow-up   | A. Spigarelli                 |
| 5. Practice issues   | A. Spigarelli                 |
| A. Sufficiency of disclosure   |                               |
| B. Rejection of late filed claim amendments  |                               |
| C. Inventive step  |                               |
| 6. Practice changes, actual and considered   | H. Pihlajamaa/<br>E. Stohr    |
| A. Amendment of Rule 36 EPC  |                               |
| B. Fee changes considered  |                               |
| C. Amendment of Rule 164 EPC   |                               |
| 7. IP5 and Trilateral Cooperation  | N. Morey                      |
| 8. Report on work-sharing  | P. Treichel/<br>P. Rigopoulos |
| 9. SPLH - Tegernsee Experts Group Studies: Report on the Tegernsee User Consultation in Europe | S. Strobel                    |

As in the past, many of the topics on the agenda had been identified as being of particular interest to the U.S. Bar representatives during the planning stage for this meeting, and were the result of topics proposed during planning meetings of the U.S. members during the preceding year.

In accordance with a prior request by the EPO for a discussion of features of the America Invents Act (AIA), a presentation by John Pegram also appeared on the above agenda as: "10. Implementation of first-to-file under the AIA." Rich Beem gave a presentation on Gaming Methods. A general discussion with questions and comments followed.

Copies of the formal papers corresponding to the EPO presentations for these agenda items are available at the NYIPLA website.

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## Notable Trademark Trial and Appeal Board Decisions

By Stephen J. Quigley\*

(Unless noted otherwise, all decisions are precedential.)

### PRETZEL CRISPS is Generic

PRETZEL CRISPS is generic for "pretzel crackers." The Board based its ruling largely on the dictionary definitions of these words as well as the manner in which the public, media, third parties and even the applicant used the term.



The Board deemed PRETZEL CRISPS to be a compound term comprised of generic words that, when combined, did not result in any additional meaning. There would not be a different result if PRETZEL CRISPS were analyzed as a phrase "as the words strung together as a unified phrase also create a meaning that we find to

be understood by the relevant public as generic for 'pretzel crackers.'" The Board gave little weight to the contradictory consumer surveys submitted by the parties.

*Frito-Lay North America, Inc. v. Princeton Vanguard, LLC*, 109 U.S.P.Q.2d 1949 (TTAB 2014).

### Class Heading May Not Cover All Goods/Services in the Class

Where the applicant uses the official class heading for the identification of goods or description of services, it will not be allowed to amend the application to include goods and services outside the scope of the terms in the class heading. The Board upheld the refusal to amend the Class 35 heading in the application (advertising services; business management; business administration; office functions) to "retail store services and on-line retail store services featuring a wide variety of consumer goods of others." These services did not fall within the ordinary meaning of any of the words in the class heading and, therefore, constituted an impermissible expansion of the description in the initial application.

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The Board stated:

To be clear, while class headings are allowed in international registrations, and the USPTO will accord a filing date to a USPTO application seeking extension of protection to an international registration that uses a class heading as an identification of goods or services, use of the words comprising a class heading as an identification in an application filed with the USPTO is not deemed to include all the goods or services in the established scope of that class.

*In re Fiat Group Marketing & Corporate Communications S.p.A.*, 109 U.S.P.Q.2d 1593 (TTAB 2014).

### Lack of Bona Fide Intent to Use the Mark

The Board sustained oppositions for a variety of services in Classes 35 and 36 in two applications because the applicant was “merely attempting to reserve a general right in his FUTURE mark when he filed his intent-to-use application.” His “idealistic hopes for forming a futuristic company” (as stated on his website and in his testimony) did not establish a bona fide intention to use the mark. His stated efforts and activities to bring his plans for the FUTURE mark to fruition were too indefinite to support a finding of a bona fide intent.

The Board also cited as a factor the number of classes in the applications (ten in one and eight in the other) finding it “highly unlikely” that the applicant would be able to introduce the Class 35 and Class 36 services during the pendency of the applications.

*Lincoln National Corp. v. Kent G. Anderson*, 110 U.S.P. Q.2d 1271 (TTAB 2014).

### Failure to Prosecute the Opposition

Trademark Rule 2.132(a) provides that “[i]f the time for taking testimony by any party in the position of plaintiff has expired and that party has not taken testimony or offered any other evidence, any party in the position of defendant may ... move for dismissal on the ground of the failure of the plaintiff to prosecute.”

The opposer in this case submitted only a photocopy of its trademark registration without showing the current status and title. While a registration certificate by itself can constitute enough evidence to proceed, under Rule 2.122(d), a plain photocopy of the registration is not sufficient. The opposer “failed to demonstrate its standing or that it is entitled to any relief under its asserted claim of likelihood of confusion.”

*Sterling Jewelers Inc. v. Romance & Co.*, 110 U.S.P.Q.2d 1598 (TTAB 2014).

### Catalog as Specimen

Merely providing a telephone number in product catalogs for customers to obtain information and place orders was not sufficient to constitute acceptable specimens of trademark use.

The applicant argued that its catalogs complied with the requirement in TMEP § 904.03(h) in that they “offer to accept orders and provide instructions on how to place an order.” The Board, however, affirmed the refusal to accept the catalogs:

The specimens simply do not contain adequate information for making a decision to purchase the goods and placing an order.... The mere listing of telephone numbers for corporate headquarters and a website URL does not turn what is otherwise an ordinary advertisement into a point-of-sale display or a “display used in association with the goods” and, thus, into a valid specimen showing technical trademark use.



*In re U.S. Tsubaki, Inc.*, 109 U.S.P.Q.2d 2009 (TTAB 2014).

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# April/May 2014 IP Media Links

Edited by Jayson Cohen\*

## Supreme Court – Patent Cases in the News

The U.S. Supreme Court's active patent docket this year has caught the attention of the national media and news services, and that attention continued in April and May as the Supreme Court heard its final arguments of the 2013-14 session. Three of the largest news services – Bloomberg, Reuters, and AP – covered the major stories.

On April 25, 2014, Susan Decker penned a piece for Bloomberg styled “Patent Cases Ask U.S. Supreme Court to Curb Lawsuit Abuse.” The article leads with the line, “Even as it deals with hot-button issues like campaign financing and affirmative action, the U.S. Supreme Court has patents on its mind these days.” (<http://www.bloomberg.com/news/2014-04-25/patent-cases-ask-u-s-supreme-court-to-curb-lawsuit-abuse.html>.) Ms. Decker reviewed all of the Supreme Court's cases for the year in cursory fashion, but was most interested in *Nautilus, Inc. v. Biosig Instruments, Inc.*, S.C. Case No. 13-369 (concerning the standard for an indefiniteness claim under 35 U.S.C. § 112, paragraph 2) and *Limelight Networks, Inc. v. Akamai Technologies, Inc.*, S.C. Case No. 12-786 (concerning whether proving divided direct infringement suffices to state an indirect infringement claim).

On April 29-30, 2014, the big news was the Supreme Court's decisions in *Octane Fitness, LLC v. ICON Health & Fitness, Inc.* and *Highmark Inc. v. Allcare Health Management System, Inc.* – the decisions about easing the standard for the prevailing party to receive its attorney fees in a patent infringement case. The media also speculated about the influence of these Supreme Court decisions on frivolous lawsuits during a period in which Congress is considering barriers against lawsuits by non-practicing entities. (For a Reuters piece by Diane Bartz, see <http://finance.yahoo.com/news/us-top-court-overturns-appeals-153835946.html>. For an AP piece, see <http://news.yahoo.com/court-rules-standard-fees-patent-204342245.html>. For a Bloomberg piece on IP issues of the day by Victoria Slind-For, see <http://www.bloomberg.com/news/2014-04-30/google-samsung-redskins-lds-church-intellectual-property.html>.)

## New York City to Roll Out .nyc Internet Domain

Mayor Bill de Blasio announced on May 5, 2014 that New York is beginning the first phase in its launch of the new Internet domain, .nyc. Domain names under the .nyc domain are being made available to businesses in an effort that the Mayor hopes will generate revenue for New York City. A portion of the domain registration proceeds will benefit the City. (<http://www.foxnews.com/tech/2014/05/05/new-york-begins-rollout-nyc-web->

domain/). As SILive.com's Maura Grunlund reported, the current “sunrise” registration round runs from May 5 to June 20. To qualify, brand owners must have a physical address in New York City and be registered in the Trademark Clearinghouse sponsored by the Internet Corporation for Assigned Names and Numbers.” ([http://www.silive.com/news/index.ssf/2014/05/registration\\_begins\\_monday\\_for.html](http://www.silive.com/news/index.ssf/2014/05/registration_begins_monday_for.html)). Full-scale launch is scheduled for October 2014. (See also [http://www.mediabistro.com/fishbowlny/gale-brewer-bill-deblasio-dot-nyc\\_domains\\_b212464](http://www.mediabistro.com/fishbowlny/gale-brewer-bill-deblasio-dot-nyc_domains_b212464).)

## The MPAA and RIAA Take on Megaupload

In April 2014 mainstream media outlets reported civil copyright infringement lawsuits against Megaupload and its founder, Kim Dotcom, for their operation of a file-sharing service. These lawsuits are pending in the Eastern District of Virginia, where the federal government previously indicted these parties on criminal copyright infringement charges, after shutting down the service two years ago.

In its April 7, 2014 complaint, the Motion Picture Association of America (MPAA) alleges: “Through Megaupload's ‘Uploader Rewards’ program, defendants openly paid Megaupload users money to upload popular unauthorized and unlicensed content, including plaintiffs’ copyrighted television shows and movies. . . . The more often an uploaded file was downloaded by other users, the more money the uploader made.” (See <http://www.mediapost.com/publications/article/223268/mpaa-sues-megaupload-for-copyright-infringement.html>; [http://www.bloomberg.com/article/2014-04-07/as4DGInt\\_flk.html](http://www.bloomberg.com/article/2014-04-07/as4DGInt_flk.html); <http://www.engadget.com/2014/04/07/mpaa-sues-megaupload-kim-dotcom/>.)

The Recording Industry Association of America (RIAA) filed its own complaint three days later also in the Eastern District of Virginia. As reported by Condé Nast's Ars Technica website, the RIAA identified specific evidence that was released by the Department of Justice as motivating the filing of the lawsuit. (See <http://arstechnica.com/tech-policy/2014/04/riaa-sues-megaupload-over-copyright-infringement/>; <http://arstechnica.com/tech-policy/2013/12/us-unveils-the-case-against-kim-dotcom-revealing-e-mails-and-financial-data/>.)

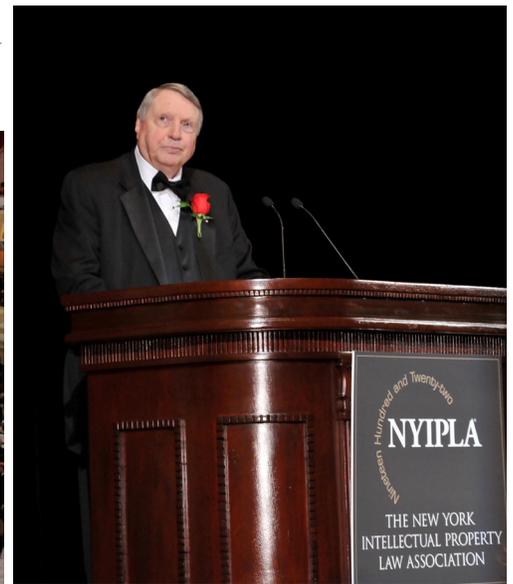
\* Jayson L. Cohen is an associate at Morrison & Foerster LLP, where his practice focuses on patent litigation. He is a member of the Publications Committee of the NYIPLA.



# *92<sup>nd</sup> Annual Dinner in Honor of the Federal Judiciary*

The New York Intellectual Property Association held its 92nd Annual Dinner in Honor of the Federal Judiciary on March 28, 2014 at the Waldorf Astoria New York Hotel. President Charles Hoffmann welcomed the honored guests, members of the NYIPLA, and their guests. Joseph Bartning, Amy Buckley and Malena Dayen opened the evening's events with a magnificent rendition of the National Anthem.

The Association's Twelfth Annual Outstanding Public Service Award was presented to the Honorable Gregory M. Sleet, Chief Judge of the United States District Court for the District of Delaware. The Keynote Address was given by Kenneth Starr, President and Chancellor of Baylor University.





## Chief Judge Gregory M. Sleet's Remarks Upon Receiving the NYIPLA's Outstanding Public Service Award at the *92nd Annual Dinner in Honor of the Federal Judiciary*

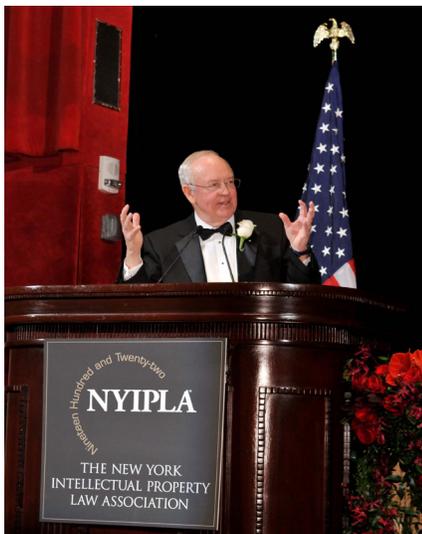
I would like to thank the NYIPLA for selecting me from among so many worthy colleagues, members of the bar and others to receive this very special recognition. It's nice to smell the roses a little while you still can.

While special enough, this honor is for me even more so because I am a New Yorker, born and bred, and will always be, no matter where I live and work. My New York roots are the result of my parents coming to the City when they were newly-wed. My mother from Lynchburg, VA and my dad from Owensboro, KY. In their own way they both served the public as well – my mother as a J.H.S. teacher and my dad as a photo journalist – in fact, the first African American to win the Pulitzer Prize for photo journalism.

I stand here on the shoulders of many, but principally my parents, not because my parents conceived me, but because of the example they set – the lives they lived – the parents they were.

Before I sit, permit me to introduce you to two other of their legacies—my sister, Lisa Sleet and my father's namesake – my son, Moneta, III.

Thank you very much.



## Day of the Dinner CLE Luncheon Program

by Mark Bloomberg and Robert Rando

Once again, the NYIPLA's annual "Day of the Dinner" Luncheon CLE Program was an outstanding success. Over 100 judges and attorneys attended the 2014 Program: "Key Developments in the Evolving Law of Remedies in Patent Infringement Cases." We have received overwhelmingly positive and enthusiastic feedback from the attendees about the program.

The distinguished panel included: the Honorable Pauline Newman, Circuit Court of the United States Court of Appeals for the Federal Circuit; the Honorable Richard Andrews, District Court Judge of the United States District Court for the District of Delaware; the Honorable Theodore Essex, Administrative Law Judge of the United States International Trade Commission; and Ms. Michelle Lee, Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office.

The panel, which was co-moderated by Director Lee and NYIPLA immediate Past President, Thomas Meloro of Willkie Farr & Gallagher LLP, provided the audience with valuable insights into four general areas of current issues relating to remedies for patent infringement.

The discussion began with the post-*eBay* ability to obtain permanent injunctive relief in the District Courts and exclusion orders in the ITC. The panel discussed a number of hypothetical cases in which a prevailing party is seeking injunctive relief, and examined how a number of factors, such as whether a patent owner practiced or licensed the invention and whether there were other competitors in the market, might affect the analysis of whether to grant an injunction. The panel generally agreed on how these factors might weigh in favor of granting an injunction, but also agreed that the decision whether or not to grant an injunction would depend on the complete set of facts for each individual case. Administrative Judge Essex explained that exclusion orders granted by the ITC are not governed by the Supreme Court's *eBay* decision, and

described the factors and procedure required for the ITC to grant an exclusion order.

Next, the panel reviewed a number of hypothetical factors that might result in increasing or decreasing the amount of a reasonable royalty award. Again, the panel agreed as to how various factors might affect the amount of a royalty, but concluded that any royalty analysis would require review of all potentially relevant facts. In this regard, the panel expressed the view that expert reports might be more useful – and better able to withstand *Daubert* challenges – if they contained more description and analysis of the facts for the specific case at issue, rather than jumping into standard protocol calculations to support a royalty rate. In this regard, Judge Andrews noted that, unlike other litigation, opposing experts in patent cases often offer such disparate damages numbers as to raise doubt about the soundness of either, or both, analyses. The panel also suggested that surveys may theoretically provide important information but, in practice, they are rarely sound when offered as proof of patent damages because they generally fail to ask the proper questions.

The panel then discussed the question of determining royalties for ongoing infringement in cases where courts, applying the *eBay* analysis, conclude that a permanent injunction should not be entered. Interestingly, it appears that courts have not been asked often to determine a royalty under these circumstances. Sometimes an accused infringer modifies its product before a finding of infringement, eliminating the need for any ongoing royalty. Also, as the panel pointed out, it is often preferable for

a court to ask the parties to negotiate an appropriate ongoing royalty themselves, rather than rely on the court to set a post-trial royalty rate.

Finally, the panel discussed the current legislative initiatives and pending Supreme Court cases that address the question of when courts should deviate from the traditional American



rule of not requiring the losing party to pay attorney fees to the prevailing party. Director Lee explained that the pending Supreme Court cases consider whether courts should have discretion to award fees, while the current legislative initiatives seek to make an award of fees presumptively mandatory. The panel noted that there tends to be reluctance by judges to award fees, absent egregious conduct, because it is often difficult to determine whether actions by the losing party were motivated by improper intent rather than questionable or incompetent lawyering. Additionally, the cases that go to trial (approximately two percent of those filed) likely will get that far because the parties' positions are generally reasonable. Conversely, cases of dubious merit (and perhaps more worthy of shifting fees) will more often settle well before trial. Although such cases may be better candidates for awarding fees, those cases are often settled before the District Judge has had any meaningful involvement with the matter from which he or she can develop an informed judgment about whether fees should be awarded.

The program was organized by the Association's CLE Committee chaired by Mark Bloomberg and Robert Rando. ■



## Patent Litigation in the New York Courts: A View from the Bench

*By Mark Abate*

On March 14th, the Federal Circuit Bar Association (FCBA), in conjunction with the New York Intellectual Property Law Association, hosted a half-day program at New York University School of Law called, "Patent Litigation in the New York Courts: A View from the Bench," with Chief Judge Randall Rader of the U.S. Court of Appeals for the Federal Circuit and many experienced and esteemed New York judges and legal practitioners. Speakers presented their seasoned perspectives on patent litigation in the New York courts. Key topics of discussion included managing discovery and e-discovery, case management under the local patent rules, pretrial practice and the role of mediation, and unique issues of patent case management under the America Invents Act.

Providing the "view from the bench" were: the Hon. Randall R. Rader, Chief Judge, U.S. Court of Appeals for the Federal Circuit; the Hon. Brian M. Cogan, U.S. District Judge, Eastern District of New York; the Hon. Denise L. Cote, U.S. District Judge, Southern District of New York; the Hon. James C. Francis, U.S. Magistrate Judge, Southern District of New York; the Hon. Steven M. Gold, Chief U.S.

Magistrate Judge, Eastern District of New York; the Hon. Gabriel W. Gorenstein, U.S. Magistrate Judge, Southern District of New York; the Hon. John G. Koeltl, U.S. District Judge, Southern District of New York; the Hon. Frank Maas, U.S. Magistrate Judge, Southern District of New York; and the Hon. Victor Marrero, U.S. District Judge, Southern District of New York.

Speakers from the private sector included: partners Mark Abate and Jennifer Albert of Goodwin Procter LLP; partner David Kappos of Cravath, Swaine & Moore, LLP; partner Nicholas Cannella of Fitzpatrick, Cella, Harper & Scinto; partner Patrick J. Coyne of Finnegan, Henderson, Farabow, Garrett & Dunner, LLP; partner Ed Haug of Frommer Lawrence & Haug LLP; partner Charles Hoffmann of Hoffmann & Baron, LLP; partner Eric Stone of Paul, Weiss, Rifkind, Wharton & Garrison; and Carolyn H. Blankenship, Senior Vice President and Associate General Counsel, Intellectual Property, at Thomson Reuters.

The program was part of the FCBA's advanced complex litigation series. ■

## Diverse Careers in IP Law and Strategies for Achieving Success

On April 2, 2014, the Meetings & Forums Committee and the Young Lawyers Committee hosted their third in a series of networking events and panels aimed at addressing the variety of career options in today's changing IP law marketplace. The panel discussion and networking reception was held at Fordham University School of Law. The panel consisted of Mandy Bickel of the U.S. Patent and Trademark Office, Walter E. Hanley of Kenyon & Kenyon LLP, and Megan Hungate of Willkie Farr & Gallagher LLP. The panel was moderated by Sam Deka of Kaye Scholer LLP.

The panel discussion focused on the various options and trajectories in IP careers available today, and provided suggestions on how to identify, evaluate, and succeed in obtaining career opportunities in IP law.

Based on her extensive career in different roles at the USPTO, Ms. Bickel provided insight into the breadth of IP career opportunities at the USPTO. Based on his experience as a senior partner and patent litigator at an IP boutique firm, Mr. Hanley provided an overview of various IP careers paths and guidance on strategies for success in a law firm environment. Based on her experience as an IP and transactional associate at a general practice firm, Ms. Hungate shared her perspective on successfully seeking out and pursuing opportunities within a firm to develop different skill sets and practice experience.

The members of the panel suggested that successful careers in IP law today may include practice experience from working at a government agency, law firm, and corporation. In view of the importance of maintaining a good reputation and contacts in the field, the panel members also strongly recommended maintaining cordial and professional relations with current classmates, colleagues, opposing counsel, and USPTO staff.

After the panel discussion and audience Q&A, pizza was served, and the panel members were able to discuss specific issues in one-to-one conversations with members of the audience.



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## USPTO AIA Trial Proceedings Roundtable

*By Peter Thurlow*

On Thursday, April 17, 2014, the NYIPLA, in conjunction with the United States Patent and Trademark Office (USPTO), held a roundtable with the Patent Trial and Appeal Board (PTAB) focused on the AIA Trial Proceedings (*e.g.*, *inter partes* review, covered business method review, post-grant review and derivation proceedings). The PTAB roundtable was held at the New York Law School followed by an NYIPLA and USPTO reception.

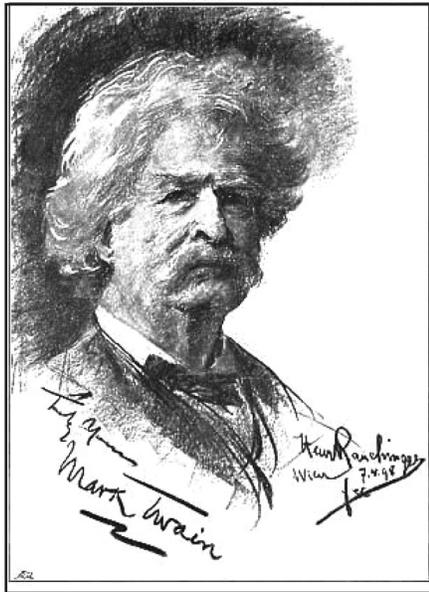
The New York roundtable is one of eight roundtables that the PTAB is holding around the country to share information with the stakeholder community about the new AIA trials, including statistics, lessons learned, and techniques for successful motions practice. The PTAB received questions and feedback from the attendees. In addition, the roundtable included a panel discussion by leading AIA trial practitioners who discussed recent developments in AIA trials, as well as areas in which the USPTO could improve the AIA trial process. There was significant discussion regarding the patent owner's motion to amend claims and motions for additional discovery. The NYIPLA was fortunate to have the PTAB's Chief Judge James Smith as one of its panelists along with Vice Chief Judge Scott Boalick,

Administrative Patent Judge Thomas Giannetti, and Administrative Patent Judge Grace Obermann. Ms. Janet Gongola (Special Advisor to the Deputy Under Secretary of Commerce for Intellectual Property, Ms. Michelle Lee) moderated the discussion. The NYIPLA extends a special thank you to AIA trial practitioners Erika Arner, Robert Sterne, Vincent McGeary, and Sharon Israel for being on the AIA trial practitioners' panel. Also, the NYIPLA wishes to thank former NYIPLA President, Ms. Marylee Jenkins, and Peter Thurlow (Co-Chair, Patent Law & Practice Committee) for organizing the New York roundtable with the USPTO and the NYIPLA.



## As Time Goes By – On Incenting Inventing

Mark Twain summed up the inventive process succinctly when he penned: “An inventor is a poet – a true poet – and nothing in any degree less than a high order of poet – wherefore his noblest pleasure dies with the stroke that completes the creature of his genius, just as the painter’s & the sculptor’s & other poets’ highest pleasure ceases with the touch that finishes their work – & so only he can understand or appreciate the legitimate “success” of his achievement, little minds being able to get no higher than a comprehension of a vulgar moneyed success.”<sup>1</sup>



Portrait of Samuel Clemens by Henry Raubinger that was used as frontispiece for a German edition of TOM SAWYER ABROAD.

The prolific inventor Thomas Edison appeared to mirror Mr. Twain’s sentiments in noting: “One might think that the money value of an invention constitutes its reward to the man who loves his work. But ... I continue to find my greatest pleasure, and so my reward, in the work that precedes what the world calls success.” Perhaps somewhat ironically, Edison is widely considered the father of the so-called “invention factory” or modern research laboratory fostering inventions by research



Dale Carlson, a retired partner at Wiggin and Dana, is NYIPLA historian and a past president. His email is [dcarlson007@gmail.com](mailto:dcarlson007@gmail.com).

teams, as opposed to by individual inventors in an earlier era.

More recently, the role that inventors play in the patenting process has arguably been diminished by virtue of the inappositely titled America Invents Act, which effectively implemented a recommendation contained in the 1966 Report of the President’s Commission on the Patent System to permit assignee filing of patent applications, a step toward creating the so-called “corporate patent.”

One commentator, Mary Helen Sears, long ago cautioned against the downside risk associated with disembodiment of the inventor from his or her invention during the patent application process. Ms. Sears put it thusly: “To permit assignee filing, with subsequent inventor ratification and verification, is perforce to permit the assignee to impose its notion of what the invention *should* be upon the description given in the application, and thus, to derogate the importance of a full, complete, and accurate description of the invention as made and conceived by the inventor.”<sup>2</sup>

Going forward, it is perhaps an open question as to whether the sheer pleasure of creating an invention, that Mr. Twain so eloquently described, will suffice to incentivize inventors in the face of diminished incentive afforded under the U.S. patent laws.

Thankfully, our Association has long paid tribute to inventors for the instrumental role they play in fostering innovation in America. In recent years, this tribute has included an Inventor of the Year award given out each May at our Association’s Annual Meeting & Awards Dinner. I hope to see each of you at this year’s gathering at the Princeton Club on May 20, 2014.

Be sure to congratulate the awardees, and perhaps tell them that Mr. Twain sent you!

With kind regards,

Dale Carlson

(Endnotes)

- <sup>1</sup> Letter to Pamela Moffett, June 12, 1870.
- <sup>2</sup> Mary Helen Sears, *The Corporate Patent – Reform or Retrogression?*, 22 Vill. L. Rev. 1085, 1098 (1977).

The ideas expressed herein are solely those of the author, and are not to be attributed to the NYIPLA or its Board of Directors.

**MINUTES OF FEBRUARY 10, 2014**

**MEETING OF THE BOARD OF DIRECTORS OF  
 THE NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION**

**BOARD MINUTES**

The Board meeting, which took place at The Union League Club, was preceded by dinner with the Committee Chairs, who presented their Committee reports.

President Charles Hoffmann called the meeting to order at 7:35 pm. In attendance were:

- |                                |                         |
|--------------------------------|-------------------------|
| Dorothy Auth                   | Annemarie Hassett       |
| Jessica Copland (by telephone) | Anthony Lo Cicero       |
| Kevin Ecker                    | Denise Loring           |
| Ray Farrell                    | Matthew McFarlane       |
| Bruce Haas                     | Richard Parke           |
| Walter Hanley                  | Wanli Wu (by telephone) |

Robin Rolfe, Feikje van Rein, and Lisa Lu were in attendance from the Association's executive office. Alexandra Frisbie, Tom Meloro and Stephen Quigley were absent and excused from the meeting.

President Charles Hoffmann called the meeting to order. The Board approved the Minutes of the January 7, 2014 Board meeting.

Treasurer Denise Loring reported that the Association continues to be in a strong financial position, with assets and income higher than last year and liabilities lower. Ms. Loring also reported that the Association opened an additional bank account and has completed the plan to allocate its investment funds into accounts at three different banks and to stagger the due dates of its CDs.

The Board reviewed and approved the list of new applicants for membership. Ms. Loring noted that membership is higher compared to last year.

Ray Farrell and Richard Parke reported regarding upcoming programs. The Association is interested in developing programs to reach out beyond New York City and in particular to connect with the patent stakeholder community on Long Island. The Board discussed also reaching out to the stakeholder community in upstate New York. A program in conjunction with the New Jersey Intellectual Property Association is also under consideration.

Dorothy Auth reported that the number of tables sold for the Judges Dinner was slightly less than last year.

Matthew McFarlane reported that the Amicus Brief Committee decided not to file briefs in the *Akamai v. Limelight* and *Nautilus v. Biosig Instruments* cases because the Committee could not reach a consensus on a position in those cases. The Association did not file a brief in the *POM Wonderful v. Coca-Cola* case due to the shortness of time in which to develop a position in cooperation with the Trademark Law &

Practice Committee. After discussion, the Board approved having the Amicus Brief Committee prepare a draft supporting the networks in the *ABC v. Aereo* case, a draft supporting the grant of *certiorari* in the *Kimble v. Marvel Enterprises* case, and a draft supporting the grant of *certiorari* in the *Strine v. Delaware Coalition For Open Government, Inc.* case.

Dorothy Auth reported that 46 participants are registered for the Second Presidents' Forum to be held on February 11 at the Second Circuit courthouse in New York City. The Honorable Garrett E. Brown Jr. and Christopher Hughes will facilitate a discussion by the 10 invited speakers, including judges, legislators, and stakeholders, concerning the recent legislative proposals for patent reform.

The Board discussed the best time of year to present the annual full-day Trademark and Patent program, which in the last few years has moved from the summer to the fall and then was postponed to the winter due to Superstorm Sandy. The sense of the Board was to return the Trademark program and the one-day Patent Program to November.

Walter Hanley discussed the plans for the annual meeting in May 2014. The recommendation was to retain a format including committee meetings and to present two CLE programs. Mr. Hanley solicited suggestions for a dinner speaker.

Kevin Ecker reported that the Inventor of the Year Committee received 10 submissions this year covering a wide range of inventions. Mr. Ecker provided the Committee's recommendations and asked the Board members to respond to him by email after reviewing them.

Mr. Ecker also provided an update on how the Association might assist the Federal Judicial Center in providing intellectual property law training to federal judges. The Board discussed the possibility of the Association developing its own program for federal judges to be presented in conjunction with the Federal Judicial Center.

Ms. Loring reported that a subcommittee was preparing a draft letter to the Senate Judiciary Committee concerning the recent patent reform legislation.

Recommendations for consideration by the Nominating Committee were solicited.

The meeting was adjourned by President Charles Hoffmann at 9:11 pm. ■

## MINUTES OF MARCH 11, 2014

### MEETING OF THE BOARD OF DIRECTORS OF THE NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION

The Board meeting was held at Robins, Kaplan, Miller & Ciresi L.L.P. President Charles Hoffmann called the meeting to order at 12:30 pm. In attendance were:

Dorothy Auth	Anthony Lo Cicero (by telephone)
Kevin Ecker (by telephone)	Denise Loring
Bruce Haas	Matthew McFarlane
Walter Hanley	Richard Parke
Annemarie Hassett	Wanli Wu (by telephone)

Feikje van Rein was in attendance from the Association's executive office. Jessica Copeland, Ray Farrell, Alexandra Frisbie, and Stephen Quigley were absent and excused from the meeting.

Kevin Ecker reported on the discussions between the Federal Judicial Center and the NYIPLA regarding the Association's proposal to provide annual training, starting in 2015, to federal district court judges concerning, for example, new and pending IP reform legislation and evolving standards in IP law for remedies and injunctions. The NYIPLA Foundation would make a donation to the Federal Judicial Center to cover the bulk of the program costs. The projected audience is 30-40 federal district court judges who are interested in handling intellectual property cases. The preference of the Board is to coordinate this new program with the Annual Dinner in Honor of the Federal Judiciary to reduce the travel costs for judges attending both events. The Board discussed and approved, with minor edits, the written proposal to be sent to the Federal Judicial Center. The Board also approved a transfer of funds from the Association to the Foundation, and a donation of that same amount from the Foundation to the Federal Judicial Center for the 2015 program, which will take effect if the Federal Judicial Center cannot accept a donation of the approved amount (\$50,000) directly from the Association. The Board will appoint a sub-committee to develop this program.

The Board approved the Minutes of the February 10, 2014, Board meeting.

Treasurer Denise Loring reported that the Association continues to be in a strong financial position, with assets and income higher than last year, although expenses are also higher. The Board reviewed and approved the list of new applicants for membership. Membership is generally higher compared to last year in all categories except corporate.

Dorothy Auth and Feikje van Rein reported on the increase in ticket sales and a projected increase in overall attendance for the Judges Dinner, which could generate substantial additional revenue this year.

Richard Parke reported on the plans for the "Day of the Dinner" Luncheon CLE program, which Tom Meloro will moderate together with Michelle Lee from the USPTO.

Dorothy Auth reported on the Second Presidents' Forum, which was held on February 11 at the Second Circuit courthouse in New York City. Several invited speakers commented favorably on the event, and the Board agreed that the program was quite successful.

Denise Loring and Anne Hassett presented a draft letter from the NYIPLA to the Senate Judiciary Committee providing an assessment of various provisions of the patent reform bills pending before that Committee. Julia Kim was instrumental in the preparation of the letter. The Board approved the draft to be sent out on March 14.

President Hoffmann reported on the planning for the panels that the NYIPLA will present at the Licensing Executives Society program in March.

President Hoffmann encouraged members to attend the Federal Circuit Bar Association March 14 program on settlement topics. The Board also noted that Marylee Jenkins and Peter Thurlow are facilitating the USPTO's April 17 Roundtable program in New York City regarding the Patent Trial and Appeal Board (PTAB).

Walter Hanley reported on the developing plans for the annual meeting in May 2014. Judge Mauskopf will present the Hon. William C. Conner Writing Competition award. The Amicus Brief Committee and the Patent Litigation Committee will jointly present a mock oral argument CLE program. The Trademark Law & Practice and Copyright Committees will present a CLE panel discussion regarding recent case law developments at the U.S. Supreme Court. The Women in IP Law Committee will present a lunchtime program which is currently under development.

President Hoffmann reported that he accepted an invitation from the American Intellectual Property Law Education Foundation to participate in a diversity program on the Day of the Judges Dinner.

The meeting was adjourned by President Charles Hoffmann at 2:14 pm.

## General Call for Committee Volunteers May 2014 - April 2015

Apply by Thursday, June 5, 2014



**H**ave you thought about further developing your career, and at the same time, sharing your expertise and interest with other professionals? You can, by volunteering for one of the NYIPLA's committees – it is easy and very rewarding. You can meet new people, contribute to your profession, help advise the NYIPLA's Board of Directors, and expand your leadership skills. More importantly, your experience, combined with that of many other NYIPLA volunteers, plays a critical role in moving the NYIPLA forward.

Committees are open to members only. Membership dues must be current for May 2014 to April 2015 to be considered for a committee.

Login with your username and password at [www.nyipla.org/volunteerforcommittee](http://www.nyipla.org/volunteerforcommittee) to indicate up to 3 committees in order of your preference. *If you were involved in a committee last year*, and would like to continue to stay on the committee, please submit your committee preferences again for this year.

More information about each Committee can be found at [www.nyipla.org](http://www.nyipla.org) under the "About Us" menu.

### THE NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION, INC.

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