



# BRIEFS

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## YOU MAY HAVE MORE “HOME COURT” ADVANTAGES NOW TO DEFEND FOR A PATENT INFRINGEMENT ACTION

Author: [Xiaohong Liu, Ph.D.](#)

If it is not bad enough to be sued for patent infringement, but having to defend yourself in a far and unfamiliar district court, such as the Eastern District of Texas, certainly can make it worse. Two recent decisions from the Supreme Court and Court of Appeals for the Federal Circuit (CAFC), respectively, definitely make it more likely for a patent infringement defendant to enjoy “home court” advantages.

28 U.S.C §1400(b) provides that “[a]ny civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.” 28 U.S.C. §1400(b).

The Supreme Court’s recent decision in *TC Heartland LLC v. Kraft Foods Group Brands LLC*, 137 S. Ct. 1514 (2017) established that a business resides where it is incorporated. The CAFC’s decision of *In re Cray* last month further limited the places that an alleged infringer can be suited.

Cray sells advanced supercomputers that allegedly infringe Raytheon’s patent. Raytheon filed a patent infringement action the Eastern District of Texas against Cray. Cray is a Washington corporation, so its principal place of business is located in Washington. Cray also maintains facilities in Bloomington, Minnesota; Chippewa Falls, Wisconsin; Pleasanton and San Jose, California; and Austin and Houston, Texas. Cray does not rent or own an office or any property in the Eastern District of Texas, except it allowed two sale executives to work remotely from their respective homes in that district.

Cray made a motion in the Eastern District of Texas to transfer the case to other district court, arguing that Cray does not reside in the district and that Cray had neither committed acts of infringement, nor maintained a regular and established place of business within that district. The district court agreed that Cray does not reside in the Eastern District of Texas. However, the district court rejected the argument that Cray did not maintain a regular and established place of business within the district.

The district court held that Cray has a regular and established place based on its four-factor test, (1) physical

presence, (2) defendant’s representations, (3) benefits received, and (4) targeted interactions with the district, based on the facts that the two Cray sales executives worked from home within the district – developing new sales and accounts worth ~ \$350 million over the past 7 years. The execs also received reimbursement for certain utilities and charges within the district and publicly advertised their “office” phone numbers within E.D. Texas. The three judge panel of CAFC disagreed.

The CAFC decision held that its own case law and statute require three general requirements for establishing a regular and established place of business: (1) there must be a physical place in the district; (2) it must be a regular and established place of business; and (3) it must be the place of the defendant. *In re: Cray*, CAFC, 2017. Accordingly, “[w]hile the “place” need not be a “fixed physical presence in the sense of a formal office or store,” *Cordis*, 769 F.2d at 737, there must still be a physical, geographical location in the district from which the business of the defendant is carried out.” *In re: Cray*, CAFC, 2017. “The statute thus cannot be read to refer merely to a virtual space or to electronic communications from one person to another.” *Id.* And, “if an employee can move his or her home out of the district at his or her own instigation, without the approval of the defendant, that would cut against the employee’s home being considered a place of business of the defendant.” *Id.* In addition, “[a]s the statute indicates, it must be a place *of the defendant*, not solely a place of the defendant’s employee.” *Id.* Thus, the facts that the two employees working at home remotely cannot establish a regular and established place of Cray.

While the CAFC decision does not establish a key factor or rule to determine a regular and established place of business, it does solidify the impact of *TC Heartland*, sending more infringement cases away from places like the Eastern District of Texas and eliminating the possibility of establishing a place of business simply by allowing employee working remotely from home. At the same time, the CAFC decision make it more likely for a patent infringement defendant to defend at home with local attorneys.

# THE MANDATORY DEPOSIT REQUIREMENT OF THE LIBRARY OF CONGRESS: A LITTLE-KNOWN AND LITTLE-COMPLIED-WITH LAW

Author: [Mark D. Hansing](#)

## What is it?

The United States Library of Congress says it has the largest collection of published works in the world. Housed in three buildings on Capitol Hill in Washington DC, with warehouses elsewhere, estimates are on the order of 32 million catalogued books and other printed materials in 470 languages, and that many more in such things as manuscripts, newspapers, microfilm reels, maps, music, sound recordings, photographs, and the like.

One of the ways this collection is updated is the little-known law called “mandatory deposit”. The language literally states:

17 US code section 407 deposit of copies or phonorecords for Library of Congress (a) except as provided by subsection (c), and subject to the provisions of subsection (e), the owner of copyright or of the exclusive right of publication in a work published in the United States shall deposit, within 3 months after the date of such publication – (1) two complete copies of the best edition or (2) if the work is a sound recording, two complete phonorecords of the best edition, together with any printed or other visually perceptible material published with such phonorecords. Neither the deposit requirements of this subsection nor the acquisition provisions of subsection (e) are conditions of copyright protection.

## Why is it “Mandatory”?

As written, the statute is not voluntary. It says “shall”. It is broad. It covers both existing copyrightable works and those which have been published regardless of copyrightability. The legislative history of this law states its purpose to be a legal mechanism to promote the arts and sciences (believe it or not one of the goals in the U.S. Constitution at article blank) by compelling copies be sent to them.

## What is the Difference from Copyright Registration?

Copyright registration is an entirely different process. It is voluntary. Individuals and businesses can decide if they want to send in copies to the Copyright Office, which is a division of the Library of Congress, but they are not required by law. The advantages of getting a copyright registered are huge. A registration at least gives the chance of recovering attorney’s fees if you have to sue an infringer (may pay both their attorneys and your attorneys) but also the idea of statutory damages. Statutory damages allow a court to make the infringer pay you between \$700 and \$30,000 per infringing work. You do not have to prove you lost money by the infringement. This can be difficult sometimes to prove.

## Why Do So Few Comply?

First, there is little compliance because it is not widely known. In such cases noncompliance is “innocent”. But, of course, a bedrock principle of US law is there is no such thing as “ignorance of the law”.

Second, there are a few notable exceptions to this law. If a work is published first outside the United States, it is exempted. Recently Congress clarified that online works such as websites are exempted. If you file a copyright registration application, you satisfy the mandatory deposit law. But these are just a relatively small sub-set of all the different types of works that are eligible for copyright, and therefore required to comply.

One commentator gives a frank answer. The law has no automatic penalty for noncompliance. Only if the Library of Congress becomes aware of a publication and makes a written request for deposit and you do not comply with that request is there a penalty. The penalty is a fine of not more than \$250 for each work and the cost the Library of Congress would have to pay at retail price to purchase two copies of the work. It is worth noting that if several attempts are made to request the copies and they are ignored, the fine goes up to \$2500. Thus, even those that know about this law consciously do not comply, and rely on the fact there will be no penalty unless they ignore a written request for it from the Library of Congress.

Imagine the practical burdens on, for discussion purposes, a small graphic design company. Almost every brochure, logo, signage, or the like they create and publish arguably must be sent in under the mandatory deposit statute. The administrative overhead alone to repeatedly do that is significant to such a company. It must be remembered that the test for should be deposited is that it is “published” and contain “copyrightable material”. What is copyrightable is very broad. It does not cover simply highly creative works such as novels, fine art, movies, and songs. Anything having a modicum of originality and creativity and is fixed in a human perceivable form has a chance of copyrightability. This can include marketing brochures, creative logos, photographs, lists of information, and other more mundane things.

## The Dilemma Created by This Law

This presents an inconvenient reality. On the one hand, all individuals and companies, both nonprofit and for-profit, should endeavor to comply with all laws. On the other hand, some commentators suggest the following approach is reasonable:


1. Periodically review all potential work that is published by you or your entity and check first if it might be exempted from the mandatory deposit requirement. The statute is quite long. It is implemented by even more regulations. Sometimes a work will fit an exemption. Thankfully (although it could change in the future), almost all electronic works are exempted and a few other types.
2. If the work is valuable to the company, consider applying to register the copyright in it as an alternative way of complying. Presently this can be done for a \$55 filing fee per work and an online application. If done by paper the fee goes up to \$85.
3. For other works, comply with mandatory deposit. You can simply mail two complete paper copies to a specific address at the Library of Congress. There is no fee except the cost of postage. If so, we would recommend keeping some sort of a record (e.g. mailing logs) in case you have to try to prove your attempted compliance. Note that the Copyright Office offers a way to guarantee evidence of deposit. If you also include a \$30 check, they send back to you a certification of receipt.
4. If you don't comply, make very sure you promptly respond to any written request to comply from the Copyright Office.

The foregoing is just a summary and does not cover all details. It is not legal advice. If you have any questions about this, you should contact your legal advisor.


## HASHFLAGS

Author: [Christine Lebron-Dykeman](#)

### *“It's all a Twitter”*

If you spend a lot of time on Twitter... and these days it seems like everyone does, you have probably noticed an increase in the use of customized emojis/images-known as **hashflags**. The hashflag is automatically inserted by Twitter whenever a certain hashtag(#) is used, i.e., #ShareACoke . Twitter first launched hashflags in 2010, but soon realized this was a great revenue source and began charging companies use of hashflags.

If your company is interested in securing a hashflag, it is advisable to undertake a trademark search on both the hashtag and corresponding hashflag-as the Chicago Bears recently found out.

This fall, Twitter put out customized hashflags for each NFL team. The Chicago Bears' logo, , became its customized hashflag that would show up anytime someone tweeted #GoBears. The problem is that University of California, Berkeley owns a trademark registration for GO BEARS for among other things use with computer software for enhancing the fan experience. So, when Cal's fans tweeted #GoBears, Twitter automatically inserted the Chicago Bear's logo into the tweet. Fortunately, in this situation, it just took a tweet or two by Cal Athletics for the situation to be resolved (Chicago Bears changed the hashflag's hashtag to #DaBears).

But this raises the issue: Can use of a hashflag (or hashtag for that matter) be trademark infringement or unfair competition? While there are various issues for consideration, the simple answer is yes, at least in some instances. Consequently, if you are looking to adopt a hastag/hashflag, it is advisable to obtain a trademark search before adoption. Correspondingly as a trademark owner, you should consider protecting your brand by monitoring the use of hashtags/hashflags on social media. (go to <http://hasfla.gs> for a current list of hashflag emojis).

## MEET OUR TEACHERS



**Edmund J. Sease**

- 1. How long have you been teaching and what inspired you to teach?**  
I've been teaching since 1976. I have taught at both Iowa (since 1990) and Drake.
- 2. What is the most rewarding aspect of teaching?**  
Seeing young students turn into true intellectual property practitioners.
- 3. What is your teaching philosophy?**  
I try to emphasis real world practiced experience.
- 4. How do you feel you are shaping the future generation of patent lawyers?**  
We are helping them form their own view of the U.S. patent system.
- 5. What is the one thing you want your students to remember forever from your class?**  
Deal honestly and fairly with the facts and law, and don't be afraid to take a risk and try to make new law.

**1. How long have you been teaching and what inspired you to teach?**

Over a decade teaching a patent prosecution seminar at the University of Iowa College of Law. Ed Sease allowed me to substitute in some of the Drake law classes. This gave me the courage to try the University of Iowa seminar.

**2. What is the most rewarding aspect of teaching?**

Undoubtedly the hope I'm giving back to my alma mater and students interested in patent law.

**3. What is your teaching philosophy?**

The seminar was designed by the head of the Iowa College of Law IP Department Professor Mark Janis. He wanted to give patent law students practical experience. The seminar does that. Five writing assignments over the course of the semester require students to write patent claims, patent applications, and hypothetical responses to office actions. The hope is it provides context to the higher level patent law principles the professors are teaching.

**4. How do you feel you are shaping the future generation of patent lawyers?**

At a minimum exposure to actual patent prosecution practice hopefully helps students know better if it is their career path. Exposure in this practical way can also give students more confidence when taking an actual patent law position.

**5. What is the one thing you want your students to remember forever from your class?**

Despite the well-known quote that "the life of a patent scrivener is a difficult one", the ability to be involved with innovation and participate in legal strategies for its protection, is continually exciting.



**Mark D. Hansing**



**Christine Lebron-Dykeman**

**1. How long have you been teaching and what inspired you to teach?**

This is my 3rd yr teaching trademarks (1 at Iowa and 2 at Drake). I actually taught 4th grade before law school. I am inspired to teach by students who are enthusiastic about learning.

**2. What is the most rewarding aspect of teaching?**

I love that time in a semester when the information really starts to click and the students begin asking questions that demonstrate that they are really beginning to grasp the interrelated issues we have been discussing all semester.

**3. What is your teaching philosophy?**

Practicality. My goal is to ensure that when students join a law firm and get their first office action or are put on a litigation, they have a solid base of understanding.

**4. How do you feel you are shaping the future generations of lawyers?**

Hopefully by exposing them to an area of law I believe is driving the future. As individuals and companies continue to innovate at such incredible speeds, all areas of intellectual property-patents, trademarks, trade secrets and copyrights-become all the more valuable in protecting those interests. Being one of the pillars of support in such an infrastructure really gives me a sense that the future is bright.

**5. What is the one thing you want your students to remember forever from your class?**

Learning goes far beyond the classroom. Whether you are a law student or a 30-year veteran lawyer, there will always be more to learn in this area of law, so you need to be prepared to continue your legal education throughout your career.

# A BLESSING AND A CURSE: PLANT VARIETY PROTECTION ACT ENFORCEMENT

Author: [Caitlin M. Andersen](#)

The concept of protecting and enforcing intellectual property associated with plants is nothing new to the attorneys of McKee, Voorhees, and Sease. In 2001, Ed Sease successfully argued the landmark decision of *J.E.M. Ag Supply v. Pioneer Hi-Bred Int'l* before the United States Supreme Court. In addressing the issue of whether plants could be protected under utility patent law, the Court held there is no statement in the legislative history of the Patent Act that prohibited both utility patents and protection under the Plant Variety Protection Act (PVPA or PVP).

Today, there are many reasons for selecting a protection strategy for plants. The variety of options include utility patents, plant patents, and PVP certificates with various enforcement options and costs, as summarized in the table below.

	Utility Patent	Plant Patent	Plant Variety Protection Act
<b>Examination Requirements</b>	<ul style="list-style-type: none"> <li>• Statutory Patentable Subject Matter</li> <li>• New, Novel, Nonobvious</li> </ul>	Distinct and new varieties of asexually reproduced plants	<ul style="list-style-type: none"> <li>• New, Distinct, Uniform, Stable</li> <li>• Application formalities</li> </ul>
<b>Term</b>	20 years from earliest filing date	20 years from earliest filing date	20 years for plant/tubers and 25 years for trees/vines
<b>Deposit Requirement</b>	Yes	No	Yes – 2500 seeds
<b>Enforcement</b>	Federal Court for Patent Infringement	Federal Court for Patent Infringement	Usually Federal Court; option to obtain C&D from USDA
<b>Pros</b>	<ul style="list-style-type: none"> <li>• Covers both sexual and asexual plants</li> <li>• Variety of claims can be obtained</li> </ul>	<ul style="list-style-type: none"> <li>• Typically cheaper and easier to obtain</li> <li>• No deposit requirement</li> </ul>	<ul style="list-style-type: none"> <li>• Cheaper and quicker</li> <li>• Protects “essentially derived varieties”</li> <li>• Exemptions</li> </ul>
<b>Cons</b>	<ul style="list-style-type: none"> <li>• Multiple rounds of examination</li> <li>• Misappropriation of deposits</li> <li>• Expensive</li> </ul>	<ul style="list-style-type: none"> <li>• Only one claim</li> <li>• Only for asexual reproduced plants</li> </ul>	<ul style="list-style-type: none"> <li>• Deposit Requirement</li> <li>• Exemptions</li> <li>• Enforcement</li> </ul>

While plant and utility patents last for twenty years from their filing date, PVP certificates expire 20 years (25 years for trees and vines) after issuance. There is a trade-off in terms of enforcement, as PVP certificates have two exemptions: the Farmer’s Exemption and the Research Exemption. Under the Farmer’s Exemption, a lawful purchaser of a PVP-only protected variety may keep or “save” seed from harvest for the farmer’s own planting in the next growing seasons in perpetuity, provided that no infringing act is done during that time. Similarly, the Research Exemption, the use or reproduction of a protected variety is non-infringing if it is for breeding or bona fide research.

While historically enforcement of PVP rights have been against dealers and companies, there has been an increase of PVP certificate owners utilizing the broad enforcement provisions of the PVPA to crack down on infringement by farmers and growers.

Under the PVPA, infringement is defined as anyone who tries to do or does:

- **Sell or market, offer or expose for sale, deliver, ship, consign, exchange, or solicit offer to buy, or any other transfer of title or possession of it**
- Import
- Sexually multiply for purposes of marketing
- Use in producing a hybrid (distinguished from developing)
- **Use for unauthorized propagation if so marked**
- **Dispense the variety to another, in a form which can be propagated, without notice as to being a protected variety**
- **Condition for purpose of propagation, except as necessary for farmer/breeder exemption**
- **Keep in stock for any of the above purposes**
- **Perform any of the above**
- **Induce any of the above**

With this broad coverage, farmers must be aware of the intellectual property that applies to for seed they are purchasing and/or receiving. This information is usually available in a technology use guide, transfer agreement, or printed on the seed bag tag. Further, farms cannot exchange protected varieties with their neighbor, whether or not money is exchanged. For example, trading a protected variety to a neighbor for help with harvest is an act of infringement. Also, failure to disclose the variety as protected, for example when selling seed out of a bin without authorization to another, is infringement. Thus, it is incredibly important that a farmer keep track of the location of the protected variety and attempt to avoid intermixing the saved protected seed with other varieties.

Recovery for PVP owners can include injunctive relief as well as damages should a federal law suit be filed. In our experience at MVS, where we routinely handle PVP infringement actions, it is common for most cases to settle prior to the filing of a complaint. Settlement may be reached through careful consideration of the amount of infringing product, market value, and most importantly, understanding of the grower and their operation. This careful balance ensures the PVP owner's rights are protected and that the grower can continue to use protected varieties with superior traits.

*\*\* This information was first published on Filewrapper blog in March 2017 and was recently presented by R. Scott Johnson, Caitlin Andersen, and Dr. Brad Roth (NUtech Ventures) at the American Agricultural Law Association's Annual Educational Symposium in Louisville, KY.*

## Your Worldwide IP Partner Since 1924™

### WE'RE THERE

#### October 16 - 18, 2017

[R. Scott Johnson](#) and [Jonathan L. Kennedy](#) traveled to South Dakota School of Mines & Technology. MVS sponsored the Entrepreneur-in-Residence program that focused on technology research created at SDSMT. The program brought business executives and entrepreneurs together to discuss start up opportunities and the evolving marketing.

#### October 19, 2017

MVS attorneys attended and sponsored the [Polk County Women Attorneys Association](#) Basket Auction. The event aimed to raise funds for the [Young Women's Resource Center](#). The Resource Center aims to support, educate, and advocate young women ages 10-21. Over 180 supporters attended the event and a record-breaking \$28,000 was raised!

#### October 26 - 29, 2017

[R. Scott Johnson](#), [Caitlin M. Andersen](#), and [Brad Roth](#) of [NUtech Ventures](#), presented at the [American Ag Law Association Annual Agricultural Law Symposium](#) in Louisville, Kentucky. Their presentation focused on the protections breeders have under various IP laws, including the Plant Variety Protection Act, and litigation of those rights. Contact [Scott](#) and/or [Caitlin](#) with any questions regarding the conference and their speaking topic.

#### November 2 - 4, 2017

[Kirk M. Hartung](#) attended the LEGUS fall meeting in Albuquerque, New Mexico. LEGUS is an International Network of Law Firms that MVS is a member of. Kirk is the President of the LEGUS Board.

#### November 4 - 6, 2017

Technology Specialist, [Brian D. Keppler, Ph.D.](#), attended the Cellular & Molecular Biology Program at University of Wisconsin Annual Retreat. Brian discussed various tracks that alumni could delve into, including the intellectual property field.

#### November 9, 2017

[Patricia A. Sweeney](#) and [Ed J. Sease](#) presented at the [IowaBio Association Innovation Advancement Workshop](#) at Drake University in Des Moines, Iowa. Pat discussed intellectual property as it pertains to startups and Ed discussed the attorney/client relationship and tips to maintain a lasting relationship.

#### November 9, 2017

[Luke T. Mohrhauser](#) and [Lars Gunnerson](#) attended the [Prairie Crest Capital Ag Tech Investor Conference](#) in Des Moines, Iowa. The conference featured panel discussions on issues and opportunities for those investing and exploring agriculture technology.

#### November 10, 2017

[Jill N. Link, Pharm.D.](#) presented on top IP mistakes small businesses should avoid at the [Greater DSM Partnership Small Business Success Summit](#) in Ankeny, Iowa. The Summit focused on a variety of topics throughout the day from HR and marketing to intellectual property.

#### November 16, 2017

[Heidi S. Nebel](#) presented at the [IowaBio Association Innovation Advancement Workshop](#) at Drake University in Des Moines, Iowa. Heidi discussed the attorney/client relationship and tips to maintain a lasting relationship.

#### December 20 - 23, 2017

[Brandon W. Clark](#) is attending [The 71st Annual Midwest Clinic Conference](#) in Chicago, Illinois. The conference is a music band and orchestra conference that brings educators and passionate musicians and enthusiasts together to discuss and delve into music education.

*If you're interested to learn about what our MVS attorneys attend and learn, please contact them through [www.ipmvs.com](http://www.ipmvs.com) or by calling 515-288-3667.*