



IP

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Intellectual Property Section
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Justice to Revise Antitrust Guidelines on Intellectual Property Licensing

By Judy Winegar Goans

Antitrust guidelines on the licensing of intellectual property are under review by the Department of Justice and the Federal Trade Commission (FTC). These agencies are proposing a comprehensive update to take into account developments in intellectual property and antitrust laws that have occurred since the enactment of major amendments to the antitrust guidelines in 1995. Attorneys whose practices include licensing of intellectual property will want to take a look at proposals, and so will attorneys whose work includes the preparation and prosecution of patent applications. A redline version of the proposed changes can be found here: https://www.ftc.gov/system/files/documents/reports/antitrust-guidelines-licensing-intellectual-property-proposed-update-1995-guidelines-issued-us/ip_guidelines_published_proposed_update_redline.pdf.

The Antitrust Guidelines were adopted to give guidance on antitrust issues in intellectual property licensing and, in particular, the Justice Department's approach to antitrust enforcement. The Guidelines were amended in 1995 to focus on an action's effect on competition for rules that previously declared certain actions to be *per se* illegal. This change of approach was also incorporated into the patent law with the amendment of 35 U.S.C. §271(d) to exclude certain actions from patent misuse and in particular by the introduction into subparagraph (5) of the condition that "the patent owner has market power in the relevant market for the patent or patented product on which the license or sale is conditioned."

CIRCUMSTANCES PROMPTING THE REVIEW

A number of changes have taken place in the legal environment since 1995. Both Justice and the FTC cite the lengthening of patent and copyright terms and the enactment of a Federal law on trade secrets as examples of changes prompting a review of the Antitrust Guidelines. The agencies also cite two court decisions: the Supreme Court's decision in *Illinois Tool Works Inc. v. Independent Ink Inc.*, (a patent does not necessarily confer market power on the patentee), and *Leegin Creative Leather Products Inc. v. PSKS Inc.*, (resale price maintenance agreements should be evaluated under the rule of reason rather than being *per se* illegal). The agencies propose to apply the *Leegin* analysis applies

equally to pricing restrictions in intellectual property licensing agreements, amending the Guidelines to apply a rule of reason treatment to vertical price agreements.

Another important consideration in the proposed update is the FTC's 2011 report, *Evolving IP Marketplace: Aligning Patent Notice and Remedies with Competition, March 2011*, which can be found here <https://www.ftc.gov/sites/default/files/documents/reports/evolving-ip-marketplace-aligning-patent-notice-and-remedies-competition-report-federal-trade/110307patentreport.pdf>. The report recommends a number of changes to practices within the U.S. Patent and Trademark Office. The agencies also added language to reinforce their longstanding view that "the antitrust laws generally do not impose liability upon a firm for a unilateral refusal to assist its competitors, in part because doing so may undermine incentives for investment and innovation." One major focus of this report

Marrakesh VIP Treaty Enters Into Force

The Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled entered into force on September 30, 2016, when Canada deposited its instrument of accession on June 30, 2016, with an effective date of September 30, 2016. For more information, see Treaty Watch, on page 6.

is improving the ability of competitors to assess whether a particular action would be infringing. The report notes several issues that can impede such an assessment, including the ambiguity of claim language, changes in claims during examination, and delays in the examination process. Attorneys whose firms engage in patent preparation and prosecution should pay close attention to the recommendations in this report.

Under the proposed Guidelines, market analysis will follow the approach used in the 2010 Horizontal Merger Guidelines.

SOME PRINCIPLES UNLIKELY TO CHANGE

According to the Justice Department,

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Mark Your Calendar

DESPERATELY SEEKING CLE?

If you missed our annual Spring Institute, you can still capture five hours of CLE and keep up with developments in intellectual property through TennBarU.

Right of Publicity

<https://cle.tba.org/catalog/course/3855>

This presentation Fair Use Defenses: Statutory and Judicially Created (Nominative). Attorney Nick Valenti will discuss Trademark Infringement and cases that involved Fair Use Defenses. Some cases covered include: *Fortune Dynamic Inc. v. Victoria's Secret Stores*, *Kelly-Brown v. Winfrey*, *J.A. Apparel v. Abbound*, *New Kids on the Block Inc. v. News America Pub Inc.*, and *Toyota Motor Sales, USA Inc. v. Tabari*.

Lanham Act Update

<https://cle.tba.org/catalog/course/3854>

Attorney Paul Kruse will discuss Section 2(a) of the Lanham Act and the register ability of marks that are deemed to disparage. The question of disparagement must be considered in relation to the goods or services identified in the application and the manner of use in the marketplace. The speaker will discuss several cases involving scandalous marks: *In re Tam*, *Blackhorse v. Pro-Football Inc.*, & *Pro-Football Inc. v. Blackhorse*.

Fair Use

<https://cle.tba.org/catalog/course/3855>

Attorney Nick Valenti discusses trademark infringement and cases that involve statutory and judicially-created fair use defenses. Some cases covered include *Fortune Dynamic Inc. v. Victoria's Secret Stores*; *Kelly-Brown v. Winfrey*; *J.A. Apparel v. Abbound*; *New Kids on the Block Inc. v. News America Pub Inc.*; and *Toyota Motor Sales, USA Inc. v. Tabari*.

What's Happening Internationally — and How It May Affect Tennesseans

<https://cle.tba.org/catalog/course/3856>

If you have clients who have interest in foreign nations you need to know about International Norms of Intellectual Property Protection. Most nations have joined together in treaties or other international agreements to set norms or standards regarding the manner in which various types of intellectual property will be treated by the parties to those agreements. Judy Goans discusses international agreements on intellectual property and how these agreements affect Tennessee's interest.

Licensing Update

<https://cle.tba.org/catalog/course/3857>

Paul Ney Jr., from the Office of the Tennessee Attorney General, discusses the *Kimble v. Marvel Entertainment LLC* lawsuit on patent infringement and breach of oral contract as well as patent enforcement actions and standing to sue, effective operative license language, and patent marking issues in licensing. **P**

Resources



FAIR USE INDEX

The Copyright Office's Fair Use Index is available for searching at <http://www.copyright.gov/fair-use/fair-index.html>. The Index was last updated in November 2016. The index can also be accessed through the U.S. Intellectual Property Enforcement Coordinator's website at <http://www.whitehouse.gov/omb/intellectualproperty>.

MALICIOUS "CYBER-ENABLED ACTIVITIES" ADDRESSED BY EXECUTIVE ORDER

Read the text of President Obama's executive order on "Blocking the Property of Certain Persons Engaging in Significant Malicious Cyber-Enabled Activities" at <https://www.whitehouse.gov/the-press-office/2015/04/01/executive-order-blocking-property-certain-persons-engaging-significant-m>. A more readable explanation can be found in the White House's fact sheet, available at <https://www.whitehouse.gov/the-press-office/2015/04/01/fact-sheet-executive-order-blocking-property-certain-persons-engaging-si>.

WIPO OFFERS FREE PATENT TRANSLATION TOOL

The World Intellectual Property Organization (WIPO) announced on October 31 that it has developed "a groundbreaking new 'artificial intelligence'-based translation tool for patent documents. The tool, WIPO Translate, is being offered free and is available through WIPO's PATENTSCOPE database, found here. <http://www.wipo.int/patentscope/en/wipo-translate/index.html> **P**

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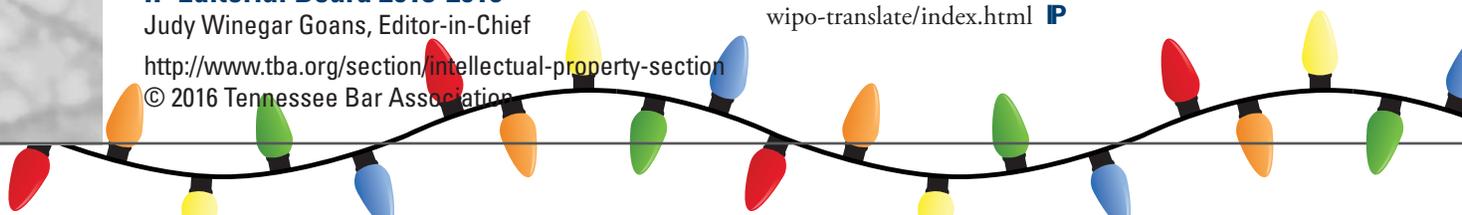
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IP Editorial Board 2015-2016

Judy Winegar Goans, Editor-in-Chief

<http://www.tba.org/section/intellectual-property-section>

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TBA Patent Pro Bono Program Begins Matching Attorneys

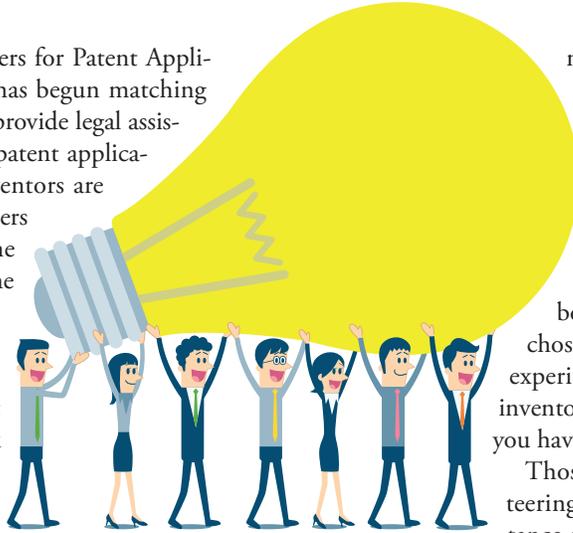
By J. Scott "Skip" Rudsenske

The Legal Assistance Volunteers for Patent Applicants ("LAVPA") program has begun matching attorneys with inventors to provide legal assistance, including the prosecution of patent applications. Online applications from inventors are being received, and attorney volunteers are signing up through the online forms found on the LAVPA page of the TBA's website. The program's mission is to provide legal services, and educate, under-resourced inventors to reduce the filing of pro se patent applications, putting inventors at risk of losing patent protection, and reduce the backlog in the USPTO due to improperly filed applications.

Volunteer attorneys are in demand and vital to the success of the program.

To date the program has 18 volunteer attorneys and has matched 7 inventors. Volunteer recruiting and publicity events have been held in Knoxville, Chattanooga and Nashville sponsored by Luedeka Neely, Patterson IP and Merchant & Gould. Plans for a volunteer recruitment event in Memphis are in the works. After the new year, the program will begin its reaching out to the inventor and small business community to apprise them of the program and educate them on the steps they can take to protect their inventions prior to being matched with an attorney.

Patent pro bono work is a great way to provide a service to under-resourced inventors and small businesses and to promote your services within the inventor community. For



new attorneys, it can be a great way to gain experience in prosecuting patents including client interaction and management. Experienced attorneys now have a way to provide pro bono services in their chosen practice and also gain experience by representing an inventor in a technical area that you have not practiced before.

Those interested in volunteering to provide legal assistance may sign up through the TBA website at <http://www.tba.org/legal-assistance-volunteer-form>. To find out information or ways you or your firm can support the program, please contact LAVPA Coordinator J. Scott "Skip" Rudsenske at the address given below. **P**



J. SCOTT "SKIP" RUDSENSKE is the Tennessee Bar Association's LAVPA Coordinator. He can be reached at srudsenske@tnbar.org or (615) 277-3207. LAVPA's mission is to educate inventors about the patent process, provide economic development resources and match under-resourced inventors and small businesses with attorneys to secure patent protection for their inventions for free.

Justice to Revise Antitrust Guidelines on Intellectual Property Licensing

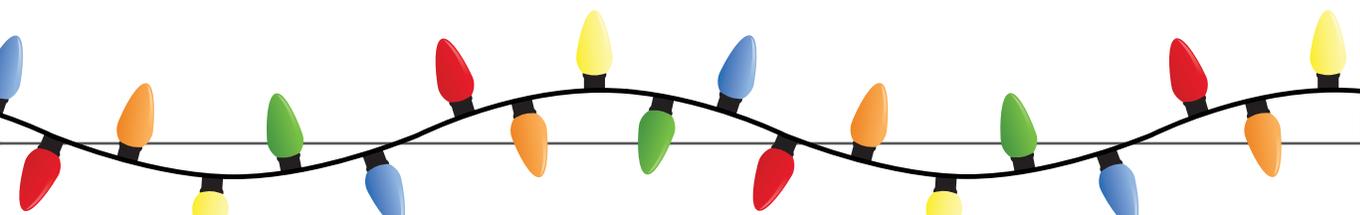
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The proposed update continues to rely on the sound principles and analyses of the 1995 IP Licensing Guidelines, including that "the Agencies apply the same antitrust analysis to conduct involving intellectual property as to conduct involving other forms of property, taking into account the specific characteristics of a particular property right"; "the Agencies do not presume that intellectual property creates market power"; and "the Agencies recognize that intellectual property licensing allows firms to combine complementary factors of production and is generally procompetitive." The proposed update is not intended to change the Agencies' enforcement approach with respect to intellectual property licensing nor expand the IP

Licensing Guidelines into other topics and areas. ("Antitrust Guidelines for the Licensing of Intellectual Property Proposed Update 2016, <https://www.justice.gov/atr/guidelines-and-policy-statements-0/antitrust-guidelines-licensing-intellectual-property-proposed-update-2016>.) **P**



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Litigation Roundup

DECEPTIVE ADVERTISING IN ONLINE PURCHASES

The Federal Trade Commission has obtained court orders permanently barring twenty-nine California defendants from using deceptive marketing and billings practices to promote their skin care products. Jessica Rich, director of the FTC's Bureau of Consumer Protection, describes the nature of the deceptive practice: "These defendants tricked people into paying for skin care products and abused the credit card system to extend their scheme." The defendants allegedly offered "risk-free trials" and then charged customers' credit cards amounts approaching up to \$100 per month. More details can be found in the FTC's press release here: <https://www.ftc.gov/news-events/press-releases/2016/10/ftc-obtains-court-orders-barring-skin-care-marketers-deceptive>.

BROWSE-WRAP LICENSES

California's Court of Appeal has dealt a blow to so-called "browse-wrap" licenses, where conditions are stated under a website's Terms of Use but, unlike "click-wrap" agreements, do not require the viewer to assent to the terms. In *Long v. Provide Commerce*, the plaintiff and a putative class of consumers brought a case alleging violations of California's Consumer Legal Remedies Act and Unfair Competition Law. The California courts held that the plaintiff was not bound either by arbitration or venue provisions in the browse-wrap license. The holding in the case turned primarily on whether the browse-wrap license was sufficiently conspicuous to put a potential purchaser on notice of the provisions and whether there was adequate notice that continued use of the website would bind the viewer, both of which issues affected the fundamental question of whether there had been an agreement to compel arbitration. The appellate case, which is found here <http://cases.justia.com/california/court-of-appeal/2016-b257910.pdf?ts=1458248424>, reviews the elements it considered in what appears to be a case of first instance in California and one of only a handful of cases country-wide. Elements considered by the court include the language used, placement of elements on the website, and the colors (lime green on green) and type size used to make the notice. Lawyers who advise clients on either browse-wrap or click-wrap licenses would be well-advised to review the court's analysis about what is needed to find agreement by a person who uses the website.

BACKPAGE FOLLOW-UP

"This is a hard case — hard not in the sense that the legal issues defy resolution, but hard in the sense that the law requires that we, like the court below, deny relief to plaintiffs whose circumstances evoke outrage." With these words, Circuit Judge Bruce

Selya began the First Circuit's decision upholding the trial court's dismissal of a claim by a group of plaintiffs who alleged that *Backpage* had structured its business in a manner that promoted sex trafficking. (See *IP*, December 2015.) *Backpage* defended its actions as having been shielded by the Communications Decency Act of 1996. Judge Selya closed the opinion by noting,

Showing that a website operates through a meretricious business model is not enough to strip away those protections. If the evils that the appellants have identified are deemed to outweigh the First Amendment values that drive the CDA, the remedy is through legislation, not through litigation.

The full text of the opinion can be found here: <http://media.ca1.uscourts.gov/pdf/opinions/15-1724P-01A.pdf>.

ELECTRONIC SERVICE OF PROCESS

Intellectual property litigators may be interested in a recent case in which a Federal court approved service of process by Twitter on foreign defendants. In *St. Francis Assisi v. Kuwait Finance House et al.*, Magistrate Judge Laurel Beeler of the U.S. District Court for the Northern District of California, San Francisco Division, approved service via Twitter on a defendant on whom the plaintiff had been unable to obtain service otherwise. The opinion can be seen here: <https://cases.justia.com/federal/district-courts/california/candce/4:2016cv03240/299714/25/0.pdf?ts=1475315276>. Note, however, Eric Goldman's Technology Marketing & Law Blog, <http://blog.ericgoldman.org/archives/2016/10/federal-court-authorizes-service-of-process-via-twitter.htm>, observes that several courts have refused to accept service of process via Facebook.

LAW SCHOOLS LITIGATE OVER NAME

You might expect a law school to be careful in choosing its name. And you might be wrong. Writing for the *ABA Journal* online edition, http://www.abajournal.com/news/article/judge_orders_law_school_to_stop_using_its_new_name/?utm_source=internal&utm_medium=navigation&utm_campaign=most_read, Debra Cassens Weiss reported that when the South Texas College of Law changed its name to Houston College of Law, the University of Houston Law Center filed suit. The suit alleged trademark infringement and asked for a preliminary injunction to prevent the former South Texas college of Law for using "Houston College of Law" as a name, mark, or source identifier for its legal education services." Judge Keith Ellison granted the University of Houston's motion for a preliminary injunction. His decision is found here: http://www.abajournal.com/images/main_images/HoustonCollegeofLawInj.pdf. **P**



International News

WTO MEMBERSHIPS

Liberia became a member of the World Trade Organization on July 14, 2016, and Afghanistan on July 29, 2016, bringing total WTO membership to 164. Of twenty observers, only Uzbekistan has held meetings in 2016 in the process leading to WTO membership.

BERNE CONVENTION

The Berne Convention for the Protection of Literary and Artistic Works, first adopted in 1886, is still going strong and attracting new members, bringing its current membership to 275 countries. New members include Burundi, which acceded on January 12, 2016, with membership effective on April 12, 2016; Turkmenistan, which acceded on February 29, 2016, with membership effective on May 29, 2016; Sao Tome and Principe, which acceded on March 14, 2016, with membership effective on June 14, 2016; and the newest, Nieu, which acceded on June 24, 2016, with the Berne Convention becoming effective on September 24, 2016.

Turkmenistan's accession included declarations that the effects of the Berne Convention would not extend to works already in the public domain in its territory and that it would not be bound by Article 33(1), which provides for settlement of disputes through the International Court of Justice (ICJ). Your editor observes that the settlement of disputes by the ICJ is not considered a particularly effective approach for intellectual property disputes and that this general dissatisfaction with this means of dispute settlement is one of the issues that led to the inclusion of intellectual property in the Agreement Establishing the World Trade Organization.

PATENT LAW TREATY

The Patent Law Treaty has gained several new members this year: Japan by accession on March 11, 2016; Belarus by accession on July 21, 2016; and Liberia by ratification on October 4, 2016. In each case, Patent Law Treaty membership will be effective three months after the date of ratification or accession.

SINGAPORE TREATY ON THE LAW OF TRADEMARKS

Japan acceded to the Singapore Treaty on March 11, 2016, followed by the Republic of Korea on April 1, 2016, and ratification by the Democratic People's Republic of Korea on June 13, 2016. In each case, the country's membership in that treaty will be effective three months after the date of ratification or accession.

PATENT COOPERATION TREATY

Patent Cooperation Treaty (PCT) regulations have been amended, effective July 1, 2016.

Cambodia acceded to the Patent Cooperation Treaty

(PCT) on September 8, 2016, with effective date of December 8, 2016. Cambodia has declared in its accession that it does not consider itself bound by Article 59, which provides that disputes between Contracting Parties can be brought before the International Court of Justice unless the parties agree on another method of settlement.

Djibouti acceded to the PCT on June 23, 2016, effective September 23, 2016, and Kuwait acceded on June 9, 2016, effective September 9, 2016.

MADRID PROTOCOL

Attorneys who file international applications under the Madrid Protocol should take note: a new set of Common Regulations entered into force on April 1, 2016. These Common Regulations replace the regulations that were last adopted on January 1, 2015. The Administrative Instructions have not changed since January 1, 2008.

Brunei Darussalam acceded to the Madrid Protocol on October 6, 2016. Its membership will be effective on January 6, 2017. Brunei Darussalam's accession contained a declaration exercising the right to notify a refusal within 18 months rather than one year.

HAGUE AGREEMENT

The London Act of the Hague Agreement Concerning the International Deposit of Industrial Designs has terminated as of October 18, 2016, following the deposit of the final required denunciation by Egypt on July 18, 2016.

The Democratic People's Republic of Korea acceded to the Hague Agreement, Geneva Act, on June 13, 2016, with effective date of September 13, 2016.

OTHER NOTIFICATIONS

Guatemala acceded to the Trademark Law Treaty on September 12, 2016, with entry into force to be on December 12, 2016. Guatemala's accession included a declaration that the Treaty will "apply to marks consisting of visible signs, including three-dimensional marks, which relate to products or services, or to both products and services" but not to "holograms, sound or scent marks, or collective and certification marks."

Burundi acceded to the WIPO Copyright Treaty on January 12, 2016, with effective date on April 12, 2016.

Finland, which ratified the WIPO Performances and Phonograms Treaty in 2009, withdrew a previous notification and declared that it will not apply the criterion of publication under Article 17 of the Rome Convention. This declaration became effective on October 13, 2016.

Attorneys who deal with patents that involve microorganisms should check the Budapest treaty notifications, here: <http://www.wipo.int/treaties/en/registration/budapest/>, as there have been ten notifications so far this year. The notifications relate to a number of issues, including changes in the fees charged

International News (continued from page 5)

by the U.S.-based Agricultural Research Service Culture Collection and Spain's Banco Español de Algas (BEA), types of microorganisms accepted by various depositaries, and addresses or other contact information for some depositaries.

TREATY WATCH

The Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled was adopted on June 27, 2013 and will enter into force on September 30, 2016, three months after Canada deposited its instrument of accession, bringing the total number of contracting parties to

MARRAKESH VIP TREATY MEMBERSHIP	
Country	Ratification or Accession and Effective Date
India	Ratification: June 24, 2014
El Salvador	Ratification: October 1, 2014
United Arab Emirates	Accession: October 15, 2014
Uruguay	Ratification: December 1, 2014
Mali	Ratification: December 16, 2014
Paraguay	Ratification: January 20, 2015
Singapore	Accession: March 30, 2015
Argentina	Ratification: April 1, 2015
United Mexican States	Ratification: July 29, 2015
Mongolia	Ratification: September 23, 2015
Republic of Korea	Ratification: October 8, 2015
Australia	Ratification: December 10, 2015
Brazil	Ratification: December 11, 2015
Peru	Ratification: February 2, 2016
Democratic People's Republic of Korea	Ratification: February 19, 2016
Israel	Accession: March 21, 2016
Chile	Ratification: May 10, 2016
Ecuador	Ratification: June 29, 2016
Guatemala	Ratification: June 29, 2016
Canada	Accession: June 30, 2016
Saint Vincent and the Grenadines	Accession: September 5, 2016
Tunisia	Ratification: September 7, 2016
Sri Lanka	Accession: October 5, 2016
Botswana	Accession: October 5, 2016
Liberia	Accession: October 6, 2016

twenty. Subsequently, another five countries have ratified or acceded to the Marrakesh Treaty, bringing the total membership to twenty-five as of

November 2016, as shown below.

The Marrakesh VIP Treaty requires its members to adopt limitations and exceptions to their copyright laws to permit reproduction, distribution and making available

BEIJING TREATY ON AUDIOVISUAL PERFORMANCES MEMBERSHIP	
Country	Ratification or Accession and Effective Date
Syrian Arab Republic	Ratification: March 18, 2013
Republic of Botswana	Ratification: November 20, 2013
Slovak Republic	Accession: May 22, 2014
Japan	Accession: June 10, 2014
People's Republic of China	Ratification: July 9, 2014
United Arab Emirates	Accession: October 15, 2014
Republic of Chile	Ratification: June 22, 2015
State of Qatar	Ratification: July 3, 2015
Republic of Moldova	Ratification: September 4, 2015
Russian Federation	Accession: October 19, 2015
Democratic People's Republic of Korea	Ratification: February 19, 2016
Tunisia	Ratification: July 21, 2016
Saint Vincent and the Grenadines	Accession: September 5, 2016
Gabon	Accession: September 21, 2016
El Salvador	Ratification: October 10, 2016

of published works in formats designed to be accessible to visually-impaired persons and to permit cross-border exchange of such works by organizations that serve visually-impaired persons. Under the Marrakesh VIP Treaty, visually-impaired persons are defined to include not only people who are blind but also those who are visually impaired or print disabled or who have some other disability that prevents them from holding and manipulating a book. Attorneys who represent clients with copyright interests should read the full text of the Treaty, which can be found here: <http://www.wipo.int/wipolex/en/details.jsp?id=13169>.

The Beijing Treaty on Audiovisual Performances addresses the rights of performers. Adopted on June 24, 2012, this treaty inches toward entry into force. The Beijing Treaty now has a total of fifteen countries that have acceded or ratified, bringing it to half of the required thirty parties required for the treaty to take effect. **IP**

