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ARE YOU ENTITLED TO MORE PATENT TERM?

by Kyle S. Coleman

Recently, in *Novartis v. Lee* (2013-1160, Fed. Cir., Jan. 15, 2014), the United States Court of Appeals for the Federal Circuit changed how the United States Patent and Trademark Office (USPTO) calculates patent term adjustment (PTA) for certain issued patents. The USPTO has not yet issued guidance on when it will change its procedure for calculating PTA to comply with the Court's decision. In view of this decision, our firm is reviewing patent files covered by *Novartis* to verify if the amount of awarded PTA is correct.

In what was a slight modification to the USPTO's position, the Court held that the USPTO must account for the interval between allowance and issuance when calculating PTA for patent applications issuing more than three years after filing where a request for continued examination (RCE) was filed during prosecution.

For recently allowed applications, an Applicant may file an application for patent term adjustment requesting reconsideration of the patent term adjustment determination no earlier than the date of mailing of the notice of allowance and no later than the payment of the issue fee (37 C.F.R. § 1.705(b)). For recently issued patents, a patentee has two months from the date of issuance to request reconsideration of PTA (37 C.F.R. § 1.705(b)(1) and (2)), which can be extended for an additional five months by paying extension fees.

Therefore, it may be possible to obtain additional term for applications that have received a notice of allowance or patents issuing within the last seven months where an RCE was filed during prosecution and the period from filing to issuance, exclusive of the period devoted to continued examination, is greater than three years.

Given the frequency of continued examination and issuance of patents more than three years after filing, one might question the extent of the impact of the Court's holding on the numerous recently issued patents and allowed patent applications. However, in reviewing cases our firm is handling there were only a handful identified that issued more than three years after filing where a request for continued examination (RCE) was filed during prosecution.

In short, if you have a patent that issued within the last two months where an RCE was filed during prosecution and the period from filing to issuance, not including any time consumed by continued examination, is greater than three years, it may be possible to acquire additional patent term. Moreover, patent applications that have been allowed after an RCE was filed and have accrued more than three years of pendency, notwithstanding any time consumed by continued examination, may be awarded additional patent term.

The Secret's Finally Out!



We can now tell you we have...

- 16 patent attorneys
- More Federal Circuit appearances than any other Iowa office
- Two former U.S. Patent Office Examiners
- One U.S. Supreme Court Victory
- Three former Federal law clerks
- Ten different types of science/engineering degrees, including four advanced degrees

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NEW CHINA TRADEMARK LAW (PASSED FALL 2013, EFFECTIVE MAY 1, 2014)

Main points:

1. Addresses trademark hijacking (registering a foreign company's trademark and then trying to block that company's use in China) by requiring "good faith" on new filings (requirement is both on China companies and their trademark counsel). [Of course, what is "good faith" will have to be litigated].
2. Addresses trademark enforcement by raising amount of money damages possible (\$500K U.S.—up from about \$75K U.S.)
3. Expands types of marks registerable (e.g. now allows "sound" trademarks like the NBC "chime") and allows multi-class registrations.
4. Addresses protection of "well known" marks by increasing limitations on how they can be used (apparently limits what is "fair use" especially in commercial advertising).
5. Addresses delays in trademark registration processing (speeds up or at least sets time frames for each stage of process, including oppositions).
6. Trademark assignments—if a company assigns one registration, it must assign all similar ones it owns (at least if related to the same goods or services). This would appear to be an effort to help the public know who is behind a certain brand.

HAVE YOU CONSIDERED A DESIGN PATENT?

by Jill N. Link

Design patents protect a product's new, original and ornamental design. This is a different protection than utility patents which protect the functional aspects of an invention. Design patents often protect a product's shape or other aesthetic aspects. Examples of current design patents include Nike's "swoosh" logo applied on an athletic shoe and the shape of an iPhone.

Design patents have long been viewed as secondary forms of protection behind utility patents. However, the many advantages of designs may prompt you to consider adding design patents to your arsenal of intellectual property protection. Design patents exclude others from making, using, selling, or importing both exact copies, as well as substantially similar objects to the protected design. Beneficially, U.S. design patents cost significantly less than utility patents, do not require payment of maintenance fees, and are generally granted at a much faster rate. The term of enforcement of U.S. design patents has been increased to fifteen years (for applications filed after December 18, 2013). In addition to these benefits, changes in international design registration may facilitate more effective international protection for your design inventions.

If your products having protectable designs are produced and/or sold outside the U.S., foreign design patents are recommended to protect your designs in these countries. To date, there has been no "universal" type of protection for design patents. Instead, owners have had to seek and file for design protection in each and every country of interest individually. A common filing scenario for foreign protection includes an initial U.S. design patent application, followed thereafter within a six-month period any foreign design applications. Previously these foreign applications required individual filings in each country through a coordinated effort with foreign associates located in each country of interest.

A design patent applicant now has improved and streamlined options for foreign design patents, as outlined further herein. Effective December 18, 2013, mechanisms providing increased flexibility for obtaining foreign design protection took effect. Although the U.S. is still implementing these filings, once finalized, an applicant can file a single international application designating a variety of countries for design protection. The single design application is then provided to the various designated countries for examination. The International Bureau of the World Intellectual Property Organization coordinates these applications; however, each country controls the actual enforceability and other regulations for the design patents in that country.

The duration of a design patent filed under the international system lasts initially for five years, and is extendable in each country for additional five year increments (up to the country's maximum allowed term). For example, in the U.S., the design is protectable up to a total of 15 years.

Over 60 countries – including the European Union – are eligible for this coordinated international design system by virtue of its membership under the Hague Agreement. However, there are various countries excluded, including for example, Australia, Canada, China, Mexico, Japan, India, and Brazil. Protection in these excluded countries will require a separate application as has been done in the past for foreign design patents.

There are many options for filing design patent applications. Although often overlooked, designs enhance the appeal and aesthetic of products, enhancing commercial value which may justify seeking design protection. In certain situations, design patent applications may make more sense than filing utility patent applications, and can provide additional coverage in a shorter amount of time. In addition, the design patent applications can be filed around the world to give even greater protection for the ornamental design of your product. If you have an interest in filing a design patent application in the U.S. and/or around the world, please contact an MVS attorney.

Don't play games with your intellectual property.



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LEGISLATIVE UPDATE ON H.R. 3309 – THE INNOVATION ACT

by Luke C. Holst

BACKGROUND

On December 5, 2013, the U.S. House of Representatives passed H.R. 3309, the “Innovation Act,” with bipartisan support by an overwhelming margin of 325-91 votes. H.R. 3309 was drafted to address the perceived problem of abusive patent litigation, by alleged “patent trolls” or non-practicing entities. Such entities that do not create, invent, or sell products, but instead acquiring patents to monetize patent rights. Such entities may target - and are often awarded settlements - from small businesses, independent developers, inventors, and nonprofits that cannot afford lengthy litigation disputes. In early 2014, the Senate will likely consider a companion bill, S. 1720, the “Patent Transparency and Improvements Act of 2013,” previously introduced by Senator Leahy (D-VT). While S. 1720 has similar goals of H.R. 3309, nevertheless, the bills have many provisions that are not shared or coextensive. For instance, the Higher Education Community opposed H.R. 3309, but supports S.1720 for omitting the following provisions which they believe will entail greater cost than benefit by undermining the ability of universities and their licensees to enforce their patent rights: (1) Fee-shifting and joinder; (2) Expansion of covered business method patents; and, (3) Detailed statutory instructions to courts on pleading and discovery. Thus, it remains to be seen what impact H.R. 3309’s passage will have on Senate deliberations in light of the fact the bill enjoys support from the White House. If legislation passes the Senate, then the House and Senate bills will need to be reconciled in conference committee and sent to the President’s desk for signature. In the meantime, the Senate Committee on the Judiciary addressed the issue by holding a hearing entitled “Protecting Small Businesses and Promoting Innovation by Limiting Patent Troll Abuse” on December 17, 2013.

SUPPORT

Supporters of H.R. 3309 praised its passage as instituting important patent reforms made necessary after the passage of the America Invents Act (P.L. 112-29). Proponents of this legislation include broad support from the technology sector, including internet companies such as Google, Microsoft, Amazon, and Apple. H.R. 3309 is also favored by brick-and-mortar industries such as restaurants, retailers, realtors, hotels, casinos, airlines, and the auto industry. Particularly, the bill has several key provisions that allegedly combat patent trolls head on:

- 1) **A heightened pleading requirement.** Currently, many patent trolls simply name the patents infringed in their complaints. H.R. 3309 includes a particularized statement “with detailed specificity” as to “how the terms in each [asserted] claim... correspond to the functionality of [each] accused instrumentality.” Thus, the heightened pleading standard would require patent owners to specifically identify in their complaints how the accused device has infringed their patent.
- 2) **Transparency of ownership.** Often, patent trolls hide behind a massive number of shell companies to avoid disclosing who the “ultimate parent entity” of the patentee is during litigation. An “ultimate parent entity” under the Federal Regulations is defined as the “entity which is not controlled by any other entity.” H.R. 3309 would require patent plaintiffs to name anyone who has a financial interest in either the patents at issue or the patentee and must additionally disclose the “ultimate parent entity” of the patentee.

- 3) **Limited discovery.** Currently, defendants incur burdensome discovery costs in frivolous lawsuits before the claim terms are even construed by the court during Markman hearings. H.R. 3309 attempts to reduce discovery costs by constraining the scope of discovery until claim construction occurs. Moreover, the U.S. Judicial Conference is directed to develop rules “to address the asymmetries in discovery burdens and costs in any civil action [relating to patents].”
- 4) **Stay for customer suits.** H.R. 3309 creates a voluntary process for small businesses to postpone patent lawsuits while their larger sellers complete similar patent lawsuits against the same plaintiff, and allows a manufacturer to intervene in a lawsuit against its customers and the action stayed for the customer if both the customer and manufacturer agree.
- 5) **Fee-shifting provision.** The centerpiece of the legislation is a fee-shifting provision that requires courts (with some exceptions) to award prevailing parties reasonable attorneys’ fees and other expenses when parties bring frivolous lawsuits or claims that have no reasonable basis in law or fact.

OPPOSITION

On the other side, opponents of H.R. 3309 are concerned that the fee-shifting provision would likely favor wealthy parties while discouraging smaller inventors from pursuing legitimate patent infringement claims. Thus, a small entity suing a larger corporation to enforce its patent may become financial suicide as H.R. 3309 makes “loser pay winner’s legal costs” the potential standard. Opponents of the legislation include the biotechnology and pharmaceutical industries, the Intellectual Property Owners’ Association, patent attorneys, and even universities – which warned that the legislation would harm their patent-licensing revenues. Notably, the Biotechnology Industry Organization (“BIO”) believes that the Act will undermine biotech research and innovation, as it would ultimately make it more difficult for patent holders with legitimate claims to protect their intellectual property. In a press release, BIO stated “[p]rovisions in the legislation would erect unreasonable barriers to access justice for innovators, especially small start-ups that must be able to defend their businesses against patent infringement in a timely and cost-effective manner, and without needless and numerous procedural hurdles or other obstacles.” <http://www.bio.org/media/press-release/bio-statement-regarding-innovation-act-hr-3309> (December 3, 2013). The Higher Education Community also issued a statement warning that proposals regarding fee-shifting in H.R. 3309 “are especially problematic for not-for-profit universities and undercapitalized licensees, due not only to the prospect of the substantial financial burdens that could result from litigation not initiated or controlled by the universities, but, perhaps even more problematically, the prospect of such outcomes gravely chilling the ability of universities to transfer their early-state patents into the commercial sector because of the major new financial burdens confronting potential licensees.” Statement from the Higher Education Community on S. 1720, the “Patent Transparency and Improvements Act of 2013” (December 11, 2013).

MVS is monitoring developments related to the passage of H.R. 3309 in the U.S. House of Representatives, and its companion bill S. 1720 awaiting debate in the U.S. Senate. Please contact your MVS attorney with any questions.

New China Trademark Law continued

These are promising developments, but conventional advice in China regarding trademarks remains:

- a. register your marks in China without delay (China remains a “first to file” trademark country);
- b. proceed with extreme caution before using, or licensing others to use, any mark in China on an unregistered basis, even if this use only extends to goods manufactured there for export;
- c. ensure that any trademark registrations you own or apply for in China are sufficiently broad in terms of the goods and/or services covered; and
- d. if appropriate, protect your marks in China in both Chinese script and Latin alphabet characters

Contact an attorney at MVS with any questions you have regarding this article or any intellectual property matter.

TECHNOLOGY TRANSFER IN THE NEW MILLENNIUM

by Heidi S. Nebel

What do fluoride toothpaste, Gatorade, GPS systems, and television all have in common?

They are all innovations that came from University Research.

The concept of incentivizing the transfer of University Research to the commercial marketplace originates in the Bayle-Dole Act. The Act passed in December 1980 and created a uniform patent policy among the federal agencies that fund research. The policy enabled small businesses and non-profit organizations, including universities, to retain title to inventions made with federally funded research dollars. Thus, the birth of the modern day University Technology Transfer Office.

For the year 2012, reported income from royalties to University Technology Transfer Offices totaled \$1.89 billion. Estimated total economic impact of University Technology Transfer approached \$80 billion. University Technology Transfer plays a powerful role in our economy.

AUTM, the Association of University Technology Managers celebrates 40 years of existence this year. I doubt that any of the

original forming members could have predicted such success for their organization and for the impact of technology transfer in today’s economy.

AUTM conducts an annual licensing survey that disclosed the numbers recited herein. The survey also showed that in addition to sales and royalties, 15,741 employees work in research start-ups with each company having, on average, 11.38 employees. About two-thirds of these new companies have their primary place of business in the same state as the University or Hospital from which the technology was developed and originally licensed. Academic Technology Transfer creates local, high quality jobs all across the United States.

We are proud at MVS to represent many Technology Transfer offices from various University and non-profit agencies, and we have a long history of participation in AUTM. I and Jill Link attended the AUTM National meeting in San Francisco February 20-22nd where we attended the sessions, as well as the Central Region Breakfast and where we were honored to participate in, and sponsor the “AUTM Women Inventors Task Force” organized by AUTM President-Elect Jane Muir.

WE’RE THERE

January-May

Ed Sease will teach the Patent Prosecution course at Drake Law School and Mark Hansing will teach the Patent Prosecution seminar at the University of Iowa Law School.

February 1

Kirk Hartung spoke at the Sussman Spring Leadership Conference at Drake University.

February 8

Christine Lebrón-Dykeman and Alex Christian took the Drake Law School IP Moot Court team to the Saul Lefkowitz Moot Court competition in Dallas, Texas, where the team won Best Oralist at the Southwest regional competition.

February 12-15

Luke Mohrhauser attended the National Farm Machinery Show in Louisville, KY.

February 20-22

Heidi Nebel and Jill Link attended the Association of University Technology Managers (AUTM) annual meeting in San Francisco, CA.

March 5

Kirk Hartung will speak at the Des Moines Area Community College (DMACC) Celebrate Innovation Week.

March 16-20

Jonathan Kennedy will speak at the American Chemical Society (ACS) National Meeting in Dallas, TX.

March 25

Jill Link will present a workshop on “Intellectual Property for Start-up Businesses and Small Businesses” sponsored by SCORE in Montgomery, AL.

March 27-29

Kirk Hartung will attend the LEGUS spring meeting in Las Vegas, NV.

April 14-17

Jeffrey Harty and Luke Mohrhauser will attend the International No-Dig Trade Show in Orlando, FL.

May 8

Jill Link will present an IP seminar at the Iowa State Bar Association “Bridge the Gap” conference in Des Moines, IA.

July 14-16

Heidi Nebel and Dan Lorentzen will attend the Association of University Technology Managers (AUTM) Central Regional meeting in St. Louis, MO.

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