Merchant &Gould

ETHICS IN IP

MIPLA STAMPEDE May 2017

Presented By

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Topics to be Covered

- Current and Former Client Conflicts
- Impact on Prosecution and Opinions
- Advance Consents
- Ethical Screens
- Trademark Investigations
- Export Controls
- Status of Copyright Bad Actors
- Changing Inventorship
- Protecting Privilege

Suggested Reading and Acknowledgments

- Minnesota Legal Ethics, A Treatise by William J. Wernz (Sixth Ed. 2016)
- freivogelonconflicts.com (William Freivogel)
- ALAS

Conflicts of Interest (or how to avoid getting burned)

- Conflicts in IP can be convoluted
  - Identification of Who is the Client
  - What is the scope of the representation
  - Subject Matter Issues
  - Opinions and Office Actions
  - Waivers
  - Engagement Letters Generally

Let's Start at the Very Beginning

- Who is the client?
- What is the scope of the representation?
- Waivers and Advance Consents
- The Engagement Letter is your friend

The Client

- Who is the client?
  - The inventor
  - The company
  - Officers of the Company
  - Affiliates of the Company
  - Assignee, NDA Holder, Indemnifier
  - Foreign Counsel

The Client Continued (Inventors)

- The subjective belief of the party
- Juries think lawyers are organized and write down everything
- Document it. Letter to inventor that you represent employer only and that POA or Declaration is for limited purpose of prosecuting patent for employer

Inventors and Assignments

- Section 118 of the AIA, confirm that employee has assigned or is required to assign before filing application
- Prepare the assignment documents for corporate officer to present to employee along with declaration
- Timing is critical especially in foreign countries (e.g. UK, and Europe). See *Edwards Lifescis AG v. Cook Biotech Inc.* (2009) EWHC (Pat) 1304 (Eng) and European Patent Convention Art 72

Scope of Representation

- Scope of Representation
  - How broadly defined
  - Availability Search
  - Applications (domestic v. foreign)
  - Annuities
  - DANGER with transfer ins

Current Client Conflicts

- **Rule 1.7 Conflict of Interest: Current Clients**

- (a) Except as provided in paragraph (b), a lawyer shall not represent a client if the representation involves a concurrent conflict of interest. A concurrent conflict of interest exists if:
- (1) the representation of one client will be **directly adverse to another client**; or
- (2) there is a **significant risk that the representation of one or more clients will be materially limited** by the lawyer's responsibilities to another client, a former client or a third person, or by a personal interest of the lawyer.

- (b) Notwithstanding the existence of a concurrent conflict of interest under paragraph (a), a lawyer may represent a client if:
- (1) the lawyer **reasonably believes that the lawyer will be able to provide competent and diligent representation** to each affected client;
- (2) the representation is not prohibited by law;
- (3) the representation does not involve the assertion of a claim by one client against another client
- represented by the lawyer in the same litigation or other proceeding before a tribunal; and
- (4) **each affected client gives informed consent, confirmed in writing**.

Obvious Direct Adversity

- Suing a party and defending a suit brought by a party
- Representing both buyer and seller
- Representing a buyer in negotiations with a seller (whom the lawyer represents solely on an unrelated matter)
- Acting as an advocate against a client
- Cross-examining a client in certain circumstances

Material Limitations

- Material Limitation
  - The desire not to offend, or become too adverse to, another client, or a party with whom the lawyer has some relationship, that may cause the lawyer to provide a less than-zealous representation
  - “Pulling a punch”
  - “a ‘soft,’ or deferential, cross-examination

Direct Adversity in an IP Context, Non Infringement Opinions

- *Andrew Corp. v. Beverly Manufacturing Co.*, 415 F.Supp.2d 919 (N.D. Ill. 2006). Law firm prepared opinion letters for one client indicating that it did not infringe the patents of another client of the merged firm. Court held the opinions were not competent due to the conflict

- Philadelphia Bar Association Professional Guidance Committee Opinion 2012-11 (Jan 2013). Preparing a Notice Letter on behalf of one client alleging non infringement of another client's patent is direct adversity

Direct Adversity in an IP Context, Invalidity Opinions

- Virginia State Bar Standing Comm. on Legal Ethics Op. 1774 (2003)
- Drafting an opinion to assist one client to invalidate a patent of another client is direct adversity
- Invalidating a patent of a client could be detrimental to that client and could adversely affect the relationship between the client and the firm
- The representation can only continue if the attorneys reasonably believe that the representation will not adversely affect the representation of the second client and both clients consent after consultation

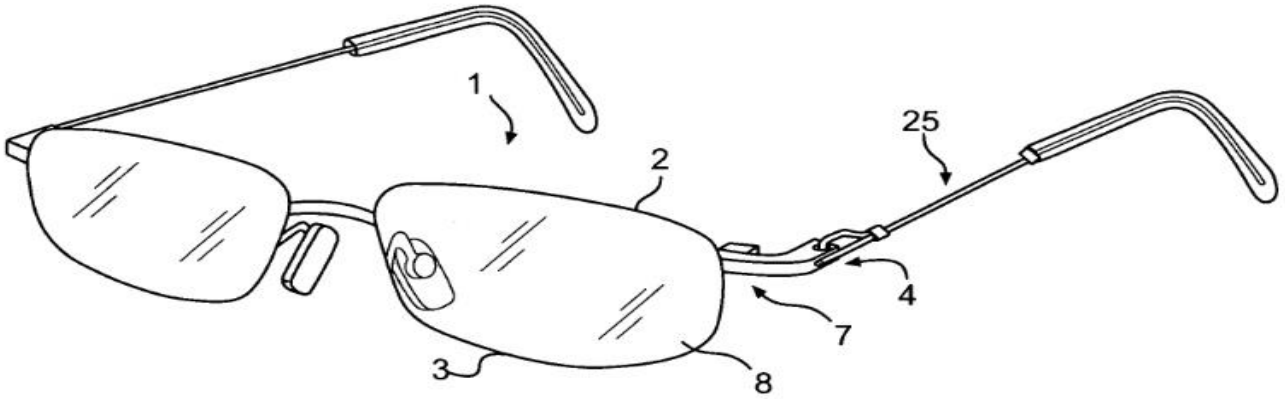
Direct Adversity in Prosecution

- *Tethys Biosci, Inc., v. Mintz, Levin et al.,* 2010 U.S. Dist. LEXIS 55010 (N.D. Cal., 2010) Prosecuting allegedly competing patent applications without disclosure or consent may constitute breach of duty of loyalty

- *G.D. Searle & Co., Inc., v. Pennie & Edmonds, LLP,* 2004 N.Y. Misc. LEXIS 3061. Court denied SJ for firm on breach of fiduciary duty and conflicts for representing clients with competing patent claims relating to use of COX-2 inhibitors

Direct Adversity in Prosecution Cont. Maling v. Finnegan

- ***Maling v. Finnegan, 473 Mass. 336; 2015 Mass. LEXIS 898***



Direct Adversity in Prosecution Maling v. Finnegan

- Firm's Boston Office prosecuted patent applications for screwless eyeglass hinge for Maling
- Concurrently, Firm's D.C. Office prosecuted patent applications for similar technology for Masunaga
- Firm obtained patents for both

Direct Adversity in Prosecution Maling v. Finnegan

- Maling alleged that:
  - The apps were “very similar” and in the “same patent space”
  - The firm failed to disclose the conflict, committed malpractice, and breached its fiduciary duty
  - Firm declined to provide non infringement opinion re Masunaga
  - Mailing’s invention less valuable because of Masunaga

Direct Adversity in Prosecution Cont. Maling v. Finnegan

- Question Presented:

- Actionable conflict when firm prosecutes for competitors on similar inventions?

Direct Adversity in Prosecution Cont. Maling v. Finnegan

- Decision
  - No direct adversity
  - Only economically adverse
  - Not analogous to competing for radio licenses
  - Claims need to be identical or “obvious variants” sufficient that interference likely
  - Or opining on w/n one client’s claims cover another client’s products

Direct Adversity in Prosecution Cont. Maling v. Finnegan

- Decision Continued
  - No **Material Limitation** as no evidence firm favored the interest of one over the other (claim shaving)
  - No allegation that obtained patent was weaker for one or stronger for the other

Direct Adversity in Prosecution Takeaways from Maling

- Decision Takeaways
  - Robust Conflict Checks

Robust Ideas…

- No one correct way. Some possible ideas:
  - Include enough substantive information on the technology or unique features to alert lawyers working on related inventions re direct adversity or material limitation, but not so much as to potentially create a confidential information conflict
  - Check Assignees, NDA Holders, Licensees
  - Include potential competitors on intake form
  - Have all lawyers review or at least practice group leader or designee
  - Hold regular practice group meetings and have each lawyer describe their current work
  - Include provision in engagement letter that representing a client in same industry or field does not, by itself, give rise to a subject matter conflict

Prior Work Conflicts

- Prior Work Conflicts
  - Firm takes work based upon prior work of attorneys (litigation/Pros)
  - Trying to fix your own mistake without disclosure and allowing client to choose other counsel

Expert Witness Conflicts

- Expert Witness testimony impacting later clients
- Disclosure to later client

Waivers and Advance Consent

- ABA Formal Opinion 05-436 (May 11, 2005)
- *The Model Rules contemplate that a lawyer in appropriate circumstances may obtain the effective informed consent of a client to future conflicts of interest.*
- *General and open-ended consent is more likely to be effective when given by a client that is an experienced user of legal services, particularly if, for example, the client is independently represented by other counsel in giving consent and the consent is limited to future conflict unrelated to the subject of the representation.*

Advance Waivers and Consents Continued

- Advance Waiver/Consents Generally
  - Informed Consent
  - Adequate information about the material risks and reasonably available alternatives to the proposed course of conduct
  - Types of adverse clients that may be involved
  - Possible nature of the adverse representations (e.g. lit)
  - Material risks entailed (e.g. possible use of confidential information)
  - If the waiver applies to a particular industry specify the industry

Advance Waivers and Consents Continued

- Merely informing the client that the firm represents another client with adverse interests is not sufficient disclosure
- Advising client in passing won't work either
- Ascertain the facts sufficient to describe the nature and potential effects of the conflict.
- Later learned material facts should be provided with new consent
- Ambiguity is not a good thing; narrowly construed

Advance Waivers and Consents Continued Even More

- Be conspicuous and use belts and suspenders (conversations too)
- Erect internal screens between teams
- Don’t be overly inclusive, only ask for what you need
- Transactional or Litigation
- Specific client or group of clients, or all future clients regardless of subject matter
- Include any existing or foreseeable conflicts
- Discuss the potential risk to duty of loyalty
- Define when matters are and are not sufficiently or significantly related for conflict of interest purposes

Advance Waivers and Consents, The Case Law

- Disqualification Denied. *In Galderma Labs, L.P. Actavis Mid Atl. LLC*, 927 F. Supp. 2nd 390 (N.D. Tex. 2013)
- Broad advance waiver upheld. *Macy's, Inc. v. J.C. Penney Corp., Inc.*, 107 A.D.3d 616, 968 N.Y.S.2d 64, 29 Law. Man. Prof. Conduct 393 (2013),
- Disclosure not sufficiently specific *Sheppard, Mullin, Richter & Hampton, LLP v. J-M Mfg. Co., Ltd.*, 224 Cal. App. 4th 590 (2016)
- Waiver only applied to existing patent conflicts *Brigham Young Univ. v. Pfizer, Inc.,* 2010 U.S. Dist. LEXIS 104164, 2010 WL 3855347 (D. Utah 2010)
- General Advance Waiver didn't envision hostile takeover. *Mylan, Inc. v. Kirkland & Ellis*, 2015 BL 18620, W.D. Pa. Civ,. No. 15-581, June 9, 2015

Advance Waivers and Consents Misc.

- Confirmed in Writing
- Revocable. Requirement to Withdraw from other clients can depend on detrimental reliance, adequacy of the disclosure, sophistication of client/contact or presence of consent counsel, and what does the engagement letter specify

Duties to Former Clients Rule 1.9

- **Rule 1.9 Duties to Former Clients**
- (a) A lawyer who has formerly represented a client in a matter shall not thereafter represent another person in the same or a substantially related matter in which that person's interests are materially adverse to the interests of the former client unless the former client gives informed consent, confirmed in writing.
- (b) A lawyer shall not knowingly represent a person in the same or a substantially related matter in which a firm with which the lawyer formerly was associated had previously represented a client whose interests are materially adverse to that person and about whom the lawyer had acquired information protected by Rules 1.6 and 1.9(c) unless the former client gives informed consent, confirmed in writing.
- (c) A lawyer who has formerly represented a client in a matter or whose present or former firm has formerly represented a client in a matter shall not thereafter:
  - (1) use information relating to the representation to the disadvantage of the former client except as these rules would permit or require with respect to a client, or when the information has become generally known; or
  - (2) reveal information relating to the representation except as these rules would permit or require with respect to a client.

Duties to Former Clients Continued

- Main Purpose, protecting confidential information
  - See ABA Formal Opinion 473 (2015) re subpoena (with Rule 1.6)
    - Duty to notify
    - Duty to advise of objections
    - Duty to object if unrepresented
- Secondary Purpose, avoiding perception of disloyalty

Duty to Former Clients Continued

- Rule 1.9(a) applies when
  - a lawyer represents a current client in the same or substantially related matter
  - in which the interests of the current client are materially adverse to the interests of the former client

Duties to Former Clients Continued

- Substantially Related
  - Comments to the Rule 1.9(a) of the ABA Model Rule
    - Matters are "substantially related" for purposes of this Rule if they involve the same transaction or legal dispute or
    - If there otherwise is a substantial risk that confidential factual information as would normally have been obtained in the prior representation would materially advance the client's position in the subsequent matter

Duties to Former Clients Continued

- When is a client a “former” client?
  - See *Jones v. Rabanco, Ltd.* 2006 WL 2237708
    - Subjective perception of client if reasonable
    - Take away: Make them former clients if they are
      - » Avoid Hot Potato (incomplete representation)
    - Close files
    - Send close out letters
    - Don’t send them Dear Client letters
    - Don’t docket ongoing dates
    - Don’t include firm in Settlement Agreements as the contact

Duties to Former Clients, The Cases

- Must be a former client
- IP Matters re Assignee
- Attorneys can be adverse to assignee on patents that they worked on for the assignor. See *Telectronics Proprietary, Ltd. v. Medtronic,Inc.*, 836 F.2d 1332, 1336 (Fed. Cir. 1988)
- Representation of client, even after assignment of patent and payment of fees by assignee, doesn't give rise to attorney client with assignee. See *Plant Genetic Sys., N.V. v. Ciba Seeds*, 933 F. Supp. 514, 517–18 (M.D.N.C. 1996)
- Exclusive licensee in a trademark/copyright case not the former client of a firm that represented the licensor. See *Alchemy II, Inc. v. YES! Entm't Corp.*, 844 F. Supp. 560,564–65 (C.D. Cal. 1994)

Duties to Former Clients, Cases on "Substantially Related"

- *Production Credit Assoc, of Mankato v. Buckentin*, 410 N.W. 2nd 820 (Minn, 1987)

- Was the lawyer so involved in the matter that the subsequent representation can be justly regarded as a changing of sides in the matter

- Is the subject matter so closely related to the present suit that it is readily apparent that it is substantially and essentially akin to the pending matter

Duties to Former Clients, Cases on "Substantially Related"

- *State of Minnesota v. 3M*, 845 N.W. 2nd 808 (Minn. 2014)
- Whether there is a substantial risk that confidential factual information that ordinarily would have been obtained in the prior representation would materially advance the current client's position in the subsequent matter.
- Requires an analysis of the extent to which the factual and legal issues in the two representations overlap and
- An examination of other relevant circumstances, including whether confidential information provided to the attorney in the prior representation subsequently has been disclosed to the public and;
- Whether that information has been rendered obsolete by the passage of time."

Duties to Former Clients, Cases on "Substantially Related"

- *Asyst Techs., Inc. v. Empak, Inc.*, 962 F. Supp. 1241 (N.D. Cal. 1997) Court disqualified disqualified a law firm challenging two patents that members of the firm had prosecuted on behalf of the other side

- *Arctic Cat, Inc. v. Polaris Industries Inc.*, 2004 U.S. Dist. LEXIS 25463 (D. Minn. Dec. 20, 2004) *Disqualification of Robins Denied*. Court found that although Robins provided substantial legal services to Polaris, including representation in the areas ofintellectual property, patent litigation etc,, no evidence suggests Robins lawyers "did any work for Polaris relating to the technology at issue in the current litigation, or worked on the accused products or did any patent work on this technology

Duties to Former Clients, Cases on "Substantially Related"

- *Superguide Corp. v. DirecTV Enterprises Inc.*, 141 F. Supp. 2d 616 (W.D.N.C. 2001) Court disqualified counsel for plaintiff as he was lead counsel in all patent litigation for third party defendant, and dealt with license related to the litigation

- *Auto-Dimensions LLC v. Dassault Systs. Solidworks Corp.*, 2014 U.S. Dist. LEXIS 27096 (D. Mass. March 4, 2014). Plaintiff sued Defendant for patent infringement. Defendant brought a third-party action against Third Party for indemnification. Third Party moved to disqualify Plaintiff's law firm because Law Firm had done some discovery work for Third Party in connection with this matter. The court denied the motion noting that there were no "direct claims" between Plaintiff and Third Party so they weren't "materially adverse"

Ethical Screens Rule 1.10(a)

- 1.10(a)

- While lawyers are associated in a firm, none of them shall knowingly represent a client when any one of them practicing alone would be prohibited from doing so by Rule 1.7 or 1.9, unless the prohibition is based on a personal interest of the prohibited lawyer and does not present a significant risk of materially limiting the representation of the client by the remaining lawyers in the firm.

Ethical Screens Rule 1.10(b)

- 1.10(b)
- When a lawyer becomes associated with a firm, and the lawyer is prohibited from representing a client pursuant to Rule 1.9(b), other lawyers in the firm may represent that client if there is no reasonably apparent risk that confidential information of the previously represented client will be used with material adverse effect on that client because:
- any confidential information communicated to the lawyer is unlikely to be significant in the subsequent matter;
- the lawyer is subject to screening measures adequate to prevent disclosure of the confidential information and to prevent involvement by that lawyer in the representation; and
- timely and adequate notice of the screening has been provided to all affected clients

Ethical Screens Rule 1.10(c)

- 1.10(c)
- When a lawyer has terminated an association with a firm, the firm is not prohibited from thereafter representing a person with interests materially adverse to those of a client represented by the formerly associated lawyer and not currently represented by the firm, unless:
- the matter is the same or substantially related to that in which the formerly associated lawyer represented the client; and
- any lawyer remaining in the firm has information protected by Rules 1.6 and 1.9(c) that is material to the matter.

Ethical Screens Rule 1.10(d)

- 1.10(d)

- A disqualification prescribed by this rule may be waived by the affected client under the conditions stated in Rule 1.7.

Ethical Screens

- See *Audio MPEG, Inc., v. Dell, Inc.*, 2016 BL 354893 (E.D. Va., October 2916) for states without lateral screening.

Ethical Screens for Non Lawyer Employees

- For Non Lawyer Employees, See ABA Informal Opinion 88-1526 (1988)
  - To avoid disqualification, non Lawyer Employees should be screened from any personal participation in the matter to avoid communication to others in the firm of confidential information that both the non lawyers and the firm have a legal duty to protect.
  - Caution employee
    - (1) not to disclose any information relating to the representation of a client of the former employer; and
    - (2) that the employee should not work on any matter on which the employee worked for the prior employer or on which the employee has information relating to the representation of the client of the former employer.

Trademark Investigations, Applicable Rules

- Rule 4.1(a). Truthfulness in Statements to Others: In the course of representing a client, —a lawyer shall not knowingly . . . make a false statement of material fact or law to a third party.
- Rule 4.2. Communication with Person Represented by Counsel: Lawyer shall not communicate —about the subject matter of a representation with a person who the lawyer knows to be represented by another lawyer in the matter, unless the lawyer has the consent of the other lawyer or is authorized to do so by law or a court order.
- Rule 4.3. Dealing with Unrepresented Person: —[A] lawyer shall not state or imply that the lawyer is disinterested.
- Rule 5.3 Lawyer is responsible for another person‘s violation through involvement, knowledge, or supervisory authority if lawyer orders, directs, or ratifies the conduct.
- Rule 8.4(a): Lawyer cannot circumvent ethical prohibitions —through acts of another
- Rule 8.4(c). Misconduct: It is —professional misconduct‖ for a lawyer —to engage in conduct involving dishonesty, fraud, deceit, or misrepresentation

Trademark Investigations, Ethics Opinions

- New York County Ass'n Comm. On Professional Ethics Op. 737 (May 23, 2007) concluded that —while it is generally unethical for a non-government lawyer to knowingly utilize and/or supervise an investigator who will employ dissemblance in an investigation‖, determined that —in a small number of exceptional circumstances dissemblance by investigators supervised by attorneys could be permitted where the dissemblance by investigators is limited to identity and purpose and involves otherwise lawful activity undertaken solely for the purpose of gathering evidence

- Ala. Op. 2007-05 found that during investigation of possible IP infringement a lawyer may pose as customer under the pretext of seeking services of suspected infringers on the same basis or in the same manner as a member of the general public

Trademark Investigations, Cases

- *Apple Corps Ltd. v. Int'l Collectors Soc'y*, 15 F. Supp. 2d 456 (D.N.J. 1998). The court found that Rule 8.4(c) did not cover misrepresentations of identity or purpose while gathering evidence. Court found that Rule 8.4(c) should be read in conjunction with Rule 4.1, which prohibits misrepresentations of material fact, and consequently interpreted Rule 8.4(c) as targeted only at "grave misconduct"

Trademark Investigations, Cases

- *Gidatex, S.r.L. v. Campaniello Imp's, Ltd*. 82 F. Supp.2d. 119 (S.D.N.Y. 1999). The court found that New York's Rule 8.4(c) sought to protect parties from being tricked. The court found no violation of the rule because the investigators did not interview the salespeople or trick them into making statements they would not otherwise have made as part of the transaction

Trademark Investigations, Cases

- *Louis Vuitton S.A. v. Spencer Handbags Corp.*, 765 F.2d 966 (2d Cir. 1985). The Second Circuit upheld the admission of a videotape taken by an investigator of counterfeiters explaining their operations and profits in trafficking counterfeit goods. The court said: —Where, as here, no well-founded accusation of impropriety or inaccuracy is made, testimony as to authentication is sufficient

Trademark Investigations, Cases

- *Midwest Motor Sports, Inc. v. Arctic Cat Sales, Inc.*, 144 F. Supp. 2d 1147 (D.S.D. 2001). The **Eighth Circuit** affirmed the exclusion of evidence obtained by an investigator who visited plaintiff's retail franchisees posing as a customer and made secret audiotapes during litigation. The Court determined that the plaintiff's attorneys violated Rule 4.2 of the ABA's Model Rules by having the investigator contact defendant's salespersons whose statements may constitute admissions against the defendant. Further, the investigator's posing as a customer violated Rule 8.4(c) which prohibits —conduct involving dishonesty, fraud, deceit or misrepresentation.‖ As the court held, —[t]he duty to refrain from conduct that involves deceit or misrepresentation should preclude any attorney from participating in the type of surreptitious conduct that occurred here

Trademark Investigations, Takeaways

- Takeaways
  - No certainty in most jurisdictions
  - Know the jurisdiction where you are working
  - Any other reasonably available practical means to obtain the information sought?
  - Limit pretexting to the identity of the investigator and purpose of the contact
  - Try to limit contact to nonmanagerial employees
  - Limit any inquiry to information that would reasonably be likely to be shared with any member of the public with whom the person routinely interacts

Export Controls

- Beyond Foreign Filing Licenses
- Controlled technology, not necessarily intuitive
- Breadth and depth
- Complicated
- Significant Penalties 1 Million Dollars and 10 years

Export Controls

- What's an Export
- Even if it is leaving the United States temporarily;
- If it is leaving the United State but is not for sale, (e.g. a gift)
- **Or if it is going to a wholly-owned U.S. subsidiary in a foreign country**.
- Even a foreign-origin item exported from the United States, transmitted or transhipped through the United States, or being returned from the United States to its foreign country of origin is considered an export
- Finally, **release of technology or source code subject to the EAR to a foreign national in the United States is "deemed" to be an export to the home country of the foreign national under the EAR.** The sharing of the technology with a foreign national would be risky, even if that foreign national is an employee of the company. The materials, provided by the Department of Commerce, clearly indicate that the release of technologies to foreign nationals in the United States through briefing or demonstration is considered an export

Export Controls

- The Agencies Involved
- The State Department Director of Defense Trade Controls (DDTC) administers the International Traffic in Arms Regulations (ITAR) that have military uses
- The Commerce Department, Bureau of Industry and Security (BIS) adminsters the Export Administration Regulations (EAR) regulated commercial and “dual use” items
- The Treasury Office of Foreign Assets Control (OFAC) administers regulations related to embargos of some or all exports to certain designated countries (Belarus, Myannmar, Congo, Cuba, Iran, Iraq, Lebanon, N. Korea, Somalia, Sudan, Syria, Zimbabwe, etc.)

Export Controls

- The Technologies Commonly Involved
  - Telecommunications
  - Information security equipment
  - Encryption
  - Semi conductors
  - Microprocessors

Export Controls

- To determine if an item to be exported is controlled by EAR
- See if item is listed in the Commerce Control List (CCL) that is divided into ten broad categories (e.g. nuclear, materials/chemicals/microorganisms/toxins, materials processed, electronics, computers, etc. and five product groups (systems, test, inspection and production equipment, material, software, and technology); If listed, you need to find the reason for listing and the country of export.
- Each item is very narrowly defined (e.g. 9A990a) deisel engines with continuous brake horsepower of 400 Brake Horse Power (BHP) (298 kilowatt (kW) or greater based upon Society of Automotive Engineers (SAE) J1349 standard conditions of 100 kilopascal (unit of pressure) and 25") can't be exported to Sudan for terrorism concerns.

Export Controls

- Take Away
  - Add language in Engagement Letter
  - Add to Client or Matter Intake Forms

Disciplinary Action

- In 2013, attorneys Paul Hansmeier and John L. Steele were ordered to pay $81,300 by California Judge Otis Wright
- Judge Otis found that the attorneys had outmaneuvered the legal system by exploiting “the nexus of antiquated copyright laws, paralyzing social stigma, and unaffordable defense costs.”

Disciplinary Action

- Under Hansmeier's scheme, the attorneys created sham entities and acquired the copyrights to pornographic films
  - Some of these films were allegedly filmed by the attorneys
- Hansmeier would then file suit against users who downloaded the pornography off the Internet using a file-sharing software program

Disciplinary Action

- These lawsuits were a ploy to create a settlement mill
  - Plaintiffs offered to settle claims for about $4,000 a piece
- This scheme produced millions in settlements because of the threat of statutory damages of $150,000 per claim
  - Plaintiffs often dismissed the case when pressed by defendant

Disciplinary Action

- After the California sanctions courts begin to limit Hansmeier's ability to obtain early discovery hampering their ability to obtain IP subscriber information
- To thwart the denial of discovery Hansmeier filed law suits under the sham entity Guava LLC., falsely alleging their client's computer systems had been hacked

Disciplinary Action

- In 2016, criminal charges were filed against Paul Hansmeier and John L. Steele, charges included:
  - Conspiracy to commit and suborn perjury
  - Conspiracy commit mail and wire fraud
  - Conspiracy to lauder money

Disciplinary Action

- Minnesota's Office of Lawyers Professional Responsibility asked for the Hansmeier to be disbarred or suspended
  - In 2016, the MN Supreme Court suspended Hansmeier's law license indefinitely
- The FBI continues to investigate Hansmeier's other schemes including the filing of scores of disability-access lawsuits

Inventorship under AIA

- Under AIA someone other than the actual inventor may apply for patent
- An applicant may be any person or "juristic entity":
  - To whom the inventor has assigned;
  - To whom the inventor is under an obligation to assign; or
  - Who otherwise shows sufficient proprietary interest in the matter

See 35 U.S.C. § 118 and 37 CFR §1.42

Inventorship under AIA

- The inventor is a person who must execute the oath or declaration (form PTO/AIA/01) which includes:
  - Each inventor's name;
  - Identify the application to which the oath or declaration is directed;
  - Make a statement to the effect, "I believe that I am the original inventor or an original inventor or an original joint inventor of a claimed invention in the application"; and
  - Affirm that the application was made by or authorized to be made by the declarant

See 35 U.S.C. § 115; 37 CFR §1.63.

Determining Inventorship

- Inventorship is still determined claim-by-claim
  - Step 1: construe the the claims
  - Step 2: compare the contributions of asserted inventors with the subject matter of the construed claims

See 35 U.S.C. § 116

Determining Inventorship

- Each named inventor must have contributed to the conception of the invention
- Conception is achieved when the inventor forms a definite and permanent idea of the complete and operable invention
  - Conception must include every feature or limitation of the claimed invention

See Bosies v. Benedict, 27 F.3d 539, 543 (Fed. Cir. 1994); *See also* MPEP 2138.04; *Burroughs Wellcome Co. v. Barr Laboratories, Inc.*, 40 F.3d 1223 (Fed. Cir. 1994).

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  - Affirm that the application was made by or authorized to be made by the declarant

See 35 U.S.C. § 115; 37 CFR §1.63.

Inventorship Correction

- The AIA streamlined the process for correcting inventorship of a pending application
- these procedures apply to *all applications* regardless of filling date

See 37 CFR §§ 1.48

Inventorship Correction

- Under 37 CFR § 1.48, inventors may be added or removed in pending applications by:
  - Filing an application data sheet (ADS), identifying the each inventor by his or her legal name;
  - The processing fee; and
  - The inventor's oath or declaration (form PTO/AIA/01)

See 37 CFR §§ 1.48 & 1.76.

Inventorship Correction under AIA

- Additional processing fees are accessed for inventorship corrections filed after the Office action on the merits, unless:
  - the request is accompanied by a statement that that request to correct or change the inventorship is due solely to the cancellation of claims in the application

See 37 CFR §1.48.

Inventorship Correction under AIA

- Additional inventor oaths are not required for continuation applications or continuation-in-part applications
  - Inventors may be added or removed from these application under 37 CFR § 1.48
    - Filing an amended ADS
    - Paying processing fee

See 37 CFR § 1.48.

Inventorship Correction under AIA

- Correction of inventorship in an issued patent may be done at the discretion of the Director or by court order and is governed by 37 CFR § 1.324
- Requests for correction must be accompanied with:
  - A statement from all assignees and parties agreeing to the change of inventorship; and
  - The associated fee

See 35 U.S.C. § 256; 37 CFR §1.324.

Protecting Privilege

- There are two types of privileges:
  - Work product privilege
  - Attorney-client privilege

Protecting Work Product Privilege

- Work product protection (provided for in Fed. R. Civ. P. 26(b)(3)) applies to documents and tangible things as well as intangible work product such as an attorney's mental impressions created "in anticipation of litigation"
  - If the work product is prepared because of the prospect of litigation, it will be protected from discovery unless the opposing party can show substantial need
  - For in-house counsel and business lawyers whose focus is not on litigation, the work product protection is **not** likely to apply

Protecting Attorney-Client Privilege

- Attorney-client privilege protects:
  - Confidential communications;
  - Between an attorney and client
  - Made for the purpose of obtaining or providing legal advice
- Unless all these of the above are met the communication is not protected

Protecting Attorney-Client Privilege

- Black-letter law teaches us that the presence of an outside, or third party on an otherwise privileged communication will waive privilege

Protecting Attorney-Client Privilege

- There are two exceptions to this rule:
  - Where the 3rd party is participating to assist an attorney in understanding and interpreting complex principles;
  - Where the 3rd party is so thoroughly integrated into the company that he or she should be treated as functionally equivalent to an employee

Protecting Attorney Client Privilege

- It is generally accepted that a consultant or non-testifying expert may communicate with the client or with the attorney without destroying the attorney-client privilege
  - If the communications are made on behalf of the client *to obtain legal advice*

See United States v. Kovel, 296 F.2d 918, 922 (2d Cir. 1961) ("What is vital to the privilege is that the communication be made in confidence for the purpose of obtaining legal advice from the lawyer."); *In re Grand Jury Subpoenas*, 179 F. Supp. 2d 270, 283 (S.D.N.Y. 2001) (citing *United States v. Schwimmer*, 892 F.2d 237, 243 (2d Cir. 1989), *cert. denied*, 502 U.S. 810 (1991).

Protecting Attorney Client Privilege

- Maintaining privilege with third parties has two components:
  - Ensuring that communications involving third parties and attorneys are covered by the attorney-client and/or work-product privilege; and
  - Maintaining that privilege by avoiding any claim of waiver

Merchant &Gould

The End

Thank you.