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Agency Firma and PIIN merge

Mexican law firms Agency Firma SC and PIIN have merged under the Firma umbrella, combining the experience of both firms.

Esther López and Juan Pablo Alonso will join FIRMA from PIIN, bringing more than 20 years of experience in patent prosecution and enforcement.

Firma said it is excited to "strengthen and develop their IP practice and patent department through the combined expertise of the senior members" and expand its offering to its client base.

Alonso brings experience and knowledge in patents across the electronic, mechanical and industrial fields. López focuses on patents in the chemical, pharmaceutical and biotechnology industries.

Julian Vadillo, founding partner of Firma, said: "The ability to service clients is a priority, and our continued growth demonstrates that commitment."

He explained: "Our established practice, coupled with the substantial, focused experience that Juan Pablo Alonso and Esther López bring to the team, will make Firma one of the most solid shops in the industry and we cannot be more thrilled."

IP Europe and the App Association clash over 'licence to all' SEP system

IP Europe has claimed that, if implemented, a 'licence to all' system for standard essential patents (SEPs) in Europe could be a "licence to kill" for innovation in Europe.

The research and development organisation, whose corporate members include Airbus, Ericsson, Nokia and Orange, claimed that the EU Commission's current draft on SEPs, if adopted, would "harm European inventors and threaten Europe's position as a leader on the technology behind 5G and the internet of things".

The commission released a roadmap for SEPs in Europe in April, and opened a

feedback period in which it accepted views from interested parties.

The feedback period closed on 8 May.

In a blog post, IP Europe said that a 'licence to all' policy is a "new, untested, licensing policy that would significantly harm the European innovation sector and could precipitate a decline in overall European research and development of 8 percent".

It explained: "'Licence to all' is inefficient, it exponentially multiplies required licence negotiations and legal fees, delays and reduces access to the latest connectivity standards to consumers, and introduces questions about compatibility with the existing legal framework."

Francisco Mingorance, executive secretary of IP Europe, commented: "It seems extraordinary that the commission would harm European innovators by imposing untested and damaging licensing requirements based on false assertions and partial information."

He added: "If a company market abuse exists, European competition authorities already have the tools at their disposal to sanction the culprits and there is no need to propose untested policy changes that ultimately benefit non-European companies at the expense of Europe's innovators."

In it's own blog post, the App Association (ACT) replied to IP Europe's contentions, claiming that IP Europe gave "its favourite false narrative a new coat of paint by suggesting that the bedrock fair, reasonable, and non-discriminatory (FRAND) requirement of 'licence for all' equates to some kind of 'licence to kill'."

It said: "It's a clever turn of phrase designed to appeal to European Commission officials debating the final shape of a communication on the licensing of standard essential patents."

ACT said that IP Europe's "continued marketing of this fiction" prompted a response from Karl Heinz Rosenbrock, ex-director general of the European Telecommunications Standards Institute (ETSI).

In an article earlier this year, Rosenbrock explained: "ETSI adopted the clear and unambiguous policy of requiring that FRAND licences be offered to all interested comers/potential licensees who provide products or services designed to be compatible with the chosen standard, irrespective of their position in the industry or a chain of distribution."

This isn't the first time IP Europe and ACT have clashed over SEPs in Europe.

IP Europe recently proposed an industry code of conduct on licensing SEPs for 5G and the internet of things at a European Committee for Standardisation and Electrotechnical Standardisation workshop in Paris.

The group produced a draft project plan for a code of conduct, which will establish best practice SEP licensing arrangements for the internet of things marketplace.

But, ACT said that the workshop was intended to provide a forum for a "narrow group of companies with business models based on the licensing of SEPs" and didn't represent a majority opinion.

USPTO launches diversion pilot

The US Patent and Trademark Office (USPTO) has launched a two-year diversion pilot programme, giving practitioners who have engaged in minor misconduct under specific circumstances the opportunity to avoid formal discipline by taking remedial measures instead.

Implemented by the USPTO's office of Enrollment and Discipline (OED), the programme will be available to patent and trademark practitioners whose physical, mental or emotional health issues—including substance or alcohol abuse—as well as practice management issues, resulted in minor misconduct and little harm to a client.

The USPTO said the programme will help the OED "accomplish its mission of protecting the public from practitioners who fail to comply with the USPTO's standards for ethics and professionalism".

Joseph Matal, who is currently acting under secretary of commerce for intellectual property and director of the USPTO, said: "We're hopeful that this pilot programme will align our agency with best practices established in other states, while allowing practitioners a fair chance to rectify previous misconduct and ... to move forward in a productive manner."

Intellectual property and ethics lawyer, Michael McCabe, said in a blog post on his website that the programme is a "welcome response to the growing epidemic of drug and alcohol abuse among members of the legal profession".

McCabe, who recently launched a law firm dedicated to representing trademark and patent attorneys in OED disputes at the USPTO, explained that the OED's programme comes at a "critical time period in the legal profession".

He said: "Disciplinary counsel across the US have increasingly come to recognise that the profession has a serious problem with drug and alcohol abuse … lawyers suffer from alcoholism and drug addiction at a rate that is grossly disproportionate to the rates of addiction in other professions and in the general population."

According to McCabe, traditional attorney disciplinaries focus on protecting the public by punishing the lawyer, including licence suspension and reprimands.

But, he argued that drug and alcohol abuse, as well as mental health issues, can play a significant role in cases involving the violation of professional conduct.

McCabe explained: "The idea behind diversion is to treat the root cause by taking the practitioner out of the realm of the disciplinary system. It is hoped that by focusing on getting practitioners the proper medical care and treatment, both the public and the bar will benefit."

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Introduction

Krishna & Saurastri Associates LLP is a full service Intellectual Property and Technology law firm focused on rendering business friendly legal advice. The firm was formed in 1992 and merged with a law practice set up in 1956. Ever since, the firm has been navigating complex intellectual property and techno-legal issues for its diverse client base. To keep pace with the growth of its business and be ever present for its clients, the firm has 150 people spread across offices in the major economic centers of Mumbai, New Delhi, Bangalore, Pune and Ahmedabad.

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The firm represents clients from all major industries and sectors. The firm's team includes specialists with niche expertise and industry experience, which is leveraged to provide clients maximum value from legal counseling. Additionally, most of the firm's professionals have formative degrees in natural sciences, engineering, arts or business, prior to qualifying as lawyers, which is useful while navigating complex intellectual property and techno-legal issues.

Over the years, the firm has been ranked among the top tier Indian intellectual property and technology law firms consistently by leading domestic and international publications.

Qualcomm operating income plummets following latest Apple licensing disputes

Qualcomm's Q4 2017 operating income has dropped by 82 percent compared to Q4 last year, as a result of royalty and licensing disputes with Apple and other licensees. The semiconductor company's Q4 2017 operating income stood at just $300 million, compared to $1.8 billion in last year's Q4.

The operating income for Q4 also dropped by 57 percent from the $800 million recorded in the previous quarter.

In its 2017 fiscal results, Qualcomm revealed that its Q3 and Q4 2017 results were "negatively impacted as a result of actions taken by Apple and its contract manufacturers".

Qualcomm also put the negative results down to another dispute with a licensee, who "underpaid royalties due in Q2 of fiscal 2017 and did not report or pay royalties due in Q3 and Q4".

It added: "We expect these licensees will continue to take such actions in the future until the respective disputes are resolved."

Apple sued Qualcomm in January 2017 for nearly $1 billion, claiming that Qualcomm had "unfairly insisted on charging royalties for technologies they have nothing to do with".

Qualcomm has since been hit with a string of anti-trust lawsuits.

In October, Qualcomm was struck with a $775 million fine in Taiwan for abusing its position in the baseband chip market.

Qualcomm CEO Steve Mollenkopf suggested that the company would likely settle with Apple out of court, saying it could be a situation "where a solution just appears".

Mollenkopf had said that Qualcomm's uniqueness made it easy to attack, but defending itself was "worth doing" and "very valuable to our shareholders".

However, Qualcomm's Q4 2017 fiscal results showed a clear cliff-edge of shareholders, with diluted earnings per share dropping to $0.11, compared to $1.07 in Q4 2016.

This represents a 90 percent drop year-to-year and an 81 percent drop from Q3 2017, where diluted earnings per share stood at $0.58.

In January, around the same time Apple sued Qualcomm, a Qualcomm shareholder filed a class-action lawsuit against the company, demanding compensation for a fall in share prices that he blamed on the way Qualcomm's management has handled its anti-trust controversies.

Rasesh Shah claimed that Qualcomm lied to shareholders when it told them that, "unlike some other companies in the industry that hold back certain key technologies", Qualcomm offers its "entire patent portfolio for use in cellular subscriber devices and cell infrastructure equipment".

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- Ranked as the top Chinese firm filing Hague Agreement international design applications in 2016

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Tessera targets Samsung at the ITC

The US International Trade Commission (ITC) will investigate Samsung after a complaint from Tessera Advanced Technologies.

Tessera has accused Samsung of importing wafer-level packaging semiconductor devices and products that infringe its patents for semiconductor devices with diffusion layers.

Specifically, the patents relate to semiconductor packaging technology, which Tessera claims Samsung has infringed with the power management chips in its Samsung Galaxy and Galaxy Note devices.

The semiconductor company is seeking a limited exclusion order and cease and desist order against Samsung.

Tessera has also filed complaints against Samsung at three federal district courts, as well as in other international jurisdictions, including Germany and the Netherlands.

Jon Kirchner, CEO of Tessera, said: "Samsung has benefitted from its use of our semiconductor technologies for 20 years, having entered into its first licence with Tessera in 1997."

He added: "Samsung's most recent semiconductor patent licence expired in December 2016, but we believe it is continuing to use our patented technologies without authorisation, and without paying us fair compensation."

"We diligently tried to work through our differences with Samsung over an extended period of time, and while we remain in dialogue, unfortunately at this point the parties have not been able to come to an agreement."

He concluded: "Although we always prefer to reach negotiated licence agreements, Samsung has left us with no choice but to defend our intellectual property rights through these legal actions … We are confident in the breadth and quality of the proceedings we initiated today and we strongly believe these actions are in the best interests of the company, our other licensees, and our shareholders."

Shah said that these statements were "materially false", "misleading" and "failed to disclose adverse facts pertaining to Qualcomm's business, operational and financial results, which were known to [Qualcomm] or recklessly disregarded by them".

According to law firm Bernstein Litowitz Berger & Grossmann, which serves as lead counsel for the lawsuit: "Qualcomm's clear-cut anti-competitive practices dealt a swift and severe blow to the value of the company's shares, causing Qualcomm's stock price to plummet 33 percent during the class period, erasing over $32 billion in shareholder value."

Amazon, Broadcom IPR settled

The US Patent and Trademark Office (USPTO) has terminated an inter-partes review (IPR) brought by Amazon against Broadcom, after the firms reached an agreement to end the proceedings.

Broadcom's US patent (6766389) relates to integrated circuits used in network devices.

In September 2016, Broadcom sued Amazon at the US District Court for the Central District of California for infringing 11 of its patents, including the 389 patent, with its Amazon Fire HD 10 tablets.

Amazon filed an IPR against the 389 patent earlier this year, and the Patent Trial and Appeal Board (PTAB) instituted the review in August.

Both Amazon and Broadcom filed a motion to terminate the IPR on 25 October 2017, stating that they had "settled all of their disputes regarding the 389 patent" both at the PTAB and in the case at the Californian district court.

McCurdy, Lynch and Quatela launch new defensive IP licensing business

Dan McCurdy, Tim Lynch and Laura Quatela have launched a new patent licensing company using more than 4,500 patent families from Nokia.

The company, Provenance Asset Group, has a portfolio of more than 12,000 individual patents, originating from Nokia Technologies, Nokia Solutions & Networks and Alcatel-Lucent.

They cover various industries including technology in the telecommunication, gaming and semiconductor industries.

McCurdy will serve as CEO of the company, while Lynch will take on the role of president and Quatela will work as special advisor.

Provenance will provide large and small companies with litigation-grade patents, enabling them to expand into new markets with a significant reduction in patent risk.

The company suggested it would not provide these rights to non-practicing entities.

McCurdy commented: "Companies are currently spending tens of millions of dollars a year to create and maintain patent portfolios to defend against claims of infringement from others."

"We believe Provenance will transform the way companies approach gaining freedom to pursue new markets, new clients, and new products."

Lynch added: "Provenance increases efficiency by allowing operating companies to obtain defensive enforcement rights to superior patents at a reasonable price only when they actually need them. It is analogous to the concept of leasing assets used in many industries."

Ilkka Rahnasto, head of patent business at Nokia, commented: "We are excited about the reassurance Provenance can bring to companies large and small seeking to bring their products and services to global markets.

Novagraaf partners up with Mitsui in bid to expand Japanese presence

Intellectual property consultancy Novagraaf has partnered with Mitsui to further its reach in Japanese markets.

The deal, which includes an investment by Mitsui in the IP consultancy will "support Novagraaf's strategy to transform the way IP owners in Japan protect and create value from their IP assets", according to Novagraaf.

The company has established an office in Tokyo led by Arjen van Blokland, managing director of Novagraaf in Japan.

Lutgarde Liezenberg, CEO of Novagraaf, said the company was proud of the new agreement and that it was an endorsement of its growth strategy and the Novagraaf team.

Van Blokland commented: "Novagraaf and Mitsui are well-suited to work together to bring IP solutions to Japan."

"We believe that Japanese customers are looking for greater choice from IP service providers and we look forward to meeting that demand."

Takuji Fukaya, general manager of the business promotion division at Mitsui, added: "Mitsui works closely with our clients to maximise the return on intangible assets such as IP."

Fukaya added: "Having a professional and innovative partner to support our clients' IP is of the utmost importance to us. With their track record and long history, Novagraaf is an excellent choice of partner."

This is the second major investment in Novagraaf in 2017, with private equity firm Paragon Partners acquiring a majority stake in Novagraaf earlier this year.

IPR protects the public from erroneously issued patents, says solicitor general

The inter-partes review (IPR) system "serves to protect the public from the unwarranted burdens that erroneously-issued patents impose", according to US solicitor general Noel Francisco.

Francisco's statement is from a brief he provided as the Federal Respondent in the Oil States Energy Services v Greene's Energy Group case at the US Supreme Court, in which the court was deciding whether or not IPR, introduced in the America Invents Act (AIA), violates the constitution.

IPR is used at the US Patent and Trademark Office (USPTO) to analyse the validity of existing patents.

Oil States had complained that the process violates the constitution "extinguishing private property rights through a non-Article III forum without a jury".

In his brief, Francisco disagreed, saying: "Consistent with longstanding practice, the US Patent Act authorises USPTO examiners within the executive branch to determine in the first instance whether patents should be granted".

He added: "That allocation of authority is clearly constitutional."

Francisco continued: "Like the initial patent examination, IPR serves to protect the public from the unwarranted burdens that erroneously issued patents impose."

"That public purpose continues to be fully implicated for as long as a patent remains in force."

Francisco noted that, because a patent is presumed valid during litigation, based on the USPTO's decision to issue it, a mechanism was needed that would verify that the USPTO continued to view the patent as valid.

He explained: "The fact that Congress specified that patents 'shall have the attributes of personal property', subject to other provisions of the Patent Act, does not prevent executive branch officials from rescinding an earlier patent grant, subject to judicial review."

The case is set to be heard at the US Supreme Court on 27 November 2017 and has so far received more than 50 amicus briefs from interested parties.

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ACTing out

The European standard-essential patent fight has only just entered round one and with time still on the clock, it's anyone's game

Barney Dixon reports

Tensions are rising in Europe as the European Commission creates rules on how standard-essential patents (SEP) should be licensed, to help the region's budding internet of things industry.

Research and development organisation IP Europe is pushing for an SEP code of conduct for 5G and the internet of things, which it claims will "help technology contributors and users in the internet of things ecosystem find fair, reasonable and non-discriminatory (FRAND) outcomes to licensing negotiations, and avoid the further spread of litigation".

Vehemently opposed is the App Association (ACT), which argues that such a code of conduct, and any potential for the use-based pricing of technology essential to 5G and the internet of things would "allow SEP holders to charge internet of things developers higher fees to use their technology and deter investment and innovation—a serious mistake that could hamper, not help, the development of the internet of things in Europe".

Barney Dixon spoke to Morgan Reed and Brian Scarpelli of ACT to find out more.

What is the difference between use-based pricing and other forms of SEP licensing?

Brian Scarpelli: The use-based pricing concept would essentially give an SEP holder the unilateral ability to arbitrarily dictate higher royalties based on two things that have little to do with the SEP itself: the contributions from other innovators within that standards process, and the innovations of downstream companies.

Morgan Reed: Some have been claiming that use-based pricing is the norm and that there have never been any problems with it. They are criticising us for coming to the table with these questions about use-based pricing, but we haven't seen examples of use-based pricing in the wild. Contrary to some claims, use-based pricing is simply not a norm in today's ecosystem.

It's important to note that the concerns we have been raising about use-based pricing are very similar to concerns raised by Ericsson in 2007. This makes it very confusing for us when people ask us why we are worried about use-based pricing, as we share Ericsson's views from this time. Ericsson's business has apparently changed, but the company's 2007-held viewpoint that use-based pricing may have an impact on downstream innovators still applies, making its altered position confusing. Despite some public attempts at deflections, in an attempt to minimise our views, ACT's community is deeply affected by SEP licensing policies, and even more so with the rise of the internet of things, where literally every small business may be looking at how they invent things, in order to reach new markets and customers. The latter are not traditionally part of the SEP licensing ecosystem today—smartphones being the well-worn use case—but absolutely will be negatively affected by use-based pricing.

What are ACT's key contentions with use-based pricing?

Reed: The idea that the way you use an open standard will change the price of your licence has a profound impact in a couple of ways. First and foremost, it means that there will be an enormous burden of tracking and self-auditing. Let's say you start a company and, using an SEP, you create an innovation embedded in all sorts of different devices, for example, refrigerators, weather balloons and home theatre systems. There, you have three wildly different uses. The problem with use-based pricing is that, depending on the licence you're forced to sign, if, unknown to you, the chips were also found to be incredibly useful in say, bridges, and a company buys those chips from you and embeds them in bridges to say, detect air motion, all of a sudden you are required to audit the uses of the technology across the entire ecosystem, and report back to the SEP holder how much money you owe them.

Your company isn't just responsible for signing the licence, it's also responsible for monitoring your buyers and users.

Imagine that another use of your innovation came along and you didn't know about it. If you get audited you may suddenly have to pay a penalty for a use of your chipset that you didn't even know was happening.

Scarpelli: The whole reason we are advocating on SEP licensing is because the FRAND commitment is intended to offset the inherent anti-competitive nature of standard setting. The FRAND obligation is, above all else, intended to provide clarity to future, even unknown, licensees of that SEP that use those open standards to create a new innovation in a market we never even thought of. Many of our own companies find that a use-based pricing system is incompatible

with that FRAND clarity. It gives the SEP holder the unchecked and arbitrary ability to dictate royalties.

Reed: Bringing in use-based pricing will be a deterrent for people to innovate, for fear of unforeseen pricing. The consequences will be less choice, higher prices and less innovation, and ultimately that will affect the consumer and the development of the internet of things in Europe.

The people who will suffer the most from this abuse are small and medium-sized business, which don't have the cheque books to sign a big patent portfolios.

The rich companies can foot the bill, if this were to come to pass.

What would ACT do differently?

Reed: We are big supporters of 'licence to all'. It's important to look at this in the framework of Europe, which has always been very supportive of open standards. None of these activities we're describing are forced upon these companies. They come to the table to voluntarily participate in a standards body. You are making a decision to allow your technology to be used widely by everyone. The exchange is to either make a little bit of money from high volume, or that the ensuing products will benefit other products you have in the market. Voluntary standards represent a decision a company makes on how it participates in the larger ecosystem.

Scarpelli: Standard-setting systems were not created to be a business model for SEP holders; they were created to promote competition and interoperability. Technology leadership and other angles like that are huge reasons that companies come to the table.

People should be rewarded for innovation. Use-based pricing as an undefined and nebulous concept, if endorsed by any government body, would take all of the precedent and policy that exists to date about what falls within FRAND as licensing behaviour, and completely throw it out of the window. If endorsed, a use-based pricing system provides an easy loophole to the entire FRAND concept by making it possible to refuse licences to competitors or others in pure violation of the FRAND obligation.

Is CEN/CENELEC the proper forum for this type of discussion? If not, where should this be discussed?

Reed: We thought the European Committee for Standardisation (CEN) and Electrotechnical Standardisation (CENLEC) workshop proposal was an opportunity to be heard and make our case for the licensing of SEPs. But, during the proceedings it became clear that meaningful participation was only available for people looking to support the findings that the sponsors of the workshop were putting forward.

In CEN/CENLEC's defense, they were very candid after the fact that the workshop was not intended to be a forum to hear and consider all viewpoints. They said they were carrying the viewpoints of the group that was sponsoring the effort and that the sponsor would have a say in what would be the final determination.

In one sense, we don't have a problem with that. But, our issue is that, immediately following the opening session, the workshop sponsors tried to create a narrative that there was an industry consensus on the matter. It's clear to everyone that it was not a consensus, and in fact represented a minority viewpoint, one that sponsored the effort.

What is the process from here? Will this be discussed further?

Reed: The expectation of our organisation is that CEN/CENLEC and the supporters of this workplan will move the work plan forward under the description that it currently has, and there will be a document that comes out of that.

Our effort will be to make it clear that, if it is the identical work plan and the identical determinations that were made, this is not a consensus document and not a wide-ranging code of conduct that has had input from all segments of all effective industries. I would not be surprised if some of the countries that are involved in CEN/CENELEC raise some points of concern. There are some concerns from national standard-setting bodies on this issue.

What we can do is make sure our voice is heard and encourage the national standard-setting bodies to take our views into consideration, push back if possible and make sure they treat the final document appropriately as one that only reflects one point of view. IPPro

Morgan Reed
President
ACT

Brian Scarpelli
Senior policy counsel
ACT

Bearing the burden

The US Court of Appeals for the Federal Circuit's decision in Aqua Products v the US Patent and Trademark Office has ruffled many feathers, as the burden of proof in an inter-partes review begins to shift to the petitioner

Barney Dixon reports

In October, the US Court of Appeals for the Federal Circuit ruled that the burden of persuasion should not be placed on patent owners when they seek to amend claims in inter-partes review (IPR) proceedings.

The federal circuit's decision came in the Aqua Products case against the US Patent and Trademark Office (USPTO), in which Aqua challenged USPTO rules, arguing that the proper allocation of the burden of proof should rest with the petitioner in these cases.

The original IPR revolved around a patent for a pool cleaner developed by Aqua and challenged by Zodiac Pool Systems—a case that has since been settled.

The Patent Trial and Appeal Board (PTAB) denied Aqua's motion to amend various claims of one of its patents during the IPR.

Aqua appealed, and the federal circuit vacated the PTAB's decision, "insofar as it denied the patent owner's motion to amend the patent".

It remanded the case back to the PTAB for a final decision assessing the patentability of Aqua's proposed substitute claims, without placing the burden of proof on Aqua.

But, the federal circuit's decision in the case had not been an easy one. In an en banc panel, only seven of the 11 judges agreed to the ruling.

Judge Kathleen O'Malley, who wrote the majority opinion, recognised that it had not been an easy process and said the case was proceeding "without a full court", adding that "those judges who are participating disagree over a host of issues".

O'Malley said that very little said over the course of the many pages that formed the five opinions in this case actually had precedential weight.

However, many intellectual property attorneys are saying that, despite a lack of precedential value, the decision in the case will make a mess for the PTAB, not in the least because it will affect all pending IPRs, which the US Patent Act holds must be decided within one year after institution unless the time period is extended by six months for a "good cause".

Michael Weiner, partner at Marshall, Gerstein & Borun, claims that the decision will force the PTAB to "establish procedures and likely issue new rules to address [it]".

He adds that the PTAB "will probably need to use its authority to extend its deadlines for pending IPRs".

But, Weiner recognises that, practically, a change in the burden of proof will not have much of an effect on the PTAB, as the board generally denies nearly all motions to amend.

Justin Oliver, partner at Fitzpatrick Cella Harper & Scinto, adds: "The immediate impact likely will be on recent decisions by the board in which it predicated denial of a motion to amend on the patent owner not proving patentability."

"For recently-appealed cases with that situation, that will mean some remands in which the board will issue a new decision in which the burden rests with the petitioner, not the patent owner."

"The change in burden has the potential to be outcome determinative but may not mandate a ruling in favor of the patent owner."

The USPTO could issue new rules to shift the burden back to the patent owner, but Weiner says that any new rules will "probably place the burden on the petitioner, consistent with the court's decision".

He adds: "Perhaps the rules would be changed to permit the patent owner to file amended claims, followed by briefing on the petitioner's challenge to patentability of the amended claims. So, rulemaking would appear to be appropriate even if the USPTO does not intend to shift the burden back to the patent owner."

The closeness of the decision in the federal circuit's ruling could affect the way the USPTO approaches its rulemaking.

Weiner explains: "In the 11-judge en banc court, five judges have the view that the statute unambiguously places the burden for proving unpatentability of amended claims on the petitioner, and six judges have the view that the statute is ambiguous on which party has the burden."

"If new rules are issued and challenged in a future case, the en banc court may be split 6-6 on whether the statute is ambiguous; or the court might vote 7-5 that the statute is ambiguous, and defer to the agency's future rulemaking on the issue."

He adds: "If new rules place the burden on the petitioner and proper rulemaking procedures are followed, then all 11 judges would likely agree to uphold such rules. This is one reason why the USPTO will probably issue rules consistent with keeping the burden on the petitioner—such rules would likely be upheld by the court."

Alternatively, Weiner sees a potential USPTO appeal to the US Supreme Court later down the line and says the Supreme Court may even grant certiorari in the case.

But, he contends: "If the Justice Department is looking for an appropriate case in which to challenge the application of Chevron v Natural Resources Defense Council to agency rulemaking, it may decide that Aqua Products is not the best case in which to raise such a challenge."

"Chevron issues more commonly come up in cases involving other agencies."

Oliver adds that the USPTO will be carefully considering new rules which place the burden on the patent owner.

"I would not expect the USPTO to await the outcome of any appeal to the Supreme Court to make that decision," he says. "The closeness of the decision, and the basis for the majority decision, certainly suggests that the USPTO may be able to obtain a different outcome in the future if it places the burden on the patent owner through regulations, rather than through board case law."

"All eyes are on the USPTO to see if it decides to go that route."

Overall, the shift in burden will be a good thing for patent owners, says Cyrus Morton, partner and chair of the patent office trials group at Robins Kaplan.

He says patent owners "often feel they need all the help they can get to survive an IPR".

He concludes: "For a petitioner, when you file you are now taking on the burden of keeping any new claims from coming out."

"You want prior art at the ready that would render anything in the entire specification, which could be added to a claim, unpatentable." **IPPro**

The three-no products of patent infringement

Cunji Yang of China Pat discusses a recent patent infringement dispute between Beijing Lock&Lock and party that has remained anonymous

On 31 May 2014, Beijing Lock&Lock, which owns a design patent for a folding storage box, bought a different storage box by notarisation in Guang'an Caishikou Department Store Market Centre in Beijing. As part of the purchase it obtained a business card and a receipt, which showed its operator as Yuzeng Jin. The storage box contained no information such as a name, address and telephone number of the manufacturer, product logo, production date, and product specification.

The storage box was essentially identical to Lock&Lock's design patent. The centre has signed a lease contract, a business responsibility book, and a business agreement with its merchants, while the merchant has signed a market management commitment, promising not to sell infringing products.

Lock&Lock took the market centre to court, but in the first instance, the Beijing Intellectual Property Court concluded that the centre is a market operator, rather than someone that sells infringing products, and therefore claims that the centre should stop selling infringing products hold little basis and will not be supported. However, the centre should assume the liability for providing assistance in the torts after failing to take actions to prevent its merchants from selling infringing products that have no brand, no date, and no manufacturer (three-no products).

In the second instance, the Beijing Higher People's Court concluded that the element of the liability is subjective to intent. For example, if one person knows the torts of the direct infringer, but still provides assistance to the direct infringer, the person should assume the liability of contributory infringement. In this case, the involved products sold by the seller in the centre are three-no products that should not be sold in markets and are substantially infringing products.

As a market supervisor, the centre has the obligations of supervising three-no products. The centre made it clear to the court in the second instance that it inspected the centre at least twice a day. If this is true, it can be presumed that the centre was aware of the infringing products, but didn't make an attempt to prevent the occurrence of infringement, which is subjective intent.

Therefore, the centre provided assistance in the sale of the infringing products and should assume the liability of contributory infringement.

Issues and analysis

The focus of the dispute in this case is whether the centre, as a market operator, should be responsible for torts of its merchants. To be liable for damage is not because of the damage, but because of the fault. That's not to say the cause of liability for damage is the negligence of the duty of care. The duty of care, which is a legal obligation, means that there should be precaution around the kind of damage that may be caused, as well as extra measures to prevent such damage from occurring.

A market started by its operator facilitates the business of its merchants and the life of the consumers, but also increases the possibility of infringement of intellectual property rights.

Therefore, the market operator has a certain duty of care around reducing damages to patentees that may be caused by the start of its market to the maximum extent. The duty of care of a market operator may include: preventing the potential infringer from entering its market to the maximum extent, identifying torts of its merchants to the maximum extent, and stopping the torts promptly and preventing the torts from further expending. Identifying the torts of its merchants to the maximum extent requires the market operator to perform daily inspection and supervision and stop the torts as soon as identify them.

In this case, the involved products are prohibited by law from being purchased and sold, which the centre should be aware of. It can be presumed that the centre either neglected its daily inspection and supervision by failing to fulfill the duty of care of finding its merchants' torts to the maximum extent, or the centre allowed the torts of its merchant after finding them without taking any actions to stop the torts.

For the above reasons, the court of the first instance concluded that the centre failed to fulfill a duty of reasonable care regarding the products sold by its merchants. But, the court of second instance acknowledged that the centre had fulfilled its daily inspection obligations, and therefore presumed that the centre allowed the occurrence of the torts, concluding that the centre had jointly committed the torts. IPPro

Cunji Yang
Partner
China Pat

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Should I stay or should I GMO

Genetically modified organisms and transgenics are patentable in Peru, but there is legislation to be aware of, says Jesus Cuba of OMC Abogados

"Strip mine the Amazon; Of cells of life itself; Gold rush for genes is on; Natives get nothing."

Biotech is Godzilla, Sepultura

Biotechnology is a science that involves several disciplines and sciences (biology, biochemistry, genetics, virology, agronomy, engineering, chemistry, medicine and veterinary, among others). It has been used by man since the beginning of history in activities such as the preparation of bread and alcoholic beverages, or the improvement of crops and domestic animals. Historically, biotechnology involved the use of organisms to perform a task or function. If this definition is accepted, biotechnology has been around for a long time.

Modern biotechnology is comprised of a variety of techniques derived from research in cellular and molecular biology, which can be used in any industry using microorganisms or plant and animal cells. This technology allows the transformation of agriculture. It is also important for other carbon-based industries such as the energy, chemical and pharmaceutical sectors, and in waste or waste management. It has a huge potential impact because life sciences research is making fast progress and the results not only affect a broad range of sectors but also facilitate linkage between them.

For example, successful results in fermentation of agricultural wastes could affect both the energy sector and agribusiness sectors, and also have a favourable environmental effect.

One example of modern biotechnology are genetic modified organisms (GMOs). Dr Carlos Andaluz, in his book Environmental Law Manual, defines GMOs as follows:

"GMOs are plants or animals created from genetic manipulation, containing genes transferred from another organism. This procedure can be done between plants of the same species, between species not related, or even transferring genes from a plant to an animal and vice versa. (...) A GMO is one that has incorporated a foreign gene from another organism, thanks to the genetic manipulation that allows the transfer of a gene from an organism and insert it in another."

"This technique has broken the natural barriers for the reproduction and creation of living beings, because under natural conditions it is only possible to cross plants or animals of the same species."

For thousands of years, farmers have been altering the genetic structure of the crops they sow. Man-made selection to obtain characteristics such as faster growth, larger seeds or sweeter fruits has significantly modified plant species compared to wild relatives. The development of molecular biology techniques has provided man with tools that allow him to access and manipulate the DNA of organisms. One of the applications of what has been called 'genetic engineering' is the development of molecular techniques for the genetic modification of a variety of plants, animals and microorganisms used as food or involved in the process of obtaining food. These foods are called 'transgenic' foods because they come from organisms that carry genetic material belonging to unrelated species that have been transferred via genetic engineering.

But, over the past few years, some groups of people (mainly ecological activists) have opposed the creation of GMOs, arguing that some dangers of transgenic products include genetic pollution, soil pollution, loss of biodiversity, development of pest resistance, and effects on ecosystems that may be irreversible and unpredictable.

In Peru, there is no issue that generates more debate, controversy and even passion than that of transgenics and their entry, use or release in the territory of our country. When we refer to transgenics, the debate may refer to their use in manufactured products and the need to find sufficient information in the labelling for the consumer to make their own decision; their use in pharmaceutical, veterinary or other sectors; or their entry and liberation in our territory.

The main reason for this debate in our country is that GMOs are absolutely new to the planet, and no one knows how they will behave when they enter the environment. Inserting a genetically modified plant in a location that is the centre of origin of its relative species could generate negative effects. GMOs could also affect technological, socioeconomic and cultural aspects, and even have an impact on food security and the present and future quality of life.

As a consequence of this concern, rules and mechanisms to prevent and control the impact, and negative effects, of research, production,

release and introduction of new species or genetically modified products developed by conventional biotechnology were first drafted. This is known as biosecurity.

The regulation of biosecurity in Peru began in 1999, when Congress issued Law No. 27104, the Law On The Prevention Of Risks Arising From The Use Of Biotechnology. This law focuses on modern biotechnology. This legal framework is intended to promote "research, production, introduction, transport, storage, conservation, exchange, marketing, contained use and release of GMOs under controlled conditions" and to protect human health, the environment and biological diversity.

Excluded from the law are activities in the human genome, vaccines applied to humans, GMOs obtained from traditional or conventional techniques, and in vitro fertilisation, among others.

Three years later, through Supreme Decree No. 108-2002-PCM, the institutional framework was established, designating three competent sectoral bodies (CSOs) whose role is to implement their respective Internal Sectoral Biosafety Regulations: the National Institute of Agrarian Innovation (INIA), for the agricultural sector; the Vice-Ministry of Fisheries, for the fishing sector; and the General Directorate of Environmental Health (DIGESA), for the health sector.

In 2004, through the Legislative Decree No. 28170, Congress ratified the Cartagena Protocol on Biosafety (CPB), which aims to contribute to ensuring an adequate level of protection in the field of the safe transfer, handling and use of living modified organisms resulting from modern biotechnology that may have adverse effects on the conservation and sustainable use of biodiversity, taking into account risks to human health and specifically focusing on transboundary movements.

One point we must highlight from the CPB is that the signatory states may adopt more stringent regulations to the CPB, but are required to the respect the Advance Informed Agreement, by which the country of import has the following rights: to be notified of the proposed transboundary movement; to receive information about the GMOs and their proposed uses; and to have the opportunity to decide whether or not to allow the import of GMOs, and under what conditions.

In spite of the approved regulatory framework, the lack of sectoral regulations on the procedures effectively represented an end to the entry and release to the environment of GMOs. In addition, the lack of information on the subject and the need to strengthen national capacities in biosafety generated a growing trend of opinion that demanded a moratorium aimed not only at controlling unwanted GMOs but also in preparing for the adoption of an informed and technical decision at the end on the same.

In this context, in November 2011, Congress approved Law No. 29811, a law that establishes a moratorium on the entry and production of GMOs in the national territory for a period of 10 years, and which aims to strengthen national capacities, develop infrastructure and generate the baselines in relation to native biodiversity.

It should be noted that GMOs, whether for direct use as food, for use in processing, for confined research-focused use, or for regulated pharmaceutical and veterinary products by the World Health Organization (WHO), are excluded from the Moratorium Act.

Finally, if we talk about protecting the rights of the plant breeders, we must mention that, since 1996, our country has had special legislation to protect new plant varieties, including transgenic, developed under any method of plant breeding (discipline responsible for creating new varieties or hybrids of plant species) thus promoting and encouraging technological development and agricultural research, with the aim of consolidating a sustainable production system.

The problem with this law is that it restricts the development of research, and the creation and development of better agricultural techniques for our country.

In conclusion, we can say that biotechnology in Peru has not been able to reach its potential, fundamentally because there is no incentive on the part of the government to develop the research activities and scientific creation in general, nor access to proper modern biotechnology.

As we said, transgenics are patentable, but all the legal frameworks and laws that regulated the procedures to obtain the admission for using GMOs were repealed by the new government, due to political reasons and rivalries with the previous government, to obtain a free way to enact anti-technological laws that restrict access to new technologies.

We agree with the position of former minister of the environment Antonio Brack, who pointed out: "Peru is one of the largest gene banks in the world, and its defence and projection is a task for all of us. If all biodiversity and traditional knowledge could obtain a patent right, our country would be in a better position to deal with GMOs and allow the consumer to make the final decision without moratorium laws restricting access to new technologies and knowledge." IPPro

Jesus Cuba
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All change in Zambia

Inês Monteiro Alves, attorney at Inventa International, discusses Zambia's issuance of the commencement orders on new intellectual property acts

The Republic of Zambia is currently under a major restructure in industrial property and, following the issuance of the commencement orders on new intellectual property acts, these have now become operational.

The major changes consist of the following new acts:

- The new Patents Act, No. 40 of 2016, which replaces the previous act on patents (Chapter 400 of the Laws of Zambia)
- The new Industrial Designs Act, No. 22 of 2016, which replaces the previous Registered Designs Act (Chapter 402 of the Laws of Zambia)
- The Protection of Traditional Knowledge, Genetic Resources and Expressions of Folklore Act, No. 16 of 2015

Even though the laws have already come into force, their regulations are still to be issued and, until then, the previous regulations under the repealed acts shall be applicable, pending the issuance of the new regulations. These new regulations consider the provision of Section 15 of Chapter 2 of the Laws of Zambia, which determines: "Where any act, applied act or ordinance or part thereof is repealed, any statutory instrument issued under or made in virtue thereof shall remain in force, so far as it is not inconsistent with the repealing written law, until it has been repealed by a statutory instrument issued or made under the provisions of such repealing written law, and shall be deemed for all purposes to have been made thereunder. Effect of repeal of written law on statutory instrument made under it."

At this moment, it is deemed necessary to analyse the new package of industrial property legislation in Zambia.

The new Patents Act, No. 40

The new Patent Act determines for some important modifications regarding the protection of inventions, starting with the provision of novelty. The new law now provides for absolute novelty of the invention object of protection. In addition, the exclusions on the patentability are currently in line with the international regulations, which did not occur until today.

The previous act missed a provision on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure, determined by the Budapest Treaty, which is currently determined under the new act. In this context, the new law determines for the disclosure requirements of inventions involving genetic resources and traditional knowledge.

The new law also recognises international applications under the Patent Cooperation Treaty (PCT) and the enforceability of the same through the national phase for Zambia, a situation which was not foreseen under the previous patent act.

The duration of the patent was also subject to modification. The new law determines that the duration of a patent in Zambia is 20 years, with an option to extend the term in certain circumstances. Contrarily, the previous legislation determined that the duration of a patent was 16 years, with the possibility of being extended for a period of five years and, in exceptional cases, for a period of 10 years.

The new patent act also provides changes in relation to the possibility of restoring a patent, in addition to the possibility of registration of utility models, previously not foreseen.

The new Industrial Designs Act, No. 22

As for the new Industrial Designs Act, No. 22 of 2016, which replaced the previous Registered Designs Act (Chapter 402 of the Laws of Zambia), it is possible to also appoint a few major alterations in relation to the previous legislation on the subject.

The major contribution of this law resides on the fact that the owner will be able to rely on an effective industrial property right, contrarily to what occurred with the previous Design Act of 1958, considering that the registration of a design in Zambia only conferred, until the approval of the current law, the protection by copyright.

Despite this significant change, other innovations of the present law may be summarised in a few points.

To begin with, the new act provides detailed information on the requirements and procedures involved in design registration, as well as the cancellation of registered designs. The current legislation on designs is now very clear about the registration procedure, offering detailed provisions regarding the examination, publication and opposition proceeding of design applications.

As for the requirements of protection, there have been amendments regarding the criteria of protection. As per the new law, "absolute

novelty" is required so that a design could be subject to protection, thereby modifying the previous criteria of novelty.

In addition to this requirement, the new law introduces the requirement of the design's individual character, which was not determined in the previous act.

In what the procedures of registration refer to, apart from the detailed registration process, it seems relevant to point out that it is now possible for a third party, including the state, to oppose the registration of a design within a period of two months from the publication date, determined under article 43.

The duration of the design protection was also modified, and at this moment it is no longer possible to renew the registration of a design for more than two consecutive periods of five years, but only for one. Therefore, the total duration of registration of a design in Zambia shall be 10 years rather than the period of 15 years.

Two more important notes on licensing, and the creation of designs by employees during the course of the employment contract.

Licence contracts are now mandatory to be registered before the registrar, which has the power to refuse the registration of the license in case the contract imposes unjustified restrictions on the licensee. Moreover, unless the contract is not registered, this shall not be effective against third parties, in accordance to article 78 of the new law.

As for the creation of designs by employees during the course of the employment contract, it is determined that this belongs to the employer. However, as per article 45, in the circumstance the design acquires a much greater economic value than that the parties could have foreseen at the time of the conclusion of the contract, the employee shall be entitled to an equitable remuneration to be agreed upon by the parties or in default, to be determined by the court.

In addition, one note on the possibility of filing international design applications under the Harare Protocol adopted by African Regional Intellectual Property Organization (ARIPO), previously not foreseen under the law.

The Protection of Traditional Knowledge, Genetic Resources and Expressions of Folklore Act, No.16

This law is a main innovation in the country, intended to protect indigenous knowledge, expression of folklore and the indigenous genetic resources of Zambia. The act encourages members of indigenous communities to register their industrial property rights in order to benefit from the cultural background the country has to offer.

Finally, the new Trademarks Act is expected to be issued before the end of 2017 and shall introduce service trademarks along with the international registrations.

The approval and entry into force of the new package of legislation on industrial property in Zambia is a major development for the country that keeps constantly seeking to keep up with the international regulations in order to obtain the confidence of foreign investors.

It is now certain that a country that provides for legal certainty in matters of industrial property is seen by stakeholders as a place to invest. IPPro

> ***"This law is a main innovation in the country, intended to protect indigenous knowledge, expression of folklore and the indigenous genetic resources of Zambia"***

Inês Monteiro Alves, patent and trademark attorney, Inventa International

Diagnosis? Unpatentable

Diagnostic methods aren't always patentable in India. Uma Baskaran of Krishna & Saurastri explains the law

Diagnostic methods are useful in confirming or identifying a medical illness and are an important tool in the treatment of a disease. Medical practitioners depend significantly on the diagnostic results to decide or manage the treatment strategy of a patient. Diagnostic methods have become a vital part in health care industry.

Diagnostic methods can be invasive, such as laparoscopic methods, or non-invasive methods that include imaging techniques such as x-rays, ultrasounds, MRIs and laboratory tests. The technological advancement in this area of science in the recent years has helped not only the accurate treatment of a disease but also in prevention of disease by way of preventive treatments and lifestyle changes.

Protection of such technological advancements in diagnostic methods depends on the laws of a country. The agreement on Trade-Related Aspects of IP rights (TRIPS) allowed member countries to include such patentability exclusion to diagnostic methods. India, after signing the TRIPS agreement in 1995, introduced such an exclusion by virtue of the Patents (Amendment) Act 2002.

Therefore, a method of diagnosis, for example, identifying the nature of a medical illness by investigating the history and symptoms of the illness, is per se excluded from patentability in India. Not only a method of diagnosis, but also a process for medicinal, curative, prophylactic (diagnostic and therapeutic) treatment of human beings

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or any process for a similar treatment of animals to render them free of disease is excluded from patentability under Section 3(i) of the Patents Act, 1970. Invasive diagnostic methods are considered surgical methods, as these invasive methods have to be performed on a human body and are hence excluded from patentability. However, medical devices used for diagnosis and diagnostic kits are not excluded from patentability under Section 3(i).

Nonetheless, in the absence of specific guidelines for examination of diagnostic methods in India, the Indian Patent Office has allowed patenting of inventions relating to methods that circumvent the diagnostic method exclusion. Set out here are some claim formats which may be allowed in India.

Kit claims or claims that are directed to an assay, and do not relate to identification of the nature of medical illness may be protected. An in vitro method for identification of biomarkers may be allowed, since, such methods are not practised on a human body. However, in vitro methods that result in an identification of the nature of an illness would still be considered non-patentable. Therefore, in vitro methods are patentable, provided that the said method is not for identification of the nature of a medical illness. For example, a prognostic method or a risk stratification method that is performed outside the body is one that could be allowed.

The prognostic method or the risk stratification method would predict the risk of a subject getting a disease and not identifying a medical illness. Therefore, such methods circumvent diagnostic methods and become a patentable subject matter. The examination of such prognostic methods and risk stratification methods are conducted critically. When the prognosis of a disease is for an individual who is a healthy subject, there is a risk that the method of prognosis could be considered as identification of a disease or a medical illness as the subject is a healthy subject and such a prognosis would lead to identification of a disease. Therefore, the claims have to be drafted such that it does not fall under the ambit diagnostic method.

Risk stratification methods may be easier to prosecute compared to prognostic methods as risk stratification classifies a subject based on the level of markers to different risk groups and can be easily differentiated from a diagnostic method.

Diagnostic methods are also often objected even under Section 3(m) of the Patents Act. It also excludes a method of performing a mental act. Diagnostic method claims often include a step of comparing and correlating data obtained by determining a marker for identifying a disease.

Comparing and correlating data is considered as performing a mental act. Further, such an act would be performed by a medical practitioner and therefore would fall under a method of diagnosis. Therefore, a technical method step in the claim becomes essential to avoid section 3(m) of the Patents Act. For example, the method can include a technical step of determination of a marker by an immunoassay or details of the immunoassay could be included in the claim to circumvent the exclusion under Section 3(m).

Typically, while filing patents for inventions related to diagnostic methods worldwide, patentability requirements in various jurisdiction have to be considered primarily. The specification and the claims may have to be amended during the prosecution to overcome the objections related to patentability of diagnostic method claims in various jurisdictions.

Amendments of a diagnostic method claim to a prognostic method or a risk stratification method is often done to overcome 3(i) or 3(m) objections during prosecution. Amendments to specification and/or claims are very restricted in India even before the grant of the patent. Amendments cannot be carried out without literal support of the amendment in the specification and/or claims.

An example or a detailed description showing the method steps for prognosis or risk stratification would be helpful, as the specification would cover a diagnostic method as well. The mere mention of prognosis or risk stratification in the specification may not be sufficient as a support for the method steps as it could be easily challenged even if the claims are allowed. Therefore, it would be prudent to have sufficient disclosure in the specification to carry out such amendments.

Further, as different jurisdictions around the world have different requirements, sufficient disclosure to support possible amendments becomes necessary when it comes to diagnostic methods. IPPro

> ***"The mere mention of prognosis or risk stratification in the specification may not be sufficient as a support for the method steps as it could be easily challenged even if the claims are allowed"***

Uma Baskaran, patent agent, Krishna & Saurastri

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Case report: Toshiba v Powerchip

In this case report, Yu-Li Tsai of Deep & Far explores how the Taiwanese IP Court calculates damages by looking at unjust profits, to offer an idea of how these unclaimed damages will be calculated in the future

The plaintiff,Toshiba Memory Corporation is the patentee of Taiwan Patent No. 154717 'non-volatile semiconductor memory' (Patent I) and Taiwan Patent No. I238412 'semiconductor integrated circuit' (Patent II). When Patent I is incorporated into the elements of the NAND flash memory product, it can be used to prevent the inhibitory potential leakage of the memory cell channel connected to the non-selected bit line, that is, to prevent the occurrence of writing errors.

When Patent II is incorporated into the elements of the NAND flash memory product, it can be used to reduce the number of outputting success-failure results, and thus can reduce the time required to write the entire data.

The defendants, Powerchip Technology Corporation (Powerchip) and Zentel Electronics Corporation (Zentel), are designers and manufacturers of certain NAND flash memory products including model numbers: A5U1GA31ATS- BC (Product I); A5U2GA31BTS-BC (Product II); and A5U4GA31ATS-BC (Product III).

On 27 May 2014, the plaintiff sued the defendants at the Intellectual Property Court and asserted that the defendants' products infringed on certain claims of the Patents I and II. The plaintiff claimed for monetary compensation of 200 million Taiwan New Dollars (NT$).

On 12 October 2015, the IP Court made an intermediate judgment that patents I and II are valid and Products I to III fall within the scopes of the asserted claims of Patents I and II. The IP Court in the current final judgement is to continue examining the liability and amount of damages for which the defendants should be responsible.

The paid-up capital of Powerchip is NT$22.1 billion, and the paid-up capital of Zentel is NT$64 billion. The two companies' registered businesses are in the electronic components manufacturing industry. Zentel subcontracted Powerchip to manufacture wafers, and further subcontracted others to cut, package, and test the wafers into saleable products I to III. Products I to III were then sold under Zentel's brands and model numbers. The wafers manufactured by Powerchip had all the technical features of Patents I and II.

The main issues are around whether the defendants had intention or negligence for conducting infringement; and whether the defendants have joint liability for damages, and what amounts of damages should be compensated.

Holding and reasoning

The defendants had negligence in infringement. Both of the defendants, Powerchip and Zentel, are entities with large-scale capital, and are professional manufacturers with their main business of manufacturing and selling NAND flash memory products, so both of them should have taken due care to investigate the other's patented techniques.

Therefore, when Powerchip and Zentel failed to conduct necessary investigation, and then manufactured and sold Products I to III infringing on the plaintiff's Patents I and II, they were definitely culpable of negligence.

Yes, the defendants have joint liability for damages because Article 185 of Civil Code provides that if several persons have wrongfully damaged the rights of another jointly, they are jointly liable for the injury arising therefrom.

In addition, the damages are calculated according to Article 97(1)(2) of Patent Act "the profit earned by the infringer as a result of the patent infringement".

Regarding the profit obtained from Zentel's sales of the infringing products which Zentel subcontracted Powerchip to manufacture, Zentel and Powerchip are jointly liable. In addition, regarding the profit obtained from Powerchip's manufacturing acts beyond the subcontract, only Powerchip is liable for damages.

Both kinds of damages, however, can still constitute a non-essential joint-but-severable liability, because their purposes are to compensate for the same person's damages despite their separate causal relationships.

Powerchip's estimated total sale amounts from 2011 to 2014 were US$16.5 million; US$11.1 million; US$11.1 million; and US$1.5 million, respectively. The discovered annual gross margins from 2010 to 2015 were 9 percent, -42 percent, -40 percent, 36 percent, 36 percent and 34 percent, respectively. But, the negative annual gross margins of 2011 and 2012 were due to Powerchip's loss on DRAM products, so the annual gross margins related to Products I to III should not be negative values. Therefore, the IP Court finally adopted a favourable value to the defendants for the annual gross margins of 2011 and 2012, that is, 9 percent.

In sum, Powerchip's earned profit from manufacturing and selling infringing products are US$7.02 million, which is equivalent to NT$214.1 million.

Because the plaintiff only claimed for monetary compensation for NT$200 million, the IP Court decided Powerchip is liable for the unjust enrichment of NT$200 million.

The court discovered Zentel's annual sale amounts for 2012 to 2015, and January to May 2016, were NT$48.56 million; NT$182.56 million; NT$229.08 million; NT$121.49 million and NT$39.65 million, respectively.

In addition, according to discovered data, Zentel's annual gross margins from 2012 to 2015 were 15 percent, 17 percent, 17 percent and 14 percent, respectively.

No data was recorded for annual gross margin for 2016, so the IP Court finally adopted the most favourable value to the defendants—that is, 14 percent—to calculate Zentel's earned profit of NT$99.82 million from selling Products I to III, and held that Zentel is jointly liable with Powerchip for this sum. To evaluate whether the damages calculated above should be adjusted, the IP Court further considered the contribution of the patents to the price of the products.

Patent I can prevent the inhibitory potential leakage of the memory cell channel connected to the non-selected bit line, and prevent the occurrence of writing errors.

The techniques of Patent I have important contributions for improving the utility of the products, and the technical features of Patent I cannot be separated from the entirety of each product, so the basis for calculating damages should be the total price of all the products.

Patent II can reduce the number of outputting success-failure results, and thus reduce the time required to write the entire data. The contribution of Patent II to the products is a key portion of the products and the value of the products will be lost in the absence of Patent II. Therefore, the technical features of Patent II cannot be separated from the entirety of each product, and the basis for calculating damages should be the total price of all the products.

In view of the above, the IP Court held that there is actually no need to consider the contribution of the patents to the price of the products when calculating damages, because the technical features of Patents I and II cannot be structurally separated from the other parts of the products. In other words, the contribution is 100 percent.

Decision

The IP Court handed down this case on 5 July 2017 and decided that the defendant Powerchip is liable for damages in the amount of NT$200 million. Under the amount of NT$200 million, the defendant Zentel is jointly liable with Powerchip for the sum of NT$99.82 million.

Conclusion

This case is one that the IP Court decided for the plaintiff with damages of more than NT$100 million, which is extremely rare, compared to the past court practices. On 29 June 2017, an appeal tribunal of the IP Court handed down a Civil Patent Appeal No. 24 2016 judgement on the Koninklijke Philips NV v Gigastorage Corporation case.

In the preceding Civil Patent Sue No. 38 2014 instance, the plaintiff Philips sued defendant Gigastorage for infringing its patent related to DVD-R techniques and claimed an amount of NT$1.05 billion.

The first instance of the IP Court rejected the plaintiff's claims, but the appeal court reversed the decision and held that the defendant shall compensate the plaintiff the full amount.

From these instances in the court practices and decisions, it is believed that Taiwan will become a jurisdiction much friendlier to the patent owner.

Therefore, we believe that the practices in how to claim monetary remedies and calculate damages or compensation, which is sometimes described as the last mile for realising the value of a patent, will become a key issue here in the future.

In particular, the accounting of defendant's profits is the most common way to claim for damages by the plaintiff. IPPro

> ***"The practices in how to claim monetary remedies and calculate damages or compensation, which is sometimes described as the last mile for realising the value of a patent, will become a key issue here in the future"***

Yu-Li Tsai, patent attorney, Deep & Far

One Belt, One IP

As the One Belt One Road initiative broaches non-core investments, Duan Xiaoling and Wu Jinhua detail an agreement between China and Cambodia

On 21 September 2017, Shen Changyu, the commissioner of the State Intellectual Property Office of China (SIPO), met with Cham Prasidh, the Cambodian minister of commerce and minister of industry and handicrafts, in Beijing, and the two sides signed a memorandum of understanding. The agreement is a milestone in Chinese and Cambodian intellectual property cooperation. The main contents of the agreement include:

- Valid patents for invention granted by SIPO can be validated through direct registration and obtain protection in Cambodia
- Relevant departments of SIPO will provide invention patent application searches and evaluation services for the ministry of industry and handicrafts of Cambodia
- Both sides will also cooperate in human resources development and experience sharing in intellectual property and speed up consultations on relevant procedures

Intellectual property protection has caught more and more attention all over the world and it has become a common desire to carry out international cooperation and resource sharing in intellectual property. Cambodia has made rapid progress in the field of intellectual property protection. On 8 December 2016, Cambodia officially joined the Patent Cooperation Treaty (PCT) and became the 151st member; and on 25 February this year, Cambodia officially joined the Hague Agreement, becoming the 66th member. On 23 January 2017, Cambodia and the European Patent Office signed an agreement allowing the European patents protection to extend to Cambodia. The agreement came into force on 1 July 2017, making Cambodia the first Asian country to recognise European patents.

China has elevated intellectual property development as a national strategy. China has maintained a close and friendly cooperative relationship with Cambodia, an important connection point along the One Belt One Road initiative. The in-depth cooperation between the two countries in the field of intellectual property can provide better services for the innovative entities of both countries, enrich the contents of the comprehensive strategic partnership between China and Cambodia, and also serve the common interests of the countries and regions along the One Belt One Road initiative.

The signing and implementation of the Sino-Cambodian memorandum of understanding not only benefits Chinese domestic patent owners, but also has important significance for foreign proprietors owning Chinese patents. After the agreement comes into effect, the applicants from all countries filing invention patent applications in China can directly register and validate the patent in Cambodian intellectual property authority if they obtain the grant of the patent and keep the patent valid. It is helpful to simplify current long and complicated examination procedures, save the costs of the applicants, and thus provide a quick and convenient protection approach in Cambodia for the proprietors owning Chinese invention patents. This situation will boost more enterprises from all countries, including China, to make patent investment in Cambodia. Also, it will promote the establishment of the modern protection system of intellectual property and accelerate the economic development of Cambodia. IPPro

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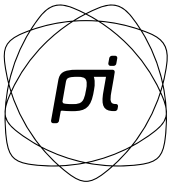

PRACTICE INSIGHT
we provide transparency

Maximising your assets

Doris Spielthenner of Practice Insight describes the company's range of intellectual property analytics tools and how they can help a sales strategy

Sales in any industry most often depends on finding someone whose business problem can be solved by your solution. As easy as that may seem, there are still quite a few factors that come into play when trying to close that sales deal.

For example, what is the customer's pain point or business problem, do they even know that they have one? Is your solution the right fit for it? Is the person that you have been dealing with throughout the sales process the one with the purchasing power, or do you have to 'on-sell' the product to other decision makers in the company?

Is the potential customer fully aware of the value that the product can bring to their company? Do they understand the full scope of it and have a vision of the organisational and operational processes that may have to change upon usage of the product? So, how do you know who are the right targets to approach to enable a successful sales process? With the latest intellectual property big data tools you can easily identify them.

Although, inherently, IP databases may have been primarily designed for research use, many IP law firms and service providers are utilising them to try and obtain their initial sales leads, based on patent filing count in a particular jurisdiction, frequency of patent filings in a technology area, analysis of patent filing routes, or entry modes

Sure, this way you can get some sales leads, but that isn't enough, and the results are not always optimal. It will always be a compromise between your resource time and the time that it takes your team to follow up on the leads. Furthermore, there are other variables at play, sometimes the leads can be stale—the company may have a strong representation in the region already, or maybe they are in the process of shifting to another region, which then makes the data not relevant anymore.

In some scenarios, you may have to redo the whole exercise again to obtain the latest data based on those variables, and you also may need to train your business development colleagues on how to access and interpret the IP data correctly.

Practice Insight's Filing Analytics is a patent database that bridges the gap between business development and patent data. It offers a user-friendly interface to IP big data, covering case flows between law firms and applicants across different regions. It enables you to shortlist whom you should focus your sales energy on for maximum impact. In short, it shows you who has got work in their pipeline and who needs support.

The platform enables searches by applicant, where you can see their global (and regional) representation to find out which law firms they work with or which portion of their filings are self-filed. Effectively, the entire collaboration history of the applicant with law firms is available for your analysis and business development planning by using the 'Browse Applicants' functionality.

Of course, you can start with a region and a technology area to get a list of most active applicants—in case you don't have a target applicant.

Further, within applicant details, you can find their recent filings with the name of the law firm representing them for each filing case. This view can be an indicator for the amount of work the applicant has on their plate and where and how you can plan an entry.

Additionally, you can browse law firms to see their case-flow sharing and reciprocity with their partner firms across jurisdictions. Essentially, you would get all information on their incoming and outgoing filings and their agent network with further details on their clients and cases.

An additional use of the tool is real-time ideas, which shows applicants you should meet with when you are visiting a city, or if you just want to check the market share of other law firms in an area. This 'Map Explore' tool can be a starting point for your sales research as well—followed by a detailed view of the representation of the applicant or the partnerships/collaborations between law firms. This tool allows shortlisting by 'Jurisdiction', 'Technology Area', and 'Time Period' section so you can choose as per your preference on what to tackle first.

While business development is very important to make sure your sales conversions are high, client retention is just as important. Keeping your clients happy is the norm—it's what's expected. The real question is how to keep providing them with value. Paraphrasing Steve Jobs, one must "get closer" to the customers, "so close that you tell them what they need well before they realise it themselves".

It's easier said than done, as this would need your complete focus and regular monitoring of your clients business activities to know which of your solutions would be the ideal fit for them.

However, there is one patent data tool that can easily keep a track of your clients' needs, and that is 'Citation Eagle'.

Citation Eagle is an effortless patent citation monitoring tool that can monitor activities relevant to your client's patent portfolio in a matter of seconds, and keep a tab on it. You can send your client not only actual leads but also other information they might find interesting, such as:

- Which patents from their closest competitors are being cited the most (in real time)?
- Which patents from their closest competitors have received some 'highly relevant' citations?
- Which companies are citing their patents?
  - Even when the citations are not 'highly relevant' or actual licensing leads, they can be a good way to know whether there are some upcoming products they should be aware of
  - In some cases, 'not so relevant' citations can be alternative products that can capture the market share in a few years, once the product is out in the market
- Interesting cross-industry citations (usually great insights on upcoming innovations) outside their industry?
  - If an automotive player is citing a home battery patent or a major ecommerce player is citing a pharmaceutical patent, these are sure-fire ways of pinpointing a big outside entry into their space
- Are there interesting (and strong) university patents?

Even if these leads may not be actionable immediately for your client, the fact that you are providing valuable patent infringement, opposition or licensing opportunities to them demonstrates that not only are you looking after their IP assets but that you can assist them in making their assets more valuable. This is a great value-add for your clients that not only drives retention and loyalty, but will help ensure that your clients remain with your law firm and not stray to your competitors.

Practice Insight, the developers of Filing Analytics and Citation Eagle, designed the user-friendly products in close consultation with patent lawyers and licensing experts to ensure that the results you receive are highly relevant and can provide real business and revenue growth.

You can try out both these tools for free and reap the benefits for yourself. Sign up for a free Citation Eagle trial at citationeagle.com or visit filinganlytics.io to download a free law firm business intelligence report. IPPro

> ***"Citation Eagle is an effortless patent citation monitoring tool that can monitor activities relevant to your client's patent portfolio in a matter of seconds, and keep a tab on it"***

Doris Spielthenner, general manager, Practice Insight

New hires at BakerHostetler, Fish & Richardson, and Latham and Watkins

BakerHostetler has hired Pierre Yanney as partner in its New York office and patent litigation team.

Yanney previously worked at Stroock & Stroock & Lavan where he was partner. His practice focuses mainly on patent litigation and prosecution in high-tech industries, including electronics, telecommunications and medical devices.

He has practised across the US Federal and District Courts, as well as before the US Court of Appeals for the Federal Circuit and the US Patent and Trademark Office.

Mark Tidman, chair of BakerHostetler's IP group, commented: "We pride ourselves on attracting team members with a combination of intellectual strength, legal prowess and technical talent—and Pierre Yanney epitomises that. He has an appreciation for technology that recalls his roots as an engineer, and his 25 years in patent litigation and prosecution enable him to distill complex details in the courtroom. His track record speaks for itself."

Yanney said: "Protecting a company's IP portfolio requires a deep bench of attorneys who have the technological insight to create a customised approach."

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He added: "BakerHostetler's IP practice is the robust platform my growing clients need, and I'm excited they'll be able to tap into these resources."

George Stamboulidis, managing partner of the firm's New York office, said: "Pierre Yanney's experience with portfolio expansion and enforcement makes him another key player on an already all-star team."

He added: "Our clients will benefit from his deep technical training, along with his ability to both litigate and prosecute matters related to their intellectual property."

Patent and trade secret lawyer Katherine Prescott has returned to Fish & Richardson as of counsel.

Prescott will work out of the firm's Silicon Valley office, focusing on patents and trade secrets in a range of technologies, including software, medical devices and consumer products.

She previously worked at Fish & Richardson from 2001 to 2009, after which she served at Apple as in-house counsel until 2013. Since then, she has held positions at law firms WilmerHale and Miclean Gleason.

Michael Headley, managing principal of Fish & Richardson's Silicon Valley office, commented: "Katherine Prescott's return to our Silicon Valley office adds tremendous strength to our team's ability to provide our clients with long-term plans and solutions, as well as creative and winning litigation strategies to protect their innovative products and services and to defend against accusations of infringement."

Kevin Wheeler has joined Latham Watkins as a partner in its Washington DC office.

Wheeler is an intellectual property litigator with previous experience in patent and trade secret cases.

Prior to his new role, he served at Fish & Richardson disputing cases before the US International Trade Commission and Patent Trial and Appeals Board.

Wheeler focuses mainly in the technology and chemical sectors and has represented companies including Microsoft, Asus and LG.

Matthew Moore, co-chair of the firm's IP practice, said: "Kevin Wheeler brings sharp business acumen and formidable advocacy skills to our trial-ready team as we continue to pursue the most complex disputes across all types of IP claims."

"By drawing on his sophisticated experience and intellectual firepower, Wheeler will help us navigate cutting-edge issues as they arise in our field." IPPro