



Intellectual Property Law Section

State Bar of Texas

Special Issue - 2014 SBOT Annual Meeting CLE Report

SBOT Annual Meeting – IP Law Section Activities

The State Bar of Texas Annual Meeting was held on Thursday and Friday June 26–27, 2014, at the Austin Convention Center. In keeping with past tradition, the IP Law Section offered its members a full day of CLE as well as several social opportunities at this event.

Thursday Reception

The IP Law Section began its SBOT Annual Meeting activities with the traditional welcome reception. The reception provided



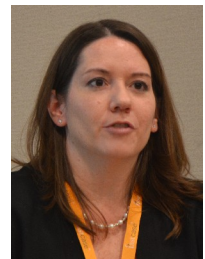
Thursday's reception was well attended.

a pleasant and relaxed atmosphere to chat with friends, renew acquaintances and meet new people.

Friday Morning CLE Session

Trademark Law Update

Ms. Dyan House of Carter Scholer Arnett Hamada & Mockler in Dallas gave a presentation on trademark law. She updated practitioners on the latest precedential decisions from the Trademark Trial Appeal Board (“TTAB”) and the recent introduction of generic top-level domains. Ms. House noted that the TTAB handed down forty-five precedential decisions in 2013, and she proceeded to cover the most significant decisions in her presentation.



Focusing on cases that are representative of a common TTAB refusal to register, Ms. House dissected the TTAB's analysis in each decision and highlighted new trends that appear among the cases. One of the



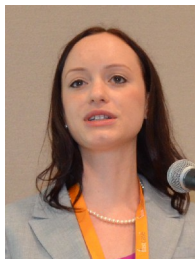
Austin hosted the SBOT Annual Meeting.

most recurring trends among the TTAB's decisions is its increased acceptance of evidence and definitions culled from the Internet, such as urbandictionary.com and Wikipedia. Ms. House also examined the TTAB's recent recommendation to cancel the controversial 'Redskins' trademark and the implications of that recommendation on trademark law.

Lastly, Ms. House covered some procedural pitfalls to avoid when practicing before the TTAB and directed the audience to her handout that summarized the remainder of the forty-five precedential decisions not covered in her presentation for further reference or questions.

Fashion Law—The Intersection of Trademark and Copyright

Ms. Rebecca Younger of Pirkey Barber PLLC in Austin addressed fashion designs and the current protection, or lack thereof, of such designs in the intellectual property space. Ms. Younger noted that while fashion concepts, such as specific designs or pattern cuts, constitute intellectual property, they are still very much overlooked in comparison to what is generally accepted as intellectual property.



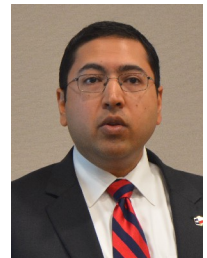
Rebecca Younger

In her presentation, Ms. Younger noted that practitioners may utilize a wide variety of rights to protect the intellectual property of fashion designers. Specifically, Ms. Younger recommended that practitioners look to copyright, trademark, or patent law in order to offer clients protection for their designs. She noted, however, that the government's inability to grant speedy and expedited intellectual property rights is an obstacle for practitioners and designers alike.

Lastly, Ms. Younger covered the Innovative Design Protection Act of 2012 ("IDPA") and its implications for fashion and intellectual property law. While noting that the proposed law had not been passed by Congress, Ms. Younger analyzed the major provisions of the IDPA, giving the audience key insight into the type of intellectual property protection fashion designers are interested in pursuing and the changes in law practitioners should expect to see in the future.

IP Exhaustion: The Increasingly Important First Sale Doctrine

Mr. Ajeet Pai of Vinson & Elkins LLP in Austin discussed the importance of patent exhaustion and the copyright and trademark first-sale doctrines in today's technologically-connected world. Mr. Pai devoted the majority of his presentation to a detailed discussion of patent exhaustion and concluded with a quick primer on the copyright and trademark first-sale doctrines.



Ajeet Pai

Mr. Pai analyzed technology's increasingly important role and impact on patent exhaustion and discussed the typical analysis applied by courts in determining whether a patent has been exhausted. Mr. Pai specifically noted that the circuits are split in their approach to software and deciding whether companies can completely avoid a transfer of title through licensing and contract agreements with the end user.

During his overview of the copyright and trademark first-sale doctrines, Mr. Pai noted that the copyright first-sale doctrine is more clearly defined due to its statutory basis. In discussing the trademark first-sale doctrine, Mr. Pai noted that courts focus predominantly on whether there is consumer confusion. Mr. Pai concluded his

presentation by predicting that innovations and advances in technology will continue to exert pressure on the courts and Congress to answer new and complex legal questions.

The World Wants What You've Got: Protecting IP in International Transactions

Mr. Brian C. McCormack with Baker & McKenzie LLP was a substitute for Mr. Jim Chester with Chester & Jeter LLP, who was originally scheduled to give this presentation.



Brian McCormack

Mr. McCormack began his presentation by discussing the importance of having an international perspective on an IP protection strategy. He does not consider it as important for clients to have patents in countries where they manufacture as it is to have patents in the countries where they market their products. He emphasized the need to establish a “bundle of rights” the client can license to third parties who might do business in places the client chooses not to do business. Those bundles of rights can also have tax benefits domestically.

Mr. McCormack also suggested looking at ways to utilize design patents or utility models to protect manufactured products instead of the more rigorous utility patent. He explained that design patents are easier and cheaper to get, and infringement is easier to prove in court.

Trademark strategy requires a more proactive approach. Mr. McCormack pointed out that while the United States is a first-to-use jurisdiction for trademark registration purposes, other countries, such as China, are first-to-file jurisdictions.

Mr. McCormack introduced Mr. Chester's mnemonic for protecting international IP rights: “I-SUE.”

- Identify
- Secure IP Rights (directly & indirectly)
- Use
- Enforce

Identify. Identification of IP rights includes not only what to protect, but where to protect it.

Securing IP rights. Directly by utilizing contracts and licenses. Indirectly by utilizing IP registration mechanisms in the US and foreign jurisdictions, and utilizing the benefits of various IP treaties, with a focus in key markets.

Use. Utilize licensing and assignment agreements. Avoid partnerships and common ownership of patents.

Enforce. Enforcement mechanisms are different in different countries. Mr. McCormack described the significantly different process for getting defacto injunctive relief for patent infringers in China. He recommended proactively watching for infringement and utilizing the country's customs departments to stop infringing imports.

Ethics in the Real World: A Reality Check for IP Lawyers

Ms. Tamera Bennett of the Bennett Law Office reported on several recently published local and federal disciplinary matters in an interactive Q&A session. Ms. Bennett began with several true case scenarios to which the Texas Disciplinary Rules have been applied and finished the presentation by interactively discussing recent USPTO OED disciplinary matters.



Tamera Bennett

The Texas disciplinary matters raised some general issues, such as the basis of forming an attorney-client relationship, as well as more specific issues such as circumstances



Bhaveeni Parmar presents one of the scholarship awards to Ping Lei.



Kristin Jordan Harkins presents the Tom Arnold Lifetime Achievement award to Pravel family members on behalf of Bernarr (Bill) Roe Pravel.



Bhaveeni Parmar presents one of the scholarship awards to Tamoka Bellard.



Michelle LeCointe presents the inventor of the year award to David Kumhyr.



Kristin Jordan Harkins accepts the gavel from Paul Morico, becoming the new Chair of the IP Law Section.



Paul Morico presents the Chair Award to Hope Shimabuku.

under which a lawyer may consult with another lawyer regarding a client without the client's permission, and whether a lawyer may record conversations with a client without the client's knowledge or permission. The USPTO OED disciplinary matters generally centered around the OED's jurisdiction to discipline depending on practitioner status and other circumstances.

Section Luncheon and Business Meeting

Section Chair Paul Morico opened the Section's Luncheon and Business Meeting by welcoming the attendees.

The meeting progressed to the presentation of several awards.

Kristin Jordan Harkins presented the Tom Arnold Lifetime Achievement Award to Bernarr (Bill) Roe Pravel who [died in 2013](#). The award was accepted by his daughters Bonnie Laverty and Ann Cherry.

Bhaveeni Parmar presented the 2014 Women and Minority Scholarship award to Ping Lei from the University of Houston School of Law. A scholarship was also awarded to Tamoka Bellard from South Texas College of Law.

Michelle LeCointe presented the Texas Inventor of the Year Award to Rhonda Childress and David Kumhyr with IBM in Austin for their work with cloud computing and networking.

Paul Morico presented the Chair Award to Hope Shimabuku for her many years of exceptional service to the Section.

Section Business

After unanimous affirmation by the Section members present, the proposed slate of officers was approved, and the Section Chair gavel was passed from Paul Morico to new Chair Kristin Jordan Harkins.

Afternoon CLE Session

Branding Strategies for New Companies

Ms. Margaret A. "Meg" Boulware offered her deep insight and high-level experience gleaned from a distinguished career practicing trademark, copyright and patent law.

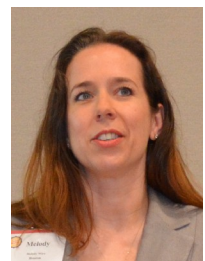


Ms. Boulware focused on the importance of brand selection and trademark clearance searches prior to marketing and distributing the company's products and services to the public. Once a proposed mark has been vetted using trademark office records and other common law sources, she advocates the allocation of company budget to seek registrations for the proposed marks for key products and services.

In addition, she advises that the company leverage its capital assets of a trademark portfolio by securing domain names and social media accounts using its registered marks and using the mark registrations effectively to protect copyrighted works and trade secrets. Lastly, she instructs new companies to not overlook the potential for trade dress protection as a source identifier in product packaging and development.

Hot Topics in Recent Patent Cases

Ms. Melody Wirz, legal counsel, Shell Oil Company, Houston, provided an overview of some of the most recent patent cases in the Supreme Court and Federal Circuit.



Melody Wirz

- *Alice Corp. v. CLS Bank Int'l*, No. 13-298, U.S. (June 10, 2014) (Thomas, J.). In a 9-0 decision, the Court held that Alice's patent claims

- involving (1) a method for exchanging financial obligations, (2) a computer system as a third-party intermediary, and (3) a computer-readable medium containing program code for performing the method of exchanging obligations are drawn to a patent-ineligible abstract idea under 35 U.S.C. § 101.
- *WildTangent v. Ultramercial*, No. 13-255, U.S. (vacated & remanded June 30, 2014)
 - Issue: When is a patent's reference to a computer, or computer-implemented service like the Internet, sufficient to make an unpatentable abstract concept patent eligible under 35 U.S.C. § 101?
 - Judgment: Vacated and remanded to CAFC on June 30, 2014, for reconsideration in view of *CLS Bank*.
 - *Bancorp Services v. Sun Life Assurance*, No. 13-584, U.S. (cert. denied June 30, 2014). The Court denied *certiorari* to address the whether claims to computer-implemented inventions—including claims to systems and machines, processes, and items of manufacture—are directed to patent-eligible subject matter within the meaning of 35 U.S.C. § 101.
 - *Nautilus v. Biosig Instruments*, No. 13-369, U.S. (June 2, 2014) (Ginsburg, J.). In a 9-0 decision, the Court vacated and remanded the Federal Circuit's "insolubly ambiguous" standard for claim indefiniteness and held that a patent is invalid for indefiniteness if its claims, read in light of the patent's specification and prosecution history, fail to inform, with reasonable certainty, those skilled in the art about the scope of the invention.

- *Limelight Networks v. Akamai Technologies*, No. 12-786, U.S. (June 2, 2014) (Alito, J.). In a 9-0 decision, the Court reversed and vacated the Federal Circuit's opinion and held that a defendant is not liable for inducing infringement under 35 U.S.C. § 271(b) unless a single third party directly infringes method claims under § 217(a). The Federal Circuit had held that a defendant is liable for inducing patent infringement when it induces multiple third-party actors to directly infringe method claims.
- *Teva Pharmaceuticals v. Sandoz*, No. 13-854, U.S. (argument Oct. 15, 2014). Issue: Whether a district court's factual finding in support of its construction of a patent claim term may be reviewed *de novo*, as the Federal Circuit requires (and as the panel explicitly did in this case), or only for clear error, as Federal Rule of Civil Procedure 52(a) requires. This case questions the *de novo* standard of review under the Federal Circuit's *Cybor* and *Lighting Ballast* cases.
- *Octane Fitness v. Icon Health and Fitness*, No. 12-1184, U.S. (Apr. 29, 2014) (Sotomayor, J.). In a 9-0 decision, the Court held that § 285 of the patent act authorizes a district court to award attorney's fees in patent litigation in "exceptional cases"—that is, cases which stand out from the others with respect to the substantive strength of a party's litigating position or the unreasonable manner in which the case was litigated. District courts should determine whether a case is exceptional "in the case-by-case exercise of their discretion, considering the totality of the circumstances." The Federal Circuit's *Brooks Furniture Mfg. v. Dutailier* framework, under which a case is "exceptional" only if the district court

finds either litigation-related misconduct of an independently sanctionable magnitude or determines that the litigation was both “brought in subjective bad faith” and “objectively baseless,” superimposes an inflexible framework onto statutory text that is inherently flexible.

- *Highmark v. Allcare Health Management Systems*, No. 12-1163, U.S. (Apr. 29, 2014) (Sotomayor, J.). In a 9-0 decision, the Court vacated and remanded the Federal Circuit’s opinion and held that all aspects of a district court’s exceptional-case determination under 35 U.S.C. § 285 should be reviewed with deference to a district court’s ruling under an abuse of discretion standard. The Federal Circuit, reversing the district court, had held that exceptional-case determinations should be reviewed without deference to a district court under a *de novo* review standard.
- *Medtronic v. Mirowski Family Ventures*, No. 12-1128, U.S. (Jan. 22, 2014) (Breyer, J.). In a 9-0 decision, the Court reversed the Federal Circuit and held that when a licensee seeks a declaratory judgment against a patentee to establish that the licensee’s products do not infringe the licensed patent, the patentee bears the burden of persuasion on the issue of infringement. The Federal Circuit had held that the licensee has the burden of proof of non-infringement.

Practice Tips From My First Two Years as a Trademark Trial and Appeal Board Judge

Fresh off her first two years of serving on the Trademark Trial and Appeal Board (“TTAB”), Judge Susan Hightower shared ten insightful tips for attorneys to use when practicing before the TTAB. Judge

Hightower’s presentation discussed common procedural strategic mistakes she has witnessed in her tenure thus far, such as citing to unpersuasive authority, using incorrect citation rules, and following improper procedure when it comes to preserving the evidentiary record. Judge Hightower also reviewed past TTAB cases and briefs to explain how practitioners can potentially win (or lose) TTAB proceedings.



Hon. Susan Hightower

In concluding her talk, Judge Hightower espoused the benefits of participating in accelerated case resolution and stressed that stipulating to both facts and evidence in discovery is helpful to TTAB judges and has become increasingly popular. Judge Hightower also warned that because many TTAB judges practice remotely, some exhibits such as PowerPoint presentations no longer have the same impact on the TTAB as they previously did.

Misappropriation of Trade Secrets and Corporate Espionage: The New Texas Uniform Trade Secrets Act in Your Arsenal

Mr. Joe Cleveland, shareholder, and Heath Coffman, associate, Brackett & Ellis, Fort Worth, provided an overview of the new Texas Uniform Trade Secret Act (“TUTSA”). The TUTSA became effective on September 1, 2014. Forty-seven states have enacted a uniform trade secrets act (all states except North Carolina, New York, and Massachusetts).



A trade secret provides actual or potential economic value from not being generally known or readily ascertainable and reasonable efforts must be used to maintain

its secrecy. Misappropriation of a trade secret occurs when: (1) it is acquired by improper means, and the acquirer knew or had reason to know it was acquired by improper means; and (2) a trade secret is disclosed or used without consent of the trade secret owner. Improper means includes theft, bribery, misrepresentation, breach of a confidentiality agreement, and espionage. A trade secret may be acquired by proper means through independent development, reverse engineering unless prohibited by contract.

Remedies for trade secret misappropriation include damages for actual loss, unjust enrichment, reasonable royalty, exemplary/punitive damages, attorney's fees, and an injunction against future use of the trade secret and threatened misappropriation. Defenses to trade secret misappropriation include independent development or discovery of the trade secret; the trade secret was publically available or generally known; a 3-year statute of limitations for filing suit from the date the misappropriation was discovered, known, or should have been known; accident or mistake; suit brought in bad faith; and governmental immunity. Trade secrets can be protected from disclosure during trial by use of a protective order, in camera hearings, and sealed records.

How Confidential Are Confidential Settlement Agreements Involving Patent Disputes

Mr. Robb D. Edmonds of Edmonds Nolte brought the IP Law section presentations to a conclusion with an overview of discoverability and admissibility of settlement agreements in patent litigation. First, Mr. Robb Edmonds explained the state of the law prior to 2010 based on the Sixth Circuit's



Goodyear decision that held litigation settlement agreements were neither admissible nor discoverable.

Mr. Edmonds then explained the changes wrought by the Federal Circuit's *ResQnet*, *In re MTSG*, and *LaserDynamics* decisions. He walked through the facts and holdings of these recent opinions and explained to attendees that whether or not a litigation settlement agreement is admissible or discoverable depends on a case-by-case analysis of each agreement and the assertions in the litigation. He also highlighted the local rules in each district in Texas that impact how settlement agreements should be treated.

Practitioners should consider noting in the agreement whether or not the settlement reflects true market value or is influenced by litigation risk and expense. Practitioners should also avoid injecting assertions from outside the agreement that could risk discoverability and admissibility of the underlying negotiations.

A special thanks to our contributing writers who shared their summaries of the CLE presentations for this edition of the SBOT IP Law Section Annual Meeting CLE Report.



Matthew Baca

Matt Baca is a registered patent attorney having both law firm and in-house counsel experience in the areas of patent prosecution, IP agreements, and patent litigation. He has been a member of the State Bar of Texas since 1999 and is currently Senior IP Counsel with Delizio Gilliam PLLC in Austin.



Cathryn Berryman

Cathryn Berryman is a shareholder in Winstead P.C.'s Intellectual Property Practice Group. Her practice focuses on domestic and international intellectual property licensing and transactional work for a wide variety of industries representing both individuals and start-up, private and publicly traded technology companies. Cathryn also serves as the chairman of the State Bar of Texas, Women in IP Committee.



Peter Corcoran

Peter Corcoran is the founder of Corcoran IP Law and specializes his practice in plaintiff's patent litigation. Peter earned his electrical engineering and law degrees and worked at some of the nation's top patent litigation firms before starting his own practice. Peter clerked for the former Chief Judge Randall Rader of the Federal Circuit and the former Chief Judge David Folsom of the Eastern District of Texas.



David DeZern

David T. DeZern is an associate in Sidley Austin's Dallas office. Mr. DeZern's practice focuses primarily on patent litigation. Mr. DeZern has represented both plaintiffs and defendants in patent litigation involving a variety of technologies, including power converters, software, and electronic design automation, and at all stages, including initial pleadings, fact and expert discovery, claim construction, trial, and appeals. Mr. DeZern received his bachelor of science in electrical engineering and law degree from the University of Texas.



Peggy Keene

Pei-Chih "Peggy" H. Keene works with clients in all aspects of trademark law, including domestic and foreign prosecution, opposition and cancellation proceedings, and general enforcement. Ms. Keene prepares various intellectual property agreements, including licensing and assignments, mergers and acquisitions transactions, domain name disputes, Internet website policies, and copyrights. She also provides litigation support for intellectual property trials and assists with representing clients in trademark disputes and proceedings before the Trademark Trial and Appeal Board. She earned a J.D. from Southern Methodist University, Dedman School of Law, and a Bachelor of Arts Degree from Duke University.



Mike Sebastian

Michael Sebastian is a Principal Software Engineer for Link Simulation & Training where he specializes in rehosting avionics software for flight simulators. He is a graduate of Texas Wesleyan School of Law (now Texas A&M School of Law), and an active member of the IP Law Section's Newsletter Committee.

These reports express the views of the authors and not those of the State Bar of Texas IP Law Section.



Mark Your Calendar

The Austin Intellectual Property Law Association will hold its Annual Meeting on January 20, 2015 at the Westwood Country Club, 3808 W. 35th Street Austin, TX 78703, featuring PTAB Chief Judge James Smith. For more information, go to www.austin-ipla.org.

The Houston Intellectual Property Law Association will hold its Annual Holiday Party on Tuesday, December 16, 2014 at 11:30 am at Tony's, 3755 Richmond Ave., Houston, TX 77046. For more information, go to www.hipla.org.

State Bar of Texas 2015 Annual Meeting will be held on June 18–19, 2015 at the Grand Hyatt in San Antonio, Texas. On Friday, June 19, our section will once again offer a full day of high-quality CLE. Block out those dates now, and make plans to attend the Annual Meeting in San Antonio.