

IS YOUR INVENTION DISCLOSURE DOCUMENT PROTECTED BY ATTORNEY-CLIENT PRIVILEGE?

Author: [Jill N. Link, Pharm. D., Member, Patent Attorney](#)

I strongly recommend to clients that inventors provide an invention disclosure when considering a patent filing. Such a document is helpful for inventors to focus their summary of the invention, identify potential prior art, and submit other pertinent information about their invention. This also provides the patent attorney an efficient vehicle to review the proposed filing. From my experience, it is always the intent of clients that these initial disclosures to patent counsel remain protected by Attorney-Client privilege. Maintaining the privilege is important to ensure the information provided remains confidential and the attorney is not compelled to testify to such confidential information.

Although this privilege is well established as it relates to patentability assessments between clients and patent counsel, if your business or institution uses an invention disclosure form or similar document for proposed patent filings there is new case law that provides guidance on how to protect its Attorney-Client privilege. A district court in California recently addressed the situation where an inventor submitted a patent disclosure document for review by the company's patent review committee. In *California Institute of Technology v. Broadcom Limited, et al.* (C.D. Cal. March 19, 2018), the question arose whether the disclosure of an invention submitted electronically over the company's intranet for review by a committee of both attorneys and engineers should be afforded Attorney-Client privilege.

The U.S. Court of Appeals for the Federal Circuit plainly stated in *In re Spalding* in its 2000 decision that the basis of retaining Attorney-Client privilege requires "the communication [be] one that was made by a client to an attorney for the purpose of obtaining legal advice or services". In the recent California decision there were attorneys on the patent review committee tasked with assessing matters of patentability. Therefore the submission retained its privilege. The fact that there were non-attorneys on the committee did not jeopardize the privilege. However, it was noted that these non-attorneys were taking steps that assisted the attorneys in assessing patentability (such as reviewing prior art).

Based on this decision it is important to recognize that the involvement of non-attorneys in the processing and reviewing of invention disclosure documents needs to be for purposes of assisting legal review. Non-legal involvement should not be for business-only (i.e. non-patent) purposes, such as commercialization plans or profit/cost assessments. A recent district court in Texas found that such non-legal involvement had the effect of losing privilege of the disclosure document. In *Raytheon Company v. Cray, Inc.* (E.D. Tex. June 5, 2017), an invention disclosure was reviewed by the company's Invention Review Subcommittee for its technical and business merits and thereafter was forwarded to patent counsel for patentability assessment. Even though attorneys were involved in the initial review, the court found the assessment was not for patentability or other legal assessments and therefore the document was not privileged.

These decisions highlight the importance of utilizing invention disclosure forms for the purpose of patent counsel's assessment of patentability. It is recommended these forms be provided directly from inventors (or counsel within the business or institution) to outside patent counsel for review. Myself and the other patent attorneys at MVS are happy to discuss this further to ensure your patent disclosure process maintains its Attorney-Client Privilege.

[Jill N. Link, Pharm.D.](#), is a Patent Attorney in the [Biotechnology/Chemical Practice Group](#) at McKee, Voorhees & Sease, PLC. For additional information, please visit www.ipmvs.com or contact Jill directly via email at jill.link@ipmvs.com.

MUSIC COPYRIGHT REFORM CONTINUES TO GAIN MOMENTUM

Author: [Brandon W. Clark](#)

On May 15, 2018 music industry executives, songwriters, and performers testified before the Senate Judiciary Committee regarding current copyright laws and the impact those laws have had on the music industry. The witnesses were urging the committee to pass S. 2823, the Music Modernization Act (“MMA”).

S. 2823 is the companion bill to H.R. 5447 – Music Modernization Act, which unanimously (415-0) passed the House of Representatives on April 25, 2018. S. 2823 provides the first major reform to music copyright law in decades as the MMA combines three separate legislative initiatives into a single bill that will update how music rates are set, and how songwriters and artists are paid.

As a quick music-copyright refresher: there are two distinct copyrights in each piece of recorded music, one for the sound recording itself and another for the underlying musical composition (the lyrics, melody, chords, etc.). The MMA focuses on the composition side, where the royalties are usually split between the songwriters and their publishers, and more specifically on the issue of paying mechanical royalties. In order to distribute or reproduce someone’s song in any format, including streaming services, you’re required to obtain a mechanical license (that covers the copyright owner’s mechanical reproduction right) from the copyright owner, and then pay mechanical royalties for every copy or stream at a rate set by the federal government.

As music streaming services have grown to make up for more than 60 percent of the recording industry’s revenue, securing mechanical licenses and paying out the royalties has turned into a significant obstacle for streaming services like Spotify, Tidal, YouTube, and Apple Music (Digital Service Providers or “DSPs”). Songwriters and publishers have sued Spotify for allegedly using their songs without obtaining a mechanical license (a class-action lawsuit was settled last year for \$43 million, and another lawsuit seeking \$1.6 billion in damages is still ongoing). Spotify’s position has consistently been that they are unable to determine who those mechanical royalty payments should be paid to. Instead, they have filed over 45 million Notice of Intent (“NOI”) letters with the U.S. Copyright Office. The MMA would replace the current system, by creating a new entity called the Mechanical Licensing Collective (“MLC”). Streaming services would pay the MLC for a “blanket” license that would allow them to use any composition in the MLC database, and the MLC would then collect the mechanical royalty payments and distribute them to songwriters and publishers.

The law also significantly changes the current royalty rate decision process and the auditing process. Further, the DSPs will be responsible for all operation costs with the MLC.

The other two pieces of the legislation, The AMP Act and The CLASSICS Act, are more straightforward. The AMP Act will provide producers and engineers a legal right to a share of the digital sound recording royalties and streamline the process in which they receive those royalties. The CLASSICS Act would require DSPs to pay performance royalties for their use of pre-1972, benefiting “legacy” artists who receive airplay on satellite and online radio stations like Pandora and Sirius XM, but would stop short of offering full federal copyright protection for these recordings.

The proposed law has bipartisan support and endorsements by lobbying groups representing a broad range of the industry, from record labels, publishers, and songwriters, to streaming services and broadcasters. At present, Sirius XM, and background music service Music Choice, represent the only notable opposition to the legislation. Although, some independent songwriters and publishing companies have criticized the law because streaming services would be protected from lawsuits over mechanical royalties and licenses for music streamed prior to January 1, 2018, the structure and configuration of the MLC’s Board of Directors, and a three-year hold on any unmatched or unclaimed royalties.

Furthermore, even the MMA’s staunchest advocates admit that the bill is not perfect, it is a significant step forward in comprehensive copyright reform, recognizing the value of intellectual property, and those who create it.

DISCLAIMER: I have been fortunate to have the opportunity to meet and work with the Chairman of the Senate Judiciary Committee, Senator Chuck Grassley, the Recording Academy’s Chief Policy Advocate, Daryl Friedman, among many others in helping to move this important piece of legislation, and copyright reform generally, forward.

Brandon W. Clark is the Chair of the [Copyright, Entertainment & Media Law Practice Group](#) at McKee, Voorhees & Sease, PLC. For additional information, please visit www.ipmvs.com or contact Brandon directly via email at brandon.clark@ipmvs.com.



L to R: David Zollo, Brandon Clark, Senator Chuck Grassley, Justin Roberts, and Daryl Friedman

INTER PARTES REVIEW PROCEEDINGS (IPRS) SURVIVE FIRST CONSTITUTIONAL CHALLENGE, BUT COURT OPINION OPENS DOOR TO FURTHER CHALLENGES

Author: [Jonathan L. Kennedy](#)

On April 24th, the U.S. Supreme Court held in a 7-2 decision (Justice Gorsuch and Chief Justice Roberts dissenting), *Oil States Energy Servs. v. Greene's Energy Group, LLC*, that the Inter Partes Review proceedings, commonly referred to as IPRs, do not violate Article III or the Seventh Amendment of the U.S. Constitution. The Court was deciding two primary constitutional challenges: (1) whether IPRs violate Article III of the constitution by assigning a task intended for U.S. District Courts to an administrative agency (i.e., the Patent Office); and (2) whether IPRs violate the Seventh Amendment by having a controversy decided without the opportunity for a jury trial. The Court emphasized the narrowness of the Constitutional issues before it and was explicit that its decision did not address other potential Constitutional challenges.

The case arose when Oil States Energy Services sued Greene's Energy Group for infringement of U.S. Patent Number 6,179,053 ("the '053 Patent") directed to an apparatus and method for protecting well-head equipment used in hydraulic fracturing. Greene's Energy responded by challenging the validity of the '053 patent. Near the end of discovery in the patent infringement lawsuit, Greene's Energy petitioned the USPTO's Patent Trial and Appeal Board ("PTAB") to institute an IPR proceeding. The PTAB instituted the proceeding with respect to two of the claims in the '053 Patent. The civil litigation continued in parallel with the IPR proceeding. The district court issued a claim construction order that precluded Greene's Energy's arguments regarding invalidity of the claims in the civil litigation. The PTAB, however, found that the claims lacked novelty in view of the prior art cited by Greene's Energy in the IPR proceeding and held the '053 patent's claims were invalid for lack of novelty.

Oil States appealed the PTAB's decision to the Federal Circuit and ultimately the U.S. Supreme Court. One of the grounds raised by Oil States was whether the IPR proceedings violate the Constitution under Article III by assigning a task intended for U.S. District Courts to an administrative agency (i.e., the Patent Office) and the Seventh Amendment by having a controversy decided without the opportunity for a jury trial. The Supreme Court granted certiorari on these Constitutional challenges to the IPR proceedings.

The arguments before the Court and the differing opinions reflected by the Court's majority and dissent demonstrate a philosophical disagreement as to the nature of a patent right. Oil States argued, and the dissent agreed, that an issued patent is a personal right, i.e., personal property. Specifically, the dissent stated, "an issued patent [is] a personal right – no less than a home or farm – that the federal government could revoke only with the concurrence of independent judges". Oil States' arguments before the Court were consistent with this – arguing that a patent is the "private property of the patentee". The majority agreed that a patent is a property right, but with the caveat that "Patents convey only a specific form of property right – a public franchise". The majority relied on the legal distinction between public and private rights walking through cases distinguishing private and public rights.

Supporting its conclusion that a patent right is a public right, the majority noted that the decision to grant a patent is necessarily a matter involving public rights as it is a public franchise and provides the patentee the right to exclude the public from making, using, selling, and offering for sale the patented invention. The Court also noted that granting patents is one of the constitutional rights carried out by the executive and legislative branches. This too is indicative of the public-rights doctrine as the granting of patents is a matter that occurs between the government and others. Quoting the Court's earlier decision, *In re Cuozzo*, the majority reiterated that IPRs are "a second look at an earlier administrative" action, i.e., grant of a patent. The only difference between IPR and examination is that the former occurs *after* issuance. The Court held this is a distinction without a difference. Ultimately, the majority held that patents and IPRs fall "squarely within the public-rights doctrine".

The public rights doctrine provides Congress with "wide latitude to assign adjudication of public rights to entities other than Article III courts". Thus, by holding that patents and the IPR proceedings fall within the public rights doctrine, Congress has the authority to assign review, amendment, and cancellation of patents to the USPTO without violating Article III of the Constitution. Moreover, the Court held that Congress can properly assign adjudication of patent validity to the USPTO, and thus the Seventh Amendment is also not violated.

The dissent, authored by Justice Gorsuch, countered the majority's holding that issued patents can be invalidated through non-judicial proceedings. They emphasized the importance of an independent judiciary to hear cases and controversies between parties, and particularly disputes regarding personal rights. Supporting this argument, the dissent provides a

detailed discussion of the history of pre-Revolution colonial judges and English Privy Council to emphasize the importance of judicial independence. The dissent contends that IPRs are a retreat from independent judiciary, which is provided for in Article III of the Constitution. It also cautions the judiciary from “intrusions by the other branches” concluding that that “enforcing Article III isn’t about protecting judicial authority”, but rather “about ensuring the people today and tomorrow enjoy no fewer rights against governmental intrusion than those who came before”.

The majority responded to the dissent noting that historically the English Privy Council had the authority to cancel patents. It was against this backdrop that the Patent Clause and Article III of the Constitution were written. The Court noted that neither the parties nor the dissent cited any authority indicating the framers were unaware of this practice or that they made an effort to exclude this practice. The majority was clear though that this decision was specific only to the Constitutional issues raised by Oil States, i.e., Article III and the Seventh Amendment. The Court was explicit that Oil States did not challenge (1) the retroactive application of IPRs to patents issued prior to its enactment, (2) IPRs under the Due Process Clause, or (3) Takings Clause. Thus, these issues remain open for other parties to challenge and for the Court to take up at a later date.

[Jonathan L. Kennedy](#), is a Patent Attorney in the [Biotechnology/Chemical Practice Group](#) at McKee, Voorhees & Sease, PLC. For additional information, please visit www.ipmvs.com or contact Jonathan directly via email at jonathan.kennedy@ipmvs.com.

HEIDI S. NEBEL SELECTED FOR NATIONAL PLANT VARIETY PROTECTION BOARD



Heidi S. Nebel

The Secretary of Agriculture, Sonny Perdue, has appointed Heidi S. Nebel, Intellectual Property (IP) Attorney, Managing Member, and Chair of the Biotechnology & Chemical Practice Group at McKee, Voorhees & Sease, PLC, to serve on the Plant Variety Protection Board (PVP) effective immediately.

According to the United States Department of Agriculture (USDA), the Board is “composed of 14 members that include farmers, plant breeders, seed industry experts, university professors, and lawyers who have involvement with plant varieties and/or their use”. The mission of the PVP Board is “to provide direction to the PVP Office which ultimately influences the development of new plant varieties by providing an incentive (through intellectual property protection) to the breeders of these varieties”.

“I am honored to be able to represent interests of the many plant breeders across the country, many of whom are our clients, to help shape policy and IP strategy at a national level,” said Heidi.

Heidi has been an IP attorney for over 25 years, obtaining patents and designing IP strategy in the areas of agricultural biotechnology, plants, and animals. Heidi also enjoys being an advocate of biotechnology, speaking around the country on important issues in the field. Her practice includes representation of more than 30 different universities and research foundations across the country, as well as many Agribusiness companies.

Heidi will serve on the Board until May 1, 2020.

A COMMENTARY ON WOMEN IN THE PROFESSION AND MVS

Author: [Heidi S. Nebel](#), Managing Member

A recent article appeared in the Lexis Nexis news piece “Law360”, describing the dismal results of their annual “Glass Ceiling Report”. The article concluded that there had been “limited progress” for female attorneys in a male-dominated profession. Women have represented over 40% of law school students for decades, according to the American Bar Association, yet, only one in five equity partners (in over 300 firms surveyed) were women. For the practice of Intellectual Property patent practitioners, the numbers are staggeringly worse. With the requirement of a science or engineering degree in addition to a law degree, the field is male dominated times two.

I am gratified to report that as a woman equity partner at MVS for more than 20 years, our firm stands out in stark contrast to this norm. For example, this year with the addition of Cassie Edgar as a lateral partner, one half of the MVS partners (PLC member attorneys) are women!

The firm legacy of including women began as far back as 1985, where the first female patent attorney in the state of Iowa, Pat Sweeney, joined the firm. Pat left the firm and went to Pioneer DuPont where she rose to Chief IP Counsel and then went into private practice for 20 years. She re-joined MVS “Of Counsel” in 2016.

In my own experience, my law school class of 1992 was the first in school history to graduate more women than men. I became an equity partner and have served on the management committee of MVS for more than 15 years and have served as managing member of the committee for more than 10 years.

The women of MVS continue to lead by example as we participate in committees and organizations to help promote women entrepreneurs, women business owners, and women inventors. We also support Science Technology Engineering and Math initiatives for young girls at elementary and middle schools.

There is much work to do, but I am proud to be a part of MVS and its legacy as a leader in gender equality.



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WE'RE THERE

March 15 - 19, 2018

[Brandon W. Clark](#) attended South by Southwest, a music/film/technology conference held every March in Austin, TX. Brandon attended the music portion of the conference and met with numerous recording label and publishing representatives. Contact Brandon for more details about the conference.

March 18 - 20, 2018

[Oliver P. Couture, Ph.D.](#) attended the American Chemical Society (ACS) Spring meeting, Food, Energy & Water, in New Orleans, LA. Oliver presented at the conference on subject matter eligibility in biotechnology. To learn more about the conference and Oliver's presentation, contact Oliver today!

March 20 - 21, 2018

[Cassie J. Edgar](#) attended the World Agritech Innovation Summit in San Francisco, CA. Cassie met with and connected with agribusinesses, entrepreneurs, and innovators in the agricultural technology industry. Find out what Cassie learned by contacting her for more details.

April 10, 2018

[Patricia A. Sweeney](#) presented a webinar on "IP Mediation and Industry Trends" for the Iowa State Bar Association. Contact Pat for more information about the presentation.

April 12, 2018

[Cassie J. Edgar](#) presented the Mobile App of the Year award at the Technology Association of Iowa (TAI) Prometheus Awards. MVS was a sponsor of the Prometheus Awards. [Scott Johnson](#) is a Board Member of TAI.

April 16, 2018

[Christine Lebron-Dykeman](#) attended and judged at this year's Invent Iowa Invention Convention hosted by the Belin-Blank Center in Iowa City, Iowa. Invent Iowa is a statewide program that promotes the invention process for kindergarten through high school students. MVS was a sponsor and presented the MVS Agriculture Award.

April 18 - 20, 2018

[Jonathan L. Kennedy](#) attended the Invent Penn State Venture & IP Conference at Penn State. The conference featured start-up ventures and showcased their innovation and entrepreneurship. Contact Jonathan for more information about the conference.

April 19, 2018

[Heidi S. Nebel](#) attended the MSU Innovation Celebration in East Lansing, MI. The reception featured new technologies and start-ups developed on the MSU campus. Researchers and students were awarded and recognized for their achievements in technology transfer. Contact Heidi for more information.

May 14, 2018

The Licensing Executives Society (LES) Iowa Chapter held an event titled "Standardizing in the IP Industry" in Cedar Rapids, Iowa. The event first focused on critical loss of IP, then a panel was held to discuss the "IP Standards" initiative. Our very own, [Jill N. Link, Pharm.D.](#), was a panelist representing the legal perspective on the panel. Jill is the Chair Elect of the LES Iowa Leadership Board and [Scott Johnson](#) is the Sponsorship Chair of the Board.

May 16, 2018

[Brandon W. Clark](#) presented a webinar on "Copyright Law and Recent Updates" for the Iowa State Bar Association. Please contact Brandon for more information about the presentation.

May 17 - 18, 2018

[Scott Johnson](#) and [Christine Lebron-Dykeman](#) presented at the Association of Corporate Counsel (ACC) Wisconsin conference. Their presentation, "Get your Ducks in a Row: Potential Pitfalls in Enforcing Your Trademarks", focused on the potential defenses an infringer could allege if you enforce a trademark without due diligence. For more information about Scott and Christine's presentation, please reach out to them via phone or email. Associates [Brandon W. Clark](#) and [Sarah Dickhut](#) also attended the conference.

May 17 - 18, 2018

[Nick J. Krob](#) presented at EntreFEST, a conference geared toward an array of business owners and start-up companies to spark and promote their innovation. Nick's presentation focused on IP for start-ups and how it pertains to the success of their businesses and innovations. Contact Nick to learn more.

May 19 - 23, 2018

[Bruce W. McKee](#) and [Christine Lebron-Dykeman](#) attended the International Trademark Association annual meeting. They met with foreign associates from all over the world to discuss best practices and IP on a global scale. Connect with Bruce and/or Christine for more information about the conference and their networking insights.

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.