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POSSIBLE CHANGES TO PATENT LAW

Still Pending, Expected to Pass

The Leahy-Smith America Invents Act (H.R. 1249) has been passed by the House and is waiting to be voted on by the Senate. It passed by a wide margin in the House and is expected to be approved by the Senate. If passed, this Act will represent the most significant legislative changes to patent law since the 1950s.

Timing

The Senate is expected to consider the bill immediately after the August recess. Most of the substantive provisions will go into effect 18 months after the law is enacted.

First-inventor-to-file

The Act brings the United States into conformance with the rest of the world by converting from a first-to-invent regime to a first-to-file regime. Under present law, whoever first conceives of an invention is entitled to the patent (as long as the inventor worked diligently to reduce it to practice, and did not abandon, compress or conceal it), even if another inventor beat them to the Patent Office. Under the new Act, if two people separately invent the same invention, the first person to file a patent application will take priority and be entitled to the patent.

This also means that applicants will not be able to avoid prior art that is dated less than one year before their filing date by "swearing behind" it. Currently, if the Patent Office cites a reference that is less than one year prior to an applicant's filing date, the applicant can overcome it by swearing that he or she invented his or her invention prior to the date of the reference. That will not be possible if this law passes.

Currently if two inventors file a patent application for the same invention, an interference proceeding is held to determine who was the first to conceive and not abandon the invention. The new Act would eliminate the interference proceeding. However, a similar proceeding is created by the new Act for instances where the earlier filing applicant is alleged to have derived the invention from the later filing inventor.

In light of switching to a first-inventor-to-file regime, it will be more important to file patent applications quickly in order to have an early filing date. In general this will favor entities that establish procedures for getting inventions identified and evaluated early. It will be a disadvantage to inventors who want to try and monetize their inventions before filing applications, and to unsophisticated companies who don't realize the importance of early filing.

Expanded Administrative Challenges

The Act also expands the ability to administratively challenge the validity of patents through the Patent Office rather than through the court system.

Preissuance Submissions by Third Parties

The Act provides a procedure for third parties to submit relevant prior art in pending applications. The third party can submit any printed publication they believe to be prior art, along with a concise statement of why the prior art is relevant. Such statements will be considered by the Patent Office as long as they are submitted within six months of the publication of the application.

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Post Grant Review

For the first year after a patent has been issued, a third party can seek review of a patent on any ground that is a condition for patentability—including any type of prior art and failure to comply with more technical requirements as to form and content. Under current practice, review can only be sought based on prior art printed publications. The party requesting review will not be able to later raise as a defense any issues that were or could have been brought in the post grant review proceeding.

Inter Partes Review

After one year, a third party may request an inter partes review, which is more limited than the post grant review, and can only be based upon a prior art printed publication. A third party that institutes an inter partes review will be precluded from later asserting a defense to the patent based on any prior art that was or could have been included in the review. Inter partes review is very similar to the existing inter partes reexamination, but differs from current practice in that it authorizes the parties to settle the case without approval of the Patent Office and requires a litigation defendant to institute a request for review within 9 months of being served with a complaint for patent infringement.

Supplement Examination

The patent owner can request supplement examination of their own patent to consider any issues that may affect the validity of the patent. This procedure is similar to current ex parte reexamination, but is not limited to printed prior art. The current version of the Act would not permit supplement examination to be used to correct any fraud perpetrated on the Patent Office.

In light of these expanded administrative challenges, it will be more important to closely follow published and newly issued patents in order to take advantage of the enhanced ability to challenge patents outside of formal litigation.

Special Considerations for Business Method Patents

The new Act includes several provisions that will make it easier to administratively challenge so-called business method patents. The Act defines a “business method patent” as “a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service.” Therefore, its limitations relate primarily to financial services inventions.

It creates a post grant review procedure for business method patents that is similar to the post grant review procedure described above that can be based on any grounds and not merely printed publication prior art, except that for business method patents, there is no one-year time limit on bringing such an action. Furthermore, this provision will apply to existing applications and patents; whereas the standard post grant procedure will only apply to applications filed more than 18 months after the effective date of the Act. Even more importantly, a party initiating a post grant review of a business method patent will only be precluded from later asserting the defenses actually included in the post grant review, not all defenses that could have been raised.

The Act also tightens jurisdiction a little in litigation cases asserting a business method patent, requiring that venue for any litigation must be at a principal place of business of the infringer, or where the infringer committed acts of infringement and has a regular place of business. It further clarifies that an ATM is not a regular place of business for establishing venue. Finally, it allows for recovery of costs and attorneys’ fees by a prevailing party, without a showing that the case is an exceptional case.

The Act would end the practice of issuing patents on tax strategies, which it defines as “strategies for reducing, avoiding, or deferring tax liability.” The Act would apply to pending tax strategy applications, but not to issued patents.

False Marking

The Act would largely eliminate the false marking claims that have recently proliferated. Under present law, virtually anybody can bring a claim against a party that is falsely marking their product as covered by a patent (including marking with an expired patent number). Under the Act, only a competitor that is actually injured by the false marking can bring a claim. Furthermore, a safe harbor is created for marking a product with a patent number for three years after the patent expires.

The Act also provides a new way of satisfying the marking requirements. A patent owner can mark its products with a notation saying patented or “Pat.” and indicating an Internet address where the patent number or numbers can be accessed.

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Best Mode

The Act eliminates failure to disclose the best mode of practicing an invention as a defense to patent infringement. Section 112 of the Patent Act will still require an applicant to disclose the best mode of practicing the invention. However, an accuser can no longer try to show that the inventor actually knew of a better mode as a defense to patent infringement. While the Act is silent on the issue, it is expected that intentional failure to disclose the best mode would likely still make the patent unenforceable due to inequitable conduct.

End of Fee Diversion

Many of the fees collected by the Patent Office have been diverted to purposes outside the Patent Office. The present version of the Act would permit the Patent Office to retain all of the fees it collects. It is hoped that this will improve the quality of patent examination and reduce costs.

This article summarizes many of the significant provisions, but the entire bill is over 120 pages long, so some of the provisions are not discussed. The entire text of the bill, as well as its most current status, can be found at <http://www.govtrack.us/congress/bill.xpd?bill=h112-1249>.

CONSIDER DEFENDING YOUR FEDERALLY REGISTERED TRADEMARK FROM THE NEW .XXX TOP LEVEL DOMAIN

Earlier this year, the Internet Corporation for Assigned Names and Numbers (ICANN) approved the .xxx top-level domain (TLD) which is similar to the TLDs of today's Internet – .com, .edu, .gov, .org, etc. The .xxx TLD, however, is specifically targeted for the "adult entertainment industry."

Between September 7, 2011, and October 28, 2011, during what is referred to as "Sunrise B" period, trademark owners who are not members of the adult Sponsored Community, and who own a federally registered trademark on the Principal Register can apply to reserve a domain name in the .xxx TLD, in order to effectively remove that particular domain name from the pool of available .xxx domain names.

There are several benefits to reserving your trademark during this period:

- Your particular domain name (e.g., YourTrademark.xxx) will be unavailable for registration by any third party.
- The "homepage" for YourTrademark.xxx will simply include a standard informational page reflecting the status of the name as "reserved."
- The publicly available WHOIS information for all blocked domain names will not identify you as the owner, but will simply identify the name of the registry.

- The "reservation" are only subject to a one-time application fee (which to date has not yet been set) and do not need to be renewed.

- But note, that if your Trademark is at any time canceled, abandoned, or otherwise invalidated it will be removed from this Reservation Process.

The requirements for eligibility for "reservation" of a .xxx domain name during the Sunrise B period are as follows:

- You must own a registered trademark or service mark at a national level on the Principal Register or an International Registration with regional effect.
- Your registration (or extension of protection under your International Registration) must have been issued prior to September 1, 2011.
- You must submit the following information to the ICM Registry: (a) trademark name; (b) country or region in which the mark is registered; (c) current registration number; (d) application date and registration date; (e) classes for which the mark is registered; and (e) applicant's status (e.g., owner, licensee, or assignee of the mark).
- The domain name sought to be reserved must correspond exactly to textual portions of your

registered mark. In other words, unfortunately you cannot seek to register intentional misspellings of your trademark.

- In limited situations, where it is not possible to reserve a domain name that corresponds exactly to a mark as registered, there are a few potential alternatives. For example, if the registered mark includes spaces between words or includes special characters (such as "@," "!", or "&"), the spaces may be removed entirely or replaced with a hyphen. Further, owners may also eliminate references to a company type, such as "Inc." or "LLC." However, each separation variation of a registered trademark requires a separate application and fee.

Trademark owners who cannot or do not reserve domain names during Sunrise B may still obtain defensive .xxx TLD registrations following the opening of the registry's general availability phase, beginning December 6, 2011. At that time, anyone may register .xxx TLDs through accredited registrars on a first-come, first-served basis. However, unlike the name reservations submitted during the Sunrise B period, these would be domain name registrations that would need to be regularly renewed and maintained.

WHERE THERE'S A WILL THERE'S A WAY

The team of girls, known as The Flying Monkeys, invented a prosthetic device to help people with limb abnormalities hold, grip or stabilize items. MVS attorneys Brad Powers and Luke Mohrhauser have donated their time in preparing and filing a provisional patent application for The Flying Monkeys.

The Flying Monkeys is made up of six girls, ages 11 to 13. One of the girls has a limb difference, which was part of the inspiration for their invention. Using the internet they met Danielle, a young girl who was born missing most of the thumb and all of the fingers on her dominant hand. Until recently, Danielle had never held a crayon or a pencil, and now, thanks to the work of The Flying Monkeys, three-year-old Danielle can hold a crayon in her right hand for the first time.

They consulted a prosthetics maker and an occupational therapist to develop their prototype. The final design includes a platform strapped to the arm as well as a cylindrical holder for writing implements or other tools.

The team's patent-pending invention, nicknamed BOB-1, was recently selected as the winner of FIRST Global Innovation Award sponsored by the X PRIZE Foundation and the FIRST LEGO League (FLL), a program for 11 to 14-year-olds in which they work alongside adult coaches to design and build robotics to help solve the world's problems.

The contest challenged FLL teams in more than 56 countries to research a problem related to the human body and innovate a solution that would help people to lead happier and healthier lives. BOB-1 was selected from among 179 submissions in this year's inaugural competition. Contest submissions were voted on by the public and then judged by an expert panel to determine the most patentable ideas. Nearly 400,000 votes were cast by individuals from 145 countries.

The Flying Monkeys were awarded up to \$20,000 to be used toward the cost of researching and further developing their life-changing invention. In addition to market research on the BOB-1, the girls are busy working on another version of the device to help even more people with limb differences.

An educational fund has been established for the girls to be used toward supporting their undergraduate or post-graduate educational expenses. Any funds remaining after the girls have completed their educations will be used to establish a scholarship fund for girls pursuing degrees in science and engineering.

MVS and the Ofenbakh Law Firm have partnered to establish a scholarship fund for the girls. To donate to the fund, visit www.ipmvs.com.

MVS is proud to support The Flying Monkeys.



Scan this QR code with your smart phone to donate to The Flying Monkey's Scholarship Fund.

WE'RE THERE

July 24-27

Heidi Nebel attended and spoke on Intellectual Property protection for plants at a session at the Association of University of Technology Managers (AUTM) central regional meeting in Louisville, KY.

August 10

Jill Link gave a presentation on IP Licensing at the ISBA Young Lawyer's Division.

August 11

Mike Gilchrist gave a talk about "What Every Design Professional Needs to Know about Copyrights, Patents & Trademarks" at a workshop of the Eastern Iowa Section of the

Iowa Chapter of the American Institute of Architects at the University of Iowa Athletics Hall of Fame in Iowa City.

September 1

Jill Link will be presenting at the Small Business Association at the Bozeman, MT Chamber of Commerce on IP Licensing.

October 7-8

The annual meeting of the Iowa Intellectual Property Lawyers Association (IIPLA) will be held in Dubuque, IA. Kirk Hartung is the president and Kyle Coleman is on the Board.

October 27-29

Kirk Hartung will be attending the Fall meeting of LEGUS, an International Network of Law Firms, in Berlin, Germany.

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