

Webinar Series:

U.S. LEGAL ISSUES
for Foreign Businesses in the United States



Presented by:
Reinhart
Attorneys at Law

Session five of a five-part webinar series

U.S. INTELLECTUAL PROPERTY ISSUES

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Jeremy R. Bridge is a shareholder and registered patent attorney in the firm's Intellectual Property Practice. Jeremy serves a wide range of business clients. His background in mechanical engineering allows him to understand the special intellectual needs and challenges of clients that produce consumer and industrial products. Jeremy drafts and prosecutes patent applications, and provides validity and infringement opinions on a wide range of cutting-edge technologies, including paper folding and processing equipment; recreational and professional sporting equipment, including SCUBA equipment, tents, trolling motors, fish finders, marine navigation equipment, watercraft, and personal cooking systems; filtration equipment; consumer packaging; hand tools; guide and bearing systems; linear actuators; retail display devices; precision medical devices; heat exchangers; fuel pumps and fuel supply systems; aerospace equipment; aircraft control devices; emergency response vehicles; heating, ventilation and air conditioning systems; appliance and climate controls; methods of manufacturing; and ultrasonic cleaning equipment.

Robert J. Misy, Jr. chairs the International Practice and is a shareholder in the firm's Tax and Business Law Practices. He concentrates his practice in the areas of international taxation and tax controversies, and works with a wide range of clients from a variety of industries including manufacturing, service, energy, retail and entertainment.



PRIMARY TYPES OF INTELLECTUAL PROPERTY

- Patents
 - Utility patents – products and processes
 - Design – aesthetic appearance of a product
 - Plants
- Copyrights – **expression** of ideas
- Trademarks – source identification (branding)
- Trade secrets – valuable confidential information (product, process, formula, design, compilation of information, etc.)

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INTELLECTUAL PROPERTY GENERALLY

- Right to **exclude** others from exploitation of the asset – no right to actively exploit
- Territorial
- Intangible
- May overlap
 - Utility patent, design patent, trademark/trade dress, copyright and trade secret

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INTELLECTUAL PROPERTY – Policy Considerations

- To reward the owner for their public disclosure
 - Patents
 - Copyrights
- To protect economic vitality
 - Trade secrets
- To protect the consumer
 - Trademark/trade dress

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PATENTS

- Right to exclude others from:
 - Making
 - Selling
 - Offering for sale
 - Using
 - Importing

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PATENTS (cont.)

- Rationale for patents – promote disclosure of information for a limited monopoly to reward investment
- Term – generally 20 years from initial U.S. filing
 - Exceptions
 - U.S. provisional application does not start 20-year clock
 - Filings abroad do not start 20-year clock
 - Patent term adjustment (PTA)
 - 3 maintenance fees
 - 4, 8 and 12 years after grant
- Term not measured from grant – preventing submarine patents

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Requirements

- Patentable subject matter
- Novelty
- Nonobvious
- Utility

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Requirements (cont.)

- Patentable subject matter:
 - "any useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof"
- Exclusions
 - Laws of nature
 - Physical phenomena
 - Abstract ideas
- Business methods

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First to File v. First to Invent

- First to file
 - Filing date is important
 - Similar to most other countries
- No longer first to invent
 - Filing date was less important
 - Could prove date of invention that was earlier than filing date

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"Prior Art"

- Prior art – patent-defeating activities or items
 - Printed publications
 - Public use
 - Sales or offers for sale
 - Private offers for sale may not be patent-defeating – statute indicates all activities must be publicly available
 - Prior filed patents or published patent applications

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Prior Art Exceptions

- Disclosures/activities are not prior art if they were within 1 year from effective filing date of the application that were:
 - Made by:
 - The inventor(s), or
 - Someone who obtained the subject matter directly or indirectly from the inventor; or
 - After prior public disclosure by inventor(s) or someone who obtained the subject matter directly or indirectly from the inventor

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Prior Art Exceptions (cont.)

- Disclosures in applications or patents are not prior art if
 - the subject matter disclosed was obtained directly or indirectly from the inventor(s);
 - the subject matter had, before such subject matter was effectively filed, been publicly disclosed by the inventor(s) or someone who obtained the subject matter from the inventor(s); or
 - the subject matter disclosed and the claimed invention were owned by the same person or subject to an obligation of assignment to the same person

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Priority/Effective Filing Date

- Used to exclude prior art
- Types of applications to which you can claim priority to gain an earlier effective filing date
 - Non-U.S. filings
 - Within 1 year of non-U.S. filing date
 - Other U.S. filings
 - Provisional applications
 - Continuation/divisional/continuation-in-part
 - Design

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Patent Ownership Issues

- Named inventor(s) presumed to be owner
- Joint Ownership – Presumed equal and undivided rights without accounting to other joint inventors
 - Very problematic when joint development occurs
- Juristic entities can now be named as the patent applicant
 - ~58% of all newly filed applications

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Infringement

- Direct infringement – all elements
 - Literal infringement
 - Doctrine of equivalents – may be very limited
 - Strict liability – no need for knowledge of the patent
 - Remedies may be limited

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Infringement (cont.)

- Indirect infringement
 - Contributory infringement
 - Selling or offering for sale a component of a patented machine, manufacture, combination or composition, or a material or an apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use
 - Inducement of infringement
 - Asking someone to infringe or telling someone how to infringe – (e.g., product instructions)
 - Inducement and contributory infringement typically require knowledge of the patent
 - Both require underlying direct infringement
 - Joint Infringers?

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Infringement Defenses

- Noninfringement* – Fail to meet all elements
- Invalidity
 - Prior art
 - Anticipation
 - Obviousness
 - Nonprior art
 - Indefiniteness
 - Enablement
 - Written Description
 - Inequitable conduct

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Infringement Defenses (cont.)

- License
 - Express license
 - Implied license
 - No noninfringing uses
 - Repair doctrine v. impermissible reconstruction
 - Exhaustion
 - Laches/estoppel
 - Secret prior use – more than 1 year prior to effective filing date

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Remedies

- Monetary
 - Compensatory
 - Lost profits
 - Reasonable royalty
 - Enhanced damages – extraordinary cases – willful infringement
 - Attorneys' fees
 - Inequitable conduct
 - Willful infringement
 - Bad faith litigation tactics
 - Notice
 - Constructive notice – marking
 - Actual notice
- Injunctive relief – more and more difficult to obtain

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Patent Marking

- Used to recover economic remedies
- Virtual marking
 - Product: "Patent" or "Pat." + website
 - Website: Freely accessible by public and lists patents associated with product
 - Pros: easy to update
 - Cons: Lets competitors know which patents you are commercializing
- On the product/packaging

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Challenging Patents and Applications

- *Ex parte* reexamination
- *Inter partes* review (IPR)
- Post grant reviews
- Covered business patent review
- Pre-issuance submissions
- Derivation proceedings
- Interferences – being replaced by derivation proceedings

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Questions?



Asking Questions

Please contact your Reinhart attorney
or your presenter

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