

Hot Topics in Intellectual Property Law

Wednesday, July 19, 2017, 12:00 p.m. to 5:00 p.m.
Princeton Club, 15 West 43rd Street, New York, NY 10036

Earn 3.5 NY/NJ CLE credits incl. 0.5 ETHICS
FOR BOTH NEWLY ADMITTED & EXPERIENCED ATTORNEYS



AGENDA

Materials are available on: <https://www.nyipla.org/assnfe/ev.asp?ID=203>

- 12:00 p.m. – 12:45 p.m. Registration and Lunch
- 12:45 p.m. – 1:00 p.m. **Welcoming Remarks**
- 1:00 p.m. – 1:30 p.m. **Keynote Address – Taking Criminals Out of Cyberspace and Into the Courtroom: An Evolving Battlefield for Lawyers**
James Gatta, Chief of the Criminal Division, U.S. Attorney's Office, Eastern District of New York
- 1:30 p.m. – 2:00 p.m. **The Impact of Varsity Brands for Design Protection in the Fashion Industry**
Olivera Medenica, Partner, Medenica Law PLLC
Viviana Mura, Intellectual Property Law Counsel, Luxottica Group
Lisa W. Rosaya, Partner, Baker & McKenzie LLP
- 2:00 p.m. – 2:30 p.m. **Augmented and Virtual Reality: Issues for IP Practitioners**
Robert deBrauwere, Partner, Pryor Cashman LLP
- 2:30 p.m. – 2:45 p.m. Refreshment Break
- 2:45 p.m. – 3:15 p.m. **Don't Go At It Alone: Insurance for Intellectual Property Claims**
Michael C. Cannata, Parter, Rivkin Radler LLP
Robert W. Fletcher, President, IPISC Patent Insurance
Frank Misiti, Partner, Rivkin Radler LLP
- 3:15 p.m. – 3:45 p.m. **Trademark/Trade Dress/Copyright Infringement: A View From the Branding and Survey Design Perspective**
Matt Ezell, Partner, Ford Bubala & Associates
Rob Wallace, Managing Partner, Best of Breed Branding Consortium
- 3:45 p.m. – 4:15 p.m. **Fireside Chat with Gerard F. Rogers, Chief Administrative Trademark Judge, Trademark Trial and Appeal Board**
Dyan Finguerra-DuCharme, Partner, Pryor Cashman LLP
- 4:15 p.m. – 4:45 p.m. **Trademark Ethics 101: Investigations, Advance Consents and Terminating Client Relationships**
Brent E. Routman, Partner and General Counsel, Merchant & Gould LLP
- 4:45 p.m. – 4:50 p.m. **Closing Remarks**

James D. Gatta
Chief, Criminal Division
U.S. Attorney's Office, Eastern District of New York

James Gatta is the Chief of the Criminal Division of the United States Attorney's Office for the Eastern District of New York, one of the premier prosecutorial offices in the United States. As Chief, Jim supervises all the investigations and prosecutions by the United States Attorney's Office across a wide range of practice areas, which include corporate and securities fraud, national security and counterterrorism, cybercrime, sanctions violations, public corruption, international narcotics trafficking, and violent and organized crime. Jim joined the U.S. Attorney's Office in June 2007, served in the General Crimes, Organized Crime and Racketeering and Public Integrity Sections, and held several senior supervisory positions within the Office prior to his current appointment, including Deputy Chief of the Criminal Division and Chief of the Public Integrity Section.

Before joining the Office, Jim was an associate of Goodwin Procter LLP in New York and clerked for the Honorable Frank Maas, a United States Magistrate Judge in the United States District Court for the Southern District of New York. Jim is a graduate of Fordham College and the Fordham University School of Law.

Taking Criminals Out of Cyberspace and Into the Courtroom: An Evolving Battlefield for Lawyers

James D. Gatta
United States Attorney's Office
Eastern District of New York

EDNY

- New York City and Long Island
- All federal crimes across wide spectrum of practice areas
 - Organized Crime and Gangs
 - International Narcotics and Money Laundering
 - Public Corruption & Civil Rights
 - Business and Securities Fraud
 - National Security and Cybercrime

EDNY

- Significant focus on fraud and economic crimes
- Nature of our cases increasingly global, and cyber
- 70%+ of our white collar cases with international nexus
- Increased cooperation with international partners
- EDNY one of the first offices to have a dedicated cyber unit
- Increased collaboration to meet this ever-increasing and evolving threat

Recent EDNY Cases

- *United States v. Findikoglu*
 - Defendant sentenced to eight years for organizing and carrying out cyberattacks on the global financial system.
 - Defendant hacked into the systems of credit and debit card processing companies, manipulated account balances of prepaid debit cards to eliminate withdrawal limits, and stole the PINs associated with the cards.
 - Defendant then disseminated the information to associates worldwide who encoded magnetic stripe cards with the compromised data.
 - The cards were then used to make fraudulent ATM withdrawals on a massive scale.
 - Pleaded guilty to computer intrusion and access device crimes.

Recent EDNY Cases

- *United States v. Korchevsky, et al. ("Newswires" Case)*
 - Hackers based in Ukraine gained unauthorized access into three business newswire companies to steal more than 150,000 yet-to-be-published press releases containing non-public financial information by companies concerning earnings, margins, revenue, and other confidential and material financial information.
 - The hackers then shared the press releases with traders in the U.S., who used the information to make trades that generated approximately \$30mm in profits.
 - Defendants charged with securities fraud, wire fraud and other crimes.
 - Trial in Fall 2017

Recent EDNY Cases

- *United States v. Gasperini*
 - “Click-Fraud Case”
 - Defendant allegedly hacked into compromised servers to create a global “botnet” that installed malicious software onto those servers. These software on these servers then flooded website advertisements with electronic communications that register with the advertising company as clicks by a human user on the advertisement.
 - Defendant allegedly directed the software to websites owned by him, so advertising companies paid the defendant for clicks perpetrated by automatic bots rather than by humans.
 - Defendant extradited to U.S.
 - Charged with computer intrusion, fraud and money laundering

Recent EDNY Cases

- *United States v. Ametovski*
 - Defendant allegedly sold illegally-obtained credit and debit card data and personal identification information for financial gain.
 - Hackers stole data from financial institutions and other business through “phishing” attacks, which the defendant allegedly sold on his website.
 - The data was used by others to make online purchases and to withdraw money at ATMs.
 - Macedonian defendant charged with wire fraud and access device fraud; extradited from Slovenia
 - Trial in 2018

Recent EDNY Cases

- *United States v. Hunter*
 - Defendant pleaded guilty to illegally accessing a private computer to obtain information from emails.
 - Defendant, a member of a Native American tribe, accessed another member's email account through an outside computer with that member's login credentials.
 - The member had been negotiating a deal to develop a sprawling hotel, casino and entertainment complex.
 - The defendant later disseminated information about those plans to the entire tribe, setting off a dispute that harmed the tribe's development plans.

Recent EDNY Cases

- *United States v. Khaimov*
 - Defendant pleaded guilty to operating an unlicensed money remitting business.
 - Defendant and co-conspirators used malware to to access victims' bank accounts and transfer funds to the accounts of a network of individuals who further transmitted the money to other intermediaries.
 - Khaimov received over \$230,000 in funds fraudulently withdrawn from at least eight victims.

Cybersecurity and Intellectual Property

“There are two types of big corporations in America: those that have been hacked . . . and those who don’t yet know that they’ve been hacked.”

-- James Comey, FBI Director

Hypo

- New York-based company, **Gamma**, enters into negotiations with a foreign company based in Asia. The foreign company indicates an interests in acquiring Gamma.
- A purchase agreement is drafted.
- A transition team is sent from Asia to New York in contemplation of the acquisition.

Hypo

- Gamma uses proprietary software platforms.
- Over the course of the next three months, Gamma notices unusual activity on its computer systems.
- Gamma retains a third party vendor to do a forensic examination of its systems.
- The vendor detects exfiltration through thumb drives and overseas logins through admin credentials but cannot attribute who the actors are.
- The foreign transition team returns to Asia, leaving one employee behind.

Hypo

- Through security camera footage, Gamma's internal team catches the remaining employee from the foreign company extracting a thumb drive from a computer.
- When Gamma confronts him, he has no good reason for using a thumb drive in Gamma's computers, however he technically had permission to access the systems.
- Soon after being confronted, the foreign employee runs.
- Several hours later, Gamma is the victim of a "Distributed Denial of Service" (DDoS) attack that paralyzes its servers.

What Does the Company Do?

- Established Law Enforcement Relationship
- Ideally in advance of event
- Federal Bureau of Investigation
- Homeland Security Investigations
- Customs and Border Protection
- U.S. Attorney's Office

Law Enforcement Options

- Outbound Customs Interview and/or Search
- Consent Search
- Law Enforcement Interview
- Search Warrant (person, communication devices)
- Arrest Warrant
- Red notice/coordination with foreign partners

Legal Bases for Criminal Prosecution

- Some Legal Bases for Prosecution:
 - Economic Espionage Act (EEA), 18 U.S.C. § 1831
 - Theft of Trade Secrets Act, 18 U.S.C. § 1832
 - Unauthorized Computer Access, 18 U.S.C. § 1030
 - Fraud, *e.g.*, 18 U.S.C. § 1343
 - Access Device Fraud, *e.g.*, 18 U.S.C. § 1028

Economic Espionage Act, §1831

1. Defendant stole or, without authorization of owner, **obtained, destroyed, received, or conveyed information.**
2. Defendant knew or believed this information was a **trade secret.**
3. Information was in fact a trade secret.
4. Defendant knew or intended that the offense would benefit a **foreign government, foreign instrumentality, or foreign agent.**

Economic Espionage Act, §1831

- §1831 passed because:
 - Concern that there was a dramatic increase in state-sponsored theft of technology and intellectual property in the U.S.
 - Concern that states would turn from collecting U.S. government secrets to corporate secrets.

What is a “Trade Secret”?

- 18 U.S.C. § 1839(3): “The term ‘trade secret’ means all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing...”
- Exception: Charge is attempt or conspiracy
 - *United States v. Hsu*, 155 F.3d 189 (3rd Cir. 1998)

What is a "Trade Secret"?

- Important concepts from § 1839(3):
 - 1. Owner took "reasonable measures" to keep the information secret, and
 - 2. Information "derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, the public."
- Inherent in the information:
 - Was the information of a discrete nature that can be readily distinguished from less-protected information?
 - Was the information readily ascertainable by those within the field of specialty? *See U.S. v. Lange*, 312 F.2d 263, 268 (7th Cir. 2002).

Examples of Trade Secrets

- Source Code
- Engineering notes
- Formula
- Recipe
- Manufacturing process
- Invention
- Prototype
- Process
- Customer lists
 - Possible
 - Not best
- Marketing information
 - Competitive analysis
 - Survey results

What Are “Reasonable Measures?”

28 U.S.C. 1839(3)(A)

- Non-disclosure agreements
- Limit disclosure
 - “Need to know”
 - Mark as “confidential”
- Physical measures
 - “Clean room”
 - Restrict access
 - Access or security logs
 - ID cards
 - Use in restricted areas
 - Store in secure areas
 - Limit / escort visitors
 - No notes policy
- Computer access
 - Passwords
 - Firewalls
 - Secure laptops
 - Limit distribution
 - Data encryption
 - No remote access
- Exit interviews
 - Underscore confidentiality
 - Obtain company storage devices
 - Confirm return of confidential materials

Reasonable Measures

- Taking reasonable measures helps the government prove that the defendant knew or had a firm belief that the misappropriated information was a trade secret
- One court found that a defendant who was unaware of security measures can be convicted if he was aware that the misappropriated information was proprietary.
 - *U.S. v. Krumrei*, 258 F.3d 535, 538-39 (6th Cir. 2001); *but see U.S. v. Genovese*, 2005 WL 1439860, at *4 (S.D.N.Y. June 21, 2005) (noting that defendant could argue that he was unaware of the victim's security measures at trial).

Benefit to Foreign Government

- Defendant knew or intended that the offense would benefit a foreign government, foreign instrumentality, or foreign agent
- Suspects know or firmly believe that misappropriation will benefit the government
- Not necessary that the foreign entity / agent was knowledgeable or complicit in the theft
- Benefit: not limited to economic benefit; includes “reputational, strategic, or tactical benefit”

Benefit to Foreign Government

- Foreign Instrumentality: “Any agency, bureau, ministry, component, institution, association, or any legal commercial, or business organization, corporation, firm, or entity that is substantially owned, controlled, sponsored, commanded, managed, or dominated by a foreign government”. 18 U.S.C. § 1839(1).
- Foreign Agent: “Any officer, employee, proxy, servant, delegate, or representative of a foreign government.” 18 U.S.C. § 1839(2).
- Foreign Entity: Need not be government entity but need evidence of foreign government sponsorship or coordinated intelligence activity.
 - Private foreign corporations can be charged under § 1832.

Theft of Trade Secrets, § 1832

1. Defendant stole, or without authorization of owner, obtained, destroyed, received, or conveyed information.
2. Defendant knew or believed information was a trade secret.
3. Information was in fact a trade secret.
4. **Defendant intended to convert the trade secret to the economic benefit of someone other than the owner.**
5. **Defendant knew or intended that the owner of the trade secret would be injured.**
6. **Trade secret was related to a "product or service" used or intended for use in interstate commerce.**

§ 1831 vs. § 1832

§ 1831:

4. Defendant knew or intended that the offense would benefit a foreign government, foreign instrumentality, or foreign agent.

§ 1832:

4. Defendant intended to convert the trade secret to the economic benefit of someone other than the owner.
5. Defendant knew or intended that the owner of the trade secret would be injured.
5. Trade secret was related to a "product or service" used or intended for use in interstate commerce.

Intent to Benefit Economically

- Government must prove defendant intended to convert the trade secret to the economic benefit of someone other than the owner.
- Must be economic benefit; but can flow to any third party (not just the defendant).
- Acting solely out of malice or spite is not enough.

Intent to Injure Owner

- Government must prove defendant knew or intended that actions would cause some disadvantage to the rightful owner.
- Often this element satisfied circumstantially with evidence of intent that someone other than owner benefits economically.
- Sometimes intent to benefit does not support inference of intent to injure.
 - E.g., defendant wishes to compete in a foreign market that will have no effect on owner's business.

Unauthorized Computer Access, § 1030

1. Computer Espionage: Defendant gained unlawful access to computers and obtained information the the **U.S. government** has deemed protected.
2. Computer Trespass: (A) Defendant unlawfully accessed computer and obtained **financial records of a financial institution, a card issuer, or a file of a consumer reporting agency** on a consumer; (B) Defendant obtained information from any department / agency of the U.S.; (C) Defendant obtained information from any protected computer.
3. Trespassing in a Government Computer: Defendant accessed computer used exclusively by U.S. government without authorization.

Unauthorized Computer Access, § 1030

4. Committing Fraud with Computer: Defendant gained unauthorized access to protected computer with intent to defraud and actually obtains something of value.
5. Damaging a Protected Computer: Includes knowing transmission of program, information, code, or command that defendant causes damages to a protected computer.
6. Trafficking in Passwords: Defendant traffics with intent to defraud in any password.
7. Threatening to Damage a Protected Computer: Defendant with intent to extort, transmits any communication containing threat to cause damage to a protected computer or threat to obtain information from a protected computer.

When will a Prosecution be Brought?

- Factors influencing government decision to prosecute:
 - USAO's monetary guidelines for fraud / theft cases
 - Victim-generated estimates closely scrutinized
- How good is the evidence of theft and knowledge of criminality?
 - Is there a solid and comprehensive plan to gather electronic evidence?
 - Usually need experts to prove theft and valuation
- Is the victim cooperative?
 - Has the victim been prosecuting civilly?
 - Did the victim report the theft promptly?
- Any reasonably applicable defenses?
- National interest involved?

What Challenges Can Be Expected?

- Short time frame in which to operate
- Providing usable evidence to support PC
- Potential exposure to client company for loss of proprietary property
- Media
- Establish value / loss amount

How Can a Company Prepare?

- Protect interfaces between your product and other devices or services
- Know your subcontractors:
 - Conduct due diligence on subcontractors' data security practices
 - Negotiate data security requirements into subcontractor agreements
- Establish effective approach for updating your security procedures
- Organize a crisis-response team within the company
- Establish a line of communication with the government

**James Gatta
U.S. Attorney's Office
Eastern District of New York
271 Cadman Plaza East
Brooklyn, New York 11201
(718) 254-6356**

Economic Espionage Act, 18 U.S.C. § 1831

(a) In general.—Whoever, intending or knowing that the offense will benefit any foreign government, foreign instrumentality, or foreign agent, knowingly--

(1) steals, or without authorization appropriates, takes, carries away, or conceals, or by fraud, artifice, or deception obtains a trade secret;

(2) without authorization copies, duplicates, sketches, draws, photographs, downloads, uploads, alters, destroys, photocopies, replicates, transmits, delivers, sends, mails, communicates, or conveys a trade secret;

(3) receives, buys, or possesses a trade secret, knowing the same to have been stolen or appropriated, obtained, or converted without authorization;

(4) attempts to commit any offense described in any of paragraphs (1) through (3); or

(5) conspires with one or more other persons to commit any offense described in any of paragraphs (1) through (3), and one or more of such persons do any act to effect the object of the conspiracy,

shall, except as provided in subsection (b), be fined not more than \$5,000,000 or imprisoned not more than 15 years, or both.

(b) Organizations.—Any organization that commits any offense described in subsection (a) shall be fined not more than the greater of \$10,000,000 or 3 times the value of the stolen trade secret to the organization, including expenses for research and design and other costs of reproducing the trade secret that the organization has thereby avoided.

Theft of Trade Secrets Act, 18 U.S.C. § 1832

(a) Whoever, with intent to convert a trade secret, that is related to a product or service used in or intended for use in interstate or foreign commerce, to the economic benefit of anyone other than the owner thereof, and intending or knowing that the offense will, injure any owner of that trade secret, knowingly—

(1) steals, or without authorization appropriates, takes, carries away, or conceals, or by fraud, artifice, or deception obtains such information;

(2) without authorization copies, duplicates, sketches, draws, photographs, downloads, uploads, alters, destroys, photocopies, replicates, transmits, delivers, sends, mails, communicates, or conveys such information;

(3) receives, buys, or possesses such information, knowing the same to have been stolen or appropriated, obtained, or converted without authorization;

(4) attempts to commit any offense described in paragraphs (1) through (3); or

(5) conspires with one or more other persons to commit any offense described in paragraphs (1) through (3), and one or more of such persons do any act to effect the object of the conspiracy,

shall, except as provided in subsection (b), be fined under this title or imprisoned not more than 10 years, or both.

(b) Any organization that commits any offense described in subsection (a) shall be fined not more than the greater of \$5,000,000 or 3 times the value of the stolen trade secret to the organization, including expenses for research and design and other costs of reproducing the trade secret that the organization has thereby avoided.

Defend Trade Secrets Act, 18 U.S.C. § 1836

(a) The Attorney General may, in a civil action, obtain appropriate injunctive relief against any violation of this chapter.

(b) Private civil actions.—

(1) **In general.**—An owner of a trade secret that is misappropriated may bring a civil action under this subsection if the trade secret is related to a product or service used in, or intended for use in, interstate or foreign commerce.

(2) Civil seizure.—

(A) In general.—

(i) **Application.**—Based on an affidavit or verified complaint satisfying the requirements of this paragraph, the court may, upon ex parte application but only in extraordinary circumstances, issue an order providing for the seizure of property necessary to prevent the propagation or dissemination of the trade secret that is the subject of the action.

(ii) **Requirements for issuing order.**—The court may not grant an application under clause (i) unless the court finds that it clearly appears from specific facts that—

(I) an order issued pursuant to Rule 65 of the Federal Rules of Civil Procedure or another form of equitable relief would be inadequate to achieve the purpose of this paragraph because the party to which the order would be issued would evade, avoid, or otherwise not comply with such an order;

(II) an immediate and irreparable injury will occur if such seizure is not ordered;

(III) the harm to the applicant of denying the application outweighs the harm to the legitimate interests of the person against whom seizure would be ordered of granting the application and substantially outweighs the harm to any third parties who may be harmed by such seizure;

(IV) the applicant is likely to succeed in showing that—

(aa) the information is a trade secret; and

(bb) the person against whom seizure would be ordered—

(AA) misappropriated the trade secret of the applicant by improper means; or

(BB) conspired to use improper means to misappropriate the trade secret of the applicant;

(V) the person against whom seizure would be ordered has actual possession of—

(aa) the trade secret; and

(bb) any property to be seized;

(VI) the application describes with reasonable particularity the matter to be seized and, to the extent reasonable under the circumstances, identifies the location where the matter is to be seized;

(VII) the person against whom seizure would be ordered, or persons acting in concert with such person, would destroy, move, hide, or otherwise make such matter inaccessible to the court, if the applicant were to proceed on notice to such person; and

(VIII) the applicant has not publicized the requested seizure.

(B) Elements of order.—If an order is issued under subparagraph (A), it shall—

(i) set forth findings of fact and conclusions of law required for the order;

(ii) provide for the narrowest seizure of property necessary to achieve the purpose of this paragraph and direct that the seizure be conducted in a manner that minimizes any interruption of the business operations of third parties and, to the extent possible, does not interrupt the legitimate business operations of the person accused of misappropriating the trade secret;

(iii)

(I) be accompanied by an order protecting the seized property from disclosure by prohibiting access by the applicant or the person against whom the order is directed, and prohibiting any copies, in whole or in part, of the seized property, to prevent undue damage to the party against whom the order has issued or others, until such parties have an opportunity to be heard in court; and

(II) provide that if access is granted by the court to the applicant or the person against whom the order is directed, the access shall be consistent with subparagraph (D);

(iv) provide guidance to the law enforcement officials executing the seizure that clearly delineates the scope of the authority of the officials, including--

(I) the hours during which the seizure may be executed; and

(II) whether force may be used to access locked areas;

(v) set a date for a hearing described in subparagraph (F) at the earliest possible time, and not later than 7 days after the order has issued, unless the party against whom the order is directed and others harmed by the order consent to another date for the hearing, except that a party against whom the order has issued or any person harmed by the order may move the court at any time to dissolve or modify the order after giving notice to the applicant who obtained the order; and

(vi) require the person obtaining the order to provide the security determined adequate by the court for the payment of the damages that any person may be entitled to recover as a result of a wrongful or

excessive seizure or wrongful or excessive attempted seizure under this paragraph.

(C) Protection from publicity.—The court shall take appropriate action to protect the person against whom an order under this paragraph is directed from publicity, by or at the behest of the person obtaining the order, about such order and any seizure under such order.

(D) Materials in custody of court.—

(i) In general.—Any materials seized under this paragraph shall be taken into the custody of the court. The court shall secure the seized material from physical and electronic access during the seizure and while in the custody of the court.

(ii) Storage medium.—If the seized material includes a storage medium, or if the seized material is stored on a storage medium, the court shall prohibit the medium from being connected to a network or the Internet without the consent of both parties, until the hearing required under subparagraph (B)(v) and described in subparagraph (F).

(iii) Protection of confidentiality.—The court shall take appropriate measures to protect the confidentiality of seized materials that are unrelated to the trade secret information ordered seized pursuant to this paragraph unless the person against whom the order is entered consents to disclosure of the material.

(iv) Appointment of special master.—The court may appoint a special master to locate and isolate all misappropriated trade secret information and to facilitate the return of unrelated property and data to the person from whom the property was seized. The special master appointed by the court shall agree to be bound by a non-disclosure agreement approved by the court.

(E) Service of order.—The court shall order that service of a copy of the order under this paragraph, and the submissions of the applicant to obtain the order, shall be made by a Federal law enforcement officer who, upon making service, shall carry out the seizure under the order. The court may allow State or local law enforcement officials to participate, but may not permit the applicant or any agent of the applicant to participate in the seizure. At the request of law enforcement officials, the court may allow a technical expert who is unaffiliated with the applicant and who is bound by a court-approved non-disclosure agreement to participate in the seizure if the court determines that the participation of the expert will aid the efficient execution of and minimize the burden of the seizure.

(F) Seizure hearing.—

(i) Date —A court that issues a seizure order shall hold a hearing on the date set by the court under subparagraph (B)(v).

(ii) Burden of proof.—At a hearing held under this subparagraph, the party who obtained the order under subparagraph (A) shall have the burden to prove the facts supporting the findings of fact and conclusions

of law necessary to support the order. If the party fails to meet that burden, the seizure order shall be dissolved or modified appropriately.

(iii) Dissolution or modification of order.—A party against whom the order has been issued or any person harmed by the order may move the court at any time to dissolve or modify the order after giving notice to the party who obtained the order.

(iv) Discovery time limits.—The court may make such orders modifying the time limits for discovery under the Federal Rules of Civil Procedure as may be necessary to prevent the frustration of the purposes of a hearing under this subparagraph.

(G) Action for damage caused by wrongful seizure.—A person who suffers damage by reason of a wrongful or excessive seizure under this paragraph has a cause of action against the applicant for the order under which such seizure was made, and shall be entitled to the same relief as is provided under section 34(d)(11) of the Trademark Act of 1946 (15 U.S.C. 1116(d)(11)). The security posted with the court under subparagraph (B)(vi) shall not limit the recovery of third parties for damages.

(H) Motion for encryption.—A party or a person who claims to have an interest in the subject matter seized may make a motion at any time, which may be heard ex parte, to encrypt any material seized or to be seized under this paragraph that is stored on a storage medium. The motion shall include, when possible, the desired encryption method.

(3) Remedies.—In a civil action brought under this subsection with respect to the misappropriation of a trade secret, a court may—

(A) grant an injunction—

(i) to prevent any actual or threatened misappropriation described in paragraph (1) on such terms as the court deems reasonable, provided the order does not—

(I) prevent a person from entering into an employment relationship, and that conditions placed on such employment shall be based on evidence of threatened misappropriation and not merely on the information the person knows; or

(II) otherwise conflict with an applicable State law prohibiting restraints on the practice of a lawful profession, trade, or business;

(ii) if determined appropriate by the court, requiring affirmative actions to be taken to protect the trade secret; and

(iii) in exceptional circumstances that render an injunction inequitable, that conditions future use of the trade secret upon payment of a reasonable royalty for no longer than the period of time for which such use could have been prohibited;

(B) award—

(i)

- (I) damages for actual loss caused by the misappropriation of the trade secret; and
- (II) damages for any unjust enrichment caused by the misappropriation of the trade secret that is not addressed in computing damages for actual loss; or
- (ii) in lieu of damages measured by any other methods, the damages caused by the misappropriation measured by imposition of liability for a reasonable royalty for the misappropriator's unauthorized disclosure or use of the trade secret;
- (C) if the trade secret is willfully and maliciously misappropriated, award exemplary damages in an amount not more than 2 times the amount of the damages awarded under subparagraph (B); and
- (D) if a claim of the misappropriation is made in bad faith, which may be established by circumstantial evidence, a motion to terminate an injunction is made or opposed in bad faith, or the trade secret was willfully and maliciously misappropriated, award reasonable attorney's fees to the prevailing party.

(c) Jurisdiction.—The district courts of the United States shall have original jurisdiction of civil actions brought under this section.

(d) Period of limitations.—A civil action under subsection (b) may not be commenced later than 3 years after the date on which the misappropriation with respect to which the action would relate is discovered or by the exercise of reasonable diligence should have been discovered. For purposes of this subsection, a continuing misappropriation constitutes a single claim of misappropriation.

Unauthorized Computer Access, 18 U.S.C. § 1030

(a) Whoever—

(1) having knowingly accessed a computer without authorization or exceeding authorized access, and by means of such conduct having obtained information that has been determined by the United States Government pursuant to an Executive order or statute to require protection against unauthorized disclosure for reasons of national defense or foreign relations, or any restricted data, as defined in paragraph y. of section 11 of the Atomic Energy Act of 1954, with reason to believe that such information so obtained could be used to the injury of the United States, or to the advantage of any foreign nation willfully communicates, delivers, transmits, or causes to be communicated, delivered, or transmitted, or attempts to communicate, deliver, transmit or cause to be communicated, delivered, or transmitted the same to any person not entitled to receive it, or willfully retains the same and fails to deliver it to the officer or employee of the United States entitled to receive it;

(2) intentionally accesses a computer without authorization or exceeds authorized access, and thereby obtains—

(A) information contained in a financial record of a financial institution, or of a card issuer as defined in section 1602(n) of title 15, or contained in a file of a consumer reporting agency on a consumer, as such terms are defined in the Fair Credit Reporting Act (15 U.S.C. 1681 et seq.);

(B) information from any department or agency of the United States; or

(C) information from any protected computer;

(3) intentionally, without authorization to access any nonpublic computer of a department or agency of the United States, accesses such a computer of that department or agency that is exclusively for the use of the Government of the United States or, in the case of a computer not exclusively for such use, is used by or for the Government of the United States and such conduct affects that use by or for the Government of the United States;

(4) knowingly and with intent to defraud, accesses a protected computer without authorization, or exceeds authorized access, and by means of such conduct furthers the intended fraud and obtains anything of value, unless the object of the fraud and the thing obtained consists only of the use of the computer and the value of such use is not more than \$5,000 in any 1-year period;

(5)

(A) knowingly causes the transmission of a program, information, code, or command, and as a result of such conduct, intentionally causes damage without authorization, to a protected computer;

(B) intentionally accesses a protected computer without authorization, and as a result of such conduct, recklessly causes damage; or

(C) intentionally accesses a protected computer without authorization, and as a result of such conduct, causes damage and loss.

(6) knowingly and with intent to defraud traffics (as defined in section 1029) in any password or similar information through which a computer may be accessed without authorization, if—

(A) such trafficking affects interstate or foreign commerce; or

(B) such computer is used by or for the Government of the United States;

(7) with intent to extort from any person any money or other thing of value, transmits in interstate or foreign commerce any communication containing any—

(A) threat to cause damage to a protected computer;

(B) threat to obtain information from a protected computer without authorization or in excess of authorization or to impair the confidentiality of information obtained from a protected computer without authorization or by exceeding authorized access; or

(C) demand or request for money or other thing of value in relation to damage to a protected computer, where such damage was caused to facilitate the extortion;

shall be punished as provided in subsection (c) of this section.

(b) Whoever conspires to commit or attempts to commit an offense under subsection (a) of this section shall be punished as provided in subsection (c) of this section.

(c) The punishment for an offense under subsection (a) or (b) of this section is—

(1)

(A) a fine under this title or imprisonment for not more than ten years, or both, in the case of an offense under subsection (a)(1) of this section which does not occur after a conviction for another offense under this section, or an attempt to commit an offense punishable under this subparagraph; and

(B) a fine under this title or imprisonment for not more than twenty years, or both, in the case of an offense under subsection (a)(1) of this section which occurs after a conviction for another offense under this section, or an attempt to commit an offense punishable under this subparagraph;

(2)

(A) except as provided in subparagraph (B), a fine under this title or imprisonment for not more than one year, or both, in the case of an offense under subsection (a)(2), (a)(3), or (a)(6) of this section which does not occur after a conviction for another offense under this section, or an attempt to commit an offense punishable under this subparagraph;

(B) a fine under this title or imprisonment for not more than 5 years, or both, in the case of an offense under subsection (a)(2), or an attempt to commit an offense punishable under this subparagraph, if--

(i) the offense was committed for purposes of commercial advantage or private financial gain;

(ii) the offense was committed in furtherance of any criminal or tortious act in violation of the Constitution or laws of the United States or of any State; or

(iii) the value of the information obtained exceeds \$5,000; and
(C) a fine under this title or imprisonment for not more than ten years, or both, in the case of an offense under subsection (a)(2), (a)(3) or (a)(6) of this section which occurs after a conviction for another offense under this section, or an attempt to commit an offense punishable under this subparagraph;

(3)

(A) a fine under this title or imprisonment for not more than five years, or both, in the case of an offense under subsection (a)(4) or (a)(7) of this section which does not occur after a conviction for another offense under this section, or an attempt to commit an offense punishable under this subparagraph; and

(B) a fine under this title or imprisonment for not more than ten years, or both, in the case of an offense under subsection (a)(4), or (a)(7) of this section which occurs after a conviction for another offense under this section, or an attempt to commit an offense punishable under this subparagraph;

(4)

(A) except as provided in subparagraphs (E) and (F), a fine under this title, imprisonment for not more than 5 years, or both, in the case of—

(i) an offense under subsection (a)(5)(B), which does not occur after a conviction for another offense under this section, if the offense caused (or, in the case of an attempted offense, would, if completed, have caused)—

(I) loss to 1 or more persons during any 1-year period (and, for purposes of an investigation, prosecution, or other proceeding brought by the United States only, loss resulting from a related course of conduct affecting 1 or more other protected computers) aggregating at least \$5,000 in value;

(II) the modification or impairment, or potential modification or impairment, of the medical examination, diagnosis, treatment, or care of 1 or more individuals;

(III) physical injury to any person;

(IV) a threat to public health or safety;

(V) damage affecting a computer used by or for an entity of the United States Government in furtherance of the administration of justice, national defense, or national security; or

(VI) damage affecting 10 or more protected computers during any 1-year period; or

(ii) an attempt to commit an offense punishable under this subparagraph;

(B) except as provided in subparagraphs (E) and (F), a fine under this title, imprisonment for not more than 10 years, or both, in the case of—

(i) an offense under subsection (a)(5)(A), which does not occur after a conviction for another offense under this section, if the offense caused (or, in the case of an attempted offense, would, if completed, have caused) a harm provided in subclauses (I) through (VI) of subparagraph (A)(i); or

(ii) an attempt to commit an offense punishable under this subparagraph;
(C) except as provided in subparagraphs (E) and (F), a fine under this title, imprisonment for not more than 20 years, or both, in the case of--

(i) an offense or an attempt to commit an offense under subparagraphs (A) or (B) of subsection (a)(5) that occurs after a conviction for another offense under this section; or

(ii) an attempt to commit an offense punishable under this subparagraph;
(D) a fine under this title, imprisonment for not more than 10 years, or both, in the case of--

(i) an offense or an attempt to commit an offense under subsection (a)(5)(C) that occurs after a conviction for another offense under this section; or

(ii) an attempt to commit an offense punishable under this subparagraph;
(E) if the offender attempts to cause or knowingly or recklessly causes serious bodily injury from conduct in violation of subsection (a)(5)(A), a fine under this title, imprisonment for not more than 20 years, or both;

(F) if the offender attempts to cause or knowingly or recklessly causes death from conduct in violation of subsection (a)(5)(A), a fine under this title, imprisonment for any term of years or for life, or both; or

(G) a fine under this title, imprisonment for not more than 1 year, or both, for--

(i) any other offense under subsection (a)(5); or

(ii) an attempt to commit an offense punishable under this subparagraph.

(d)

(1) The United States Secret Service shall, in addition to any other agency having such authority, have the authority to investigate offenses under this section.

(2) The Federal Bureau of Investigation shall have primary authority to investigate offenses under subsection (a)(1) for any cases involving espionage, foreign counterintelligence, information protected against unauthorized disclosure for reasons of national defense or foreign relations, or Restricted Data (as that term is defined in section 11y of the Atomic Energy Act of 1954 (42 U.S.C. 2014(y)), except for offenses affecting the duties of the United States Secret Service pursuant to section 3056(a) of this title.

(3) Such authority shall be exercised in accordance with an agreement which shall be entered into by the Secretary of the Treasury and the Attorney General.

(e) As used in this section—

(1) the term “computer” means an electronic, magnetic, optical, electrochemical, or other high speed data processing device performing logical, arithmetic, or storage functions, and includes any data storage facility or communications facility directly related to or operating in conjunction with such device, but such term does not include an automated typewriter or typesetter, a portable hand held calculator, or other similar device;

(2) the term “protected computer” means a computer—

- (A) exclusively for the use of a financial institution or the United States Government, or, in the case of a computer not exclusively for such use, used by or for a financial institution or the United States Government and the conduct constituting the offense affects that use by or for the financial institution or the Government; or
 - (B) which is used in or affecting interstate or foreign commerce or communication, including a computer located outside the United States that is used in a manner that affects interstate or foreign commerce or communication of the United States;
- (3) the term “State” includes the District of Columbia, the Commonwealth of Puerto Rico, and any other commonwealth, possession or territory of the United States;
- (4) the term “financial institution” means—
 - (A) an institution, with deposits insured by the Federal Deposit Insurance Corporation;
 - (B) the Federal Reserve or a member of the Federal Reserve including any Federal Reserve Bank;
 - (C) a credit union with accounts insured by the National Credit Union Administration;
 - (D) a member of the Federal home loan bank system and any home loan bank;
 - (E) any institution of the Farm Credit System under the Farm Credit Act of 1971;
 - (F) a broker-dealer registered with the Securities and Exchange Commission pursuant to section 15 of the Securities Exchange Act of 1934;
 - (G) the Securities Investor Protection Corporation;
 - (H) a branch or agency of a foreign bank (as such terms are defined in paragraphs (1) and (3) of section 1(b) of the International Banking Act of 1978); and
 - (I) an organization operating under section 25 or section 25(a) of the Federal Reserve Act;
- (5) the term “financial record” means information derived from any record held by a financial institution pertaining to a customer's relationship with the financial institution;
- (6) the term “exceeds authorized access” means to access a computer with authorization and to use such access to obtain or alter information in the computer that the accesser is not entitled so to obtain or alter;
- (7) the term “department of the United States” means the legislative or judicial branch of the Government or one of the executive departments enumerated in section 101 of title 5;
- (8) the term “damage” means any impairment to the integrity or availability of data, a program, a system, or information;
- (9) the term “government entity” includes the Government of the United States, any State or political subdivision of the United States, any foreign country, and any state, province, municipality, or other political subdivision of a foreign country;
- (10) the term “conviction” shall include a conviction under the law of any State for a crime punishable by imprisonment for more than 1 year, an element of which is unauthorized access, or exceeding authorized access, to a computer;

(11) the term “loss” means any reasonable cost to any victim, including the cost of responding to an offense, conducting a damage assessment, and restoring the data, program, system, or information to its condition prior to the offense, and any revenue lost, cost incurred, or other consequential damages incurred because of interruption of service; and

(12) the term “person” means any individual, firm, corporation, educational institution, financial institution, governmental entity, or legal or other entity.

(f) This section does not prohibit any lawfully authorized investigative, protective, or intelligence activity of a law enforcement agency of the United States, a State, or a political subdivision of a State, or of an intelligence agency of the United States.

(g) Any person who suffers damage or loss by reason of a violation of this section may maintain a civil action against the violator to obtain compensatory damages and injunctive relief or other equitable relief. A civil action for a violation of this section may be brought only if the conduct involves 1 of the factors set forth in subclauses⁴(I), (II), (III), (IV), or (V) of subsection (c)(4)(A)(i). Damages for a violation involving only conduct described in subsection (c)(4)(A)(i)(I) are limited to economic damages. No action may be brought under this subsection unless such action is begun within 2 years of the date of the act complained of or the date of the discovery of the damage. No action may be brought under this subsection for the negligent design or manufacture of computer hardware, computer software, or firmware.

(h) The Attorney General and the Secretary of the Treasury shall report to the Congress annually, during the first 3 years following the date of the enactment of this subsection, concerning investigations and prosecutions under subsection (a)(5).

(i)

(1) The court, in imposing sentence on any person convicted of a violation of this section, or convicted of conspiracy to violate this section, shall order, in addition to any other sentence imposed and irrespective of any provision of State law, that such person forfeit to the United States—

(A) such person's interest in any personal property that was used or intended to be used to commit or to facilitate the commission of such violation; and

(B) any property, real or personal, constituting or derived from, any proceeds that such person obtained, directly or indirectly, as a result of such violation.

(2) The criminal forfeiture of property under this subsection, any seizure and disposition thereof, and any judicial proceeding in relation thereto, shall be governed by the provisions of section 413 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 853), except subsection (d) of that section.

(j) For purposes of subsection (i), the following shall be subject to forfeiture to the United States and no property right shall exist in them:

(1) Any personal property used or intended to be used to commit or to facilitate the commission of any violation of this section, or a conspiracy to violate this section.

(2) Any property, real or personal, which constitutes or is derived from proceeds traceable to any violation of this section, or a conspiracy to violate this section⁵

Definitions, 18 U.S.C. § 1839

As used in this chapter—

(1) the term “foreign instrumentality” means any agency, bureau, ministry, component, institution, association, or any legal, commercial, or business organization, corporation, firm, or entity that is substantially owned, controlled, sponsored, commanded, managed, or dominated by a foreign government;

(2) the term “foreign agent” means any officer, employee, proxy, servant, delegate, or representative of a foreign government;

(3) the term “trade secret” means all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing if--

(A) the owner thereof has taken reasonable measures to keep such information secret; and

(B) the information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the information;

(4) the term “owner”, with respect to a trade secret, means the person or entity in whom or in which rightful legal or equitable title to, or license in, the trade secret is reposed;

(5) the term “misappropriation” means—

(A) acquisition of a trade secret of another by a person who knows or has reason to know that the trade secret was acquired by improper means; or

(B) disclosure or use of a trade secret of another without express or implied consent by a person who—

(i) used improper means to acquire knowledge of the trade secret;

(ii) at the time of disclosure or use, knew or had reason to know that the knowledge of the trade secret was—

(I) derived from or through a person who had used improper means to acquire the trade secret;

(II) acquired under circumstances giving rise to a duty to maintain the secrecy of the trade secret or limit the use of the trade secret; or

(III) derived from or through a person who owed a duty to the person seeking relief to maintain the secrecy of the trade secret or limit the use of the trade secret; or

(iii) before a material change of the position of the person, knew or had reason to know that—

(I) the trade secret was a trade secret; and

(II) knowledge of the trade secret had been acquired by accident or mistake;

(6) the term “improper means” —

(A) includes theft, bribery, misrepresentation, breach or inducement of a breach of a duty to maintain secrecy, or espionage through electronic or other means; and
(B) does not include reverse engineering, independent derivation, or any other lawful means of acquisition; and

(7) the term “Trademark Act of 1946” means the Act entitled “An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes¹, approved July 5, 1946 (15 U.S.C. 1051 et seq.) (commonly referred to as the ‘Trademark Act of 1946’ or the ‘Lanham Act’)”.

BIOGRAPHICAL INFORMATION

OLIVERA MEDENICA



Olivera is a Principal at Medenica Law PLLC. Her practice focuses on both transactional and litigation issues faced by businesses in a variety of industries from media, hospitality, and fashion to consulting, retail and telecommunication. She regularly counsels her clients on trademark, copyright, IP licensing and social/digital media content. In her litigation practice, she counsels her clients on contentious matters such as copyright and trademark infringement, trade secrets, unfair competition, breach of contract, fraud, right of publicity and privacy, defamation, and shareholder and business owner disputes in closely held businesses. In her trademark practice, Olivera handles risk evaluation for trademark use and registration, prosecution, policing, enforcement and a national and international portfolio of trademark rights. Under her leadership, Medenica Law PLLC recently won a competitive bid to represent the National Endowment for the Arts on select intellectual property matters.

She has written articles for a variety of publications including the New York Law Journal, National Law Journal, Ecommerce Law and Strategy, Brooklyn Journal of International Law, Cardozo Arts and Entertainment Law Journal, and Loyola of Los Angeles International and Comparative Law Review and the Internet Law Journal. She also co-authored the American Bar Association's *Legal Guide to Fashion Design*, and Thomson Reuters' *Aspatore, Inside the Minds*, 2015 Edition of *Navigating Fashion Law*.

Olivera is the founder of the annual Federal Bar Association's Fashion Law Conference (held in New York City and Paris, France) and currently serves as Chair of its Organizing Committee.

Lecture engagements include Lawline.com, the Federal Bar Association, New York County Lawyers' Association, the New York City Bar, the New York State Bar Association, Harvard Law School, Brooklyn Law School, New York Law School, South by Southwest Interactive, Cardozo Law School, the School of Visual Arts, Manhattan School of Music, Direct Marketing Association Conference (Geek-End), and the New York Foundation for the Arts.

Olivera is admitted to practice in New York and New Jersey, the U.S. District Courts for the Southern and Eastern Districts of New York, U.S. Court of Appeals for the Second Circuit, the U.S. District Court of New Jersey, U.S. Supreme Court and U.S. Court of International Trade.

Olivera earned a Bachelor of Music from Manhattan School of Music and a Juris Doctor from Brooklyn Law School. She is fluent in French and Serbo-Croatian. In addition to the FBA, Olivera is an active member of the New York City Bar.

BIO – Viviana Mura



Viviana Mura is Intellectual Property Counsel at Luxottica Group (a \$26-billion multinational company that is a worldwide industry leader) where she leads the global trademark practice, managing and enforcing the Group's global trademark portfolio, supervising global oppositions and enforcement actions, and supporting IP litigation. At Luxottica, Viviana also supervises advertising and marketing compliance and advises the business worldwide on ecommerce, privacy, social media, market strategies, brand development, IP protection & enforcement, marketing, strategic collaborations, technology development, and M&A.

Prior to joining Luxottica, Viviana accumulated extensive experience in Europe, as an outside counsel at Italian and Spanish law firms and in-house as general counsel for the Italian branch of the multinational corporation Codere S.A. More recently in New York, she worked at Kenyon & Kenyon LL.P. (now Andrews Kurth Kenyon) and Herzfeld & Ruben P.C.

Viviana is an Advisory Board Member of the New York Law School Innovation Center for Law and Technology, Fashion Law Initiative. She lectures on International Licensing Agreements at the Master's Program on International Business Law of the Law School of the University of Rome Sapienza. She is Co-Chair for the Cardozo Fashion Law Alumni Group and a member of the Fashion Committee of the New York City Bar Association.

Viviana holds dual qualification as attorney at law in New York State and in Italy, an LL.M. in Intellectual Property Law from Benjamin N. Cardozo School of Law in New York, an LL.M. in Corporate Law from the University Roma Tre in Rome, Italy, and a JD-equivalent from University Sapienza in Rome, Italy.

She speaks Spanish, Italian, and English fluently.



Lisa W. Rosaya

Partner

Baker & McKenzie LLP

New York

LISA.ROSAYA@BAKERMCKENZIE.COM

T + 1 212 626 4557

F + 1 212 310 1659

Related Expertise

- › Brand Management
- › Brand Enforcement
- › Consumer Goods & Retail
- › Copyright & Digital Media
- › Intellectual Property
- › IP Disputes
- › IP Transactions
- › Marketing, Advertising & Promotions

Previous Offices

- › Washington, DC

Languages

- › English
- › French

Biography

Lisa W. Rosaya is a partner at Baker McKenzie's Intellectual Property Practice in New York. Lisa was described in the 2017 Chambers USA edition as "particularly assured in advising on IP disputes and enforcement issues." Prior to joining the Firm in October 2005, she was an associate at Coudert Brothers LLP and a Trademark Examining Attorney at the U.S. Patent and Trademark Office. She has authored numerous articles and spoken at various industry events on trademark, copyright, advertising, Internet and domain name issues.

Practice Focus

Lisa focuses on global trademark portfolios and brand management services, including trademark selection and branding, trademark prosecution, opposition and cancellation proceedings, copyright and trademark licensing, enforcement and infringement matters, domain name issues and disputes and labeling and advertising issues. She also assists in addressing IP issues in the context of corporate and financing transactions, including drafting and analyzing IP-related provisions and agreements, due diligence and perfection of security interests domestically and internationally. Her clients include companies from the consumer, food and beverage, telecommunications, media and entertainment, fashion and luxury goods, financial services, social media, and computer hardware and software industries.

Publications

Author, "Luxury Fashion & The Importance Of Intellectual Property," Luxury Society, 18 April 2016

Co-author, client alert relating to U.S. Federal Appellate Court Striking Down Ban on Disparaging Trademarks as Unconstitutional, January 2016

Chapter author, "Identifying, Registering, Enforcing and Monetizing Your Intellectual Property Assets" Baker McKenzie Luxury and Fashion Handbook, 2015

Presentations

Presenter, "Protecting Your Brand in the 21st Century," Managing IP's Fashion & Luxury Conference, April 2016

Presenter, "Promoting and Protecting your IP," Webinars, April 2016

[View All »](#)

Representative Legal Matters

- Represents Unilever and its affiliates in U.S. trademark clearance, prosecution and disputes before the U.S. Patent & Trademark Office's Trademark Trial and Appeal Board
- Advises Unilever and its affiliates in U.S. IP due diligence and licensing matters relating to M&A and IP/commercial transactions
- Represents Brooks Brothers Group, Inc. in its global trademark, copyright, advertising and rights of publicity matters and disputes
- Provided strategic advice to large non-profit organization on trademark, keyword and domain name issues in lawsuit involving infringement and other related claims
- Counseled well-known global fashion company on trademark issues and licensing arrangements as part of post-acquisition integration of a well-known shoe and accessories company
- Represented apparel company in defending and settling copyright infringement claim relating to piecework used in part of certain garments
- Represented global fashion company in defending and settling copyright infringement claim relating to fabric pattern
- Successfully represented numerous clients in recovering infringing domain names through the Uniform Domain-Name Resolution Policy and advised clients on proceedings under the Uniform Rapid Suspension System for new gTLDs

Professional Honors

- Band 2, Intellectual Property: Trade Mark & Copyright, Chambers USA, 2017
- World Intellectual Property Review (WIPR): Leader in Trademark Law, 2017
- Chambers USA: Leading Individual in New York for Intellectual Property: Trademark and Copyright, 2010 – 2016
- The Legal 500 (US): Recognized lawyer, Trademarks; non-contentious, 2013 – 2016
- Super Lawyers, Intellectual Property, NY Metro Region, 2012 – 2016
- WTR1000 – The World's Leading Trademark Professionals: Recognized lawyer, Prosecution and Strategy, 2015 – 2016
- Chambers USA: Nominee, Up and Coming IP Lawyer of the Year, 2012 Women in

Law Awards

Professional Associations and Memberships

- International Trademark Association (INTA) - Rights of Publicity Committee (and former subcommittee) (2014-current)
- INTA - Presidential Task Force (2016)
- New York State Bar Association - Treasurer, Intellectual Property Law Section (2013-2014); co-chair, Trademark Committee (2008-2013)
- ICANN - GNSO-chartered Registration Abuse Policies Implementation Drafting Team, Fall 2010
- INTA - Internet Committee - Domain Disputes and WHOIS Subcommittee (2010-2013)
- INTA - Dilution and Well Known Marks Committee - North America Subcommittee (2006-2009)

Admissions

U.S. Court of Appeals, District of Columbia Circuit~United States (1998)

U.S. District Court, Southern District of New York~United States (2008)

U.S. Court of Appeals, Federal Circuit~United States (1999)

New Jersey~United States (1997)

District of Columbia~United States (1998)

U.S. District Court, Eastern District of New York~United States (2008)

New York~United States (2006)

U.S. District Court, District of New Jersey~United States (1998)

Education

University of San Diego School of Law (J.D.) (1996)

Boston University (B.A. cum laude) (1992)

Baker & McKenzie LLP is a Limited Liability Partnership organized under the laws of the State of Illinois (USA) and is a member of Baker & McKenzie International, a Verein organized under the laws of Switzerland.

Hot Topics in IP Law

New York Intellectual Property Law Association

THE IMPACT OF VARSITY BRANDS FOR DESIGN PROTECTION IN THE FASHION INDUSTRY

July 19, 2017

Princeton Club, NYC

Moderator: **Olivera Medenica**, Partner, Medenica Law PLLC

Viviana Mura, Intellectual Property Law Counsel, Luxottica Group LLP

Lisa W. Rosaya, Partner, Baker & McKenzie LLP

Mazer v. Stein, 347 U.S. 201 (1954)

- Leading case on copyright protection for useful articles.
- Plaintiff created a human dancing figure statuette, copies of which Plaintiff used as lamp bases. Plaintiff registered the work as a “work of art.” Defendant copied the statuettes and sold them as lamp bases without Plaintiff’s authorization. Plaintiff sued for copyright infringement.
- Holding: The Court held that the lamp base qualifies as a “work of art” and therefore is eligible for copyright protection – even though it serves a functional purpose (i.e. lamp base).
- The Court reviewed the 1909 Act as well as the 1949 regulation – and found that an object does not lose its status as a copyrightable art work simply because the creator intended to embed the creation in a useful article. According to the court, “individual perception of the beautiful is too varied a power to permit a narrow or rigid concept of art.”



Post Mazer tests used by courts – what is a useful article?

- Sole intrinsic function test: copyright is denied to an article if its sole intrinsic function is its utility. Esquire v. Ringer (decided under the 1909 Act) - 414 F. Supp. 939 (D.D.C. 1976), rev'd, 591 F.2d 753, 795 (D.C. Cir. 1978).
- Primary-subsidary test: copyright protection can be granted if the design's primary purpose is ornamental and its utilitarian purpose subsidiary. Kieselstein-Cord v. Accessories by Pearl 632 F.2d 989 (2d Cir. 1980).
- Inextricably intertwined test: article is denied copyright protection if the "aesthetic and artistic features ... are inseparable from [its] use as [a] utilitarian article." Carol Barnhart, Inc. v. Economy Cover Corp., 773 F.2d 411, 418 (2d Cir. 1985).
- Denicola/Brandir artistic judgment test: article granted copyright where design elements can be identified as reflecting the designer's artistic judgment exercised independently of functional influences. Brandir International, Inc. v. Cascade Pacific Lumber Co., 834 F.2d 1142 (2d Cir. 1987)
- Nimmer test: Conceptual separability exists where there is substantial likelihood that even if the article had no utilitarian use it would still be marketable to some significant segment of the community simply because of its aesthetic qualities. Galiano v. Harrah's Operating Co., 416 F.3d 411 (5th Cir. 2005)

Star Athletica, LLC v. Varsity Brands, Inc., Docket No. 15-866

- **Section 101 – Definition of “Useful Article:**

“an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information.”

- **Section 101 protects “[p]ictorial, graphic, and sculptural works” including:**

“the design of a useful article” provided such design incorporates “features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.”

Star Athletica, LLC v. Varsity Brands, Inc., Docket No. 15-866

- Varsity sued competitor Star Athletica for copyright infringement alleging that Star's uniforms contained substantially similar stripes, chevrons, zig-zags and colorblocking



Star Athletica, LLC v. Varsity Brands, Inc., Docket No. 15-866

- District Court found that the designs were functional, serving to identify the wearer as a cheerleader, and therefore not protectable.
- In a split decision, the Sixth Circuit reversed, holding that designs were not “inextricably intertwined” but “conceptually separable” from the utilitarian aspects of the uniforms and therefore protectable.
- Sixth Circuit ruled that because Varsity’s designs are “more like fabric designs than dress design,” they are subject matter amenable to copyright.
- Though the majority disagreed on whether these design elements were copyrightable, both agreed that “the law in this area is a mess” and intervention by the Supreme Court is necessary.

Star Athletica, LLC v. Varsity Brands, Inc., Docket No. 15-866



Star Athletica, LLC v. Varsity Brands, Inc., Docket
No. 15-866



Star Athletica, LLC v. Varsity Brands, Inc., Docket No. 15-866

- Scholars and circuits have articulated nine separate approaches for determining “conceptual separability” (*e.g.*, consumer perception, motivation for adopting design, motivation for purchasing design, relationship between product’s functionality and resulting design).
- “It is apparent that either Congress or the Supreme Court, or both, must clarify copyright law with respect to garment design The law in this area is a mess – and it has been for a long time.” (J. McKeague, dissenting)

Star Athletica, LLC v. Varsity Brands, Inc., Docket No. 15-866

- By a 6-2 vote, the Supreme Court ruled that decorative elements on cheerleader uniforms sold by Varsity Brand, Inc. were “separable” from the underlying garment, and therefore can be protected by copyright.
- Decision addresses the topic wholly as a matter of statutory interpretation.
- The key language of the statute emphasizes that it does not protect useful articles as such. Instead, it protects only “the design of a useful article,” and it protects that only if the “design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.” The key doctrinal question, then is the question of “separability,” or when the expressive aspects of the design are sufficiently “separable” from the utilitarian design.

Star Athletica, LLC v. Varsity Brands, Inc., Docket No. 15-866

- The Court’s opinion states that for copyright protection to reach the design, “[t]he decisionmaker must determine that the separately identified feature has the capacity to exist apart from the utilitarian aspects of the article,” explaining that “[i]f the feature is not capable of existing as a pictorial, graphic, or sculptural work once separated from the useful article, then it was not a pictorial, graphic, or sculptural feature of that article, but rather one of its utilitarian aspects.”
- The Court explains that the Copyright Act as a whole “makes clear that copyright protection extends to pictorial, graphic, and sculptural works regardless of whether they were created as free-standing art or as features of useful articles.” Thus, the court concludes, **the ultimate question is whether a particular design “would have been eligible for copyright protection ... had it originally been fixed in some tangible medium other than a useful article before being applied to a useful article.”**

Star Athletica, LLC v. Varsity Brands, Inc., Docket No. 15-866

- The analysis focuses on the design featured in the useful work and whether it could benefit from copyright protection had it originally been included in another medium.
- The analysis does not focus “on any aspects of the useful article that remain after the imaginary extraction.”

5 Keys To High Court's Cheerleader Uniform Ruling

By **Bill Donahue**

Law360, New York (March 22, 2017, 10:23 PM EDT) -- To get you up to speed on the U.S. Supreme Court's complex decision on copyright law and cheerleading uniforms, here are the key things experts say you need to know, including what the ruling says, what it doesn't and what comes next.



By a 6-2 vote, the justices ruled that decorative elements on cheerleader uniforms were "separable" from the underlying garment, meaning they could theoretically be protected by copyright law. (AP)

By a 6-2 vote, the **high court ruled** that decorative elements on cheerleader uniforms sold by Varsity Brands Inc. were "separable" from the underlying garment, meaning they could theoretically be protected by copyright law.

But what exactly does that mean? As you read the ruling, here are the five keys that experts say to keep in mind.

A New, Nationwide Test

In his opinion Wednesday, Justice Clarence Thomas said the high court took the case to resolve "widespread disagreement" over a key question: how judges decide if expressive elements intertwined with "useful items" are "conceptually separable" enough to be eligible for copyright protection.

"Disagreement" might have been an understatement.

Over the years, federal judges had developed at least nine distinct approaches to that "separability" question, leading to uncertainty about how to prove it. In Varsity's case, the lower court said the issue had "confounded courts and scholars"; a dissenting judge in that ruling called the case law "a mess" and explicitly said it would require guidance from the Supreme Court or Congress.

In Wednesday's ruling, Thomas discarded those various approaches for a new, nationwide standard.

For a feature of a utilitarian object to be separable, and thus copyrightable, it must “be perceived as a two- or three-dimensional work of art separate from the useful article,” and it must still qualify as protectable expression when “imagined separately from the useful article into which it is incorporated.”

“There were many different tests that different circuits used, and it was very confusing,” Darrell G. Mottley, a partner at Banner & Witcoff Ltd. and a co-author of the book “Navigating Fashion Law,” said. “This brings order to that situation, giving people a pathway to use.”

Unresolved Questions

While the ruling was helpful in that it laid down a unified test, it also didn’t offer a huge amount of guidance on how courts should apply that test.

In crafting his test, Thomas hewed closely to the literal language of the Copyright Act’s Section 101, which says features are separable when they “can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.”

He shot down suggestions that courts should look at other factors beyond the statute for help, like a designer’s reason for incorporating an expressive feature into a useful object, or evidence that the an expressive feature makes the useful item more marketable.

Thomas also rejected the idea that an expressive feature is only separable when the useful item can still serve the same function when stripped of the expressive feature. Star Athletica had argued that a cheerleader uniform, stripped of stripes and chevrons, was no longer a cheerleader uniform — meaning the two could not be separate.

For Thomas, none of those factors that might help courts decide the issue are in the statute.

“In classic Scalia style, Thomas is saying that we have to look to the statute, that it’s constructed this way for a reason, and that we have to give credence to that,” said Baker McKenzie LLP partner Lisa W. Rosaya, referring to the late Justice Antonin Scalia, who shared Thomas’ literal approach to statutory interpretation.

“That’s all the guidance we’re going to get,” she said.

For some copyright attorneys, even though the ruling clarified the wording of the test that courts should use to decide separability, it lacked much-needed clarity on how to apply those words to real-world intermingling of functional and expressive matter.

“This outcome demonstrates a lost opportunity by the court to set an analytical standard that would increase the likelihood of predictable outcomes rather than keep such determinations in the realm of the subjective,” said Edward Maluf, a partner with Seyfarth Shaw LLP.

It doesn’t help that two dissenting justices — Justice Stephen Breyer and Justice Anthony Kennedy — applied Thomas’ test to Varsity’s uniforms and promptly reached the opposite conclusion.

“Where designers and apparel companies, and the industry as a whole, would have benefited from some greater predictability in determining copyrightability and infringement actions, the inherent subjectivity that remains as part of the analysis would tend to mean that the overall landscape probably remains generally unchanged, that is, uncertain,” Maluf said.

Key Limits

Ahead of Wednesday’s ruling, some worried that the case might bring big changes to the way that fashion is protected under U.S. intellectual property law.

Fashion companies worried that a stricter interpretation of “separability,” like a bright line rule against garments, would take away a weapon in their already limited arsenal. Consumer advocates worried that a win for Varsity could extend copyright to actual garment designs, or find that two-dimensional designs are inherently separable.

Ultimately, though, in siding with Varsity, Thomas and the majority seem to have avoided any of those bolder outcomes. Perhaps most notably, they included an explicit statement that the ruling should not be read to expand copyright to apparel itself.

"To be clear, the only feature of the cheerleading uniform eligible for a copyright in this case is the two-dimensional work of art," he wrote. "Respondents have no right to prohibit any person from manufacturing a cheerleading uniform of identical shape, cut and dimensions to the ones on which the decorations in this case appear."

To be sure, Wednesday's ruling is still a win for those that favor tougher protections for fashion, in that copyright's coverage of apparel was not further limited. Susan Scafidi, the director of the Fashion Law Institute at Fordham University School of Law and the author of an amicus brief for Varsity, called it "a clear victory for team copyright."

But on the whole, it's far more of a narrow win than a disruptive sea change.

"The big picture is that this maintains the status quo and merely picked a separability test to have all the circuits be consistent," said Staci Riordan, the head of the fashion practice at Nixon Peabody LLP. "Fashion has no more or no less protection than prior to this decision."

Concerns of Overreach

Even though the ruling avoided major changes to the law, some worried Wednesday whether it would still cause problems.

For a good explanation of that line of thinking, look no further than Justice Breyer's dissent.

"Great industrial design may well include design that is inseparable from the useful article — where, as Frank Lloyd Wright put it, 'form and function are one,'" Breyer wrote. "Where they are one, the designer may be able to obtain 15 years of protection through a design patent. But, if they are one, Congress did not intend a century or more of copyright protection."

Breyer said the ruling included key limitations, but had failed to follow them in finding that Varsity's designs were separable.

"They depict clothing. They depict the useful articles of which the designs are inextricable parts," Breyer wrote. "And Varsity cannot obtain copyright protection that would give them the power to prevent others from making those useful uniforms."

According to Jedediah Wakefield, a partner with Fenwick & West LLP, the ruling that Varsity's designs are eligible for protection "calls into question" whether copyright protection can apply to other "basic uses of colors, stripes and other shapes that historically have been viewed as unprotectable aspects of the garments themselves."

"It injects uncertainty into the apparel industry, and will allow large apparel companies to leverage that uncertainty against low-cost alternative providers, who often lack the resources to fight these cases," Wakefield said.

The Road Ahead

While Wednesday's decision declared that Varsity's designs were not outright excluded from copyright law as "useful items," it also expressly declined to say they were ultimately deserving of copyright protection.

The silence hints at an important separate issue that still must be litigated in the lower court: whether Varsity's uniform designs are "original" enough to win copyright protection. That's an independent question from the one resolved by the high court Wednesday, and one Star Athletica's attorneys said they plan to attack on remand.

It leaves open the possibility that Varsity's win on separability, while hard-earned, will ultimately

be for naught.

"The more interesting question is what happens next when this goes back to the lower court," Riordan said. "Are these clearly common design elements original enough to warrant protection?"

--Editing by Pamela Wilkinson and Breda Lund.

All Content © 2003-2017, Portfolio Media, Inc.

BUSINESS

Supreme Court Ruling a 'Clear Victory for Team Copyright'



Cheerleading uniform manufacturer Varsity Brands scored a win with a favorable copyright opinion from the Supreme Court that could mean more protections for the fashion industry.

- The decision in favor of protecting cheerleading uniforms could mean broader protection for the fashion industry.

BY KALI HAYS

The U.S. Supreme Court might have just thrown fashion designers a copyright lifeline.

In its first-ever ruling on apparel copyright, the court said certain artistic elements of apparel can be protected.

The high court found that cheerleading uniform-maker Varsity Brands can attempt to protect two-dimensional design elements – like stripes, chevron patterns and colorblocking allegedly being used by rival Star Athletica. Experts said the broad decision could aid designers looking for legal tools to protect their work.

“My main hope when the court took this case was that it would simplify the copyright scheme for fashion, since lower

courts have been all over the board as to what bits and pieces of apparel you could copyright,” said Kimberly Warshawsky, an intellectual property partner with Ballard Spahr. “This ruling simplifies things quite a bit because the court said essentially that if a design can be perceived as a separate work of art, it can potentially qualify as copyrighted material.”

Specifically, the court said in a majority opinion written by Justice Clarence Thomas that a 2-D or 3-D design used on apparel can theoretically hold a copyright as long as it can stand on its own and be perceived as a work of “applied art” in a given “useful article.”

Apparel has long been considered a “useful article” immune to copyright, leaving legally savvy brands to seek design patents and trademarks, which are costly, run for a relatively short term and take longer to get. Copyright protections are inexpensive to pursue and if granted, last for 95 years.

Susan Scafidi, the director of the Fashion Law Institute at Fordham Law School which filed an amicus brief with the high

court in support of Varsity, said the ruling is “a clear victory for team copyright” and the fashion industry at large, which has long relied on copyrights for unique fabric and surface designs.

The justices steered clear of saying whether or not they saw the cheerleading uniform patterns at issue as original enough to maintain a copyright, leaving the issue to be litigated at the lower court level.

Thomas stated explicitly that “the only feature of [Varsity Brands’] cheerleading uniform eligible for a copyright is the two-dimensional applied art on the surface of the uniforms” and that the company “has no right to prevent anyone from manufacturing a cheerleading uniform that is identical in shape, cut or dimensions to the uniforms at issue here.”

Christopher Buccafusco, a professor focused on intellectual property at Cardozo Law School in New York, sees such a copyright-friendly opinion as a new foothold for apparel copyright.

“The ruling is about the broadest possible reading of the Copyright Act you could

imagine,” Buccafusco said. “It creates an incredibly expansive reading of useful art and design, so while the court says that the cut and design of a garment can’t be copyrighted, nothing else in the ruling seems to support that statement.”

Given the expansiveness of the ruling, Buccafusco noted that the Council of Fashion Designers of America would rightfully “be pretty upset” that Varsity didn’t push the garment copyright side of the case and instead focused on the 2-D elements.

The CFDA saw the ruling as a “reaffirmation of existing law” protecting prints and other surface design elements used in fashion and was pleased copyright protection was not restricted or expanded “in a way that would constrain competition.”

“Because the Supreme Court’s decision appears to be a continuation of existing industry practice, we would expect that the American fashion industry will continue to thrive thanks to the imaginative works created by our designers and the growing interest in their designs,” said Steven Kolb, president and chief executive officer of the CFDA.

In a dissenting opinion, Justice Stephen Breyer expressed pointed concern over the prospect of widening the scope of copyright protection when it comes to “useful objects” such as apparel. He favored a more stringent test in granting copyright protection for artistic elements in general.

“What is there in the world that, viewed through an esthetic lens, cannot be seen as a good, bad or indifferent work of art?” Breyer asked.

He went on to note that the fashion industry has “thrived” by utilizing design patent and trademark protection, but that “protection to the design of a garment would grant the designer protection that Congress refused to provide.”

Lisa Rosaya, an intellectual property partner with Baker McKenzie, sees the ruling as expansive in terms of how it defines applied art, but said it’s also narrow given the reality that the justices are “talking about just cheerleading uniforms.”

And it remains to be seen how the ruling will be applied in practice.

“None of the judges wanted to take ownership and say this chevron design is original and subject to copyright and it’s [understandable because] it comes to an area of who can really define what art is?” Rosaya said. “It is hard because let’s say you go to a modern art museum, you look at something and say, ‘That’s not original,’ but it’s art. So in theory, this is important, but in practice, it will look very different.”

BUSINESS

Murray Charged With Expanding Sequential’s Portfolio

- She will work to increase the brands’ digital presence, categories and international presence.

BY JEAN E. PALMIERI

Karen Murray’s experience juggling large brands with many moving parts was the primary appeal for William Sweedler, chairman of Sequential Brands Group Inc.

On Wednesday, Sweedler named Murray chief executive officer of Sequential, a brand-licensing company that counts Martha Stewart, Jessica Simpson, William Rast and Ellen Tracy as among its assets – brands that together have “a retail footprint in excess of \$4 billion,” he said.

“Not only would I characterize Karen as an exceptional leader,” Sweedler added,

“but she has the benefit of experience and the knowledge of running multiple operating companies.” He said she’s also a top-notch merchant who understands “the challenges and struggles of retail and our wholesale partners – critical attributes that our board determined were needed.”

Murray, who most recently served as president of VF Sportswear Corp. where she oversaw Nautica, a \$1.2 billion global brand, as well as Kipling, succeeds Yehuda Shmidman, who is stepping down from his post and as a member of the board of directors.

Sweedler said that although he recruited Shmidman to Sequential in 2012, the company has grown to a place where it needed to make a change. “Yehuda was fantastic in the early growth of this business, but we need a leader with a different skill set than he provided



Karen Murray

in the first four or five years here.”

So when he realized Murray was available and “willing to discuss opportunities,” he made a call.

Murray said at Nautica, she was responsible for

overseeing licenses that account for “close to a half-billion dollars in sales so I know many of the partners.” And getting out from under the recurring wholesale issues of dealing with inventories and receivables was also appealing.

“I’m so excited about the power of these brands and growing these businesses,” she said. Among her priorities will be expanding their digital presence, moving

into additional categories and exploring international expansion while working to create a strong culture internally within the Sequential team.

She said while Martha Stewart and Jessica Simpson are the largest brands in the Sequential portfolio, she sees “untapped potential with the others,” particularly those in the home, active and fashion categories.

Murray joined VF Sportswear in 2007 as president of its Nautica Men’s Sportswear and Nautica Jeans Co. businesses and the following year was named president of VF Sportswear. She started her career at Gant, where she worked nine years before moving to Liz Claiborne Inc., where she held numerous roles, including president from 1998 to 2007.

She starts her new position at Sequential officially on April 3.



Robert J. deBrauwere

Partner

7 Times Square
New York, NY 10036

212-326-0418 tel

rdebrauwere@pryorcashman.com

Robert J. deBrauwere is co-chair of Pryor Cashman’s Digital Media Group and a member of the Intellectual Property, Media & Entertainment and Litigation Groups. Rob’s extensive knowledge of the interplay between IP, technology, media, entertainment and music has earned him the role of trusted business and legal advisor to some of the world’s most cutting-edge companies and influential artists and songwriters. A former computer programmer and concert and theater sound engineer/lighting designer, Rob understands how technology and entertainment intersect in the digital world. He recognizes the challenges that accompany the design and development of new applications, products and distribution channels, and works alongside his clients to devise solutions that are scalable and secure.

Recognitions

- Named to the *Super Lawyers – New York Metro* list in intellectual property (2013-17)

Education

- J.D., Benjamin N. Cardozo School of Law, Yeshiva University, cum laude, 1993
- B.A., State University of New York at Stony Brook, 1987

Admissions

- New York
- U.S. Court of Appeals for the Second Circuit
- U.S. District Courts for the Southern and Eastern Districts of New York

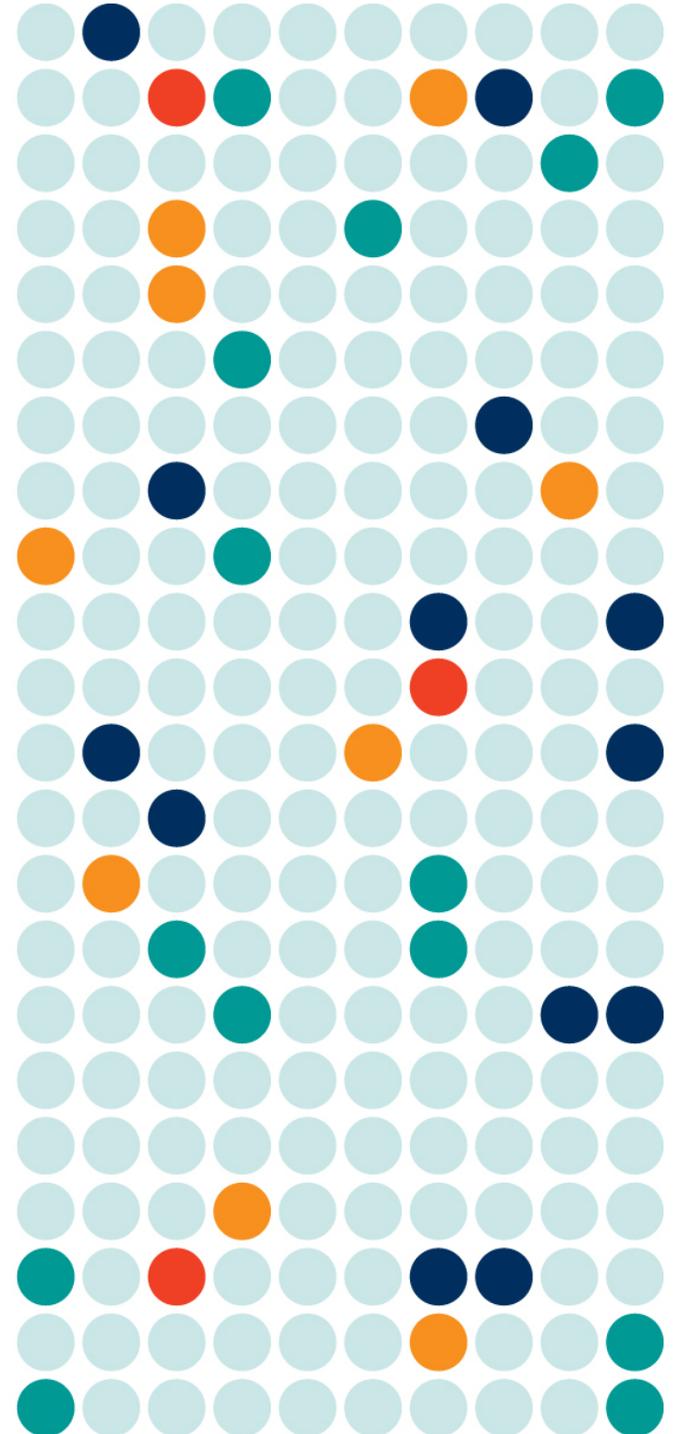
AUGMENTED & VIRTUAL REALITY: ISSUES FOR IP PRACTITIONERS

NYIPLA - HOT TOPICS IN IP LAW

July 19, 2017

 Robert J. deBrauwere
Co-Chair Digital Media Group

 PRYOR CASHMAN LLP



AUGMENTED REALITY



WHAT IS AR?



aug·men·ted re·al·i·ty

noun

noun: augmented reality

a technology that superimposes a computer-generated image on a user's view of the real world, thus providing a composite view.

- “Weaving digital information into the real world.”
- The integration of digital information with the user’s environment in real time.

VIRTUAL REALITY



WHAT IS VR?



vir·tu·al re·al·i·ty

/ˈ,vərCH(əw)əl rēˈalədē/ 

noun COMPUTING

the computer-generated simulation of a three-dimensional image or environment that can be interacted with in a seemingly real or physical way by a person using special electronic equipment, such as a helmet with a screen inside or gloves fitted with sensors.

- “computer-generated simulation. . . or environment”
- “interacted with. . . using special electronic equipment”

AUGMENTED REALITY



EXAMPLES OF AR

- GOOGLE TRANSLATE

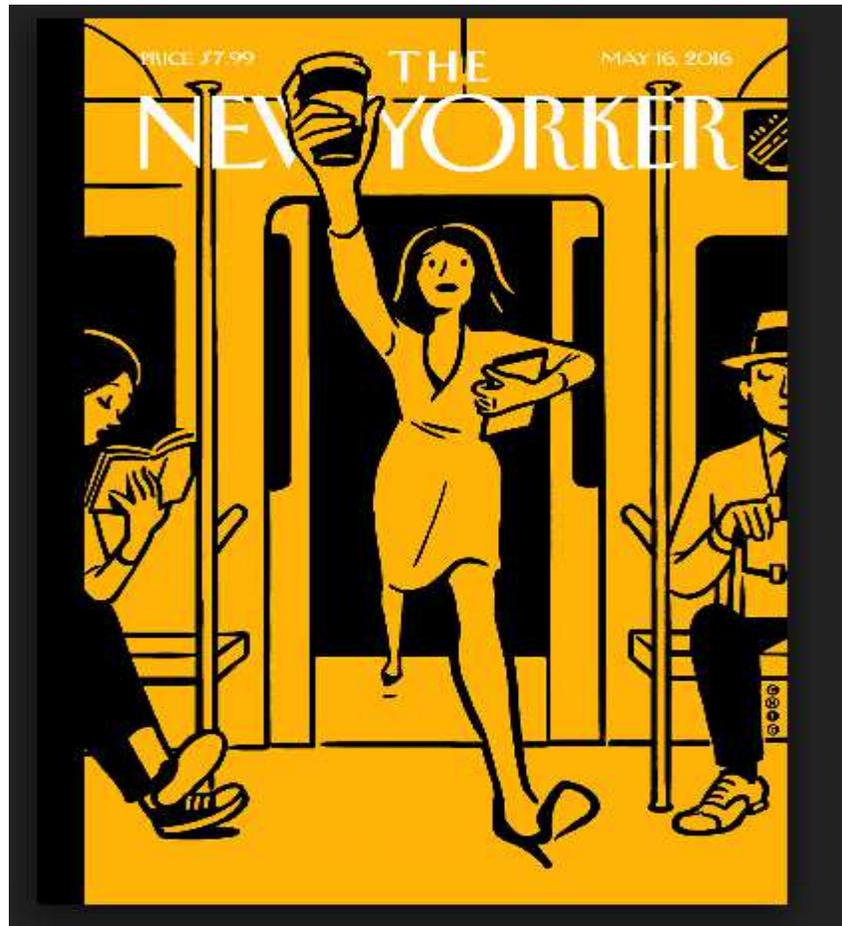


AUGMENTED REALITY



EXAMPLES OF AR

- The New Yorker Magazine, May 16, 2016

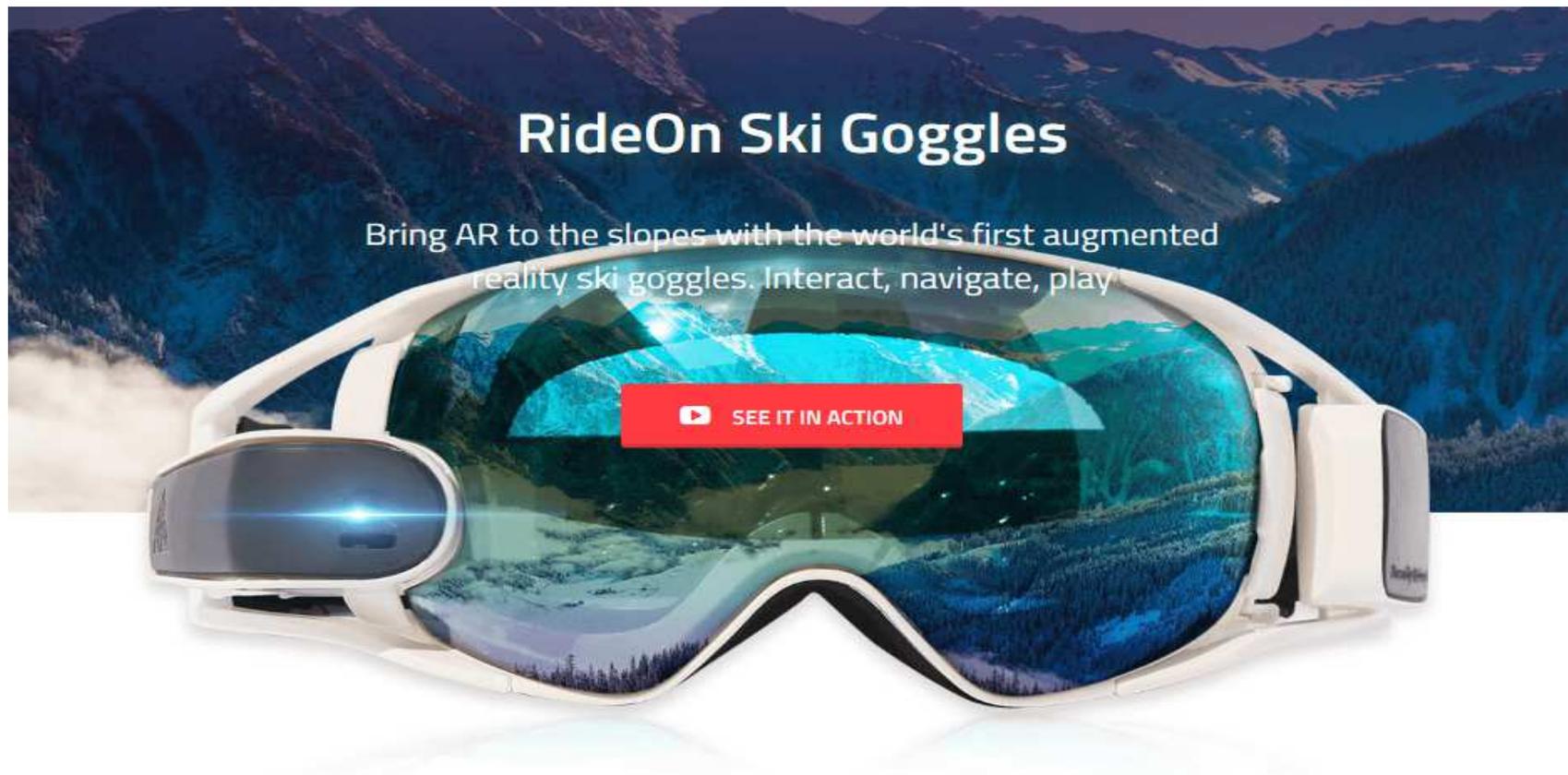


AUGMENTED REALITY



EXAMPLES OF AR

- RideOn Vision Ski Goggles



AR & VR



INTELLECTUAL PROPERTY

- Ownership of Rights in Underlying Technology
- Real Life IP Embedded
 - Linden Labs – Second Life
 - Marker - AdWords Bidding Analogy
 - Geolocation - Skyline - Fishs Eddy

AR & VR



HOW DOES AR DIFFER FROM VR? – DEVELOPER PERSPECTIVE

- VR – Completely immersive fabricated environment (video games)

- AR – Augmentation of “real world”

VR AGREEMENT



HOW DOES AR DIFFER FROM VR? – DEVELOPER PERSPECTIVE

- VR – Completely immersive fabricated environment (video games)
- More Traditional WFH Development Agreement
 - Rights Owned by Commissioning Party
 - Reservation – Except Background Technology
 - preexisting common methods, APIs, development tools, routines, subroutines, data and materials that Developer may include in the Software.
 - irrevocable, nonexclusive, perpetual worldwide, transferable (and assignable without consent), fully paid-up royalty-free license.

AR AGREEMENT



HOW DOES AR DIFFER FROM VR? – DEVELOPER PERSPECTIVE

- AR – Augmentation of “real world”
- More Restrictive Grant of Rights?
 - What is being commissioned? Unique Experience?
 - What is the “canvas” and/or “marker”?

AR AGREEMENT



DEVELOPMENT PROCESS

- Modular build
 - AR v. VR
- Re-use of technology (re-skinning)
 - Ski v. Motorcycle
 - Effective scope of exclusivity for commissioning party (NYer example)

AR & VR



DEVELOPMENT AGREEMENT

- Form of Agreement
 - MASTER SERVICES AGREEMENT
 - STATEMENT OF WORK – SOW
 - New SOW for Each Project
 - SOW Governs - Discrepancy

AR & VR



DEVELOPMENT AGREEMENT

- SOW Terms
 - Describe Functional and Technical Specifications
 - Costs (including additional costs, expenses, payment terms (up front v. back end))
 - Service/Maintenance
 - Term OF Development Phase (MSA More Open Term)
 - Testing/Acceptance (could differ from project to project)
 - Each Signed by parties



DEVELOPMENT AGREEMENT

- Developer Protection “WFH” Clauses
 - Faulty? -
 - Effective upon payment in full for invoices applicable to each Deliverable, each such deliverable shall be deemed a work made for hire . . .
 - Upon payment of the Fees, DEVCO sells and assigns its interest in and to the Work Product . . . [as a] “work made for hire” . . .



DEVELOPMENT AGREEMENT

- Developer Protection “WFH” Clause
 - Cure?
- Assignment - To the extent, if at all, that Client fails to pay fees otherwise properly owing to DEVCO hereunder and DEVCO terminates this Agreement pursuant to Section 3.2 below, then effective immediately upon termination in accordance with Section 3.2, (i) all Work Product (including pending applications for registration or grant of copyrights or patents, and all registered copyrights and issued patents included in such Work Product) shall, without further act or deed of the parties, be assigned to DEVCO. Client hereby grants to DEVCO a power of attorney, coupled with an interest, to sign such documents and do such things as DEVCO may reasonably require in order to perfect the foregoing assignments.

AR & VR



DEVELOPMENT AGREEMENT

- Exclusion from Reps & Warranties

DEVCO shall have no liability or obligation with respect to:

- (a) use of the Work Product in any manner not in accordance with this Agreement,
- (b) modifications, alterations, combinations or enhancements of or to the Work Product not created by or for DEVCO,
- (c) any content, data, or information included in the Work Product and provided by Client, or
- (d) the failure of any third party platforms to operate properly.



DEVELOPER LIABILITIES?

- Efforts to Limit Liability for User Injury

- Warnings
- Disclaimers
- Instructions
- Terms of Service



DEVELOPER LIABILITIES?

- User and Third Party Claims

- Trespass – Intrusion Upon Seclusion
 - Pokémon Go
 - Waze
- Attractive Nuisance
- Accident Victims
- Luring Victims

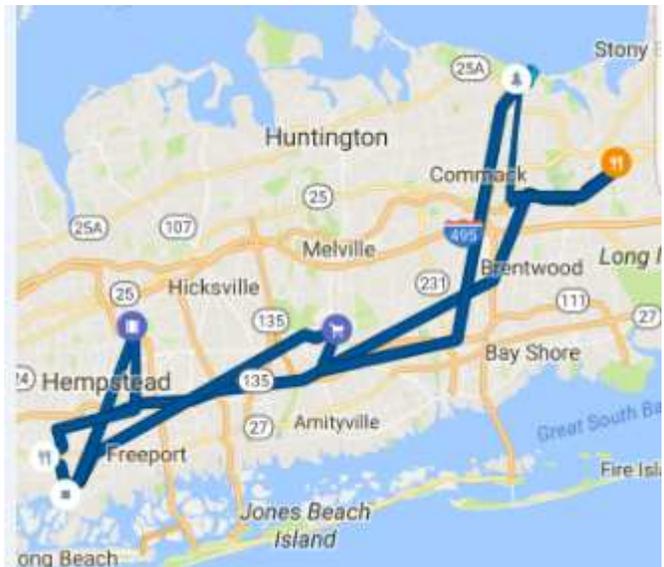
PRIVACY



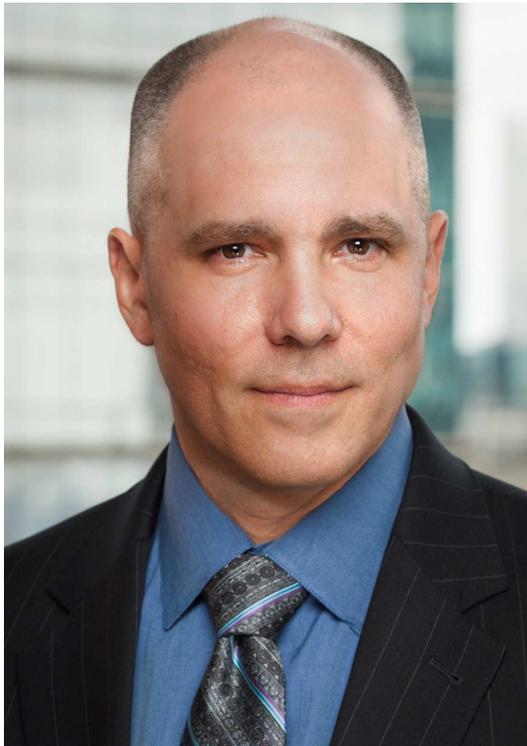
DEVELOPER LIABILITIES?

- Niantic Labs

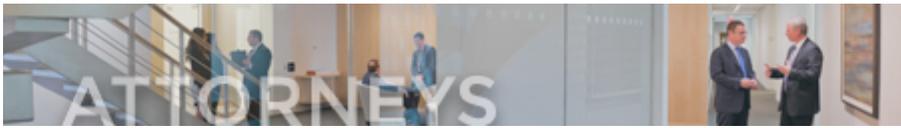
- Full access to Google accounts
 - “Limited to basic profile information”



CONTACT



Robert J. deBrauwere
Partner & Co-Chair Digital Media Group
7 Times Square
New York, NY 10036
212-326-0418 direct
rdebrauwere@pryorcashman.com



Michael C. Cannata

Partner

Michael C. Cannata is a seasoned trial lawyer with extensive experience litigating complex intellectual property, commercial, and other business disputes in state and federal courts across the country.

In connection with his practice, Michael was featured, early in 2014, in the *Long Island Business News* "Who's Who in Intellectual Property."

Michael represents a wide range of clients, including product manufacturers and suppliers, animation companies, websites, artists, jewelers, restaurants, and entrepreneurs, as well as medical practice groups, construction contractors, insurance carriers, and municipalities.

Michael has secured the early resolution of legal matters for his clients, including the summary dismissal of a multi-million dollar lost profits claim asserted against a municipality in the U.S. District Court for the Eastern District of New York. He also obtained the summary dismissal of certain trade dress infringement and common law causes of action in a patent infringement action in the U.S. District Court for the Eastern District of New York.

He routinely counsels his clients on their intellectual property rights and how best to protect their copyright, trademark, and patent portfolios. He also has significant transactional experience in the prosecution of trademarks and service marks before the U.S. Patent and Trademark Office and Trademark Trial and Appeal Board.

A member of the Trademark Law and Practice Committee of the New York Intellectual Property Association, Michael frequently authors articles concerning developments in intellectual property law and, early in 2014, was quoted in a *Long Island Business News* article concerning an increase in trademark and patent filings by Long Island-based businesses.

Michael also has written articles in other practice areas, including bankruptcy law, insurance coverage, class action litigation, and corporate successor liability. In 2017, Michael was installed as Co-Chair of the Nassau County Bar Association Insurance Law Committee.

Before joining Rivkin Radler, Michael worked with the Office of the Federal Public Defender for the Northern District of New York, representing indigent criminal defendants before the district court. Now, Michael regularly provides *pro bono* representation to the indigent in landlord-tenant court.



926 RXR Plaza
Uniondale, NY 11556-0926

PHONE (516) 357-3233
FAX (516) 357-3333
michael.cannata@rivkin.com

PRACTICE AREAS

Insurance Coverage
Intellectual Property

COURT ADMISSIONS

United States District Court for the Southern and Eastern Districts of New York
United States Court of Appeals, Second Circuit
United States District Court for the District of New Jersey

BAR ADMISSIONS

New York
New Jersey

BAR AFFILIATIONS

Nassau County Bar Association
Co-Chair – Insurance Law
New York Intellectual Property Law Association
Co-Chair – Trademark Law and Practice Committee

EDUCATION

Syracuse University College of Law, Juris Doctor *cum laude*
Cornell University, B.S., Tradition Fellow

While attending law school, Michael served as executive editor for the *Syracuse Journal of International Law and Commerce* and as associate editor of *The Labor Lawyer*, an ABA publication now known as the *ABA Journal of Labor & Employment Law*. Michael also served on the Moot Court Honor Society and received the CALI Award for Excellence in Trial Practice.

He is an active member of the Cornell Alumni Admissions Ambassador Network. He also is a member of the Long Beach Polar Club.

ALBANY

9 Thurlow Terrace
Albany, NY 12203
(518) 462-3000

HACKENSACK

Court Plaza South
1st Floor – West Wing
21 Main St., Ste. 158
Hackensack, NJ 07601
(201) 287-2460

NEW YORK CITY

477 Madison Avenue
20th Floor
New York, NY 10022
(212) 455-9555

POUGHKEEPSIE

2649 South Road
Poughkeepsie, NY 12601
(845) 473-8100

UNIONDALE

926 RXR Plaza
West Tower
Uniondale, NY 11556
(516) 357-3000



Robert W. Fletcher

Mr. Fletcher is the President and Chief Executive Officer of Intellectual Property Insurance Services Corporation, and has had a direct role in creating new products and finding partner backing, as well as the more routine tasks of analyzing, evaluating, and selecting patent licensing/enforcement opportunities, claims management, underwriting and product development. In addition to his other duties, Mr. Fletcher oversees the underwriting staff and actively participates in underwriting of special risk cases and cases needing final approval. Under Mr.

Fletcher's direction, the Company serves as the Managing General Agent and Program Manager, and is responsible for underwriting intellectual property defense, enforcement and loss of value programs.

Mr. Fletcher has been a frequent speaker on the valuation of patents and technology, the taxation of royalty income, intellectual property issues raised by the use and exploitation of the internet, as well as coverage and current trends in the insurance of intellectual property. He has authored numerous articles on these subjects.

Mr. Fletcher is a registered Patent Attorney and has handled intellectual property-related matters since 1963. He holds Chemical Engineering and Law (J.D.) degrees from the University of Wisconsin and an MBA from the University of Louisville. He has served in the patent departments of General Electric Company, American Air Filter and Standard Oil of Indiana. Mr. Fletcher is a member of the State Bars of Wisconsin, Illinois, and Kentucky, and is admitted to practice before the U.S. Patent Office.

RECOGNITION AND APPOINTMENTS

In 2016 the National Law Journal recognized Mr. Fletcher as one of the 50 most influential people in US Intellectual Property Law and bestowed upon him the designation of IP Trailblazer for his work in pioneering the field of intellectual property insurance.

Mr. Fletcher was appointed as a Special Master to a 3-member panel to report and recommend on the issues in the case of Elizabeth Carbide v. Fette GMBH and Fette America Inc. 2006 Civil Action No 3:04CV-647-S. The panel's decision was adopted by the court without modification and neither party appealed.



Frank M. Misiti

Partner

Frank Misiti represents clients in insurance coverage litigation, commercial litigation and intellectual property litigation in state and federal courts throughout the country.

As a partner in Rivkin Radler's Insurance Coverage Practice Group, Frank routinely advises insurers throughout the country on insurance coverage issues arising out of bodily injury, advertising injury, class actions, products liability, medical malpractice claims and environmental and toxic torts. He gained extensive experience in insurance coverage issues that stemmed from the events of September 11, 2001, including obtaining reimbursement for an insurer of defense costs incurred as part of the World Trade Center exposure lawsuits.

Additionally, Frank has counseled and represented clients in various fields of intellectual property law, including trademark, patent, trade dress and copyright issues.

Frank has also written articles addressing insurance coverage issues, bankruptcy law and intellectual property law.

In 2017, Frank was named Co-Chair of the Nassau County Bar Association Insurance Law Committee.

While at Hofstra University School of Law, Frank served as a Notes and Comments editor on the Hofstra Law Review, which published his note, "The Discrepancy in Bankruptcy Code Section 330: Can a Chapter 7 Debtor's Attorney Collect Fees from the Bankruptcy Estate?"

Frank taught history classes as a student teacher at DeWitt Clinton High School in the Bronx and served as a graduate assistant high school varsity basketball coach. Frank volunteers his team coaching various youth sports, including basketball, baseball and soccer.

The Insurance Coverage Practice Group since 2016 has been included in the Chambers USA directory in the Insurance: Dispute Resolution: Insurer category. In addition, the group is included in the 2016 Best's Directory of Recommended Insurance Attorneys.



926 RXR Plaza
Uniondale, NY 11556-0926

PHONE (516) 357-3354
FAX (516) 357-3333
frank.misiti@rivkin.com

PRACTICE AREAS

Insurance Coverage
Intellectual Property

BAR ADMISSIONS

New York

BAR AFFILIATIONS

Nassau County Bar Association
Co-Chair – Insurance Law Committee
New York Intellectual Property Law
Association

EDUCATION

Hofstra University School of Law, Juris
Doctor, cum laude
Manhattan College, B.A., summa cum
laude

ALBANY

9 Thurlow Terrace
Albany, NY 12203
(518) 462-3000

HACKENSACK

Court Plaza South
1st Floor – West Wing
21 Main St., Ste. 158
Hackensack, NJ 07601
(201) 287-2460

NEW YORK CITY

477 Madison Avenue
20th Floor
New York, NY 10022
(212) 455-9555

POUGHKEEPSIE

2649 South Road
Poughkeepsie, NY 12601
(845) 473-8100

UNIONDALE

926 RXR Plaza
West Tower
Uniondale, NY 11556
(516) 357-3000

Don't Go It Alone:

Insurance For Intellectual Property Claims



Michael C. Cannata, Esq.
Partner
Rivkin Radler LLP



Frank Misiti, Esq.
Partner
Rivkin Radler LLP



Robert W. Fletcher
CEO/President
IPISC Patent Insurance



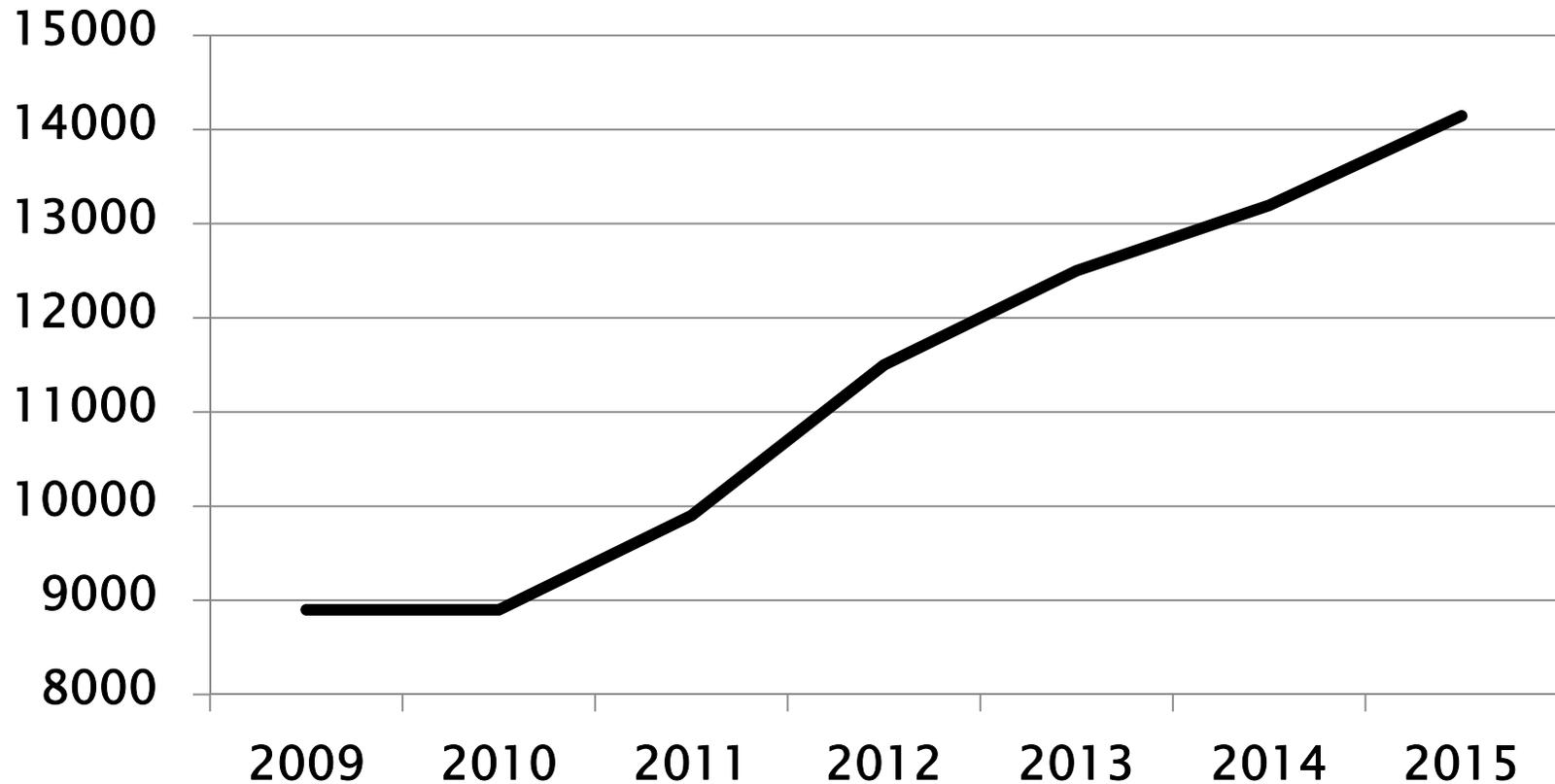
Examples of Claims That Have Been Tendered for Coverage by Policyholders

- ▶ Patent Infringement (Direct, Contributory and Inducing)
- ▶ Violations of State Consumer Protection Statutes
- ▶ Cyber-squatting
- ▶ Privacy Torts
- ▶ Trademark Infringement
- ▶ Copyright Infringement
- ▶ Trade Dress Infringement
- ▶ Theft of Trade Secrets
- ▶ Tortious Interference with Contractual or Business Relations
- ▶ Unfair Competition (Statutory and Common Law)
- ▶ Price Fixing
- ▶ Anti-trust Violations
- ▶ Violations of the Lanham Act
- ▶ Securities Fraud
- ▶ Violations of State Unfair Business Practices Statutes
- ▶ Fraud
- ▶ False Advertising
- ▶ Disparagement
- ▶ Trade Libel

Trajectory of Intellectual Property Claims



Number of Intellectual Property Lawsuits Per Year: 2009–2015



Insurance Products and Ever-Expanding Intellectual Property Liabilities

- ▶ Traditional CGL Insurance Contracts
- ▶ Media Policies
- ▶ Internet/Network Liability Policies
- ▶ Cyber Liability Policies
- ▶ Technology and Professional Liability
- ▶ Errors & Omissions
- ▶ Specific Intellectual Property Coverage

Personal and Advertising Injury

COVERAGE B.

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of “personal and advertising injury” to which this insurance applies. . . . We may, at our discretion, investigate any offense and settle any claim or “suit” that may result.

* * *

- b. This insurance applies to “personal and advertising injury” caused by an offense arising out of your business; but only if the offense was committed in the “coverage territory” during the policy period.

Personal and Advertising Injury

SECTION V - DEFINITIONS

17. “Personal and advertising injury” means injury, including consequential “bodily injury” arising out of one or more of the following offenses:
- a. False arrest, detention or imprisonment;
 - b. Malicious prosecution;
 - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
 - d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person’s or organization’s goods, products or services;
 - e. Oral or written publication, in any manner, of material that violates a person’s right of privacy.
 - f. The use of another’s advertising idea in your “advertisement”; or
 - g. Infringing upon another’s copyright, trade dress or slogan in your “advertisement”.

Personal and Advertising Injury

SECTION V - DEFINITIONS

1. “Advertisement” means a notice that is broadcast, telecast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For purposes of this definition:
 - a) Notices that are published include material placed on the Internet or on similar electronic means of communication; and
 - b) Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.

Covered Claims

Disparagement:

- ▶ A statement that discredits the quality of one's goods or services.

Trade Dress:

- ▶ The general characteristics of the visual appearance of a product or its packaging that signifies the source of the product to consumers



Slogan:

- ▶ A phrase used to promote or advertise goods or services.



Copyright:

- ▶ An original work of authorship in a fixed, tangible medium

Personal and Advertising Injury Exclusions

i. Infringement or Copyright Patent, Trademark or Trade Secret

“Personal and advertising injury” arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another’s advertising idea in your “advertisement.”

However, this exclusion does not apply to infringement, in your “advertisement,” of copyright, trade dress or slogan.

Non-Covered Claims

Infringement of Trademark, Copyright, Patent or Trade Secret:

- ▶ Injury arising out of the infringement of trademark, copyright, patent, trade secret or other intellectual property rights. Exclusion does not apply to infringement, in your “advertisement”, of copyright, trade dress or slogan.

Unauthorized use of Another’s Name or Product

- ▶ Injury arising out of the unauthorized use of another’s name or product in your email address, domain name or metatag.

The Coverage Dilemma

- ▶ Judgment Choices, Fast Thinking, Fair Dealing, a golf story illustrates one approach . . .
- ▶ A Golfer's Dilemma



Protect Against the Expense of IP Litigation with Insurance

IP Insurance – Your Peace of Mind

Intellectual Property Do you Know the Stats?

6%

Compound annual
growth in IP lawsuits

\$2.8M

Average cost of
patent litigation

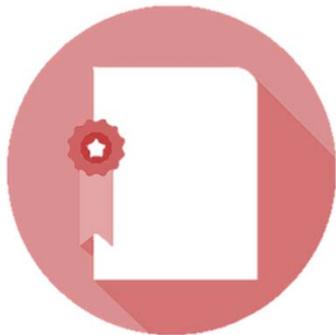
22:1

patent v. stockholder
lawsuits

5,100

2015 patent
lawsuits filed

Intellectual Property Litigation Costs*



Patent Litigation

\$ Disputed

less than \$1M | **\$873K**

\$1M - \$10M | **\$2.2M**

\$10M - \$25M | **\$3.5M**



Trademark Litigation

\$ Disputed

less than \$1M | **\$354K**

\$1M - \$10M | **\$670K**

\$10M - \$25M | **\$1.1M**



Copyright Litigation

\$ Disputed

less than \$1M | **\$325K**

\$1M - \$10M | **\$663K**

\$10M - \$25M | **\$1.1M**

**2015 AIPLA Report of the Economic Survey- Litigation Costs reported are average litigation costs through trial, without assessed damages and/or settlements.*

IP Insurance Products

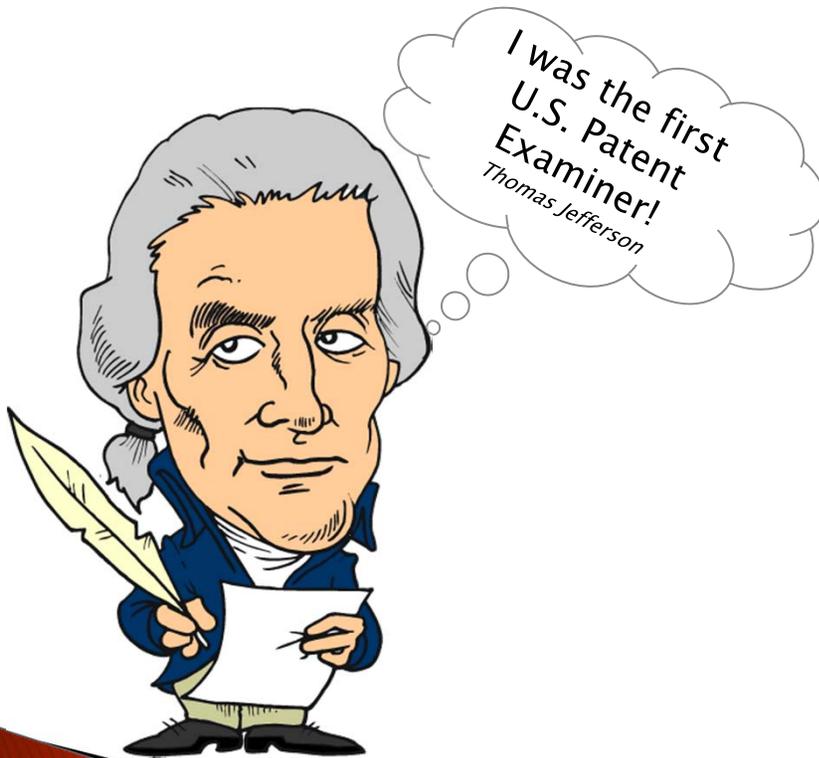
IP Insurance is a cost effective risk management tool for protecting market share, especially in highly competitive industries.

- ▶ **Enforcement**: Helps pay the cost to enforce IP rights against infringement.
- ▶ **Defense**: Helps pay the cost to defend against charges of IP infringement made by competitors.
- ▶ **IP Multi Peril**: Reimburses losses which are a consequence of losing an IP lawsuit.
- ▶ **Unauthorized Disclosure**: Helps pay the cost for unintentional exposure of a third party's entrusted confidential information.
- ▶ **Collateral Protection**: Insures the value of patents to be used as collateral for a loan, with default of that loan covered by the insurance.
- ▶ **Post Grant Patent Defense**: Helps inventors pay the costs of fighting AIA attacks and maintaining the validity of the patent in question.
- ▶ **Troll Defense**: Helps pay infringement charges brought by pre-identified patent trolls and/or previously troll-asserted unknown patents.

Fun Facts About U.S. Patents

8.99 Million

U.S. patents granted since 1790



IP Risk, Concerns and Exposures

- ▶ Do you have valuable pending or issued patents, trademarks, copyrights or trade secrets?
- ▶ Does your business have valuable trade secrets in its products and/or processes needing protection?
- ▶ Does your current market share make you threatening to your competitors with patents?
- ▶ Does your business provide sufficient funds for self-insurance of even the average cost of a single IP lawsuit?
- ▶ Does your business safeguard a third party's confidential information?
- ▶ Do your license agreements contain legal obligations to indemnify customers against IP infringement?
- ▶ Is there a recovery plan in place in the event of the loss of an IP lawsuit?
- ▶ Does your business operate in an industry targeted by Patent Trolls?

Early Stage/Start-Ups/Small/Mid-Sized Companies

Companies with limited funds available for unexpected IP litigation costs need IP insurance to:

- ▶ Pay legal costs to enforce ideas stolen by competitors or defend IP infringement charges
- ▶ Level the field with companies using IP litigation as a strategic business practice to leverage the market in their favor
- ▶ Stay in the fight and prevent forced settlements
- ▶ Allow courts to make decisions on the case merits
- ▶ Offer confidence that a company can't simply be spent out of business with a frivolous lawsuit

Large Companies

- ▶ Companies may have adequate funds, but their bottom line benefits by transferring IP litigation risk with insurance:
- ▶ Contractual Indemnification | Meet contractual indemnification requirements
- ▶ License Agreements | Meet licensee indemnification requirements and can offer coverage to enforce patent rights against licensees of IP
- ▶ Supplier Agreements | Meet supplier indemnification requirements, UCC warranties of non-infringement and additional insured options

Actual Industry Examples

	Industry	Policy Limits	SIR	Premium	Top 10 Most Litigated Industries
Enforcement	Management Consulting Services	\$3M/\$3M	\$60,000	\$23,000	± Business/Consumer Services
	Waste Water Treatment Industry	\$1M/\$1M	\$20,000	\$15,000	± Industrial/Construction
	Compliance Technology Tools and Services	\$1M/\$1M	\$60,000	\$14,000	± Computer Hardware
	Software Technology	\$2M/\$2M	\$60,000	\$16,000	± Software
Defense	Manufacturing Technology	\$2M/\$2M	\$40,000	\$39,000	± Industrial/Construction
	Wireless Communications	\$5M/\$5M	\$100,000	\$53,000	± Telecommunications
	VoIP Technology Services	\$2M/\$2M	\$300,000	\$55,000	± Telecommunications
	Software	\$2M/\$2M	\$40,000	\$88,000	± Software
	Medical/Surgical Devices	\$2M/\$2M	\$250,000	\$29,000	± Medical Devices
	Medical/Pharma	\$8M/\$8M	Stepped Up to \$1M	\$467,000	± Pharmaceuticals

Features To Look For In An IP Policy

- ▶ Target markets: Startups and small, mid-sized and large companies
- ▶ Limits up to \$10 million available; higher limits may be available
- ▶ Worldwide coverage
- ▶ Policy terms up to 3 years
- ▶ Financing available
- ▶ Litigation Management Services included

Case Study

Total Defense Cost: Over \$3.3 million | Length of Litigation: 6 years

Sued by fitness industry leader that brought groundless infringement charges

- ▶ Octane won at the district and appellate court levels
- ▶ Octane sought reimbursement of legal fees on the grounds that the case should never have been filed
- ▶ Case heard by US Supreme Court seeking the reimbursement of attorney's fees
- ▶ Landmark decision - Octane won and reset the standard for awarding attorney's fees
- ▶ IPISC stands by Octane, reaffirming their commitment of full policy resources to help defend infringement charges

Thank You!



Michael C. Cannata, Esq.
Partner
Rivkin Radler LLP



Frank Misiti, Esq.
Partner
Rivkin Radler LLP



Robert W. Fletcher
CEO/President
IPISC Patent Insurance

THE DEVELOPMENT AND STATUS OF THE INTELLECTUAL PROPERTY INSURANCE MARKET

By: Robert W. Fletcher, President

Intellectual Property Insurance Services Corporation (IPISC)

The Development of IP Insurance

Intellectual property (IP) being an intangible asset is not thought of as being destructible in the physical sense. Consequently, Intellectual Property was not thought of as being the subject of generally known forms of insurance. Moreover, accountants have long been perplexed in their attempts to value intellectual property for purposes of reflecting its worth on the corporate books thus, further frustrating attempts at traditional insurance coverage. Conventional thinking led to the conclusion that without knowing its value it was impossible, or at least impractical, to insure IP. However, the simple observation that IP serves as a “ticket to the courtroom” leads to the inescapable conclusion that, for most coverages which transfer legal risk, it is not necessary to value the IP. Instead it is more important to determine the “amount in controversy”. For it is the “amount in controversy” according to the American Intellectual Property Law Association (AIPLA) studies that determines the litigation costs and thus the amount of insurance required.

In the years since 1990, the focus has been on creating and managing IP insurance programs. The first policy, which is now a core product, intellectual property enforcement, provides funds to enable IP owners to litigate to enforce their patent, copyright and/or trademark rights against infringers.

The second IP policy introduced, also a core product, is a defense policy that provides indemnification of litigation expenses in the event that an infringement allegation was made against the Insured. The defense policy also includes coverage for damages payable to the adversary if the defense is unsuccessful.

Other additional IP insurance policies were created, the most important of these being Multi-Peril, a first party coverage for ancillary losses caused by various adverse happenings to IP or as a result of an IP lawsuit; and, the IP Collateral Protection Insurance product which offers parties the ability to use their interest in a specific item of IP as collateral for a loan.

The Development of IP Defense Insurance

As competition developed among insurance companies for commercial business, broader and broader coverage was sold. In keeping with this movement, ISO, an organization supported by the insurance industry to standardize policy language and forms, promulgated in 1973 a broad form liability endorsement for Commercial [then called Comprehensive] General Liability (“CGL”) policies. It was this broad form policy which gave rise to litigation against insurance companies seeking to require them to cover IP defense lawsuits.

For the most part, coverage of IP defense suits was forced upon insurance companies by the courts. For example, policies designated as comprehensive general lines (CGL) policies have been held by courts to include a duty to defend and indemnify the insured in the event of patent litigation. See [Aetna Casualty & Surety Co. v. Watercloud Bed Co.](#), U.S. Dist. Lexis 17572 (1988) and [Intex Plastics Sales Co. v. United National Insurance Co.](#), 18 U.S.P.Q. 2d 1567 (C.D. Cal. 1990). Needless to say, the issuers of such policies

have vigorously resisted the broadened interpretation of coverage – and with a significant degree of success. See *National Union Fire Insurance Co. v. Siliconix*, 729 F. Supp. 77 (N.S. Cal. 1989). Thereafter, ISO issued successive model CGL policies, each being successively more restrictive in coverage of IP litigation until today the coverage is only found if the asserted patent claims cover an act of advertising which the Insured is performing.

The Development of Enforcement Insurance

Concomitantly with the judicial development of defense insurance, the market was developing IP infringement/enforcement insurance policies. There were two obstacles to overcome in insuring patents. The first was how to determine the amount the policy should pay. To solve this problem one must recognize that a patent need not be valued in absolute dollars for purposes of insuring its enforcement. This is because the loss that the insurance will pay is the cost of suing on the patent i.e. litigation costs. Thus the valuation difficulty is by-passed. This was the first innovative step in a business method patent on Intellectual Property Insurance.

The second obstacle was to determine how to make insurance work in the context of a small base of Insureds and high claims amounts. This second problem is best illustrated by comparing IP coverage to automobile insurance. There are in excess of 220 million registered automobiles in the United States, and the typical claim for an injury accident is \$61,600.00. In contrast there are only approximately 3.1 million unexpired patents in the United States and the median claim for enforcement, is 2.5 million dollars. These high claims costs and the small base suggests that spreading the risk according to the law of large numbers will be a challenge in the patent insurance scenario. It is important to realize, however, that when a patent suit is won there is an Economic Benefit in the terms of recovery of a reasonable royalty or loss of profits. The second innovative step was to require insureds to share this “Economic Benefit”.

Consequently, it is only when the suit is lost, i.e. there is no recovery, that the insurance company can realize a substantial loss. Upon making these observations the challenge becomes selecting as insurable only those intellectual properties which more likely than not would be held to be valid and enforceable.

The Development Of Multi-Peril IP Insurance

The next policy to be developed was the multi-peril policy. In essence it is a policy that provides first party coverage. The logic was simply that coverage should be available for the insured to cover losses such as business interruption and like consequences arising from an IP lawsuit loss. The analysis for the three above coverages is always the same: will there be a lawsuit and will the insured win or lose? The multi-peril coverage can easily be added to defense or abatement coverage as a rider.

Other policies such as Unauthorized Disclosure of Trade Secrets, IP Troll Defense Insurance, Post-Grant Defense Policy and IP Damages Only Policy have been created to serve niche markets associated with the core policies.

The Status Of The Intellectual Property Insurance Market

Intellectual Property Insurance is on the rise to notoriety worldwide. This rise in popularity is long overdue. In the '90s and thereafter many caustic articles berating intellectual property insurance were written.⁽¹⁾ Nevertheless, IP insurance made sense simply because the high cost of litigation prevented average intellectual property owners from being fully engaged in enforcing their IP rights and enhancing their competitive position. But the challenge of establishing IP insurance was formidable. When the concept was first introduced three primary business groups stood staunchly against it.

First, the lawyers did not endorse it because they were concerned that insurance companies would behave like they had in some of the commodity insurances and appoint their own defense counsel when a claim was made. The perceived high probability of losing very profitable litigation was a major factor in the resistance.

Second, the insurance agents were against it because it was very complex to learn and understand; sales were infrequent and so the investment of time to learn the products did not promise to result in adequate compensation. Moreover, the rationale of both lawyers and agents for not recommending it was the limits were too low, the cost was too high and there was limited coverage provided by only one carrier.

Lastly, the insurance carriers had no experience in intellectual property claims and had concerns about the profitability of such insurance.⁽²⁾ Unfortunately these concerns were exacerbated by major carriers such as AIG and Chubb getting into the business without understanding it and suffering very significant losses. Thus, it was the perfect storm focused against intellectual property insurance ever becoming a standard, widely accepted insurance.

However, as time passed and small policies were successfully written, the insurance carriers became satisfied that the IP book could be profitable. Likewise the lawyers saw the benefits of a stable insurance payer of claims on a regular basis and the agents and brokers became somewhat more familiar with the products. This did not start a rapid transition but slowly the tide turned. Two landmark cases in patent law catalyzed a change in intellectual property when business methods and software were held to be patentable.⁽³⁾

A flood of patents covering these subjects were applied for and summarily passed to issue through the patent office. As time progressed, legal opportunists realized that this flood of hurriedly granted patents, were extremely broad and of low quality; and could be exploited; they were inexpensive to acquire, yet nevertheless could be used to leverage settlement money from unsuspecting victims fearing high litigation costs. Certain entities which are now referred as Patent Assertion Entities (sometimes pejoratively referred to as Trolls) recognized a business opportunity and began to acquire and assert these patents in an extortionist, but nonetheless completely legal manner.

With respect to the development of Intellectual Property insurance and the Collateral Protection Insurance counterpart, the "*Science and Technology Law Review*" article of J. Rodrigo Fuentes⁽⁴⁾ is a good starting place since it was specifically critical of IP enforcement and defense policies. The article begins by referring to Amedee Turner's work in studying the feasibility of a mandatory European Union-wide patent insurance scheme in early 2006.⁽⁵⁾ It finally concludes in typical scholarly fashion that more money was needed for more studies to "detail a functional program which avoids the identified pitfalls of the policy specimens and provides the statistical feasibility of a sub \$1000 premium". Note: currently each of the provisions identified as pitfalls still remain in the policy ten years later and the premium floor, not ceiling, is \$1,000.

Things continued to brighten for the intellectual property insurance industry and finally, favorable articles started appearing. In 2010 an IP litigation attorney, Rudy Telscher of Harness, Dickey & Pierce, wrote a supportive newsletter article read by many colleagues.⁽⁶⁾ Thereafter articles with titles such as “CEOs/Insurers Finally Ready to Embrace Intellectual Property Insurance” (9/9/2013) followed.⁽⁷⁾ Then blogs were written and enthusiasm grew. An article was published in December 2015 entitled “Intellectual Property Insurance is Evolving.”⁽⁸⁾

Concurrently, in April 2015 the US Supreme Court decided a landmark case, Octane Fitness v. Icon Health and Fitness that makes it easier to recover litigation defense expenses where the case against the defendant is “exceptional” in the sense of being particularly ill-founded. It soon became known that the case had been paid for in major part by an insurance policy (issued by IPISC) and things continued to expand from there.

In 2016 a flurry of articles began appearing, written principally by lawyers encouraging the use of intellectual property insurance. For example, one such article was entitled “How Insurance Can Save You Millions in IP Litigation.” by Tara Kowalski, Partner and Alexis A. Smith, Associate, Jones Day, April 19, 2016.⁽⁹⁾

The articles are not limited to the United States in as much as one is entitled “India: Intellectual Property Insurance: A Future Game Changer” by Martand Nemana of Singh and Associates from India.⁽¹⁰⁾ Another article originally appearing in “The Scotsman” appeared at the end of September 2016. It was the product of a British firm, Marks & Clerk of London. It suggests the use of intellectual property insurance for funding IP litigation in Scotland.⁽¹¹⁾ In September of 2016 an article with the title “Why Intellectual Property Insurance Makes Sense” was published. It was written by Lawblogger and can be found at <http://legalteamusa.net/tacticalip/2016/09/20/>.⁽¹²⁾

The Development Of The Market For CPI Insurance

Concurrently with the development of the market for the more customary forms of intellectual property insurance there arose, a demand for collateral protection IP insurance.

This insurance was not new to IPISC since it had been proposed by IPISC as documented in an article entitled “Patent Backed Securitization: Blueprint for a New Asset Class” by David Edwards, Gerling NCM.⁽¹³⁾

Interestingly, the former XL CEO Bryan O’Hare, proposed the same collateral protection insurance in 2012 as revealed in an article appearing in *The Official Journal of the Bermuda Insurance Industry*.⁽¹⁴⁾ This announcement was eleven years after the David Edwards article which mentioned XL in connection with the earlier CPI policy. Mr. O’Hare announced that he and his business partners are/were “on the goal line” as they pursue regulatory approval for a new product (CPI) that could generate one billion dollars in premium in the Bermuda insurance market....

In the fall of 2014, another reference to using intellectual property as collateral appeared in a publication by Stout, Risius and Ross, a global financial advisory service. It suggested purchasing intellectual property enforcement insurance to compliment the CPI insurance.⁽¹⁵⁾

Also an article appeared in the January 2016 ABF Journal entitled *“Intellectual Property Asset Value as Collateral: The Increasing use of Patents as Collateral in Asset Based Lending.”*⁽¹⁶⁾ The author, Sung Kim of Appraisal Economics, discussed the emerging trend of using patents as collateral in asset based lending.

This corroborated an initiative to calculate the potential of the CPI insurance market. Experts were consulted and final result was a base case projection of potential gross written premium and (consistent with Mr. O’Hare’s suggestion) an upside case was derived.

The projections of the potential for CPI premium⁽¹⁷⁾ under both cases are:

Program Premium Projections - NEW Products:										
10-year GWP by product line:		BASE CASE								
	Projections>>>>>>:									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
IP CPI Policies:										
IP CPI	\$2,940,000	\$5,110,000	\$8,580,000	\$14,400,000	\$22,570,000	\$25,130,000	\$27,690,000	\$30,460,000	\$33,790,000	\$37,120,000
Required Abatement & Defense for CPI	\$2,195,100	\$3,837,360	\$6,064,980	\$9,772,260	\$15,268,140	\$16,926,660	\$18,585,180	\$20,422,560	\$22,633,920	\$24,845,280
Total CPI Related:	\$5,135,100	\$8,947,360	\$14,644,980	\$24,172,260	\$37,838,140	\$42,056,660	\$46,275,180	\$50,882,560	\$56,423,920	\$61,965,280

Program Premium Projections - NEW Products:										
10-year GWP by product line:		UPSIDE CASE								
	Projections>>>>>>:									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
IP CPI Policies:										
IP CPI	\$10,820,000	\$32,850,000	\$66,750,000	\$131,560,000	\$271,040,000	\$433,810,000	\$565,390,000	\$675,520,000	\$830,330,000	\$1,026,660,000
Required Abatement & Defense for CPI	\$5,658,480	\$14,780,340	\$30,454,980	\$57,479,100	\$115,104,540	\$182,616,060	\$236,843,160	\$282,875,220	\$347,898,960	\$430,369,680
Total CPI Related:	\$16,478,480	\$47,630,340	\$97,204,980	\$189,039,100	\$386,144,540	\$616,426,060	\$802,233,160	\$958,395,220	\$1,178,228,960	\$1,457,029,680

An article appeared in the National Trademark Review in November of 2016.⁽¹⁸⁾ It pointed out that intellectual property insurance is becoming ever more popular overseas and is being supported by the governments of several countries. The British government is one example where their concern is that there is less innovation since innovators are unable to see a clear path to exclusivity. Moreover, both the Japanese and Chinese governments are creating financial incentives for their domestic companies to obtain IP insurance. The caveat here is that in the future, Japanese and Chinese competitors may be well funded by IP insurance as they penetrate international markets.

Continuing Updates:

Patent Reform and the New Insurance Market that May Follow ¹⁹ Cambridge Network Ltd. of England predicts growth of IP insurance in US. (11/29/2016)

The beat goes on as Wilbur Ross, the new Secretary of Commerce, a pro-patent advocate , described using patents as collateral for loans as not controversial or exotic. ²⁰

The Betterly Report for 2017 ²¹ identifies Tokio Marine Kiln as providing IP Financial Loss coverage. Representative agents have described this coverage as being similar to CPI coverage. Also in the report, Liberty Specialty Markets is reported to offer coverage which “can also be tailored to insure IP portfolio value”. And OPUS Underwriting offers a product called OPUS Value TM which “provides cover for loss of revenue following an impairment of rights. (Worldwide jurisdiction available)”.

Most surprisingly, a foreign country is now seeking to insure all the US Patents granted to its inventors for enforcement.

In total it is clear to see that interest in intellectual property insurance and, specifically in Collateral Protection Insurance, is burgeoning. The time is right to take advantage of this embryonic market.

End Notes

1. Fuentes, J. R. (2009). Patent Insurance Toward a More Affordable, Mandatory Scheme? *Science and Technology Law Review*.
2. Betterly, R. (2004). An Overview of the Intellectual Property Insurance Market. *The Betterly Report*.
3. US Court of Appeals (1999). AT&T Corp v Excel Communications, Appellate Decision
US Court of Appeals (1998). State Street Bank & Trust Co. v. Signature Financial Group, Appellate Decision
4. Ibid see end-note 1
5. Consultants, A. T. (2006). *A Study for the European Commission on the feasibility of possible insurance schemes against patent litigation risks*.
6. Telscher, R. (2010). Supporter of IPISC Insurance Policies.
7. Journal (2013). CEOs, Insurers Finally Ready to Embrace Intellectual Property insurance? *Insurance Journal*
8. Alsegard, E. (2015). Intellectual Property Insurance is Evolving. *Insuranceday*.
9. Smith, T. K. (2016). How Insurance Can Save You Millions in IP Litigation. *Apparel Magazine*.
10. Nemana, M. (2016). India: Intellectual Property Insurance: A Future Gamechanger? *Mondaq*.
11. Clark, M. &. (2016). Funding IP Litigation in Scotland. *AIPLA Newstand*.
12. Blogger, L. (2016). Why Intellectual Property Insurance Makes Sense. *Legal Team USA*.
13. Edwards, D. (2001). Patent Backed Securitization: Blueprint for a New Asset Class. *Gerling NCM*.
14. O'Hare, B. (2012). CPI Insurance Bermuda. *Insurance Day Summit Bermuda*.
15. Bruce Burton, E. B. (2014). Financing Alternatives for Companies: Using Intellectual Property as Collateral. *Stout/Risius/Ross* .
16. Kim, S. (2016). IP Asset Value as Collateral: The Increasing Use of Patents as Collateral in Asset-Based Lending. *ABF Journal*.
17. IPISC (2016). Ten Year Projection CPI Premiums
18. Bloom, David (11/2/2016). Reducing your Premium (relates to the purchase of IP insurance); *World Trademark Review*.
19. *Cambridge Network Ltd. Of England (11/30/2016)*. Patent Reform and the New Insurance Market that May Follow.
20. Harter, Peter (12/6/2016). Wilbur Ross: Zero Tolerance of IP Theft. *IP Watchdog*
21. Betterly, R. (2017). An Overview of the Intellectual Property Insurance Market. *The Betterly Report*.

BIOGRAPHICAL INFORMATION

MATTHEW G. EZELL **Ford Bubala & Associates**

Matthew G. Ezell is a partner in the marketing research and consulting firm of Ford Bubala & Associates, located in Huntington Beach, California. As a partner at Ford Bubala & Associates, Matt has been engaged in commercial marketing research and consulting projects in a variety of areas in the consumer product, industrial product, and service sectors of the economy.

For sixteen years, Matt has participated in litigation-related consultancies involving intellectual property matters, including matters pending before U.S. federal courts, the Trademark Trial and Appeal Board of the U.S. Patent and Trademark Office, and the International Trade Commission. He has also participated in litigation-related consultancies involving intellectual property matters in Canada.

In 2017, Matt authored Intellectual Property Surveys: 2016, which is the latest paper in a series of regular compendiums of excerpts from case opinions covering surveys on genericness, descriptiveness/suggestiveness, secondary meaning, likelihood of confusion, false and/or misleading advertising, fame, and dilution. This paper was published by Ford Bubala & Associates and was also published electronically by the INTA.

Matt holds a Bachelor's Degree in Japanese (B.A.) from California State University, Fullerton and a Master's Degree in Linguistics (M.A.) from California State University, Long Beach. Matt also has a Graduate Certificate in Survey Research from the University of Connecticut.

Matt is a member of Insights Association (a merger of The Marketing Research Association (MRA) and the Council of American Survey Research Organizations (CASRO)), the American Marketing Association (AMA), the American Association for Public Opinion Research (AAPOR), and the International Trademark Association (INTA).

Matt is also a member of the Article Solicitation and Development Sub-Committee of the Trademark Reporter (TMR).



BEST OF BREED
BRANDING CONSORTIUM

Rob Wallace
Managing Partner, Best of Breed Branding Consortium

**Expert Witness: Trademark, Trade Dress, Copyright Infringement
and All Branding Related Matters**

Ask Rob Wallace what he does for a living and he'll tell you that he has the world's best job. As Managing Partner of Best of Breed Branding Consortium, Rob leads an interdisciplinary team of branding consultants dedicated to proving the value of brand message integration across every consumer touch point.

In addition, Rob has been a leading expert witness on all Lanham Act issues since 2001.

Unlike an academic expert, Rob has a 35+ year expertise as a branding consultant. Prior to founding BBBC, Rob was the managing partner of Wallace Church, Inc for nearly 30 years, where he advised Procter & Gamble, Pepsico, Nestle, Pfizer, Heinz, Colgate-Palmolive, Revlon, Target, Bacardi, Microsoft, The Home Depot, PNC bank and more than three dozen corporations of equal caliber.

Rob has lectured more than 50 industry events across the US, Europe, Latin America and Asia. He served on the Board of Directors of the Design Management Institute, and co chaired its Design Value Project. He lectures at Columbia Business School, Georgetown University, The School of Visual Arts and several other MBA programs.

Brand identity is not just Rob's job; it's his passion. Often referred to as "*the thought-leader on quantifying branding's return on investment*", Rob sees his primary goal as proving that integrated branding is a marketer's single most effective branding tool.

Trademark/Trade Dress/ Copyright Infringement:

**A View From the Branding and
Survey Design Perspective**

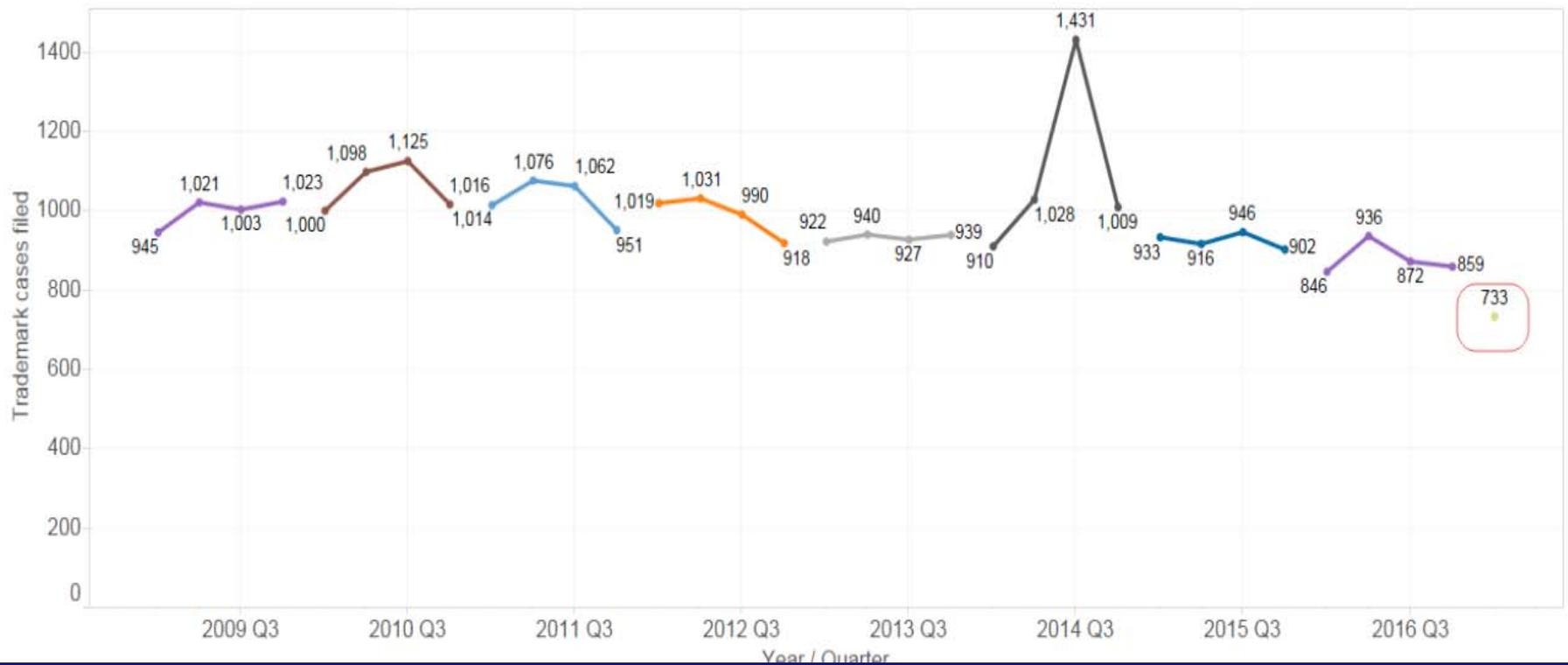
**NYIPLA
July 19, 2017**

Speakers

- Rob Wallace
Managing Partner, Best of Breed Branding Consortium
- Matt Ezell
Partner, Ford Bubala & Associates

Increase in Trademark Infringement Cases

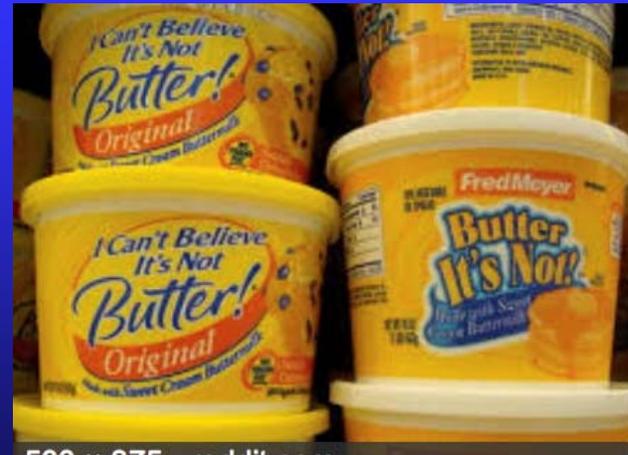
Fig. 8: Trademark cases filed, 2009 - 2017 Q1, by quarter



Unique Insights



fakebook



LANHAM ACT SURVEYS 2013-2016

Reported Opinions – Surveys Referenced 203

<u>Survey Issues</u>	<u>Number of Surveys</u>
Likelihood of Confusion	90
Secondary Meaning	37
Genericness	27
False Advertising	27
Dilution	11
Fame	4
Other	13

FACTORS TO CONSIDER IN THE DESIGN AND USE OF SURVEYS IN LITIGATION

- The following slides are general guidelines
- The applicability of these following guidelines will depend on the facts of a case

FACTORS TO CONSIDER IN DESIGN AND USE OF A SURVEY IN LITIGATION

- Issue
- Forum (State, Federal, TTAB, mediation, etc.)
 - Stimulus preferences
- Universe (forward vs. reverse confusion)
- Methodology (internet, mall, phone, etc.)
- Questions and Procedures (Eveready vs. Squirt)
- Stimulus (test and control)
- Cost (omnibus < pilot < full study)
- Timing (typically 6-8 weeks or more)

FACTORS TO CONSIDER IN THE DESIGN AND USE OF SURVEYS IN LITIGATION

- **Forum**
 - Example from Federal Court



- Example from TTAB

GAGA JEANS

Jeans

FACTORS TO CONSIDER IN THE DESIGN AND USE OF SURVEYS IN LITIGATION

- **Universe** (using Likelihood of Confusion as an example)
 - Forward confusion (most common):
consumers of junior user's class of goods/services
 - Reverse confusion:
consumers of senior user's class of goods/services

FACTORS TO CONSIDER IN THE DESIGN AND USE OF SURVEYS IN LITIGATION

- **Methodology**
 - \$ Internet (e.g., convenience panel vs. probability panel)
 - \$\$ Intercept (e.g., mall, trade show)
 - \$\$\$ Phone (e.g., RDD, listed sample)
 - \$\$\$ Phone-internet

FACTORS TO CONSIDER IN THE DESIGN AND USE OF SURVEYS IN LITIGATION

- **Questions and Procedures**
 - Historically surveys asked about source and other products
 - Amendment to Lanham Act later included concepts of authorization/approval and business affiliation/connection
- **Survey Question Formats**
 - Eveready
 - Squirt

FACTORS TO CONSIDER IN THE DESIGN AND USE OF SURVEYS IN LITIGATION

- **Test stimulus**

Point-of-sale example:

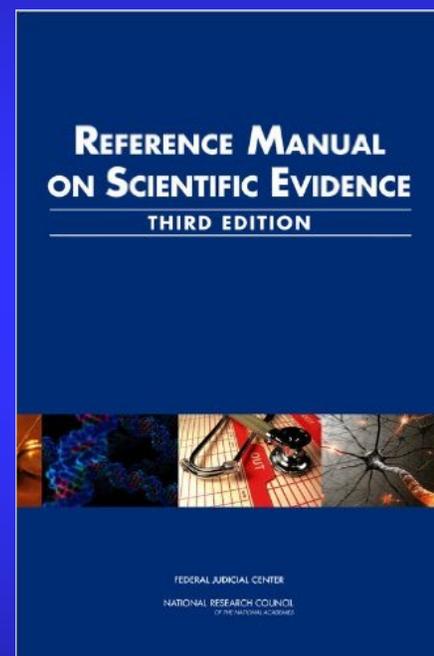


Post-sale example:



FACTORS TO CONSIDER IN THE DESIGN AND USE OF SURVEYS IN LITIGATION

- **Control stimulus**
 - “...the expert should select a stimulus for the control group that shares as many characteristics with the experimental stimulus as possible, with the key exception of the characteristic whose influence is being assessed.”



FACTORS TO CONSIDER IN THE DESIGN AND USE OF SURVEYS IN LITIGATION

- Test examples:

FACEMAIL

E-mail data services,
Providing e-mail and instant messaging services,
Providing e-mail services,
Secure e-mail services



- Control examples:

THINKMAIL

E-mail data services,
Providing e-mail and instant messaging services,
Providing e-mail services,
Secure e-mail services



FACTORS TO CONSIDER IN THE DESIGN AND USE OF SURVEYS IN LITIGATION

- **Approximate cost**
 - Omnibus for demographics - \$1500
 - Pilot study (n=100) - \$12k to \$20k
 - Full study including report (price includes pilot) - \$40k to \$100k
- Omnibus as a mini-study - \$1500 and up

References

- Diamond, Shari Seidman, and Jerre B. Swann, eds. “Trademark and Deceptive Advertising Surveys: Law, Science, and Design.” American Bar Association, Section of Intellectual Property Law, 2012.
- Diamond, Shari Seidman, Reference Guide on Survey Research, in “Reference Manual on Scientific Evidence,” Federal Judicial Center. (2011): 359.
- McCarthy, J. Thomas, “McCarthy on Trademarks and Unfair Competition.” Vol. 6 § 32:158.
- Ezell, Matthew G., “Intellectual Property Surveys: 2016.” An electronic copy of this and previous articles may be found at fordbubala.com/articles or the members-only section of the INTA.

THANK YOU

QUESTIONS?

Rob Wallace

Rob@RobWallaceExpert.com
(917) 860-0319



Matt Ezell

matte@fordbubala.com
(562) 592-4581





Dyan Finguerra-DuCharme

Partner
7 Times Square
New York, NY 10036
212-326-0443 tel
dfinguerra-ducharme@pryorcashman.com

Partner Dyan Finguerra-DuCharme is a member of Pryor Cashman's Intellectual Property, Litigation, Digital Media and Media + Entertainment Groups. Providing clients with end-to-end service, from strategic counsel to prosecuting and defending IP litigation, Dyan has earned the reputation as the go-to lawyer for trademark, trade dress, false advertising, patent and copyright disputes.

Companies ranging from small startup Bitcoin companies to Fortune 100 corporations and scores of famous artists rely on Dyan's experience and counsel. Among the clients for whom Dyan has worked in securing and enforcing their brands are one of the world's leading luxury jewelry and watch groups, one of the world's leading cosmetics companies, a premier car and power equipment manufacturer, and a national financial services firm.

A force in the courtroom, Dyan has an impressive record of wins for clients in IP-related and other litigation including:

- Prevailing before the Trademark Trial and Appeal Board (TTAB) on behalf of Honda against an applicant seeking to register a mark that was confusingly similar to Honda's registered "Aero" and "Shadow Aero" marks
- Successfully obtaining dismissal of a trademark infringement suit brought against Kanye West in connection with a film entitled "Loisaidas"
- Prevailing before the Trademark Trial and Appeal Board on behalf of Stefani Germanotta p/k/a Lady Gaga against an applicant seeking to register the mark GAGA JEANS
- Playing an instrumental role in Kanye West's trademark infringement victory that stopped the developers of the COINYE WEST cryptocurrency from using his name and likeness in the highly unregulated field of Bitcoins and other virtual currency
- Securing 24 permanent injunctions in separate litigations against entities selling products that were confusingly similar to and diluted the value of Pfizer's famous Viagra® product
- Recovering more than 100 domain names that incorporated clients' trademarks (including Lady Gaga and Wiz Khalifa's) or confusingly similar variations in proceedings before the World Intellectual Property Organization (WIPO)

Protecting Clients' Trademarks in the Global Marketplace

Dyan manages large-scale trademark vigilance programs, prosecutes trademarks on a global basis and provides opinions on the availability of trademarks in the U.S. She regularly litigates trademark and unfair competition cases in federal and state court and before foreign tribunals. Actively pursuing and defending contested matters before the Trademark Trial and Appeal Board (TTAB), Dyan has achieved dozens of wins for clients, some after full trial and many on successful summary judgment or dismissal motions early in the case. Active in numerous industry associations, Dyan is the attorney of record on numerous amicus briefs submitted to the U.S. Supreme Court on behalf of the New York Intellectual Property Law Association.

Education

- J.D., Brooklyn Law School, 1996
- B.A., Hamilton College, 1992

Admissions

- New York
- U.S. Supreme Court
- Federal Circuit
- U.S. District Courts for the Southern, Eastern and Western Districts of New York
- U.S. District Court for the Western District of Michigan

HON. GERARD F. ROGERS

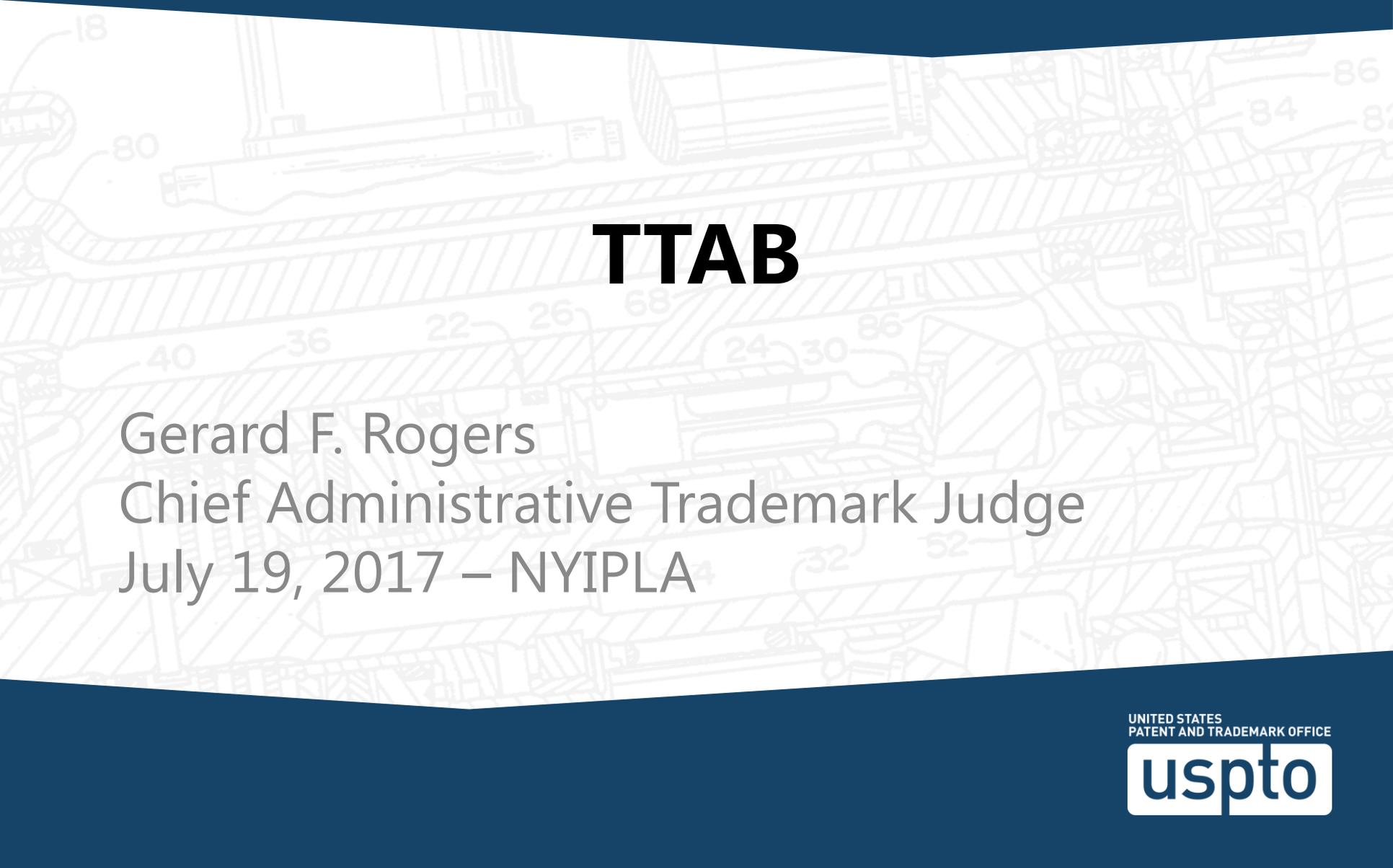


Gerard Rogers is a member of the Senior Executive Service and serves as Chief Administrative Trademark Judge of the USPTO Trademark Trial and Appeal Board. As chief judge, he has management responsibility for the processing of trademark appeals, oppositions, and cancellation proceedings; the preparation and issuance of precedential decisions of the Board; and collaboration with stakeholders to enhance Board processes and procedures.

He joined the Patent and Trademark Office as a trademark examining attorney in 1987. From 1990 to 1992, he worked as a staff attorney for the Assistant Commissioner for Trademarks.

Mr. Rogers joined the Trademark Trial and Appeal Board in 1992 as an interlocutory attorney and held that position until he was appointed to the position of administrative trademark judge in 1999. In 2009 he accepted an appointment as Acting Chief Administrative Trademark Judge, and in 2010 the word Acting was removed from the title.

Mr. Rogers is a graduate of New England School of Law and the University of Massachusetts/Amherst.

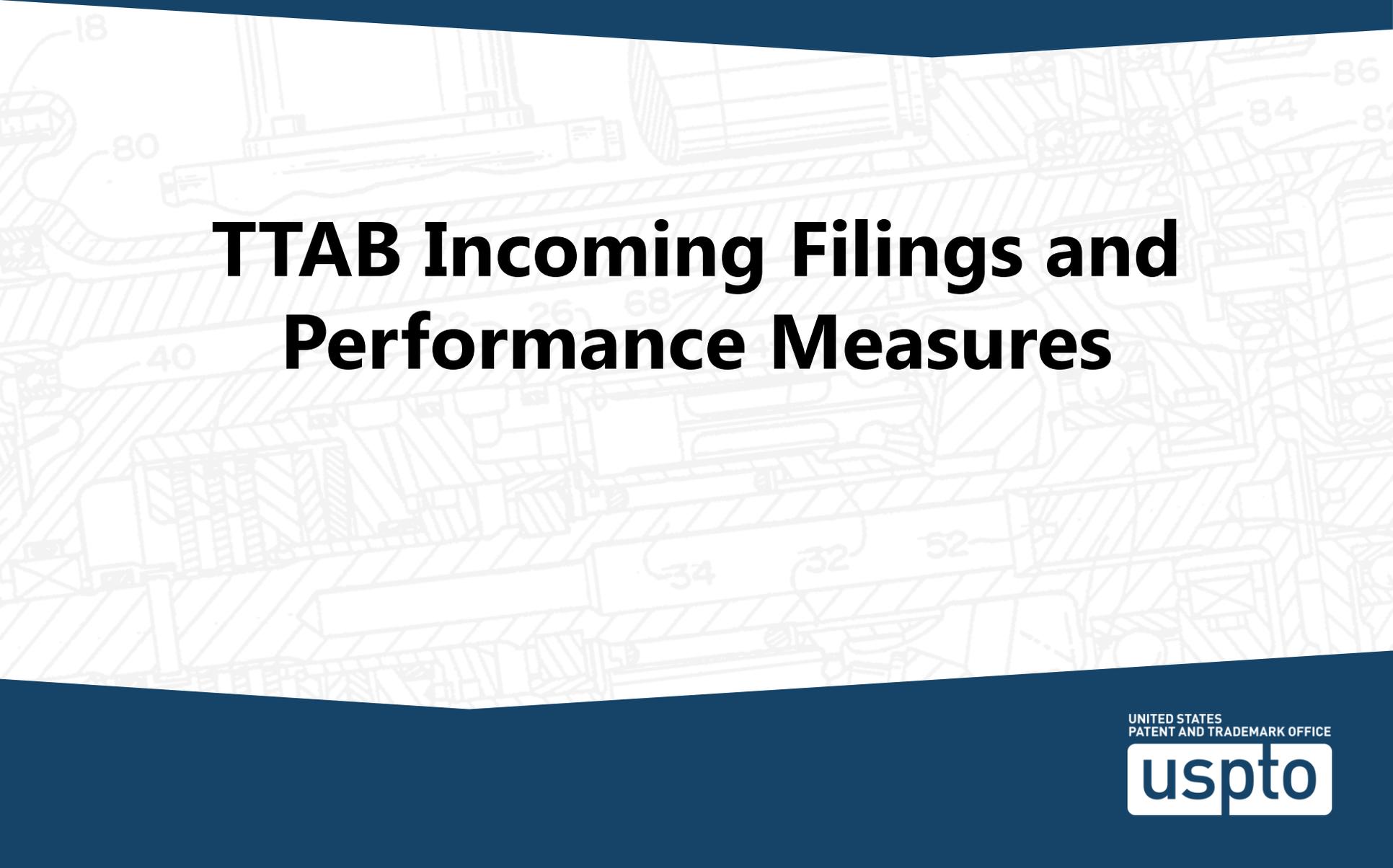


TTAB

Gerard F. Rogers
Chief Administrative Trademark Judge
July 19, 2017 – NYIPLA

UNITED STATES
PATENT AND TRADEMARK OFFICE



The background of the slide is a light gray technical drawing of a mechanical assembly, possibly a piston or a similar component. It features various parts with hatching and is annotated with numerous numerical callouts such as 18, 80, 40, 26, 68, 84, 86, 82, 34, 32, and 52. The drawing is oriented horizontally and occupies the central portion of the slide.

TTAB Incoming Filings and Performance Measures

UNITED STATES
PATENT AND TRADEMARK OFFICE



FY 2017 TTAB Performance Measures	FY 2016 EOY Results	FY 2017 Actual, Target or Projected	Through June 2017	Variance
JUDGES and ATTORNEYS		(actuals)		
Administrative Trademark Judges	24	24	24	On target
Interlocutory Attorneys	14.6	14.6	13.6	
FILINGS				
Notices of Appeal	3,121		2,418	+3.3%
Extensions of Time to Oppose	19,055		13,709	-4%
Notices of Opposition	5,881		4,658	+5.6%
Petitions to Cancel	1,848		1,558	+12.4%

FY 2017 TTAB Performance Measures	FY 2016 EOY Results	FY 2017 Actual, Target or Projected	Through June 2017	Variance
<p>PENDENCY- Contested Motions</p> <p>(1) Measured from ready-for decision until mailing; average of orders on contested motions, excluding precedents, issued during reporting period</p> <p>(2) Age of <u>single</u> oldest contested motion ready for decision at end of reporting period</p>	<p>8.2 weeks</p> <p>11.4 weeks</p>	<p>(targets)</p> <p>8-9 weeks (avg.)</p> <p>12 weeks or less</p>	<p>7.7 weeks</p> <p>21.1 weeks</p>	<p>Better than target</p> <p>Above target</p>
<p>INVENTORY—Contested Motions Ready for Decision</p> <p>The number of cases with contested motions in which briefing was completed, becoming ready for decision, as of the end of the reporting period</p>	<p>117</p>	<p>Cases with Motions</p> <p>145-175 (target)</p>	<p>111</p>	<p>Better than target</p>

FY 2017 TTAB Performance Measures	FY 2016 EOY Results	FY 2017 Actual, Target or Projected	Through June 2017	Variance
<p>PENDENCY- Final Decisions (Cancellations, Oppositions, Ex Parte Appeals) Measured from ready for decision date until mailing for final decisions, excluding precedents, in appeals and trial cases during reporting period</p>	9.2 weeks	10-12 weeks (target)	7.7 weeks	Better than target
<p>INVENTORY—Cases Ready for Final Decision The number of pending appeals and trial cases in which briefing was completed, or in which briefing and arguments were completed, thus becoming ready for decision on the merits, as of the end of the reporting period</p>	Ex Parte Appeals 56 Oppositions 22 Cancellations 5	Total Case Inventory 130-160 (target)	Ex Parte Appeals 67 Oppositions 29 Cancellations 20	116 cases (Better than target)

FY 2017 TTAB Performance Measures	FY 2016 EOY Results	FY 2017 Actual, Target or Projected	Through June 2017	Variance
TOTAL PENDENCY Average total pendency, commencement to completion, excluding precedents				
Appeals (528 decided FY16; 235 in FY17)	39.7 weeks		38.5 weeks	-3%
Trial Cases (158 decided FY16; 79 in FY17)	154.3 weeks		158.9 weeks	+3%
ACR Trial Cases (23 decided FY16; 7 issued in FY17 and 7 assigned and in process)	98.4 weeks		101.2 weeks	+2.8%



TTAB Rulemaking - Context

UNITED STATES
PATENT AND TRADEMARK OFFICE



Notice of Final Rule

- Notice of Final Rulemaking published October 7, 2016 in Federal Register at 81 Fed. Reg. 69950
- Correction Notice (December 12, 2016) at 81 Fed. Reg. 89382
- Effective date of rules January 14, 2017

Significant Changes from NPRM

Eliminated:

- Proposed petition requirement for paper filings other than initial complaints, answers and extensions of time to oppose
- Proposed requirement that cancellation petitioner inform Board of any attorney reasonably believed to represent respondent
- Proposed requirement to notify adverse parties when foreign witness would be present in U.S.

Significant Changes from NPRM

Retained:

- Interrogatories limited to 75 [37 CFR § 2.120(d)]

Added:

- Request for production limited to 75 [37 CFR § 2.120(e)]
- Requests for admissions limited to 75 [37 CFR § 2.120(i)]

Change from NPRM: Motions to serve discovery in excess of limits available -must show good cause

Final Rule

- Applies to all cases pending on effective date or instituted thereafter
- Board attorneys/judges have discretion to extend/reset dates or manage cases commenced prior to effective date based on circumstances and equities of case

Final Rule

- Will enhance efficiency and clarify process in trial and appeal cases
- Will increase use of electronic filing
- Will harmonize rules with existing practice, case law and Federal Rules

Final Rule

- Promotes proportional discovery completed during discovery period
- Distinguishes pre-trial activities from discovery and trial activities
- Introduces more flexibility for parties during trial

Final Rule

- No change to Board processes considered significant by Supreme Court:
 - ✓ Discovery, including depositions
 - ✓ Testimony under oath; cross-examination
 - ✓ Availability of oral argument
 - ✓ Option for de novo review in District Court

Adaptations and Resources

- TBMP revised for deployment and in June 2017, IT enhancements, revised form orders, additional FAQ's on TTAB web page
- Currently at the TTAB's home page:
 - Federal Register notice of final rule & correction
 - Chart summarizing rule changes
 - Highlights of the 2017 amended rules
 - New "Archives" section
 - Rule change FAQs (more coming as developed)



TTAB Rulemaking - Details

UNITED STATES
PATENT AND TRADEMARK OFFICE



Final Rule – Filing and Service

- File only through ESTTA unless prevented by technical problems or extraordinary circumstances:
 - Paper filings for initial complaints, answers and extensions of time to oppose:
 - Require Petition to Director and fee
 - Require showing of technical problems or extraordinary circumstances
 - See 37 CFR §§ 2.101(b)(1) - (3); 2.102(a)(1) - (2); 2.106(b)(1); 2.111(c)(2); 2.114(b)(1)
 - All other paper filings:
 - Do not require a Petition to Director
 - But do require showing of technical problems or extraordinary circumstances
 - See 37 CFR § 2.126(b)
- Extensions of time to oppose and notices of opposition against Section 66(a) applications **MUST** be filed through ESTTA without exception. See 37 CFR §§ 2.101(b)(3) and 2.102(a)(1)

Paper Filing - Technical Problems

- ESTTA is unavailable
 - USPTO will cross-check time and duration of any asserted outage to confirm unavailability
 - Users are encouraged to check USPTO System Status page/TTAB Outage page
- Problems at filer's end
 - Must describe in detail

Paper Filing - Extraordinary Circumstances

- Relevant facts and accompanying evidence
 - Disasters
 - Fire
 - Hurricanes, snowstorms
 - Extended power outages
 - Medical emergencies
- **Remember: Commissioner is not empowered to waive or suspend a requirement of the Trademark Act**

Final Rule: Service on Adversary

- **Plaintiff no longer required to serve complaint on defendant**
 - Proceeding commenced by filing in the Office a timely complaint with required fee
 - See 37 CFR §§ 2.101(a) - (b) and 2.111(a) - (b)
- **Board will issue notice of institution and serve complaint on adverse party with TTABVue link/address**
 - See 37 CFR §§ 2.105(a); 2.113(a)

Final Rule: Electronic Service

- **Except for initial complaint, all documents and filings must be served by email unless parties stipulate to alternative means**
 - Make sure your email and street addresses are up-to-date
 - Parties expected to facilitate electronic communication with Board and each other
- **Absent agreement, documents served by alternative means (e.g., First Class Mail, hand delivery) must be accompanied by written explanation**
- See 37 CFR §§ 2.119(a) and (b)

Final Rule: Suspension Procedure

- **Suspension**

- Board may suspend proceedings *sua sponte* - 37 CFR § 2.117(c)
- Has discretion to condition approval of even consented suspension on providing necessary information about status of settlement talks, discovery, or trial activities - 37 CFR § 2.117(c)
- Proceeding is suspended upon the *filing* of a potentially dispositive motion - 37 CFR § 2.127(d)
- Proceeding is suspended for other motions (e.g., compel) when suspension order is *mailed*
 - No change from prior practice
 - Board retains ability to manage its docket

Final Rule: Response Deadlines

- Additional 5 days for acting within prescribed period no longer allowed - 37 CFR § 2.119(c)
- All 15-day response and reply deadlines for briefing a motion are amended to 20 days - 37 CFR § 2.127(a)
- Summary judgment motions: time for response or filing of motion under Fed. R. Civ. P. 56(d) remains at 30 days; time for reply is amended to 20 days - 37 CFR § 2.127(e)(1)
- Responses to discovery: remain 30 days in accordance with Fed. R. Civ. P. 33, 34 & 36 - 37 CFR § 2.120(a)(3)

Final Rule: Discovery

- Expressly adopts **proportionality** in process and procedure - 37 CFR § 2.120(a)(1)
- Initial disclosure and expert disclosure deadlines remain the same
- Must serve discovery early enough so that responses (including production or inspection) will be due no later than the close of discovery - 37 CFR § 2.120(a)(3), i.e., serve at least 31 days prior to close of period

Final Rule: Discovery

- Limits on **discovery requests – 75 the magic number!**
 - Interrogatories? Requests for Admission? Requests for Production? 75 each
 - 37 CFR § § 2.120(d), (e) & (i)
 - May move for good cause shown to exceed limits
 - 37 CFR § § 2.120(d), (e) & (i)
 - One comprehensive Request for admission to authenticate specific documents produced by adverse party
 - 37 CFR § 2.120(i)
- Discoverable items include ESI - 37 CFR § § 2.120(e) & (f)

Final Rule: Discovery Extensions

- No per se “cap” on number of extensions of discovery period; But extensions should be limited
- Too many extensions may result in further extensions only upon a required showing, or in denial of further extensions entirely – Cf. 37 CFR § 2.117(c)
- Expert disclosure deadline must always be scheduled prior to the close of discovery - 37 CFR § 2.120(a)(2)(iv)

Final Rule: Motions

- Motion to compel initial disclosures due 30 days after deadline for initial disclosures - 37 CFR § 2.120(f)(1)
- Motion to compel discovery or to test sufficiency of responses to RFAs must be filed prior to deadline for plaintiff's pretrial disclosures - 37 CFR § § 2.120(f)(1) & (i)(1)
 - Once first pretrial disclosure deadline arrives, any subsequent resetting of deadline will not reset the time to file a motion to compel

Final Rule: Motions

- Filing potentially dispositive motion automatically suspends proceeding - 37 CFR § 2.127(d)
- Motions for summary judgment must be filed before deadline for plaintiff to make pretrial disclosures - 37 CFR § 2.127(e)(1)
 - Once deadline arrives, any subsequent resetting of first pretrial disclosure deadline will not reset the time to file a motion for summary judgment
 - Parties may stipulate to an abbreviated trial, as in ACR



Final Rule: Trial

- **Notice of Reliance**

- Internet materials - 37 CFR § 2.122(e)(2)
- Current copy of information from USPTO databases
 - Pleadings registrations
 - Registrations (pleaded or unpleaded) owned by any party - 37 CFR § 2.122(d)(2)
 - Pending applications - 37 CFR § 2.122(e)
- Indicate generally the relevance and associate with one or more issues - 37 CFR § 2.122(g)

- **File of subject application or registration**

- Is of record without any action by the parties - 37 CFR § 2.122(e)
- Statements in affidavits or declarations *in file record* are not testimony - 37 CFR § 2.122(b)(2)

Final Rule: Trial

- Testimony by affidavit or declaration - 37 CFR § 2.123(a)
 - Subject to right of adverse party to cross-examine
- Deposition transcripts – 37 CFR § 2.123(g)(1) and (3)
 - Must be submitted one transcript page per sheet, and requires a word index
 - Board judges and attorneys *do* read the submissions, please help facilitate review!

Final Rule: Trial

- **Use of discovery deposition** - 37 CFR § 2.120(k)
 - Must file motion with pretrial disclosure - 37 CFR § 2.120(k)(2)
- **Trial Witness not included in pretrial disclosure?**
 - Move to quash notice of testimony deposition - 37 CFR § 2.121(e)
 - Move to strike if testimony already presented by affidavit or declaration - 37 CFR § 2.121(e)

Final Rule: Trial Briefs

- **Evidentiary objections** may be made in an appendix or by way of a separate statement of objections, neither of which is included in the page limit
- **Briefs exceeding the page limit may not be considered**
- See 37 CFR § 2.128(b)

Ex Parte Appeals to the Board

- **Record must be complete** - 37 CFR § 2.142(d)
 - New evidence cannot be submitted after filing notice of appeal except:
 - With timely request for reconsideration [TBMP § 1207.04]
 - With request for remand
 - No change to substance of rule
 - Expressly addresses a recurring mistake by applicants
- 37 CFR § 2.142(b)(2): Main brief limited to 25 pages; Explicitly notes that reply brief shall not exceed 10 pages

Final Rule: Judicial Review of TTAB Decisions

- 37 CFR § 2.145 reorganized; Time for filing for judicial review is 63 days from Board's decision
- Copies of notices of appeal, notices of election, and complaints to be filed with the Board via ESTTA
 - Avoids premature termination of proceedings
- Copies of notices of appeal must be served on every other party to the proceeding, and:
 - In ex parte proceedings, notices of appeal must be filed with the Director, addressed to the Office of General Counsel. If the review is by way of civil action, then the summons and the complaint must be served on the Director, via General Counsel.
 - In inter partes proceedings, notices of appeal and notices of election must be served on all parties and filed with the Director, addressed to the Office of General Counsel.



TTAB Rulemaking - Fees

UNITED STATES
PATENT AND TRADEMARK OFFICE



Fees

- Ex parte appeal filing fee (per class) last increased 25 years ago
- Opposition and Cancellation filing fees (per class) last increased 15 years ago
- All electronic filing and case file systems developed since last trial fee increases
- Fees must be paid with filing

Fees – Per Class Increases

- Per class filing fees for ESTTA filings increase by \$100
- Per class filing fees for paper filings increase by \$200 (plus, paper filings require petition and petition fee)
- Petition must explain technical difficulty or extraordinary circumstances

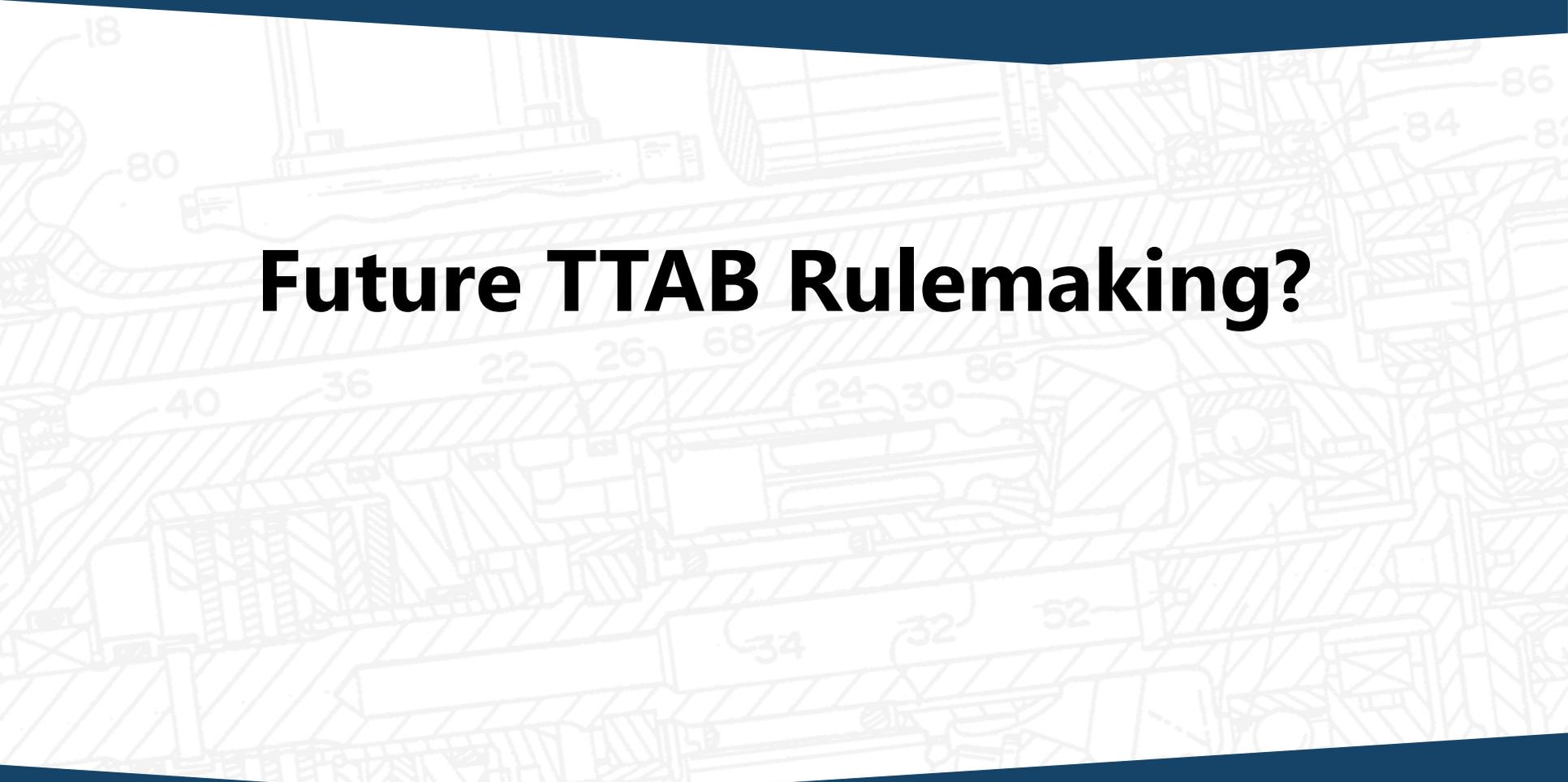
New Fees (per application)

- Fees for extensions of time to oppose are per application not per class; due at filing
- No charge for initial 30-day extension
- \$100 (ESTTA) or \$200 (paper) for next 60 days (or for initial 90-day extension)
- \$200 (ESTTA) or \$300 (paper) for final 60 day extension

TTAB Fee Adjustment

Fee Code	Rule	Description	Fee	Fee
6401	2.6(a)(16)(i)	Filing a Petition to Cancel on Paper , per Class*	\$500	
7401	2.6(a)(16)(ii)	Filing a Petition to Cancel through ESTTA , per Class		\$400
6402	2.6(a)(17)(i)	Filing a Notice of Opposition on Paper , per Class*	\$500	
7402	2.6(a)(17)(ii)	Filing a Notice of Opposition through ESTTA , per Class		\$400
6403	2.6(a)(18)(i)	Ex Parte Appeal to the Trademark Trial and Appeal Board Filed on Paper , per Class*	\$300	
7403	2.6(a)(18)(ii)	Ex Parte Appeal to the Trademark Trial and Appeal Board Filed through ESTTA , per Class		\$200
New	2.6(a)(22)(i)	Filing a Request for an Extension of Time to File a Notice of Opposition under § 2.102(c)(1)(ii) or (c)(2) on Paper , * per application	\$200	
New	2.6(a)(22)(ii)	Filing a Request for an Extension of Time to File a Notice of Opposition under § 2.102(c)(1)(ii) or (c)(2)) through ESTTA , per application		\$100
New	2.6(a)(23)(i)	Filing a Request for an Extension of Time to File a Notice of Opposition under § 2.102(c)(3) on Paper , * per application	\$300	
New	2.6(a)(23)(ii)	Filing a Request for an Extension of Time to File a Notice of Opposition under §2.102(c)(3) through ESTTA , per application		\$200

*Paper filings also require an additional fee for a petition to the Director.



Future TTAB Rulemaking?

UNITED STATES
PATENT AND TRADEMARK OFFICE



New Cancellation Proceeding?

- May establish a streamlined version of cancellation proceeding for handling abandonment and nonuse claims
- Goal to improve accuracy of the use-based register; responsive to stakeholder requests for option to clear deadwood

New Cancellation Proceeding?

- Request for Comments published May 16
- <https://www.federalregister.gov>
- 82 FR 22517
- Comments due August 14, 2017
- Email to: TTABFRNotices@uspto.gov
- Comments posted at www.uspto.gov

New Cancellation Proceeding?

- Rooted in existing law; no statutory changes needed
- Limited to assertion of two claims:
 - abandonment (nonuse + no intent to resume) and/or
 - no use for all/some goods/services prior to 1(a) filing date, or AAU filing date, or SOU filing date

Pleading with Proof

- Petition must allege facts with particularity re: standing & ground and be supported by evidence (e.g., declaration regarding unsuccessful search for use of mark)
- Respondent answer due in 40 days; defenses limited; with proof of use or excusable nonuse, responsive to petition

Reply? Withdraw? Convert?

- Petitioner has 40 days to elect:
 - Reply with rebuttal evidence, then 90 days to TTAB decision;
 - Withdraw without prejudice to later filing of petition on other grounds;
 - Convert to full cancellation proceeding with additional pleadings, discovery, trial

Process Provisions

- Respondent, separate from answer, may seek discovery on petitioner standing
- No stay of deadlines for answer, petitioner options to reply, withdraw, convert
- Discovery permitted only if it appears could be outcome determinative; TTAB would set schedule for discovery, motion

Additional Timing Issues

- Respondent default could result in judgment in approximately 70 days
- One extension per party (for answer, reply)
- Suspensions rare, and for court litigation
- Decision on merits could issue in 170 days



Advanced Practice Tips from the TTAB

**Incorporating amendments to the Rules of Practice in Trademark Cases
effective January 14, 2017**

Susan Hightower
Administrative Trademark Judge
Trademark Trial and Appeal Board

Christen English
Interlocutory Attorney
Trademark Trial and Appeal Board

I. GENERAL INFORMATION

This section provides an overview of operations with which those appearing before the Trademark Trial and Appeal Board (TTAB or Board) are most likely to interact.

A. Employees and Responsibilities

In deciding both *ex parte* and *inter partes* cases, the Board's Administrative Trademark Judges work in panels, generally consisting of three judges. The cases are briefed and, on request, argued orally. Before a case reaches a panel, various filings and motions may be addressed through the Board's electronic filing system (ESTTA) or by a Board paralegal or staff attorney.

The Board's paralegal staff handles routine motions and issues orders seeking information regarding the status of cases. For example, in *inter partes* cases, paralegals prepare suspension orders when potentially dispositive motions or motions to compel are filed, and prepare orders disposing of cases when parties agree to settlement through dismissal, abandonment of an application, surrender of a registration, and the like.

The staff attorneys, also referred to as Interlocutory Attorneys, handle all contested pretrial matters and some types of uncontested motions that arise in *inter partes* cases, review orders prepared for their signature by paralegals in *inter partes* cases, and participate in discovery conferences on request of at least one party or when necessary to manage a case.

Generally, every pending *inter partes* case that is not yet briefed and submitted for decision is assigned to a paralegal (for entering motions and other filings) and a staff attorney (for deciding contested motions and managing the progress of the case). The names of the attorney and paralegal assigned to the case are on the proceeding record in TTABVUE, the Board's docket database, which is discussed further *infra*. Often, the Managing Interlocutory Attorney, as necessary to balance dockets, reassigns cases with fully briefed contested motions ready for decision. *Ex parte* appeals are assigned to a paralegal, whose name also is in the appeal record in TTABVUE.

The Board's information specialists provide general information and answer status inquiries. They are reached at the Board's main phone number: (571) 272-8500.

B. Electronic Information

The public may use www.uspto.gov to access the U.S. Patent and Trademark Office (USPTO) home page. A link to the TTAB home page is available under Quick Links and from the Trademarks home page. Quick Links on both the Trademarks and TTAB home pages allow access to TTABVUE and to ESTTA, the Board's online filing system. The Board's manual of procedure, the TBMP, can be accessed without charge via the Board's web page. The TTAB home page also has other information, including links to combined listings of the Trademark Rules, from Title 37 of the Code of Federal Regulations, and the Trademark Act, from Title 15 of the U.S. Code. (These documents are not the official versions of the statutes and rules, but a resource provided by the Office.)

In addition, links to various standard documents, policies, and procedures appear on the Board's home page. These include the TTAB's Standard Protective Order, which was revised in 2016 and is automatically imposed in all *inter partes* cases, and materials related to the 2017 changes to the Trademark Rules, including the final notice published at 81 Fed. Reg. 69950 (October 7, 2016), a correction published at 81 Fed. Reg. 89382 (December 12, 2016), and a summary chart listing changes to each rule effective January 14, 2017.

Other resources available on the Board's web page include:

- the TTAB Dashboard, in the USPTO Data Visualization Center, and other information reflecting case pendency measures, new filings, and inventory;
- fee and payment information;
- information on Accelerated Case Resolution;
- the USPTO Freedom of Information Act (e-FOIA) site for searching final TTAB decisions; and
- information concerning oral hearings, which as noted *supra* are available by request in both *ex parte* appeals and *inter partes* proceedings.

The Board has an electronic workflow system, the public interface for which is TTABVUE. The TTABVUE system provides image records of all documents in a TTAB proceeding (other than those designated confidential) and provides the prosecution history of *inter partes* and *ex parte* appeal proceedings, including their current status. One also can access information on applications that are the subject of extensions of time to oppose. Case searches can be conducted by *inter partes* proceeding number, the number of an involved application or registration, or by mark, party, or correspondent name. Embedded links in the prosecution history of a particular *ex parte* appeal file history, potential opposition file history, or *inter partes* file history provide access to the image versions of the corresponding documents.

C. Use of Authority

The following sources are appropriate for reference and citation in Board proceedings:

- Precedential decisions of the Board; its primary reviewing court, the U.S. Court of Appeals for the Federal Circuit; and the Federal Circuit's predecessor, the U.S. Court of Customs and Patent Appeals (CCPA).
- The U.S. Trademark Act (Lanham Act), 15 U.S.C. § 1051 et seq.
- Rules of Practice in Trademark Cases, 37 C.F.R. Part 2.
- The TBMP and the Trademark Manual of Examining Procedure (TMEP).

TIPS

- Case citations should be to the U.S. Patent Quarterly (USPQ).
- The Board manual is cited as “TBMP § XXX (Jan. 2017).”
- Board decisions that are not designated as precedential are not binding on the Board, but may be cited for whatever persuasive weight they may carry. Because each case must be decided on its own record, over-reliance on nonprecedential decisions should be avoided. *See In re Cordua Rests., Inc.*, 823 F.3d 954, 118 USPQ2d 1632, 1635 (Fed. Cir. 2016); *In re Nett Designs Inc.*, 236 F.3d 1339, 57 USPQ2d 1564, 1566 (Fed. Cir. 2001); *In re Loggerhead Tools, LLC*, 119 USPQ2d 1429, 1440 (TTAB 2016).

D. Electronic Filing and Proceeding Files

As of January 14, 2017, unless ESTTA is unavailable due to technical problems or extraordinary circumstances are present, **all Board filings must be made electronically via ESTTA** (with the appropriate fee, where applicable), including:

- Requests for extensions of time to file a notice of opposition.
- Notices of opposition.
- Petitions for cancellation.
- Answers to notices of opposition and petitions for cancellation.
- Motions in *inter partes* proceedings.
- Stipulations to reschedule pretrial disclosure and trial dates.
- Trial evidence, including deposition transcripts.
- Appeal briefs in both *ex parte* and *inter partes* cases.
- Notices of appeal and elections for judicial review of Board decisions.

Trademark Rules 2.126 and 2.191. Paper filings of pleadings and extensions of time to oppose must be accompanied by a Petition to the Director of the USPTO under § 2.146 and a fee. For any application seeking to extend a foreign registrant’s international registration into the United States through the Madrid Protocol, however, an extension of time to oppose or notice of opposition must be filed via ESTTA, without exception. Trademark Rule 2.101(b)(3). The scope of an opposition against an application filed pursuant to the Madrid Protocol is limited to the goods, services, grounds, and named opposers identified in the ESTTA cover sheet, and cannot be amended once filed. Trademark Rules 2.104(c) and 2.107(b).

TIPS

- Plan ahead, docket filing deadlines, and allow plenty of time to resolve issues that may arise due to unexpected problems using ESTTA.
- On successful transmission, a filing will be assigned an ESTTA tracking number. If the submitting party encounters a problem, such as the filing not appearing in the TTABVUE docket history, notify the Board and provide the ESTTA tracking number. The information will be forwarded to a Board IT specialist, who will attempt to remedy the problem quickly.
- Any questions regarding the technical aspects of ESTTA should be directed to the Board. If the Information Specialist or Board attorney or paralegal cannot answer the question due to its highly technical nature, the question will be forwarded to a Board IT specialist. You may also submit the technical question by email to ESTTA@uspto.gov. (Note: This email address is used for technical inquiries only, not for filing with the Board.)
- For immediate help, call (571) 272-8500 during business hours.

II. TIPS FOR *EX PARTE* APPEALS

Chapter 1200 of the TBMP is devoted to *ex parte* appeals and contains significant information regarding appeals from denials of registration. The following tips are intended to help appellants avoid some common errors.

A. Refusal on the Ground of Likelihood of Confusion

Many denials of registration that are appealed to the Board are made on the ground of a likelihood of confusion with a cited registration pursuant to Section 2(d) of the Trademark Act. The issues specific to these refusals discussed below arise with particular frequency.

Suspension

When an application is refused registration on the ground of a likelihood of confusion with an existing registration, an applicant should always check the status of the cited registration. If the cited registration is still in existence, but the time for a post registration filing is approaching, the Board will consider a request for suspension. The Board will grant a request for suspension of an appeal after the fifth anniversary of the issue date of the cited registration if a Section 8 or 71 affidavit is due. When renewal is due, requests for suspension will be granted after the ninth anniversary of the issue date of the cited registration. For further discussion of the Board's suspension practice, see TBMP § 1213 (Jan. 2017).

Scope of Identification of Goods and Services

The Board's analysis of a likelihood of confusion is based on the scope of the identifications in the cited registration and the subject application. *Stone Lion Capital Partners, LP v. Lion Capital LLP*, 746 F.3d 1317, 110 USPQ2d 1157, 1162-63 (Fed. Cir. 2014); *In re C.H. Hanson Co.*, 116 USPQ2d 1351, 1354 (TTAB 2015). Thus, it is unavailing to argue or submit evidence that either the applicant or the owner of the cited registration uses a mark for fewer than all goods or services encompassed by the identification, or that the nature or prices of the goods are different.

TIPS

- Where the identified goods or services are unrestricted, they are presumed to travel through all channels of trade and to all consumers normal for goods or services of the identified type. *See Octocom Sys. Inc. v. Houston Computers Servs. Inc.*, 918 F.2d 937, 16 USPQ2d 1783, 1788 (Fed. Cir. 1990); *In re Anderson*, 101 USPQ2d 1912, 1920 (TTAB 2012).
- Where an applicant's identified goods or services are identical to those identified in the cited registration, the Board must presume that the channels of trade and classes of customers are the same. *See In re Viterra Inc.*, 671 F.3d 1358, 101 USPQ2d 1905, 1908 (Fed. Cir. 2012); *In re Smith & Mehaffey*, 31 USPQ2d 1531, 1532 (TTAB 1994).
- Likelihood of confusion must be found as to the entire class if confusion is likely with respect to any item within the identification of goods or services in that class. *Tuxedo Monopoly, Inc. v. General Mills Fun Group*, 648 F.2d 1335, 209 USPQ 986, 988 (CCPA 1981); *In re i.am.symbolic, llc*, 116 USPQ2d 1406, 1409 (TTAB 2015).

B. Listings of Third-Party Registrations

Applicants commonly encounter problems properly introducing and using evidence of third-party registrations. TMEP § 710.03 (Jan. 2017) explains the treatment of third-party registrations during examination, while TBMP § 1208.02 (Jan. 2017) addresses issues pertaining to both cited and third-party registrations on appeal.

The Board does not take judicial notice of records that exist within USPTO databases, including registrations. *In re Jonathan Drew Inc.*, 97 USPQ2d 1640, 1644 n.11 (TTAB 2011); *Beech Aircraft Corp. v. Lightning Aircraft Co.*, 1 USPQ2d 1290, 1293 (TTAB 1986). This includes the file of a cited registration, which is not automatically of record. *In re Sela Prods., LLC*, 107 USPQ2d 1580, 1583 (TTAB 2013).

Submission of a list, chart, or other summary of third-party registrations is insufficient to make the underlying registrations of record. *In re Hoeflin*, 97 USPQ2d 1174, 1177 (TTAB 2010); *In re Ruffin Gaming LLC*, 66 USPQ2d 1924, 1925 n.3 (TTAB 2002). Nor is a commercial search report proper evidence of such registrations. *In re Dos Padres Inc.*,

49 USPQ2d 1860, 1861 n.2 (TTAB 1998); *In re Hub Distrib., Inc.*, 218 USPQ 284, 285 (TTAB 1983). To make registrations of record, copies of the registrations or the electronic equivalent – e.g., printouts from the USPTO Trademark Electronic Search System (TESS) or Trademark Status and Document Retrieval (TSDR) databases – must be submitted during examination. *In re Jump Designs LLC*, 80 USPQ2d 1370, 1372 (TTAB 2006).

If an applicant submits improper evidence of third-party registrations when the problem can be cured, the Examining Attorney must object to the evidence. Otherwise, the Board may deem the objection waived. *In re City of Houston*, 101 USPQ2d 1534, 1536 (TTAB 2012), *aff'd*, 731 F.3d 1326, 108 USPQ2d 1226 (Fed. Cir. 2013); *In re 1st USA Realty Prof'ls Inc.*, 84 USPQ2d 1581, 1583 (TTAB 2007).

TIPS

- The evidentiary value of third-party registrations typically is minimal in the likelihood of confusion context. They are not evidence of use and cannot justify registration of a similar mark. *See Olde Tyme Foods Inc. v. Roundy's Inc.*, 961 F.2d 200, 22 USPQ2d 1542, 1545 (Fed. Cir. 1992); *Productos Lacteos Tocombo S.A. de C.V. v. Paeteria La Michoacana Inc.*, 98 USPQ2d 1921, 1934 (TTAB 2011).
- However, evidence of third-party registrations and use can be relevant to show that a mark or portion of a mark (in association with the particular goods or services) is descriptive, suggestive, or so commonly used that consumers will look to other elements to distinguish source. *Jack Wolfskin Ausrustung Fur Draussen GmbH & Co. KGAA v. New Millennium Sports, S.L.U.*, 797 F.3d 1363, 116 USPQ2d 1129, 1135-36 (Fed. Cir. 2015); *Juice Generation, Inc. v. GS Enters. LLC*, 794 F.3d 1334, 115 USPQ2d 1671, 1674-75 (Fed. Cir. 2015).
- In contrast to registrations, third-party applications have no probative value other than as evidence that they were filed. *In re Toshiba Med. Sys. Corp.*, 91 USPQ2d 1266, 1270 n.8 (TTAB 2009); *In re Fiesta Palms LLC*, 85 USPQ2d 1360, 1366 n.7 (TTAB 2007). Expired and cancelled third-party registrations generally are evidence only of the fact that the registrations issued. *In re Brown-Forman Corp.*, 81 USPQ2d 1284, 1286 n.3 (TTAB 2006).

C. Briefs

Briefs should include reference to compliance with requirements not the subject of the appeal. Trademark Rule 2.142(c). *Ex parte* appeal briefs are limited to 25 pages, reply briefs to 10 pages. Trademark Rule 2.142(b)(2).

Citations to evidence should reference the electronic application record by date, the name of the paper, and the page number in the electronic record. For example: “December 14, 2016 Office Action, TSDR p. 6” or, for any evidence appearing in TTABVUE after appeal, “4 TTABVUE 2.” Trademark Rule 2.142(b)(3).

Good cause must be shown to obtain an extension of time to file a brief. The Board considers reasons for an extension in context of the number of requests, so good cause for a first extension may not suffice for a subsequent extension. TBMP § 1203.02(d) (Jan. 2017).

TIPS

- Late filing a brief cannot be cured by a petition to revive. TBMP § 1203.02(a) (Jan. 2017).
- Evidence should not be attached to an appeal brief, which merely adds needless bulk to the file. The record in the application should be complete before an appeal is filed, and evidence submitted for the first time with a brief is untimely. Trademark Rule 2.142(d); TBMP § 1203.02(e) (Jan. 2017). Even if evidence is already of record, it should not be attached as an exhibit to a brief, but instead cited in the electronic record in the body of the brief. TBMP § 1203.01 (Jan. 2017).
- To enter evidence into the record after appeal, an applicant or examining attorney should request remand. Trademark Rule 2.142(d).

D. Requests for Reconsideration and Remand

Appellate briefs sometimes include offers to restrict an identification of goods or services, amend an application from the Principal Register to the Supplemental Register, and the like, if the Board is not otherwise persuaded the mark is registrable. This is improper. After decision by the Board, absent order of the Director, an application can be reopened only to enter a disclaimer. Trademark Rule 2.142(g). If an applicant wishes to have the Board consider an amendment in the alternative, it should request remand before the Board decides the appeal so the examining attorney can evaluate the amendment.

If an applicant files a notice of appeal and a request for reconsideration, and a subsequent final Office Action issues, an applicant does not have a right to file a second request reconsideration. Rather, the applicant must request remand. *See* TBMP §§ 1204, 1207 and 1209.04 (Jan. 2017).

TIP

- A second refusal repeating all refusals and requirements may be considered as a final refusal for purpose of appeal. Trademark Rule 2.141(a).

III. TIPS FOR *INTER PARTES* PROCEEDINGS

A. Jurisdiction over Applications and Registrations

The Board has jurisdiction over an application or registration subject to an *inter partes* proceeding. Accordingly, any amendment, change of address, change of counsel, etc.,

must be filed with the Board. There is one exception: Maintenance documents related to a registration involved in a cancellation action (e.g., an affidavit of continuing use or a renewal application) must be filed with the Post Registration division of the Office. Nonetheless, it is always helpful to alert the Board to any filing being made in another part of the USPTO concerning a registration involved in a cancellation action.

TIP

- Filings for opposed applications often are submitted via the Trademark Electronic Application System (TEAS) or to the Examining Attorney who approved the mark for publication, rather than via ESTTA. Do not do this! It can cause serious delays and may result in the filing not being considered.

B. Service of Submissions and Papers

Pursuant to the 2017 amendments to the Trademark Rules, plaintiffs no longer need to serve complaints on defendants. Trademark Rules 2.101(a) and (b) and 2.111(a) and (b). The Board's notice of institution includes a web link or web address to access the electronic proceeding record and constitutes service of the complaint on the defendant. Trademark Rules 2.105(a) and 2.113(a).

All submissions and papers in *inter partes* cases must be served via email unless the parties stipulate otherwise. There is an exception if the serving party encounters technical difficulties or other extraordinary circumstances, but the serving party must show by written explanation that service by email was attempted but could not be made. Trademark Rule 2.119(a) and (b).

C. Pleadings and Related Motions

The 2017 amendments to Trademark Rule 2.112(a) require petitioners to provide the Board with the current email address(es) of the current owner of the registration it seeks to cancel, to the best of the plaintiff's knowledge.

Notice of Opposition and Petition to Cancel

A well-drafted complaint puts the parties and the Board on clear notice of the pleaded claim(s) and may avoid needless and costly motion practice. To avoid ambiguity, consider using the statutory language to plead a claim, and set forth separate claims under separate headings. In addition, keep in mind that the Board's jurisdiction is limited to determining whether a mark is entitled to federal registration. Allegations of trademark infringement and unfair competition fall outside of the Board's jurisdiction and should not be included in a notice of opposition or petition to cancel.

Exhibits to a party's pleading are not part of the trial record unless they are identified and introduced during the party's testimony period. Trademark Rule 2.122(c). The one exception is that a federal trademark registration pleaded by the plaintiff is evidence of record if the complaint is accompanied by a copy of the registration prepared and issued

by the USPTO showing the current status and title of the registration, or a printout of information from USPTO electronic database records showing the current status and title of the registration. Trademark Rule 2.122(d).

TIPS

- The Board recommends that a plaintiff make its pleaded registration(s) of record when it files the complaint. This helps focus discovery on matters in dispute and avoids the unfortunate situation in which a plaintiff has not properly made the pleaded registration(s) of record during its testimony period and, as a result, cannot establish standing.
- Make sure to plead all elements of each claim. With respect to dilution, parties often forget to allege that the pleaded mark became famous prior to the defendant's first use date or application filing date. *Coach Servs. Inc. v. Triumph Learning LLC*, 96 USPQ2d 1600, 1612 (TTAB 2010); *Trek Bicycle Corp. v. StyleTrek Ltd.*, 64 USPQ2d 1540, 1542 (TTAB 2001).
- Grounds for cancellation of a registration five years or older are limited to those listed in Trademark Act Section 14(3) through (5).
- Do not use a claim of false suggestion of a connection under Trademark Act Section 2(a) as a substitute for a claim of likelihood of confusion under Section 2(d). These are different claims requiring different proofs. *Univ. of Notre Dame du Lac v. J.C. Gourmet Food Imports Co.*, 703 F.2d 1372, 217 USPQ 505, 508 (Fed. Cir. 1983). The Board will deny a party's attempt to circumvent the five-year limitation of Trademark Act Section 14(1) by substituting a Section 2(a) claim for a Section 2(d) claim.

Answer

In an answer, a defendant must admit, deny, or state that it is without sufficient knowledge to admit or deny each allegation set forth in the complaint. Do not include a boilerplate affirmative defense that the complaint fails to state a claim on which relief can be granted. Such a pleading often results in a motion to strike decided in the plaintiff's favor because a plaintiff usually is able to plead a claim for relief. If a pleading is insufficient, file a motion to dismiss pursuant to FED. R. CIV. P. 12(b)(6). Also do not include in an answer pro forma defenses of laches or acquiescence. These defenses are severely limited in *inter partes* proceedings, and may not be available at all with respect to certain claims (e.g., fraud, abandonment, functionality and genericness).

If a defendant is aware of grounds for a compulsory counterclaim when the answer is filed, the counterclaim must be pleaded at that time. Trademark Rules 2.106(b)(2)(i) and 2.114(b)(2)(i). If grounds for a compulsory counterclaim are learned after an answer is filed, the defendant must promptly move to file a motion for leave to amend to add the counterclaim. *Id.* A defendant that fails to timely file a compulsory counterclaim may be precluded from asserting the counterclaim.

TIPS

- Do not embed a motion to dismiss or other motion in an answer. Board personnel generally do not read pleadings unless necessitated by a motion, so an embedded motion usually will not come to the Board's attention in a timely manner.
- Under the 2017 rules amendments, a defendant must promptly inform the Board of the filing of any related proceeding. Trademark Rules 2.106(b)(3)(i) and 2.114(b)(3)(i).

Amendments to Pleadings

The Board is liberal in allowing amendments to a pleading when justice so requires, FED. R. CIV. P. 15, but certain amendments are impermissible. As noted *supra*, oppositions filed against applications based on a request for extension of protection under 66(a) of the Trademark Act are limited to the goods, services, and grounds set forth on the ESTTA cover sheet. Also, the 2017 amendments to Trademark Rule 2.107(a) and (b) clarify that an opposition against an application under Trademark Act Section 1, 44, or 66(a) may not be amended to add a joint opposer after the close of the time period for filing an opposition.

TIP

- When seeking to amend a pleading, identify the specific proposed changes in the motion. It is particularly helpful for a party to include a copy of the proposed amended pleading with changes tracked.

Motions or Stipulations Relating to Late/No Answer

A defendant that misses the deadline to file an answer should first contact the plaintiff to see if it will stipulate to late filing of the answer. If the plaintiff stipulates, the answer should be filed with a stipulation to reset the due date for the answer. If the plaintiff does not stipulate, the defendant should file its answer with a motion to cure default or reopen. The Board is liberal in allowing a defendant to cure default, but a defendant should not file a late answer without explanation. Default cannot be cured by a phone call to the Board.

TIPS

- Plaintiffs should consent to late-filed answers because there is little chance that the Board will refuse to accept a late answer and enter default judgment. *Paolo's Assocs. Ltd. P'ship v. Bodo*, 21 USPQ2d 1899, 1902 (Comm'r 1990).
- The Board generally issues a notice of default about 10 days after the expiration of an answer deadline. To save the client the expense of a motion for default

judgment, if 15 days have passed since the answer deadline, counsel may call the Board paralegal assigned to the case regarding status of the notice of default.

Motion to Dismiss in Lieu of Answer

A motion to dismiss under FED. R. CIV. P. 12(b)(6) challenges whether the plaintiff's claim(s) are sufficiently pleaded, not whether the claim(s) can be proven. Accordingly, the parties should not argue the merits of the case on a motion to dismiss. *See, e.g., Petróleos Mexicanos v. Intermix S.A.*, 97 USPQ2d 1403 (TTAB 2010).

FED. R. CIV. P. 12(b) provides for the possibility that a motion to dismiss may be treated as a motion for summary judgment if “matters outside the pleadings are presented to and not excluded by the court.” But in Board proceedings, a party may not file a motion for summary judgment until the party has served its initial disclosures, unless the motion is on grounds of claim or issue preclusion or lack of Board jurisdiction. Trademark Rule 2.127(e)(1). Accordingly, the Board will exclude from consideration matters outside the pleadings that are presented with a motion to dismiss and will not treat the motion as a motion for summary judgment, unless the matter presented relates to claim or issue preclusion or the Board's lack of jurisdiction to hear a claim. FED. R. CIV. P. 12(d); *Zoba Int'l Corp. v. DVD Format/LOGO Licensing Corp.*, 98 USPQ2d 1106, 1108 (TTAB 2011).

TIPS

- A plaintiff may respond to a motion to dismiss by filing an amended pleading under FED. R. CIV. P. 15(a)(1)(B). The amended pleading will be accepted “as a matter of course” and will moot the motion under Rule 12(b)(6).
- Even in situations where a motion to dismiss is considered on its merits and is well-taken, the Board often will allow the plaintiff leave to amend the defective pleading.

D. Discovery Conference, Accelerated Case Resolution (ACR), Suspension, and Settlement

Discovery Conference

Parties are required to participate in a discovery conference within the deadline set by the Board to discuss the subjects set forth in FED. R. CIV. P. 26(f) and the Board's institution order. Trademark Rule 2.120(a)(1) and (2)(i); *Promgirl Inc. v. JPC Co.*, 94 USPQ2d 1759, 1761-62 (TTAB 2009); TBMP § 401.01 (Jan. 2017). Settlement discussions are encouraged, but are not a substitute for the discovery conference. *Promgirl*, 94 USPQ2d at 1761-62.

A party may request Board participation in the discovery conference. Trademark Rule 2.120(a)(2)(i). This may be particularly helpful when a party is appearing *pro se*, when it appears that the claims or defenses have not been adequately pleaded, or if the case is one that might become unnecessarily contentious. The Board also has the discretion to

participate *sua sponte* in the discovery conference. *Id.* A party can request Board participation in the discovery conference by telephone or through ESTTA using the form provided. Often the Board is able to act more quickly on a telephone request.

The parties share an obligation to arrange and participate in the discovery conference. *Promgirl*, 94 USPQ2d at 1761. When a party refuses or is unresponsive to requests to participate in the discovery conference, the adverse party may move for sanctions. There is no requirement that a party first file a motion to compel attendance, but a motion for sanctions must include evidence of the movant's good-faith effort to schedule the conference. *Id.* A motion for sanctions for failure to participate in the discovery conference must be filed before the deadline for initial disclosures. Trademark Rule 2.120(h)(1).

Accelerated Case Resolution

Accelerated Case Resolution (ACR) is an abbreviated trial on the merits approximating a summary bench trial, available by stipulation of the parties. ACR, as discussed in detail in TBMP § 702.04 (Jan. 2017), can take almost any form the parties agree will move the proceeding forward in an efficient and expeditious manner. The earlier in a proceeding parties elect ACR, the greater the efficiencies. Accordingly, parties should consider the possibility of using ACR early in a case and discuss ACR during the discovery conference.

If parties do not agree to ACR at the beginning of a case, they should revisit the issue after the exchange of initial disclosures and again after the exchange of initial discovery responses or the close of discovery. *See Lebanon Seaboard Corp. v. R&R Turf Supply Inc.*, 101 USPQ2d 1826, 1827 (TTAB 2012). ACR is less effective if the parties have engaged in full discovery, but even on the eve of trial parties may agree to efficiencies, such as shortening the trial by combining trial and briefing periods. TBMP § 528.05(a)(2) (Jan. 2017).

When ACR is adopted early in a proceeding, parties generally agree to abbreviate or forgo discovery and forfeit trial in favor of submitting briefs with attached evidence. Parties must agree that the Board may resolve any genuine disputes of material fact raised by the parties' filings or the record. *See, e.g., Chanel Inc. v. Makarczyk*, 106 USPQ2d 1774, 1776 (TTAB 2013); TBMP § 702.04(b). Parties may further stipulate to some or all facts and also may reach procedural agreements, such as stipulating to a page limit for briefs or to the admissibility of evidence and the types of evidentiary objections that may be raised. *Chanel*, 106 USPQ2d at 1775-76.

In addition, parties may stipulate to ACR when a motion for summary judgment or cross-motions for summary judgment have been filed and briefed. In this scenario, parties stipulate that the Board may make findings of fact on the summary judgment record, in lieu of adhering to the summary judgment standard that would require a finding that no genuine disputes of material fact exist for judgment to be granted to a party. *See, e.g., Weatherford/Lamb Inc. v. C&J Energy Servs. Inc.*, 96 USPQ2d 1834, 1836 (TTAB 2010); TBMP §§ 528.05(a)(2) and 702.04(c) (Jan. 2017).

TIP

- Parties interested in ACR should request a telephone conference with the assigned Interlocutory Attorney, who can assist the parties in negotiating a suitable ACR stipulation. In addition, the Board has developed several models to assist the parties in framing an ACR approach to their case. As noted *supra*, these options may be accessed from the Board’s home page under “TTAB Suggestions for ACR.”
- Parties not willing to stipulate to ACR still may agree to simplify proceedings by entering into a wide variety of factual and procedural stipulations. *See* Trademark Rule 2.120(a)(2)(iv); *see also Target Brands Inc. v. Hughes*, 85 USPQ2d 1676, 1678 (TTAB 2007); TBMP § 702.04(e) (Jan. 2017).
- The 2017 amendments to the Trademark Rules made a number of ACR-type efficiencies available to all parties by stipulation (including, for example, to limit discovery and to rely on summary judgment materials as trial evidence).

Suspension for a Civil Action

The Board generally orders suspension of a case when one or both parties are involved in a collateral civil action. All that need be shown is that the civil action *may* have a bearing on the Board proceeding. Trademark Rule 2.117(a). The Board has not changed its general practice in the wake of the Supreme Court’s decision in *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. 1293, 113 USPQ2d 2045 (2015).

The party that prevails in the civil action should file with the Board a motion to resume proceedings after time has elapsed for any appeal in the civil action. The motion should include the particular disposition of the Board case that the party believes is warranted and a copy of the court’s final decision.

TIP

- A party moving to suspend for a civil action should attach to its motion copies of the operative complaint and answer in the civil action. Failure to do so may delay consideration of the motion. TBMP § 510.02(a) (Jan. 2017).

Settlement and Suspension for Settlement

Most Board cases settle. Plaintiffs withdraw complaints; defendants abandon applications or surrender registrations. Sometimes parties agree to make amendments or enter into consent agreements in an attempt to facilitate registration of pending application(s). The simplest way to settle a Board case is to file a single stipulation, signed by each party, specifying whether the involved application or registration is to be amended, abandoned, or surrendered, and whether the Board case is to be dismissed with or without prejudice.

The mere existence of settlement negotiations does not discharge a party's obligation to comply with deadlines. Accordingly, it is prudent for parties involved in settlement discussions to stipulate to suspend proceedings. Such stipulations are subject to the right of either party to request resumption of the proceeding.

TIPS

- The Board prefers that parties stipulate to suspend for settlement rather than stipulate to extend deadlines. If the parties file multiple extensions for settlement discussions, the Board may *sua sponte* suspend proceedings. Trademark Rule 2.117(c).
- The Board is liberal in granting suspension to accommodate settlement discussions, but the Board also has an interest in bringing its cases to conclusion. Parties seeking numerous suspensions for settlement talks will be required to provide evidence of their progress towards settlement in order to show good cause for continued suspension. The Board retains discretion to condition approval of a consented or stipulated motion to suspend on the parties providing necessary information about the status of settlement talks, discovery activities, or trial activities, as may be appropriate. *Id.*
- Do not move to suspend or extend deadlines after an answer is filed, but before the required discovery conference on the basis of possible settlement. The Board is unlikely to find good cause to suspend or extend between the close of the pleadings and the deadline for the discovery conference, even on consent, because settlement is a subject to be discussed during the discovery conference. If suspension or extension is warranted for a reason other than to accommodate settlement discussions, the Board will consider a motion to suspend or extend filed after the pleadings close, but before the discovery conference is completed.

E. Discovery

A party may seek discovery of any non-privileged matter that is relevant to the party's claims or defenses and proportional to the needs of the case. Trademark Rule 2.120(a)(1); *Emilio Pucci Int'l BV v. Sachdev*, 118 USPQ2d 1383, 1386 (TTAB 2016); *Domond v. 37.37, Inc.*, 113 USPQ2d 1264, 1268 (TTAB 2015). Because Board proceedings concern only the right to registration, discovery in a Board proceeding generally is more limited than discovery in a trademark infringement action.

Initial Disclosures

Initial disclosures must be made no later than 30 days after the opening of the discovery period. They must include: (1) the identity of and contact information for each witness that a party is likely to use to support its case, and the subject matter about which each witness is likely to have discoverable information; and (2) the categories of documents on which a party may rely in prosecuting or defending its case and the location of such documents. Trademark Rule 2.120(a)(1) and (a)(2)(ii). Alternatively, a party may actually produce the

documents on which it may rely at trial. The Board favors this approach, as it streamlines discovery and may assist the parties in negotiating an early settlement.

A party may not pursue discovery until it has made initial disclosures. Trademark Rule 2.120(a)(3); *Dating DNA LLC v. Imagini Holdings Ltd.*, 94 USPQ2d 1889, 1893 (TTAB 2010). Parties have a duty to timely supplement initial disclosures unless the supplemental information or documents have been disclosed during discovery. FED. R. Civ. P. 26(e)(1); *Sheetz of Del., Inc. v. Doctor's Assocs. Inc.*, 108 USPQ2d 1341, 1345 n.7 (TTAB 2013). A party that fails to timely supplement initial disclosures may be precluded from introducing the withheld information at trial. *Spier Wines (PTY) Ltd. v. Shepherd*, 105 USPQ2d 1239, 1246 (TTAB 2012); *Great Seats Inc. v. Great Seats Ltd.*, 100 USPQ2d 1323, 1326, 1328 (TTAB 2011).

If an adverse party does not serve initial disclosures, a party may file a motion to compel. Under the 2017 amendments to Trademark Rule 2.120(f)(1), such a motion must be filed within 30 days of the initial disclosure deadline. If an adverse party does not comply with a Board order compelling initial disclosures, a party may move for sanctions. See *Kairos Inst. of Sound Healing LLC v. Doolittle Gardens LLC*, 88 USPQ2d 1541 (TTAB 2008); TBMP §§ 523 and 527.02 (Jan. 2017).

TIP

- To maximize discovery time, be prepared to serve initial disclosures concurrently with the discovery conference.

Standard Protective Order

As noted *supra*, the Board's standard protective order automatically applies to every case, unless the parties stipulate to modify it or to substitute an alternative agreement and the Board approves the stipulation. Trademark Rule 2.116(g). Accordingly, parties should not object to a discovery request on the ground that it seeks confidential information or documents, but rather should produce responsive information and documents designated under the appropriate tier of confidentiality. *Amazon Techs. Inc. v. Wax*, 93 USPQ2d 1702, 1706 n.6 (TTAB 2009).

The 2017 rules amendments specify that the Board may treat as not confidential material which cannot reasonably be considered confidential, notwithstanding a party's designation. Trademark Rule 2.116(g).

Written Discovery

The 2017 rules amendments made significant changes to discovery practice. Discovery must be served early enough in the discovery period so that responses will be due no later than the close of discovery. Trademark Rule 2.120(a)(3). Interrogatories, document requests, and requests for admission are limited to 75 each. Trademark Rule 2.120(d), (e) and (i). One additional comprehensive request for admission independent of the 75 limit

may be propounded to authenticate specific documents produced by an adverse party. Trademark Rule 2.120(i).

A party may move to exceed the limits on written discovery on a showing of good cause. *Id.* If a party believes its adversary has exceeded 75 interrogatories, document requests, or requests for admission, the recourse is to assert a general objection on that basis. Trademark Rule 2.120(d), (e) and (i); *Emilio Pucci*, 118 USPQ2d at 1385.

The period to respond to written discovery is 30 days. Trademark Rule 2.120(a)(3). The 2017 rules amendments removed the provision that added five days to the response time after service by mail. Even when parties stipulate to service by first-class mail, the response time is 30 days from the date of service which, for service made by first-class mail, is the date of mailing.

The 2017 rules amendments require that all papers must be served by email unless otherwise stipulated. Trademark Rule 2.119(b). This includes discovery responses.

Objections to discovery requests must be stated with particularity. If an objection is made as to only a portion of a discovery request, the part objected to must be specified. FED. R. CIV. P. 33(b)(4), 34(b)(2)(B)-(C), and 36(a)(5). A party also must indicate whether it is withholding documents based on an objection. FED. R. CIV. P. 34(b)(2)(C). A party asserting privilege must provide a privilege log. FED. R. CIV. P. 26(b)(5)(A).

Failure to respond timely to discovery requests may waive the right to assert merit-based objections (e.g., objections that a request is overly broad, vague, ambiguous, burdensome, oppressive, or not calculated to lead to the discovery of admissible evidence). *No Fear Inc. v. Rule*, 54 USPQ2d 1551, 1554 (TTAB 2000). Also, requests for admission are admitted as a matter of law when a party does not timely respond. FED. R. CIV. P. 36(a)(3); *Fram Trak Indus. Inc. v. Wiretracks LLC*, 77 USPQ2d 2000, 2005 (TTAB 2006).

TIPS

- When drafting discovery requests, remember that such requests must be proportional to the needs of the case. Also, consult Section 414 of the TBMP, which sets out numerous examples of the types of information and documents that are discoverable in Board proceedings. Parties frequently come to the Board with discovery disputes that could have been resolved easily had the parties reviewed Section 414 of the TBMP and the relevant case law.
- Keep in mind the goose-gander rule: Generally, a party may not be heard to argue that a discovery request propounded by its adversary is improper when the party itself previously served a substantially identical request. *Sentrol, Inc. v. Sentex Sys., Inc.*, 231 USPQ 666, 667 (TTAB 1986).
- For interrogatories and document requests, each subpart will count as a separate request for purposes of the 75 limit. Trademark Rule 2.120(d) and (e). The Board does not include instructions or definitions in counting interrogatories or

document requests; nor will these be viewed as having a “multiplying effect” on discovery requests. For example, if more than one mark is involved, or if only one mark is involved but instructions inform the responding party that responses should cover all of the party’s marks that contain any element of the one mark that is involved, then a discovery request seeking information or documents for each such mark will be treated as one discovery request.

- Serve discovery requests early in the discovery period to ensure that time remains for follow-up discovery before discovery closes.
- Parties frequently agree to extend discovery response periods, but under the 2017 rules amendments, they may not stipulate that responses are due after discovery closes. Trademark Rule 2.120(a)(3). Any agreement to extend discovery response periods should be reduced to writing to avoid misunderstandings and motions to compel. TBMP § 403.04 (Jan. 2017).
- A party that responds to a discovery request by indicating that it does not have the information or documents sought, or by objecting to providing the requested material, may be barred from introducing the material in evidence at trial if the propounding party objects on this basis. *See Panda Travel Inc. v. Resort Option Enters. Inc.*, 94 USPQ2d 1789, 1792-93 (TTAB 2009); *Presto Prods. Inc. v. Nice-Pak Prods. Inc.*, 9 USPQ2d 1895, 1897 n.5 (TTAB 1988).
- Although discovery requests must be served early enough to allow for responses before the close of discovery, the duty to supplement discovery responses continues after the close of discovery. FED. R. CIV. P. 26(e).

Discovery Depositions

The discovery deposition of a person will be taken in the Federal judicial district where the person resides or is regularly employed, or anywhere the parties agree. Trademark Rule 2.120(b). The discovery deposition of a foreign party taken in a foreign country must be taken on written questions. Trademark Rules 2.120(c)(1) and 2.124. The Board will not order a person residing in a foreign country to come to the United States for his or her discovery deposition. *Jain v. Ramparts Inc.*, 49 USPQ2d 1429, 1431 (TTAB 1998).

The discovery deposition of a nonparty must be secured by subpoena unless the witness is willing to appear voluntarily. Any issues related to the discovery deposition of a nonparty by subpoena (e.g., a motion to quash the subpoena or for sanctions for defiance of the subpoena) are within the control of the district court that issued the subpoena; the Board has no jurisdiction to address such issues. *Ate My Heart, Inc. v. GA GA Jeans Ltd.*, 111 USPQ2d 1564, 1565 n.5 (TTAB 2014).

On stipulation of the parties or motion granted by the Board, a deposition may be taken by telephone or video conference. *See* FED. R. CIV. P. 30(b)(4); *Sunrider Corp. v. Raats*, 83 USPQ2d 1648, 1654 (TTAB 2007). The location of the telephonic or video deposition is

the same as a regular deposition: where the witness resides or is regularly employed or where the parties agree.

If a party witness objects and refuses to answer a particular question, the propounding party may wait until the completion of the discovery deposition and then file a motion with the Board to compel the witness to answer the question.

Disclosure of Testifying Experts

Experts are rarely used in Board cases because of the expense. A party that decides to use an expert witness must make an expert disclosure pursuant to FED. R. CIV. P. 26(a)(2). Trademark Rule 2.120(a)(2)(iii). Under the 2017 amendments to Trademark Rule 2.120(a)(2)(iv), the disclosure deadline always must be scheduled before the close of discovery. When an expert is disclosed, the Board generally will suspend proceedings and issue any necessary orders to allow for expert discovery and the disclosure of rebuttal experts. Trademark Rule 2.120(a)(2)(iii).

TIPS

- Parties should resolve between themselves any curable defects in timely served expert disclosures. *See Gen. Council of the Assemblies of God v. Heritage Music Found.*, 97 USPQ2d 1890 (TTAB 2011).

F. Motions in General; Motions for Summary Judgment

Pursuant to the 2017 amendments to Trademark Rule 2.127(d), the filing of a potentially dispositive motion automatically suspends proceedings with respect to all matters not germane to the motion. The amendments also make clear that the Board may suspend proceedings *sua sponte*. Trademark Rule 2.117(c).

The deadline to respond to a motion for summary judgment is 30 days. Trademark Rule 2.127(e). As noted *supra*, because service between parties is now by email, the 2017 rules amendments removed the five days previously added to response periods for service by mail, so that the period to respond to all other motions and to file reply briefs is 20 days. Trademark Rules 2.119 and 2.127.

Reply briefs on motions are discouraged because they generally have little persuasive value. *No Fear*, 54 USPQ2d at 1553. A reply brief may be useful, however, if the non-moving party raises a new issue of fact or law in its response to a motion, or if the reply will assist the Board in resolving a complicated issue. Any filing in the nature of a surreply, no matter how captioned, will not be considered. Trademark Rule 2.127(a) and (e)(1); *Pioneer Kabushiki Kaisha v. Hitachi High Techs. Am. Inc.*, 74 USPQ2d 1672, 1677 (TTAB 2005).

Briefs in support of or in opposition to a motion may not exceed 25 pages; reply briefs are limited to 10 pages. Trademark Rule 2.127(a). These page limits cannot be waived or exceeded, even by agreement of the parties. Exhibits to a motion are not counted toward

the page limit, but a table of contents, index of cases, or description of the record does count against the page limit.

The Board may grant a motion as conceded where the non-movant has failed to respond. Trademark Rule 2.127(a). Matters that are conceded or not potentially dispositive may be acted on by a single Administrative Trademark Judge, an Interlocutory Attorney, a Board paralegal, or order generated by ESTTA. Trademark Rule 2.127(c). An order “By the Board” has the same legal effect as an order issued by a three-judge panel. *Id.*

On the parties’ request or its own initiative, the Board may convene a telephone conference to decide a motion. Trademark Rule 2.120(j)(1). Telephone conferences are particularly helpful when a motion is time-sensitive (e.g., a motion to extend or a motion to quash a deposition). A party seeking a telephone conference on a motion should contact the assigned Interlocutory Attorney via phone. If the Interlocutory Attorney determines that it is appropriate to hear the motion by phone, he or she will contact the parties to schedule a mutually agreeable time for the conference.

The Board also may require the parties and their counsel to attend an in-person or telephone conference with a Board attorney, judge, or panel of judges to resolve complex discovery or pretrial issues. Trademark Rule 2.120(j)(2); *see also, e.g., Blackhorse v. Pro Football Inc.*, 98 USPQ2d 1633 (TTAB 2011); *Gen. Mills Inc. v. Fage Dairy Processing Indus. SA*, 100 USPQ2d 1584, 1592 n.5 (TTAB 2011); TBMP § 502.06(b) (Jan. 2017).

TIPS

- The time to file a reply brief will not be extended or reopened, even by stipulation of the parties. Trademark Rule 2.127(a).
- Because the Board does not consider surreplies, a movant should not file a motion to strike a surreply.

Motions to Extend or Reopen

Motions to extend or reopen a deadline are governed by FED. R. CIV. P. 6. Good cause must be shown to obtain an extension of an unexpired period. FED. R. CIV. P. 6(b)(1)(A); *Am. Vitamin Prods. Inc. v. DowBrands Inc.*, 22 USPQ2d 1313, 1314 (TTAB 1992). Excusable neglect must be shown to reopen an expired period. FED. R. CIV. P. 6(b)(1)(B); *Pioneer Inv. Servs. Co. v. Brunswick Assocs. Ltd. P’ship*, 507 U.S. 380 (1993); *Pumpkin, Ltd. v. Seed Corps*, 43 USPQ2d 1582 (TTAB 1997).

Settlement negotiations generally constitute good cause for a motion to extend, but if the movant believes that the motion will be contested, it is advisable to detail the supporting circumstances. The mere fact that settlement negotiations are ongoing usually will not constitute excusable neglect to reopen an expired period. *Atlanta-Fulton County Zoo Inc. v. DePalma*, 45 USPQ2d 1858, 1859-60 (TTAB 1998).

If the Board denies a motion to extend or reopen, it is likely to leave schedules as set unless doing so would work some injustice (e.g., if the Board denies a motion to extend discovery, trial dates usually will be reset; if the Board denies a motion to extend a particular trial period, later periods likely will be reset). *Vital Pharms. Inc. v. Kronholm*, 99 USPQ2d 1708, 1711 (TTAB 2011).

TIPS

- If possible, a party should file a motion to extend before the expiration of a deadline rather than a motion to reopen after a deadline has passed because the “good cause” standard applicable to extension requests is less onerous than the “excusable neglect” standard applicable to motions to reopen.
- A party seeking an extension without consent should not propose specific new deadlines or dates. Instead, the movant should request an extension for a specified length of time, measured prospectively from the date of the Board’s ruling on the motion. Otherwise, if the Board approves a motion to extend as uncontested, the movant may find that the requested extension period has expired.
- A plaintiff seeking to extend or reopen its trial period must be particularly careful. If the record is devoid of evidence to support the plaintiff’s arguments, the Board may deny a plaintiff’s motion to extend or reopen and proceed immediately to entry of judgment dismissing the case, as further discussed in the Trial section *infra*. *Vital Pharms.*, 99 USPQ2d at 1711.

Motions to Compel

As noted in the Discovery section *supra*, under the 2017 amendments to Trademark Rule 2.120(f)(1), a motion to compel initial disclosures must be filed within 30 days after the initial disclosure deadline, while a motion to compel discovery must be filed before the deadline for the plaintiff’s pretrial disclosures. The Board will suspend proceedings pending the disposition of a motion to compel, except that the parties will remain obligated to serve initial disclosures, to respond to outstanding discovery requests, and to attend discovery depositions noticed prior to the filing of the motion to compel.

Discovery disputes almost always result from the parties’ failure to cooperate, rather than from genuine differences of opinion about what is discoverable under the applicable law. The Board will consider the merits of a discovery dispute only where the movant has shown that it made a good-faith effort to resolve the dispute and that the parties were unable to resolve their differences. Trademark Rule 2.120(f)(1); *see also Hot Tamale Mama...and More, LLC v. SF Invs., Inc.*, 110 USPQ2d 1080, 1081 (TTAB 2014). A showing of a good-faith effort requires more than one telephone call, letter, or email exchange. The Board expects that the parties will engage in a meaningful effort to understand their differences and investigate ways to resolve their dispute. *Id.*; *Sentrol*, 231 USPQ at 667.

To demonstrate a good-faith effort, a movant should include in its motion the dates on which the parties communicated regarding the discovery dispute and a summary of such discussions, along with copies of any relevant correspondence. *Hot Tamale*, 110 USPQ2d at 1081. When no discovery responses have been provided, the showing of a good-faith effort need not be as great as when there is a dispute over the sufficiency of responses or the propriety of objections. When a significant number of discovery requests are in dispute, the Board may decline to resolve the dispute on the theory that the parties could not have made a sufficient good-faith effort to resolve it themselves. *Sentrol*, 231 USPQ at 667.

TIPS

- Parties have a duty to cooperate under the Federal Rules of Civil Procedure and the Trademark Rules. The Board looks with extreme disfavor on those who do not cooperate in the discovery process. TBMP § 408.01 (Jan. 2017).
- The Board encourages parties to request a telephone conference when, despite good-faith efforts to resolve a dispute, they reach an impasse regarding discovery. *See Promgirl*, 94 USPQ2d at 1762. The Board also may *sua sponte* convene a telephone conference to decide a motion to compel.
- A movant has the burden of demonstrating that it is entitled to certain discovery and therefore should cite cases to support its position.
- To the extent possible, group related discovery requests together in a motion to compel. This will streamline the issues for the Board.
- A 2017 amendment to Trademark Rule 2.120(f)(2) provides that if a motion to compel is filed after discovery has closed, the parties need not make pretrial disclosures until directed to do so by the Board.

Motion for Discovery Sanctions

A party may move for discovery sanctions where its adversary fails to comply with a prior Board order relating to discovery. A party also may seek sanctions (without first moving to compel) where an adversary fails to participate in the required discovery conference or to appear for its deposition, or clearly states that it will not make required disclosures or respond to discovery requests. Trademark Rule 2.120(h)(1) and (2); *Baron Philippe de Rothschild S.A. v. Styl-Rite Optical Mfg. Co.*, 55 USPQ2d 1848, 1854 (TTAB 2000).

The Board may impose a range of discovery sanctions, including striking all or part of a party's pleading, prohibiting a non-complying party from relying on certain evidence at trial, and entering judgment against a disobedient party. Trademark Rule 2.120(h)(1) and (2). But the Board will not hold a party in contempt or award expenses, including attorneys' fees. Trademark Rule 2.127(f).

Motions for Summary Judgment and Rule 56(d) Discovery

A party moving for summary judgment bears the burden of demonstrating the absence of any genuine disputes of material fact, and that it is entitled to judgment as a matter of law. *See Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986); *Sweats Fashions Inc. v. Pannill Knitting Co.*, 833 F.2d 1560, 4 USPQ2d 1793, 1795 (Fed. Cir. 1987). This is a difficult burden to satisfy in Board proceedings, where the claims and defenses at issue generally are fact-intensive. But where the burden is met, summary judgment may avoid a costly and time-consuming trial. *See, e.g., Kellogg Co. v. Pack'em Enters. Inc.*, 951 F.2d 330, 21 USPQ2d 1142 (Fed. Cir. 1991); *NH Beach Pizza LLC v. Cristy's Pizza Inc.*, 119 USPQ2d 1861 (TTAB 2016); *Urock Network, LLC v. Sulpasso*, 115 USPQ2d 1409 (TTAB 2015).

A party may seek summary judgment only on pleaded claims or defenses. FED. R. CIV. P. 56(a). The Board will not entertain a motion for summary judgment on an unpleaded claim or defense unless the non-movant does not object on this basis and the parties treat the unpleaded issue on its merits. *See Paramount Pictures Corp. v. White*, 31 USPQ2d 1768, 1772 (TTAB 1994), *aff'd mem.*, 108 F.3d 1392 (Fed. Cir. 1997); TBMP § 528.07(a) (Jan. 2017).

A motion for summary judgment may not be filed until after the moving party has made initial disclosures (except for a motion asserting claim or issue preclusion or lack of Board jurisdiction). Under the 2017 amendments to Trademark Rule 2.127(e)(1), a summary judgment motion must be filed before the plaintiff's deadline to serve pretrial disclosures. If a party believes that it cannot effectively respond to a motion for summary judgment without first taking discovery, it may file a motion pursuant to FED. R. CIV. P. 56(d) to take the needed discovery. Such a motion must be filed within 30 days of service of the motion for summary judgment. This deadline will not be extended or reopened. Trademark Rule 2.127(e)(1). A motion for Rule 56(d) discovery must be supported by an affidavit or declaration setting forth the specific subjects on which discovery is needed and why such evidence cannot be obtained other than from the party that filed the motion for summary judgment. *See* FED. R. CIV. P. 56(d); *Opryland USA Inc. v. Great Am. Music Show Inc.*, 970 F.2d 847, 23 USPQ2d 1471, 1474 (Fed. Cir. 1992). When the Board grants a request for Rule 56(d) discovery, the discovery allowed is limited to that which the nonmoving party must have in order to oppose the motion for summary judgment.

Evidence submitted in connection with a motion for summary judgment is of record only for purposes of that motion. However, the 2017 amendments to Trademark Rule 2.127(e)(2) provide that if any motion for summary judgment is denied, the parties may stipulate that the materials submitted with briefs on the motion be considered as trial evidence, which may be supplemented by additional evidence during trial.

TIPS

- A motion for summary judgment or opposition thereto must be supported with evidence. FED. R. CIV. P. 56(c)(1). A plaintiff moving for summary judgment

must remember to include proof of standing. Too often, the Board sees motions for summary judgment woefully lacking in probative evidence.

- Do not file a combined response to a motion for summary judgment and a cross-motion for discovery under FED. R. CIV. P. 56(d). The response brief will demonstrate that discovery is not needed to respond. *Ron Cauldwell Jewelry, Inc. v. Clothestime Clothes Inc.*, 63 USPQ2d 2009, 2012 n.8 (TTAB 2002); TBMP § 528.06 (Jan. 2017).
- A party that seeks summary judgment on an unpleaded claim or defense should simultaneously move to amend its pleading to assert the claim or defense on which the motion is based. *Societe des Produits Marnier Lapostolle v. Distillerie Moccia S.R.L.*, 10 USPQ2d 1241, 1242 n.4 (TTAB 1989).
- Parties should avoid filing motions for summary judgment on claims of fraud. The factual question of intent, an element of a fraud claim, is particularly unsuited to disposition on summary judgment. *Copelands' Enters. Inc. v. CNV Inc.*, 945 F.2d 1563, 20 USPQ2d 1295, 1299 (Fed. Cir. 1991); *DaimlerChrysler Corp. v. Am. Motors Corp.*, 94 USPQ2d 1086, 1090 (TTAB 2010).

G. Trial

The submission of notices of reliance, declarations, and affidavits, as well as the taking of depositions, during assigned testimony periods correspond to the trial in court proceedings. Trademark Rule 2.116(e).

At trial, parties often confuse what evidence is automatically of record and what must be submitted. Pleadings are *not* automatically of record.

The files of opposed applications and registrations subject to petition for cancellation form part of the trial record and should not be resubmitted. Trademark Rule 2.122(b)(1). Statements made in affidavits and declarations in application and registration files, however, are not testimony on behalf of the applicant or registrant. Establishing the truth of matters asserted in such files is governed by the Federal Rules of Evidence, the relevant provisions of the Federal Rules of Civil Procedure, the relevant provisions of Title 28 of the United States Code, and the provisions of this Part of Title 37 of the Code of Federal Regulations. Trademark Rule 2.122(b)(2).

Pretrial Disclosures

Fifteen days before the opening of each testimony period, a party must disclose witnesses from whom it will take testimony or may call if the need arises, pursuant to the requirements of Trademark Rule 2.121(e). If a testimony deposition is noticed of a witness either not identified or improperly identified in pretrial disclosures, a party may move to quash the deposition. *Id.*

The pretrial disclosure deadline has new significance under the 2017 rules amendments. As noted *supra*, the following motions must be filed before the deadline for pretrial disclosures for the first testimony period:

- Motions to compel discovery. Trademark Rule 2.120(f)(1) and (2).
- Motions to test the sufficiency of a response or objection to a request for admission. Trademark Rule 2.120(i)(1) and (2).
- Motions for summary judgment. Trademark Rule 2.127(e)(1) and (2).

TIPS

- A party that plans to submit no witness testimony must so state in its pretrial disclosure. TBMP § 702.01 (Jan. 2017).
- Witnesses from whom a party intends to introduce testimony by affidavit or declaration must be identified in pretrial disclosures. Otherwise, the adverse party can move to strike the testimony. Trademark Rule 2.121(e).
- There is a distinction between a motion based on an allegation that a party failed to make proper or adequate pretrial disclosure and a motion based on an allegation that a party failed to serve a proper or adequate notice of examination. When the deficiency is in the pretrial disclosure, the motion to strike may target all of the testimony (and exhibits), or those portions that were not covered by the disclosure. When the deficiency is in the notice of examination, the motion to strike must seek exclusion of the entire testimony deposition and exhibits. *See Jules Jurgensen/Rhapsody Inc. v. Baumberger*, 91 USPQ2d 1443, 1445 (TTAB 2009). Either type of motion must be promptly filed after the testimony is taken. Trademark Rule 2.123(e)(3).

Testimony

Under the 2017 rules amendments, a party may opt to submit testimony in the form of an affidavit or declaration, subject to the right to oral cross-examination by the adverse party. Trademark Rule 2.123(a)(1) and (c).

The manner in which an objection is made to testimony depositions depends on the nature of the objection. If an objection could be cured if seasonably made, it must be raised promptly or it may later be found waived. Thus, for example, an objection that the deposition was taken without adequate notice must be promptly raised by a motion to strike. Other objections, such as to particular questions or a line of questions during a deposition, should be made during the deposition and then either renewed in the trial brief or in a motion to strike testimony filed at the time of briefing. This is because, as a general rule, motions to strike testimony will be deferred until the rendering of the final decision if deciding the motion would require reading the testimony. Any objection raised during the deposition must be renewed in a brief on the case or the Board likely will consider the

objection to have been waived. *See generally* TBMP § 707.03 (Jan. 2017). Substantive objections, such as relevancy or hearsay, may be raised for the first time in the brief.

During deposition, a witness should answer questions notwithstanding objections (unless the information sought is, e.g., a trade secret or privileged). Otherwise, if the objection is not well-taken, the Board may construe the refusal against the non-answering party. *Univ. of Notre Dame du Lac v. J.C. Gourmet Food Imps. Co.*, 703 F.2d 1372, 217 USPQ 505, 510 (Fed. Cir. 1983); *Levi Strauss & Co. v. R. Josephs Sportswear Inc.*, 28 USPQ2d 1464, 1467 (TTAB 1993); TBMP § 707.03(d).

Trademark Rules 2.123(f)(2) and 2.125(d) concern *filing* requirements for testimony depositions; Trademark Rule 2.125(a) through (c) concern *service* requirements. Parties should be served with copies of the transcript within 30 days of the deposition. Corrected, certified transcripts need only be filed prior to final hearing to be considered timely filed.

TIPS

- Deposition testimony must be submitted in written form. Transcripts must be full-sized (not condensed to multiple pages per sheet), and must include a word index. Trademark Rule 2.123(g)(1) and (3).
- Through submitting affidavits or declarations or taking oral depositions during the testimony period, a party may introduce into evidence not only the testimony of its witness, but also documents and other exhibits that may not be made of record by notice of reliance. Be selective, however, in the introduction of exhibits to a testimony deposition, affidavit, or declaration. For example, the Board does not need to see every advertisement or every catalog. A representative sample of them is sufficient, with accompanying testimony about the extent of publication, circulation figures and the like which would bear on the degree of exposure to the relevant public. Too often, witnesses are asked during deposition simply to read what is in exhibits, without being asked important questions necessary to establish the foundation for introduction of the exhibit, knowledge of the subjects discussed in the exhibit, or even being asked if the exhibits accurately reflect what the witness knows.
- If a party wishes to make of record its registrations through the oral testimony or declaration of a witness, the witness must have knowledge of the registrations and must specifically testify as to the title and status of each, i.e., that the party is the owner and that the registration is currently in effect. It is not unusual for a witness to be asked to “identify” a registration by reading the number, mark, and listed goods or services, without ever being asked to testify from personal knowledge that the party owns the registration and that it is valid (i.e., current and any necessary post registration filings have been made to maintain it).
- All exhibits must be submitted electronically and must be clear and legible. Trademark Rule 2.126(a).

Notices of Reliance

Notices of reliance are addressed in Trademark Rule 2.122(g), which was added in the 2017 rules amendments. The amended rules delineate procedures for notices of reliance and the types of evidence that may be submitted by them, including registrations owned by a party, printed publications and official records, and Internet materials. Trademark Rules 2.120(k), 2.122(d)(2), 2.122(e)(1) and (e)(2).

As explained in the *Ex Parte* discussion *supra*, the Board does not take judicial notice of USPTO records. Third-party registrations may be made of record by submitting plain copies of the registrations or of electronic printouts retrieved from the database of the USPTO. Trademark Rule 2.122(e)(1); *Rocket Trademarks Pty Ltd. v. Phard S.p.A.*, 98 USPQ2d 1066, 1070 n.11 (TTAB 2011). Lists of such registrations and trademark search reports from private company databases are inadequate. TBMP § 704.03(b)(1)(B) (Jan. 2017).

Evidence submitted by notice of reliance, as for other trial evidence, must be filed electronically, and must be clear and legible.¹ Trademark Rule 2.126(a).

TIPS

- The 2017 rules amendments specify that a notice of reliance must indicate generally the relevance of the evidence and associate it with one or more issues in the proceeding. Trademark Rule 2.122(g). Failure to meet this requirement will be considered a curable procedural defect. *Id.* Thus, this requirement should not be viewed as fertile ground for motion practice.
- Be judicious in submitting discovery responses to the Board. Rather than all admissible responses, consider submitting only those that advance the case. And bear in mind that denials of requests for admission – along with responses to document requests other than objections or statements that no such documents exist – are inadmissible. Trademark Rule 2.120(k)(3)(i); *Hunter Indus., Inc. v. Toro Co.*, 110 USPQ2d 1651, 1657 n.13 (TTAB 2014); *Life Zone Inc. v. Middleman Group Inc.*, 87 USPQ2d 1953, 1957 & n.10 (TTAB 2008).
- As noted *supra*, the rules amendments permit a party to make one comprehensive request for admission authenticating specific documents produced by an adverse party, or specifying which of those documents cannot be authenticated. Trademark Rule 2.120(i). Parties also may authenticate their produced documents by stipulation. Trademark Rule 2.120(k)(3)(ii). Authenticated documents may be submitted by notice of reliance (along with the relevant stipulation or request and admission). Bear in mind, however, that

¹ Evidence that by its nature cannot presently be submitted through ESTTA, such as DVDs, must be mailed to the Board. This exception does *not* apply to bulky documents, which must be submitted via ESTTA. Trademark Rule 2.123(f)(2).

authenticated documents remain subject to all Federal Rules of Evidence and may constitute hearsay if offered to prove the truth of the matter asserted.

Dismissal for Failure to Prosecute or File Brief

When a plaintiff has failed to file any evidence, or has filed only copies of USPTO records that the defendant believes are insufficient to allow the plaintiff to carry its burden of proof, the defendant may move for dismissal. Trademark Rule 2.132(b). The Board also may grant judgment for the defendant *sua sponte* when it is clear from the proceeding record that the plaintiff has taken no testimony or offered any other evidence during its testimony period. Trademark Rule 2.132(a).

When a plaintiff fails to timely file a brief on the case, the Board may issue an order to plaintiff to show cause why the case should not be dismissed as conceded. If a plaintiff files a response to the order and shows good cause, but does not have any evidence of record and does not move to reopen its testimony period and make a showing of excusable neglect sufficient to support such reopening, judgment may be entered against the plaintiff for failure to take testimony or submit any other evidence. Trademark Rule 2.128(a)(3); *see also* TBMP § 536 (Jan. 2017).

Briefs

Briefs should discuss the pertinent facts of a case in light of the relevant statutory and case law. All briefs should adhere to the page limits in Trademark Rule 2.128(b): 55 pages for main briefs and 25 pages for reply briefs. If a party files a brief in excess of the page limit without prior leave of the Board, the brief may not be considered. *Id.* Briefs must meet the requirements of Trademark Rule 2.126 and must contain an alphabetical index of cited cases, which is included in the page limit.

TIP

- When making an argument, cite the relevant record evidence by its location in the TTABVUE record; e.g., 10 TTABVUE 15-16.
- The 2017 rules amendments specify that evidentiary objections may either be raised in a party's brief on the case or instead set out in an appendix or separate statement of objections, which does not count against the briefing page limit. Trademark Rule 2.128(b).

H. Oral Hearing

An oral hearing will be schedule by the Board on request of at least one of the parties. Each side is allotted 30 minutes, and a plaintiff may reserve some of its time for rebuttal.

At hearing, stick to the facts of the case. The judges will have read the briefs but generally will not have reviewed the record and therefore may have questions about what is in the record and what is not.

TIPS

- Counsel must know the record and should be prepared to outline the most important aspects of the case at the hearing. The primary focus at the hearing, however, should be to answer questions asked by the panel and engage the judges in conversation about the case. For this reason, PowerPoint presentations are ineffective and strongly discouraged.
- If using a demonstrative exhibit, bear in mind that at least one judge is likely to participate in the hearing remotely. Therefore, be prepared with the record citation to the exhibit. New evidence should not be introduced at a hearing.

IV. JUDICIAL REVIEW OF TTAB DECISIONS

There are two mutually exclusive avenues of appeal from final decisions of the Board in both *ex parte* and *inter partes* cases. First, a party may appeal to the U.S. Court of Appeals for the Federal Circuit, which will review the decision from which the appeal is taken on the record before the USPTO. Second, a party may have remedy by civil action in a U.S. District Court, in which the court “may adjudge that an applicant is entitled to a registration upon the application involved, that a registration involved should be cancelled, or such other matter as the issues in the proceeding require, as the facts in the case may appear.” Trademark Act Section 21. Appeals are discussed in detail in TBMP Chapter 900.

The 2017 amendments to the Trademark Rules changed § 2.145, the rule pertaining to appeals of Board decisions, by reorganizing the subjects covered and rewording some provisions to improve the clarity and structure of the rule, and to align the provisions with the analogous rules governing judicial review of Patent Trial and Appeal Board decisions in 37 C.F.R. Part 90. Substantively, throughout Trademark Rule 2.145, the amendments removed specific references to times for taking action or other requirements that are specified in the Act or another set of rules (e.g., Federal Rules of Appellate Procedure) and replaced them with references to the applicable section of the Act or rules that set the time or requirements for the specified action. The amendments also changed the times for filing a notice of appeal or commencing a civil action from two months to sixty-three days (i.e., nine weeks) from the date of the final decision of the Board.

TIPS

- Under the 2017 amendments to the Trademark Rules, copies of notices of appeal, notices of election, and notices of civil action must be filed with the Board via ESTTA and separately with the Office of the General Counsel.
- Parties seeking review of *ex parte* decisions by way of civil action must serve the summons and complaint on the Director addressed to the Office of the General Counsel and a copy of the complaint via ESTTA.

- A notice of a civil action for review of a Board decision in an *inter partes* case must be filed no later than five business days after filing the complaint in district court, and must identify the civil action with particularity, i.e., by case name, case number, and court.
- It is unnecessary to request reconsideration before filing an appeal of a Board decision, but a party requesting reconsideration must do so before filing a notice of appeal or a civil action.
- Pursuant to Trademark Act Section 21(b)(3), in cases where there is no adverse party, the appealing party pays all expenses, including attorney fees, whether or not the appeal succeeds. *See Shammis v. Focarino*, 784 F.3d 219, 114 USPQ2d 1489 (4th Cir. 2015) (ordering applicant to pay \$36,320 in USPTO expenses).

Generic Schedule
Notation of Certain Items Affected by the 2017 Amended Rules

No change to the conference, disclosure, discovery, and trial schedule sent to the parties is made by the 2017 rules amendments. However, certain amendments changed the timeliness of some motions and the schedule for written discovery requests. They are marked below as a quick reference guide.

Time to Answer	
Deadline for Discovery Conference	
Discovery Opens	
Initial Disclosures Due	<i>Motion to compel initial disclosures, if any, due in 30 days. 2.120(f)</i>
Expert Disclosures Due	<i>Effectively last day to serve written discovery requests. 2.120(a)(3)</i>
Discovery Closes	<i>Last day for responses to written discovery. 2.120(a)(3)</i>
	<i>Motions to compel discovery, test sufficiency of admission requests, and for summary judgment must be filed “prior to the deadline for pretrial disclosures for the first testimony period as originally set or as reset.” 2.120(f) – motions to compel; 2.127(e) – summary judgment motions</i>
Plaintiff’s Pretrial Disclosures Due	<i>Motion to offer into evidence a discovery deposition to be made at time of pretrial disclosures. 2.120(k)(2)</i>
Plaintiff’s 30-day Trial Period Ends	
	<i>Election of oral cross-examination must be made within 20 days from date of service of affidavit or declaration and completed within 30 days from the date of service of notice of election – suspension may be necessary.* 2.123(c)</i>
Defendant’s Pretrial Disclosures Due	
Defendant’s 30-day Trial Period Ends	
	<i>Same</i>
Plaintiff’s Rebuttal Disclosures Due	
Plaintiff’s 15-day Rebuttal Period Ends	
	<i>Same</i>

* A deposition for oral cross-examination includes any redirect or recross that may occur.



Brent E. Routman is a partner and General Counsel of the intellectual property firm of Merchant & Gould, P.C. The firm has offices nationally, including in New York. Brent is a Past President of the Minnesota State Bar Association (MSBA) and the Hennepin County Bar Association (HCBA); former chair of numerous committees and sections of the ABA/Intellectual Property Section including the Patent Division, the Ethics Committee, and a former member of the Ethics Committee of the Hennepin County Bar. Brent served in the ABA House of Delegates for seven years, and is a former Chair of the Commission on Law and Social Action for the American Jewish Congress Southeast Region. Brent is a frequent lecturer on intellectual property issues, an inventor of fire safety devices for children, smart toys for pets, served as a paid extra in an Academy Award Nominated Cohn Brothers movie and is the proud past owner of Mensch Brothers All Natural Gourmet Kosher Dill Pickles, a former school teacher, and a law school administrator.



HOT (ETHICS) TOPICS IN TRADEMARK LAW

NYIPLA July 2017

Presented By

Brent E. Routman

Topics to be Covered

- Issues in Social Networking, Web sites, blogs, and Lawyer Listings
- Trademark Investigations

Social Networking et al.

- Disclaimer
 - Not a Power User
 - Not Legal Advice
- Risks Associated with Social Networking

Sites

- LinkedIn
- Facebook
- Twitter
- Firm Web Sites
- Blogs
- Daily Deals
- AVVO
- Total Attorneys

Risks



Statements To Ponder

- "Case finally over. Unanimous verdict! Celebrating tonight"
- "Another great victory is court today! My client is delighted. Who want to be next?"
- "Won a million dollar verdict. Tell your friends and check out my website."
- "Won another personal injury case. Call me for a free consultation."
- "Just published an article on wage and hour breaks. Let me know if you would like a copy."

Considerations

- Lawyer Advertising Rules May Apply
 - Rules 7.1-7.4
 - Rules Differ By State (NY in particular)
 - Can be onerous re retention of copies, filing with authorities, etc.
 - Remember Issues Related to Multijurisdictional Practice

Rules of Thumb



Rules of Thumb

- 7.1
- **Don't Make a False or Misleading Statement**
 - Material Misrepresentation
 - Omit Fact Necessary to Make Whole Statement Not Materially Misleading
 - Rules may be different for elected officials

Second Thumb

- Advertising Permitted via written, recorded, or electronic communications but “**Solicitations**” (In Person, Live Telephone, Real Time Electronic Communications) have special rules (7.3)

General Advertising

- Can't give anything of value to person recommending the firm except:
 - Reasonable costs of advertisements
 - Usual charges of legal services plan or not-for-profit lawyer referral services
 - Paying for a law practice
 - Quid Quo Pro with other firm unless NON exclusive and client informed
 - Communication contains name and address of lawyer or law firm responsible

General Advertising in NY

- Ads may not include:
 - A paid endorsement or testimonial unless compensation disclosed
 - Portrayal of fictitious firm or name or false implication of law firm association
 - Use of actors without disclosure
 - Ad made to resemble legal document

General Ads in NY Cont

- NOT PERMITTED:
 - Statements likely to create expectation about results lawyer can achieve
 - Statements comparing lawyer services with other lawyers
 - Client testimonials or endorsements
 - Statements describing or characterizing the quality of services.
- UNLESS
 - Factual support as of date of ad, a disclaimer re “Prior results do not guarantee a similar outcome,” and client informed consent in writing re pending matters.

More General Advertising in NY

- Every Ad except on radio, TV, or Billboard, directory, newspaper, magazine, or other periodical (and web sites related thereto) shall be labeled “**Attorney Advertising**” on the first page, or the home page in the case of a web site.
- If self-mailing brochure, postcard, or email “Attorney Advertising” must appear

Even More Gen Adv in NY

- Can't use meta-tags or other hidden computer codes that, if displayed, would violate Rules.
- Must include name, principal law office address and phone number of lawyer or firm
- All words, clearly legible or recordings intelligible by average person

Pile On ;) in NY

- Fixed Fee documentation
- Retained for 3 years or 1 year if computer accessed
- Major web site redesigns saved for 90 days
- Can't charge more than fee advertised for 30 days or until next publication
- Speaking publicly on legal topic ok if you don't give individual advice.

Solicitations (7.3)

- Not talking about soliciting a client (that is covered by a different Rule). MN case.
- Can't contact in person, telephone, or real-time or interactive computer-accessed communication unless a close friend, relative, former or existing client.
- Also, forget contacting if they told you not to solicit them, you are coercive, exert duress, or harass, they are particularly vulnerable, or an unaffiliated attorney will do the work.

Solicitations Cont.

- It's an solicitation if it is an unsolicited targeted communication aimed at a specific recipient or group (and families or legal representatives) with a primary purpose is retaining you for pecuniary gain
- If the target is in NY., you must file a copy with the attorney disciplinary committee of the judicial district where your firm maintains its principal office

Final Solicitation Info

- Maintain list of names and addresses of all recipients for 3 years
- Solicitations shall be open to public inspection
- Can't send written solicitation by method that requires the recipient to travel or sign
- Disclose how you got their name
- If retainer agreement enclosed, must be marked SAMPLE in red, equal font, and marked DO NOT SIGN on signature line
- Include your name (or firm), main address, and tel.
- Applies to out of state lawyers seeking NY client

Ethics Opinions

- Participation in a blog or similar social interactive media falls into general adv. (not considered real time) (Phila. Opinion 2010-06)
- Email also general adv but must contain legends (Ohio Opinion 2013-2 (Apr. 5, 2013))
- Using Twitter to attract potential clients is permissible, but lawyer advertising rules apply (New York State Opinion 1009 (May 21, 2014))

Ethics Opinions Cont

- Networking [websites] are both communications and advertisements governed by 7.1 and 7.2 (South Carolina Opinion 09-10)
- BUT Lawyers may not answer questions on JustAnswer.com, a website that allows the public to post questions to be answered by “experts” as site’s structure violates several lawyer advertising rules (South Carolina Opinion 12-03)

More Ethics Opinion

- Sharing your legal accomplishments on Facebook or other social media outlets could violate the lawyer advertising rules, depending on the wording used in the particular post (California Opinion 2012-186).
- Back to Slide 6.

Pay Per Lead Sites

- Lawyer may pay for Internet-based client leads so long as lead generator does not recommend lawyer and other conditions are met (Delaware, Iowa, Kansas, North Carolina, Pennsylvania, West Virginia, and Wyoming, Arizona, Colorado, New Jersey)
- Need to be on the list (See NJ June 21, 2017, AVVO, LEGALZOOM AND ROCKET LAWYER not on the list.

Pay Per Lead Sites Cont.

- Lawyers cannot pay for-profit website for “blind” client referrals (Michigan Informal Opinion RI-365 (Nov. 1, 2013))
- Lawyers would violate professional conduct rules by participating in Internet-based, non-lawyer-operated programs to connect lawyers with prospective clients seeking limited scope legal services (Ohio Opinion 2016-3 (June 3, 2016); PA Opinion 2016-200 (Sep. 16, 2016); S. Carolina Opinion 16-06); Violates Rule 5.4(a)’s prohibition on sharing fees with nonlawyers

Daily Deal Web Sites

- Conflicting state opinions
 - Not inherently unethical (ABA Formal Opinion 465 (Oct. 21, 2013))
 - Lawyer can use daily deal websites to sell vouchers for discounted legal services provided that lawyer abides by NY's professional conduct rules on advertising (NY St Op. 897 (Dec. 13, 2011))
 - Lawyer may offer prize to general public as enticement to connect to lawyer's social networking site, provided New York's professional conduct rules pertaining to advertising are followed (York State Opinion 873 (June 9, 2011))

Daily Deal Cont.

- Lawyer's use of daily deal website to sell legal services violates Alabama's rule against fee sharing and its rule requiring all unearned fees to be placed into trust account (Alabama Opinion 2012-01; Voucher or coupon program would likely violate one or more professional conduct rules () Arizona Opinion 13-01 (April 20, 2013)); *My Cousin Vinny* jurisdiction.
- Lawyer's use of group coupon or daily deal programs to obtain new clients is "fraught with peril" and probably unethical (Indiana Opinion 2012-01 (July 10, 2012))
- Participation in Groupon daily deal "would appear to violate" proscription on sharing legal fees with non-lawyer and raises several other professional conduct issues (PA Pennsylvania Opinion 2011-027 (July 27, 2011))

Trademark Investigations

- Don't Worry. I will rush these slides and leave no time for questions...

Trademark Investigations, Takeaways

— Takeaways

- No certainty in most jurisdictions
- Know the jurisdiction where you are working
- Any other reasonably available practical means to obtain the information sought?
- **Limit pretexting to the identity of the investigator and purpose of the contact**
- **Try to limit contact to nonmanagerial employees**
- Limit any inquiry to information that would reasonably be likely to be shared with any member of the public with whom the person routinely interacts
- Better to do it before litigation commenced

Trademark Investigations, Applicable Rules

- Rule 4.1(a). Truthfulness in Statements to Others: In the course of representing a client, —a lawyer shall not knowingly . . . make a false statement of material fact or law to a third party.
- Rule 4.2. Communication with Person Represented by Counsel: Lawyer shall not communicate —about the subject matter of a representation with a person who the lawyer knows to be represented by another lawyer in the matter, unless the lawyer has the consent of the other lawyer or is authorized to do so by law or a court order.
- Rule 4.3. Dealing with Unrepresented Person: —[A] lawyer shall not state or imply that the lawyer is disinterested.
- Rule 5.3 Lawyer is responsible for another person’s violation through involvement, knowledge, or supervisory authority if lawyer orders, directs, or ratifies the conduct.
- Rule 8.4(a): Lawyer cannot circumvent ethical prohibitions —through acts of another
- Rule 8.4(c). Misconduct: It is —professional misconductll for a lawyer —to engage in conduct involving dishonesty, fraud, deceit, or misrepresentation

Trademark Investigations, Ethics Opinions

- **New York County Ass'n Comm. On Professional Ethics Op. 737 (May 23, 2007)** concluded that —while it is generally unethical for a non-government lawyer to knowingly utilize and/or supervise an investigator who will employ dissemblance in an investigation, determined that —**in a small number of exceptional circumstances dissemblance by investigators supervised by attorneys could be permitted where the dissemblance by investigators is limited to identity and purpose and involves otherwise lawful activity undertaken solely for the purpose of gathering evidence**
- Ala. Op. 2007-05 found that during investigation of possible IP infringement a lawyer may pose as customer under the pretext of seeking services of suspected infringers on the same basis or in the same manner as a member of the general public

Trademark Investigations, Cases

- *Apple Corps Ltd. v. Int'l Collectors Soc'y*, 15 F. Supp. 2d 456 (D.N.J. 1998). The court found that **Rule 8.4(c) did not cover misrepresentations of identity or purpose while gathering evidence.** Court found that Rule 8.4(c) should be read in conjunction with Rule 4.1, which prohibits misrepresentations of material fact, and consequently interpreted Rule 8.4(c) as targeted only at "grave misconduct"

Trademark Investigations, Cases

- *Gidatex, S.r.L. v. Campaniello Imp's, Ltd.* 82 F. Supp.2d. 119 (S.D.N.Y. 1999). The court found that New York's Rule 8.4(c) sought to protect parties from being tricked. The court found **no violation of the rule because the investigators did not interview the salespeople or trick them into making statements they would not otherwise have made as part of the transaction**

Trademark Investigations, Cases

- *Louis Vuitton S.A. v. Spencer Handbags Corp.*, 765 F.2d 966 (2d Cir. 1985). The Second Circuit upheld the admission of a videotape taken by an investigator of counterfeiters explaining their operations and profits in trafficking counterfeit goods. The court said: —Where, as here, no well-founded accusation of impropriety or inaccuracy is made, testimony as to authentication is sufficient

Trademark Investigations, Cases

- *Midwest Motor Sports, Inc. v. Arctic Cat Sales, Inc.*, 144 F. Supp. 2d 1147 (D.S.D. 2001). The **Eighth Circuit** affirmed the exclusion of evidence obtained by an investigator who visited plaintiff's retail franchisees posing as a customer and made secret audiotapes during litigation. The Court determined that the plaintiff's attorneys violated Rule 4.2 of the ABA's Model Rules by having the investigator contact defendant's salespersons whose statements may constitute admissions against the defendant. Further, the investigator's posing as a customer violated Rule 8.4(c) which prohibits —conduct involving dishonesty, fraud, deceit or misrepresentation. As the court held, —[t]he duty to refrain from conduct that involves deceit or misrepresentation should preclude any attorney from participating in the type of surreptitious conduct that occurred here



The End

Thank you.