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DIRECTORS DECISION TO “INSTITUTE” AN INTER PARTES REVIEW PROCEEDING IS NOT APPEALABLE

by Marcus Smetka

Inter Partes Review (“IPR”) was introduced and adopted as part of the implementation of the America Invents Act (“AIA”), which began in September 2012. IPR replaced the prior method of patent review known as Inter Partes Reexamination. As patent practitioners and attorneys continue to familiarize themselves with the nuances of the IPR procedure, certain rules, and the application thereof, have required clarification. In a recent decision by the Patent Trial and Appeal Board (“Board”), *Achates Reference Publishing, Inc. v. Apple, Inc.*, the question as to whether or not the decision of the Director to institute an IPR proceeding was appealable. The Board ultimately held that the Director’s decision regarding whether or not to institute an IPR proceeding is final and non-appealable. The decision to institute an IPR proceeding is not appealable even if there was an error on behalf of the Director in instituting the IPR proceeding.

Rules relate to Inter Partes Review

Inter Partes Review is a form of patent review instituted by a third party. IPR provides a trial-like proceeding that is conducted by the Patent Trial and Appeal Board to review the patentability of the claims in a patent. The patentability of the claims may be challenged under 35 U.S.C. §102 and §103, and the prior art available to the petitioner is limited to patents and printed publications. The Director determines whether or not to “institute” an IPR proceeding. In order for the Director to institute an IPR proceeding based on an IPR petition, there must be a “reasonable likelihood” that the petition will prevail. See 35 U.S.C. §314(a). Under §314(d), the Directors determination of whether or not to institute an IPR proceeding is final and non-appealable. Furthermore, an IPR proceeding may be time-barred if “the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.” 35 U.S.C. §315(b).

Background of Achates v. Apple

In June 2011, Achates initiated a lawsuit against a number of parties claiming infringement of their patent. Apple was not included in the initial suit, however Achates filed to add Apple as party to the suit. In response to being added as a party, in December 2012, Apple filed a petition for IPR with the United States Patent and Trademark Office (“USPTO”) seeking to challenge the validity of the patents that Achates claimed Apple was infringing. Achates responded by arguing that Apple should be time barred from filing the petition for IPR based on an indemnification agreement between Apple and one of the parties named in the initial suit. As stated above, §315(b) bars the filing of a petition for IPR if filed more than 1 year after party is served with a complaint alleging infringement. Ultimately, the petition for IPR was allowed, and a number of the claims at issue in the patents were held to be invalid. On appeal, Achates argued that the Board erred in finding that Apple’s petition for IPR was not time barred, and thus the Director never should have instituted the IPR proceeding to begin with.

Don’t play games with your intellectual property.



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Explanation of the Holding

While the Director's decision regarding whether or not to institute an IPR proceeding is non-appealable under §314(d), Achates argued that the decision to institute should be appealable after a final written decision by the Board under 35 U.S.C. §141(c). §141(c) states that a party to an IPR who is dissatisfied with the final written decision of the Board may appeal. However, precedent dictates that the Director's decision regarding whether to institute an IPR proceeding is not a final written decision, therefore §141(c) does not apply. Furthermore, it has previously been decided that even in the event of error on behalf of the Director in deciding to institute an IPR proceeding, the Director's decision is non-appealable. See *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268 (Fed. Cir. 2015). Thus the court upheld the finding that the decision of the Director is non-appealable.

Lessons from the Case

A party may not rely on the error of the Director in instituting an IPR proceeding to challenge or invalidate the Board's decision. Any challenges to the Board's decision must be directed toward the merits of the Board's final written decision. Furthermore, the time bar under §315(b) does not impact the Board's authority to invalidate a patent claim. While §315(b) may bar a particular party from filing a petition for IPR, §315(b) does not prevent parties that may be otherwise time-barred from filing the petition from participating in an IPR that was properly initiated by another party.

CAN YOU GET NATION-WIDE TRADEMARK PROTECTION IF YOUR BUSINESS IS CURRENTLY LOCAL?

by Mark Hansing

Trademark rights are primarily based on use. In short, if you use it in a certain area first, you should be able to stop others in that area from adopting confusingly similar names.

The problem with relying on "first use" is different companies could use the same trademark in different areas of the country. If each used in a separate area first, they usually can keep using. But this would block one from moving into the other's market area and vice versa. This can be debilitating for a business that wants to expand across the country.

The federal trademark registration process was adopted to address this. It balances the competing interests of businesses that start and stay local versus businesses that want to expand across the country.

If you file for and obtain a federal trademark registration, the law gives you the presumption you can expand across the country and have exclusive use of the trademark for the products or services. The main exception is you can't kick out anybody that used it before your registration. Even though that exception exists (and can be a risk to possible expansion), the federal registration gives you priority over others that try to adopt the name after you register.

To file a federal registration application, you have to allege your mark is being used "in commerce". A shorthand way to think of "in commerce" is interstate commerce (commerce between at least two states). Many businesses start local but intend to expand regionally or even across the country. This might delay the ability to apply. Every month one delays in getting a federal registration application filed can delay getting the registration and locking in the power to expand across the country.

Two possible answers exist to this dilemma:

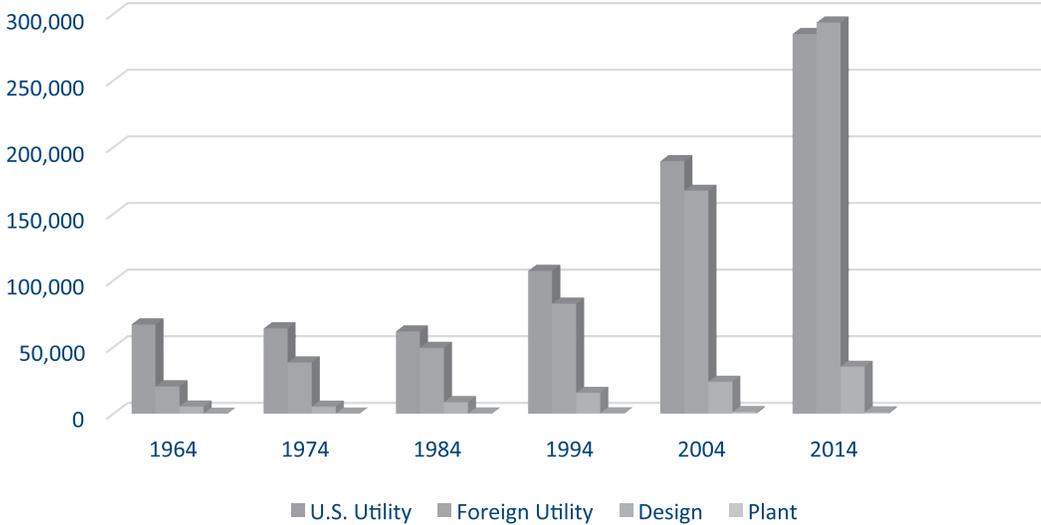
1. Congress and the courts have loosened up the meaning of "in commerce". While it remains safer to wait to file until you have done such things as sold products across state lines or established locations in more than one state, there are other qualifying uses. One would be if your products or services are regulated by federal law. The example is restaurant services. A case has held that a single restaurant in the middle of a state can allege interstate commerce (or use "in commerce" for filing a federal trademark application) because it was along an interstate highway, and could document it served many customers from outside the state. Alternatively or in addition, cases have held that restaurants are providing services "in commerce"

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50 YEARS OF PATENT STATISTICS

by Kirk M. Hartung

U.S. Patent Statistics - Applications



Over the past 50 years, while the world has seemingly gotten smaller, innovation has gotten bigger – much bigger! Activities in the U.S. Patent and Trademark Office have increased tremendously during the past 5 decades, including the number of patent applications filed and patents issued.

According to Patent Office statistics, 1969 was the first year in which over 100,000 total patent applications were filed, including utility, design and plant applications. It took 25 years, until 1994, before application filings reached

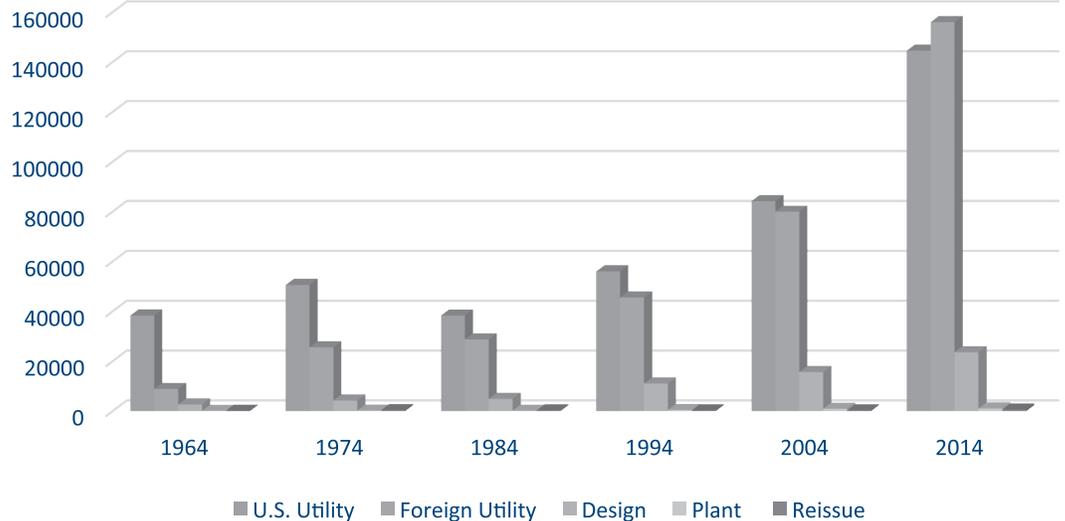
200,000. Then in 6 short years, the total number of applications filed hit over 300,000 in 2000. Over 400,000 applications were filed in 2005, and in 2010, application filings reached 500,000. Only 3 years later, the total applications filed exceeded 600,000 in 2013.

Total granted patents has seen a similar exponential increase. The first year that over 50,000 patents were issued was 1964. Twenty five years later, the 100,000 milestone for issued patents was reached in 1989. Another 21 years passed before the Patent Office granted over 200,000 patents in 2010. Then 3 years later, in 2013, over 300,000 patents were issued.

It is also noteworthy that in 1964, only 23.5% of utility applications were filed by foreign applicants, and only 18.9% of issued patents were awarded to foreign applicants.

Now, in 2014, foreign applicants file slightly more than 50% of all utility applications, with 51.9% of patent grants going to foreign applicants.

U.S. Patent Statistics - Grants



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because they are governed by such things as federal laws like OSHA, federal employment laws, federal food standard laws, and others. With regard to services, similar principles are starting to apply. If a service is essentially provided intrastate or locally, it might qualify as “in commerce” if regulated by federal law, at least in some respects. For example, a financial services firm likely would be governed by some federal law if they are selling securities covered by the SEC.

Thus, even if you are local, you can consult with your attorney to find out if you could file a federal trademark application. Getting it started sooner than later can get you to the position of locking in or reserving the right to expand across the country.

- Perhaps an even better option is called the federal “intent-to-use” application. If you have a good faith, *bona fide* intent to adopt a trademark and use it “in commerce”, you can file right away. This is even before you have used it at all (i.e. even before you sold the product or service locally under the trademark). It allows you to get a federal filing date and get the process started. Because it normally takes from three to six months to get the application examined, you can work towards getting that “in commerce” use going. Still further, you can get the application pre-approved and then extend the time you need to prove use in commerce for up to three years thereafter. Even though your application won’t be registered until you prove use, getting this all pre-approved can streamline the procedure later. And, federal law gives some benefit to an early filing date.

MVS FILEWRAPPER® BLOG

McKee, Voorhees & Sease maintains the Filewrapper® blog at www.filewrapper.com. The blog is regularly updated to report on topics such as recent intellectual property case law, legislation, proposed legislation, administrative policies, and other intellectual property developments. We consciously refrain from expressing opinions on this blog and instead, offer it as a form of information and education.

We have always been proud of the fact that the content is original content authored by MVS attorneys. Although there are many contributors, Daniel Lorentzen, Ph.D coordinates efforts and is also the firm’s most prolific contributor.

We encourage clients interested in intellectual property developments to visit or subscribe to the blog.

WE’RE THERE

November 10, 2015

Scott Johnson and Laura Hupp attended the TAI Women of Innovation Awards in Des Moines, IA.

November 11-18, 2015

Kirk Hartung attended the annual LEGUS meeting in Cape Town, South Africa.

November 25, 2015

Jill Link will attend the Small Business SCORE meetings in Montgomery, AL.

December 7-11, 2015

Jill Link will attend the American Seed Trade Association Annual meeting in Chicago, IL.

February 14-17, 2016

Heidi Nebel and Laura Hupp will attend the AUTM Annual Meeting in San Diego, CA.

March 13-17, 2016

Jonathan Kennedy and Daniel Lorentzen will attend the American Chemical Society National Meeting and Exposition in San Diego, CA.

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