

THE UMBRELLA®

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THE UMBRELLA® • AN INTELLECTUAL PROPERTY LAW UPDATE

Firm Updates

- **David Carstens, Colin Cahoon** and **Vincent Allen** were all selected to receive the prestigious recognition of D Magazine's Best Lawyers for 2016. Nominations are submitted by peers, then the area's top lawyers are selected by a panel of renowned lawyers.
- Carstens & Cahoon once again sponsored the annual Freedom Run 5k, organized by the Dallas Association of Young Lawyers. This year's proceeds benefited the Assist the Officers Foundation. Along with their families and friends, **Vincent Allen** and **Stephen Liu** participated in the 5k run, where they both crossed the finish line under 23 minutes.
- **Colin Cahoon** was recently recognized as a Distinguished Alumni by his alma mater, New Mexico State University. Following a dinner and awards program, NMSU football fans also had a chance to help celebrate this year's award recipients. NMSU Distinguished Alumni are selected based on personal accomplishment, professional achievement, and charitable service. Colin is one of only 456 alumni selected since the award's inception in 1956.

- As part of our efforts to encourage diversity within the field of IP law, Carstens & Cahoon, LLP is proud to announce that we will be awarding a \$1,000 scholarship to a qualified woman and/or minority law student in Texas. For more information about selection criteria, or to apply for the 2016 Diversity Initiative Scholarship, please visit our website at www.cclaw.com/inthenews.

INSIDE THIS ISSUE:

Firm Updates.....	1
Form Complaint No Longer Safe Harbor in Patent Infringement Cases.....	2
Who Carries the Burden in IPR—And, Does it Matter?.....	2
Clarifying the Distinction Between the “Inventive Concept” and “Patentability”.....	3
Interview with Hope Shimabuku of Dallas Regional Office of USPTO.....	3
Professional Profile: J. Andrew Reed.....	4

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Form Complaint No Longer Safe Harbor in Patent Infringement Cases



Vincent J. Allen

Partner

Prior to filing a patent infringement suit, an attorney must conduct an investigation into the alleged infringement and how a particular product or process infringes at least one claim of the patent. Until Rule 84 and its Appendix of Forms were abrogated as of December 1, 2015, the plaintiff was only required to provide a short and plain statement of the claim in the complaint, which could

be satisfied by using a Form 18 complaint that recites basic factual allegations. The form did not require the identification of any asserted patent claims or any specific accused product models, nor did it require an explanation of how any products infringed the patent.

After Form 18 was removed from the rules, the courts have been in general agreement that the use of the allegations of Form 18 no longer provides a safe harbor for patent infringement claims. Patent infringement suits, like all other federal court claims, are subject to dismissal if the complaint does not contain enough facts to state a claim for relief that is plausible on its face. The deletion of Form 18 eliminates the perceived conflict that some argued existed previously between the Supreme Court's *Twombly* and *Iqbal* cases from 2007 and 2009, respectively. However, the courts have not been consistent in their decisions as to what facts are sufficient to state a patent infringement claim that is plausible on its face.

In *Lyda v. CBS Corp.*, the Federal Circuit recently held that Form 18 does not apply to a claim of joint patent infringement and further that the complaint failed to state a claim for relief under the *Twombly/Iqbal* pleading standard. However, the decision was based on the failure of the plaintiff to allege any facts to support its assertion that the defendant directed or controlled either independent contractors or unnamed third parties to commit specific steps required for infringement of the claims. The decision did not shed any light on whether allegations in Form 18 would satisfy the *Twombly/Iqbal* pleading standard for a claim of direct infringement. In the *McZeal* case from 2007, the Federal Circuit found that *Twombly* does not require the specific claims and claim elements of a patent to be alleged in a complaint for...

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Who Carries the Burden in IPR— And, Does it Matter?



Shaukat A. Karjeker

Partner

The Inter Partes Review (“IPR”) proceeding, part of the America Invents Act, sets up a streamlined procedure for any party (“petitioner”) to challenge the validity of the claims of an issued patent, not in a court, but in the US Patent Office, generally at a much lower cost when compared to federal court. An IPR is based on prior art patents and publications that the petitioner argues show that the claimed invention

is not novel or is obvious. At the outset, in order for an IPR to be instituted, the petitioner must show a “reasonable likelihood” that it would prevail on a challenge to the validity of at least one claim of the patent. Once the petitioner meets this initial burden of proof, the inter partes “trial” of the patent claims can proceed before the Board.

During the trial phase, both petitioner and patent owner can take limited depositions and develop evidence in support of its position as to the validity or invalidity of a patent claim at issue. When validity of a patent claim is a close question, as is often the case, the outcome might turn on which party carries the burden of proof on invalidity. (The burden of proof is viewed as having two components: a burden of persuasion, and a burden of production of evidence.) Further, an outcome can also turn on whether at some point the burden shifts to the other party.

So it becomes important to identify who carries the burden as this could be outcome-determinative. How the Patent Office assigns the burdens of proof and of production might have been a significant factor in the high rates of patent claims that have been found invalid to date. The Federal Circuit has recently weighed in on the issue, and the subtle but meaningful ruling *could* have a significant effect in reducing the number of patent claims ruled invalid. (See *In re Magnum Oil Tools Int'l, Ltd.*, (2016 U.S. App. LEXIS 13461, 119 U.S.P.Q.2D (BNA) 1541 (Fed. Cir. July 25, 2016).

This appeal to the Federal Circuit arose from an IPR that was decided in favor of the petitioner, and the patent owner appealed the invalidity of the claims. When the petitioner then withdrew due to a settlement with the patent owner, the Director of the Patent Office then intervened...

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Clarifying the Distinction Between the “Inventive Concept” and “Patentability”



James H. Ortega

Partner

In the continuing wake of the U.S. Supreme Court’s attempt in *Alice v. CLS Bank* to define what is eligible to be the subject matter of a patent, two recent decisions have been issued by the Federal Circuit that provide an important piece of the puzzle the Supreme Court left us with more than two years ago. In the *Alice* decision, which held that abstract ideas merely implemented using a computer are

not eligible for patent protection, the Supreme Court created an “inventive concept” requirement in its two-part test, which requires the finding that a claim either is not directed to an abstract idea, or that if it is so directed, the claims recite “something more” than what has been done conventionally. Although Congress had seemingly removed any “inventiveness” requirement from patent law decades ago, its resurrection in *Alice* has caused confusion as to what exactly is needed to meet this new “inventive concept” standard. Numerous district courts, as well as the Patent Office itself, have equated an “inventive concept” with satisfying the patentability requirements of novelty under 35 U.S.C. § 102 and nonobviousness under 35 U.S.C. § 103. The two recent Federal Circuit decisions help shed light on whether the patent eligibility analysis under § 101 and the *Alice* decision implicate the novelty determination under § 102 and/or the nonobviousness determination under § 103.

The first of these decisions is *Bascom Global Internet Services Inc. v. AT&T Mobility LLC*, decided June 27, 2016. The Federal Circuit reversed a Northern District of Texas court’s decision that found patent-ineligible Bascom’s patent claims directed to an internet filtering system located on a remote ISP server that associates each network account with (1) one or more filtering schemes and (2) at least one set of filtering elements. The district court held that “filtering content” is merely an abstract idea, regardless of whether the content being filtered is provided on the internet or through older mediums such as books. However, the Federal Circuit recognized this as yet another reviewing entity overly simplifying a patent’s claims so that it can meet the still-undefined term “abstract idea.” More specifically, the district court had found that the claims at issue did not contain an “inventive concept” under...

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Interview with Hope Shimabuku of Dallas Regional Office of USPTO

Less than a year ago, the US Patent and Trademark Office (USPTO) officially opened the doors to its new Texas Regional Office in Dallas. This regional office provides outreach services for inventors and entrepreneurs in the state of Texas, as well as Alabama, Arkansas, Louisiana, Mississippi, New Mexico, Oklahoma and Tennessee. David Carstens (DC) recently had the opportunity to interview the Director of the Texas Regional USPTO, Ms. Hope Shimabuku (HS), to discuss the benefits of having a regional office so close to home.

DC: Will the Texas Regional Office be hosting any open house events for patent or trademark applicants to come see where the office is located and learn more about it?

HS: One of the missions of the Texas Regional Office is to provide outreach and to bring events and services to our local stakeholders. We hold workshops, trainings, conferences, roundtables, and events on a regular basis for K-12 students and educators, inventors, entrepreneurs, legal practitioners, and university and corporate stakeholders. For example, the Texas Regional Patent and Trademark Seminar is held at the Texas Regional Office and is a class designed to educate inventors and entrepreneurs about patent and trademark basics. Each month we host onsite Meet the Trademark Experts and Meet the Patent Experts, as well as provide public tours. Some of our upcoming events include an Advanced Patent Seminar and a Texas Regional Patent and Trademark Seminar in Spanish.

DC: Does the Texas Regional Office make it easier for applicants and their counsel to interact with patent examiners?

HS: The Texas Regional USPTO has an examiner interview room where applicants and/or their counsel can meet face-to-face with the eventual 110 examiners who are located at the USPTO Texas Regional Office. They can also meet with any examiner anywhere in the country using our secure video link capability in the examiner interview room.

DC: Will the Texas Regional Office speed up the patent or trademark application process?

HS: One of the strategic goals of the USPTO is to reduce patent pendency, and in order to meet this goal, the USPTO is hiring patent examiners to increase its capabilities. The Texas Regional Office will eventually hire...

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Professional Profile: J. Andrew Reed



J. Andrew
Reed

Associate

J. Andrew Reed received his law degree from Southern Methodist University Dedman School of Law in May 2016. While attending SMU he served as the president of the Intellectual Property Organization and also served as an Article Editor for the SMU Science and Technology Law Review. He competed as a member of the SMU AIPLA Giles Sutherland Rich Memorial Moot Court team. Prior to attending SMU, Mr. Reed graduated *summa cum laude* from the

University of Texas at Arlington with a Bachelor of Science degree in Electrical Engineering and a Master of Science degree in Electrical Engineering. While working on his thesis project, Mr. Reed performed research with the UTA Pulsed Power and Energy Lab. This research focused on Microgrid technologies, and modeling and simulation of a submersible pump system.

During his time at UTA, Mr. Reed also was the president of the Eta Kappa Nu Epsilon Mu Chapter, Treasurer and S-PAC Conference Chair for the UTA Student Chapter of the Institute of Electric and Electronics Engineers.

In his spare time, Mr. Reed enjoys playing the violin and guitar, as well as competing in international Olympic trap, and other clay target sports. His musical pursuits include designing pedal board systems, writing music, recording, and playing live at his church. He was a member of the 2013-2015 USA Shooting National Development Team for International Trap and participant in the 2014 World Cup in Tucson, AZ. Mr. Reed has won the ACUI Collegiate International Shootout, the Texas State International Trap Championship, Grand American ATA President Handicap Junior Champion, position of Captain of the Texas Trapshooters Association 2008 Junior Team, and numerous other national, state, and local events. He also enjoys spending time outdoors hunting and fishing, when he is not competing.



Photo Courtesy of USA Shooting