

NEW JERSEY LAWYER

A glowing lightbulb is positioned in the upper right, casting a warm, golden light. In the lower left, a wooden gavel with a brass band is visible, its head resting on a surface. The background is a soft, out-of-focus gradient of warm tones.

August 2024

No. 349

INTELLECTUAL PROPERTY LAW

Emerging AI Trends
in the Copyright Space

PAGE 12

The Name Game:
Strategic Considerations
for Trademark Attorneys

PAGE 22

NJSBA

FROM THE AUTHOR OF
BOARDWALK EMPIRE

Nelson Johnson, JSC (Ret.)



STYLE & PERSUASION

A Handbook
for Lawyers



NELSON JOHNSON, JSC (Ret.)

**YOUR PATH
TO POWERFUL
WRITING**

**ORDER YOUR
COPY NOW**

Visit njicle.com or
scan the QR code





• TOTALLY REORGANIZED • CUSTOMIZABLE • USER FRIENDLY



CITED CASES AND STATUTES A CLICK AWAY

NJ Model Civil Jury Charges Annotated Online

Commentary By
Former Supreme Court Justice

Jayne LaVecchia

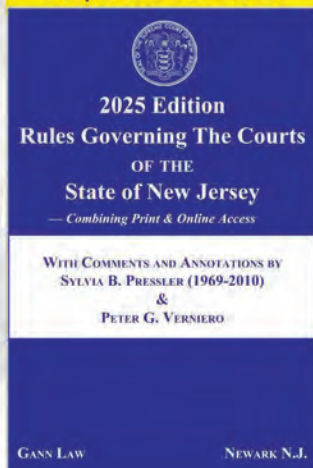
See How It Works

www.gannlaw.com/civiljury



2025 Print + Online Editions Available This Fall

September 2024



NJ Family Law - Child Custody, Support, & Protection
NJ Family Law - Divorce, Alimony, & Property Division

NJ Auto Insurance Law
NJ Personal Injury Recovery
NJ Premises Liability
NJ Products Liability & Toxic Tort Law

NJ Federal Practice
NJ Appellate Practice
NJ Attorney Ethics

NJ Condominium Law
NJ Municipal Court Practice

NJ Inheritance & Estate Taxes
NJ Business Corporations & LLCs



www.gannlaw.com • sales@gannlaw.com • (973) 268-1200





The NJSBA is Here to Help

The NJSBA Member Assistance Program connects our members—and anyone else in their household—to trained, experienced mental health professionals and resources.

At the heart of the program, provided through industry leader Charles Nechtem Associates, is 24/7 access to a mental health professional with at least seven years of experience. The professional will counsel callers and help them find resources. If needed, they will help people find an accessible clinician who is accepting patients. Members are eligible for **up to three** in-person counseling sessions per issue. They can also access **unlimited text, phone and email support** and search an extensive Wellness Library with 25,000 interactive resources to improve their personal and professional lives.

Contact MAP Counselors Anytime

1-800-531-0200

Phone counseling services are available 24 hours a day, 7 days a week, 365 days a year with immediate access to clinicians. Access to English and Spanish speaking therapists, with other languages upon request.

Text via the CNA app

Available from the Apple App Store and Google Play.

Connect via the website, charlesnechtem.com

Click “Member Login” and log in as a new user. The employer is NJSBA.

Email

Reach out to inquiries@charlesnechtem.com

**The Member Assistance
Program is a benefit
of membership.**

NJSBA



NEW JERSEY LAWYER

August 2024

No. 349



© ISTOCKPHOTO

In this Issue: **Intellectual Property Law**

Emerging Trends for Artificial Intelligence
in the Copyright Space 14

By **Brett R. Harris**

Striking a Balance Between Enforcing IP Rights
and Becoming a Trademark Bully 18

By **Paula I. Brueckner and Peter E. Nussbaum**

The Name Game: Strategic Considerations
for Trademark Attorneys 22

By **Alice Denenberg**

Seeing is Believing: Using Trade Dress and
Design Patents to Boost Brand Impact
and Protect Product Appearance 28

By **Andrew J. Hollander**

Trade Secrets and the 'Patent Paradox'
Regarding IP Based on Natural Phenomena. 34

By **John A. Stone**



Page
14



Page
18



Page
28



Page
34

Continued

NEW JERSEY LAWYER

August 2024

No. 349

Continued from page 3

The Extraterritorial Reach of U.S. Patent Law
and the Need for Clarity..... 42

By **Amirali Y. Haidri**

DEPARTMENTS

President’s Perspective..... 5

Message From the Special Editor..... 6

View From the Bench..... 8

Diversity, Equity and Inclusion..... 9

Writer’s Corner..... 10

Working Well..... 11



Page
42



Page
8



Page
10

NJSBA

2024 MID-YEAR MEETING

DUBLIN
IRELAND

NOVEMBER 2-9



THE SHELBOURNE



REGISTER NOW
then book your
hotel room at
njsba.com

PRESIDENT'S PERSPECTIVE

WILLIAM H. MERGNER JR.

Banning Out-of-state Referral Fees Harms Attorneys and the Public Alike



Attorney referrals are indicators of a healthy and vibrant legal profession.

When workloads weigh heavy or an attorney finds themselves out of their depth with a client's issue, they can always rely on a trusted colleague to give the case the attention it deserves. Referrals are key to building camaraderie, trust and respect in the profession. In the

end, the referring attorney is relieved, a peer has found new business, clients get representation better suited to their needs and the system of justice churns more smoothly.

A new development in New Jersey legal practice, however, has upended a decades-old convention for how attorneys have approached referrals. In March, the Advisory Committee on Professional Ethics (ACPE) issued Opinion 745, a rule that prohibits the payment of referral fees from certified attorneys to out-of-state lawyers. The directive is based on the ACPE's interpretation that under the New Jersey Rules of Court, referral fees constitute payment for legal services.

Virtually every attorney has always interpreted the plain language of the rule to permit payment of referral fees, without regard to services performed or responsibility assumed by the referring attorney. For many years, this provision was universally understood to include all attorneys—both in-state and out—as the rule makes no distinction between admitted attorneys versus non-admitted attorneys, unlike other court rules. The greatest cause for concern, however, is the potential damage this opinion will inflict on attorneys in practice, their clients and the public.

Begin with the reality that for many attorneys, referrals represent a significant portion of their business. In the civil trial space where I practice, it's hard to find an attorney who hasn't entered into a contractual relationship with out-of-state attorneys in good faith to pay a referral fee. Opinion 745 casts a

wave of uncertainty over all these preexisting referral arrangements. If an attorney abides by the opinion and declines to pay a promised referral fee, they will certainly face a lawsuit alleging breach of contract. On the other hand, honoring a fee arrangement could result in an ethics violation being pursued. As an alternative, attorneys can escrow the referral funds until the ambiguity in the opinion is resolved. But there are tax implications to this approach. It would create potential conflict for the law firm who receives the referral fee and the law firm who initiated the referral, as neither will have received the benefit of the actual funds when the tax obligation is due. From every angle, the opinion places attorneys in an untenable situation.

Putting aside all the drawbacks for attorneys, clients and the public stand to lose the most over Opinion 745. Without the incentive of referral fees, attorneys across state lines will be less inclined to send clients to knowledgeable New Jersey attorneys, even when the case requires procedural and substantive knowledge of New Jersey law.

Putting aside all the drawbacks for attorneys, clients and the public stand to lose the most over Opinion 745. Without the incentive of referral fees, attorneys across state lines will be less inclined to send clients to knowledgeable New Jersey attorneys, even when the case requires procedural and substantive knowledge of New Jersey law. Two outcomes will result, both to the client's detriment. The out-of-state attorney

Continued on page 7

STAFF

Angela C. Scheck Publisher
Mindy Drexel Managing Editor
Janet Gallo Creative Director
Lynn Marie Gallo Advertising

EDITORIAL BOARD

Rita Ann M. Aquilio Chair
Senwan Akhtar Vice Chair
Jonathan Ilan Amira
Lori Ann Buza Working Well Editor
Classie Colinet
Nancy Del Pizzo
Steven J. Eisenstein
Veronica Finkelstein Writer's Corner Editor
Angela Foster Tech Tips Editor
Bonnie C. Frost Ethics and Professional Responsibility Editor
Darren Gelber
Leonard V. Jones
Megan B. Kilzy
Lawrence Krayn Jr.
Philip W. Lamparello
Brian R. Lehrer A View from the Bench Editor
Dawn M. Monsen
Lamparello
Susan L. Nardone
Mary Frances Palisano
Joseph Paravecchia
Brian G. Paul
Michael F. Schaff Practice Perfect Editor
Asaad K. Siddiqi What I Wish I Knew Editor
Albertina Webb Diversity, Equity and Inclusion Editor

NJSBA EXECUTIVE COMMITTEE

William H. Mergner Jr. President
Christine A. Amalfe President-Elect
Norberto A. Garcia First Vice President
G. Glennon Troublefield Second Vice President
Diana C. Manning Treasurer
Craig J. Hubert Secretary
Timothy F. McGoughran Immediate Past President

New Jersey Lawyer (ISSN-0195-0983) is published six times per year. Permit number 380-680. • Subscription is included in dues to members of the New Jersey State Bar Association (\$10.50); those ineligible for NJSBA membership may subscribe at \$60 per year. There is a charge of \$2.50 per copy for providing copies of individual articles. • Published by the New Jersey State Bar Association, New Jersey Law Center, One Constitution Square, New Brunswick, New Jersey 08901-1520. • Periodicals postage paid at New Brunswick, New Jersey 08901 and at additional mailing offices. POSTMASTER: Send address changes to New Jersey Lawyer, New Jersey State Bar Association, New Jersey Law Center, One Constitution Square, New Brunswick, New Jersey 08901-1520. • Copyright ©2024 New Jersey State Bar Association. All rights reserved. Any copying of material herein, in whole or in part, and by any means without written permission is prohibited. Requests for such permission should be sent to New Jersey Lawyer, New Jersey State Bar Association, New Jersey Law Center, One Constitution Square, New Brunswick, New Jersey 08901-1520. • New Jersey Lawyer invites contributions of articles or other items. Views and opinions expressed herein are not to be taken as official expressions of the New Jersey State Bar Association or the author's law firm or employer unless so stated. Publication of any articles herein does not necessarily imply endorsement in any way of the views expressed or legal advice. • Printed in U.S.A. • Official Headquarters: New Jersey Lawyer, New Jersey State Bar Association, New Jersey Law Center, One Constitution Square, New Brunswick, New Jersey 08901-1520. 732-249-5000 • Advertising Display 732-565-7560.

FROM THE SPECIAL EDITOR

Navigating the Fast Lane of Intellectual Property Law Amid Supreme Court Shifts and Technological Advances

Intellectual property is one practice area seemingly in a race for change. The speed on the track is driven by not only new laws and creative arguments trying to catch up with technological advances, but also a U.S. Supreme Court tweaking the Rule of Law practitioners have come to rely upon.

For example, in 2023, the High Court negated a parody defense to a trademark challenge involving Jack Daniel's whiskey and the maker of a squeaky, chewable dog toy referred to as "Bad Spaniels" that was designed to look like a bottle of the whiskey brand.¹ And earlier this year, the Court cut the legs off long-held law in the Second Circuit that barred a plaintiff copyright holder's entitlement to damages more than three years prior to the filing of the lawsuit.² That it did without addressing the elephant in the room several justices had raised at oral argument³—that the U.S. Copyright Act does not allow for a discovery rule—and later denied *certiorari* in a matter where that issue would have been squarely before the Court.⁴ Also, just a couple of days prior to the penning of this note, the Court ruled against registration of the trademark, "TRUMP TOO SMALL" for T-shirts, issuing a unanimous opinion without consensus on a rationale.⁵

In all events, news and change are no strangers to this area of law. It is fluid, whether a practitioner is prosecuting a trademark or patent or litigating a claim, or both. The six articles in this issue address a blend of litigation issues and practical tips for practitioners with transactional practices.

First up is Brett R. Harris' article on artificial intelligence and copyright, addressing why this technology has spurred a flurry of copyright infringement lawsuits and guidance from the U.S. Copyright Office. Indeed, there are many AI/copyright cases working through nationwide courts without any substantive decisions yet, and perhaps the first trial to land before a jury in Delaware the same month this issue is published.

Next up is an article by Paula I. Brueckner and Peter E. Nussbaum, addressing the practicalities of enforcing trademark rights, a requirement of every trademark



NANCY A. DEL PIZZO is a partner at Rivkin Radler LLP and co-chair of its intellectual property practice group. She has a transactional and litigation practice, primarily focusing on intellectual property, privacy and cyber security and commercial litigation.

holder, but doing so without earning the potentially damaging label of “trade-mark bully.” On the heels of the TRUMP TOO SMALL decision is Alice Denenberg’s article presenting strategic considerations for filing trademark applications that include the name of a person.

Rounding out the issue are three patent-related articles. Andrew J. Hollander addresses the careful considerations for developing a commercial strategy using both trade dress and patent design rights as complementary tools. John A.

Stone provides practical tips for determining how biotechnology and life science companies can use trade secret, patent law, or both. Finally, Amirali Y. Haidri tackles whether U.S. law has extra-territorial reach for U.S. registered patents.

Buckle up. We hope you enjoy the ride. ■

Endnotes

1. *Jack Daniel’s Props., Inc. v. VIP Prods.*

LLC, 143 S.Ct. 1578 (2023)

2. *Warner Chappell Music, Inc. v. Nealy*, 144 S.Ct. 1135 (2024)
3. See supremecourt.gov/oral_arguments/audio/2023/22-1078
4. *Hearst Newspapers v. Martinelli*,— S.Ct.—, 2024 WL 2262332 (May 20, 2024)
5. *Vidal, Under Secretary of Commerce for IP and Director, USPTO v. Elster*,— S.Ct.—, 2024 WL 2964139 (June 13, 2024).

PRESIDENT’S PERSPECTIVE

Continued from page 5

ney, who is not best suited to represent a New Jersey client, will seek pro hac vice admission to handle the matter anyway. In that circumstance, a fee will only be earned based upon actual work on the matter, meaning a less competent attorney will be financially incentivized to work on a matter they would have otherwise referred to a more qualified attorney. In the alternative, a client will seek out legal representation in New Jersey on their own, at the risk of letting time-sensitive filings lapse, such as the need to file a tort claims notice or an affidavit of merit. In the end, public confidence in the justice system will erode if clients can’t get adequate legal representation in a timely manner.

It’s also worth noting the incongruity of an opinion that allows referral fees to be paid to disbarred attorneys in New

Jersey—who have lost the privilege of practicing law through their bad conduct—because the payment is not considered the practice of law. Yet, attorneys in good standing in other jurisdictions—who have their client’s best interests at heart by referring their case to someone capable of handling it—are participating in the unauthorized practice of law.

The New Jersey State Bar Association has been joined by a chorus of county bar associations and statewide legal organizations in seeking a stay of Opinion 745 pending review by the state Supreme Court. On that issue, it is telling that in a recent brief, the state Attorney General’s Office suggested that the Court allow attorneys to honor preexisting referral fee arrangements, seemingly a tacit admission that the longstanding interpretation of rule was acceptable.

Given this opinion’s heightened importance on the practice of law, it is imperative that the Court provide a swift

review of the ACPE’s interpretation. As of this writing, the Supreme Court has granted the NJSBA’s petition seeking review, while the motion seeking a stay of the opinion is still pending. One possible outcome is for the Supreme Court to refer the issue to the Court’s Civil Practice Committee to revise the rule and address the issues created by Opinion 745. Doing so, however, will potentially delay resolution for up to two years, a setback that attorneys and their clients can ill afford. There is no need for an amendment and the rule is clear—the payment of referral fees by certified attorneys to out-of-state attorneys is and has always been ethically permitted. The NJSBA will continue to build upon the court briefs submitted on the Association’s behalf drafted by NJSBA Treasurer Diana C. Manning, Kyle A. Valente and Christina Vassiliou Harvey. Thanks to their efforts, the Association is well positioned to advocate for a fair result on behalf of New Jersey attorneys. ■

A promotional banner for the NJSBA Summer Conference. On the left is a close-up of a wooden gavel resting on a sound block. The background is a gradient of blue and yellow. The text is centered and right-aligned. The NJSBA logo is in the top left. The main title 'Summer Conference' is in large, bold, orange letters. Below it, 'A SPECIAL ONE-DAY VIRTUAL EVENT' is in smaller, blue, all-caps letters. The date and time 'Wednesday, Aug. 21 • 8:30 a.m.–4:30 p.m. • Online' are at the bottom in white. On the right, a yellow circular badge contains text about registration fees and CLE credits.

NJSBA Register now at njsba.com

Summer Conference
A SPECIAL ONE-DAY VIRTUAL EVENT

Wednesday, Aug. 21 • 8:30 a.m.–4:30 p.m. • Online

For All Attorneys
\$185/Members
\$225/Non-members

Earn up to 8
CLE credits

PRACTICE TIPS



VIEW FROM THE BENCH

Be a Mentor—Stem the Chaos

By The Hon. Peter F. Bariso, Jr. (Ret.)

Chasan Lamparello Mallon & Cappuzzo



(Editor's note: This was adapted from the keynote address Assignment Judge Bariso delivered earlier this year at the New Jersey State Bar Association Civil Trial Bar Section's James J. McLaughlin Award Dinner, recognizing the highest standard of civility, legal competence and professionalism in the practice of civil law. This year's honorees were former Superior Court Judge Yolanda Ciccone, the current Middlesex County Prosecutor; Edward J. DePascale of McElroy, Deutsch, Mulvaney & Carpenter; and Craig J. Hubert of Szaferman, Lakind, Blumstein & Blader.)

Despite the rise in professionalism training and awareness, we seem to be losing ground in having the legal profession follow these standards, which are necessary for a system that resolves conflicts without resorting to combat. I find it interesting that when I entered this profession in 1979, I don't recall any signs in the courtrooms talking about the standards of professionalism or the decline of civility. I was fortunate enough to have mentors who took the time, not only to train me to be a good attorney, but also to teach me what we now know as professionalism and civility.

Starting with my clerkship for the Hon. J. Emmet Cassidy in Bergen County and my formative years as an associate at Lamb's office in Jersey City, I had excellent mentors. What they emphasized was not called professionalism but had another catchy phrase—"what goes around comes around."

You can be a good adversary without being a gladiator. Trial work or litigation, depending on what phrase you want to use these days, is not combat. We are really the guardians of a system that allows conflicts or grievances to be resolved in a structured setting, i.e. the judicial system.

Whatever your opinion may be of the infamous *Bates v. State Bar of Arizona* case back in 1977, I think that we can agree that attorney advertising has had a profound effect on the legal profession. When I started, attorney advertising was essentially limited to the phonebook, and it has now expanded beyond one's wildest imagination. One can argue that attorney advertising began the slippery slope for the demise of professionalism. While protecting one's rights and seeking a readdress of one's grievances is certainly the cornerstone of litigation, the pugilistic terms used in some attorney advertising has helped with the decline of professionalism. Unfortunately, the adoption of professionalism standards and the annual seminar conducted in each county by the Judiciary have failed to stem the decline of professionalism and civility.

Some legal pundits attribute the Part IV Rule changes, commonly known as Best Practices, to a decline in professionalism and civility. I reject this notion. I do acknowledge that an argument can be made that some of the rule changes put attorneys in difficult spots when they try to agree with their adversaries to extend time for certain discovery obligations. This has been somewhat overblown, although I acknowledge some of the concerns are from attorneys who work predominantly in civil litigation. Is it really the fault of the Court Rules that back in the '80s, when one asked for an adjournment or an extension of time, it was routinely given and now because of the rule change, clients have to consent to adjournments that everyone knows will be granted, or consent to a short extension to serve outstanding discovery? In certain situations, maybe so—particularly when the granting of that request may impact a party's case. As a trial judge I was always guided by Appellate Division opinions—or shall I say that I was reminded by higher Courts—that the purpose of our Court Rules is not to be a gotcha game, but are to be construed to secure a just determination, simplicity in procedure, fairness in administration and the elimination of unjustifiable expense and delay. There is also the provision that any rule may be relaxed or dispensed with by the Court in which the action is pending if adherence to it would result in an injustice. This is essentially the basis upon which all rules are predicated.

I acknowledge that litigation has become much more complex over the length of my legal career, particularly with the advent of much more precise medical testing, procedures, etc., in the personal injury field. It has also become much more complex with the growth of technology—particularly in the IT area for file

retention, emails, etc. While true, I question why complexity should somehow excuse professionalism and civility. Papering one's opponent into submission does not strike me as being professional or civil.

This is where I call upon all of you to expand your mentoring time with your fellow attorneys in the firm and throughout the bar associations and Inn of Courts across the state. It's mentors who will ultimately make the difference, and not just seminars on professionalism. We need to find the time to be available to assist less experienced attorneys in the handling of their files and not just simply assign a file and ignore it, and then blame the attorney if something goes wrong down the road. Mentoring requires us to oversee that attorney, question the attorney and make sure the attorney is properly handling the file.

When I started at Lamb's office, and it was time for us to try a Superior Court case, you had to meet with the managing partner, Tom Chappel, who would ask you questions and review the file with you to make sure you were properly prepared to try that case. As a managing partner at Chasan Lamparello before I went on the bench, I tried to incorporate that same technique—meeting with associates when they were ready to try a Superior Court case. That certainly helped resolved one of the biggest issues I confronted on the bench, the lack of preparation by counsel who appeared before me.

One other past example that still resonates with me to this day was as a managing partner when I handed an associate a file for arbitration. It was after the automobile arbitration program started by the Judiciary, and I jokingly (in my mind) told the associate "Don't come back if you lose this case." It was not the best instructions to give a young attorney going to Court, as I received a phone call from my adversary later that day—and it was not a pleasant conversation. I apologized, fell on the sword and took full responsibility. I also met with the associate, apologized and made it a teachable moment.

On-hand mentoring is truly needed in our profession, particularly with the growth and the number of attorneys throughout New Jersey. One of the biggest obstacles is that the majority of attorneys in New Jersey practice in small firms—one- and two-person firms. So, it is difficult to obtain mentoring when you're a solo or it is just two attorneys starting off at the same time. It is also very difficult for one's adversary to be a mentor since it is natural to be skeptical of your adversary's suggestion. However, there are opportunities in which you can find yourself mentoring attorneys, not just within your law firm, but outside of your law firm when you have cases together. I can't tell you the number of times I met with Ed DePascale as a first-year associate at Lamb's office. Nor can I probably tell you the number of times I met with DePascale during the six other years that I was an associate at Lamb's office or when I was on my own for the next seven years of my legal career.

So, I call on many of you out there to please take the time to be a mentor. Not just to the attorneys in your office, but to the attorneys outside of your office—including your adversaries when the occasion arises. We need to stem the tide that is washing away professionalism, civility and competency in the legal profession, and only you can prevent this from happening.

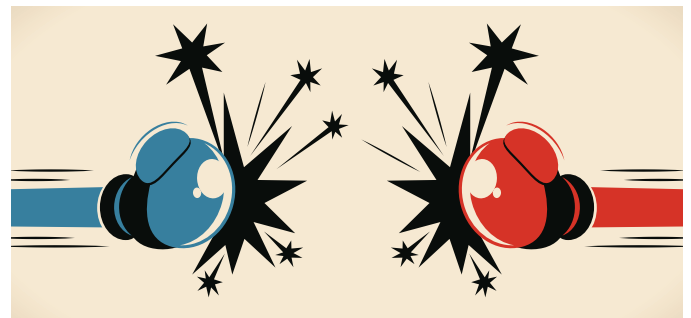
The New Jersey State Bar Foundation will honor Assignment Judge Bariso and former NJSBA President Karol Corbin Walker with the Medal of Honor Award in East Brunswick on Sept. 24. The Foundation's prestigious award, given annually to lawyers, law-related professionals, and lay people, recognizes professional excellence, service to the legal community and commitment to the people of New Jersey. Award and event information is available at moh.njsbf.org.

DIVERSITY, EQUITY AND INCLUSION

Why Diversity Matters in Alternative Dispute Resolution

By The Hon. Marcia L. Silva, Former Superior Court Judge

The lack of diversity in neutrals is a recent hot topic in the law. It has been brought to the forefront of the legal world with many leading organizations taking proactive steps to study the situation and find ways to remedy it.¹ Whether this had anything to do with Jay-Z's 2018 lawsuit to halt the arbitration proceedings in his Roc Nation clothing line litigation due to what he said was the lack of Black people eligible to rule on his case, one will never know.² Regardless of the reason, people's attention is now on the issue and conversations are being had.³



There are so many reasons why diversity in mediation and arbitration is important, besides the broader societal benefits of diversity and inclusion. Some of these include the belief that alternative dispute resolution is oftentimes a more intimate process for individuals, especially in family or employment law, and the parties involved in mediation are more likely to trust a process that includes individuals from various backgrounds, as it may reduce concerns about bias. Additionally, mediators often rely on language and body cues in so much of what they do. So,

having neutrals with diverse background brings cultural competence to the table.

Finally, and one that is not often considered, is how diversity can help parties reach a resolution in their matter. Mediation is about thinking outside the box and coming up with creative solutions to resolve difficult issues. “Diversity is a key driver of innovation and is a critical component of being successful on a global scale.”⁴ Different cultural and personal experiences contribute to a varied well of ideas and strategies. Parties and neutrals are required to read body language, facial expressions, and cues.

Raising awareness is a crucial precursor to any meaningful change or improvement, irrespective of the problem. If we can acknowledge the issue and the importance of taking the initial steps toward positive transformation, we can then begin to have the conversations of how we can increase diversity in the selection of neutrals.

Endnotes

1. In 2020, the National Academy of Arbitrators issued a statement, authored by then President, Dan Nielsen, stating that the academy has “struggled to achieve even a modicum of diversity.” naarb.org/wp-content/uploads/2022/06/DEIB-Committee-Report-to-BOG_Final-3.22.pdf
2. *Carter et al v Iconix Brand Group Inc et al*, New York State Supreme Court, New York County, No. 655894/2018.
3. A JAMS Panelist Survey for 2021 reported 68% are male and over 85% are white. By Rachel Gupta 23 May, 2022 docket.acc.com/dei-adr-5-practical-ways-increase-diversity-selection-neutrals
4. Egan, M. E. (2011, July). Global diversity and inclusion: fostering innovation through a diverse workforce *Forbes Insights*, 3. images.forbes.com/forbesinsights/StudyPDFs/Innovation_Through_Diversity.pdf

WRITER'S CORNER

The Three Pillars of Persuasive Writing

By Veronica Finkelstein

As lawyers, much of what we write is designed to persuade. Whether it is a brief in support of a dispositive motion or a demand letter to an opponent—we write to induce action. For all the time we spend writing persuasively, we spent relatively little time contemplating how to accomplish this goal.

But that question—how to persuade—was one that piqued the interest of Ancient Greek philosopher Aristotle. He theorized that effective persuasion occurs when an advocate appeals to some combination of *logos* (logic); *ethos* (credibility); and *pathos*

(emotion). When you write, consider how you can appeal to logic, credibility, and emotion.



Appealing to Logic

Writing an appeal to logic means creating a narrative that is consistent with the law and evidence as well as lived experience. If your description of the events does not appear consistent with precedent or feel likely, the judge is unlikely to be moved by your writing.

To draft a logical piece of writing, you should not only gather and understand all the applicable law, but you must synthesize it into a consistent whole. For example, it is not sufficient to note a circuit split and as a judge to reject the minority view—you need to explain how the circuit split arose and use the interpretive or policy disagreement between the courts as a “big picture” way to unify the division. By doing so, you create order in what would otherwise feel chaotic.

You should treat the evidence similarly. Prior to writing, gather all the evidence and sort it into an overarching narrative that makes sense. Anytime you reference a piece of evidence, describe how it fits into the larger narrative. If the narrative seems logical, the reader is likely to accept the individual piece of evidence.

Appealing to Credibility

Writing an appeal to credibility means revealing yourself through your writing. This does not mean using the first person. To the contrary, it means crafting a piece of writing that stands alone but is illustrative of who you are as an advocate.

Word choice, tone, and style reflect upon you as an advocate. Avoid stilted, overly formal legalese. But don't use slang either. Make your writing sound the way you would sound if you were talking to the court rather than writing to it. Adopt a writing style that is confident and correct without unnecessary flourish.

Consider your audience. When writing a court filing, recognize that you have at least five audiences—the judge, the clerk, opposing counsel, the opposing litigant, and the general public. Everything you write should be “safe for consumption” by all five groups. Never write anything you would be embarrassed to have your favorite elementary school teacher know you authored. Explain

things clearly and plainly, so the flow of your argument can be followed by the clerk who may be one year out of law school.

Most importantly, make the finished product reflect your diligence. Edit, polish, and proofread until your writing is free from errors. Nothing reflects more positively on your credibility than an error-free piece of writing that the judge and clerk reach for first when they need an authoritative answer in your case.

Appealing to Emotion

Writing an appeal to emotion means garnering sympathy for your client and your position without asking for it outright. Through your writing, suggest beliefs and values that should be applied to the underlying case or legal issue.

Avoid the overuse of adjectives and adverbs. This is not the best way to appeal to emotion in writing. Simply telling the judge that your client was “very badly hurt” or “was strongly hoping the contract would be fulfilled” is unlikely to garner a reaction. Instead, overuse of adjectives and adverbs make your writing feel a bit histrionic and unpersuasive.

Emotions are personal. Emotions are experienced. They are self-validating. Rather than a fact section in a brief that frames the issues in terms of the law, situate the judge as a character in the story of the case. One effective way to do so is to use this section of your brief to describe the events from your client’s point of view as your client experienced them. Use the present tense to make the events feel visceral and real. That is likely to stir the judge’s emotion.

Conclusion

Much of the writing we do as lawyers is persuasive writing. Using the three pillars of persuasion—logic, credibility, and emotion—we increase the odds that our persuasion is effective.

WORKING WELL

The Power of Setting Healthy Boundaries

By Classie Colinet

The Chisholm Legacy Project

As a college student, I remember dreaming of what my life would be like as a lawyer. I knew it would mean that I would have to do a lot of work, but a part of me relished that prospect and viewed it as a means necessary to achieve my goal of practicing law. Fast forward to life post-law school, and I was finally doing what I set out to do—practicing law. However, my schedule was not my own—it had morphed into something I did not control because I said yes to so many things without considering my own needs and wants.

My life came to a screeching halt when my body could no longer keep up with all the work, meetings, and community related events that comprised of my schedule. I learned the hard way what can happen when you don’t take time to set healthy boundaries. This ended up being a blessing in disguise. I had to slow down. Over time I learned how to set healthy boundaries, and this practice has helped me tremendously. In this article, I’ll share some helpful tips with you to help you set healthy boundaries.



1. Become comfortable with saying no. You will have to say no to some meetings, events, projects so that you don’t burn out. I know it’s easier said than done, but one strategy that worked for me is I started small. I initially started saying no to community-related events that took place on specific weekdays that I knew would conflict with the amount of time I could spend with my family. Then, I gradually started to say no to other meetings until my schedule was my own instead of what other people wanted it to be.
2. Prioritize what is most important to you. Stop using societal pressures as a litmus test to determine what you should or should not be doing. You are in charge of your time and daily activities.
3. Be honest with yourself. Don’t sign up to do something that you know you don’t have time for or don’t want to do.
4. Take care of your physical, mental, and emotional health. The societal pressures we face often leave little time for regular checkups, exercise, and other activities that help us remain healthy. Intentionally carve out time for your health so you can remain well while living the life you want.

Life is what you make it. Healthy boundaries will help you live the life you want on your terms, not on the terms society often assigns to us. Your mind, body, and soul will be much better off. Start maintaining healthy boundaries today! ■

The Inaugural NJSBA AI Institute



Join us for this unique seven-part series to help you incorporate A.I. into your practice!

Artificial intelligence is becoming integral to the practice of law. It is quickly evolving from a new technology that can cut costs and increase efficiency to one that can directly impact the practice by drafting documents and pleadings, assist in litigation or create documents that will be entered into evidence. Because AI is fast-moving and developing rapidly, it will soon be essential for lawyers and judges to have a working knowledge of AI.

Now is the time to add AI to your legal toolbox! This unique seven-part series will provide the information you need to incorporate AI into your practice to better represent your clients, arbitrate or mediate cases and dispense justice. Don't fall behind! Take individual sessions or the entire series.

Series Schedule:

- Session 1 – Attorneys and New Technologies: An Intro Course
Wednesday, Sept. 25 | 12 – 1:40 p.m.
- Session 2 – Benefits and Risks of AI/GAI: Causes of Action and Defenses
Wednesday, Oct. 23 | 12 – 1:40 p.m.
- Session 3 – How AI/GAI Might Assist Attorneys in Litigation
Wednesday, Nov. 20 | 1 – 2:40 p.m.
- Session 4 – Discovery of AI/GAI: Possible Requests and Objections
Wednesday, Dec. 18 | 12 – 1:40 p.m.
- Session 5 – AI/GAI in Criminal Investigations and Proceedings
Wednesday, Jan. 22, 2025 | 12 – 1:40 p.m.
- Session 6 – Admissibility of AI/GAI Under Accutane and Olenowski
Wednesday, February 26, 2025 | 12 – 1:40 p.m.
- Session 7 – The Ethics of AI/GAI Use by Attorneys
Wednesday, March 12, 2025 | 12 – 1:40 p.m.

All sessions will be
online only.

Total CLE Credits for Entire Series: Earn up to 14.0 hours of total CLE credit, including 2.0 in Ethics

Visit [NJICLE.com](https://www.njicle.com) to register today.

The MCLE deadline is quickly approaching -
do you have enough credits?



Get On-Demand CLE at Your Fingertips

Check out our library of on-demand
videos in every area of law.

Order, Watch, and Earn Credits Immediately

Video On-Demand versions of NJICLE's award-winning portfolio of CLE programs, presented online and in person, streaming nationwide. Available 24/7 worldwide.

Need CLE credits?

Want cutting-edge strategies and the latest developments immediately?

Try NJICLE's CLE On-Demand programs and start earning credits right away.

It's easy. Simply order and watch our on-demand video programs - where and when it works for you: at home, on your commute, at the park, at the gym... anywhere your iPad, tablet or smartphone goes.

Featuring over 200 On-Demand Video versions of our award-winning CLE programs. Streaming nationwide. Available 24/7 worldwide.

CLE On-Demand programs are available in these areas of law:

- | | | |
|--------------------------------------|--------------------------------|----------------------------|
| - Animal Law | - Election Law | - Land Use Law |
| - Banking Law | - Environmental Law | - Law Office Management |
| - Bankruptcy Law | - Estate Law | - Local Government Law |
| - Business and Commercial Litigation | - Ethics | - Municipal Court Practice |
| - Business Law | - Family Law | - Patent and Trademark Law |
| - Civil Trial Law | - Federal Practice & Procedure | - Real Estate |
| - Construction Law | - General Law | - Renewable Energy |
| - Criminal Law | - Health Law | - School Law |
| - Dispute Resolution | - Immigration Law | - Taxation Law |
| - Diversity | - Insurance Law | - Workers Compensation |
| - Elder and Disability Law | - Labor and Employment Law | |

For a complete listing of programs, visit NJICLE.com

Available Now. Viewable Anywhere, Anytime from Any Device.

Visit NJICLE.com to order your on-demand today.



Emerging Trends for Artificial Intelligence in the Copyright Space

By Brett R. Harris



BRETT R. HARRIS is a shareholder on the Business Law team at Wilentz, Goldman & Spitzer, P.A. Known as a business, non-profit and technology attorney, she is admitted in New Jersey and New York with a broad-based general corporate practice consisting of both transactional matters and client counseling on everyday business matters with a focus on technology and IP issues. She also has a particular focus of representing nonprofit organizations, foundations and tax-exempt entities.

Artificial intelligence is a rapidly evolving technology having a significant impact on business, industry, government and society. The proliferation of AI has enormous potential, but its novelty is challenging existing intellectual property laws and policies. This article will discuss AI and copyright law, with particular focus on the perspectives of the United States Copyright Office.¹

Artificial Intelligence vs. Generative AI

As a preliminary matter, it is important to understand how AI and “generative” AI are defined. The National Artificial Intelligence Initiative Act of 2020, the initial federal legislation focused on AI research and development, defines artificial intelligence as “a machine-based system that can, for a given set of human-defined objectives, make predictions, recommendations or decisions influencing real or virtual environments.”² On the other hand, generative AI refers to AI technology that can produce content, including text, images, video, audio and synthesized data. Generative AI algorithms are machine-learning tools which result in generation of content, or “outputs,” in response to user’s textual prompts, or “inputs.” Generative AI programs are trained to generate the outputs tools by applying the human input to data analysis over vast quantities of existing works, through the power “big data analytics.”

These concepts are important to the current state of litigation against companies making and using generative AI in particular either as training tools or as content-generators.

Registering AI-Generated Works with the Copyright Office

One of the fundamental principles of copyright law is the intention to protect “original works of authorship fixed in any tangible medium of expression,”³ which has been interpreted to mean materials that are the product of human creativity. The human authorship requirement is grounded in the term “author,” appearing in both

the United States Constitution and the Copyright Act. While “author” is not defined in the Copyright Act, the Copyright Office and court interpretations have considered it to mean works “created by a human being.” For example, the Ninth Circuit rejected an attempt for a monkey to register a copyright in photographs it captured with a camera.⁴ The Ninth Circuit also held that a book containing words “‘authored’ by non-human spirit beings” can only secure copyright protection if there were “human selection and arrangements of the revelations.”⁵

The decision of whether to afford copyright protection to AI output focuses on whether, as machine-generated material, it falls under the human authorship requirement. In 2022, an individual sued the Copyright Office for the 2019 denial of his application to register artwork that he claimed was authored “autonomously” by an AI program. A federal court granted summary judgment in favor of the Copyright Office, holding that “human authorship is an essential part of a valid copyright claim.”⁶ But as described above, AI-generated content can be triggered by human inputs, and those prompts can arguably be the basis for human authorship. In 2023, the Copyright Office determined that a graphic novel comprised of human-authored text combined with images generated by the AI service Midjourney constituted a copyrightable work, but that the individual images themselves could not be protected by copyright.⁷

In March of 2023, the Copyright Office published a policy statement providing guidance to copyright applicants seeking to register works containing AI-generated materials.⁸ The Registration Guidance reaffirms the human authorship requirement, but recognizes that works submitted for registration may contain human authorship combined with uncopyrightable material, including material generated by or with the

assistance of various types of technology. In such situations, the Copyright Office assesses asking “whether the ‘work’ is basically one of human authorship, with the computer [or other device] merely being an assisting instrument, or whether the traditional elements of authorship in the work (liter-

In March of 2023, the Copyright Office published a policy statement providing guidance to copyright applicants seeking to register works containing AI-generated materials. The Registration Guidance reaffirms the human authorship requirement, but recognizes that works submitted for registration may contain human authorship combined with uncopyrightable material, including material generated by or with the assistance of various types of technology.

ary, artistic, or musical expression or elements of selection, arrangement, etc.) were actually conceived and executed not by man but by a machine.”⁹

As applied in the context of AI, the inquiry becomes how the generative tool operates and how it is used to create the final work being submitted or registration. The Registration Guidance states that if a user requests AI text-generating tool to “write a poem about copyright

law in the style of William Shakespeare,” the technology will determine the rhyming pattern, the words and the structure. Since these are the expressive elements of the work, it would not be protected by copyright because they were not created through human authorship. The Registration Guidance goes on to state that works can be created by humans selecting or arranging AI-generated materials in a creative way, or modifying material originally generated by AI technology. The policy supports use of technological tools as part of the creative process; just focuses on them being tools under the human’s creative control. The question of registration of AI-generated work based on the foregoing parameters must be a fact-specific analysis.

The Registration Guidance instructs copyright applicants that they have a duty to disclose the inclusion of AI-generated content in a work submitted for registration and to provide an explanation as to the human’s contribution to the work. The applicant should be listed as the author or co-author, and applicants are instructed not to list AI technology or the company that provided it as an author or co-author. If the AI-generated content is more than *de minimus*, the Registration Guidance directs that it should be explicitly excluded from the application. In the one-year period after the Registration Guidance was issued, the Copyright Office’s Registration Division examined hundreds of works that incorporate AI-generated material and issued registrations to well over 100, while other applications were rejected either because the applicant failed to follow the Registration Guidance or because the work did not contain sufficient human authorship.¹⁰

Is it Infringement or Fair Use?

Since AI technology is based on large amounts of data, questions arise regarding copyright infringement. The AI training process involves making digital

copies of existing works, which could be infringement if not found to constitute fair use under the Copyright Act. The fair use factors to consider are as follows: (1) purpose and character of the use, including whether the use is of a commercial nature or is for nonprofit educational purposes; (2) nature of the copyrighted work; (3) amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) effect of the use upon the potential market for or value of the copyrighted work.¹¹

OpenAI, a leading American artificial intelligence research organization and the developer of the ChatGPT application, has argued that using copyrighted works to train AI programs should be considered fair use. For example, under the first factor, OpenAI argues that the purposes is to be “transformative” rather than “expressive” because the training process creates a useful generative AI system. As for the third factor, OpenAI argues that the copies are not made available to the public but rather are part of the internal training and workings of the AI technology. In support of this claim, OpenAI cites *The Authors Guild, Inc. v. Google, Inc.*,¹² holding that Google’s copying of entire books to create a searchable database that displayed excerpts of those books constituted fair use.¹³

Numerous lawsuits have been filed in recent years claiming the AI training processes infringe their copyrights, and such cases are making their way through the courts. In September of 2023, a U.S. district court ruled that a jury trial would be required to conduct a fair use analysis involving an AI company copying case summaries from Westlaw to train an AI program to quote relevant passages from legal opinions in response to prompts from a user of the AI tool.¹⁴ That trial is scheduled to begin Aug. 26.¹⁵ It will take time for case law to develop on this issue.

Additionally, AI-generated content may resemble existing works, which could be a basis for copyright infringement

if the copyright owner can show that the AI program had access to their works and of the outputs are substantially similar to the underlying work. If copyright infringement is found under these circumstances, there is also the question of who is liable for such infringement, the AI company and/or the AI user.¹⁶

Copyright Office Launches AI Initiative

In March of 2023, the Copyright Office announced the launch of a new initiative “to examine the copyright law and policy issues raised by artificial intelligence (AI) technology, including the scope of copyright in works generated using AI tools and the use of copyrighted materials in AI training.”¹⁷ Public listening sessions were convened in the spring of 2023 and informational webinars were presented to engage with the public and gather and share information about current technologies and their impact.

The Copyright Office issued a Notice of Inquiry in August of 2023, to “inform the Office’s study and help assess whether legislative or regulatory steps in this area are warranted,...[seeking] comment on these issues, including those involved in the use of copyrighted works to train AI models, the appropriate levels of transparency and disclosure with respect to the use of copyrighted works, and the legal status of AI-generated outputs.”¹⁸ The Notice of Inquiry included 34 specific questions developed by the Copyright Office after the public sessions related to (1) the use of copyrighted works to train AI models; (2) the copyrightability of material generated using AI systems; (3) potential liability for any acts of infringement; and (4) the treatment of generative AI outputs that imitate the identity or style of human artists.

Initial comments were due in October of 2023 and reply comments due in November 2023, and the Copyright Office twice extended the comment periods to ensure sufficient time for public

input, with a final comment deadline of Dec. 6, 2023. Overall, the Copyright Office received over 10,500 comments responding to the Notice of Inquiry.¹⁹ As part of the Copyright Office’s analysis of the comments and study on the issues, since the spring of 2024 they have been conducting *ex parte* meetings with representatives of a number of industry stakeholders including the following: Copyright Clearance Center, Universal Music Group, Recording Industry Association of America, News/Media Alliance, Authors Guild, National Music Publishers’ Association, Motion Picture Association, Meta Platforms, Inc., OpenAI and Directors Guild of America.

The Copyright Office plans to issue a report in several sections analyzing the issues, which will be published as they are completed, with publication anticipated to begin later in 2024. The Report is expected to make recommendations about any legislative and regulatory action. The Copyright Office also has announced an intention to publish, through the federal rulemaking process, an update to the *Compendium of U.S. Copyright Office Practices*,²⁰ the administrative manual for registration. Finally, the Copyright Office has expressed an intention to continue policy research on the topic, including bringing together a group of government and academic economists to discuss “the economic aspects of the intersection of copyrights and AI.”²¹ ■

Endnotes

1. Readers may also be interested in analyses of intellectual property implications of AI by the United States Patent Office (uspto.gov/initiatives/artificial-intelligence) and the World Intellectual Property Organization (wipo.int/about-ip/en/frontier_technologies/).
2. 15 U.S.C. 9401(3).
3. 17 U.S.C. 102(a).

4. *Naruto v. Slater*, 888 F.3d 418 (9th Cir. 2018).
5. *Urantia Found. .v. Kristen Maaherra*, 114 F.3d 955, 957-59 (9th Cir. 1997).
6. *Thaler v. Perlmutter*, Case 1:22-cv-01564-BAH (D.D.C., Order & Memorandum Opinion issued Aug. 18, 2023); opinion is available 2023 WL 5333236 (D.D.C.). The plaintiff has appealed to the District of Columbia Circuit Court of Appeals.
7. U.S. Copyright Office, Cancellation Decision re: Zarya of the Dawn (VAu001480196) at 2 (Feb. 21, 2023).
8. "Copyright Registration Guidance: Works Containing Material Generated by Artificial Intelligence (Statement of Policy; Rules and Regulations 37 CFR PART 202)." Federal Register 88:51 (March 16, 2023) p. 16190 (the "Registration Guidance").
9. U.S. Copyright Office, Compendium of U.S. Copyright Office Practices sec. 313.2 (3d ed. 2021)
10. Letter from The Register of Copyrights of the United States of America to Chairs and Ranking Members of the United States Senate Subcommittee on Intellectual Property and the United States House of Representatives Subcommittee on Courts, Intellectual Property, and the Internet, dated February 23, 2024, at p3.
11. 17 U.S.C. 107.
12. 804 F.3d 202 (2nd Cir. 2015)
13. Congressional Research Service. (September 29, 2023). Generative Artificial Intelligence and Copyright Law, p 4. (CRS Legal Sidebar No. LSB1922).
14. *Id.* (discussing *Thomson Reuters Enterprise Centre GMBH and West Publishing Corp. v. Ross Intelligence Inc.*, No. 1:20-cv-613-SB (D. Del., Memorandum Opinion issued September 25, 2023)).
15. *Thomson Reuters Enterprise Centre GMBH v. Ross Intelligence Inc.*, 1:20-cv-00613 (D. Del), Docket Entry 581, Oral Order.
16. *Id.* at 5.
17. U.S. Copyright Office NewsNet Issue No. 1004 - March 16, 2023.
18. "Artificial Intelligence and Copyright (Notice of Inquiry and Request for Comments)." Federal Register 88:167 (August 30, 2023) p. 59942.
19. The public comments can be viewed online at [regulations.gov/comment/COLC-2023-0006-8630](https://www.regulations.gov/comment/COLC-2023-0006-8630).
20. U.S. Copyright Office, Compendium of U.S. Copyright Office Practices (3d ed. 2021).
21. Letter, *supra* note 10, at p5-6.



THE NATIONAL ACADEMY OF DISTINGUISHED NEUTRALS

America's Premier Civil-Trial Mediators & Arbitrators Online

NADN is proud to partner with the National Defense and Trial Bar Associations

dri Lawyers
Representing
Business.™

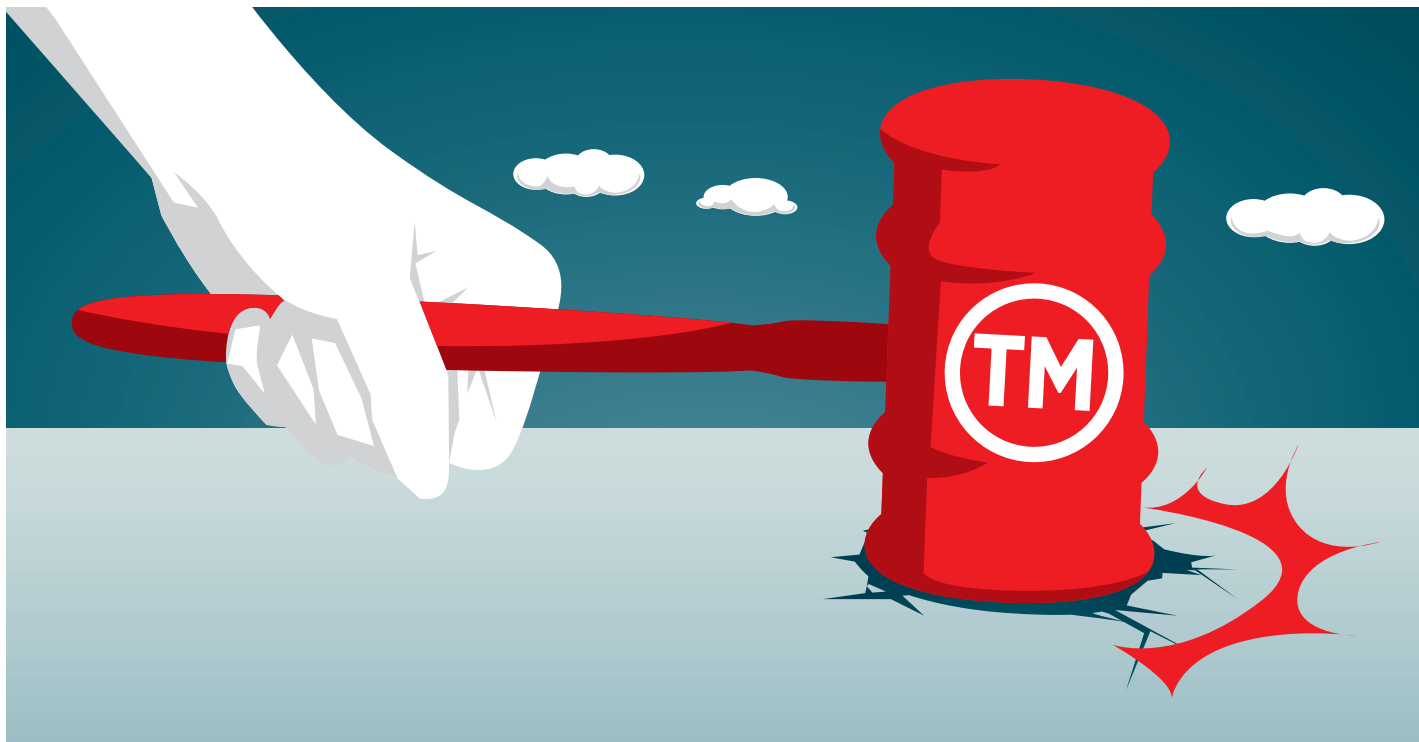


2024 Trial Advertiser

View Bios & Availability Calendars for the top-rated neutrals in each state, as approved by local litigators

www.NADN.org

The National Academy of Distinguished Neutrals is an invitation-only professional association of over 1000 litigator-rated mediators & arbitrators throughout the USA, including over 30 members of our New Jersey Chapter. For local ADR professionals, please visit www.NJMediators.org



Striking a Balance Between Enforcing IP Rights and Becoming a Trademark Bully

By Paula I. Brueckner and Peter E. Nussbaum

The image of the schoolyard bully is indelible—the big kid who picked on the smaller children simply because the bully was bigger and stronger. In the trademark space, schoolyard bullies have been replaced by trademark bullies—often large companies who engage in overly aggressive tactics to harass and intimidate typically small companies and individuals, beyond the scope of trademark protection afforded by the Lanham Act or by taking an overly broad position regarding their own rights. It is important for trademark owners to protect their trademark rights through policing and enforcement, but doing so overzealously can be highly problematic and detrimental.

By way of example, in 2015, Lagunitas Brewing Company sued Sierra Nevada Brewing Company over the use and display of “IPA” on the labels for Sierra Nevada’s then-new Hop Hunter IPA beer cans. As any beer drinker knows, “IPA” is short for “India Pale Ale,” a style of hoppy beer in the pale ale category. Lagunitas claimed that the stylization Sierra Nevada chose was too close to its own. Sierra Nevada took to social media, and the backlash against Lagunitas was swift with beer drinkers threatening to boycott. Within one day of filing the lawsuit, Lagunitas voluntarily dismissed the case because of the public outcry. The founder of Lagunitas even took to social media himself, admitting, “Today was in the hands of the ultimate court; The Court of Public Opinion and in it I got an answer to my Question; Our IPA’s TM has limits.” Lagunitas was publicly shamed for being a trademark bully, even though it believed it was simply policing its mark.

Another example is Louis Vuitton, long known to have a strong enforcement strategy as well as often receiving negative publicity for that approach. Take, for example, the cease-and-desist letter Louis Vuitton sent a group of law students at the University of Pennsylvania in 2012. The students held a fashion-law-themed symposium featuring a design resembling the Louis Vuitton toile print on the flyer. Louis Vuitton's demand letter was ultimately posted on the internet and garnered the company bad press. Some argued Louis Vuitton has deservedly earned a reputation as a trademark bully. However, it is worth noting that it is not only one of the most recognizable brands in the world, but also one of the most counterfeited.

Trademarks and Service Marks such as brand names, slogans, logos, color, product packaging and configuration, and even smells and sounds, are among a company's most valuable assets. Filing for and obtaining a registration with the United States Patent and Trademark Office (USPTO) is a crucial part of a company's overall brand protection strategy, but it is not enough in and of itself. While the USPTO will refuse applications based on a likelihood of confusion with existing registrations, trademark owners need to monitor the marketplace for potential infringement and, if necessary, enforce their rights. As any trademark practitioner knows, an effective enforcement strategy helps brands protect their trademarks and service marks, but an ineffective one can be limiting and damaging, if not fatal, to a company's rights or result in public shaming and bad publicity. Brands that either fail to police their marks or engage in overly aggressive bully tactics can face both legal and commercial repercussions. Thus, trademark practitioners must strike a balance when advising clients on trademark enforcement strategy.

The Lanham Act imposes a duty on trademark owners to be proactive and to police the relevant market for infringers.¹

An effective enforcement strategy enhances the strength and distinctiveness of a trademark by eliminating the use of similar marks in the relevant market.² Common examples of enforcement include the use of cease-and-desist letters, the filing of opposition and cancellation proceedings before the USPTO's Trademark Trial and Appeal Board (TTAB) to challenge problematic third-party applications and registrations, submitting letters of protest to the USPTO, enrollment in online marketplace brand registries, submitting takedown notices to online marketplaces and social media websites, filing Uniform Domain Name Dispute Resolution complaints for problematic domain names, recording marks with U.S. Customs and Border Patrol, and filing lawsuits in federal court.

There is no requirement that brand owners object to every use of a similar mark. In fact, doing so would be cost prohibitive for all but the largest companies and result in unnecessary disputes over unrelated goods and services where there is plainly no likelihood of confusion.³ It is incumbent on trademark practitioners to help trademark owners strike that balance between overly aggressive enforcement and laissez-faire enforcement. Indeed, the law recognizes the dilemma faced by trademark owners. Under the rule of "encroachment," trademark owners can tolerate de minimis or low-level infringement by a junior user without requiring them to take action or file a lawsuit.⁴ The trademark owner can wait until that junior user's use expands or changes such that it can cause the trademark owner harm to take action.⁵

Some trademark owners, however, believe they need to object to each and every use of a similar (or what they consider similar) mark no matter how remote the likelihood of confusion. The classic example of a trademark bully is a large company that goes after smaller companies or start-up companies. Trademark bullies engage in overly aggressive tactics

to harass and intimidate others beyond the scope of trademark protection afforded by the Lanham Act or by taking an overly broad position regarding their own rights. Their aggressive demand letters can go beyond trying to force the recipient to cease use of a mark or threaten litigation—they sometimes seek to extract unfounded license fees, payouts, or co-existence agreements, all under threat of a lawsuit. Trademark bullies are also known for engaging in abusive tactics prior to and during litigation to intimidate the other party or employ litigation tactics designed to drive up the cost of defending against their frivolous claims. Some trademark owners are so overzealous in their enforcement that they object to fair use and non-infringing use even where unwarranted.

Courts have taken note of these bullies and granted fees in some cases to deter such bad behavior and to reduce frivolous lawsuits.⁶ In extreme cases,



PAULA I. BRUECKNER is counsel at Chiesa, Shahinian & Giantomasi in the firm's Trademarks and Copyrights Group. Her practice focuses on representing companies, start-ups and individuals in trademark and copyright matters including trademark prosecution, licensing, enforcement and trademark litigation.



PETER E. NUSSBAUM is a member at Chiesa, Shahinian & Giantomasi and chair of the firm's Trademarks and Copyrights Group. He counsels clients on trademark, copyright, internet and technology matters and writes and speaks on a variety of trademark law topics, particularly as they relate to the entertainment and music industries.

courts have the power to impose Fed. R. Civ. P. 11 sanctions against trademark bullies (and their attorneys) when they engage in particularly vexatious and egregious conduct or pursue frivolous claims. In other situations, trademark bullies have been publicly shamed and received negative publicity for engaging in bully behavior. Particularly today, recipients of unfounded or frivolous cease-and-desist letters or lawsuits are quick to post on social media in shaming campaigns.

Trademark owners who find themselves up against a trademark bully are not without recourse. In addition to seeking fees where appropriate in federal court, taking to social media and public shaming, they can file a declaratory judgment action. When the bully has filed an opposition or cancellation at the TTAB, filing a declaratory judgment action in federal court allows for suspending the TTAB proceeding, moving the case to a venue that can award fees (as the TTAB cannot award attorneys' fees), and crafting a narrative that highlights the bully's behavior.

Failure to enforce trademark rights can have serious consequences for brand owners ranging from limiting those rights or even losing them. For example, waiting too long to object to another's use of a confusingly similar mark can give rise to a laches or acquiescence defense. A party who fails to petition to cancel a problematic registration within five years of that registration will lose the ability to challenge that registration on certain grounds, including that a likelihood of confusion exists.⁷ In some instances, the failure to police can result in the entire loss of trademark rights through genericide. For example, the words aspirin, escalator, and thermos were at one time protectible trademarks that eventually became generic. That is, the public learned to associate the mark with the name of the thing itself rather than as the source of the product, caus-

ing the owners of those marks to lose trademark protection for them.

Trademark practitioners can help trademark owners navigate the extremes of being a bully and losing rights to find an enforcement strategy that is effective, economical, and reasonable. A balanced enforcement strategy should consider what rights the trademark owner has based on existing registrations and actual use of the mark as well as whether a likelihood of confusion exists or if actual confusion has already occurred. It should also consider what the trademark owner wants to accomplish, such as an immediate or phased end to the infringing behavior, a license, a settlement agreement or continued monitoring for future infringements, and/or some combination of outcomes. It is also important to keep in mind what a realistic and successful enforcement outcome is in each instance. One trademark owner may be satisfied with a reasonable sell-off period and cessation of infringing activity while another may be resolute in obtaining compensation from the infringing party.

Cease-and-desist letters are perhaps the most commonly used enforcement tool in a trademark practitioner's arsenal. That is because they alert an infringing party of the trademark owner's rights and can result in discontinuation of the infringing mark or abandonment of problematic applications without the need for costly litigation, whether before the TTAB or in federal court. In situations where litigation is unavoidable, evidence of having used cease-and-desist letters can support a finding of willfulness, which is defined as the "intent to infringe or a deliberate disregard of a mark holder's rights."⁸ In a federal trademark infringement case, a finding of willfulness can entitle the trademark owner to obtain attorneys' fees, and in counterfeiting cases, statutory damages ranging between \$1,000 and \$200,000 per mark rather than actual damages,

which can be hard to prove or minimal.⁹ While the TTAB cannot award monetary damages or attorneys' fees, a finding of willfulness can be considered in the likelihood of confusion analysis in an opposition or cancellation proceeding.

In short, a creative cease-and-desist letter can end the problematic behavior and garner positive media attention for the trademark owner. By way of example, in the mid-2010s, a global media company cleverly and creatively asserted its rights by sending an unauthorized pop-up bar a reference-filled, humorous letter making clear that it objected but would allow it to complete its initial scheduled run. The letter went viral, and the public response was positive—for both the pop-up bar and media company. And the lawyers received praise for having taken a metered and creative enforcement approach while avoiding falling into the trademark bully trap. ■

Endnotes

1. McCarthy on Trademarks and Unfair Competition § 11:91 (5th ed. 2024)
2. *Morningside Group Ltd. v. Morningside Capital Group, L.L.C.*, 182 F.3d 133, 51 U.S.P.Q.2d 1183 (2d Cir. 1999); *Dictaphone Corp. v. Dictamatic Corp.*, 199 U.S.P.Q. 437 (D. Or. 1978).
3. *McDonald's Corp. v. McKinley*, 13 U.S.P.Q.2d 1895 (T.T.A.B. 1989).
4. McCarthy on Trademarks and Unfair Competition § 31:21 (5th ed. 2024)
5. *Id.*
6. *Engage Healthcare Commc'ns, LLC v. Intellisphere, LLC*, No. 12-cv-787 (FLW) (LHG), 2019 WL 1397387, at *6 (D.N.J. Mar. 28, 2019).
7. TBMP § 307.02(a) (2023).
8. *Tri-Union Seafoods, LLC v. Ecuadorianita Imp. & Exp. Corp.*, No. 20-cv-9537, 2021 WL 1541054, at *7 (D.N.J. Apr. 20, 2021)
9. 15 U.S.C. §1117(a), (c).

LAWPAY®

AN AFFINIPAY SOLUTION

+



Member
Benefit
Provider

"I love LawPay! I'm not sure why I waited so long to get it set up."

— Law Firm in Ohio

Trusted by 50,000 law firms, LawPay is a simple, secure solution that allows you to easily accept credit and eCheck payments online, in person, or through your favorite practice management tools.



22% increase in cash flow with online payments



Vetted and approved by all 50 state bars, 70+ local and specialty bars, the ABA, and the ALA



62% of bills sent online are paid in 24 hours

YOUR FIRM LOGO HERE

Trust Payment
IOLTA Deposit

New Case Reference

***** 9995 ***

TOTAL: \$1,500.00

VISA



POWERED BY
LAWPAY

eCheck

DISCOVER

PAY ATTORNEY

**PAYMENT
RECEIVED**



Get started at
lawpay.com/njsba
866-730-4140

Data based on an average of firm accounts;
receivables increases using online billing solutions.

LawPay is a registered agent of Synovus Bank, Columbus,
GA, and Fifth Third Bank, N.A., Cincinnati, OH.



THE NAME GAME

Strategic Considerations for Trademark Attorneys

By Alice Denenberg



ALICE DENENBERG is an experienced trademark attorney at the firm of Gerben Perrott PLLC, whose practice focuses on U.S. and international trademark prosecution. She regularly counsels clients on the nuances of high-level trademark strategy.

Singer Katheryn Elizabeth Hudson adopted the name Katy Perry to distinguish herself from actress Kate Hudson, but later lost her right to use Katy Perry as a trademark in Australia to down-under fashion designer Katie Perry.¹ In a bygone era, when she was engaged to Rob Kardashian, Angela Renee White *aka* Blac Chyna optimistically filed a trademark application for “Angela Renee Kardashian,” but it was opposed before the Trademark Trial and Appeal Board (TTAB) by all three of the Kardashian sisters.² Also at the TTAB, Kylie Minogue asserted herself as the “real” Kylie by opposing KYLIE trademark applications filed by Kylie Jenner.³ After selling her first namesake brand Kate Spade & Co., designer Katherine Noel Valentine Brosnahan Spade could not shake her enthusiasm for monikers and later launched a new eponymous brand, “Frances Valentine.”⁴ Finally, it is no secret that Taylor Swift is famed not just as a singer-songwriter, but also for her legendary trademark portfolio.⁵

A person’s name is the cornerstone of their identity and may carry personal, familial, cultural, or other significance. From a legal perspective, names that are intended to function as trademarks require additional considerations both in securing protection as well as in the context of licensing, franchising, employment, purchase, or other contractual agreements. Attorneys should carefully counsel clients on the considerations specific to eponymous trademarks.

Unless the name is especially rare, brand owners seeking protection for single name trademarks (first names or last names) should anticipate that a trademark clearance search may result in a greater risk of refusal and the conclusion that it would be necessary to add a distinctive term or design element to increase the likelihood of securing protection.

Trademark Clearance Searches

The importance of conducting a clearance search before adopting, using, or filing for trademark protection cannot be understated.⁶ This is especially relevant for names as they are frequently adopted as brands. This seems to be particularly the case for celebrities and fashion designers, where name trademarks reign supreme. Unless the name is especially rare, brand owners seeking protection for single name trademarks (first names or last names) should anticipate that a trademark clearance search may result in a greater risk of refusal and the conclusion that it would be necessary to add a distinctive term or design element to increase the likelihood of securing protection.

Consent to Register

The U.S. Patent & Trademark Office (USPTO) typically requires jumping through some extra hoops where a name is part of or “the” proposed mark. For instance, consent to register is required when the subject trademark consists of a name, portrait, signature, or likeness of a living individual.⁷ Once registered, the certificate of registration will bear a consent statement.⁸ In cases where there is some connection between the person and the goods and/or services (usually due to some measure of fame), then the consent requirement may also apply to registration of a first name, nickname, pseudonym, or stage name.⁹ In the case of well-known people, the record must also identify the real name and indicate that

the name identifies a living individual.¹⁰

An example of this requirement is shown by trademarks connected to author J.K. Rowling, creator of the Harry Potter series. Rowling later adopted the pseudonym Robert Galbraith as the author of the Cormoran Strike series. The registration for the trademark JK ROWLING includes the statement, “The name ‘JK ROWLING’ identifies the nickname of JOANNE ROWLING, a living individual whose consent is of record.”¹¹ Rowling’s pseudonym Robert Galbraith, has a similar statement, “The name(s), portrait(s), and/or signature(s) shown in the mark identifies “ROBERT GALBRAITH,” a pseudonym of Joanne Rowling, whose consent(s) to register is made of record.”¹² Finally, author Robert Galbraith’s fictional character CORMORAN STRIKE bears the statement, “The name(s), portrait(s), and/or signature(s) shown in the mark does not identify a particular living individual.”¹³

An interesting quirk of the Trademark Manual of Examining Procedure (TMEP) is that the consent requirement also applies to the name of a deceased President, if a widow is still alive.¹⁴ For a particular living President, consent to register is the subject of consideration by the U.S. Supreme Court. Currently under review is a trademark application for “TRUMP TOO SMALL,” and the Court must determine whether the consent to register requirement is a violation of the First Amendment.

The case, *Vidal v. Elster*, involves Steve Elster, who filed a trademark application

for the phrase TRUMP TOO SMALL for clothing and apparel.¹⁵ Unsurprisingly, the application was refused registration on the basis that the trademark identifies a particular living individual (former President and current candidate Donald Trump), and Elster did not secure Trump’s consent to register the trademark.¹⁶ The test imposed by the USPTO is whether the name of a trademark identifies a particular living individual, and the person bearing the name will be associated with the mark.¹⁷ Both the examiner and the TTAB determined that the name identifies Donald Trump, and given his notoriety, there is likely to be an association between him and the goods. In the first Office Action after the applied-for mark was filed, the examiner provided the applicant an opportunity to secure registration by meeting the following criteria: a) a statement that the trademark identifies Donald Trump and b) by securing Trump’s written consent to register the trademark.¹⁸

Elster admitted that Trump was the subject of the trademark, but as to consent he argued that he was entitled to register the mark as political commentary, and therefore, it is protectable speech under the First Amendment (along with other First Amendment arguments). In its final decision affirming the examiner’s refusal, the TTAB explained that the consent rule recognizes a living person’s right of privacy and publicity in their identity, but that it also serves to protect consumers from source deception.¹⁹ The TTAB further refuted the

argument that refusal to register was a violation of free speech as the applicant was still free to use the phrase TRUMP TOO SMALL in common law.²⁰ In short, the TTAB determined that “the prohibition applies in an objective, straightforward way to any proposed mark that consists of or comprises the name of a particular living individual, regardless of the viewpoint conveyed by the proposed mark.”²¹ In essence, the issue was not whether the trademark was a negative commentary on the name as even a pro-Trump trademark would still require Trump’s consent to register. The refusal to register was due to lack of consent as a public policy interest to safeguard the public from misleading or deceptive source-identifiers, which is outside of the scope of the First Amendment’s protection of speech.²²

From a practical viewpoint, obviating the consent to register requirement would encourage a cascade of trademark applications for celebrity names and likenesses, and would effectively remove a person’s control over her or his own name. While some celebrities such as the Kardashians/Jenners and Taylor Swift have large trademark portfolios, not all celebrities are as strategic. For those with existing trademark portfolios, eliminating the consent requirement would force celebrity owners to engage in expensive enforcement actions relying primarily on a likelihood of confusion. On the other hand, celebrities without existing trademark applications or registrations could face a total loss of control of trademark rights in their names. In some cases, obviating the consent requirement would render the USPTO’s trademark examiners powerless to refuse registration even if the celebrity is famous.²³ The consent requirement acts as an added layer of protection for all celebrities or those with names associated with a product or service, even if they did not file for protection of their name as a trademark.

While Elster is currently pending, the

general consensus is that the U.S. Supreme Court is likely to rule against Elster, meaning the consent requirement will be upheld.

Primarily Merely a Surname

Another possible prosecution pitfall is receipt of a refusal for “primarily merely a surname.” This refusal is substantive, and is similar to a refusal to register based on descriptiveness.²⁴ An applicant with such a refusal could still secure registration for a surname, either through five years of substantially exclusive use in commerce (aka acquired distinctiveness), or by applying for more limited protection on the Supplemental Register.²⁵ The policy behind such refusal is to prevent trademark registration for last names that have no significance other than that of a name (i.e. they are merely a surname).²⁶ Since many people may share the same surname, each with a potential interest in using the name for a business, the requirement for acquired distinctiveness as a prerequisite for registration on the Principal Register delays appropriation of exclusive rights in the surname.²⁷

While there is no per se rule on determining whether a term is a surname, the TTAB has adopted five representative example inquiries to determine the public’s perception of the name.²⁸

These include:

1. If the surname is rare—If it is rare, it is likely not primarily merely a surname. However, even a rare surname will not preclude a finding of primarily merely a surname if purchasers would find the meaning of the term to be that of a surname (this term ‘sounds’ like a last name).
2. If the term is of anyone connected with the applicant—whether the name is that of an officer or founder of the company. If it is, then it is likely primarily merely a surname. This factor applies even if the trademark is owned by an entity, rather than an individual.

3. Whether the term has a recognized meaning other than that of a surname. For example, geographic terms that may also be names, such as “Hamilton” and “Washington” are not considered to be primarily merely a surname. The same applies to terms such as “Keys” or “Black” that can be surnames but have other known meanings.
4. Whether it has the “structure and pronunciation” of a surname—this ties into the first consideration in that rare surnames may not be primarily merely a surname, unless the word could not be interpreted as anything other than a surname.
5. Finally, if the mark is stylized, whether the stylization is sufficient to provide a separate commercial impression from the name. Generally, adding stylization to an otherwise descriptive term can help secure protection of a trademark on the Principal Register. However, there is still a minimum amount of stylization required, which if insufficient, will relegate the trademark to the Supplemental Register.²⁹

If a term has no meaning or no perceived meaning other than that of a surname, then it is likely primarily merely a surname. This also applies to words with other meanings, both in English or in a foreign language. When the primary significance of a non-English term is that of a surname, the term is not supposed to be translated, but the refusal will still apply.³⁰ A misspelled term, i.e. phonetic equivalent, will not prevent a surname refusal.³¹ Adding a title such as Mr. or J.D. or a legal or family entity such as Corp. or & Sons, or even .COM can sometimes further enhance the determination that a mark is a surname, rather than prevent this conclusion.³² Similarly, adding descriptive wording to a surname, does not remove the mark from the realm of descriptiveness or prevent a surname refusal.³³ However, certain historical

terms or famous historical figures may not be refused on the surname basis, as the name has other connotations.³⁴

Another quirk of USPTO practice is that while surnames are considered descriptive, there is no requirement under the rules to disclaim a surname as there is for widely used words.³⁵

The ultimate conclusion falls on the primary significance of the term to the purchasing public or the public's perception, notwithstanding any other meanings it may have.³⁶ Practitioners may encourage their clients to avoid a surname refusal by including a first name with the surname, adding initials to a surname, or by having two surnames.³⁷ Adding in these other names removes the trademark from purview of "primarily merely a surname" into that of referencing a particular person.³⁸ Alternately, adding an inherently distinctive term to a surname can make the mark as a whole registrable on the Principal Register.³⁹

When filing for a trademark that consists of a surname (or could reasonably be perceived as such), it is important to remember the risk of refusal and to plan for this possibility.

Fashion Industry Agreements

While eponymous trademarks can apply to any good or service, they are frequently found in the fashion industry. Fashion designers often use their name as their brand and in some cases the brand can become a household name. When "name" brands of fashion labels are sold, additional considerations may apply, specifically to the owner of the name and especially if they decide to continue designing.⁴⁰

After menswear designer Joseph Abboud sold his namesake brand, he decided to start a new one.⁴¹ Unfortunately, his new brand JAZ hit a snag since he was using Joseph Abboud in connection with JAZ. JA Apparel Corp, the buyer of the Joseph Abboud trademark sued Abboud for trademark infringement.⁴²

Ultimately, the Southern District of New York ruled that while JA Apparel Corp purchased the trademark JOSEPH ABBOUD, Abboud was still permitted some descriptive use of his name so that he could be credited as the designer of the new brand.⁴³ However, he was precluded from using his name as a trademark, which meant he could not use it on hang tags, product packaging or product labels. The decision in this case separated the designer from the trademark.⁴⁴

A more recent example is also a cautionary tale.⁴⁵ The story involves then-up-and-coming wedding dress designer Hayley Paige Gutman. As Hayley Paige, she signed an employment agreement with JLM that involved allowing the use of her name HAYLEY PAIGE as a trademark.⁴⁶ JLM later sued Gutman for breach of contract when the relationship soured and she refused to turn over control of her purportedly personal social media accounts.⁴⁷ Ultimately, all the parties ended up as losers as JLM is in bankruptcy proceedings due to the litigation, and Paige walked away from her name as a brand and ended up creating a new brand under the trademark, CHEVAL.⁴⁸ As of May 2024, after remand, miss Paige was granted back control of her personal social media account @misshaileypaige, but based on the court's assessment, the non-compete clause was left in place until the end of the five-year term.⁴⁹

When a designer uses their name as a brand and the brand is later sold, the designer may be giving up future rights to use that name on any product or service. Therefore, the specific wording of any agreement for the rights to a person's name should be written carefully and should thoroughly address all expectations and scenarios.

Any agreements for the purchase of names as trademarks should include a detailed list of the various types of uses, whether as trademarks, domain names, social media handles, and future uses

should the designer wish to self-reference any new endeavors.

Takeaways

- Conduct a clearance search before adopting, using or filing for trademark protection
- Be aware of special prosecution considerations that apply to name trademarks such as consent and surname refusals
- Take into consideration case law on eponymous trademarks to ensure agreements account for a namesake's future plans for their own name. ■

Endnotes

1. thelist.com/423779/the-real-reason-katy-perry-changed-her-name/; *Taylor v Killer Queen, LLC* (No 5) [2023] FCA 364 natlawreview.com/article/one-got-away-popstar-katy-perry-outperformed-australian-dark-horse-longstanding
2. T.T.A.B. Proceeding No. 91231533 (Opposition Terminated on account of no response to Opposition filed)
3. T.T.A.B. Proceeding No. 91228567 (Opposition settled, see: people.com/music/kylie-minogue-says-blocking-kylie-jenner-name-trademark-was-just-business/ "But let me also say...we came to an agreement,").
4. people.com/style/kate-spade-change-her-name-to-kate-valentine-spade/
5. secureyourtrademark.com/blog/taylor-swift/
6. grr.com/publications/dont-lose-your-brand-10-reasons-why-trademark-searches-are-essential-before-filing-a-trademark-application/
7. T.M.E.P. 813.01(a)
8. *Id.*
9. *Id.*
10. *Id.*
11. U.S. Trademark Registration No. 5663369

12. U.S. Trademark Registration No. 4915894; T.M.E.P. 813.01(b)
13. U.S. Trademark Registration No. 4903309
14. T.M.E.P. 1206.04
15. Serial No. 87749230; It is likely that the applicant likely intends to use TRUMP TOO SMALL as a slogan for the front of a T-shirt (typically ornamental), rather than a brand name of a T-shirt (use as a source identifier). Good trademark use for apparel requires that the brand be listed on the product tag, hang tag or product display. Generally, use on the front of the shirt is not acceptable for trademark use as a source identifier, and a specimen showing such use will not secure registration, with limited exceptions. The TRUMP TOO SMALL application was based on an intent to use, meaning even if accepted for registration after examination, applicant's products would still need to meet the requirements for use in commerce. See gerbenlaw.com/blog/commercial-use-clothing/
16. 15.U.S.C. 1052(c); Office action of February 19, 2018.
17. *Id.*
18. Office action of February 19, 2018.
19. *In Re Steve Elster* Serial No. 87/749,290.
20. *Id.*
21. *Id.*
22. *In Re Steve Elster* Serial No. 87/749,290.
23. In some cases the USPTO could also rely on Section 2(a) False Suggestion of a Connection. The TRUMP TOO SMALL Examiner provided this as a secondary argument, which was briefed, but ultimately the TTAB declined to decide on this ground.
24. T.M.E.P. 1211
25. *Id.*
26. *Id.* The examples given are Johnson or Jones, which only have significance as a surname, versus Cotton or King, which have other meanings but can also be surnames.
27. T.M.E.P. 1211
28. *Id.*
29. T.M.E.P. 1211.01(b)(ii)
30. T.M.E.P. 809.02
31. T.M.E.P. 1211.01(a)(ii)
32. 1211.01(b)(iv)
33. 1211.01(b)(vi)
34. 1211.01(a)(iv)
35. 1213.03(a)
36. 1211.01(a)(i)
37. 1211.01(b)(i) and (b)(iii)
38. *Id.*
39. 1211.01(b)(vi)
40. Other issues may arise from the use/registration of a name, which may include right of publicity or moral rights. These issues exceed the scope of this article. See also: [ladas.com/education-center/5633-2/](https://www.ladas.com/education-center/5633-2/) for an excellent summary on other cases and issues on this topic.
41. *JA Apparel Corp. v. Abboud*, 682 F. Supp. 2d 294 (S.D.N.Y. 2010)
42. *Id.*
43. *Id.*
44. *Id.*
45. [businessinsider.com/hayley-paige-gutman-jlm-couture-controversy-timeline-2021-1#in-july-2011-wedding-dress-designer-hayley-paige-gutman-signed-an-employment-agreement-with-fashion-company-jlm-couture-2](https://www.businessinsider.com/hayley-paige-gutman-jlm-couture-controversy-timeline-2021-1#in-july-2011-wedding-dress-designer-hayley-paige-gutman-signed-an-employment-agreement-with-fashion-company-jlm-couture-2) "Gutman said in an Instagram Video that she was 25 when she signed the agreement and did not have a lawyer review the contract."
46. *JLM Couture, Inc. v. Hayley Paige Gutman* No. 21-2535 (2d Cir. 2024)
47. *Id.*
48. [bridal-times.com/en/bridal-fashion-house-files-for-bankruptcy-court-reorganization/](https://www.bridal-times.com/en/bridal-fashion-house-files-for-bankruptcy-court-reorganization/); [reuters.com/legal/litigation/hayley-paige-wedding-dress-dispute-again-sent-back-federal-court-2024-01-17/](https://www.reuters.com/legal/litigation/hayley-paige-wedding-dress-dispute-again-sent-back-federal-court-2024-01-17/)
49. *JLM Couture, Inc. v. Hayley Paige Gutman* No. 21-2535 (2d Cir. 2024), *JLM Couture, Inc. v. Gutman*, 1:20-cv-10575 (SDNY).



USI Affinity

Protect your practice with **precision.**

We specialize in insurance *like you specialize in a specific area of practice.* As the endorsed insurance program of the NJSBA, USI Affinity offers a proprietary, comprehensive Lawyers' Professional Liability program specifically designed to mitigate risks and close gaps in coverage.

Providing comprehensive solutions:

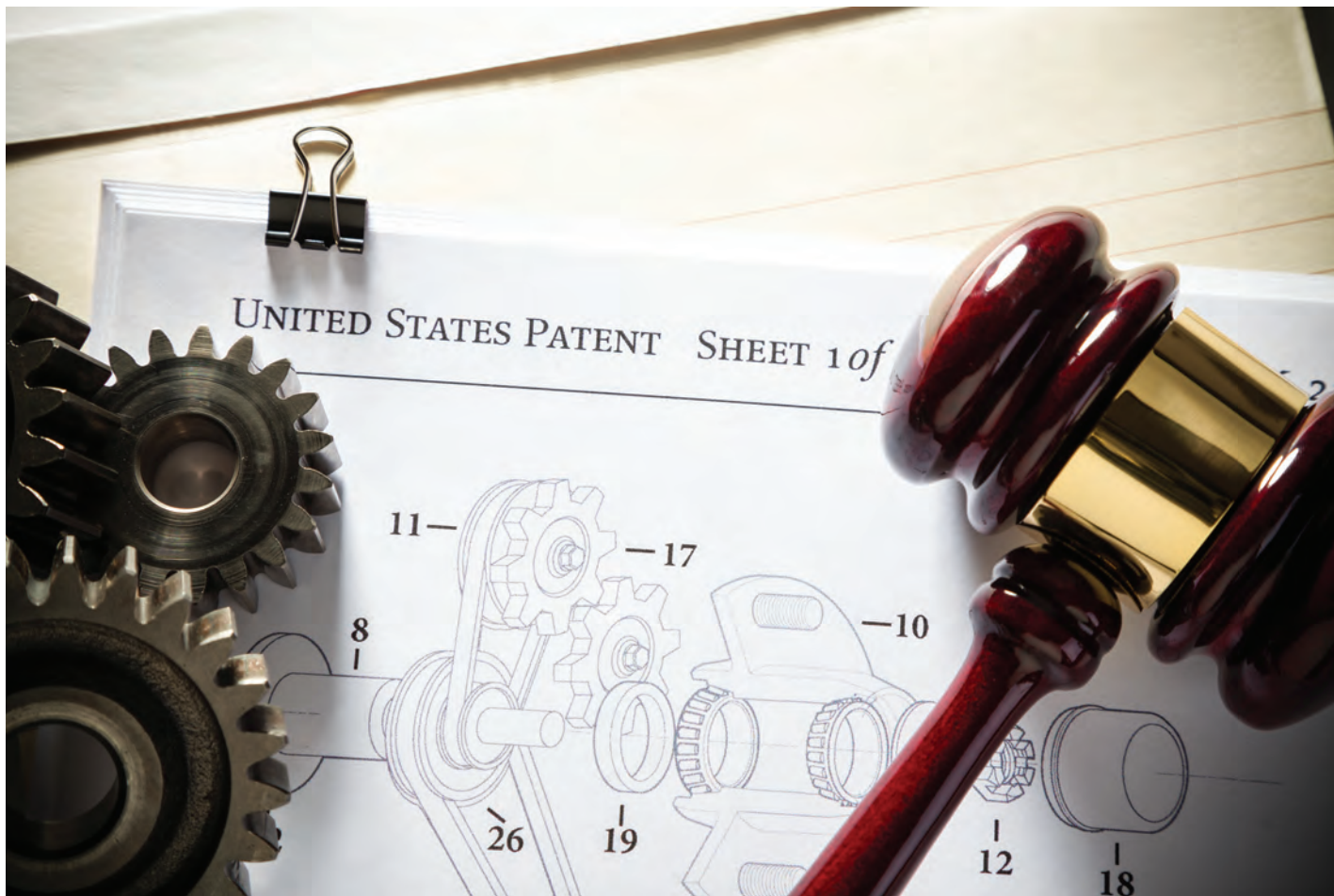
- Settlement Control
- Loss of Earnings
- Subpoena Assistance
- Cyber Breach Expenses
- License Protection
- Reputation Coverage
- Fee Suit Avoidance

1.855.USI.0100

Call today for more information on the insurance products available to New York State Bar Association members, including a NJSBA professional membership credit.

*****njsbainsurance.com/





ANDREW J. HOLLANDER is of counsel at K&L Gates where he counsels clients in all industries on intellectual property and manages global trademark and patent portfolios, and obtains trade dress registrations and design patents. A registered patent attorney with the U.S. Patent and Trademark Office, and former in-house counsel as chief IP attorney, he is an adjunct professor at Seton Hall University School of Law where he teaches courses in both Trademark Registration and Patent Law. This article does not contain legal advice.

Seeing is Believing

Using Trade Dress and Design Patents to Boost Brand Impact and Protect Product Appearance

By Andrew J. Hollander

The realm of trade dress and design patent rights is vast. From the size of a modest line segment to that of a colossal building, and coming in many shapes, colors, and patterns, its range is limited only by the ingenuity of the businesspeople who create these visual assets and the skill of the attorneys who protect them.

Sometimes there is perceived overlap between trade dress and design patents. By way of example, which of the following are drawn from U.S. trade dress registrations, and which U.S. design patents?

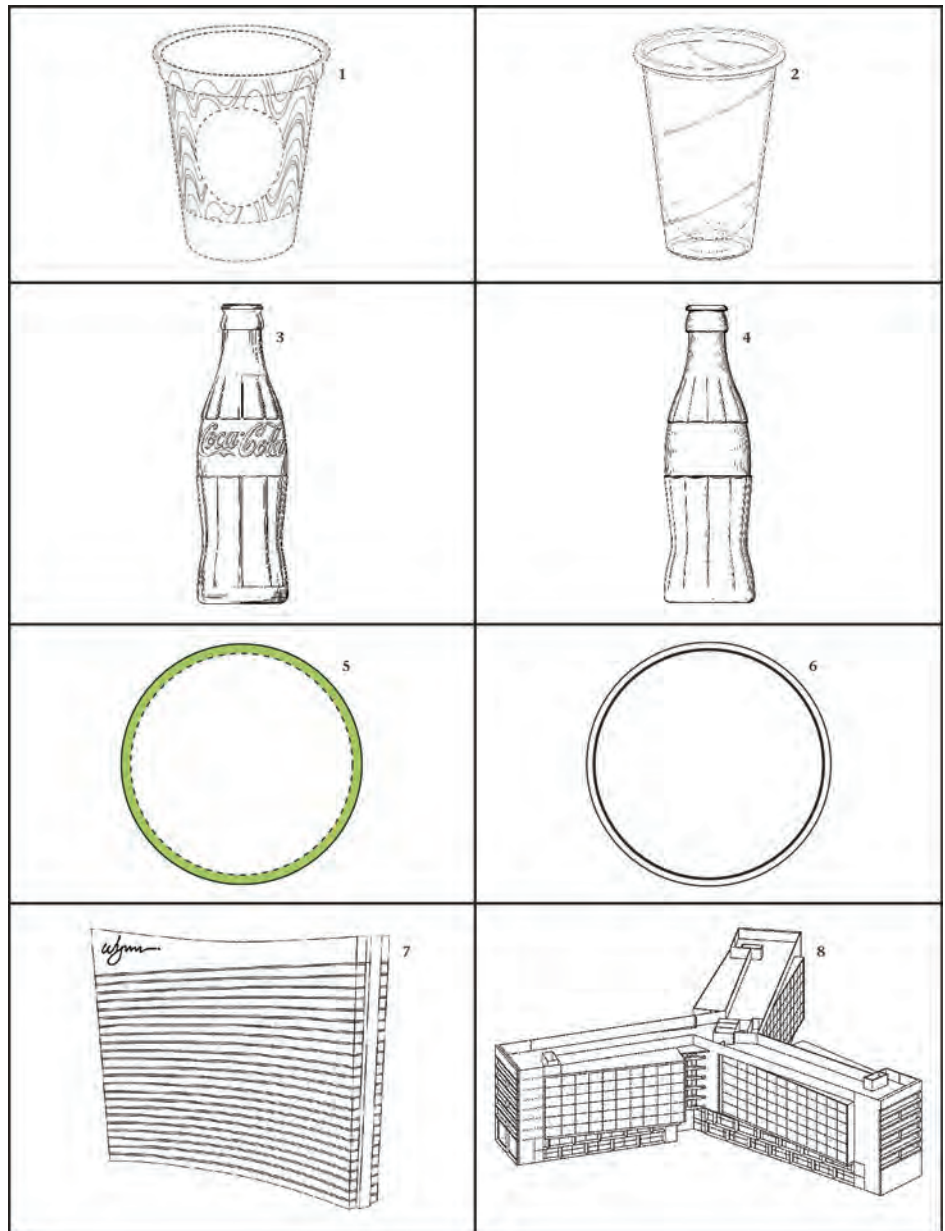
Answers: At left are drawings from trade dress registrations, at right figures from design patents.

Despite outward similarities, on closer look there are significant differences in the paired drawings. The cup in the first row has wavy lines and the one at its right straight ones. Subject matter can be wildly different: the green circle bounds a ceramic disc from which dental implants are milled, the black one to its right shows a stripe on a golf ball. The common denominator is that both trade dress and design patent regimes can basically protect distinctive, non-functional features relating to designs used commercially. As the United States Supreme Court put it simply: “Trade dress is, of course, potentially the subject matter of design patents.”⁹

Trade dress and design patent rights are complementary tools in an overall commercial strategy to protect products and brand. This article covers the nature and scope of these rights, their advantages and occasional pitfalls, and concludes with considerations for employing their powerful capabilities.

Trade Dress

A trademark is a source-identifier. It identifies the source of goods and services in the marketplace.¹⁰ The Lanham Act defines a “trademark” as “any word, name, symbol, or device, or any combination thereof [used] to identify and distinguish [a producer’s goods]...and to indicate source of the goods....”¹¹ The Supreme Court regards trade dress as a “symbol” or “device”¹² “[T]he protection of trademarks and trade dress under § 43(a) [of the Lanham Act] serves the same statutory purpose of preventing deception and unfair competition. There is no persuasive reason to apply different analysis to the two.”¹³



As the United States Court of Appeals for the Third Circuit put it well: “[t]rade dress has been defined as the total image or overall appearance of a product, and includes, but is not limited to, such features as size, shape, color or color combinations, texture, graphics, or even a particular sales technique.”¹⁴ In short, it “encompasses the overall design and appearance that make the product identifiable to consumers.”¹⁵

What cannot be protected by trade dress? Not much in the commercial domain so long as a symbol or device is not functional and becomes known as a

source-identifier or is inherently distinctive from the get-go. As the Supreme Court noted: “human beings might use as a ‘symbol’ or ‘device’ almost anything at all that is capable of carrying meaning,” and thus the field of trade dress can be quite expansive.¹⁶

With rights come a remedy. As Professor J. Thomas McCarthy observes in one of the leading treatises in trademark law, “[t]he test of trade dress infringement is the same as the traditional test of trademark infringement: is there a likelihood of confusion resulting from the accused trade dress?”¹⁷

Trade dress is registrable at the U.S. Patent and Trademark Office if falls within one of three categories:

1. **Inherent distinctiveness** under 15 U.S.C. § 1052[first sentence]
 - a. By its “intrinsic nature” the mark identifies—and distinguishes—a source of goods or services in the marketplace.¹⁸
2. **Acquired distinctiveness** under 15 U.S.C. § 1052(f)
 - a. By having developed “secondary meaning”, i.e., in the minds of the public the mark identifies a *source* of products or services rather than the products or services *themselves*.¹⁹
3. **Capable of distinctiveness** under 15 U.S.C. § 1091
 - a. Capable of distinguishing goods and services, but which “could one day gain eligibility for the principal register.”²⁰

Categories (a) and (b) above are eligible for the Principal Register, and (c) the Supplemental Register only.²¹

Not all trade dress is treated equally. Where understood as *product packaging* (including décor of a restaurant as in *Two Pesos*) it may be found inherently registrable without proof of secondary meaning, but as *product design* it requires such proof.²² Close call whether packaging or design? Then the trade dress will be classified as product design and secondary meaning assessed.²³

The USPTO is an apt forum in which to perfect trade dress rights. It honors judicial precedent of course, observing in its Trademark Manual of Examining Procedure (TMEP): “trade dress includes the design of a product (i.e., the product shape or configuration), the packaging in which a product is sold (i.e., the “dressing” of a product), the color of a product or of the packaging in which a product is sold, and the flavor of a product.”²⁴

Though secondary meaning can be proved up in court, the USPTO will enter-

tain evidence of such distinctiveness in trademark applications. Distilling Supreme Court precedent, the TMEP says, “A mark that consists of product design trade dress is never inherently distinctive and is not registrable on the Principal Register unless the applicant establishes that the mark has acquired distinctiveness under §2(f) of the Trademark Act.”²⁵ But, it goes on to say, “[p]roduct packaging trade dress may be inherently distinctive.”²⁶ Even so, “[a]pplicants face a heavy burden in establishing distinctiveness in an application to register trade dress” for design, with “a mere statement of five years’ use...generally not sufficient,” though it may be easier to make this showing with product packaging than product design.²⁷

A key impediment: functionality. One may not register a mark that “comprises any matter that, as a whole, is functional.”²⁸ “[T]rade dress protection may not be claimed for product features that are functional.”²⁹ There is no bright-line definition of functionality, but “[i]n general terms, a product feature is functional, and cannot serve as a trademark, if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.”³⁰

Seeking to avoid trade dress rights that amount to “back-door” utility patents, the functionality doctrine promotes “free and open competition.”³¹

Design Patents

Design patents are available for “any new, original, and ornamental design for an article of manufacture.... The provisions of the U.S. patent statute—Title 35—relating to patents for inventions shall apply to patents for designs, except as otherwise provided.”³² The subject matter of a design patent can embrace: (1) configuration or shape of an article; (2) surface ornamentation applied to an article; or (3) a combination of (1) and (2).³³

U.S. design patents are distinct from

U.S. utility patents. A utility patent—subject matter of which is a method, machine, manufacture or composition of matter³⁴—basically goes to functionality, i.e., how an article is used and works. A utility patent, the term of which is 20 years from its earliest effective filing date,³⁵ is granted if the invention is new, useful, and not obvious to a person of skill in the art.³⁶ A design patent, as stated, cannot protect functionality.

However, design patents exist in the same legal regime as utility patents. Thus, as with utility patents, if an invention for which a design patent is sought has been publicly available for more than one year, then it is an absolute bar to patentability. In this case one may have a super design invention, but it will not be a patentable invention.

As with trade dress, subject matter for a design patent must be non-functional. Unlike with trade dress, however, term of a design patent is limited. It expires 15 years from grant.³⁷ In distinction, term of a U.S. trade dress registration is potentially indefinite—provided it is renewed every 10 years, which is possible only if the trade dress remains in use.

What is “non-functional” for design patents? Purity is not required. A design can be “primarily ornamental,” because after all the statute requires that there be an article of manufacture “[T]he fact that the article of manufacture serves a function is a prerequisite of design patentability, not a defeat thereof.”³⁸

Design patents can coexist with their cousins, utility patents, which address functional and/or structural inventions. However, care must be taken not to claim for utility patents features properly protectable by design patent, and vice versa, as this could jeopardize the validity of both.

The test for design patent infringement is whether an “ordinary observer” who is familiar with designs of prior art to the design patent would be deceived into believing that an accused design is

substantially the same as the patented design.³⁹

Design patents in the U.S. are available in 33 U.S. Design Classes, which run the gamut from “Edible Products” (class D1) to “Furnishings” (D6), “Tools and Hardware” (D8), “Jewelry...” (D11), to “Medical and Laboratory Equipment” (D24), and many more.

In September 2023, U.S. Design Patent No. 1,000,000 was granted for a “Dispensing Comb,” to Agustina Huckaby. The allowance rate for design patent applications (number of design applications allowed divided by number disposed of in current fiscal year) was 83% in early 2024.⁴⁰

Design patent inventions are vulnerable to a pitfall that trade dress cannot trip into: statutory bars. A design patent is subject to the public use and on-sale bars of 35 U.S.C. § 102. These forbid granting a patent to inventions that have been made publicly accessible and/or on sale. There may be a saving “grace”—a one-year grace period under limited circumstances.

Strategic Use of Trade Dress and Design Patents

Carefully managed, both design patent and trade dress rights on similar subject matter by the same owner can exist concurrently. And, trade dress can be used to establish rights after the expiration of a design patent. A good example is the design patent which ran from 1923-1937 on the shape of the “article” that became the Coca-Cola® bottle; in 1960 the company obtained a trade dress registration that extends to this day. “The existence of design patent does not preclude the same product from protection as a trademark under the trademark statute [Lanham Act] either simultaneously or successively.”⁴¹

And, of course, one may cultivate trade dress registrations or design patent grants exclusive of the other. Many companies have one or the other but not both.

Each situation is different, but the following general practice considerations may be worth considering.

1. Consider registering trade dress.

Registration provides public notice to third parties that you are claiming rights in a brand. It can deter them from adopting its features or coming close. Registration also may enable the USPTO to do initial enforcement work for you by properly refusing confusingly similar marks. Further, a registration is prima facie evidence in a lawsuit that your trade dress is entitled to protection, the USPTO having already evaluated its distinctiveness and non-functionality; in a lawsuit on unregistered trade dress, however, it is the plaintiff’s burden to show the claimed trade dress is non-functional, based on a 1999 amendment to the Lanham Act.⁴² And with time—five years—a trade dress registration can become “incontestable” under Section 15 of the act, providing a strong suite of added rights. Judgment calls are essential, however. There may be strategic and commercial reasons *not* to register.

2. Describe the scope of trade dress in adequate detail.

A detailed written description and drawing in a trade dress registration can weigh in your favor, and can help in defeating a motion to dismiss by an accused infringer. For example, if the accused infringer argues that your trade dress is too general and its scope of rights vague, you can point to clear language in the design description to the contrary. You can also point to the use of lines in the drawing: solid lines indicate protectable elements, whereas broken lines are not part of the mark but just the environment in which the trade dress exists. Nike used these approaches to its advantage recently, defeating a motion to dismiss.⁴³ Again, however, judgment is needed. There

may be strategic or commercial reasons to claim specific features (or not).

3. Be careful about touting functional product benefits that derive from trade dress or design patent rights.

Advertising and marketing sell consumer benefits. However, many rights owners have been tripped up by evidence that their sales pitch touts benefits that are functional and map to trade dress or design patents. Functionality defeats both trade dress and design patent rights. For example, the USPTO’s Trademark Trial and Appeal Board held that the configuration of a metal beverage container with vertical fluting was functional thus not registrable, in part because “[a]bsent from applicant’s advertising is—any promotion of fluting as an indication of the source of its beverage container. Rather, applicant’s advertising promotes the functional features of its beverage container, i.e., superior strength, firm grip, easier to hold, and 10% metal savings.”⁴⁴

4. Consider drawing attention to your trade dress such as by “look for.”

Trademarks identify source. One may wish to emphasize this in marketing. For example, the owner of the Supplemental Register registration of the green ring for “dental ceramics” stated to the USPTO that, “This shade of green is thematic in the applicant’s overall branding scheme,” and submitted examples of advertising that said, “Look for the Green Ring” next to the brand commitment, “Because when you see it, you’ll know the Harvest Promise stands behind it.”⁴⁵

5. Timely consider design patents, or the invention’s patentability may be barred.

As with utility patents, design patents may not be obtained if the invention has been in public use or on sale.⁴⁶ Exceptions may apply, possibly providing a one-year grace period, but this is a highly nuanced area of patent law.

- 6. Consider the Supplemental Register.** The Supplemental Register may not be a first choice. However, though not as protective as registration on the Principal Register, a registration on the Supplemental Register still allows one to use a registration symbol—®—and the fact of registration provides notice to third parties.
- 7. Actual use in the marketplace is a predicate for a trade dress registration, but not a design patent grant.** One must show actual use in the marketplace for a U.S.-originated trade dress application under Section 1(a) or 1(b) of the Lanham Act. Obtaining a design patent does not have this predicate. ■

Endnotes

1. U.S. Trademark Reg. No. 7314302, for “milkshakes” in class 029, Principal Register [f’Real Foods, Limited LLC]
2. U.S. Patent No. D772,013, for “Cup” [Reynolds Consumer Products LLC]
3. U.S. Trademark Reg. No. 696,147, continuously registered since 1960 [The Coca-Cola Company]
4. U.S. Design Patent No. D63,657, granted in 1923 (expired in 1937)
5. U.S. Trademark Reg. No. 7,292,085, for “Dental ceramics” in class 005, Supplemental Register [Harvest Dental Products, LLC]
6. U.S. Patent No. D655,358, “Golf Ball Having Three Colored Parallel Circles” [W. Raymond Barrett]
7. U.S. Trademark Reg. No. 3,195,978, for “casino services” in class 041, Principal Register [Wynn Resorts Holdings, LLC]
8. U.S. Design Patent No. D887,579, “Building” [Frolic & Revelry, LLC]
9. *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 154 (1989).
10. *United States Patent and Trademark Office v. Booking.com B.V.*, 591 U.S. 549, 552 (2020).
11. 15 U.S.C. §1127.
12. *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 209 (2000).
13. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 773 (1992).
14. *Fair Wind Sailing, Inc. v. Dempster*, 764 F.3d 303, 308 (3d Cir. 2014) (citation omitted).
15. *Nike, Inc v. USAPE LLC*, 2024 WL 967223, at *4 (S.D.N.Y. 2024).
16. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 162 (1995).
17. McCarthy on Trademarks and Unfair Competition § 8:15 (5th ed.)
18. *Wal-Mart* at 1343.
19. *Id.*
20. *Booking.com* at 552.
21. Section 1052 states that “No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register” unless exceptions apply; Section 1091 states that “[a]ll marks capable of distinguishing applicant’s goods or services and not registrable on the principal register... may be registered on the supplemental register” unless similar exceptions apply.
22. *E.g., Wal-Mart* at 214-15.
23. *Id.*
24. TMEP Section 1202.02.
25. TMEP Section 1202.02(b)(i).
26. TMEP Section 1202.02(b)(ii).
27. *See id.* at (i) and (ii).
28. 15 U.S.C. §1052(e)(5).
29. *Traffix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23, 29 (2001).
30. *Id.* (citations omitted).
31. McCarthy on Trademarks and Unfair Competition § 7:64 (5th ed.).
32. 35 U.S.C. § 171.
33. Section 1502 of Manual of Patent Examining Procedure (“MPEP”), U.S. Patent and Trademark Office.
34. 35 U.S.C. § 101.
35. 35 U.S.C. § 154.
36. *See* 35 U.S.C. §101, 102, and 103.
37. 35 U.S.C. § 173.
38. *Hupp v. Siroflex of Am., Inc.*, 122 F.3d 1456, 1460 (Fed. Cir. 1997)
39. *Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665, 670 (Fed. Cir. 2008).
40. uspto.gov/dashboard/patents/design.html.
41. *Fuji Kogyo Co., Ltd. v. Pacific Bay Intern., Inc.*, 461 F.3d 675, 683 (6th Cir. 2006)
42. 15 U.S.C. §1125(a)(3).
43. *Nike, Inc v. USAPE LLC*, 2024 WL 967223, at *9 (S.D.N.Y. 2024).
44. *In re American National Can Co.*, 1997 WL 109226, at *4 (Trademark Tr. & App. Bd. 1997).
45. U.S. Trademark Reg. No. 7292085.
46. 35 U.S.C. 102.

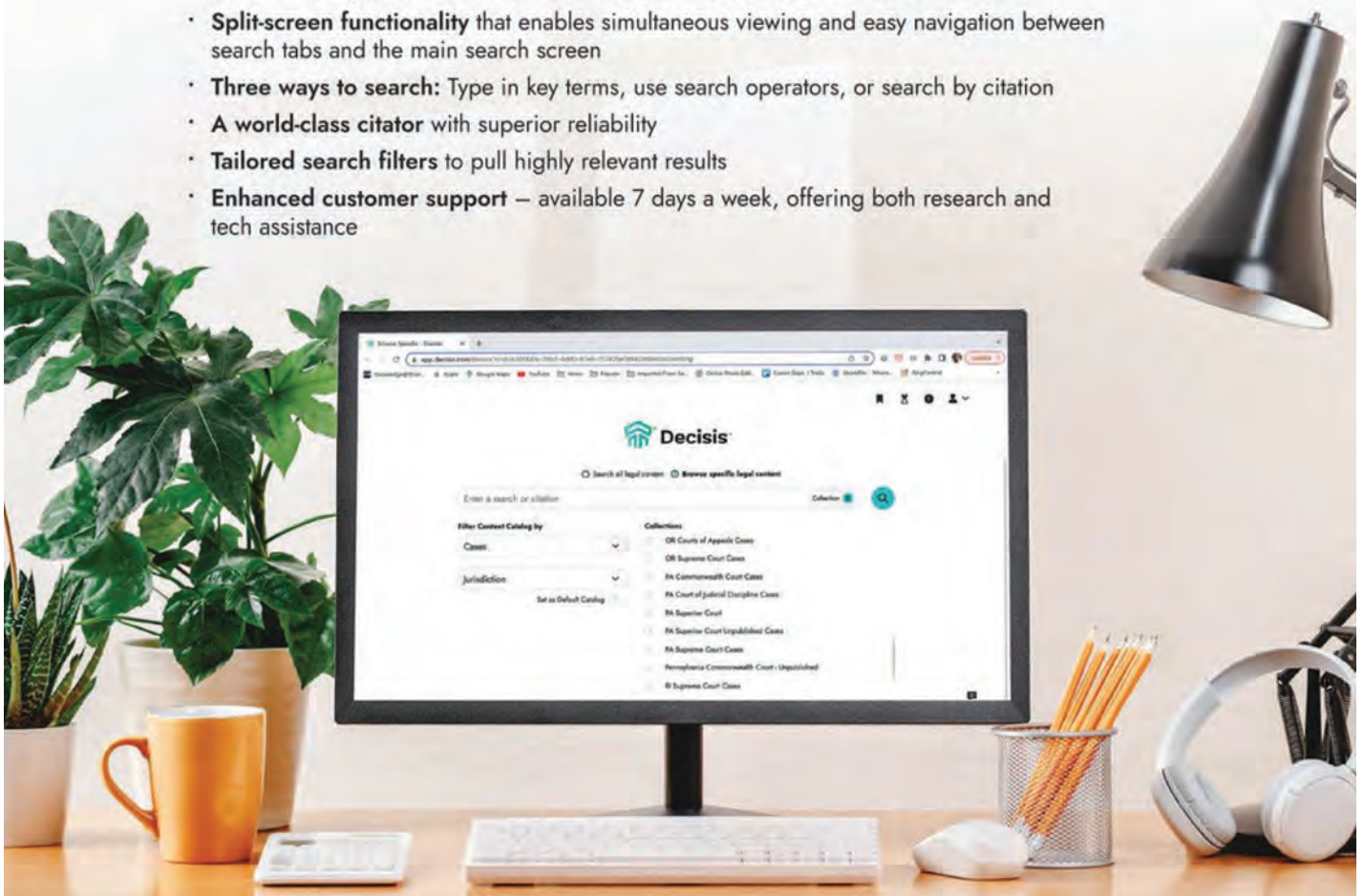
Available
Now



A fast, reliable legal research tool – free for New Jersey State Bar Association members – a \$1788 value!) **Search all courts and jurisdictions** (Need a case outside New Jersey? Find it with Decisis®.)

How Decisis stands out from its competitors:

- **Intuitive Google-like interface** that allows you to seamlessly scan search results
- **Split-screen functionality** that enables simultaneous viewing and easy navigation between search tabs and the main search screen
- **Three ways to search:** Type in key terms, use search operators, or search by citation
- **A world-class citator** with superior reliability
- **Tailored search filters** to pull highly relevant results
- **Enhanced customer support** – available 7 days a week, offering both research and tech assistance

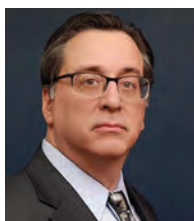


Learn more at [NJSBA.com](https://njsba.com) or email membership@njsba.com for more details.



Trade Secrets and the ‘Patent Paradox’ Regarding IP Based on Natural Phenomena

Determining When to Seek Protection Under Trade Secret Law, Patent Law, or Both Given the Supreme Court’s Limitations on Patentability for Biotechnology



JOHN A. STONE is a partner at DeCotiis, FitzPatrick, Cole & Giblin, LLP, where he is a member of the Litigation, Intellectual Property, Complex Business and Construction practice groups. John’s practice focuses on complex business matters, including trade secret and intellectual property litigation, unfair competition and tortious interference, and construction claims.

By John A. Stone

As rapidly advancing biotechnology enables us to duplicate and use what is found in nature—including from our own bodies—to improve our health and lives, the U.S. Supreme Court ruled that the more biotech innovation copies or observes natural phenomena—even if done in a laboratory and not in nature or within a patient’s own body—the less likely the intellectual property (IP) will be patentable. Given that patent paradox, and the significance of and investment at stake in biotechnology, trade secret protection is a viable option for biotech and life science companies.

The Biotech Future is Now

“Biotechnology is a field that is capable of modern-day miracles”¹ and is “moving so fast that a lot of the science that not so long ago was just fiction is now part of our daily lives.”² Procedures, therapies, and products that were once merely science fiction are now performed, provided or created “routinely by graduate and even undergradu-

At the same time that...extraordinary advances in biotechnology are being made, with even more stunning likely breakthroughs on the horizon, the U.S. Supreme Court held that innovations that merely use or observe laws of nature are not patentable. Those restrictions can be extremely consequential given the time and investment that biotechnological innovation requires.

ate students or by low-level laboratory technicians.”³

Genetic engineering is being used to “make plants more nutritious, produce medicines” and to “modify the DNA of worms, fruit flies, zebrafish, mice, and many others to replicate and study human diseases.” The gene editing tool CRISPR-Cas9 aids research and development of treatments and cures for many of illnesses, including blood disorders and cancer.⁴ To address a lack of organs for transplantation that inspired many sci-fi dystopias, artificial organ replacements are being made using 3D printing and genetic engineering, including using pigs who were genetically altered to have organs tailor-made to be suitable for a person that needs a transplant.⁵

“Unlike mechanical inventions,” advances in biotechnology and life sciences “rely on products of nature, such as DNA from “living organisms, including human beings, and acts as a code that directs cells to build proteins. DNA consists of nucleotides, or four unique building blocks that can be arranged into different sequences. Living things also contain proteins, a vast array of molecules that carry out various functions on a cellular level” upon which biotechnological innovation may be based.”⁶

At the same time that these kinds of extraordinary advances in biotechnology are being made, with even more stunning likely breakthroughs on the horizon, the U.S. Supreme Court held that innovations that merely use or observe laws of nature are not patentable.⁷ Those

restrictions can be extremely consequential given the time and investment that biotechnological innovation requires. Clear and reliable IP rights “encourage investment in life science research and development” by providing “protection against theft of the fruits of our mental labors,” while weakening “those protections creates a perverse incentive—to misappropriate rather than innovate.”⁸ Investors in biotech require “a return comparable to the risk” and “will not back expensive, long-term R&D projects” without some protection, including for the IP.⁹ Therefore, the ability to protect biotech and life science IP is “vital for biotechnology companies to protect their investments and develop new medicines, fight diseases and create new agricultural products.”¹⁰

Most importantly, “trying to have one’s cake and eat it too with an invention or trade secret by seeking patent and trade secret protection can, if not done very carefully, result in loss of the confidentiality of the trade secret.”¹¹

The Patent Paradox

To receive a patent, an applicant must apply to the U.S. Patent and Trademark Office and explain how their inventions, defined as “process[es], machine[s], manufacture[s], or composition[s] of matter,” are novel, nonobvious, and useful.¹² Although Section 101 of the Patent Act defines patentable subject matter as “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof,”¹³

“[l]aws of nature” and “natural phenomena” might not be patentable¹⁴ in part because they are fundamental to scientific and technological progress.¹⁵

Since “all inventions at some level embody, use, reflect, rest upon, or apply” a natural law, an invention based on nature can only be patented if the desired patent “amounts to significantly more than a monopoly over” or merely identifies and applies a natural law or phenomenon to prevent “basic tools of scientific and technological work” from being “tied up” and thereby inhibiting future innovation based on those laws of nature.¹⁶ In two opinions, the U.S. Supreme Court set forth a two-part “*Alice/Mayo* test”¹⁷ “[t]o distinguish claims to patent-eligible applications of...natural phenomena from claims that impermissibly tie up such...phenomena.”¹⁸

In step one of the *Alice/Mayo* test, the Court asks whether the asserted claims are “directed to” a natural phenomenon.¹⁹ If the answer is no, the Court ends its inquiry because the claims are patent eligible.²⁰ However, if the asserted claim of patentability are directed to a natural phenomenon, the Court must proceed to *Alice/Mayo* step two, where it “examine[s] whether the limitations of the [patent] claim apart from the...natural phenomenon, considered individually and as an ordered combination, ‘transform the nature of the claim into a patent-eligible application.’”²¹

In step two, a Court assessing patentability “interrogates the elements of each claim” of patentability, “both

individually and as an ordered combination,” to determine whether they contain an “inventive concept” sufficient to transform the nature of the claim into a patent-eligible application by, for example, “integrat[ing] the building blocks [of nature] into something more” than the natural law.²² If so, the asserted IP is eligible for patenting; if not, the IP cannot be patented.²³

In applying the patentability barrier to IP based laws of nature and natural phenomena, courts “must distinguish between patents that claim the building blocks of human ingenuity and those that integrate the building blocks into something more, thereby transforming them into a patent-eligible invention; ... While a scientific truth, or the mathematical expression of it, is not a patentable invention, a novel and useful structure created with the aid of knowledge of scientific truth may be patentable.” A process that uses natural law must also contain an “inventive concept” “sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the natural law itself.”²⁴

This seemingly simple distinction between, copying or observing nature, as distinguished from altering what occurs in nature, has been anything, but simple and is often assessed based on detailed and pains-taking examination of the facts, science and innovation that make legal and business planning problematic. However, despite impassioned pleas from business, scientific and legal communities, the Supreme Court has “turned down dozens of cases, including four the

federal government has recommended hearing, arguing that more clarity is needed on patent eligibility, a widely held sentiment in patent circles,” creating uncertainly for many biotech and life science technologies.²⁵

Here are some examples.

Diagnostic And Therapeutic IP

The Supreme Court held that a test in which a metabolite was detected and analyzed to provide guidance regarding the dosage of a drug was not-patentable because the party seeking patent protection did not recite enough detail to describe a patentable application of natural laws.²⁶ Similarly, the Supreme Court ruled that a naturally occurring deoxyribonucleic acid (DNA) segment is a mere product of nature and therefore not patent eligible, and did not become patentable merely due to its isolation from a longer, double-helix DNA molecule.²⁷ However, the Court further held that synthetically created complementary DNA (cDNA) that omits portions of naturally occurring DNA is patent eligible, because the synthetic material is not naturally occurring.

Additionally, an “assay for detecting an anti-vinculin antibody” to diagnose irritable bowel syndrome (IBS) was found unpatentable because the efficacy of that assay “is dependent on the correlation between IBS and anti-vinculin antibody” which, in turn, is dependent upon “a core law of nature.”²⁸

Based on these and other cases, gene-based diagnostic method patents that “must rely on the natural expression of DNA, including the information in those

genes... to have any real value” may have become unpatentable.²⁹ To be patentable, a biologically-based invention must at least do more than “merely look at and observe the natural phenomenon.” If the diagnostic IP “simply informs the public of the existence of a natural phenomenon and allows observation of the natural processes at work, for example, through a diagnostic technique involving the observation of natural, physiological processes,” it will “likely be found unpatentable.”³⁰ Additionally, “if the body’s immune response is a law of nature, then the remaining aspects of the claim must be examined for an inventive concept” to be patented.³¹

Replacement Organs

The ability to essentially regrow an organ from the same person who will use it is no longer science fiction.³² The key to patentability of this kind of IP is the “fine line between natural occurrences and human innovation that has been blurred with the blending of both 3D printing machinery and the very biological systems that sustain us.” For example, “when 3D printing a kidney or lung, the result will be a replica of what already exists in nature. Each organ that is printed, while using the patient’s own unique cells, remains identical to all other naturally occurring organs already in existence.” The challenge in determining whether a 3D printed organ possesses markedly different characteristics from any found in nature is not as easy as one might think. Changing a human cell from mere tissue to growing cells that will become human kidneys, “does not

In applying the patentability barrier to IP based laws of nature and natural phenomena, courts “must distinguish between patents that claim the building blocks of human ingenuity and those that integrate the building blocks into something more, thereby transforming them into a patent-eligible invention”...

add anything new to the organ or change the very essence of the organ.”³³

On the one hand, the “apparent alchemy” of 3D bioprinting could constitute a modification of cells that have “markedly different characteristics” from what is in nature. On the other hand, the final printed organ is a naturally occurring organ and already exists in nature. Moreover, the lab technician does not create something new by using human cells as biological ink to print a kidney because the organ itself is not a new creation. Although “3D printed organs require human handiwork in printing the organ itself, the scientist’s involvement in the process does not alter the way in which the organ functions or will function once it is removed from the printer, which means that the scientist” might be considered a mere “conduit for that which already exists in nature.” Thus, much like “a farmer aids the growth of her crops, a scientist helps the organ grow inside the printer, yet neither the farmer nor the scientist may claim patent rights for what nature has produced.”³⁴

Some may argue that a 3D printed organ is distinct from the previous organ that the patient was forced to discard, but if that discarded organ were to be a healthy and fully functioning organ then it would be identical to the organ taken out of the 3D printer. The difference between the human organ that failed the patient and the one that will cure the patient fails to serve as a justification for why a 3D printed organ contains “markedly different characteristics.” “There is a temptation to brand 3D printed organs as artificial creations devoid of natural characteristics, but ultimately the organ that is produced was designed and created using the laws of nature.”³⁵

Man-Made and Reproduced Organisms

The Supreme Court, after considering whether a “*pseudomonas putida*, a bacterium transformed to digest hydrocar-

bon” could be patented, noted “Congress’s intent that ‘anything under the sun that is made by man’ is eligible for patent protection, including a ‘live, human-made’ microorganisms.” The Court “shifted the crucial question from whether the organism was living, to whether it was already found in nature, laying the groundwork for the patentability of multicellular organisms and higher forms of life.” Thus, future disputes about the patentability of actual living things may turn on how different they are from what would normally exist in nature without be altered by the inventor.³⁶

Psychedelic IP

“Plants and fungi that produce psychedelics are not patentable subject matter as they are natural phenomena applicants” unless the inventor creates “new synthetic structures” or “a new process for producing them.”³⁷

Using Trade Secret Protection Where Patentability is Uncertain

Trade Secrets

Forty-nine states and the District of Columbia have adopted a form of the Uniform Trade Secret Act (UTSA), New York follows its own common law of trade secrets based largely on the Restatement (First) of Torts, and federal trade secret law is based on the Defend Trade Secrets Act (DTSA).³⁸

While each regime’s definition of a trade secret is worded differently, they are conceptually the same. To prevail on a trade secrets claim, a plaintiff must show that: (1) it took reasonable measures to keep the information secret; (2) the information derives independent economic value from not being generally known or readily ascertainable; and (3) the information was misappropriated by the defendant.³⁹

The DTSA and the UTSA also similarly define misappropriation of a trade secret to include acquisition by improper means,⁴⁰ which includes “theft, bribery,

misrepresentation, breach or inducement of a breach of a duty to maintain secrecy, or espionage through electronic or other means.”⁴¹ Improper acquisition occurs “when a defendant agreed to abide by a confidentiality agreement but ‘impermissibly sen[ds] the trade secrets to her personal email account in violation of [p]laintiff’s policies and confidentiality agreement.’”⁴²

To obtain trade secret protection in court, a trade secret plaintiff must, among other things, establish having taken reasonable steps to keep the IP secret. The reasonability and legal sufficiency of the measures taken to keep IP secret are fact-sensitive and depend in part of the IP itself and the economics of the company that owns, possesses or created the IP. However, examples of reasonable measures include using non-disclosure or confidentiality agreements, having a corporate data storage policy, including password-protected servers, and maintaining two levels of password protection that limit access to the IP.⁴³

State laws and the DTSA enable a successful trade secret plaintiff to obtain preliminary as well as injunctive relief, damages for actual losses, and in appropriate cases exemplary damages. Most states and the DTSA allow an award of “head start damages” to prevent a misappropriator from being unjustly enriched by benefiting from the trade secret victim’s time and expense in developing the trade secret that the misappropriator stole.⁴⁴ In lieu of a recovery for actual losses, courts can alternatively impose a reasonable royalty for unauthorized disclosures. Attorney’s fees also can be recovered for willful or malicious misappropriations and for claims made in bad faith.⁴⁵

The DTSA also provides trade secret owners with additional remedies including empowering courts to issue ex parte orders directing the seizure of property to prevent the “propagation or dissemination” of trade secret information.⁴⁶

When to Maintain as a Trade Secret or Patent

When deciding whether to use trade secret or patent protection—or to use both—several factors must be weighed, including (1) the time frame of IP protection, (2) the ability to maintain the secrecy, (3) costs available to secure IP rights, and (4) the strength of a remedy for the type of IP.⁴⁷

Biotechnology companies are increasingly using trade secret protection because requirements are not as strict as patent law and protection can be quickly acquired for an unlimited duration. Utility patents give the owner a monopoly over the technology in exchange for disclosure of the invention, but are only enforceable for up to 20 years after the patent filing date. After then, the invention is dedicated to the public and can be used by anyone. Sufficient disclosure requires enough information to “enable any person skilled in the art to which it pertains” to use the patent. On the other hand, trade secrets are kept confidential within the business, but with authorization (usually by license), another may make, use, sell, or import the technology unless it was misappropriated from the business or created on its own. Therefore, there is no protection against independent invention of the technology or reverse engineering, but there is no expiration date and the “secret” could last forever as long as it remains confidential within the company.⁴⁸

Biotech companies who often face market or business pressures to seek patent protection for some innovations and to disclose information they hope to patent to potential sources of funding, should be aware of the legal requirements for both patent and trade secret protection and strategically consider what information will be claimed under a patent application, what will be retained as a trade secret, and how and when to use non-disclosure agreements.

For example, in the context of a sale

and financing, “due diligence counsel should ensure that its reviews of the patent and trade secret portfolios of target company are coordinated to minimize the risk that trade secret assets has not been and will not be lost by publication of a patent application and/or issuance of a patent.”⁴⁹ Being mindful of the potential impact of the timing of even protected disclosures on the ability to later secure patent protection for the information that has been disclosed may be even more important.⁵⁰

One way to navigate these issues can be using both trade secret and patent protection. Although they are often considered mutually exclusive, trade secrets and patents can be used as complementary strategies, especially for large portfolios of intellectual property.”⁵¹ A strong trade secret protection program is often important during the “early stages of development...[to] protect information that offers a competitive advantage.” During this development phase, a startup typically determines whether the idea is ready for commercialization and whether a new method of protection, such as patents, might be needed.⁵² This is especially so for incremental innovation among startups, where the value of the innovation may be relatively small, and significant time is needed to assess whether more costly protection, such as patenting, is warranted. Thus, keeping information secret during the research and development (R&D) stage is a particularly strong reason for startups to use trade secrecy, especially if the trade secret is the firm’s sole asset. Of course, the damage to a startup from losing valuable R&D trade secrets to a competitor-like, for example, losing the core trade secret when the R&D vice president steals them and brings them to a larger competitor—can be profound.⁵³ Using trade secrets “in tandem with existing patents” is particularly well suited for biotech startups who want to “sell or license to firms that will market their trade secret. Innovation can

be protected by both a ‘product patent’ and a ‘process trade secret,’ and are therefore complements, although a single bit of knowledge cannot be protected by both a patent and trade secret.”⁵⁴

As an example, a biotech company could file for patent protection on a DNA-based diagnostic kit, while keeping the actual DNA sequence and underlying know-how a trade secret. This circumvents the patent subject matter issues of the DNA sequence and helps to build a stronger IP portfolio.”⁵⁵ A biotech company might also “improve an existing patented invention, maintaining the improvement as a trade secret” or “patent so called data-generating inventions obtain a patent on a process or system that generates data, then retain the data as a trade secret, often effectively extending the twenty-year term of the underlying patent.”⁵⁶

Despite complicated considerations, the bottom line is that trade secret protection can ensure a client’s IP, even if not patentable for being too close to what is already found in nature, remains protected. ■

Endnotes

1. Carrie F. Walter, *Beyond The Harvard Mouse: Current Patent Practice And The Necessity Of Clear Guidelines In Biotechnology Patent Law*, 73 Ind. L.J. 1025, 1026 (Summer 1998)
2. Clara Rodríguez Fernández, *5 Real-Life Technologies Where Biotech Meets Science Fiction*, Labtech, labiotech.eu/best-biotech/biotech-science-fiction/, (January 28, 2019) (Updated June 23, 2022)
3. Mike Pugliese, *An Obvious Problem: Reexamining The Application Of The Non-Obviousness Requirement To Biotechnology Patents In The Post-Myriad Era*, 72 Rutgers U. L. Rev. 1549, 1566 (Winter 2021)
4. Ryan P. Mulligan, *Nature’s Inventions: An Examination Of*

- Proposed Legislative Solutions To Patentable Subject Matter, 65 B.C. L. Rev. 725, 726 (February 2024); Clara Rodríguez Fernández, 5 Real-Life Technologies Where Biotech Meets Science Fiction, Labtech, labiotech.eu/best-biotech/biotech-science-fiction/, (January 28, 2019) (Updated June 23, 2022)
5. Clara Rodríguez Fernández, 5 Real-Life Technologies Where Biotech Meets Science Fiction, Labtech, labiotech.eu/best-biotech/biotech-science-fiction/, (January 28, 2019) (Updated June 23, 2022)
 6. Ryan P. Mulligan, Nature's Inventions: An Examination Of Proposed Legislative Solutions To Patentable Subject Matter, 65 B.C. L. Rev. 725, 726 (February 2024)
 7. David S. Almeling, Seven Reasons Why Trade Secrets Are Increasingly Important, 27 Berkeley Tech. L.J. 1091, 1114 (Fall 2012).
 8. Covid-19 Diagnostics And Therapeutics: Supply, Demand, And Trips Agreement Flexibilities (USITC Inv. No. 332-596)
 9. Covid-19 Diagnostics And Therapeutics: Supply, Demand, And Trips Agreement Flexibilities (USITC Inv. No. 332-596).
 10. Marina A. Sigareva and Ryan W. O'Donnell, Global Strategies For Protecting Inventions In The Biotechnology Sector, 307 New Jersey Lawyer, The Magazine 60 (August 2017)
 11. Law360 (June 7, 2022, 6:30 PM EDT); Trade Secret Laws—Problems With Submission To Government Agencies, 3 Eckstrom's Licensing in For. & Dom. Ops. § 13:9 (December 2023 Update) (“Courts have found that under the Defend Trade Secrets Act publication of a trade secret in a patent application eliminates its status as a trade secret, since secrecy is a necessary element of a trade secret”); *Sylabs, Inc. v. Rose*, 2023 WL 8813517, *6 (N.D.Ca. 2023 (“Sylabs disclosed its SIF technology in its application to patent that technology” “SIF technology, therefore, does not constitute a trade secret”). For example, in *On-Line Technologies Inc. v. Perkin-Elmer Corp.*, a plaintiff claimed to have invented an innovative analytical gas analyzer, which contained certain improvements over the prior art White Cell. His patent application had become public pursuant to rule within 18 months of the earliest priority date of the application. Thereafter, when granting summary judgment that invalidated the patent, the Court also dismissed the plaintiff's trade secret claims for IP disclosed in the published patent application. Law360 (June 7, 2022, 6:30 PM EDT)
 12. Quentin Barbosa, America is Tripping: Psychedelic Pharmaceutical Patent Reforms Fostering Access, Innovation, And Equity, 88 Brooklyn Law Rev. 1129, 1150 (Summer 2023).
 13. *OANDA Corporation v. StoneX Group, Inc.*, 2024 WL 621659, *3 (N.D.Ill. 2024) (citing 35 U.S.C. § 101); *Abbott Laboratories v. Grifols Diagnostic Solutions Inc.*, F.Supp.3d (N.D. Ill. 2023) (citing 35 U.S.C. § 101).
 14. Mayo Collaborative Servs. v. Prometheus Lab'ys, Inc., 566 U.S. 66, 70, 132 S.Ct. 1289, 182 L.Ed.2d 321 (2012) (citations omitted); See also, *Abbott Laboratories v. Grifols Diagnostic Solutions Inc.*, F.Supp.3d (N.D. Ill. 2023); *Genetic Techs. Ltd. v. Merial L.L.C.*, 818 F.3d 1369, 1374 (Fed. Cir. 2016); *In re BRCA1- and BRCA2-Based Hereditary Cancer Test Patent Litig.*, 774 F.3d 755, 762–63 (Fed. Cir. 2014).
 15. Quentin Barbosa, America is Tripping: Psychedelic Pharmaceutical Patent Reforms Fostering Access, Innovation, And Equity, 88 Brooklyn Law Rev. 1129, 1150 (Summer 2023). See also, *Funk Bros. Seed Co. v. Kalo Inoculant Co.*, 333 U.S. 127, 130 (1948) (defining natural phenomena as “manifestations of laws of nature, free to all men and reserved exclusively to none”)
 16. *OANDA Corporation v. StoneX Group, Inc.*, 2024 WL 621659, *3 (N.D.Ill. 2024); *Cedar's Sinai Medical v. Quest Diagnostic Incorporated*, 2018 WL 2558388, *2, *7 and *11 (C.D. Cal. 2018)
 17. *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 573 U.S. 208, 217, 134 S.Ct. 2347, 189 L.Ed.2d 296 (2014)
 18. *Abbott Laboratories v. Grifols Diagnostic Solutions Inc.*, — F.Supp.3d — (N.D. Ill. 2023); *Illumina, Inc. v. Ariosa Diagnostics, Inc.*, 967 F.3d 1319, 1324–25 (Fed. Cir. 2020); § 5:34. Invalidity defenses—Section 101 defenses, *Intell. Prop. L. Bus. Law*, pg. 1 (February 2024 ed.)
 19. *Abbott Laboratories v. Grifols Diagnostic Solutions Inc.*, — F.Supp.3d — (N.D. Ill. 2023)
 20. *Abbott Laboratories v. Grifols Diagnostic Solutions Inc.*, — F.Supp.3d (N.D. Ill. 2023) (citing *Illumina*, 967 F.3d at 1329–30, and *Rapid Litig. Mgmt. Ltd. v. CellzDirect, Inc.*, 827 F.3d 1042, 1047 (Fed. Cir. 2016)
 21. *Illumina v. Ariosa Diagnostics, Inc.* 967 F.3d 1319 1324–25 (Fed. Cir. 2020)
 22. *OANDA Corporation v. StoneX Group, Inc.*, 2024 WL 621659, *3 (N.D.Ill. 2024)
 23. *Abbott Laboratories v. Grifols Diagnostic Solutions Inc.*, F.Supp.3d (N.D. Ill. 2023); David S. Olson and Fabrizio Ducci, Patenting Genetic Information, 98 INLJ 1181, 1194-95 (Spring 2023); Compare, e.g., *Rapid Litig. Mgmt. Ltd. v. CellzDirect, Inc.*, 827 F.3d 1042, 1050–52 (Fed. Cir. 2016) (finding that even if the claims at issue were directed to a natural

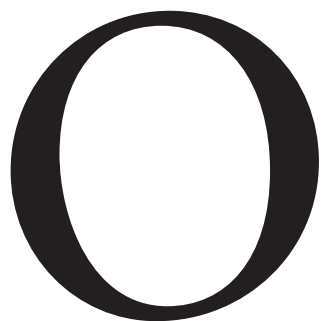
- law, they would still be patent eligible under step two because they applied the natural law “to achieve a new and useful preservation process”), with *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1376–78 (Fed. Cir. 2015) (finding that the claims at issue were not patent eligible because they were directed to naturally occurring phenomena (step one) and that practicing the claims did “not result in an inventive concept that transforms the natural phenomenon...into a patentable invention” (step two)).
24. Sally J.T. Necheles, J.D., LL.M., § 12. Laws of nature, natural phenomena, and abstract ideas as not patentable, 20 *Mich. Civ. Jur. Patents and Inventions* (April 2023 Update).
 25. Cheryl Beise, Patent News: High Court Declines to Clarify Standard for Patentability of Inventions Relating to Natural Phenomena, *IP Law Daily*, Wolters Kluwer Intellectual Property Law, 2023 WL 6878920 (C.C.H. October 18, 2023); Ryan Davis, The Biggest Patent Rulings of 2023: A Mid-Year Report. Law360 July 17, 2023)
 26. Invalidity defenses—Section 101 defenses, *Intell. Prop. L. Bus. Law*, § 5:34, pg. 2 (February 2024 ed.) (citing *Mayo*, 132 S.Ct. at 1294); see also *Cleveland Clinic Foundation v. True Health Diagnostics LLC*, 859 F.3d 1352 (Fed. Cir. 2017), cert. denied, 2018 WL 466592 (U.S. 2018) (holding that the measurement of a natural law correlating presence of a biomolecule to disease using known, routine techniques is not a patentable application).
 27. Invalidity defenses—Section 101 defenses, *Intell. Prop. L. Bus. Law*, § 5:34, pg. 2 (February 2024 ed.) (citing *Association for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2111 (2013)).
 28. *Cedar’s Sinai Medical*, 2019 WL 8884101, *5 (C.D. Ca. 2019).
 29. Nicholas Ulen, Is DNA Really A Natural Product? It’s Time To Separate Fact From (Legal) Fiction: An Examination Of DNA Patentability As A Biological Algorithm In The Post-Myriad Era, 94 *Chicago-Kent Law Review* 205, 223 (2019).
 30. Thomas J. Kowalski, Deborah L. Lu, Brandon A. Chan, 33 No. 3 *Intell. Prop. & Tech. L.J.* 6 (March 2021)
 31. Ellen Shamansky, The Cancer Immuno Therapy Pilot Program And Chimeric Antigen Receptor-T-Cell Treatments, 2018 *Boston College Intellectual Property & Technology Forum*, 1, 27 (August 2018)
 32. Dario Hernandez, Heartless Patenting: How The Advent Of 3d Printed Human Organs Will Reshape Our Thinking Of Patent Law, 21 *J. High Tech. L.* 434, 467-68 (2021)
 33. Dario Hernandez, Heartless Patenting: How The Advent Of 3d Printed Human Organs Will Reshape Our Thinking Of Patent Law, 21 *J. High Tech. L.* 434, 468 (2021)
 34. Dario Hernandez, Heartless Patenting: How The Advent Of 3d Printed Human Organs Will Reshape Our Thinking Of Patent Law, 21 *J. High Tech. L.* 434, 467-68 (2021).
 35. Dario Hernandez, Heartless Patenting: How The Advent Of 3d Printed Human Organs Will Reshape Our Thinking Of Patent Law, 21 *J. High Tech. L.* 434, 468-71 (2021)
 36. Julien Crockett, Morality: An Important Consideration At The Patent Office, 108 *Calif. L. Rev.* 267, 288 (February 2020)
 37. Quentin Barbosa, America is Tripping: Psychedelic Pharmaceutical Patent Reforms Fostering Access, Innovation, And Equity, 88 *Brooklyn Law Rev.* 1129, 1154 (Summer 2023).
 38. See generally, The Sedona Conference Commentary On The Governance And Management Of Trade Secrets, 24 *Sedona Conf. J.* 429, 445 and n. 15 (2023)
 39. Melvin F. Jager, Heinz Goddar and Melanie Müller, 3 *Trade Secrets Throughout the World* § 40:48 (December 2023 Update)
 40. 18 U.S.C. § 1839(5)(A).
 41. 18 U.S.C. § 1839(6)
 42. *Bramshill Invs., LLC v. Pullen*, 2020 WL 4581827, *4 (D.N.J., 2020).
 43. See, e.g., *Legend Biotech USA, Inc. v. Liu*, 2014 WL 919082, *6 (D.N.J. 2024)
 44. Michael J. Garrison, Dawn R. Swink, and John T. Wendt, A Proposed Framework For A Federal Inevitable Disclosure Doctrine Under The Defend Trade Secrets Act, 72 *Buffalo Law Rev.* 271, 335-36 (January 2024). The DTSA expressly permits (1) “damages for actual loss,” 18 U.S.C. 1836(b)(3)(B)(i)(I) and (II) “damages for any unjust enrichment caused by the misappropriation of the trade secret not addressed in computing damages for actual loss,” 18 U.S.C. 1836(b)(3)(B)(i)(II) **or** (III) “damages caused by the misappropriation measured by imposition of liability for a reasonable royalty,” 18 U.S.C. 1836(b)(3)(B)(ii). The DTSA thereby permits damages measured in the form of avoidance costs—“the development costs that the misappropriator avoided incurring when it misappropriated trade secrets—because avoidance costs fall under the umbrella of unjust enrichment damages. *Better Holdco, Inc. v. Beeline Loans, Inc.*, 2023 WL 2711417 (S.D.N.Y. 2023). However, led by New York, some States have held that under their own trade secret law, trade secret damages “must be measured by the losses incurred by the plaintiff, and...may not be based on the infringer’s avoided development costs,” *E.J.*

- Brooks Co. v. Cambridge Security Seals*, 105 N.E.3d 301, 311 (NY Court of Appeals 2018). See also, *Epic Sys. Corp. v. Tata Consultancy Servs., Ltd*, 2016 WL 1466579 (W.D. Wis. 2016) (“The measure of damages under unjust enrichment is limited to the value of the benefit conferred on the defendant; any costs the plaintiff may have incurred are generally irrelevant” and precluding a plaintiff from presenting the same to a jury)
45. *Bramshill Invs., LLC v. Pullen*, 2020 WL 4581827, *4 (D.N.J., 2020).
 46. Michael J. Garrison, Dawn R. Swink, and John T. Wendt, A Proposed Framework For A Federal Inevitable Disclosure Doctrine Under The Defend Trade Secrets Act, 72 *Buffalo Law Rev.* 271, 335-36 (January 2024). The DTSA’s seizure remedy is subject to substantial limitations and protections for defendants. The availability of a seizure order is limited to “extraordinary circumstances” where an “immediate and irreparable injury” will occur if the property is not seized. Any order issued must be limited in scope and protect the rights of the defendant, including a prompt post-seizure hearing and security for any damages caused by any wrongful seizure. *Id.*
 47. Renee Kakareka-Sanchez, Adapting Trad Secret Laws And Strategy To Promote Biomedical Research Collaborations, 39 *Syracuse J. Sci & Tech. L.* 119, 134-35 (2023-2024)
 48. Renee Kakareka-Sanchez, Adapting Trad Secret Laws And Strategy To Promote Biomedical Research Collaborations, 39 *Syracuse J. Sci & Tech. L.* 119, 134-35 (2023-2024)
 49. L.M. Brownlee, *IP Due Diligence in Corp. Transactions* (April 2024 Update), § 11:42, Whether the trade secrets have been adequately protected—Protective measures—Special circumstances—Inventions, patent applications and patents.
 50. The Sedona Conference Commentary On The Governance And Management Of Trade Secrets, 24 *Sedona Conf. J.* 429, n. 15 (2023); *Helsinn Healthcare S.A. v. Teva Pharms. USA, Inc.*, 139 S. Ct. 628 (2019) (holding that the sale of an invention to a third party who is obligated to keep the invention confidential may place the invention “on sale” for purposes of the Leahy-Smith America Invents Act, which bars a person from receiving a patent on an invention that was “in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention”).
 51. David S. Levin and Ted Sichelman, Why Do Startups Use Trade Secrets? 94 *Notre Dame L. Rev.* 751, 765-66 (December 2018)
 52. David S. Levin and Ted Sichelman, Why Do Startups Use Trade Secrets? 94 *Notre Dame L. Rev.* 751, 765-66 (December 2018)
 53. David S. Levin and Ted Sichelman, Why Do Startups Use Trade Secrets? 94 *Notre Dame L. Rev.* 751, 765-66 (December 2018)
 54. David S. Levin and Ted Sichelman, Why Do Startups Use Trade Secrets? 94 *Notre Dame L. Rev.* 751, 765-66 (December 2018)
 55. Christopher W. Genheimer, A Myriad Of Solutions? A Guide For Biotech Companies In Response To The Myriad & Mayo Decisions, 7 *Elon L. Rev.* 431, 446 (2015)
 56. David S. Levin and Ted Sichelman, Why Do Startups Use Trade Secrets? 94 *Notre Dame L. Rev.* 751, 765-66 (December 2018)



The Extraterritorial Reach of U.S. Patent Law and the Need for Clarity

By Amirali Y. Haidri



One of the burning questions on the minds of a U.S. registered patent holder is whether U.S. law has extraterritorial reach. The answer remains unclear, though one can find a means of obtaining extraterritorial protection.

The Constitutional Right to Letters Patents

Protection for letters patents was considered so important historically that the framers of the United States Constitution in 1787 provided the entitlement in art. 1, sec. 8, clause 8 that:

To promote the progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

The authors of this “Patent and Copyright Clause” were James Madison, Jr. of the Commonwealth of Virginia and Charles Pinckney of the State of South Carolina. It was modeled on a South Carolina statute.¹

Madison was concerned that state-by-state protection for patents and copyrights would be detrimental to the nation.²

The spirit of the Patent and Copyright Clause follows the policy of the preceding Commerce Clause.³

Notably, the word “Right” in the Patent and Copyright Clause is the only time that it has been spelled with a capital “R” in the entire Constitution and its amendments, arguably making it a highly important “Right” compared to other Constitutional rights.

There was no statute then in effect in South Carolina for the protection of trademarks. Thus, the Patent and Copyright Clause does not provide Constitutional protection for trademarks.

In the fullness of time, it has been recognized that patents and trademarks are conceptually inseparable as far as from where they are governed, while copyrights fall in a different category.⁴

Importantly, the Patent and Copyright Clause is not self-executing. Congress has the authority to grant patent protection with such limitations as it sees fit.⁵

The Deepsouth Loophole

The Patent and Copyright Clause says nothing about acts of a competitor in the United States who causes an article to be assembled abroad that would infringe a United States patent if assembled domestically. And 165 years later, Congress did not address that question when the Patent Code was last enacted in 1952.

The Supreme Court was confronted with this narrow and anti-competitive question in *Deepsouth Packing Co., Inc. v. Laitram Corp.*⁶ The Supreme Court’s opinion begins with flowery language, quoting the District Court thus:

Shrimp, whether boiled, broiled, barbecued or fried, are a gustatory delight, but they did not evolve to satisfy man’s palate. Like other crustaceans, they wear their skeletons outside their bodies in order to shield their savory pink and white flesh against predators, including man. They also carry their intestines, commonly called veins, in bags (or sand bags) that run the length of their bodies. For shrimp

to be edible, it is necessary to remove their shells. In addition, if the vein is removed, shrimp become more pleasing to the fastidious as well as more palatable.

Such “gustatory” observations are rare even in those piscatorially favored federal courts blissfully situated on the Nation’s Gulf Coast...

In that case Laitram Corp. held a patent on a shrimp deveining machine. Only the assembled machine was patented. None of its components were patented or patentable. The invention was not patented in Brazil.

Deepsouth Packing Corp. made the component parts in the United States and exported them unassembled to Brazil with full instructions on assembling the patented machine, albeit in



AMIRALI Y. HAIDRI is a certified civil trial and registered patent attorney in Springfield. He is the Vice Chair of the New Jersey State Bar Association’s Intellectual Property Special Committee. He holds a British degree in chemical engineering and an M.S. in chemistry from New York University. He is a Master in the Honorable William C. Conner Inn of Court.

...[F]or a Congressional enactment to have extraterritoriality there must be, (a) Congressional intent to that effect, (b) the defendant must be subject to United States jurisdiction, and (c) there must be no conflict with foreign law.

Brazil. They may have intended to export the assembled machine from Brazil to other foreign markets.

In a 5-4 split opinion, the U.S. Supreme Court held that a combination patent can only be infringed by a combination. Moreover, when the combination took place abroad no infringement can be deemed to have occurred. Thus, according to the majority opinion, the Patent Code had no extraterritorial reach.

In a spirited dissent the minority decried what it deemed an overly strict statutory construction. In their view, the Court's holding would allow United States competitors to make component parts of a patented invention domestically to be assembled abroad without liability.

Nonetheless, for a Congressional enactment to have extraterritoriality there must be, (a) Congressional intent to that effect, (b) the defendant must be subject to United States jurisdiction, and (c) there must be no conflict with foreign law.⁷

Responsive Legislative Action

In order to close what is now known as the *Deepsouth* Loophole, Congress enacted 35 U.S.C. Section 271 (f) (1) in 1984. In relevant part Section 271 (f) (1) reads as follows:

Whoever without authority supplies or causes to be supplied in or from the United States all or a substantial portion of the

components of a patented invention, where such components are uncombined in whole or in part, in such manner as to actively induce the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.

As for component parts Congress chose to use the words “substantial portion” rather than “all components” to enable infringers to be caught with a wider net. What these words mean is subject to interpretation. When read in context, they have caused a conundrum. There is no qualification as to whether the components should not be staple articles of commerce with non-infringing use.

Deepsouth was decided in 1972. Congressional response under 35 U.S.C. 271 (f) (1) came 12 years later in 1984. The computer age was then in its infancy. Congress could not have foreseen subsequent great developments in the internet era. The Courts were confronted with the impact of intervening technological developments 27 years later in *Microsoft Corp. v. AT&T Corp.*⁸

AT&T, a holder of a patent for a computer for digitally encoding and compressing recorded speech, alleged that Microsoft Corp., a software producer, infringed the AT&T patent under 35 U.S.C. 271 (f)(1) by supplying components of the patented invention to com-

panies abroad. United States Court of Appeals for the Federal Circuit upheld a finding of infringement.⁹

The Supreme Court granted *certiorari*.

AT&T held a patent on an apparatus for digitally encoding and compressing recorded speech. Microsoft's Windows operating system, had the potential to infringe AT&T's patent, because Windows incorporated a software code that, when installed, enabled a computer to process speech in the manner claimed by that patent. The Court noted that the uninstalled Windows software did not infringe AT&T's patent any more than a computer standing alone did; instead, the patent was infringed only when a computer was loaded with Windows and was thereby rendered capable of performing as the patented speech processor. A master disk or electronic transmission Microsoft sent from the United States was never installed on any of the foreign-made computers in question. Instead, copies made abroad were used for installation. They were in the form of CD-ROM.

The Court held that the critical Windows electronically encrypted message was not exported from the United States. It was made abroad only from a master disc or electronic transmission sent from United States.¹⁰

Therefore, and disagreeing with the Court of Appeals for the Federal Circuit, the Supreme Court held that there was no “component” within the meaning of 35 U.S.C. 271 (f) (1) that was sent abroad

to create the infringing loaded computer.

In support of its narrow holding, the Supreme Court held that:

[o]ur patent system makes no claim to extraterritorial effect; these acts of Congress do not, and were not intended to, operate beyond the limits of the United States; and we correspondingly reject the claims of others to such control over our markets.¹¹

A Chemical Composition Reaches A Comparable Decision

The Supreme Court addressed the application of 35 U.S.C. Section 271 (f) (1) in *Life Technologies Corp. v. Promega Corp.*, 580 U.S. (2017). In a different twist upon an assembled machine, this case involved a patented genetic toolkit. One of its five components was an enzyme called Taq polymerase. An enzyme is biochemically active. Qualitatively therefore, it was the most important ingredient of the composition. The patentee Promega Corp. licensed its patent to Life Technologies Corp. The licensee manufactured the enzyme in the United States and shipped it to the United Kingdom for combination with the other four components. The Court held that the words “substantial portion” have a quantitative and not a qualitative meaning. Thus infringement was held not to have occurred. This holding overrules the

Court of Appeals for the Federal Circuit which considered the Taq polymerase to be qualitatively the most important ingredient triggering infringement under 35 U.S.C. 271 (f) (1).¹² The Court of Appeals for the Federal Circuit noted that the genetic toolkit would not work without the Taq polymerase, the only biochemically active ingredient. Then the Appellate Court considered the polymerase to be the most important ingredient qualitatively.

The Supreme Court, interpreting the statute as a whole, instead observed that the word “substantial” appears along with the words “all” and “portion.” According to Lord Tenterden’s Rule, also known as *ejusdem generis*, “a word is known by the company it keeps.”¹³ Thus the Court held that the word “substantial” has a quantitative and not a qualitative meaning. One component out of five was not considered to be sufficient quantitatively.

In a concurrence Justice Samuel A. Alito, Jr. observed that while “more than one component is necessary (the Court) does not address *how much* more.” Emphasis in the original. The emphasis is on merely numbers and not upon quality.

When one component out of five is not sufficient, the Court does not articulate when it will be sufficient if there are fewer than five components involved. Conversely, there is no guidance as to

how many more components will be sufficient if there are more than five components involved.

Along the same lines for a patented process practiced abroad if it is to infringe a domestic patentee’s rights, one or more items of hardware, electronic support or catalysts shipped from the United States may be necessary. This analysis would equally apply to patents covering products by process.

Damages for Infringement Abroad

Then followed *WesternGeco LLC v. ION Geophysical Corporation*,¹⁴ which enforced damages, though unknown.

WesternGeco LLC owned patents on a system used to survey the ocean floor. ION Geophysical Corporation manufactured components in the United States to be assembled abroad in a substantially similar system.

ION Geophysical Corporation was found liable in a jury trial. On appeal the United States Court of Appeals for the Federal Circuit affirmed in part but denied damages.¹⁵

The Supreme Court reversed, reinstating the jury award of damages. The dissent argued that the award of damages for extraterritorial activities was not allowable.¹⁶

Accordingly, 35 U.S.C. Section 271(f)(1) addresses extraterritorial infringement. However, this holding of

Along the same lines for a patented process practiced abroad if it is to infringe a domestic patentee’s rights, one or more items of hardware, electronic support or catalysts shipped from the United States may be necessary.

infringement abroad without damages renders the word infringement delusory.

Conclusion

Patent rights are exclusionary. A patent excludes others from making, using, selling, practicing the patented invention or actively inducing others to infringe.¹⁷ There is no obligation to make, use or sell the invention. Only when coupled with such exclusionary rights, commercialization of a patented invention results in a monopoly.

In *Deepsouth*, the Supreme Court curbed such monopoly as may have existed.

The Congressional response under 35 U.S.C. Section 271 (f) (1) to override *Deepsouth* has again been restrictively interpreted, repeatedly overruling the Court of Appeals for the Federal Circuit which is heralded as the highest court (before the U.S. Supreme Court) for patent appeals.¹⁸

Plainly, 35 U.S.C. Section 271 (f) (1) needs clarity and would be aided by further legislative action. ■

Endnotes

1. Robert A. Choate, "Patent Law," p. 65, West Publishing Company (1965).
2. *James Madison*, "The Federalist," No. 48.
3. U.S. Const., art. 1, sec 8, clause 3.
4. The United States Patent and Trademark Office derives its authority from the Patent and Copyright Clause, the Patent Code and the Lanham Act. 15 U.S.C. 1051, *et seq.* that derives its authority from the Commerce Clause U.S. Const., art 1, sec. 8, Clause 3. The United States Copyright Office is a separate administrative agency. 17 U.S.C. 201, *et seq.*, *mutatis mutandis*.
5. *Cali v. Japan Airlines, Inc.*, 380 F. Supp. 1120 (E.D.N.Y.), *aff'd* 535 F. 2d 1240 (2d Cir. 1975).
6. 406 U.S. 518 (1972).
7. *Steele v. Bulova Watch Company*, 344 U.S. 280 (1952).
8. 550 U.S. 437 (2007).
9. 414 F. 3d 1366 (Fed. Cir. 2005).
10. *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437 (2007).
11. *Id.* at 456, citing *Brown v. Duchesne*, 60 U.S. 183 (1857).
12. *Promega Corp. v. Life Technologies Corp.*, 773 F. 3d 1338 (Fed. Cir. 2014).
13. *United States v. Williams*, 553 U.S. 285, 294 (2008).
14. U.S. 138 S. Ct. 2129 (2018).
15. 837 F. 3d 1358 (Fed. Cir. 2016)
16. 138 S. Ct. 2129 at 2140.
17. 35 U.S.C. Section 271 (a) and (b).
18. 28 U.S.C 1295.

NJSBA

CAREERCENTER



FIND
A JOB

NJSBA members can apply for open positions for FREE.



POST
A JOB

Job openings will be advertised to the NJSBA's 18,000+ membership. All listings are for 30 days.

Visit
njsba.com
to find or
post a job

ALL JOB POSTINGS ARE FREE

New Jersey State Bar Foundation

Medal of Honor Awards Celebration



Honoring the 2024 Recipients
for professional excellence, service to the
legal community, and commitment to the
people of New Jersey



Hon. Peter F. Bariso, Jr., A.J.S.C. (Ret.)



Karol Corbin Walker, Esq.

Last call for sponsors ~ deadline is Sept. 9
Reserve your ticket to attend by Sept. 21



Tuesday, Sept. 24 5:30—8 p.m.
Park Chateau, East Brunswick

moh.njsbf.org



NJSBA

JOIN A SECTION

CONNECT. LEAD. LEARN. INFLUENCE.

Explore 36 practice-oriented sections covering dispute resolution, workers' compensation, child welfare law, and more. Our diverse spectrum of legal areas offers members valuable career-building opportunities and resources.



Discover your legal niche and network with like-minded professionals in specialized sections at NJSBA.



Deepen your legal expertise and access exclusive resources through specialized sections at NJSBA, enhancing your professional growth.



Participate in the legislative process by reviewing pending legislation and assisting the leadership in recommending new laws or changing existing laws.



JOIN A SECTION TODAY



Learn more by visiting njsba.com

NJSBA PRACTICEHQ

Join us for
**FREE lunchtime
learning webinars**
filled with practical guidance
and designed to help NJSBA
members improve their
professional lives.

Wednesday, Oct. 9

Microsoft Word and PDFs; Properly Prepare Documents for E-Filing

This webinar teaches you the basics of preparing a Word document for e-filing, preparing PDFs for e-filing, combining and reducing the size of PDFs, bookmarking, metadata removal, redaction, and making PDFs text-searchable.



Wednesday, Jan. 8, 2025

How to Fight and Beat Procrastination

This session will dive into the psychological roots of procrastination and provide practical tools to start implementing immediately. You will learn effective strategies and skills for setting and achieving goals, and methods to build an environment conducive to getting things done. Start the new year with new tips and techniques. Learn research-backed strategies and real-world examples, equipping you with the necessary knowledge to overcome procrastination.



Wednesday, March 12, 2025

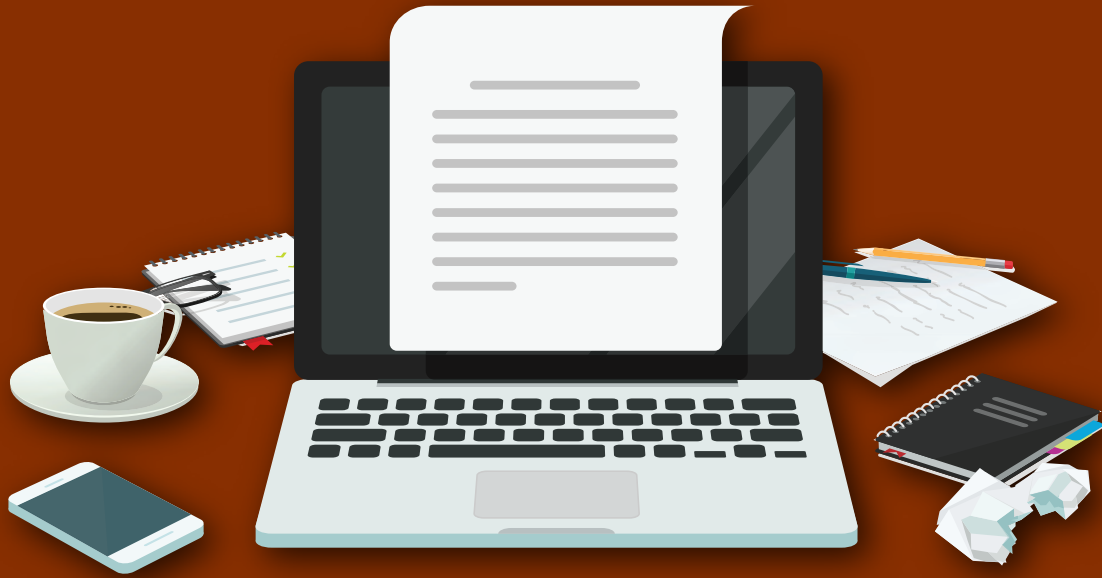
Top Trends in Ethical Cybersecurity

Practicing anywhere, anytime is no longer just a dream for lawyers; it's a reality. Under Model Rule 1.6, lawyers must take reasonable precautions to protect client info and data in their custody. This seminar will discuss Rules 1.1, 1.6, 5.1, and 5.3 that bind attorneys and the ethical and malpractice pitfalls of mobile, cloud, and everyday computing. Learn how to work anywhere safely and what vulnerabilities to keep in mind.



All webinars are Noon–1 p.m.
Registration is **FREE** for NJSBA members

NEW JERSEY LAWYER



Calling all Writers

Do you want to be an author?

The NJSBA invites members to submit subject area article ideas and practice tip submissions for *New Jersey Lawyer*.

Our award-winning magazine is published six times a year. Check out the njsba.com editorial calendar for topics identified for upcoming editions, or submit an article for consideration to appear in its regular columns on technology; ethics and professional responsibility; wellness; lessons learned from fellow attorneys; writing tips; practice management guidance; insights from the bench and diversity, equity and inclusion topics.

Reach out today at askthenjsba@njsba.com

NJSBA