

IP Strategies

Top 10 Changes under the America Invents Act

On September 16, 2011, the 112th Congress enacted the Leahy-Smith America Invents Act (AIA).¹ This law represents the most significant change to the U.S. patent system since 1952. The AIA switches the U.S. patent system from a “first-to-invent” to a “first-inventor-to-file” system, eliminates interference proceedings and develops post-grant opposition. The central provisions of the AIA will go into effect on March 16, 2013.

Due to the scope of the proposed changes, experts and courts alike will surely wrestle for years with the mechanics of the implementation of these changes and how inventors can best protect their inventions. In an effort to summarize the impact of this significant legislation, below are the top 10 changes under the AIA:

1. Assignees Can File on Behalf of Inventors

The AIA permits assignees to apply for patents on behalf of an inventor. The inventor no longer has to state that he or she has “reviewed and understands” the application or “acknowledge” the duty of disclosure. At the time of filing, a substitute statement may be used in lieu of an oath/declaration to record ownership. This greatly simplifies the process for most large clients with multiple inventors.

2. Filing of the Oath/Declaration Can Be Postponed

The filing of the oath/declaration may be postponed until the application is in condition for allowance, as long as an application data sheet is provided before the start of the examination. Because these documents are often time sensitive, it may be wiser to file them along with the initial application.

3. Relevant Documents Can Now Be Submitted by Third Parties

The new law permits any third party to submit to the United States Patent and Trademark Office (USPTO)

any patent, published patent application or printed publication of “potential relevance” during the pendency of examination of a patent application.

4. Binding Statements Can Be Entered in Patent Wrappers

The law is revised to permit any person to submit for entry into the file of an issued patent any written statements that the patent owner made in court, or at the USPTO, about the claim scope for that patent.

5. Start of the Post-Grant Review (PGR) Process

Parties who challenge issued patents may do so as long as the patent has a priority date later than March 15, 2013. The PGR must be filed within nine months of issue to invalidate the patent on any ground that can be used to challenge the validity of a patent claim.

6. Start of the Inter Partes Review (IPR) Process

This process is now available to invalidate a patent based upon any patent or other printed publication that predates and otherwise casts a shadow over the issued grant. The IPR replaces what was once known as the *inter partes* reexamination.

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¹ 125 Stat. 284–341 (57 pages).

7. PGR of “Covered” Business Method Patents

For existing patents without any priority date, the law allows the challenge of a “covered” business method patent, namely claims to 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. The PGR must still be filed within nine months of issue and may help declare any portion of the patent invalid on any grounds that can be used to challenge the validity of a patent claim.

8. Start of the Supplemental Examination Process

This tool is now available to a patent owner who identifies items in the patent file to be corrected and is granted *ex parte* reexamination, as long as a substantial new question of patentability is demonstrated to the USPTO’s satisfaction.

9. Advice of Counsel

The failure to obtain or produce an opinion of a patent counsel was once used to prove the intent to induce others to infringe or willful infringement. The AIA codifies *Knorr-Bremse v. Dana Corp.* and *In re Seagate*, so the advice of counsel may no longer be used to prove willfulness or intent to induce.

10. Statute of Limitations on Disciplinary Proceedings

USPTO disciplinary proceedings must begin no later than 10 years after the misconduct occurred, or one year after the misconduct was made known to a USPTO officer or employee.

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European Parliament Approves EU Unitary Patent Rules

Since the early 1970s, several different governing instances of the European Community have tried to implement a true unitary patent system, referred to as a Community Patent Convention (CPC) patent. Under this unitary system, much like in the United States, a single patent application is filed and, once approved, becomes enforceable in all the Member States.

Unable to reach this level of cohesion, the alternative has been to use the Convention on the Grant of European Patents, commonly known as the European Patent

Convention (EPC). Under the EPC, a single patent application is filed, prosecuted and allowed, but it only serves to create a group of essentially independent, nationally enforceable, nationally revocable patents that are subject to central revocation.

An EPC application is filed before the European Patent Office in any one of the official languages of member countries. At some point, once the European patent is granted in a single proceeding, the applicant designates those contracting states in which protection is desired and must incur the cost of translation of the application into the language of each of the designated states. These independent national designations are later “confirmed” during a subsequent step of limited prosecution by each state. Ultimately, multiple patents issue in multiple languages. The step of national designation is made even more complex if the European patent is filed from an initial application filed under the Patent Cooperation Treaty (PCT).

On December 11, 2012, the European Parliament approved the necessary European Union legislation to finally create the unitary European Union Patent (EU patent, EC patent or COMPAT patent) with a true unitary effect. The entry into force, after 13 state ratifications, is planned, at the earliest, on January 1, 2014. We expect the EU patent to come into force between 2015 and 2017.

The EU patent no longer requires state designation and will be valid in all the Member States. A common patent court called the Unified Patent Court (UPC) will be constituted and will have exclusive jurisdiction over infringement and revocation proceedings.

Currently the cost of obtaining an EPC patent in all 27 EU countries is approximately \$42,900, mainly due to translation costs. The cost of the CPC patent in the same 27 EU countries will be closer to \$10,000, a significant savings in cost. Further, there will be no need for individual management of each patent or for individual payment of renewal fees. We expect prosecution of the CPC to be relatively similar to the prosecution of the EPC.

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Vedder Price Helps Clarify the Rules on Induced Infringement

The U.S. Supreme Court recently reaffirmed patented business methods as part of the arsenal of protection available to patent holders, but these methods can be tricky to draft and enforce. In a case litigated to success after a highly publicized reversal of the district court's ruling by the Federal Circuit, Vedder Price litigators had a chance to help clarify some of the rules on induced infringement of business methods.



Meyer Intellectual Properties Limited (Meyer) was the owner of U.S. Patent No. 5,780,087. The patent as written was directed at a method of frothing milk using the simple device shown. The claims, as written, are directed to a simple method with only four steps: (1) providing a special container, (2) pouring milk into the container, (3) introducing a special plunger with a screen and (4) pumping the plunger to aerate the milk.¹

¹ A method for aerating a liquid comprising the steps of: providing a container characterized by a height and a diameter, the height being at least two times the diameter; placing the liquid into the container; introducing a rod terminating in a plunger into the liquid in said container so that the plunger contacts the liquid, the plunger comprising: a plunger body having a circumference; a screen; and a spring positioned about the circumference of the plunger body such that the spring is biased to hold the screen in place in contact with, though not sealably connected to, the container; and pumping the plunger by moving the rod in a vertical motion such that the plunger passes through the liquid in the container for a time sufficient to aerate the liquid until it takes on a frothy or foamy consistency.

The claim as written is broad and ambiguous. Vedder Price, representing a seller of frothing devices said to have infringed the method, argued that the defendant was only the provider of the special container and performed only one of the four steps. Arguably, the first step of the method would involve the manufacturer if it were written with a verb like “using” or “holding” of the special container instead of the verb “providing.” Only the user would have been a potential infringer of the method if the word “providing” were used. As written in the claim, one step is performed by one party (the manufacturer), while the other three steps are performed by a second party (the end user).

The Federal Circuit reaffirmed that the sale of a product, without more, does not directly infringe a method patent where the steps are directed to the actions of the ultimate user of the product. Direct infringement of a method claim requires a showing that every step of the claimed method has been practiced by a single entity.²

Under the law, a manufacturer who “actively induces infringement of a patent shall be liable as an infringer” on the theory of infringement by inducement.³ To succeed on an inducement claim, a party must establish

² *Meyer Intellectual Props. Ltd. v. Bodum Inc.*, No. 2011-1329, slip op. at 18 (Fed. Cir. Aug. 15, 2012) (Robert S. Rigg, Vedder Price attorney for Bodum Inc.) (citing *i4i Ltd. P'ship v. Microsoft Corp.*, 598 F.3d 831, 850 (Fed. Cir. 2010), and *Lucent Techs., Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1317 (Fed. Cir. 2009)).

³ *DSU Med. Corp. v. JMS Co.*, 471 F.3d 1293, 1305 (Fed. Cir. 2006) (en banc).

Promotions and Additions

Alain Villeneuve, who joined Vedder Price in 2006 as an Associate, has been admitted to the firm as a Shareholder. Mr. Villeneuve represents clients in a wide range of corporate, immigration and intellectual property matters, including the prosecution of patents and the registration and monitoring of trademarks and copyrights. A U.S. Patent Attorney (63,228) and a Solicitor registered to practice in a plurality of foreign jurisdictions, he has represented clients before the Trademark Trial and Appeal Board, the World Intellectual Property Organization, and in relation to international enforcement of intellectual property.

Samuel H. Megerditchian has joined the firm's Intellectual Property group as Counsel. With over 14 years of experience as a registered patent agent and patent attorney, Mr. Megerditchian concentrates his practice in chemical, biotechnological, pharmaceutical, mechanical and electrical matters. Prior to joining Vedder Price, he was senior counsel and U.S. Patent Head, Inflammatory Diseases and U.S. Patent Head, Cardiovascular and Metabolic Diseases at Hoffmann-La Roche.

Timothy M. Nitsch has joined the firm as an Associate in the Intellectual Property group. Mr. Nitsch represents individual inventors and small, midsized and large corporations. He has experience in technology-related industries such as computer software, computer networking, automation systems, electrical circuits, mechanical systems and business methods.

that (1) there has been direct infringement, and (2) the defendant, with knowledge of the patent, actively and knowingly aided and abetted such direct infringement.

In this case, the court found that induced infringement was not the issue since, as written, the four steps of the method could be performed by either the defendant or the ultimate user. A large corporation selling coffee could infringe this claim by providing the products to its agents, who in turn would perform the subsequent steps.⁴

In cases where direct infringement by at least one party is found, induced infringement can be found in a second party under the recent new guidance of the Federal Circuit. The Federal Circuit overruled on August 31, 2012 its *BMC* decision,⁵ in which it had held that a party cannot be liable for induced infringement of a method claim unless some other single actor was liable for direct infringement of that claim.

The court articulated a standard whereby all of the steps of a method must be performed to find induced infringement but not by a single entity. There is no longer a need for a single actor, and there is no need for the induced party to be an agent of the inducer or to act under the inducer's direction or control. It is now sufficient that the inducer "cause, urge, encourage, or aid" the infringing conduct and the induced conduct be carried out. The court clarified that proof of a direct infringement as a predicate for induced infringement is not the same as requiring proof that a single party would be liable as a direct infringer.⁶

Claim Drafting Tips

For a manufacturer to be found to have induced infringement, (a) the ultimate user must be able to perform all of the steps of the method, and (b) the manufacturer must "cause, urge, encourage, or aid" the user to perform all of the steps of the method. When a device is built in such a way that it simply cannot be used without performing all of the steps of the method, a manufacturer will be found liable for induced infringement if it willingly sells and teaches via a product guide how the user is to infringe the patented method.

If you have questions about this article, please contact Alain Villeneuve at +1 (312) 609 7745. ■

⁴ *Meyer Intellectual Props. Ltd. v. Bodum Inc.*, No. 2011-1329, slip op. at 19 (Fed. Cir. Aug. 15, 2012).

⁵ *BMC Resources, Inc. v. Paymentech, L.P.*, 498 F.3d 1373 (Fed. Cir. 2007).

⁶ *Akamai Techs, Inc. v. Limelight Networks, Inc.* and *McKesson Techs, Inc. v. Epic Sys. Corp.* See *Akamai Techs., Inc. v. Limelight Networks, Inc.*, No. 2009-1372, 2012 U.S. App. LEXIS 18532 (Fed. Cir. Aug. 31, 2012) (en banc).

GCs Name Vedder Price Among 13 Top Value Firms

330+ U.S. Law Firms Evaluated
240+ Corporate Counsel Interviewed
13 Firms Ranked Best for Client Value
Only 1 VEDDERPRICE.

In its 2013 Client Service A-Team Report, BTI Consulting Group named Vedder Price one of the top 13 firms that "provide value for the dollar."

BTI is an independent and unbiased legal industry research group. Nominations for the Client Service A-Team are submitted only by clients, unprompted and unsolicited by any law firm.

USPTO Provides Guidance on Webpages as Acceptable Specimens for Trademarks

As part of the process of registration and renewal of trademarks with the United States Patent and Trademark Office (USPTO), a specimen of use of the mark in commerce must be provided. Back in September 2007, Vedder Price first reported an important shift in the law; the Trademark Trial and Appeal Board (TTAB) found that in some limited instances, a printout of a webpage is an acceptable specimen of use for goods.¹ Many questions remained open; for example, is a webpage an acceptable specimen in relation to the offer of services for sale?

On December 17, 2012, more than five years after the change, the USPTO finally issued guidelines on an acceptable webpage specimen for goods only.² While the Trademark Act does not explicitly define a "webpage specimen" category, case law has described displays as comprising "point-of-sale material such as banners, shelf-talkers, window displays, menus, or similar devices which are designed to catch the attention of purchasers

¹ *In re Valenite Inc.*, Serial No. 76/482,852, July 31, 2007 (citable as a precedent).

² Examination Guide 1-13 (*Webpage Specimens as Displays Associated with the Goods*) (Dec. 2012).

and prospective purchasers as an inducement to consummate a sale and which prominently display the mark in question and associate it or relate it to the goods.”³ Displays associated with the goods also exist in an electronic or online environment in the form of webpages. These “electronic displays” perform the same function as traditional displays and so must meet the same standards for an acceptable specimen as traditional displays must meet.⁴

While a Point-of-Sale⁵ Display Associated with the Goods Is an Acceptable Specimen for Goods, Mere Advertising Material Is Not.⁶

A point of sale is a location at which consumers can view the mark in connection with the goods and immediately purchase them at the same time.⁷ A webpage specimen is acceptable as a display associated with the goods if it:

1. contains a picture or textual description of the identified goods;
2. shows the mark sufficiently near the picture or description of the identified goods so that the mark is associated with the goods; and
3. provides information necessary to order the identified goods.⁸

As part of prong 2 above, the mark must be prominently displayed and not merely used within a sentence; this is referred to as the “prominence” requirement. Case law informs us that a mark may appear more prominent when the specimen:

- presents the mark in a larger font size or different stylization or color than the surrounding text;⁹
- places the mark at the beginning of a line or sentence;¹⁰
- positions the mark next to a picture or description of the goods;¹¹ or
- uses the “TM” designation with the applied-for

³ *In re Bright of Am., Inc.*, 205 USPQ 63, 71 (TTAB 1979) (emphasis added); see also TMEP § 904.03(g).

⁴ *In re Sones*, 590 F.3d 1282, 1288, 93 USPQ2d 1118, 1123 (Fed. Cir. 2009).

⁵ The terms “point-of-sale” and “point-of-purchase” are used interchangeably. See, e.g., *In re Anpath Grp.*, 95 USPQ2d 1377, 1380 (TTAB 2010); *In re Osterberg*, 83 USPQ2d 1220, 1224 (TTAB 2007); *In re Dell, Inc.*, 71 USPQ2d 1727 (TTAB 2006).

⁶ *In re Anpath Grp.*, 95 USPQ2d at 1380; *In re Quantum Foods, Inc.*, 94 USPQ2d 1375, 1379 (TTAB 2010); *In re MediaShare Corp.*, 43 USPQ2d 1304, 1307 (TTAB 1997).

⁷ *In re Osterberg*, 83 USPQ2d at 1222-23.

⁸ *In re Sones*, 590 F.3d 1282, 93 USPQ2d 1118 (Fed. Cir. 2009).

⁹ Compare *In re Quantum Foods, Inc.*, 94 USPQ2d 1375, 1378 with *In re Osterberg*, 83 USPQ2d at 1220, 1223.

¹⁰ *In re Dell, Inc.*, 71 USPQ2d at 1725, 1729 (TTAB 2004).

¹¹ *In re Quantum Foods, Inc.*, 94 USPQ2d at 1378.

mark (however, this designation alone does not transform a mark into a trademark if other considerations indicate that it does not function as a trademark).¹²

In the past, we have successfully entered webpage specimens for services as long as the three elements were found on the page (i.e., a description of the service, mark used in association with the service, and cost/ordering information of the service). For example, a webpage specimen for banking services may be evidenced by a page on which a new online account may be set up by a client. However, we must warn against the temptation of publishing a webpage meeting these requirements before goods or services are actually available for sale. A precarious webpage specimen would be improper and could result in invalidation of the mark.

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New Countries Join the International Trademark System (Madrid Protocol)

In 2003, the United States joined the International Trademark System, also known as the Madrid Protocol. Under the Madrid Protocol, stemming from a root application filed in an applicant’s home country, a trademark owner obtains an international registration (IR) with the World Intellectual Property Organization (WIPO), then extends the IR to any of the Member States to the Madrid Protocol.

The popularity of this system has been rapidly growing. Three countries joined the Madrid Protocol in 2010 (Israel, Kazakhstan and Sudan), and two more in 2012 (Colombia and the Philippines), bringing the number to 88.

Most of the nonparty countries are reconsidering accession. Eight nonparty countries are already in the final stages of ratification and/or implementation of the Madrid Protocol to become Member States. These include Mexico (2013), New Zealand (2013), Thailand (2014), Malaysia (2014), Laos (2014), Indonesia (2015), Cambodia (2015) and Brunei (2015). This continuing and regular flow of accession by new Member States is strong evidence that the use of the Madrid Protocol is likely to expand over the coming decades.

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¹² *In re Sones*, 590 F.3d at 1289, 93 USPQ2d at 1124.

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intellectual property, estate planning and administration, health care, trade and professional associations and not-for-profit organizations.

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