

A New Look for MVS

We are excited to introduce a fresh new look for McKee, Voorhees & Sease, PLC that highlights a new logo, the use of a modern and vibrant color scheme, updated firm materials and a new website. The new branding reflects the unparalleled intellectual property expertise, professionalism, and exceptional client service that has been the hallmark of MVS since 1924. Please enjoy reading this edition of the MVS Briefs and we look forward to working with you now and into the future.

ALERT



Gregory Lars Gunnerson
Intellectual Property Attorney

PTAB Precedential Opinion Regarding IPRs

The Patent Trial and Appeal Board recently published a precedential decision in *Apple Inc. v. Finitov, Inc.* The decision narrowed the Board's previous holding in *NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (precedential, designated May 7, 2019). *NHK* was heavily relied on by petitioners in support of instituting petitions for *inter partes* review where there existed a co-pending district court litigation.

The Board decided the case in favor of the Patent Owner, Finitov, Inc., and held "In a case where, in contrast to the facts present in *NHK*, the district court has set a trial date after the Board's deadline to issue a final written decision in an instituted proceeding, the Board may be less likely to deny institution under 35 U.S.C. § 314(a) based on district court trial timing depending on other factors...".

More particularly, "When the patent owner raises an argument for discretionary denial under *NHK* due to an earlier trial date, the Board's decisions have balanced the following factors:

1. whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. proximity of the court's trial date to the Board's projected statutory deadline for a final written decision;
3. investment in the parallel proceeding by the court and the parties;
4. overlap between issues raised in the petition and in the parallel proceeding;
5. whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. other circumstances that impact the Board's exercise of discretion, including the merits."

These factors are to be holistically evaluated by the Board so as to determine whether efficiency and integrity of the system are best served by denying or instituting review.

In the Wake of COVID-19



Christine Lebron-Dykeman
Intellectual Property Attorney

Force majeure and other potential relief

COVID-19 has infected millions of people worldwide and has effectively “shut down” much of the business, sports, and entertainment world. In the contract world, this may well be the epitome of a “Force Majeure” that delays or prevents one or both parties to an agreement from performing their obligations. Consequently, now is the time to take out and “dust off” existing agreement to see what relief, if any, you may have under the Force Majeure clause of your agreements.

Many agreements contain what is deemed a “Force Majeure” clause that can excuse non-performance if such non-performance results from unpredictable, extraordinary events outside a contracting party’s control. Whether or not you can rely on this provision depends on at least the following three factors:

1. Whether COVID-19 falls within the scope of the Force Majeure clause in the agreement;
2. Whether COVID-19 has truly prevented or delayed either party’s ability to meet their obligations; and
3. Whether the party relying on the Force Majeure clause has taken sufficient steps to avoid and mitigate the impact of COVID-19.

Whether COVID-19 falls within the scope of the Force Majeure clause in your agreement?

- The answer to the question of whether Covid-19 is a qualifying event requires a review of the language of the force majeure clause in your agreement, keeping in mind that force majeure clauses are typically interpreted narrowly. Does the language include events such as “pandemic,” “epidemic,” “disease,” “viral outbreak” or the like? If so, COVID-19 will very likely qualify as a triggering event. If no such language exists, there is a distinct question as to whether this pandemic will even qualify as a triggering event. Much will depend on whether courts consider the market realities and the governmental restrictions on, among other things, travel, open buildings, and large gatherings.
- If the contract contains no force majeure clause, but you are unable to perform your obligations, you may still find some relief by relying on the common law doctrines of impossibility and/or impracticability. These doctrines may excuse nonperformance where a party establishes that: (1) an unexpected intervening event occurred; (2) the parties’ agreement assumed such an event would not occur; and (3) the unexpected event made contractual performance impossible or impracticable.
- Alternatively, either party may be able to rely on the common law doctrine of frustration of purpose. These doctrines may excuse nonperformance where a party establishes that after the contract is executed, the principal or core purpose for entering into the contract is substantially frustrated by the occurrence of an event that the parties did not foresee at the time they entered into the contract.

Whether COVID-19 has truly prevented or delayed either party's ability to meet their obligations?

- Regardless of whether you are relying on the plain language of a force majeure clause, an interpretation of broad language like “Acts of God” or “circumstances beyond a party’s reasonable control,” or you are looking to one of the common law doctrines for relief from performance, there is still an overarching question of whether the performance is truly impossible, or merely more difficult and more expensive to complete. Courts are reluctant to discharge a party’s obligations when the only impact of COVID-19 is that it increases the cost of performance.

Has the party relying on the clause sufficiently mitigated?

- Entities seeking to rely on COVID-19 as a force majeure event or the basis for a claim of impossibility/impracticability/frustration need to keep in mind their obligation to avoid and mitigate foreseeable impacts. Have you taken reasonable steps to avoid nonperformance? By way of example, if you can purchase the necessary ingredients, albeit at a higher cost, have you done so? Have you regularly communicated with your suppliers to find out when they may be able to provide further supplies, and have you communicated with the other party to the contract? All mitigation steps should be documented.

If you are unable to perform the obligations of a contract to which you are a party or if you receive a force majeure notice, consider at least the following steps:

1. Take all steps necessary to mitigate or reduce the effects of COVID-19 (including its downstream effects and consequences) on your ability to perform under the relevant contract;
2. Review your contract to determine whether the contract includes a force majeure provision, and identify the specific events that qualify for force majeure treatment;
3. Analyze whether your performance or the performance of the other party is directly impacted by COVID-19;
4. If you are the party relying on the force majeure clause, comply with any requisite Notice requirement;
5. Document mitigation efforts and the steps you have taken to provide notice;
6. Review your insurance policies to determine whether potential insurance coverage is available, including business interruption insurance or an event-specific insurance policy;
7. Consider other relevant agreement terms and conditions (including governing law, events of default, dispute resolution requirements, etc.); and
8. Consider whether the event has a downstream impact on any other contracts, and whether you should provide a copy of the notice to other parties.

Swimming Upstream in a Pandemic:



Patricia A. Sweeney-Of Counsel

Intellectual Property Attorney

Protecting Your IP Assets

It is an understatement to say we live in strange times. Life and business has changed. Plane travel and face-to-face meetings are replaced by Zoom, FaceTime, WebEx and any other number of virtual meetings options. We've become adept at them whether we wanted to or not. We work next to our family and neighbors and reach out to colleagues and clients. Labs are occupied by a small number of people who rotate in and out. Budgets are cut. We have concern for family, friends, community. Health and the economy occupy our thoughts.

We think of our clients in these times and our hearts go out to the struggles all are facing, some far more challenging than others. Our firm has reached out to the first responders and medical workers at Broadlawns Medical Center, offering meals to help them through their difficult days. Our own family members are among those heroes and those who suffer. Our clients are working hard to protect their livelihoods.

As the world changes around us we look to adapt, as those who survive are those who adapt to change. How can we help?

Your intellectual property assets are among your greatest values in many companies. We offer a few ideas on how to surf the waves.

What if you have a critical invention in need of quick and effective protection? There are several ways to fast track your filings. One method is to use Track 1 filings to speed your inventions through the Patent Office. These filings are intended to get a patent decision to you within around a year (versus three years for many invention groups). This comes at a price, though, of \$4000 for large entity, \$2000 for small entity and \$1000 for micro-entities to push through the system, along with having all your prior art reported and carefully focusing your invention claims. However, the Patent Office has now allowed small and micro-entities a break on these costs: the ability to file for prioritized examination without payment of the usual fees. Now, if you have an invention with urgent need to get to the finish line, you have a powerful option to push through.

Other means to hurry a patent through the process include some simple assertive practices. Get your information disclosure statement on file as soon as possible and request an interview. Time and time again interviews have been shown to advance an application significantly through prosecution.

Once a patent application is allowed in one country, look into the opportunity to use partnership with other countries to go to the top of the examination list using the Patent Prosecution Highway.

Special Status can be requested for particular situations: if you are 65 years or older; if you have a serious health conditions; if the invention enhances the environment, contributes to energy conservation or countering terrorism, or has to do with biotechnology applications filed by small entities. Check with your patent attorney to see if you qualify for such special status to move to the front of the line.

What if on the other hand you need more time? Time to have your budget catch up and your research as well? Only a few researchers can enter your lab at any time period and it becomes burdensome to respond to patent office actions? The Office has allowed extensions under the CARES Act to reply to certain actions, upon showing impact by the coronavirus situation. Examples include replying to a pre-exam notice, reply to an Office notice or action, paying issue fees, filling notices of appeal, appeal and reply briefs and paying the appeal forwarding fee. Other extensions are allowed for requesting an oral hearing, responding to a substitute examiner's answer, paying a maintenance fee or request for rehearing of a PTAB decision. The Office recently extended these times even further; other countries have granted whole scale extensions for any action needed.

Provisional applications are another option for buying time to gather data that is difficult to obtain now. Once filed, you have one year to convert to a regular application and file any international application that takes advantage of the original provisional filing date. If the data is not forthcoming at the end of that year, and you don't believe others are hot on your heels to obtain the same information, you can drop the provisional and start over again. IF, on the other hand, it is a competitive arena, you may want to consider going forward with other means to gain time for gathering data.

If it will be some time before you can generate data supporting your invention that is due to be converted to a convention US or PCT application? One option is to file a PCT from the provisional. This allows 18 months from the original priority date before there is a publication of the invention and 30 months before you must file in individual countries. This can help where your subsequent data is useful to show that what you described in your application is indeed useful as described. Recall that any application must have sufficient description to prove the invention is what it says it is – but that if you have described it properly, later proof that it works can in many countries be used to show you had the invention at the time of filing.

It's also possible to get a three month suspension on any application in order to collect further data. Additionally, if you are willing to pay for extensions of time, it's possible to wait to file a response to an office action for an additional three months, up to six months. However, this will also shorten your patent term by an equivalent time.

In short, whether you want to speed up or delay costs and prosecution, you have options and a variety of strategies. Innovation is what has and will save us. Whether smallpox, polio, or SARS-Cov2, innovation in vaccines and treatment has lead the way out of darkness. Your own intellectual property may involve a vast array of options from vaccines to diagnostics to equipment.

We have saved ourselves more than once by innovation. The patent system was created by one of these people who believed that it would encourage the sharing and building on innovation. In these times we can look to a person who has had the opportunity to know what innovation can do, Bill Gates.

The coronavirus pandemic pits all of humanity against the virus. The damage to health, wealth, and well-being has already been enormous. This is like a world war, except in this case, we're all on the same side. Everyone can work together to learn about the disease and develop tools to fight it. I see global innovation as the key to limiting the damage. This includes innovations in testing, treatments, vaccines, and policies to limit the spread while minimizing the damage to economies and well-being.

<https://www.gatesnotes.com/Health/Pandemic-Innovation>

Here's to supporting innovators everywhere.

Challenging Times with COVID-19



Jill N. Link, Pharm.D.
Intellectual Property Attorney

Protecting Patent Assets and Innovation

Uncertain times can cause us to question our standard procedures and strategies, including management of an intellectual property (IP) portfolio. While some industries are already struggling and feeling disproportionate impacts of this global pandemic, others have not yet been directly impacted and are instead predicting future challenges as a result of the COVID-19 pandemic. Regardless of your

industry, product lines, and existing IP strategy, it is prudent to consider how best to address the challenges of our current environment. These questions and concerns should be addressed with your patent attorney to ensure you receive tailored advice to assist in maintaining (and preferably enhancing) the value of your IP assets.

The most common concerns I am hearing from clients and colleagues during this time relate to how to control costs during challenging times, how to ensure innovation is not stalled, and how to protect against today's lack of foreseeability. The following provide a few reminders and information to consider while addressing your COVID-19 concerns as they relate to patent protection. As with all legal advice, it is critical to make informed decisions with an understanding of the unique risks involved for your specific scenario.

1. Protect future assets and ensure innovation is not stalled.

Patents require timely filing with the appropriate patent office (unlike trademarks which can be filed throughout development and even after commercial use). Therefore, timely filing considerations remain critical and can be presented challenges based on resources and available funding. It is likely that now more than ever you need to prioritize new filings based on strategic needs. In the unfortunate event that you are unable to file a patent application (when you otherwise normally would) you could consider protecting an invention as a trade secret. Alternatively, for inventions which are easily able to be reverse engineered by a competitor, you may want to consider making a defensive publication to preclude your competitor from obtaining patent protection for a similar product. These are distinct alternatives to filing a patent application while maintaining a competitive advantage.

Another concern many are facing is how to handle the conversion of a filed provisional patent application when you are not currently prepared to do so. For example, you may have an approaching conversion deadline and do not have completed data as a result of the COVID-19 shut downs that may have in place, such as on laboratory usage and employee/researcher work during the last month. As the 12-month conversion period for a U.S. provisional to non-provisional patent application is a statutory matter, there are no extensions in

place under COVID-19 responses to assist with this challenge. Therefore, you may need to consider finalizing your patent application knowing that post-filing data will be important. This scenario should be discussed with your patent attorney to draft the patent application in a manner to support such type of supplemental data to bolster the filing. However, in some practice areas this may not be possible and the lack of data means that the application is not enabled and/or you would risk new matter rejections. In these scenarios you may consider if an express abandonment of your provisional patent application is possible. This would allow you to refile the provisional and obtain up to an additional 12 months of pendency of the provisional. However, this strategy results in a new filing date and therefore has prior art and prior disclosure implications that must be considered. Again, consult with your patent attorney to determine your best options.

2. Protect the assets you have.

Many countries around the world have suspended deadlines as a measure to prevent the infection and spread of Covid-19. For example, Brazil, Canada, China, Europe, the United States (and others) have either suspended or delayed certain deadlines. For example as of late April, the U.S. Patent and Trademark Office utilized its authority under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) signed by President Trump on March 27 to extend the time for certain deadlines and fees due between March 27-May 31st to be due on June 1st. This type of relief is changing on what seems like a weekly basis. To ensure deadlines in the U.S. or any foreign country are not jeopardized it is critical to confer with your patent attorney on a case-by-case basis.

If short term, if budget constraints are a reality you could consider deferring costs into the next quarter (or further beyond) using various cost deferral strategies. For example, you could consider filing a PCT instead of parallel U.S. and PCT filings. This defers the U.S. filing costs for up to 18 months when you would file in other PCT-member countries. You may also consider filing larger U.S. patent applications and pursuing single groups of claims (to avoid excess claim fees) with subsequent continuation applications, instead of parallel U.S. filings and examinations. There are also cost deferral options for various maintenance fee and annuity decisions, including paying the end of the payment windows, or even going into the delayed payment options which incur a surcharge (but may achieve a budgetary goal to defer spending). Again, careful consideration of any of these strategies should be made with your patent attorney.

3. When to consider dropping patent assets.

It is always important for patent owners to ensure IP provides value. This is all the more important during times of budget constraints and uncertainty. Most companies have in place systems to evaluate the ongoing importance of granted patent assets (on a country-by-country basis). It may be time to consider more frequent assessment of these matters, such as yearly instead of every 2-5 years. These types of reviews often identify patents that are no longer related to commercial products and/or competitive products. In most countries the later in the life-span of a patent (i.e. closer to the 20 year expiration) the more expensive the maintenance fee or annuity will be. Therefore, you could consider first whether those patents that are 10 or 15 years old are in fact providing value. In the event they are not, removing the maintenance fee or annuity can provide a significant cost savings.

These are unprecedented times and these are only a handful of examples of how you could consider modifying your patent strategies. Any of these strategies can be discussed further to ensure they fit with your IP strategies and patent assets. MVS attorneys are ready and available to assist you.

**This article was written May 1, 2020*

PTAB Rules



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Intellectual Property Attorney

Artificial Intelligence Not an Inventor

The Patent Trial and Appeal Board recently published a decision on petition finding artificial intelligence cannot properly serve as the inventor named on a patent application.

The Applicant/Assignee, Stephen L. Thaler, listed a single inventor for U.S. Patent App. No. 16/524,350 with the given name “DABUS” and the family name “Invention generated by artificial intelligence”. A substitute statement under 37 CFR 1.64 was executed by Mr. Thaler and filed in lieu of

a declaration under 35 U.S.C. § 115(d).

The Applicant asserts Dabus was not designed by Mr. Thaler to solve a particular problem, did not receive special training relevant to the inventions, and relies on a system of networks to generate new ideas. A second system detects the consequences of the ideas.

In the published opinion, Robert W. Bahr, the USPTO Deputy Commissioner for Patent Examination Policy, notes there is a particular consistency among 35 U.S.C. §§ 100(f), 100(g), 101, 115(a), 115(b), and 115(h)(1) that suggests only natural persons can be inventors. The statutory basis for the decision’s conclusion and Mr. Bahr’s refutation of Applicant’s policy arguments appear quite strong. Mr. Bahr aptly writes:

For example, 35 U.S.C. § 101 states ‘*Whoever* invents or discovers any new and useful process, machine, manufacture, or composition of matter. . . may obtain a patent therefore, subject to the conditions and requirements of this title’ (emphasis added). ‘Whoever’ suggests a natural person. 35 U.S.C. § 115 similarly refers to individuals and uses pronouns specific to natural persons-‘himself’ and ‘herself’—when referring to the ‘individual’ who believes himself or herself to be the original inventor or an original joint inventor of a claimed invention in the application. It further states that the inventor who executes an oath or declaration must be a ‘person.’ Other sections of Title 35 take the same approach. Therefore, interpreting ‘inventor’ broadly to encompass machines would contradict the plain reading of the patent statutes that refer to persons and individuals.

The opinion takes more of a tangential approach where it analogizes to two Federal Circuit decisions: *Max-Planck-Gesellschaft zur Forderung der Wissenschaften e.V.*, 734 F.3d 1315, and *Burroughs Wellcome Co. v. Barr Labs, Inc.*, 40 F.3d 1223. These decisions found U.S. states and corporations are not inventors under U.S. Patent Law.

In contrast, unlike a state or corporation, the Applicant does not assert the inventor is a collective entity made up of many individuals. Rather, the Applicant appears to assert the inventor is an “individual” machine of artificial intelligence. In *Max-Planck-Gesellschaft* and *Burroughs Wellcome Co.*, there were most likely persons who could have been properly named as inventors. For Application No. 16/524,350, this does not seem to be the case.

Mr. Bahr thus plays with fire when relying on these decisions to imply machines, even those machines of “strong” artificial intelligence, do not have a “mind” and cannot perform a “mental act”. Whether or not a machine can have a mind and can perform mental acts has yet to be determined by today’s most prominent philosophical scholars.

Interestingly, the USPTO made no reference to *Diamond v. Chakrabarty*, 447 U.S. 303 (1980), which held Congress had intended patentable subject matter to “include anything under the sun that is **made by man**” (emphasis added). Nor did the USPTO endeavor to offer a new interpretation of the U.S. Constitution, which gave Congress the power “**To promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.**” U.S. Const., art. I, § 8, clause 8, (emphasis added).

In summary, the USPTO does not have to grant a patent where the Patent Act does not explicitly call for it. Thus, because 35 U.S.C. 101, in addition to those other statutes cited by Mr. Bahr, do not appear to compel the government to issue a patent to non-persons, the USPTO can simply exercise its discretion not to grant patents to artificial intelligence until Congress or a court, such as the Federal Circuit, explicitly states otherwise.

We've been and will be

April 30, 2020

Heidi S. Nebel, Managing Member and Chair, **Biotechnology** and **Chemical** Practice Group attended a Plant Variety Protection (PVP) Advisory Board meeting. The PVP 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.

May 14, 2020

Sarah M. D. Luth, Intellectual Property Attorney, attended the Business Record Virtual Power Breakfast. Speakers included, Debi Durham, Director of the Iowa Economic Development Authority and Adam Gregg, Lieutenant Governor of Iowa. The topic was, "Moving Forward: 10 Ways We're All Going to Get Through This Pandemic."

June 9, 2020

Jill N. Link, Pharm.D., Patent Attorney and Chair of the **MVS Licensing Practice Group** is participating in a series of webinars for the AgTech Next summit that will address issues with various risks and rewards associated with the COVID-19 world we are now living in. The first webinar was titled "AgTech NEXT Now! Pandemic Economics" and took place on May 12, 2020. Other webinars in the series include: "COVID-19 Impacts on the Food System," on June 9, 2020 and "AgTech Innovations in a Post COVID-19 World" on July 14, 2020. Information on these webinars is at www.agtechnext.org.

June 9, 2020

Luke T. Mohrhauser, Patent Attorney and Co-Chair, **Mechanical-Electrical** Practice Groups attended the Ag Startup Engine Investor Virtual Meeting. MVS is the first Gold Sponsor of the **Ag Startup Engine** at the Iowa State University (ISU) Research Park. The Ag Startup Engine effort was launched over three years ago to help address two fundamental gaps that prevent agricultural startups and entrepreneurs from being more successful in Iowa: early, seed-stage investment and organized mentorship from renowned Iowan and Midwestern entrepreneurs.

June 11, 2020

Luke T. Mohrhauser, Patent Attorney and Co-Chair, **Mechanical-Electrical** Practice Groups attended the ABI Regional Membership Virtual Meeting. This meeting provided updates ABI, the ABI Foundation and their public policy efforts.

June 18, 2020

Kirk M. Hartung, Patent attorney and Co-Chair, **Mechanical-Electrical** Practice Groups attended the LEGUS Virtual Annual Meeting. **LEGUS** is an International Network Of Law Firms organized to provide client referrals in specific substantive and/or geographic areas and to provide education on effective law firm and law practice management techniques and strategies for enhanced client services.

August 18-19, 2020

Cassie J. Edgar, Patent Attorney and Chair of the **MVS Regulatory Law Practice Group**, will be presenting at the **Animal Health in the Heartland Virtual Conference**. Her topic is Gene Editing Technology & Regulatory Pathways for Applications in Animal Health.



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