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**Secret Prior Art – Time for Another Look**

*By Andrew Berks\**

“Secret prior art” refers to a patent application that is effective as a prior art reference as of its filing date, even though it does not become known to the public until its publication date.<sup>1</sup> These types of prior art references, falling within the scope of 35 U.S.C. § 102(a)(2) (or pre-AIA § 102(e)), have long been surrounded by controversy in obviousness-type invalidity arguments.<sup>2</sup> This paper examines the nature and history of this problem and proposes a solution.

**I. Conditions for Patentability**

It is axiomatic under modern patent law systems that a patent claim must be novel<sup>3</sup> and not obvious<sup>4</sup> to satisfy conditions of patentability. This is a universal patent policy, part of the *quid pro quo* of the inventor’s disclosure of an invention in return for the right to exclude infringers from practicing the invention for a limited period of time.<sup>5</sup>

**A. Novelty**

The novelty analysis for a patent should be straightforward and absolute. To qualify for a patent, the inventor must be the first person to conceive of the invention, as evidenced by the filing of a patent application. If it can be shown that another person fully described the invention in a public disclosure before the inventor

files the application, even if the other person’s work was totally unknown to the inventor, then the subject invention fails the novelty test and should not be entitled to a patent.

But as a form of public disclosure, there is a special class of patent applications that may qualify as prior art: those that were filed *before* but published *after* the subject patent application was filed. These so-called “secret prior art” patent applications are an artifact of the inherent delays in patent office procedures. For example, in the United States, prior to 2000, patent applications were kept secret until they issued. Under current practice, in essentially all patent jurisdictions (including the U.S.), patent applications are typically published 18 months after their priority date. So the problem is that if patent application A is a relevant reference (for anticipation or obviousness) to patent application B, but application A was filed prior to the filing of application B, the inventor of application B has no way of knowing about the disclosure in application A until it publishes. Thus, application A is unknown to the applicant of application B and therefore “secret” until application A publishes.

With respect to anticipation, such secret prior art, even though it is made public only *after* the filing date of the

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Before starting my term as President, I heard from several past Presidents that the year goes by fast. They were right. The Annual Meeting is just weeks away. The proxies for election of the slate of 2017-18 Officers and Directors have been sent out, and so I am the NYIPLA version of a lame duck. But I do get to write this last column.

In my prior column, I wrote about the upcoming Judges Dinner and the fact that the NYIPLA was taking its traditions to the Midtown Hilton. Well, from all reports, the Dinner was a great success. Over 2500 guests attended—down a bit from last year but excellent considering the break from the Waldorf. The two speakers hit home runs. Judge Denny Chin was characteristically humorous, gracious, and inspiring in accepting the Outstanding Public Service Award. Walter Isaacson wove together fascinating stories of the collaboration that spawned some of the seminal inventions of the digital age. Our Executive Office under Feikje van Rein executed the Dinner preparations and on-site management flawlessly.

The Day of Dinner CLE program also was a great success. A panel of three United States District Judges—Hon. Richard G. Andrews (D. Delaware), Hon. Ron Clark (Chief Judge, E.D. Texas), and Hon. Dennis Saylor IV (D. Massachusetts)—led by moderator and Immediate Past President Dorothy Auth, drilled down on the issue of intent in patent infringement cases in the wake of the decisions by the United States Supreme Court on indirect infringement, attorney fees, and enhanced damages.

Much else has happened in this second half of the Association year. Most notably, on March 6th, the NYIPLA held a Presidents Forum at the Thurgood Marshall Courthouse on a topic that promises to command the Association's attention for the foreseeable future: "*Section 101 Is Broken: Is There a Legislative Fix?*" The Forum was led by David Kappos,



former USPTO Director, and Dorothy Auth and brought together United States District Judges Katherine Forrest (S.D.N.Y.) and John C. Lifland (Ret.) (D. New Jersey), Congressman Hakeem Jeffries, and leaders of major IP bar associations: IPO, AIPLA, ABA IP Law Section, Boston PLA and BIO. Invited NYIPLA members were afforded the opportunity to actively participate in a detailed and lively discussion of the outlines of potential legislation to amend Section 101. The Forum was organized by a project team of Dorothy Auth, Annemarie Hassett, Jeffrey Butler, Charles Macedo, Robert Isackson, William McCabe, and me. The Legislative Action Committee is following up with a study toward a recommendation for an NYIPLA position on potential legislation.

Other Committees have had a busy second half. Perhaps as a send-off to winter, the Young Lawyers Committee, the Women in IP Law Committee, and the Copyright Law & Practice Committee all hosted or co-hosted happy hours in February and March. Also in February, the Women in IP Law Committee and the Trade Secrets Committee presented a topical program on cybersecurity titled, "*Protecting Valuable and Sensitive Information in the Corporate Setting.*" In March, the YLC continued its roundtable program series with one titled, "*Speaking the Language of Your Clients: The Advertising Industry.*"

And speaking of the YLC, the NYIPLA has launched a Mentoring Program for its young lawyer members (eight years or fewer out of law school). Eligible members who enroll in the program are being matched with experienced NYIPLA members who can be a source of information, advice, and guidance on career development and growth, and who can assist young members who wish to become more active in the NYIPLA. A social event is being planned in June to kick off the Program.

We close out the year of course with the Annual Meeting on May 16th. After participating in the Presidents Forum in March, Judge Katherine Forrest will return to deliver the keynote address at the Awards Dinner. We have a most deserving Inventor of the

Year, Dr. Adrian Krainer, thanks to the fine work of the IOTY Committee and Board liaison Charles Macedo in significantly increasing the number of submissions from which to choose this year. We also have excellent 1st and 2nd place winners of the Hon. William Conner Writing Competition (selected, but yet to be announced as of this writing) thanks to the work of the CWC Committee. And finally, the NYIPLA will recognize at the Awards Dinner the recipient of the Hon. Giles S. Rich Diversity Scholarship selected by St. John's University School of Law.

I want to sincerely thank the members of the NYIPLA for giving me the opportunity to serve, and the

many people who have made this year so enjoyable and productive: incoming President Annemarie Hassett, Past President Dorothy Auth, fellow Officers Matthew MacFarlane and Peter Thurlow, all of my fellow Board Members, and all of the Committee Chairs. (I wish I could list all the names but the Publications Committee gives me a word limit). Finally, I want to especially thank Feikje van Rein, Lisa Lu, Olivia Yoon, and the rest of the Executive Office team, without whom this job would be impossible.

Walt Hanley

## IN MEMORIAM MARY RICHARDSON 1944 – 2017

*By William H. Dippert*

It is with great sadness that the NYIPLA and the Publications Committee share the news that Mary Richardson passed away in April 2017 at the age of 72. Mary served the Association as a member of several committees, most notably as a dedicated member of the Publications Committee since 2010 and especially as a co-chair for the past five years.

Mary received a B.A. in zoology, with a minor in chemistry, from Southern Illinois University in 1967, and then, after teaching high school chemistry, she obtained a Master of Science Degree in biology from Ohio University in 1969. Mary returned to SIU to earn a Ph.D. in zoology, with a minor in botany, in 1976. Subsequently, while she was a member of the faculty at SIU, she attended SIU law school, graduating in 1982. Mary



was an Associate Editor of the Southern Illinois University Law Journal her second year of law school and then an Articles Editor her senior year.

Mary's legal career included an earlier stint with Shea & Gould and then 13 years with the intellectual property litigation department at Kramer Levin Naftalis & Frankel LLP, from which she retired in 2012.

Mary worked tirelessly to maintain the high standards and professionalism of the Association's publications, especially *The Bulletin* and then *The Report*. She encouraged her co-chairs and committee members to seek articles of substance, especially for the annual "themed" issue, and to edit articles thoroughly. Her mastery of detail was legendary. She will be missed as a friend and for her contributions to the Association's publications.

subject invention, is effective as a prior art reference against that invention as of the date the anticipatory reference was filed. For example, if application A was anticipatory of application B (i.e., it discloses every claimed feature of application B), the date of application A's disclosure is the date application A was filed (not the publication date). United States courts have long recognized that such an anticipatory secret prior art reference can destroy novelty.<sup>6</sup> As a matter of policy, this rule comports with the concept that novelty is absolute, and that the work of another, even if unknown, is available as prior art to show that the inventor was not the first person to conceive of the invention, and is therefore not entitled to a patent.

## B. Obviousness

Obviousness is a more nebulous concept than novelty and is not absolute. Attempts by courts and policymakers to successfully define obviousness in objective terms have been elusive. In an obviousness analysis, two or more references may need to be combined.<sup>7</sup> The *Graham* factors provide that “against this background” of prior art and skill in the art, “the obviousness or nonobviousness of the subject matter is determined.”<sup>8</sup> But what does “determined” mean? It is difficult to make such a determination without an element of subjectivity.

By contrast, in a novelty analysis, “[t]o anticipate a claim, a prior art reference must disclose every limitation of the claimed invention, either explicitly or inherently.”<sup>9</sup> In an anticipation analysis, there is effectively a yes/no checklist of each claimed feature in a single prior art reference. There is no such bright line in an obviousness analysis.

Obviousness in the United States is defined by 35 U.S.C. § 103 (emphasis added):

A patent for a claimed invention may not be obtained . . . if the differences between the claimed invention and the prior art are such that the claimed invention as a whole would have been obvious **before the effective filing date** of the claimed invention to a person having ordinary skill in the art to which the claimed invention pertains.

One could argue that under the plain language of § 103, only prior art **known** to a person having ordinary skill in the art before the effective filing date of an invention can be used. Otherwise, what is “prior art . . . before the effective filing date” supposed to mean? To hold otherwise violates the canon of surplusage, under which “courts must lean in favor of a construction which will render every word operative.”<sup>10</sup> Put differently, how can something be prior art against

an invention if it is a secret and unknown to a person of ordinary skill in the art on the filing date? “Known” in patent law means “knowable.” That is, the referenced prior art was published or otherwise publicly available as of the invention filing date. A person of ordinary skill is held accountable for all information publicly available as of the filing date of the subject patent application.<sup>11</sup> If it is accepted that only *known* prior art can be used in an obviousness analysis, then secret prior art should not be available for an obviousness analysis.

This problem has been recognized by various patent policymakers in excluding secret prior art from qualifying as an obviousness reference. For example, in European practice, EPC Article 56 provides that for inventive step (obviousness) purposes, “documents within the meaning of Article 54, paragraph 3, . . . **shall not** be considered in deciding whether there has been an inventive step” (emphasis added). Article 54(3), which is equivalent to post-AIA § 102(a)(2), states, “the content of European patent applications as filed, the dates of filing of which are prior to the date [of filing of the European patent application] and which were published on or after that date, shall be considered as comprised in the state of the art.”

The PCT has a similar policy. Under PCT Article 33(3), “a claimed invention shall be considered to involve an inventive step if, having regard to the prior art as defined in the Regulations, it is not, at the prescribed relevant date, obvious to a person skilled in the art.” The relevant regulation is Rule 33.1, which provides that “relevant prior art shall consist of everything which has been made available to the public anywhere in the world . . . provided that the **making available to the public occurred prior to the international filing date**” (emphasis added).

Canada also has a similar law. Paragraph 28(3) of the Patents Act provides that the “subject matter defined by a claim in an application for a patent in Canada must be subject matter that would not have been obvious on the claim date [i.e., the claim's priority date] to a person skilled in the art or science to which it pertains, having regard to . . . (b) information disclosed before the claim date . . . in such a manner that the information became available to the public in Canada or elsewhere.”

Thus, it would seem that the American practice of permitting secret prior art in obviousness determinations is at variance with other major patent jurisdictions. So the question is, what happened here in the United States? And is there a good reason to allow the use of secret prior art in obviousness arguments? The answer to the first question is complicated, while the answer to the second question is no.

## II. Use of Secret Prior Art in U.S. Obviousness Arguments

Under United States law, any prior art within the scope of 35 U.S.C. § 102(a)(1) or (a)(2) (i.e., pre-AIA § 102(a), (b), (e), or (g)) may be used in an obviousness analysis.<sup>12</sup> This principle has not been disturbed by the AIA changes, so now, presumably, any prior art under § 102 is available for purposes of obviousness. This rule dates to *Hazeltine Research, Inc. v. Brenner*,<sup>13</sup> where in 1965 the Supreme Court upheld an obviousness rejection based on § 102(e) prior art, finding that the “distinction [between novelty and obviousness] is without significance here.”

In *Hazeltine*, Regis<sup>14</sup> filed a patent application on December 23, 1957 on a microwave switch. The Patent and Trademark Office rejected Regis’s application as obvious over a combination of the Carlson and Wallace patents. The Carlson patent issued in 1949, so that patent was not a controversial reference. But the Wallace patent was filed on March 24, 1954 and issued on February 4, 1958. Thus, the Wallace patent was filed before Regis filed his application, but published after, so it was a § 102(e) reference. The question before the Court was whether this was a proper reference in an obviousness rejection.<sup>15</sup>

Regis argued that the Wallace application was co-pending when he filed his patent application, and therefore its disclosure was a secret at the time of filing. Regis contended that the term “prior art,” as used in § 103, “really means only art previously publicly known,” and that the “use of the word ‘known’ indicates that Congress intended prior art to include only inventions or discoveries which were already *publicly known* at the time an invention was made.”<sup>16</sup>

The patent examiner rejected Regis’s application on obviousness grounds, and Regis appealed to the Board of Patent Appeals. The Commissioner, relying chiefly on the 1926 Supreme Court opinion by Justice Holmes in *Alexander Milburn Co. v. Davis-Bournonville Co.*,<sup>17</sup> contended that “when a patent is issued, the disclosures contained in the patent become a part of the prior art as of the time the application was filed, not, as petitioners contend, at the time the patent is issued.”<sup>18</sup> The *Hazeltine* opinion agreed with the Commissioner, finding that when “Wallace filed his application, he had done what he could to add his disclosures to the prior art. The rest was up to the Patent Office. Had the Patent Office acted faster, had it issued Wallace’s patent two months earlier, there would have been no question here . . . . ‘The delays of the patent office ought not to cut down the effect of what has been done.’”<sup>19</sup> The holding in this opinion has not been disturbed to date, so prior art references under § 102(e) (pre-AIA)/§ 102(a)(2) (post-AIA) remain valid prior art references in obviousness determinations in U.S. practice.<sup>20</sup>

But *Milburn* did not address obviousness—it addressed anticipation. In *Milburn*, Whitford (the plaintiff) filed a patent application on March 4, 1911, which issued on June 4, 1912. The asserted prior art Clifford patent was filed on January 31, 1911, and issued on February 6, 1912—under current law, Clifford would be a § 102(a)(2) reference against Whitford, since Clifford was filed before the filing date of Whitford but published after. It was undisputed that while Clifford did not claim Whitford’s invention, its disclosure anticipated it.

In *Milburn*, Justice Holmes first found that whether the invention was in the claims was not relevant to the prior art analysis. “[O]bviously one is not the first inventor if, as was the case here, somebody else has made a complete and adequate description of the thing claimed before the earliest moment to which the alleged inventor can carry his invention back.”<sup>21</sup> Moreover, “publication in a periodical is a bar. This . . . is more than an arbitrary enactment, and illustrates, as does the rule concerning previous public use, the principle that . . . one really must be the first inventor in order to be entitled to a patent.”<sup>22</sup>

The central tenet of the *Milburn* opinion was that the “description [in Clifford] shows that Whitford was not the first inventor. Clifford had done all that he could do to make his description public. . . . We see no reason in the words or policy of the law for allowing Whitford to profit by the delay [of Clifford’s application in the patent office] and make himself out to be the first inventor when he was not so in fact. . . . Clifford had shown knowledge inconsistent with the allowance of Whitford’s claim.”<sup>23</sup> Justice Holmes found there was no “sound distinction . . . between [a patent issued prior to the filing of the patent application], and a patent applied for before but not granted until after a second patent is sought.”<sup>24</sup> Thus, the rule in *Milburn* is that an anticipatory reference filed before a patent application but published after is effective as invalidating prior art. The *Hazeltine* opinion asserts that the rule in *Milburn* was incorporated into § 102(e) in the 1952 Patent Act.<sup>25</sup>

### A. *Hazeltine* Was Wrongly Decided

The *Hazeltine* court appears to have conflated anticipation and obviousness, even though the policy, analytical, and logical bases for these legal concepts are substantially different. Thus, we have the American situation today that secret prior art is a valid reference in an obviousness analysis. However, this causes many problems and is not fair to patent applicants.<sup>26</sup>

For one thing, this situation contravenes the public policy of patents – *quid pro quo* of full disclosure and compliance with the other aspects of patentability, in exchange for a limited period of exclusivity.<sup>27</sup>

*cont. on page 6*

The *Hazeltine* secret prior art rule is an exception to the general rule that prior art must be accessible to the public. This general rule prevents protection for secret inventions, and withholding of technology (for example) as a trade secret to the detriment of the public. A secret invention contravenes the *quid pro quo* of full disclosure in exchange for a patent. Thus, patent policy frowns on secret inventions.

Moreover, a textual reading of § 103 (and similar provisions from other patent authorities discussed above) proscribes secret prior art. As discussed above, under the plain language of § 103, only prior art *known* to a person having ordinary skill in the art before the effective filing date of an invention should be permitted to be used in an obviousness analysis.

Because of the absolute novelty required by patent policy, the *Milburn* rule, codified in the 1952 Act in § 102(e) (and currently in the AIA as § 102(a)(2)), makes perfect sense in anticipation analyses. As Justice Holmes noted, the first person to make an invention is the only person entitled to the invention.<sup>28</sup> So if someone files a patent application that would anticipate an invention if that application had been published at the time of the invention (or filing date under first-to-file rules), the invention is not novel and should not be entitled to a patent.

But obviousness is different from novelty. There is no such thing as absolute non-obviousness. In an obviousness analysis, not every feature of an invention was present in a single prior art reference: the gaps must be filled, either by common knowledge, judicial notice, or another prior art reference. Because references must be combined (to some extent) in an obviousness analysis, and inferences must be made, only art publicly accessible at the time a patent application is filed should be available.<sup>29</sup> An inference is “a conclusion reached on the basis of evidence and reasoning.”<sup>30</sup> As with a plain reading of § 103, the evidence and reasoning used for inferring obviousness must be available at the time the patent application was filed. Secret evidence is normally not admissible in other contexts.<sup>31</sup> Thus, secret prior art should not be permissible as evidence against a patent in the obviousness context.

Moreover, the *Hazeltine* court misapplied *Milburn*. Justice Holmes found in *Milburn* that had the patent office acted faster, Clifford might have been published prior to the filing of the Wallace application, and there would have been no question that Clifford was prior art knowable to a person of skill in the art. But in *Hazeltine*, the Court found that the “basic reasoning upon which the Court decided the *Milburn* case applies equally well here.”<sup>32</sup> This is an incorrect equivalency. Anticipation

and obviousness have entirely different analytical frameworks and policy justifications.

The assertion in *Hazeltine* that “[h]ad the Patent Office acted faster, had it issued Wallace’s patent two months earlier, there would have been no question here,”<sup>33</sup> is disingenuous. Patent offices have inherent delays, always have, and always will. Because of the differences between novelty and obviousness, which seemed to escape the reasoning of the *Hazeltine* Court, it was logically incorrect to conclude that the *Milburn* rule, which properly applies to anticipation, should apply to obviousness analyses with equal force.

Moreover, the argument that an applicant is somehow responsible for patent office delays is a flimsy thesis for extending a good rule for anticipation to obviousness. It is not reasonable for an applicant to be held captive to patent office delays, which are unpredictable. For this reason too, there was no justification in policy or logic to extend the *Milburn* rule to obviousness.

In fact, prior to the 20-year expiration rule enacted in 1995, “submarine” patents would cause havoc if the *Hazeltine* rule were taken to its logical extreme. In a worst case scenario, entire technologies could suddenly be invalidated by a late-publishing submarine patent that was kept alive in secret for many years. Thus, the *Hazeltine* rule would encourage applicants to delay allowance as long as possible to enhance their patent rights.

Of course, submarine patents are no longer possible, and it is unlikely, now 22 years after the change in the law, that any submarine patent applications still exist. Since 2001, United States patent applications normally publish 18 months after the priority date, so under modern practice, patent office speed is usually no longer an issue (at least with respect to public disclosure in the form of published patent applications), and applicants who file with any other patent authority, including the PCT, are subject to the 18-month publication rule without exception.

Thus, *Hazeltine* improperly applied the *Milburn* rule to obviousness, and even if it was somehow justified prior to the nearly automatic publication of patent applications after 18 months, it is not justified under modern patent practice.

Several modern cases have recognized the flaw in *Hazeltine*. In *OddzOn Products, Inc. v. Just Toys, Inc.*,<sup>34</sup> the court relied on *Kimberly-Clark Corp. v. Johnson & Johnson* to conclude that “patent laws have not generally recognized as prior art that which is not accessible to the public.”<sup>35</sup> More recently, Judge Newman noted in a dissent in *Solvay S.A. v. Honeywell International Inc.*<sup>36</sup> that “[i]nvalidation by secret prior art is disfavored,” citing *OddzOn* and *Kimberly-Clark*.

Moreover, in inter partes review practice authorized under the AIA, patent challenges have increased, and a leveling of the playing field is in everyone's interest. Obviousness arguments of course are very common in IPR petitions, since only anticipation and obviousness can be used to challenge patents in an IPR.<sup>37</sup>

### III. Conclusion

The time may be ripe for a renewed legal challenge to the rule in *Hazeltine*. The rule in that case defies common sense, logic, patent policy, and a plain reading of § 103. The *Hazeltine* rule makes the United States an outlier among patenting authorities, and modern U.S. courts may be receptive to overturning it.

#### (Endnotes)



\*Andrew Berks is a partner at Cittone & China LLP. His practice focuses on patent prosecution, patent litigation, Hatch-Waxman (generic drug) law, patent opinions, and advising clients on IP strategies and licensing.

<sup>1</sup> See, e.g., *Sun Studs, Inc. v. ATA Equip. Leasing, Inc.*, 872 F.2d 978, 982 n.3 (Fed. Cir. 1989).

<sup>2</sup> See, e.g., Dennis Crouch, *Did the AIA Eliminate Secret Prior Art?*, PATENTLY-O BLOG (Oct. 10, 2012), available at <https://patentlyo.com/patent/2012/10/did-the-aia-eliminate-secret-prior-art.html> (“Perhaps because of the unfairness [] associated with its secrecy, most other countries besides the US only allow this type of prior art for novelty arguments and not for questioning obviousness (inventive step).”); see also Sean B. Seymore, *When Patents Claim Preexisting Knowledge*, UC DAVIS L. REV. (forthcoming), part I(C), at 13 (2016), available at <https://ssrn.com/abstract=2839629>.

<sup>3</sup> See, e.g., *In re Crish*, 393 F.3d 1253, 1256 (Fed. Cir. 2004) (discussing the Federal Circuit test for anticipation).

<sup>4</sup> *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007) (citing *Graham v. John Deere Co.*, 383 U.S. 1 (1966)).

<sup>5</sup> *Ariad Pharm., Inc. v. Eli Lilly & Co.*, 598 F.3d 1336, 1345 (Fed. Cir. 2010) (en banc).

<sup>6</sup> See, e.g., *Astra Aktiebolag v. Andrx Pharm., Inc. (In re Omeprazole Patent Litig.)*, 483 F.3d 1364, 1371 (Fed. Cir. 2007).

<sup>7</sup> See *Graham*, 383 U.S. 1 (1966); see also *ABT Sys., LLC v. Emerson Elec. Co.*, 797 F.3d 1350, 1360 (Fed. Cir. 2015) (“It is well settled that, even where references do not explicitly convey a motivation to combine, any need or problem known in the field of endeavor at the time of invention and addressed by the patent can provide a reason for combining the elements in the manner claimed.”) (citing *KSR*, 550 U.S. at 420 (internal quotation marks omitted)).

<sup>8</sup> *Graham*, 383 U.S. at 17-18.

<sup>9</sup> *In re Schreiber*, 128 F.3d 1473, 1477 (Fed. Cir. 1997).

<sup>10</sup> ANTONIN SCALIA & BRYAN A. GARNER, *READING LAW: THE INTERPRETATION OF LEGAL TEXTS* § 26 n.3 (Thomson/West 2012) (citation and punctuation omitted).

<sup>11</sup> *In re Winslow*, 365 F.2d 1017, 1020 (C.C.P.A. 1966) (“[P]icture the inventor as working in his shop with the prior art references – which he is presumed to know – hanging on the walls around him.”).

<sup>12</sup> *Panduit Corp. v. Dennison Mfg. Co.*, 810 F.2d 1561, 1568 (Fed. Cir. 1987); MPEP § 2141.01.

<sup>13</sup> 382 U.S. 252, 255-56 (1965).

<sup>14</sup> *Hazeltine Research, Inc.* was the assignee.

<sup>15</sup> *Hazeltine*, 382 U.S. at 254.

<sup>16</sup> *Id.* (emphasis added).

<sup>17</sup> 270 U.S. 390 (1926).

<sup>18</sup> *Hazeltine*, 382 U.S. at 254-55.

<sup>19</sup> *Id.* at 256 (quoting *Milburn*).

<sup>20</sup> See *supra* note 13.

<sup>21</sup> *Milburn*, 270 U.S. at 401.

<sup>22</sup> *Id.*

<sup>23</sup> *Id.*

<sup>24</sup> *Id.*

<sup>25</sup> *Hazeltine*, 382 U.S. at 255.

<sup>26</sup> See *supra* note 2.

<sup>27</sup> See *supra* note 5.

<sup>28</sup> “[O]ne really must be the first inventor in order to be entitled to a patent.” *Milburn*, 270 U.S. at 400.

<sup>29</sup> The obviousness analysis “need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ.” *Ball Aerosol & Specialty Container, Inc. v. Limited Brands, Inc.*, 555 F.3d 984, 993 (Fed. Cir. 2009) (quoting *KSR*, 550 U.S. at 418).

<sup>30</sup> Google dictionary.

<sup>31</sup> This violates due process in the criminal context. See, e.g., *Cheeks v. Ft. Myer Constr. Corp.*, 71 F. Supp. 3d 163, 179 (D.D.C. 2014) (“The Court vehemently rejects attempts to proffer secret evidence and whisper in the Court’s ear by way of *ex parte* proceedings.”); *Kiareldeen v. Reno*, 71 F. Supp. 2d 402, 414 (D.N.J. 1999) (“[T]he government’s reliance on secret evidence violates . . . due process[.]”).

<sup>32</sup> *Hazeltine*, 382 U.S. at 255-56.

<sup>33</sup> *Id.*

<sup>34</sup> 122 F.3d 1396, 1402 (Fed. Cir. 1997).

<sup>35</sup> 745 F.2d 1437, 1453 (Fed. Cir. 1984).

<sup>36</sup> 742 F.3d 998, 1011 (Fed. Cir. 2014).

<sup>37</sup> See, e.g., IPR2016-1069 (petition filed May 16, 2016). Three of the four prior art references in the petition were § 102(e) references, and each of the asserted obviousness grounds relied on § 102(e) references.

# A Statistical Look at PTAB Post-Grant Proceedings

By Elliot C. Cook, Daniel F. Klodowski, and David C. Seastrunk\*

## I. Introduction

For nearly five years, contentious patent proceedings at the U.S. Patent and Trademark Office (“USPTO”) have increased in popularity, as patent litigation shifted activity from district courts to the Office’s Patent Trial and Appeal Board (“PTAB”). Today, the PTAB is a popular venue for challenging the validity of patents, especially those asserted in patent infringement disputes. Compared to traditional district court litigation, which can address questions of infringement, validity, and a host of other issues, trials before the PTAB are limited to issues of validity and are thus often faster and substantially less expensive for the parties. To adjudicate its cases, the PTAB assigns panels of administrative law judges who typically have technical backgrounds and specialized expertise in patent law. PTAB panels are empowered to manage all aspects of the proceedings, from deciding whether to institute a proceeding to issuing a final decision on patentability.

Post-grant proceedings begin with the filing of a petition and progress through two main phases – a pre-institution phase and a post-institution phase. The PTAB decides whether the petition raises sufficient grounds to institute a trial in view of any arguments submitted by the patent owner in a preliminary response (if so filed). While the rate of institution varies by technology, it typically ranges between 55% and 75% on a per-claim basis.

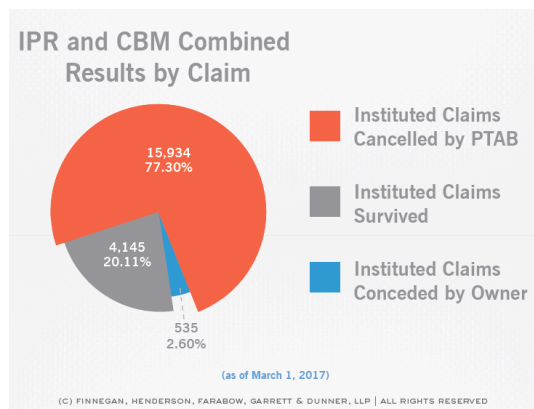
If the PTAB determines that a petition warrants institution with respect to at least one challenged claim, it issues a written institution decision and initiates a trial. After a period of very limited discovery, the PTAB issues a final written decision determining the patentability of the challenged claims. To date, and as discussed in more detail below, inter partes review (IPR), covered business method (CBM) review, and post-grant review (PGR) proceedings have statistically favored petitioners over patent owners. While case outcomes vary by technology, on average less than 25% of instituted claims in IPRs and CBMs survive a full trial. Moreover, while there have been comparatively fewer PGR final written decisions thus far, in the nine PGR final written decisions to date, claim survival rates were even lower (less than 20%) than the averages for IPRs and CBMs.

Once a final written decision issues, the parties may choose to appeal the PTAB’s decision to the Court of Appeals for the Federal Circuit. To date, there have been over 170 appeals from PTAB decisions to the

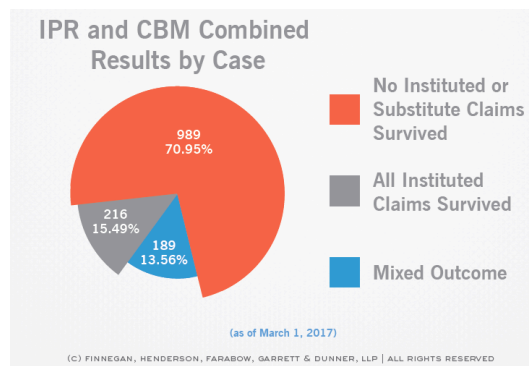
Federal Circuit, over half of which have been affirmed by the Federal Circuit using its “Rule 36” summary affirmance procedure. On average, through both its written opinions and Rule 36 affirmances, the Federal Circuit has affirmed the PTAB on all issues in over 75% of cases.

The statistics below provide a summary of how the PTAB has adjudicated cases that reach a final decision, both on an overall and per-technology basis, as well as how appellants have fared on appeals from the PTAB’s final decisions in the Federal Circuit.

## II. PTAB Final Written Decisions



Statistics show post-grant proceedings have historically favored petitioners over patent owners. Combining the cumulative outcomes of both IPR and CBM final written decisions issued by the PTAB, the Board canceled 15,934 (77.30%) of the instituted claims, with just 4,145 (20.11%) of the instituted claims surviving review. Patent owners conceded 535 (2.60%) of the instituted claims through motions to amend or disclaimer.<sup>1</sup>



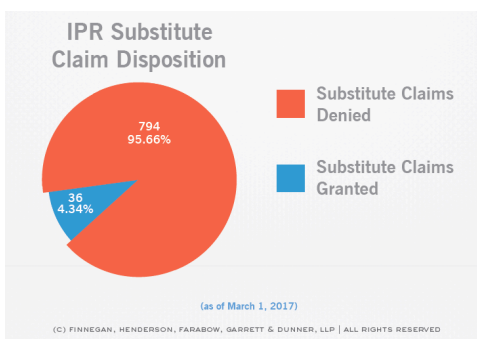


On a per-case basis, for all combined IPR and CBM final written decisions through March 1, 2017, 989 (70.95%) of the decisions resulted in all instituted claims being canceled, 216 (15.49%) of the decisions resulted in all instituted claims surviving, and 189 (13.56%) of the decisions resulted in a mixed outcome. A mixed outcome occurs where at least one instituted or substitute claim survives or is held patentable, and at least one claim is canceled, in a final written decision.

Based on these numbers, it appears that if a petition is accepted and a trial is instituted by the PTAB, there is a high likelihood that most (if not all) claims that are the subject of that trial will be canceled. This prospect has shaped the strategy of many patent owners, who often focus their preliminary responses on reducing the number of claims or grounds on which the PTAB institutes trial. The PTAB introduced new rules in 2016 permitting patent owners to submit new testimonial evidence from technical or industry experts before the PTAB decides whether to institute trial.<sup>2</sup> The benefit of submitting such evidence has not yet been proven as a general practice.

### III. Substitute Claims

For all post-grant proceedings involving unexpired patents, patent owners are entitled to propose substitute (i.e., amended) claims, either by conceding the unpatentability of the corresponding instituted claims outright or by making the Board’s consideration of the substitute claims contingent on the instituted claims first being held unpatentable. This contrasts with original examination and reexamination, in which patent applicants and patentees can more freely amend their claims.

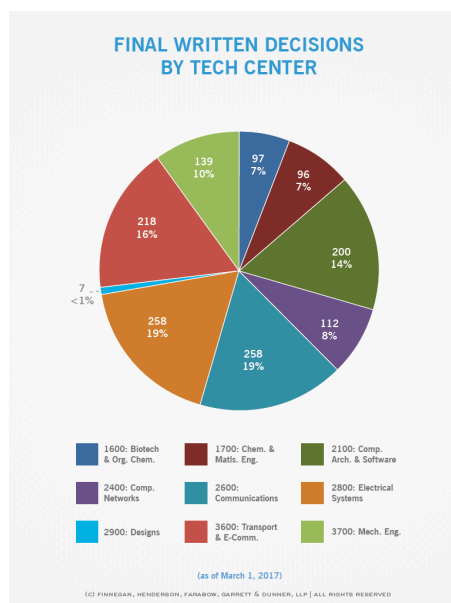


To date, patent owners have struggled to obtain substitute claims in post-grant proceedings. Through March 1, 2017, the PTAB cumulatively held patentable only 36 (4.34%) of 830 proposed substitute claims included in motions to amend in IPR proceedings. In the 2016 calendar year, only 3 out of 43 (7.14%) motions to amend were granted, for a total of eleven allowed

substitute claims. Notably, one of the successful motions to amend was granted in a CBM proceeding (CBM2015-00040, consolidated with CBM2015-00160),<sup>3</sup> which included the first substitute claim to be held patentable out of 183 substitute CBM claims presented to the PTAB. Only 7 (5.00%) of 140 total motions to amend filed before the PTAB have been granted.

Based on the rarity of substitute claims being granted, it is perhaps not surprising that the number of patent owners pursuing such claims continues to decrease over time. For example, out of the 627 final written decisions issued in 2016, only 43 (6.86%) referenced motions to amend. This percentage is down from an overall average of 140 motions in 1,394 decisions (10.04%) since 2012. Patent owners struggle to satisfy the PTAB’s requirements to sufficiently demonstrate the patentability of proposed substitute claims – even after the May 2015 rule change increased the maximum length of a motion to amend from 15 pages to 25 pages.<sup>4</sup> However, amendment practice may be further changing to make the practice more favorable to patent owners. For example, in April 2016, the Board approved the practice of grouping prior art references together in a motion to amend according to the references’ particular teachings, rather than requiring the patentee to explain each individual reference in detail.<sup>5</sup> Nevertheless, it remains to be seen whether the PTAB’s strict approach to considering substitute claims will ease over time.

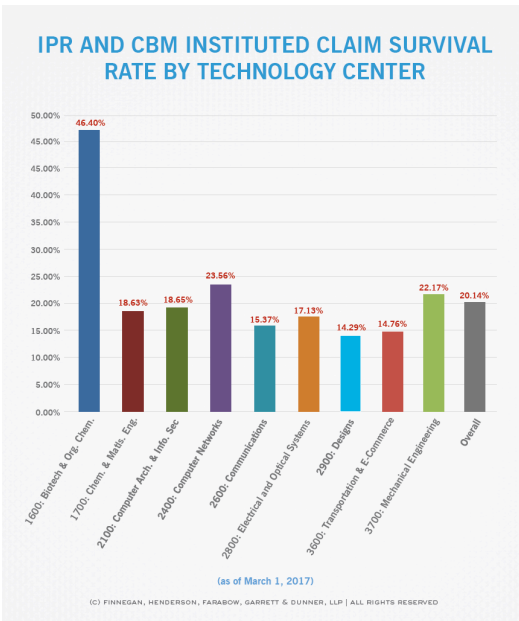
### IV. Technology Centers



IPR and CBM petitions are sorted among the various Technology Centers at the USPTO.<sup>6</sup> The top three technology centers by number of final written decisions are electrical systems (258 decisions, 19% of total), communications (258 decisions, 19% of total), and

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transportation and e-commerce (218, 16% of total). Taken together, electrical-based technologies represent 1,046 out of 1,385 (75.5%) post-grant proceedings. The technology centers having the fewest decisions include chemicals and materials engineering (96 decisions, 7% of total) and design patents (7 decisions, less than 1% of total).

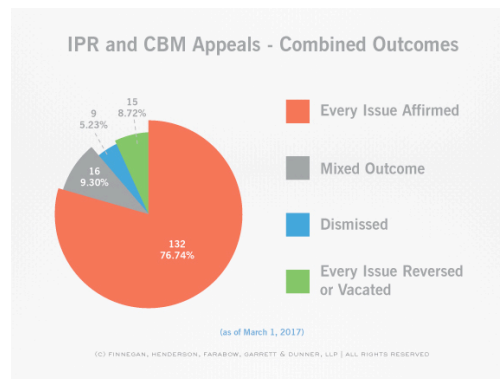


Although the PTAB has, on average, canceled instituted claims about 75% of the time, the PTAB has not canceled claims at the same rate across all technologies. For example, instituted claims in Technology Center 1600, which covers patents in the fields of biotechnology and organic chemistry (including pharmaceuticals), have had the highest instituted claim survival rate, at 46.40%. This percentage is over double the average survival rate for all technologies, and is perhaps explained by the unique unpredictability of this subject matter, differences in patent quality, tight petition page limits for petitioners to address relatively complex legal and factual issues, and the relatively small number of decisions relative to other technologies.

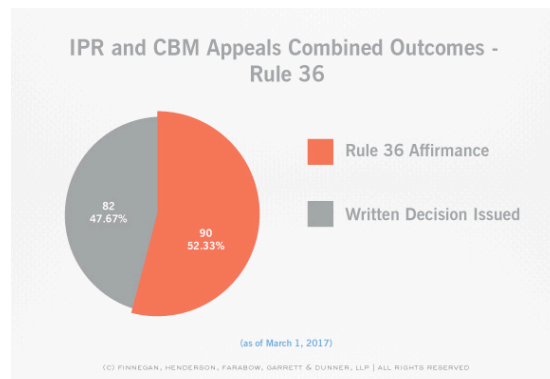
## V. Federal Circuit Appeals

Through March 1, 2017, the Federal Circuit decided 172 PTAB appeals from IPRs and CBMs. Several appeals have led to landmark decisions in PTAB practice, and have served as guides to practitioners and litigants in this still-developing area of law.

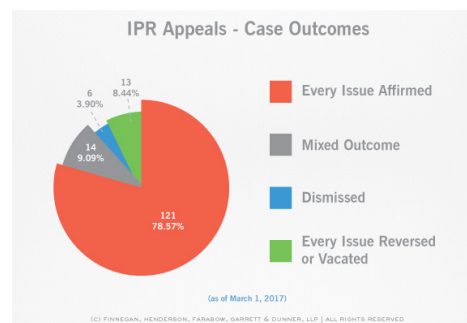
The Federal Circuit affirmed the PTAB on every issue in 132 (76.74%) cases, and reversed or vacated the PTAB on every issue in 15 (8.72%) cases. A mixed outcome on appeal, where at least one issue was affirmed and at least one issue was vacated or reversed, occurred in 16 (9.30%) cases.



The court dismissed 9 cases (5.23%) without rendering a decision on the merits. Dismissals may occur, for example, when the Federal Circuit determines that it does not have jurisdiction to hear a case, such as in an appeal from a PTAB institution decision. Moreover, under current law, the Federal Circuit is barred from considering appeals from at least certain aspects of institution decisions under 35 U.S.C. § 314(d). Dismissals may also result from settlements among the parties to the appeal, or where the court determines that a prior decision renders a case moot.

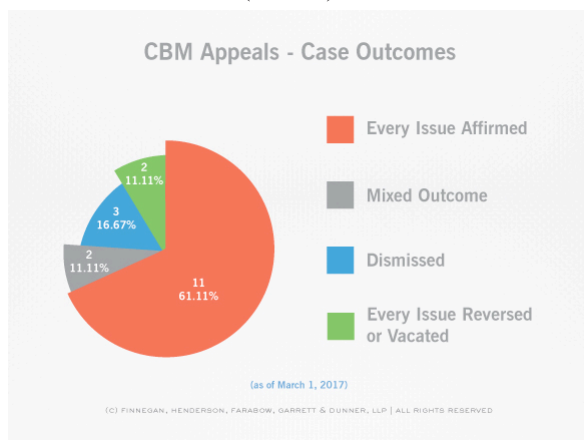


An important tool that helps the Federal Circuit manage its significant docket of PTAB appeals is the Rule 36 affirmance, whereby the court affirms the PTAB without rendering a full, written opinion. Of the 172 PTAB appeals it has considered thus far, the Federal Circuit has issued Rule 36 affirmances in 90 cases (52.33%). The court issued written opinions, including affirmances, reversals, dismissals, and mixed decisions, in 82 cases (47.67%).



In appeals from IPRs, the Federal Circuit affirmed the PTAB on every issue in 121 cases (70.35%),

reversed or vacated the PTAB on every issue in 13 cases (8.44%), issued a mixed outcome in 14 cases (9.09%), and dismissed 6 cases (3.90%).



In CBM appeals, the Federal Circuit affirmed the PTAB on every issue in 11 cases (61.11%), issued a mixed outcome in 2 cases (11.11%), dismissed 3 cases (16.67%), and reversed or vacated the PTAB on every issue in 2 cases (11.11%).

## VI. Conclusion

The large and increasing volume of cases filed at the PTAB has correspondingly led to an influx of appeals to the Federal Circuit. Based on the cumulative statistics thus far, roughly 77% of instituted claims are canceled at the PTAB, and the Federal Circuit affirms the PTAB's findings in a similar percentage of cases. The seemingly large proportion of instituted claims canceled by the PTAB does not, however, tell the entire story. Patentees alleging infringement may only need one asserted claim to be held valid and infringed to prevail in litigation, and patentees often allege infringement of dozens or more claims (across multiple patents). As a case progresses, due to both the PTAB's tight timeline and the stringent word limits on the length of filings, patent owners often strategically focus on saving particular claims that are either more valuable or easier to defend at the expense of other claims. As a result, even if most asserted claims are held unpatentable, a patentee may nonetheless be satisfied with a handful of its claims surviving review by the PTAB.

As evidenced by the large number of cases it has heard since 2012, the PTAB has become a key component of patent litigation in the United States. The PTAB has seen an increasing number of cases over time due to its panels of specialized judges, relatively low cost, and fast-track resolution of patent validity challenges. And as more PTAB cases are appealed to the Federal Circuit (and Supreme Court), the law, procedures, and outcomes of post-grant challenges at the USPTO will continue to evolve.

## (Endnotes)

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*Disclaimer:* The statistics provided in this report are intended to provide several perspectives on post-grant practice at the USPTO, and are updated each month at Finnegan's AIA Blog ([www.aiablog.com](http://www.aiablog.com)). The information was compiled by Finnegan from all PTAB final written decisions on the merits published by the USPTO as of the stated date. These statistics do not include settlements, requests for adverse judgment, motions to terminate, still-pending cases, requests for rehearing, or appellate outcomes. The statistics reflect case outcomes on both a per-claim and per-case basis, and incorporate a number of decisions and assumptions designed to eliminate redundancy while providing the most impartial, accurate, and useful information possible. While care has been taken to ensure the accuracy of this data, these numbers should be treated as estimates.

<sup>1</sup> The statistics used and discussed throughout this article were generated by Finnegan based on a review of each available Final Written Decision issued by the PTAB through March 1, 2017.

<sup>2</sup> See Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board, 81 Fed. Reg. 18750 (Apr. 1, 2016) (amending various sections of 37 C.F.R. § 42), available at <https://www.federalregister.gov/articles/2016/04/01/2016-07381/amendments-to-the-rules-of-practice-for-trials-before-the-patent-trial-and-appeal-board>.

<sup>3</sup> *Google Inc. v. ContentGuard Holdings, Inc.*, CBM2015-00040, Paper 34 (PTAB June 21, 2016).

<sup>4</sup> Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board, 80 Fed. Reg. 28561 (May 19, 2015) (amending various sections of 37 C.F.R. § 42), available at <https://www.federalregister.gov/documents/2015/05/19/2015-12117/amendments-to-the-rules-of-practice-for-trials-before-the-patent-trial-and-appeal-board>.

<sup>5</sup> *Shinn Fu Company of America, Inc. v. The Tire Hanger Corp.*, IPR2015-00208, Paper 24 (PTAB April 22, 2016).

<sup>6</sup> Patent Technology Centers Management, available at <https://www.uspto.gov/patent/contact-patents/patent-technology-centers-management>.



# PTAB Developments Involving CRISPR-Cas9 Gene Editing Technology

By Heather M. Schneider and Michael W. Johnson\*

On February 15, 2017, the U.S. Patent and Trademark Office Patent Trial and Appeal Board (“PTAB”) issued a Decision on Motions in an interference between the Broad Institute, Inc., et al. (“Broad”) and the Regents of the University of California, et al. (“UC”) involving CRISPR-Cas9 gene editing technology.<sup>1</sup>

This decision is one front in a patent battle between two sets of inventors that developed CRISPR-Cas9 technology: (1) Dr. Feng Zhang of the Broad Institute, whose work has been licensed exclusively to Editas Medicines for the development of genomic medicines; and (2) Drs. Jennifer Doudna and Emmanuelle Charpentier of the University of California at Berkeley and the University of Vienna, respectively, whose work has been licensed to Caribou Biosciences, CRISPR Therapeutics, Intellia Therapeutics, and ERS Genomics.<sup>2</sup>

The PTAB held that there was no interference-in-fact between Broad’s patent claims directed to the use of CRISPR-Cas9 systems in a eukaryotic environment (i.e., involving cells that contain membrane-bound organelles, such as a nucleus) and UC’s application claims that are directed to CRISPR-Cas9 systems that are not restricted to any environment, because Broad’s claims were patentably distinct from the claims in UC’s application. The PTAB held that the use of CRISPR-Cas9 systems in a eukaryotic environment would not have been obvious to a person of skill in the art based on the use of CRISPR-Cas9 systems in prokaryotic cells or *in vitro*. The technology, the PTAB decision, and its implications are discussed below.

## Technology Background

CRISPR is an acronym for “Clustered Regularly Interspaced Short Palindromic Repeats” and Cas designates a “CRISPR-associated” protein. CRISPR-Cas systems use a combination of RNA and a protein to cut DNA, creating a double-stranded break.

CRISPR-Cas systems were first identified in bacteria that stored the DNA for viruses between repeating, palindromic sequences. These CRISPR sequences were located near genes that coded for an enzyme used to cut DNA. If bacteria were re-infected with a previously seen virus, the viral DNA stored between the palindromic repeats would be copied into viral RNA, the Cas enzyme would be attached, and the RNA/Cas combination would cut the “matching” viral DNA to destroy the virus.<sup>3</sup>

As described in the interference decision and in a 2012 Science article by Dr. Martin Jinek and others (including Dr. Doudna) cited therein (“Jinek 2012”), and as is depicted in Figure 1 below, the Type II CRISPR-Cas9 system at issue in the interference comprises three components: (1) a CRISPR RNA (“crRNA”) molecule that is called a “guide sequence” or “targeter-RNA,” which binds to a specific sequence in the target DNA and to a trans-activating crRNA (“tracrRNA”); (2) a “tracrRNA” or “activator-RNA” that interacts with the Cas9 protein; and (3) the Cas9 protein that cuts the target DNA at the specific site.<sup>4</sup>

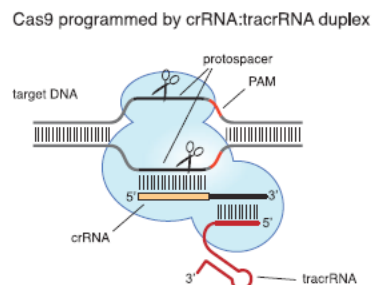


FIGURE 1<sup>5</sup>

CRISPR-Cas systems may have some benefits over other gene editing systems. For example, Zinc Finger Nuclease (“ZFN”) and Transcription Activator-Like Effector Nuclease (“TALEN”) systems both require the engineering of specific enzymes that will cut a particular DNA sequence. However, CRISPR-Cas uses a standard enzyme (such as Cas9, a protein from the *Streptococcus pyogenes* bacteria) that is then programmed to cut a particular piece of DNA by the attached RNA guide sequence.<sup>6</sup>

For example, to cut five different DNA sequences using ZFNs, a scientist would have to engineer five different cutting enzymes. With CRISPR, the scientist would use Cas9 (or another Cas protein) with five different RNA guide sequences. CRISPR can also be used with multiple guide RNAs to cut multiple DNA sequences at one time.

The relative ease of using CRISPR has generated considerable news and discussion of its ethical implications. In May 2015, scientists in China published the results of editing the genome of non-viable human embryos.<sup>7</sup> In March 2017, a different set of Chinese scientists published work using CRISPR-Cas9 in healthy human embryos.<sup>8</sup> Dr. Doudna, the inventor from UC Berkeley, has written about the ethical implications of using CRISPR and at one point called

for a worldwide moratorium on using the technology until its ethical implications could be further assessed.<sup>9</sup> In February 2017, the National Academy of Sciences issued a report taking the position that heritable germline editing (i.e., “adding, removing, or replacing DNA base pairs in gametes or early embryos”) could be permitted in the future, but only under stringent oversight and for serious conditions.<sup>10</sup>

### The CRISPR-Cas9 Interference

The interference in this case was declared on January 11, 2016 at the request of UC during prosecution of its U.S. patent application Serial No. 13/842,859. The interference was declared based on a number of Broad patents, as well as on an application that was later added.<sup>11</sup> The decision relates to Broad’s motion arguing that the interference should not have been declared because there is no interference-in-fact between the parties’ claims.

The interference is based on 35 U.S.C. § 102(g)(1), as it existed prior to the America Invents Act (the “AIA”), which states that a person shall be entitled to a patent unless “during the course of an interference . . . another inventor involved therein establishes . . . that before such person’s invention thereof the invention was made by such other inventor and not abandoned, suppressed, or concealed.” If two parties claim subject matter that is not patentably distinct, the patent can only be awarded to the first inventor under pre-AIA Section 102(g).<sup>12</sup>

To make this determination, the PTAB applies a two-way test to determine if the claim of one party would, if prior art, anticipate or render obvious the claim of the other party, and vice versa.<sup>13</sup> In this case, the interference was declared and thus Broad had the burden of proving, by a preponderance of evidence, that the two-way test was not met.<sup>14</sup> That is, Broad could win by proving either that UC’s claims do not anticipate or render obvious Broad’s claims, or vice versa.<sup>15</sup> UC admitted that none of its claims, if treated as prior art, would anticipate the Broad claims. The PTAB agreed, “because none of UC’s claims recite a limitation to a eukaryotic environment and each of Broad’s claims contains this limitation.”<sup>16</sup> Thus, the decision focused on Broad’s argument that UC’s claims would not render Broad’s claim obvious, which argument was successful.

The following representative claims were addressed by the PTAB:<sup>17</sup>

The PTAB agreed with Broad that UC’s claim would not render Broad’s claim obvious, because “a skilled artisan would not have a reasonable expectation that the CRISPR-Cas9 system would work successfully in a eukaryotic cell.”<sup>18</sup> Broad acknowledged that the UC inventors published results of using the CRISPR-Cas9 system on prokaryotic cells *in vitro* in June 2012 prior to Broad’s filing its eukaryotic claims, but asserted that that would not provide a reasonable expectation of success.

#### Claim 165 of UC’s ‘859 Application

A method of cleaving a nucleic acid comprising[:]  
contacting a target DNA molecule having a target sequence with an engineered and/or non-naturally-occurring Type II Clustered Regularly Interspaced Short Palindromic Repeats (CRISPR)—CRISPR associated (Cas) (CRISPR-Cas) system comprising[:]

- a) a Cas9 protein; and
- b) a single molecule DNA-targeting RNA comprising
  - i) a targeter-RNA that hybridizes with the target sequence, and
  - ii) an activator-RNA that hybridizes with the targeter-RNA to form a double-stranded RNA duplex of a protein-binding segment, wherein the activator-RNA and the targeter-RNA are covalently linked to one another with intervening nucleotides,

wherein the single molecule DNA-targeting RNA forms a complex with the Cas9 protein, whereby the single molecule DNA-targeting RNA targets the target sequence, and the Cas9 protein cleaves the target DNA molecule.

#### Claim 1 of Broad’s U.S. Patent No. 8,697,359

A method of altering expression of at least one gene product comprising introducing into a *eukaryotic cell* containing and expressing a DNA molecule having a target sequence and encoding the gene product an engineered, non-naturally occurring Clustered Regularly Interspaced Short Palindromic Repeats (CRISPR)—CRISPR associated (Cas) (CRISPR-Cas) system comprising one or more vectors comprising:

- a) a first regulatory element operable in a eukaryotic cell operably linked to at least one nucleotide sequence encoding a CRISPR-Cas system guide RNA that hybridizes with the target sequence, and
- b) a second regulatory element operable in a eukaryotic cell operably linked to a nucleotide sequence encoding a Type-II Cas9 16 protein, wherein components (a) and (b) are located on same or different vectors of the system, whereby the guide RNA targets the target sequence and the Cas9 protein cleaves the DNA molecule, whereby expression of the at least one gene product is altered; and, wherein the Cas9 protein and the guide RNA do not naturally occur together.

cont. on page 14

The PTAB's reasonable expectation analysis is divided into five sections. First, the PTAB paid "particular attention" to statements made contemporaneously with Jinek 2012, particularly statements by the UC inventors, such as the following:

- "[I]t was not known whether such a bacterial system would function in eukaryotic cells";
- It "was a big success, but there was a problem. We weren't sure if CRISPR/Cas9 would work in eukaryotes—plant and animal cells"; and
- "The ability to modify specific elements of an organism's genes has been essential to advance our understanding of biology, including human health. . . . However, the techniques for making these modifications in animals and humans have been a huge bottleneck in both research and the development of human therapeutics."<sup>19</sup>

First, the PTAB's decision seemed to place considerable significance on the contemporaneous statements by the inventors and others, and said that conflict testimony deserves "little weight."<sup>20</sup> For example, UC argued that the selected quotations from Drs. Doudna and Jinek should be irrelevant because determination of the interference-in-fact should be from the viewpoint of a person skilled in the art, not the inventor.<sup>21</sup> The PTAB discounted that argument, stating, "Although this may be true, UC's argument only tends to persuade us more because if the inventors themselves were uncertain, it seems that ordinarily skilled artisans would have been even more uncertain."<sup>22</sup> The PTAB also found that contemporaneous statements by others, including UC's expert witness Dr. Dana Carroll, showed there was no reasonable expectation of success.<sup>23</sup>

Second, the PTAB addressed UC's argument that the fact that many independent research groups were quickly able to utilize the CRISPR-Cas9 system in eukaryotic cells after publication of Jinek 2012 evidenced a reasonable expectation of success in doing so. However, the PTAB found this showed a *motivation* to do it, but not necessarily a reasonable *expectation* it would succeed.<sup>24</sup>

Third, the PTAB compared the facts of this interference to a large set of precedential case law.<sup>25</sup> These cases demonstrate that "[s]pecific instructions that are relevant to the claimed subject matter or success in similar methods or products have directed findings of a reasonable expectation of success. The availability of only generalized instructions and evidence of failures with similar subject matter have indicated the opposite."<sup>26</sup> Therefore, the PTAB went on to look for examples in the prior art of success or failure of similar systems.

Fourth, the PTAB went through an extensive discussion of the prior art as presented by the parties' experts.<sup>27</sup> As with the other parts of the decision, the analysis focused on the lack of a reasonable expectation of success. The PTAB discussed the state of the art and the expert witness opinions. For example, the PTAB found that UC expert Dr. Carroll's testimony contradicted commentary he provided contemporaneously with Jinek 2012 and gave significant weight to the contemporaneous evidence.<sup>28</sup>

In the end, the PTAB found that a skilled artisan would *not* have expected success utilizing the CRISPR-Cas9 system in eukaryotic cells. This was true even though there was a motivation to do so. As the PTAB explained, "[w]e discern nothing about the expectation of success merely because there was great motivation to achieve a result. If anything, it is possible that great motivation could encourage artisans to try even when there is little expectation of success."<sup>29</sup>

Fifth, the PTAB addressed other references raised by UC, including an unpublished provisional application that the PTAB found was not available to persons of skill in the art.<sup>30</sup>

In conclusion the PTAB found that UC's claims would not have rendered Broad's claims obvious, and thus there was no interference-in-fact. In particular, the PTAB noted it is "well-settled" that a narrow species can be non-obvious and patentable over a genus claim, as was the case here.<sup>31</sup>

## Implications

This CRISPR-Cas9 system PTAB decision is notable in a few respects. First, it illustrates that the PTAB may place significant weight on contemporaneous statements by the inventors, experts, and others, particularly if they contradict positions taken during the proceeding. Second, it appears to set a relatively high bar for establishing a reasonable expectation of success, at least with respect to the technology at issue. And third, it confirms that motivation and reasonable expectation of success are separate inquiries and that an expectation of success at practicing the claimed subject matter may be lacking even where there is a strong motivation to do so.

After the decision was issued on February 15, 2017, UC announced that the decision paved the way for the UC application to issue as a patent, although UC would consider its options for challenging Broad's issued patents in other ways and possibly appealing the PTAB decision.<sup>32</sup> On April 12, 2017, UC filed an appeal of the PTAB decision with the U.S. Court of Appeals for the Federal Circuit. Under the pre-AIA

system, UC could have appealed the PTAB's decision to a district court under 35 U.S.C. § 146. However, the Federal Circuit has held that the AIA eliminated district court jurisdiction for interferences commenced after September 15, 2015.<sup>33</sup> UC and Broad both issued press releases regarding the appeal, stating that they are each confident in their positions.<sup>34</sup>

In addition, this decision may be just one front in a patent battle between UC, Broad, and other entities with CRISPR-related patents. In March 2017, the European Patent Office agreed to grant a patent to UC in Europe.<sup>35</sup> Moreover, these are not the only two entities with claims to CRISPR technologies—one study found that there were 763 patent families that claim Cas9, and other patents are being filed on the use of CRISPR with different cutting enzymes, such as Cpf1.<sup>36</sup> Thus, patents surrounding CRISPR are sure to provide significant and interesting patent disputes for practitioners in coming years.



**(Endnotes)**

\* Heather M. Schneider is an associate and Michael W. Johnson is a partner in Willkie Farr & Gallagher's Intellectual Property Department. Their practice focuses on litigation concerning patents and other intellectual property, and encompasses an array of technologies, including pharmaceuticals, biotechnology, medical devices, computer software, and industrial chemicals.

<sup>1</sup> *The Broad Institute, Inc., MIT, and Harvard v. The Regents of the Univ. of Calif., University of Vienna, and Emmanuelle Charpentier*, Decision on Motions, 37 C.F.R. § 41.125(a), Patent Interference No. 106,048 (DK) (Feb. 15, 2017) (the "Decision on Motions").

<sup>2</sup> Jacob S. Sherkow, "How Much is a CRISPR Patent License Worth?" *Forbes* (Feb. 21, 2017), available at <https://www.forbes.com/sites/jacobsherkow/2017/02/21/how-much-is-a-crispr-patent-license-worth/#31ba040a6b77>; Information about Licensing CRISPR Genome Editing Systems, Broad Institute (last visited Apr. 10, 2017), available at <https://www.broadinstitute.org/partnerships/office-strategic-alliances-and-partnering/information-about-licensing-crispr-genome-edition>; Caribou Biosciences, "CRISPR Therapeutics, Intellia Therapeutics, Caribou Biosciences and ERS Genomics Announce Global Agreement on the Foundational Intellectual Property for CRISPR/Cas9 Gene Editing Technology" (Dec. 16, 2016), available at <http://cariboubio.com/in-the-news/press-releases/crispr-therapeutics-intellia-therapeutics-caribou-biosciences-and-ers>.

<sup>3</sup> See, e.g., Jennifer Doudna, "Genome-editing revolution: My whirlwind year with CRISPR," *Nature*, Vol. 528, Issue 7583, pp. 469-71 (Dec. 31, 2015), available at <http://www.nature.com/news/genome-editing-revolution-my-whirlwind-year-with-crispr-1.19063> ("Doudna 2015").

<sup>4</sup> Decision on Motions at 5-6; Jinek et al., "A Programmable Dual-RNA—Guided DNA Endonuclease in Adaptive Bacterial Immunity," 337 *Science* 816-21 (2012) ("Jinek 2012").

<sup>5</sup> Decision on Motions at 5; Jinek 2012, Fig. 5a.

<sup>6</sup> Luciano A. Marraffini, "The CRISPR-Cas system of *Streptococcus pyogenes*: function and applications," NCBI Bookshelf (Apr. 7, 2016), available at <https://www.ncbi.nlm.nih.gov/books/NBK355562/>.

<sup>7</sup> Puping Lian et al., "CRISPR/Cas9-mediated gene editing in human triploid zygotes," *Protein & Cell*, Vol. 6, Issue 5, pp. 363-72 (May 2015), available at <https://link.springer.com/article/10.1007%2F13238-015-0153-5>.

<sup>8</sup> Lichuan Tang, et al., "CRISPR/Cas9-mediated gene editing in human zygotes using Cas9 protein," *Mol. Genet. Genomics* (published online Mar. 1, 2017), available at <http://link.springer.com/article/10.1007%2F500438-017-1299-z>.

<sup>9</sup> Doudna 2015; see also Nicholas Wade, "Scientists Seek Ban on Method of Editing the Human Genome," *New York Times* (Mar. 19, 2015), available at <https://www.nytimes.com/2015/03/20/science/biologists-call-for-halt-to-gene-editing-technique-in-humans.html>.

<sup>10</sup> News from the National Academy of Sciences, "With Stringent Oversight, Heritable Germline Editing Clinical Trials Could One Day Be Permitted for Serious Conditions; Non-Heritable Clinical Trials Should Be Limited to Treating or Preventing Disease or Disability at This Time" (Feb. 14, 2017), available at <http://www.nasonline.org/news-and-multimedia/news/Human-Genome-Editing-Report.html>.

<sup>11</sup> Decision on Motions at 3-4.

<sup>12</sup> *Id.* at 8.

<sup>13</sup> *Id.* at 9.

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> *Id.* at 12.

<sup>17</sup> *Id.* at 10-11 (emphasis in original).

<sup>18</sup> *Id.* at 13.

<sup>19</sup> *Id.* at 14-15.

<sup>20</sup> *Id.* at 14.

<sup>21</sup> *Id.* at 17.

<sup>22</sup> *Id.*

<sup>23</sup> *Id.* at 18-19.

<sup>24</sup> *Id.* at 23.

<sup>25</sup> *Id.* at 25-29.

<sup>26</sup> *Id.* at 28.

<sup>27</sup> *Id.* at 29-46.

<sup>28</sup> *Id.* at 41.

<sup>29</sup> *Id.* at 35.

<sup>30</sup> *Id.* at 48.

<sup>31</sup> *Id.* at 49.

<sup>32</sup> Robert Sanders, Appeals board clears way for UC Berkeley to receive patent on CRISPR-Cas9 gene editing (Feb. 15, 2017), available at <http://news.berkeley.edu/2017/02/15/patent-office-determines-uc-broad-institute-patent-claims-on-crispr-cas9-genome-editing-are-separately-patentable/>; Lee McGuire, For journalists: Statement and background on the CRISPR patent process (Updated Apr. 13, 2017), available at <https://www.broadinstitute.org/crispr/journalists-statement-and-background-crispr-patent-process>.

<sup>33</sup> *Biogen MA v. Japanese Found. for Cancer Research*, 785 F.3d 648, 649-50 (Fed. Cir. 2015).

<sup>34</sup> Robert Sanders, UC appeals U.S. patent board decision on CRISPR-Cas9 (Apr. 13, 2017), available at <http://news.berkeley.edu/2017/04/13/uc-appeals-u-s-patent-board-decision-on-crispr-cas9/>.

<sup>35</sup> John Carroll, "Take that Editas: CRISPR Therapeutics and colleagues win a European round in the IP tug-of-war over gene editing tech," *Endpoints News* (Mar. 28, 2017), available at <https://endpts.com/take-that-editas-crispr-therapeutics-and-colleagues-win-a-european-round-in-the-ip-tug-of-war-over-crispr/>.

<sup>36</sup> Heidi Ledford, "Why the CRISPR patent verdict isn't the end of the story," *Nature* (Feb. 17, 2017), available at <http://www.nature.com/news/why-the-crispr-patent-verdict-isn-t-the-end-of-the-story-1.21510>.

# 95<sup>th</sup> Annual Dinner in Honor of the Federal Judiciary

The New York Intellectual Property Law Association held its 95<sup>th</sup> Annual Dinner in Honor of the Federal Judiciary on March 31, 2017 at the New York Hilton Midtown Hotel. President Walter E. Hanley welcomed the honored guests, members of the NYIPLA, and their guests. Joseph Bartning, Malena Dayen, and Emily Eagen opened the evening with a magnificent rendition of the National Anthem. The Association's Fifteenth Annual Outstanding Public Service Award was presented to the Honorable Denny Chin, Circuit Judge for the United States Court of Appeals for the Second Circuit. The Keynote address was given by Walter Isaacson, president and CEO of the Aspen Institute and author of *The Innovators: How a Group of Hackers, Geniuses, and Geeks Created the Digital Revolution*; *Steve Jobs*; *Einstein: His Life and Universe*; and *Benjamin Franklin: An American Life*.



**Standing:** Hon. Christopher C. Conner, Heather Schneider, Hon. Leonard Stark, Hon. Barbara Lynn, Hon. Robert Katzmman, Peter Thurlow, Robert Rando  
**Sitting:** Hon. Janet Hall, Matthew McFarlane, Hon. Sharon Prost, Hon. Denny Chin, Walter Hanley, Walter Isaacson, Annemarie Hassett





## As Time Goes By — Déjà Vu With a View



Mohonk Mountain House. cntraveler.com.

The time of which I speak might be now or it might be a decade or two or three ago. Judge Pauline Newman of the Federal Circuit is at the podium extolling upon the history of her court before a large gathering of NYIPLA members.

The time is not now. Nothing about it feels “now”—no smart phones vying with Judge Newman for attention, no tablet computers, no laptops, and no tweeting, unless, of course, you count the chirping of songbirds outside the conference room window.

No, the time is not now. Rather, it is over three decades in the past, back in 1984, when Judge Newman was freshly appointed to the bench. It was a simpler time then, in an era when people, even lawyers, had ample opportunity to really get to know each other.

This gathering was for a weekend seminar in a bucolic setting in Westchester County at a resort called Doral Arrowwood. Long before it was fashionable, much less mandatory, our Association played an instrumental role in the continuing legal education of its members.

A key vehicle for providing this continuing education was the Fall CLE seminar, such as the one at Arrowwood. Although, in today’s harried climate, the Fall CLE seminars take place during the course of a single day in one of Manhattan’s university clubs, things were not always so.

Prior to the New York bar’s mandatory CLE, the organizers of our Fall seminar had to stretch their imaginations to find ways to entice NYIPLA

members to attend. A popular enticement was to hold the event at a fine resort. These included Skytop Lodge in the Poconos, Mohonk Mountain House and the Nevele Grande Hotel in the Catskills, Heritage Hotel & Conference Center in Connecticut, and Tarrytown House and Arrowwood in Westchester.

The weekend seminars left an indelible imprint on the minds and psyches of those in attendance. Above and beyond the primer on IP law that they provided, these gatherings offered an opportunity to really get to know fellow members of the Association, their spouses or significant others, as well as tag-along tots and teens.

Locations like the rec room at Skytop Lodge provided a perfect vehicle for getting to know one another over a game of billiards or ping pong. Hiking up the trails at Mohonk past the Humpty Dumpty rock formations, and past the signage urging “slowly and quietly please” echoing that resort’s Quaker origins, allowed time for reflection on the strengths of our Association and the substance of its people. “Tea time” brought everyone together with stomachs ready for homemade cookies.

The academic portion of the weekend seminars was detail oriented, with plenty of time for lively debate and discussion. Spouses and significant others were encouraged to “drop by” to see what’s going on in the IP field.

At the end of the weekend, the attendees reluctantly said their goodbyes to new-found and old friends. They looked forward to seeing each other again at the next Fall CLE seminar, and the next one, and the next, albeit in a different place, and in a different time.



*Dale Carlson, a retired partner at Wigin and Dana, LLP is “distinguished practitioner-in-residence” at Quinnipiac University School of Law, NYIPLA historian, and a Past President. His email is dcarlson007@gmail.com. The views expressed herein are those of the author and do not reflect the views of Quinnipiac University School of Law or the NYIPLA.*

With kind regards,  
 Dale Carlson

➤ JULY 11, 2017 ◀

## Social Gathering for Members

Latitude Bar & Lounge, Billiard Room, Second Floor, 783 8th Avenue, New York, New York 10036

➤ JULY 18, 2017 ◀

## 4th Annual Second Circuit Moot Court Argument CLE Program

Thurgood Marshall U.S. Courthouse, 40 Foley Square, Room 1703, New York, New York 10007

➤ JULY 19, 2017 ◀

## Hot Topics in IP Law

The Princeton Club, 15 West 43rd Street, New York, New York 10036

➤ NOVEMBER 16, 2017 ◀

## One-Day Patent CLE Seminar

The Princeton Club, 15 West 43rd Street, New York, New York 10036

## Moving UP ▲ & Moving ON ➤➤➤

- The law firm of Knobbe, Martens, Olson & Bear, LLP has announced that it will open a New York City office, headed by partner Robert Roby.
- Joshua Berman, formerly of Troutman Sanders LLP, has joined White & Case LLP as a partner in its commercial litigation practice.
- Teena-Ann V. Sankoorikal, formerly of Cravath, Swaine & Moore LLP, has joined Levine Lee LLP as a partner in its complex commercial litigation practice.
- David Sager, formerly of Lowenstein Sandler LLP, has joined DLA Piper as a partner in its litigation practice in its Short Hills, New Jersey, office.
- Linda Goldstein and Holly Melton, formerly of Manatt Phelps & Phillips LLP, have joined Baker & Hostetler LLP as partners in its intellectual property and privacy and data protection practices.
- Timothy Kelly and Jessica Hiney, formerly of Fitzpatrick Cella Harper & Scinto, have joined McCarter & English LLP as partners in its intellectual property practice, concentrating in trademark and copyright law.
- Cindy Yang, formerly of Schiff Hardin LLP, has joined Duane Morris LLP as a partner in its intellectual property group.
- Henry Lebowitz, formerly of Fried Frank Harris Shriver & Jacobson LLP, has joined Debevoise & Plimpton LLP in its corporate intellectual property group.
- Paul Tanck, formerly of Chadbourne & Parke LLP, has joined Alston & Bird LLP as a partner in the Intellectual Property Litigation Group.

*The Report's Moving Up and Moving On* feature is for publicizing news of intellectual property attorneys' transitions and accolades. If you have changed your firm or company, made partner, received professional recognition, or have some other significant event to share with the Association, please send it to *The Report* editors: Dale Carlson (dcarlson007@gmail.com) or William Dippert (wdippert@patentusa.com).

## Notable Trademark Decisions

By: Michael Kraich, Pina M. Campagna, and Scott Greenberg

### Registration Refused for Stylized Mark Found to be Similar to the Flag of Switzerland

Family Emergency Room, LLC (“Applicant”) filed an application to register the stylized mark (reproduced below) on the Principal Register for hospitals in International Class 44. *In re Family Emergency Room LLC*, 121 USPQ2d 1886 (T.T.A.B. Mar. 14, 2017).



The Examining Attorney refused registration under Section 2(b) of the Trademark Act finding that the stylized mark “includes a simulation of the flag of Switzerland.” Slip op. at 2 (citing 25 U.S.C. § 1052(b)) (registration shall not be denied unless the mark “[c]onsists of or comprises the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of a foreign nation, or any simulation thereof).

Applicant argued that while the stylized CEDAR PARK FAMILY EMERGENCY ROOM mark borrows elements of the Swiss national flag, the stylized mark “does not run afoul of Section 2(b).” *Id.* In affirming the Examining Attorney’s refusal, the Board noted that registration must be refused under Section 2(b) where “the proposed mark includes a true representation of the flag of a foreign nation, or a simulation thereof.” *Id.* at 3; see TMEP 1205.01(d) (Examination Procedures for Marks Containing the Swiss Confederation Coat of Arms or Flag). Comparing the stylized CEDAR PARK FAMILY EMERGENCY ROOM mark with the flag of Switzerland, the Board found that the distinguishing features of the stylized mark, namely, the addition of the lines at the left and tilt of the design, were “insignificant in altering the commercial impression of the design.” *Id.* at 6.

*In re Family Emergency Room LLC*, 121 USPQ2d 1886 (T.T.A.B. Mar. 14, 2017) [precedential].

### Registration Refused for “LOCKDOWN ALARM” on the Supplemental Register for Training Services in the Field of School Safety

Emergency Alert Solutions Group, LLC (“Applicant”) filed an application to register the mark “LOCKDOWN ALARM” on the Supplemental Register for, *inter alia*, training services in the field of school safety in International Class 41. *In re Emergency Alert Solutions Group, LLC*, 122 USPQ2d 1088 (T.T.A.B. Mar. 30, 2017). The Examining Attorney refused registration of the mark under Section 23 of the Trademark Act, finding the mark generic. Slip op. at 1 (citing 15 U.S.C. § 1091).

Noting that the Examining Attorney and Applicant were in agreement as to the genus of the services at issue, the Board considered whether LOCKDOWN ALARM would be understood as referring to training services in the field of safety for the entities identified in the application. *Id.* at 4. After reviewing Applicant’s specimen of use, the Board found that the mark “identifies (at least in part) the subject matter of the services, because [Applicant’s] training program covers how to properly use a lockdown alarm and how to properly respond to the activation of such alarm.” *Id.* at 8. Applicant’s argument that reference to the use of a lockdown alarm was an insignificant element of Applicant’s training services was found unpersuasive, with the Board noting that “[t]he subject matter of any training is not an insignificant ‘facet’ of the training.” *Id.* at 10. Further, the Board drew parallels to similar generic names of types of training, including “fire alarm training” and “security systems training.” *Id.* at 11.

After reversing refusal on other grounds, the Board upheld the Examining Attorney’s refusal to register the mark LOCKDOWN ALARM on the Supplemental Register on the ground that the proposed mark is generic.

*In re Emergency Alert Solutions Group, LLC*, 122 USPQ2d 1088 (T.T.A.B. Mar. 30, 2017) [precedential].

## “SHARPIN” for Knife Blocks with Built-In Sharpeners Found to be Merely Descriptive

Calphalon Corp. (“Applicant”) filed an application to register the mark “SHARPIN” on the Principal Register for “cutlery knife blocks which incorporate built-in sharpeners that automatically sharpen knives,” in International Class 21. *In re Calphalon Corp.*, 122 USPQ2d 1153 (T.T.A.B. Mar. 20, 2017). The Examining Attorney refused registration of the mark under Section 2(e)(1) of the Trademark Act finding SHARPIN merely descriptive. Slip op. at 2 (citing 15 U.S.C. § 1052(e)(1)).

In response to Applicant’s first argument that the Examining Attorney failed to accept the amendment of the mark from “SHARPIN” to the stylized “SharpIN,” the Board found that Applicant’s amendment did not affect examination of the mark. *Id.* at 13. Specifically, the Board noted that “Applicant did not alter its original ‘standard character’ designation and did not choose the special form option that would have limited its rights to a ‘particular font style, size, or color.’” *Id.* at 15. The Board stated that Applicant’s registration was properly examined as a standard character mark.

The Board next stated that, under the law of descriptiveness, “the question is not whether someone presented with only the mark could guess what the goods or services are,” but whether “someone who knows what the goods and services are will understand the mark to convey information about them.” *Id.* at 24 (citing *DuoProSS Meditech Corp. v. Inviro Med. Devices, Ltd.*, 695 F.3d 1247, 1254 (Fed. Cir. 2012)) (internal quotation marks omitted). Based on the evidence of record, the Board found that “SHARPIN in standard character form[] does not readily evoke the alternative meaning claimed by Applicant.” *Id.* at 29.

The Board further found that the mark SHARPIN, as a standard character mark, was not a double entendre. Specifically, the Board stated Applicant’s first proposed meaning of the mark “refers to ‘sharpening knives’ . . . [and] is the only readily-apparent meaning conveyed by the [proposed] mark in standard character format.” *Id.* at 27. Accordingly, the Board affirmed the Examining Attorney’s refusal to register the mark on the Principal Register.

*In re Calphalon Corp.*, 122 USPQ2d 1153 (T.T.A.B. Mar. 20, 2017) [precedential].

## U.S. Court of Appeals for Federal Circuit Affirms TTAB’s Holding That “EMPORIUM” Is Merely Descriptive of Amusement Arcade Services and Bar Services

Applicant DDMB, Inc. applied to register the mark EMPORIUM ARCADE BAR and Design for amusement arcade services and bar services. The USPTO Examining Attorney required the applicant to disclaim all of the words in the mark apart from the mark in its entirety, on the ground that the words were merely descriptive of the services. The applicant disclaimed the words “ARCADE BAR,” but argued that “EMPORIUM” was not merely descriptive of the services. The Examining Attorney refused registration in the absence of the disclaimer. Applicant appealed to the Trademark Trial and Appeal Board (the “Board”), which held that the word “EMPORIUM” was merely descriptive of the services and affirmed the refusal. On appeal of that decision to the U.S. Court of Appeals for the Federal Circuit, the Federal Circuit affirmed the Board’s decision. *In re DDMB, Inc.*, No. 2016-2037 2017 WL 915102 (Fed. Cir. Mar. 8, 2017).

The Federal Circuit held that substantial evidence supported the Board’s decision that the word “EMPORIUM” in the applicant’s mark is merely descriptive of the applicant’s services under Section 2(e)(1) of the Lanham Act (15 U.S.C. § 1052(e)(1)) and therefore should have been disclaimed under Section 6 (15 U.S.C. § 1056). In particular, the Federal Circuit noted the Board’s reliance on dictionary definitions of “emporium” as meaning, inter alia, “a large retail store, especially one selling a great variety of articles” and “a place of commerce; trading center; marketplace.” *Id.* at \*1. The Federal Circuit further noted the Board’s citation of several third-party registrations, in connection with bar or restaurant services, in which the word “Emporium” was disclaimed, which the Board found to be useful as evidence, albeit not binding on the Board. *Id.*

In defending the Board’s decision on appeal, the USPTO argued that the foregoing constituted substantial evidence supporting the Board’s conclusion that the word “EMPORIUM” within the applicant’s mark EMPORIUM ARCADE BAR and Design was merely descriptive of the services under Section 2(e)

(1), because that word “immediately conveys the information of a commercial establishment featuring a variety of beverages and arcade video games.” *Id.* at \*3. The PTO also argued that, contrary to the applicant’s assertions, (1) the word “Emporium” can connote businesses providing goods and services that are consumed on-site as well as off-site (one of the dictionary definitions of “emporium” relied on by the Board cited “pizza emporium” as an example of a type of emporium) and (2) the combination of “EMPORIUM” with “ARCADE BAR” does not create a unitary mark precluding a disclaimer, because the composite phrase does not take on a distinct meaning of its own, independent of the constituent words. *Id.* The Federal Circuit agreed with the USPTO and affirmed the refusal. *Id.* at \*3-4.

*In re DDMB, Inc.*, No. 2016-2037, 2017 WL 915102 (Fed. Cir. Mar. 8, 2017) [nonprecedential]

### **Board Holds That Applicant’s Specimen of Use Was Not Proven To Be A Display Associated With The Goods**

Applicant Kohr Brothers, Inc. applied to register the mark CONEY ISLAND BOARDWALK CUSTARD (“Coney Island” and “Custard” disclaimed) in connection with frozen custard. Applicant’s specimen of use of the mark was a photograph that the applicant claimed to constitute a point-of-sale display associated with the goods. The Board affirmed the Examining Attorney’s refusal on the ground that the proffered specimen did not sufficiently evidence a point-of-sale display of the mark associated with the goods as contemplated by the Lanham Act. *In re Kohr Bros.*, 121 USPQ2d 1793 (T.T.A.B. Feb. 9, 2017).

The specimen of trademark use submitted by the applicant consisted of a photograph showing a paper sign, fastened to a wall, including the stylized words “Coney Island Boardwalk Custard,” along with a stylized illustration of a frozen custard cone. Also visible on the same wall, in proximity to the sign, were a business license and a health department certificate. With regard to this photo, the applicant stated that the sign faces a potential purchaser, two feet away from the purchaser and at eye level, in a front public service area of a custard stand. *Id.* at 1795.

The Board noted that Section 45 of the Lanham Act defines the “use in commerce” that is required for registration of a trademark as constituting use of the mark in one of several delineated ways, including use on “displays associated” with the goods. Although the statute does not further define such displays, the Board also noted that, under applicable case precedents, the

question of whether a given specimen is a display associated with the goods is a question of fact, and the essential requirement is that the mark is displayed in such a way that a customer can easily associate the mark with the goods. The asserted display must prominently display the mark, and it must be designed to catch the attention of prospective purchasers as an inducement to make a sale. *Id.*

In the present case, the Board concluded that the applicant failed to establish that the proffered photo satisfied the above requirements. In reaching this conclusion, the Board noted that:

- The photo contains no information about the goods, portion sizes, flavors, costs or the like.
- The photo does not show the goods that are for sale, so it is not possible to assess, from the photo itself, the accuracy of the applicant’s claim that the display is in proximity to the goods.
- The sign appears to be rather small, about the size of an envelope, and therefore it would not necessarily catch the eye of the consumer.
- The sign is positioned next to a business license and health department certificate. The Board concluded that the consumer would not regard a sign placed together with such documents as a trademark for the goods (as contrasted with a menu posted on a wall facing prospective consumers).

*Id.* at 1795-96. For these reasons, the Board held that the applicant failed to prove that the mark on the specimen is “displayed in such a way that the customer would be likely to associate the mark with the goods such that the specimen serves as an inducement to the sale of the goods.” *Id.* at 1796.

*In re Kohr Bros.*, 121 USPQ2d 1793 (T.T.A.B. Feb. 9, 2017) [precedential]

### **Board Rejects Paper-Filed Notice of Opposition on Multiple Grounds**

Potential Opposer DFC Expo LLC (“DFC Expo”) obtained an extension of time to oppose until February 6, 2017. On February 6, DFC Expo, through its attorney, filed a notice of opposition on paper by mail, which was rejected by the Board on three separate grounds. *DFC Expo LLC v. Coyle*, 121 USPQ2d 1903 (T.T.A.B. Mar. 8, 2017).

The Board’s three grounds for rejecting the notice of opposition, each of which would have been

independently sufficient to reject the notice, were as follows:

1. The filing was untimely under the trademark statute and rules, because it was filed by mail without a certificate of mailing and was received by the USPTO after the filing deadline (which the potential opposer could have sought to extend, but didn't). 121 USPQ2d at 1904, 1906.
2. The filing was not accompanied by the filing fee required by the trademark statute and rules. Potential opposer's counsel accompanied the notice of opposition with a cover letter stating that he was having trouble getting access to the payment section of the Board's "ESTTA" online filing system, someone at the Board then told him he could file by mail, and he was out of town without any business checks, so he would pay the filing fee after he returned from his trip. *Id.* at 1903, 1905.
3. The paper filing of the notice of opposition was not accompanied by a petition to the Director, as is required for such non-electronic filings under the recently amended TTAB rules of practice. The potential opposer's aforementioned cover letter did not constitute a compliant petition because it did not set forth with sufficient clarity that ESTTA was unavailable or that extraordinary circumstances were present, did not include any evidence, and did not include a supporting verification. *Id.* at 1905-06.

The Board also noted that, based on a review of system records, the potential opposer's attorney apparently wasn't able to proceed to the payment page of ESTTA because he was attempting to attach a Microsoft Word document, which is not one of the permitted document formats. *Id.* at 1906.

The Board therefore rejected the notice of opposition, noting that the potential opposer's remedy lies in petitioning to cancel a resulting registration once it issues. *Id.*

*DFC Expo LLC v. Coyle*, 121 USPQ2d 1903 (T.T.A.B. Mar. 8, 2017) [precedential].



## CALL FOR NOMINATIONS!

### 2018 NYIPLA INVENTOR OF THE YEAR AWARD

***Deadline: Friday, December 1, 2017***

The 2018 Inventor of the Year  
will be honored at the  
Association's Annual Meeting  
and Awards Dinner  
to be held at  
The Princeton Club of New York  
on Tuesday, May 15, 2018

**This year's winner will be  
awarded \$5,000.00**

We invite you to nominate an individual or group of individuals who, through their inventive talents, have made a worthy contribution to society by promoting the progress of Science and useful Arts.

See <http://www.nyipla.org/nyipla/InventorOfTheYear.asp>

for more information, including submission rules, instructions, and answers to frequently asked questions.

Should you have any questions,  
feel free to contact:

Jonathan Auerbach at  
[jonathan@radip.com](mailto:jonathan@radip.com) or

Brian Prew at  
[bprew@goodwinlaw.com](mailto:bprew@goodwinlaw.com)

## Young Lawyers Roundtable - Speaking the Language of Your Clients: The Advertising Industry

On March 23, the Young Lawyers Committee hosted a roundtable discussion *Speaking the Language of Your Clients: The Advertising Industry* at the offices of Frankfurt Kurnit. Speakers included Julia Clark, Director of Integrated Business Affairs for Anomaly, Patrick O’Donoghue, Director of Business Affairs for Wieden + Kennedy NY, and Scott Schreiber, Managing Director, General Counsel for Huge, LLC. The event

featured a lively discussion of the fundamentals of the advertising industry, an overview of the key industry players, and a survey of pressing legal issues—both large and small. Attendees also learned about cutting-edge legal and business issues related to new technology, as well as the panelists’ thoughts on where advertising is headed in the 21st Century.

### March 31, 2017, NYIPLA Day of Dinner CLE Program: Intent in Patent Cases: How Courts Sort Out Whether Infringement Is Knowing, Egregious, or Exceptional

On March 31, 2017, the NYIPLA held its annual “Day of Dinner” Luncheon CLE program. This year’s program provided an update on the considerable challenges presently faced by the district courts in evaluating evidence of an accused infringer’s state of mind in patent cases, based on the recent Supreme Court decisions on the requisite intent for indirect infringement (*GlobalTech v. SEB* and *Commil v. Cisco*), for willfulness (*Halo/Stryker*), and for finding a case exceptional to support an award of attorney fees (*Octane/Highmark*). The panel comprised three distinguished members of the Federal judiciary: Honorable Ron Clark, Chief Judge, U.S. District Court for the Eastern District of Texas; Honorable Richard G. Andrews, Judge, U.S. District Court for the District of Delaware; and Honorable F. Dennis Saylor IV, Judge, U.S. District Court for the District of Massachusetts. Dorothy R. Auth, NYIPLA Immediate Past President, and a partner at Cadwalader, Wickersham & Taft LLP, moderated the program.

In the last several years, the Supreme Court dealt with the issues of an infringer’s state of mind in three different contexts—for induced infringement, willfulness, and awarding attorney fees. In *Global-Tech Appliances, Inc. v. SEB S.A.*, 563 U.S. 754 (2011), the Supreme Court held that the defendant’s requisite intent for indirect infringement can be satisfied by “willful blindness.” Under *Commil USA, LLC v. Cisco Systems, Inc.*, 135 S. Ct. 1920 (2015), a good-faith belief in non-infringement may negate intent needed to show indirect infringement (while a good-faith belief in invalidity will not). A combined decision in *Halo Electronics v. Pulse Electronics* and *Stryker v. Zimmer*, 579 U.S. \_\_\_ (2016) discusses egregious conduct of the accused infringer (e.g., wanton pirate) as a way for determining willfulness: “The sort of conduct warranting enhanced damages has been variously described in our cases as willful, wanton, malicious, bad-faith, deliberate, consciously wrongful, flagrant, or—indeed—characteristic of a pirate.” Finally, under *Octane Fitness*, an “exceptional” case is “simply one that stands out from others with respect to the

substantive strength of a party’s litigating position ... or the unreasonable manner in which the case was litigated.” *Octane Fitness LLC v. Icon Health & Fitness Inc.*, 134 S. Ct. 1749, 1756 (2014).

The panelists discussed the approaches they take in their own courtrooms as well as the approaches being taken in the Federal District Courts in general, in considering what may constitute the requisite intent in these contexts. The panelists explained their views on how the evidentiary burdens of proof regarding intent differ at different stages of the litigation—and how their understanding has been shaped by recent Supreme Court cases. Judge Clark and Judge Andrews relied on experience gained with the vast patent dockets in their District Courts, discussing and at times debating examples of treatment of intent from the recent cases in Texas and Delaware District Courts. Judge Saylor, drawing on his broad experience in criminal cases, explained whether and how, in his view, the evidence required to prove an accused infringer’s state of mind in patent cases differs from the proof required in other areas of the law. Ms. Auth asked pointed questions that moved the presentation along smoothly. All three panelists actively participated in the discussion and appeared to enjoy the topic and the dialogue.

The program was arranged by Ms. Auth, who also hosted a breakfast with the panelist Judges on the morning of the program. Programs Committee members Andy Berks and Christine Wilgoos, and Programs Committee co-chair Ksenia Takhistova, assisted with the program’s preparation and CLE materials. The program was held at the New York Hilton Midtown and was well attended by members of the Judicial branch and private practitioners alike. The attendees at the program appeared to appreciate the significance of the issues discussed and how well prepared the panelists and the moderator were. The attendees also seemed to enjoy the exposure to first-hand knowledge of the panelists’ perspectives. The Day of the Dinner CLE Program has historically been a success, and the organizers expect the tradition to continue. ■



## General Call for Committee Volunteers May 2017 - April 2018



**H**ave you thought about further developing your career, and at the same time, sharing your expertise and interest with other professionals? You can, by volunteering for one of the NYIPLA's committees – it is easy and very rewarding. You can meet new people, contribute to your profession, help advise the NYIPLA's Board of Directors, and expand your leadership skills. More importantly, your experience, combined with that of many other NYIPLA volunteers, plays a critical role in moving the NYIPLA forward.

Committees are open to members only. Membership dues must be current for May 2017 to April 2018 to be considered for a committee.

Login with your username and password at [www.nyipla.org/volunteerforcommittee](http://www.nyipla.org/volunteerforcommittee) to indicate up to three committees in order of your preference. *If you were involved in a committee last year*, and would like to continue to stay on the committee, please submit your committee preferences again for this year.

More information about each Committee can be found at [www.nyipla.org](http://www.nyipla.org) under the "About Us" menu.

### Extra . . . Extra – Call for Submissions!

The Publications Committee seeks original articles for possible publication in upcoming issues of *The Report*. Articles on all intellectual property-related topics will be considered.

An article can be any length, but a length of 1700 to 2500 words is about average. Articles should be submitted in MICROSOFT WORD®, 1997-2003 format (i.e., ".doc," not ".docx") and with endnotes rather than footnotes. Authors should also provide us with electronic copies of any sources cited in either the text of the article or in the endnotes to assist us with the editing process.

Please send your submission via e-mail to Publications Committee Co-Chairs William Dippert at [wdippert@patentusa.com](mailto:wdippert@patentusa.com) and Dale Carlson at [dcarlson007@gmail.com](mailto:dcarlson007@gmail.com). Please check with the Co-Chairs regarding the deadline for submission of your article.



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## MINUTES OF MARCH 15, 2017

### MEETING OF THE BOARD OF DIRECTORS OF THE NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION

# BOARD MINUTES

The Board meeting was held via teleconference. President Walter Hanley called the meeting to order at approximately 1:00 p.m. In attendance were:

Mark Bloomberg	Kathleen McCarthy
Garrett Brown	Colman Ragan
Walter Hanley	Robert Rando
Annamarie Hassett	Heather Schneider
Robert Isackson	Peter Thurlow

(all attendees attended by phone)

Matthew McFarlane, Charles Macedo, Frank Delucia, William McCabe, Jeanna Wacker, and Dorothy Auth were absent and excused from the meeting. Feikje van Rein was in attendance from the Association's executive office.

The meeting was called to order by President Hanley, and the Board approved the Minutes of the February 15, 2017 Board meeting (subject to correcting the date and location).

Mr. Rando provided the financial report, indicating that the Association is in sound financial condition. He explained that there were additional expenses for the Judges Dinner that were not yet recorded. Although overall revenue was down slightly, revenue from the Day of the Dinner CLE program was up. The Association had higher expenses for the Judges Dinner because the Hilton did not match numerous concessions previously made by the Waldorf Astoria.

The Board approved new members and then discussed the membership report.

Ms. Schneider discussed the mentoring program proposal. The Board agreed to create an ad hoc committee with the Young Lawyers Committee co-chairs, the Board Liaison, and additional members. Ms. Schneider agreed to update the mentoring proposal based on the Young Lawyers Committee feedback and to convene the ad hoc committee.

Mr. Isackson then discussed the Amicus Brief Committee's numerous activities, including the recent *Life Tech* decision, which did not adopt the NYIPLA's position, and the *Oil States* proposal.

Ms. Hassett discussed the Legislative Action Committee's recent Presidents Forum on Section 101. The LAC will consider its approach to the issue based on the feedback and discussion at that Forum.

The Board then discussed logistics for the Judges Dinner, which was all going according to schedule.

The Board then reviewed recent and upcoming programs. Mr. Bloomberg discussed the Day of Dinner CLE from the Programs Committee. Ms. Schneider discussed the Women in IP Law Committee/Trade Secrets Committee event, which ended up addressing Cybersecurity. In the future we will get additional committees involved if the subject matter evolves. Ms. Schneider also reported on the Young Lawyers Committee roundtables and upcoming panels.

Members of the Board heard that Chiefs in Intellectual Property ("ChIPS") was having a conference at Kirkland & Ellis the same day as the Judges Dinner. In the past, they held an event on Saturday after checking with the Association. Their advertisement makes it appear that their lunch may be sponsored by the Association, and thus the Association may send them an email or letter asking them to address the Association's concerns.

The Trademark Committee update was heard, and then the Board closed by discussing the Annual Meeting, for which Mr. Thurlow is arranging a speaker.

The meeting was adjourned at approximately 2:15 pm.

The next Board meeting will take place on April 19, 2017 at 12:00 p.m. at Andrews Kurth Kenyon, 450 Lexington Avenue.



## NYIPLA Job Board

A perfect chance to submit job openings,  
 refer members to postings,  
 and search for new opportunities  
 at [www.nyipla.org](http://www.nyipla.org).

## MINUTES OF APRIL 19, 2017

### MEETING OF THE BOARD OF DIRECTORS OF THE NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION

The Board meeting was held at Andrews Kurth Kenyon, 450 Lexington Avenue. President Walter Hanley called the meeting to order at approximately 12:00 p.m. In attendance were:

Dorothy Auth (by phone)	Kathleen McCarthy
Mark Bloomberg	Colman Ragan (by phone)
Frank DeLucia	Robert Rando
Walter Hanley	Heather Schneider
Robert Isackson	Peter Thurlow (by phone)
Charles Macedo	

Annemarie Hassett, Matthew McFarlane, Garrett Brown, William McCabe, and Jeanna Wacker were absent and excused from the meeting. Feikje van Rein was in attendance from the Association's executive office.

The meeting was called to order by President Hanley, and the Board approved the Minutes of the March 15, 2017 Board meeting.

Mr. Rando provided the financial report, indicating that the Association is in sound financial condition. He explained that revenues for the Judges Dinner increased. Also, the Board discussed updating the signatories of certain Association bank accounts.

The Board approved new members and discussed the membership report. The Board then discussed an update on the Mentoring Program signup, which had already resulted in over a dozen prospective mentees.

The Board then discussed the winners of the Conner writing competition. The Board also discussed the NYIPLA *The Report* more generally, including possible ways to update the format or technology (e.g., should it be more like a blog?).

Mr. Isackson discussed the Amicus Brief Committee's recent activities.

Ms. Auth then discussed the Legislative Action Committee's recent committee meeting, at which Jim Dabney spoke on *TC Heartland* and Judge Hopper discussed a recent case regarding standards in the District Court and at the PTAB. The Committee also discussed the recent Presidents Forum and started to discuss ways to develop the Association's own position on Section 101. The Board discussed creating an ad hoc committee to address Section 101, with Messrs. Hanley, Rando, Ragan, Isackson, Thurlow, and DeLucia volunteering. Mr. Hanley and Ms. Hassett will work to

identify a small committee that will prepare a proposal for the Board to review.

The Board then discussed feedback and survey results from the Judges Dinner. The feedback on the event was generally favorable. However, there were several complaints about the food and service, which can be discussed with the hotel. There were also some issues with noise in parts of the ballroom and balcony that could be addressed in the future. The suites were favorably received, but could be better decorated in the future.

The Board then discussed a request from member Marylee Jenkins regarding priorities for the USPTO's Patent Public Advisory Committee ("PPAC"). Mr. Hanley will work with some of the committee chairs to check with their committees and then draft a letter.

The Board discussed the possibility of having a social event in June, but will reserve that for future years. This year, we will have a mentoring event around that time.

The Board then reviewed recent and upcoming programs. Mr. Rando and Ms. Schneider discussed the Young Lawyers Committee's proposed event at Hofstra, which is being rescheduled for lack of attendance. Mr. Thurlow discussed the preparations for the Annual Meeting and keynote speakers. The Trademark Committee is looking for an in-house speaker for its half-day CLE. Mr. Rando discussed a request from the Media Committee to use JD Supra to enhance distribution of *The Report*. He will send the information for the Board to review.

The meeting was adjourned at approximately 2:00 pm. This was Mr. Hanley's last Board meeting as President, and the Board thanked him for his hard work.

The next Board meeting will take place on May 16, 2017 at the Annual Meeting at 5:30 pm at the Princeton Club. ■

Last Name	First Name	Company/ Firm /School	Membership Type	State
Adachi	Tatsuya	Leichtman Law PLLC	Active 3-	New York
Barlow	Joshua	Haug Partners LLP	Active 3-	New York
Bertram	Nicholas	Anglehart et al.	Associate	Canada
Cho	Taeg Sang	Wilmer Cutler Pickering Hale and Dorr LLP	Active 3-	New York
Cocks	Jonathan	Baker Botts LLP	Active 3-	New York
Derevjanik	Mario	Cooper & Dunham LLP	Active 3-	New York
Fischer	Daniel	Knobbe Martens Olson & Bear LLP	Active 3+	New York
Fischer	Aron	Patterson Belknap Webb & Tyler LLP	Active 3+	New York
Garimalla	Aswin	Research Foundation of CUNY	Student	New York
Gu	Sunny	Washington University School of Law	Student	Missouri
Hadley	Mitchell	Knobbe Martens Olson & Bear LLP	Active 3-	New York
Hong	Zach	Knobbe Martens Olson & Bear LLP	Active 3+	New York
Jain	Deepti		Active 3-	New Jersey
Jang	Tiffany	Haug Partners LLP	Active 3-	New York
Lee	Chichi	Duke University School of Law	Student	North Carolina
Li	Yan-Xin	Baker Botts LLP	Active 3-	New York
Mackavage	Allyson	Baker Botts LLP	Active 3-	New York
Major	James	Lucas & Mercanti LLP	Active 3+	New York
Mauceri	Jessica	Benjamin N. Cardozo School of Law	Student	New York
Mbadugha	Kristine	General Electric Corporation	Corporate	New York
McCool	Judith	Home Box Office Inc	Corporate	New York
Miller	Beau	Jefferies Group LLC	Corporate	New York
Morten	Christopher	Goodwin	Active 3-	New York
Mortimer	Margaret	Dechert LLP	Active 3+	New York
Odera	Eric	Maurice A. Deane School of Law at Hofstra University	Student	New York
Park	Joon	JP Counsel Group PLLC	Active 3+	New York
Peschechera	Alessandro	Icahn School of Medicine at Mount Sinai	Student	New York
Philippou	Michael	Fordham University School of Law	Student	New York
Porter	Gerald	Troutman Sanders LLP	Active 3-	New York
Rafa	Michael	Haug Partners LLP	Active 3+	New York
Ramanathan	Aditya	Cooper & Dunham LLP	Active 3-	New York
Raskopf	Robert	Quinn Emanuel Urquhart & Sullivan LLP	Active 3+	New York
Ruh	Robert	Cooper & Dunham LLP	Active 3-	New York
Shrewsbury	Amanda	Ladas & Parry LLP	Active 3-	New York
Smith	Andrew	Cooper & Dunham LLP	Active 3-	New York
Soman	Gerard	Benjamin N. Cardozo School of Law	Student	New York
Stamatopoulos	Giorgos	Wolf Greenfield & Sacks PC	Active 3+	New York
Tardibono	Lawrence	Fordham University School of Law	Student	New York
Trainer	Thomas	Cooper & Dunham LLP	Active 3-	New York
Wakim	Andrew	Baker Botts LLP	Active 3+	New York
Waybourn	Kathleen	Law Office of Kathleen Ann Waybourn	Active 3+	New York
Yamada	Shintaro	Lucas & Mercanti LLP	Active 3-	New York
Zhang	Zichao	Baker Botts LLP	Active 3-	New York
Zhu	Frank	Baker Botts LLP	Active 3+	New York

## THE NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION, INC.

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### Officers of the Association 2016-2017

President: Walter E. Hanley Jr.  
President-Elect: Annemarie Hassett  
1st Vice President: Matthew B. McFarlane  
2nd Vice President: Peter G. Thurlow  
Treasurer: Robert J. Rando  
Secretary: Heather Schneider

### Publications Committee

**Committee Leadership for the April/May issue**  
Robert Greenfeld, William Dippert, and Dale Carlson  
**Committee Members**  
Jayson Cohen, TaeRa Franklin, Annie Huang,  
Michael Keenan, Keith McWha,  
Vadim Vapnyar, Joshua Whitehill  
*Board Liaison* Frank DeLucia Jr.  
*The Report Designer* Johanna I. Sturm