

IN THIS ISSUE

Clearing Barriers to Entry: The FTO and the TPS 1

ICANN 1

IP Client Spotlight..... 3

Speaking Of... 3

Stradley Ronon Stevens & Young, LLP
2005 Market Street
Suite 2600
Philadelphia, PA 19103-7018
215.564.8000 Telephone
215.564.8120 Facsimile
www.stradley.com

—
Pennsylvania
Washington, D.C.
New York
Illinois
New Jersey
Delaware



www.meritas.org

Our firm is a member of Meritas – a worldwide business alliance of more than 180 law offices in 86 countries, offering high-quality legal services through a closely integrated group of independent, full-service law firms.

Information contained in this publication should not be construed as legal advice or opinion or as a substitute for the advice of counsel. The enclosed materials may have been abridged from other sources. They are provided for educational and informational purposes for the use of clients and others who may be interested in the subject matter.

Copyright © 2017
Stradley Ronon Stevens & Young, LLP
All rights reserved.

Clearing Barriers to Entry: The FTO and the TPS

By Philip J. Foret

Established companies and new ventures face the same barriers to entering a market with a disruptive new piece of technology or a revolutionary new service. One well-known barrier is patents owned by others. Defending a costly patent infringement suit ranks high on the list of things to avoid, for several reasons. The legal cost to simply defend an infringement case can reach \$2 million to \$5 million on average, while the cost for a settlement or a judgment for monetary damages can easily exceed the cost of the defense. This does not even account for the immeasurable impact on mission-critical business executives and personnel who may be pulled in to support a legal team defending the litigation. Even if an inter partes review (IPR) before the patent-savvy Patent Trial and Appeal Board is used to defensively invalidate a patent, that IPR easily costs \$200,000-\$600,000 to prosecute. The bottom line is that patent infringement suits should be avoided.

Several tools exist to clear patent risk. An FTO, or freedom to operate, analysis can be used to identify risk in the patent field relevant to the newly developing technology. An FTO analysis offers intelligence about relevant patents that may need to be cleared by noninfringement or invalidity positions, or with design-around technology. An FTO analysis can also identify potential patent risk posed by pending patent applications. Here, uncertainty arises because a pending application can be in various stages of examination, without a clear end in sight, on the definitive scope and relevancy of claims that may ultimately be issued — or not. The potential for risk related to pending applications can also be identified by companies that actively monitor publication of applications in relevant areas of technology, of competitors, or both.

A tool exists to preempt issuance of a patent in the first place. A published patent application can be challenged in the U.S. Patent and Trademark Office with the underutilized, but highly effective, TPS, or third-party submission. A TPS allows a challenger to provide a concise statement of relevance that maps out facts in simple terms for a patent examiner to consider while reviewing the claims of a patent application. Oftentimes, the statement of relevance embodies a claim chart that applies one or more patent references and/or non-patent literature to the elements of pending patent claims. The statement can be used to lead the patent examiner to conclude that a patent claim(s) is not patentable.

A TPS provides numerous benefits. First and foremost, it can be used to block issuance of a patent. It can also force an applicant, such as a competitor, to narrow the scope of pending patent claims so that the narrowed claims do not read onto newly developing technology, thereby rendering a subsequently issued patent irrelevant.

A challenger can anonymously submit relevant prior art in a TPS through a submitter, typically a patent practitioner at a law firm that is unaffiliated with the challenger.

No estoppel effect arises from a TPS that would bar a challenger from later seeking, in an IPR

continued on page 2

Clearing Barriers *continued from page 1*

or a district court litigation, to invalidate a patent that may issue from the application. Of course, if a challenger has concerns about a patent being issued over prior art submitted in a TPS, the challenger can reserve the best prior art for an IPR or for district court litigation, while submitting sufficiently effective prior art that can strategically impact the patentability of pending claims.

The cost of using a TPS to preempt issuance of a patent is miniscule in comparison to the costs of an IPR or the defense of infringement litigation. An effective TPS can cost \$5,000-\$10,000, depending on the scope of work needed to identify prior art capable of influencing the outcome of an examination. In other words, a challenger could submit TPSs in 30-50 published patent applications for the cost of one IPR.

The U.S. Patent and Trademark Office data shows that TPS filings are effective in blocking issuance of bad patents. In the



*For more information, please contact **Phillip J. Foret** at 484.323.1344 or pforet@stradley.com.*

cases in which patent examiners relied on prior art submitted in a TPS, patent claims were rejected 50 percent of the time for obviousness under Section 103, 18 percent of the time for lack of novelty under Section 102, and 32 percent of the time for combined obviousness/lack of novelty.

A TPS provides a strategic, cost-effective means of challenging pending claims in a patent application and clearing a potential barrier to entry for new technology in an industry. ■

ICANN and the Uniform Rapid Suspension System

By Kevin R. Casey

The interplay between domain names and trademarks is of sufficient import to warrant the attention of almost any business. On Jan. 12, 2012, the Internet Corporation for Assigned Names and Numbers (ICANN) opened the application window for its New generic Top-Level Domain Program. This process allowed successful applicants to run their own domain registries (e.g., “.brand” such as “.nike” instead of “.com”) and raised the number of available gTLDs from its prior level to thousands of new options. Simply put, the internet is changing, and brand owners must continue to monitor activities.

The New gTLD Program also contained new rights protection mechanisms. One such mechanism, called the Uniform Rapid Suspension (URS) system, has been in operation since 2013. Thus, data can be collected about those who use the URS system and about the reasoning of panelists deciding cases under the URS system.

In 1998, to address the problem of conflicts between domain name registrations and pre-existing trademarks, ICANN obligated all accredited domain name registrars to agree to a uniform dispute resolution policy for domains that ICANN administers. In turn, the registrars required, and continue to require, all registrants to agree to the policy. The result was a multinational, mandatory alternative dispute resolution mechanism. ICANN specifies a list of approved dispute resolution providers to conduct arbitrations for domains it



*For more information, please contact **Kevin R. Casey** at 610.640.5813 or kcasey@stradley.com.*

administers. The operative procedures for these arbitrations are identified in a document called the Uniform Domain Name Dispute Resolution Policy, referred to as the UDRP. The full text of the UDRP and the list of providers can be found at the ICANN website, www.ICANN.org.

The URS system was created as an expedited alternative to the UDRP. The URS system was designed to give rights holders a faster, less-expensive path to relief in clear-cut cases of trademark infringement. On the other hand, users of the URS system have a higher burden of proof than the UDRP requires (specifically, a “clear and convincing” standard) and can only obtain suspension, rather than transfer, of the infringing domain name. In addition, the URS system is not available for legacy TLDs (i.e., TLDs that existed before the New gTLD Program).

continued on page 3

ICANN *continued from page 2*

The National Arbitration Forum (NAF) and the Asian Domain Name Dispute Resolution Centre were approved to decide URS cases. By the end of 2015, the NAF alone had decided over 400 URS cases. About 86 percent of the cases resulted in suspension of the domain names, about 6 percent resulted in rejection of the complaint and about 8 percent were withdrawn. The success rate is slightly lower than in UDRP proceedings heard by the NAF, in

which the complainant prevails in over 90 percent of the cases.

Review by ICANN of the new gTLD rights protection mechanisms is ongoing. Those who must determine whether the UDRP or URS dispute resolution system best suits their needs should monitor such review. Familiarity with the decisions made and case law developed under the URS system, and an understanding of how panelists approach the clear and convincing standard, will be critical to that decision. ■

IP Client Spotlight

Do you know how roadway lines or stripes are placed? We do, because Stradley Ronon handles all IP law matters (patents, trademarks, copyrights, trade secrets and related areas) and business-related agreements for LimnTech Scientific Inc. of Souderton, Pennsylvania. LimnTech designs and manufactures GPS-based machine vision systems for the roadway marking industry. As its growing patent portfolio reflects, LimnTech is continually improving and developing innovative products and services for the benefit of its customers. The company exhibited its Lifemark™-75 line-stripping equipment at the American Traffic Safety Services Association national convention in Phoenix, Arizona, on Feb. 12, 2017. In 2013, LimnTech received an award from the ATSSA for its innovative (and patented) line-stripping technology. Using real-time kinematics, enhanced GPS-based location and laser line technologies, strippers now have the ability to accurately locate and record the position of roadway markings at highway speeds before the roadway is repaved. Then, once repaving is done, the original markings can be duplicated in exactly the same GPS location as the original markings, with workers safely



Pictured from left are Doug Dolinar, President, and William R. Haller, VP Engineering, with one of Limn Tech's roadway marking machines.

off the road and out of harm's way. Interested readers can see the client's products in action on its website, www.limntech.com. ■

Speaking Of...

Stradley Ronon Lands Top Patent Attorney from Pepper Hamilton

Patent attorney [Paul K. Legaard, Ph.D.](#), has joined the firm as a partner in its Malvern, Pennsylvania, office. He was most recently a partner at Pepper Hamilton. Legaard, a registered patent attorney, handles all aspects of intellectual property with a focus on the pharmaceutical, nutraceutical, biotechnology, chemical, biomedical device and scientific instrumentation industries. He has significant experience in patent procurement, prosecution, reissues, reexaminations and appeals before the U.S. Patent and Trademark Office. He also works with clients on intellectual property due diligence matters such as inventorship and ownership analyses; portfolio analyses; and freedom-to-operate and validity searches, analyses and opinions for licensing and financing deals. ■

