



BRIEFS

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HORIZON INCORPORATES THE INHERENT LIMITATIONS

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There are several ways of limiting claims around the prior art. One such way is to use the transitional phrase: “consisting essentially of.” However, an 8 to 4 [refusal](#) for an en banc rehearing from the Federal Circuit this week reiterated the uncertainty in using this language. The order upholds the previous indefiniteness holding in [HZNP Finance Limited v. Actavis Laboratories UT, Inc. \(Fed. Cir. 2020\)](#). According to the MPEP ([2111.03\(III\)](#)) the transitional phrase, “consisting essentially of” differs from the other two commonly used transitional phrases in that it allows the inclusion of any additional compound or component so long as the addition does not materially change a basic and novel property of the claimed invention.

In *HZNP*, the majority found the claims using the “consisting essentially of” language were indefinite holding a skilled artisan would not know how to evaluate one of the basic and novel properties of the claimed invention. The majority held that due to conflicting results reported in the Examples section in the patent in how to measure a basic and novel property using different means of assessment and a lack of explanation in the patent on which means of assessment to use, one skilled in the art would not know which method to use in order to assess the claimed invention. Further, the majority held that the basic and novel property was inherently part of the claim due to the “consisting essentially of” language. Hence, because this inherent property was indefinite, the court held that the entire claim was indefinite.

In the dissent, four of the judges argued that reading advantages discussed in the specification into the claims is improper if they are not recited in the claims and only the claim itself should be analyzed for definiteness. The dissent argued that the meaning of “consisting essentially of” language should depend on whether an unrecited limitation is in fact inconsistent with or defeats the purpose of the claimed composition. The dissent further posits that the utility or advantage of a claimed compound is not generally challenged unless they are not credible and so are not relevant to the indefiniteness of the claim. The dissent finally warns that the importation of an uncertainty in measuring an advantage could have unintended effects beyond the instant case.

However, the disagreement between the majority and the dissent seems to be whether the advantage recited in the specification is a basic and novel property of the claimed composition. The dissent does not argue that basic and novel properties should never be incorporated into claims using the “consisting essentially of” language and even concedes that their example does not address the “consisting essentially of” language. In fact, the author of the dissent in the order, Judge Lourie, also authored the majority in another opinion that integrated a property from the specification into claims using the “consisting essentially of” language but not the more commonly used “comprising” transitional phrase in [AK Steel v. Sollac](#) (Fed. Cir. 2003). While this property was not listed as an advantage, the composition did have an advantage over the prior art relating to this property which the specification discussed in length. Therefore, even a member of the dissent has in the past added an inherent property into claims not reciting the property but using the “consisting essentially of” language.

Therefore, it is still advisable to use another method of claiming around the prior art, such as using Markush groups or negative limitation along with “comprising” or just “consisting”, over the use of “consisting essentially of” as that will avoid the uncertainty of what the courts will determine should be inherently read into the claim.

OPTIONS FOR ONLINE PATENT ENFORCEMENT - AMAZON

Author: [Luke T. Mohrhauser](#)

In April 2019, Amazon announced a new program to address potentially counterfeit and other products that may be infringing one or more patents. The beta program is called the “Utility Patent Neutral Evaluation Process”. The process, as best understood, is supposed to streamline the process for when a patent holder believes an infringing product is being sold on Amazon. In short, the process includes a supposed neutral, third-party attorney who is to look at the claimed invention in view of the allegedly infringing product. If the product is found to infringe, the product will be taken down. In addition, the seller of the allegedly infringing product need not participate, at which point the allegedly infringing product would simply be taken off of Amazon.

While Amazon does not have any information on their website that explains the process in detail, there have been some a few real-life examples of the process and what can be expected. According to an article on Forbes.com (<https://www.forbes.com/sites/kirimasters/2019/09/30/amazons-new-utility-patent-neutral-evaluation-process-stops-bogus-ip-claims/#7b1a102f4468>), the process includes the following steps:

1. The patent owner submits an Amazon Utility Patent Neutral Evaluation Agreement (the request) for the ASIN (Amazon Standard Identification Number) in question. This includes a statement how the products infringe, and may include up to 50 products.
2. Amazon sends the Neutral Evaluation Agreement to each seller offering the ASIN. Each seller can either agree to continue with the Evaluation or have their listings removed from Amazon. According to some reports, the allegedly infringing seller has a three-week period to notify Amazon that they wish to participate in the program. In addition, if the seller agrees to the evaluation, its listings remain active on Amazon until the conclusion of the neutral evaluation.
3. All participating parties pay the evaluator (a neutral third-party lawyer selected by Amazon) a \$4,000 deposit.
4. If the parties proceed and submit their fees (fees are deposited with the evaluator, not Amazon), the evaluator sets a briefing schedule. The patent owner has 21 days to submit their initial arguments; the seller has 14 days to respond; and the patent owner has seven days to submit an optional reply. The evaluator has 14 days to announce their decision. The evaluator can either find that the patent owner is likely to prove that the accused product infringes the asserted patent claim or that the patent owner is not likely to prove that the accused product infringes the asserted claim. Under the Neutral Evaluation rules, the evaluator provides the basis for his or her finding only if the evaluator finds in favor of the seller. According to some experiences, some reasons the evaluator may cite for deciding in favor of the seller include: (1) the accused product does not infringe (i.e., it does not include all elements of the asserted claim); (2) a court has found the patent invalid or unenforceable; or (3) the accused products (or physically identical products) were on sale more than one year before the earliest effective filing date of the patent.
5. If the evaluator finds in favor of the patent owner, Amazon will take down the accused product. If the evaluator finds in favor of the seller, its product will remain listed on Amazon. The prevailing party gets their \$4,000 fee refunded, and the fees from the losing party(ies) are paid out to the evaluator.
6. According to one experience (<https://www.ipwatchdog.com/2020/02/11/navigating-amazons-neutral-patent-evaluation-real-life-part/id=118736/>), any remaining amount in excess of the \$4,000 deposit is donated to an Amazon Smile charity of the patent owner’s choice. Amazon does not retain any portion of the deposit.
7. The program’s rules do not allow for an appeal or reconsideration, but either party can still commence a federal court action for patent infringement or a declaratory judgment at a later time.

The program appears to be a streamlined way for patent owners to address potentially infringing products being sold on Amazon. In many cases, it may not be feasible (either economically or timely). In addition, due to the number of potentially infringing products being sold, a patent owner could do nothing but spend time and/or money trying to chase down and take down all of the products, if not for this program.

However, there are some questions as well. There is not much known about who has been accepted as a “neutral third-party” patent lawyer/evaluator. In addition, the timeline is short, which is a good thing, but could also equate to quick decisions that have not fully vetted out the claim construction, prosecution estoppel issues, or other factors that go into potential infringement.

Because of these, and other issues, there may be reasons to forego the new process and to proceed in the traditional infringement route. Meeting with a patent attorney and discussing all factors is the best way to determine the best path forward for enforcing your or your companies’ patent rights. The attorneys of McKee, Voorhees & Sease, PLC strive to stay on top of the latest developments and options for its clients, so as to provide the best possible service.

As always, if you have any questions or if you would like to learn more about the process or options to speed up the examination process, please contact an MVS attorney.

GRAFFITI AS VISUAL ART: COURT UPHOLDS \$6.75 MILLION WHITEWASHING JUDGMENT

Author: [Nicholas J. Krob](#)

In a rare application of a relatively obscure federal copyright statute, an appellate court last week upheld a \$6.75 million fine against a real estate developer for whitewashing a “graffiti mecca.”

In 1990, Congress passed the Visual Artists Rights Act (“VARA”) to create a scheme of “moral rights” for artists. These rights include the ability for an artist to prevent any intentional distortion, mutilation, or other modification of his or her visual works of art that would be prejudicial to his or her honor or reputation and to prevent any destruction thereof if the work is “of recognized stature.”

Under this statute, various artists sued a New York real estate developer, Gerald Wolkoff, in 2013 upon learning that he planned to demolish 5Pointz—a warehouse that had been turned into an exhibition space for graffiti artists, with exterior walls covered in a variety of curated murals. After a temporary restraining order attempting to prevent demolition of the site was denied in this case, *Cohen v. G&M Realty LP*, Wolkoff immediately deployed workers to whitewash the artwork adorning the 5Pointz walls and banned the artists from the site. The U.S. District Court for the Eastern District of New York ultimately determined that the artwork at issue was of a recognized stature so as to invoke VARA’s protections and, determining that Wolkoff’s conduct constituted a willful violation thereof, awarded the maximum amount of statutory damages permitted under law: \$6.75 million (\$150,000 for each of the 45 works that had been destroyed).

On appeal, the Second Circuit explained that a work of art is of recognized stature for purposes of VARA “when it is one of high quality, status, or caliber that has been acknowledged as such by a relevant community.” Applying this standard, the Second Circuit upheld the lower court’s determination that the artists’ work had achieved recognized stature and that Wolkoff had violated VARA by destroying the work without the artists’ approval and without providing the artists any opportunity to remove the work. In doing so, the court rejected Wolkoff’s argument that the temporary nature of many of the pieces rendered VARA inapplicable. Additionally, the court upheld the significant damages award, citing to Wolkoff’s willfulness in deliberately violating VARA as “an ‘act of pure pique and revenge’ toward the artists who had sued him.”

In issuing such a decisive ruling in favor of the artists here, the Second Circuit has not only provided valuable insight into the operation and application of VARA moving forward, but it has also arguably helped to legitimize, and assign value to, “nontraditional” art.

THE NEW US - CHINA TRADE AGREEMENT AND INTELLECTUAL PROPERTY

Author: [Kirk M. Hartung](#)

On January 15, 2020, the US and China signed phase 1 of a new trade agreement which seeks to improve intellectual property rights in China. While the Agreement is somewhat general and aspirational, it outlines steps to be taken by China to protect various types of intellectual property originating both inside and outside the country which is both fair and effective.

The Agreement includes 11 different sections covering, among other things, trade secrets and confidential business information, pharmaceutical-related IP, patents, piracy and counterfeiting on E-commerce platforms, geographic indications, manufacture and export of pirated and counterfeit goods (such as medicines and other goods with health and safety risks), and bad faith trademarks.

The parties also agreed to expeditious enforcement with fines, penalties, monetary damages, and injunctions for violations of intellectual property rights, with bilateral cooperation of IP protection. Civil, criminal, and administrative procedures are contemplated to deter future IP theft and infringement. China has 30 working days to promulgate an action plan to strengthen their IP protection.

In the Agreement, China acknowledges the importance of establishing and implementing a comprehensive legal system of intellectual property protection and enforcement, as the country transforms from a major IP consumer to a major IP producer. It is believed that by taking steps to enhance IP protection and enforcement, China can build an innovative country with high quality economic growth.

In addition to the intellectual property chapter, the Agreement also covers technology transfer, trade in food and agricultural products, financial services, macroeconomic policies and exchange rate matters and transparency, and expanding trade. There is also a section on bilateral evaluation and dispute resolution of complaints, with an appeal process.

Some of the trade tariffs against China were removed by the Agreement. A second phase of agreement is expected to be negotiated later this year.



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MVS PREPAREDNESS AND RESPONSE TO COVID-19

Author: [Heidi S. Nebel](#)

McKee, Voorhees & Sease, PLC recognizes the increasing disruptions, anxiety, and suffering caused by COVID-19. Our deepest sympathy, thoughts and prayers of calm and strength go out to all who have been personally affected around the world.

Our firm monitors information released by the Centers for Disease Control (CDC), the Department of State and local health authorities. The firm is committed to observing best practices to protect the health of our employees and to ensure uninterrupted service to our clients.

Service to our Clients

All attorneys, agents, and staff are equipped to work from anywhere with an internet connection. All internal systems and files can be accessed through a heavily secured virtual private network. This remote access includes our paperless, electronic file system and all research and filing tools. MVS maintains a state-of-the-art, cyber-resilient IT infrastructure which is maintained 24/7 by our IT professionals. In addition, the Firm has a redundancy plan to ensure business continuity and on-going client service.

Updated Travel Policies

MVS is following the CDC's current recommendations and other available information regarding the suspension of travel to those countries adversely affected by COVID-19. This includes countries with Level 2 (Sustained Community-Level Transmission) or Level 3 (Widespread Sustained (ongoing)) spread precautions in place. In addition, we will observe self-quarantine restrictions for any employee who traveled to a country affected by COVID-19.

Business as Usual

In short, we would like to assure you that our firm will provide uninterrupted service to our clients while we all work through the challenges presented by COVID-19. Although some of our in-person interactions may be less frequent for now, we look forward to future virtual calls, a friendly smile of acknowledgement and, eventually, meeting with you face-to-face.

Please contact us with any questions in the interim. As always, we are here for you.

We've Been and We'll Be

March 4, 2020

[Sarah M. Luth](#), Intellectual property Attorney, attended the Iowa Women's Conference (WOCO) in Des Moines, Iowa. WOCO was a never-before-done event designed to bring together all types of women to educate, inspire and entertain. It gave women a chance to break away for a day and experience uplifting, motivational speakers while also learning valuable advice for growing their careers and maintaining an enriching personal life.

March 10-11, 2020

MVS was a sponsor of the of the [Iowa BioTech Association Partnering for Growth Conference](#) in Ankeny, Iowa. The conference features industry leaders and an opportunity to network, learn and hear from leaders in various biotech industries.

June 9-11, 2020

MVS is attending and sponsoring the [ABI \(Iowa Association of Business and Industry\) Taking Care of Business Conference](#) in Cedar Rapids, Iowa. This is Iowa's premier business conference, bringing together industry leaders to learn, network and share ideas on how to grow and strengthen Iowa's business climate. [Luke T. Mohrhauser](#), Co-Chair of the [MVS Mechanical](#) and [Electrical](#) Practice Groups, [Sarah M. Luth](#) and [Lars Gunnerson](#) will be in attendance.

If you're interested to learn about what our MVS attorneys attend and learn, please contact them through www.ipmvs.com or by calling 515-288-3667.