

CORPORATE *LiveWire*

# INTELLECTUAL PROPERTY 2016

## VIRTUAL ROUND TABLE

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## Introduction & Contents

The Intellectual Property 2016 Roundtable is our most extensive discussion to date, with 12 experts from around the world highlighting prominent trends, regulatory changes and interesting developments in their respective jurisdictions. Key topics include: the role of intellectual property in M&A transactions, how

to respond to intellectual breaches committed both against and by your company, and a summary of the most interesting legal case studies taking place this year. Featured countries are: Australia, Brunei, Japan, Latvia, Mexico, Taiwan, Ukraine, United Kingdom, Ireland and United States.

James Drakeford  
Editor In Chief



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Begoña Cancino is a partner with Creel, García-Cuellar, Aiza y Enriquez, S.C., where she heads the Intellectual Property and Entertainment practice area. Ms. Cancino has experience in all aspects of intellectual property, data privacy and administrative litigation including counseling and litigation of patents, trademarks, appellations of origin, copyrights and trade secrets, focusing also in corporate transactions, data protection and IP aspects of the Procurement Law, regulatory, compliance, misleading advertising and unfair competition.

Ms. Cancino has actively represented various foreign global companies in connection to intellectual property, data privacy, regulatory aspects and litigious matters. She also handles administrative litigious matters in general, representing clients in administrative litigations before administrative authorities and Federal courts.

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Mr. Yamamoto is a patent attorney, and a managing partner of YUASA and HARA, and is the acting Chief of the Chemical Section. He has extensive experience in pharmaceutical and biotechnology research and development at a chemical company for ten years before specializing in intellectual property. He has represented a variety of companies in the fields of pharmaceuticals, biotechnology, diagnostics, and food and beverages. In addition to patent prosecution, he is experienced in handling invalidation trials and providing expert opinions. He was chosen by Lawyer Monthly Legal Awards 2014 and 2015 as "Biotechnology Lawyer of the Year" etc.

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John specializes in chemical and biochemical patent matters including drafting and prosecution of patent applications in these fields in the United States, Europe and abroad.

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John started work in the patent profession in the patent department of the British chemical company Albright & Wilson in 1966. He joined Ladas & Parry in 1973, becoming a partner in 1982.

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He has served as a legal and strategic advisor to dozens of Fortune 500 companies and hundreds of emerging growth companies. He has represented U.S. and international clients from early stage, rapidly growing start-ups, to closely held franchisors and middle market companies, to multibillion dollar international conglomerates. He also counsels on issues such as franchising, licensing, joint ventures, strategic alliances, capital formation, distribution channels, technology development, and mergers and acquisitions.

Mr. Sherman has written nearly 30 books on the legal and strategic aspects of business growth, franchising, capital formation, and the leveraging of intellectual property, most of which can be found on Amazon. He also has published many articles on similar topics and is a frequent keynote speaker at business conferences, seminars, and webinars. He has appeared as a guest commentator on CNN, NPR, and CBS News Radio, among others, and has been interviewed on legal topics by The Wall Street Journal, USA Today, Forbes, U.S. News & World Report, and other publications.

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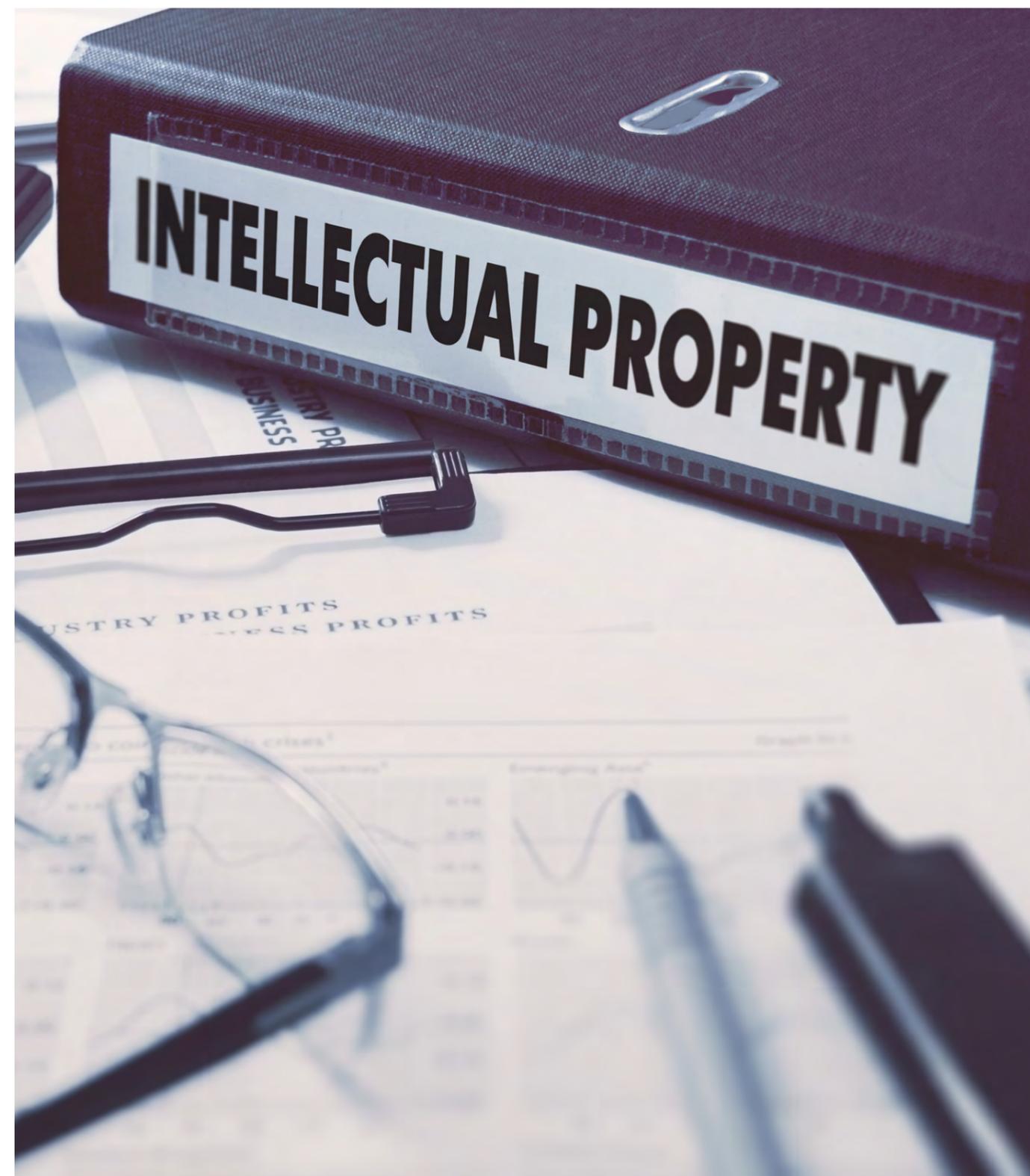
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She practices across all aspects of trade mark law including portfolio management, enforcement and exploitation. Frances' advises clients from a range of industries on intellectual property strategies including pharmaceuticals, technology, retail and brands, transport, energy, infrastructure, mining and financial institutions.

Frances has over 20 years' experience practising in Intellectual Property law and joined our practice after more than 10 years in a top tier Australian law firm. She moved to Australia having spent almost 9 years in Hong Kong, latterly as a partner in one of Hong Kong's leading IP practices. Frances has worked extensively in Asia Pacific IP matters. She has been in-house trademarks advisor to a major pharmaceutical and multi-national in the United Kingdom. This has given Frances particular market sector knowledge and an insight into the inner workings of a multi-national organisation.

Many leading Global and Australian brand companies seek her advice on the strategic management of their IP rights including GSK, Biofarma, Fairfax Media, GWF, David Jones, Aurora Energy and Carnival Cruises.

Frances is an experienced advocate in oppositions and other actions before the Registrar of Trade Marks. She has also extensive experience of enforcement actions before the courts and administrative authorities across Asia and in the Australian Federal Court. Frances has acted on the IP aspects of numerous IPOs, asset and share sales and other commercial transactions.

She regularly presents seminars locally and abroad on issues associated with trade mark protection to leading IP organisations. She authors numerous articles and publications on trade mark law.

Frances is a trained LEADR accredited mediator and a notary public. She is also the only Australian member of the INTA Panel of Neutrals. Frances is also a Graduate of the Australian Institute of Company Directors and Chairs a not-for-profit board.

## TO VIEW RESPONSES - PLEASE SELECT A QUESTION

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## Can you outline the current intellectual property landscape with specific reference to the main regulators and key legislations that apply in your jurisdiction?

**Zheng:** Brunei is a commonwealth country and as such our legal system is based on that of the United Kingdom. However with Brunei's signing of the Trans-Pacific Partnership Agreement earlier this year, intellectual property legislation in Brunei is likely to be amended in line with its provisions.

Currently, the main regulator for registration of trademarks, industrial designs and patents is the Brunei Intellectual Property Office (BruIPO).

Key legislations that apply in Brunei: The Trade Marks Act 2000, Cap 98 with its subsidiary legislation, Trade Mark Rules 2000; The Patents Order 2011 and its subsidiary legislation, Patents Rules 2012; the Emergency (Copyright) Order 1999, for copyright, amended in select sections by the Copyright (Amendment) Order 2013; for industrial designs, the Emergency (Industrial Designs) Order 1999 and the Industrial Designs Rules 2000; for layout designs, the Emergency (Layout Designs) Order, 1999 and the Plant Varieties Protection Order 2015 that gives breeders protection and exclusive control over new varieties of seeds and tubers. There is no legislation for trade secrets in Brunei Darussalam.

**Karina-Berzina:** In Latvia, patents, trademarks, design rights and copyright are each regulated by separate statutes and responsibility is fragmented among various institutions. The Latvian Patent Office, an agency of the Ministry of Justice, is responsible for granting patents and registering designs and trademarks, but IP strategy is handled within the Ministry. Copyright matters are handled by the Ministry of Culture, which focuses primarily on collective rights and copyright policy matters. There is some discussion of bringing IP policy

making and registration functions under one roof to foster innovation and become more business-centric.

In 2016, the long-awaited Law on Intellectual Property Institutions and Procedure entered into force. This law established a new Latvian Patent Office Board of Appeal, which will start work later in 2016 and will be staffed by full-time hearing officers; previously, BOA members were Patent Office staff. Also, written proceedings have now been introduced. Previously, all appeals and opposition matters were considered only in oral proceedings and lengthy delays were the norm. We expect that the Board of Appeal will retain its predecessor's high quality but on a much quicker schedule.

Despite all the uncertainty, Latvia is still expected to ratify the Unified Patent Court Agreement in late 2016 or early 2017.

Finally, Latvia is in the process of implementing the Collective Rights Management Directive (2014/26/EU). After initial efforts to amend the Copyright Act were abandoned, an entirely new law is in the process of being drafted.

**Cancino:** The intellectual property landscape in Mexico is composed by industrial property rights (patents, industrial designs, utility models, inventions, trademarks, slogans, appellations of origin and trade secrets), and copyrights (literary, musical, dramatic, artistic and other works of authorship, neighbouring rights and reservation of rights), regulated by the Industrial Property Law and Copyright Law, respectively. The main regulators in each field of practice are: the Mexican Institute of Industrial Property ("Instituto

Mexicano de la Propiedad Industrial", IMPI by its acronym in Spanish) and the Copyright Institute ("Instituto Nacional del Derecho de Autor", INDAUTOR by its acronym in Spanish). In general terms, exclusivity over an Industrial property right shall exist only upon issuance by the IMPI, while copyrights are protected from the moment of creation and inclusion of the work in a tangible medium of expression.

**Muller:** One area of the intellectual property landscape that will be experiencing a significant amount of activity is the private-sector privacy field. This is due in part to the way information is exchanged, used, and commoditised. In the US, there is a fairly complex patchwork of laws due in part to dual source of those laws, namely, the individual state and the federal governments. Contributing to the complexity of the federal and state regulations are the three branches of government that play a role in those regulations, namely, the legislative, executive, and judicial branches. At the federal level, there are a variety of agencies engaged in regulating privacy in the private sector, such as the Federal Trade Commission, the Federal Communications Commission, the Department of Health and Human Services and its Office for Civil Rights, and federal banking regulatory agencies, such as the Consumer Financial Protection Bureau, and the Federal Reserve, to name a few. At the state level, law enforcement of privacy laws is typically performed by the state attorneys general.

California is again at the forefront by updating laws regulating government access to electronic communications. In late 2015, The California Electronic Communications Privacy Act (CalECPA) was signed into law. The CalECPA is seen as modernising and filling gaps in its Federal counterpart, the Electronic Communications Privacy Act (ECPA), which was enacted 30 years ago, in 1986. For example, the CalECPA creates additional privacy protections for electronic communication, such as email, text messages, and other forms of electronic communication, by tightening the rules for obtaining court orders to access private communications, including the metadata and geolocation information associated with those communications.

The CalECPA expands the restrictions on government's access to the content of a communication with a broad definition of information that includes metadata such as IP addresses and date and time information subject to warrant and wiretap rules. (A good source for pending privacy legislative bills in the state of California can be found at: <https://oag.ca.gov/privacy/privacy-legislation/leg>).

Other areas of intellectual property that have seen significant activity are trade secret and patent law. As to trade secret law, the most significant development was the passage in 2016 of a federal statute that gives litigants the right to assert a trade secret misappropriation claim in a federal court as a matter of right, putting trade secret law more on par with patent, copyright and trademark law, all of which are governed by federal laws. The amended patent statute, namely, the 2011 America Invents Act (AIA), has now reached an age that is giving us some meaningful information as to how the new features of the statute are working, and for the first time the US Supreme Court recently has weighed in on new aspects of the AIA. I will discuss both of those issues at some length later.

**Tsai:** The main regulator for intellectual property regulations is the Taiwan Intellectual Property Office (TIPO) who is responsible for drafting and proposing any amendments of laws relevant to intellectual properties. The intellectual property rights (IPRs) recognised and enforceable in Taiwan include patent rights (that are further categorised into invention, utility model and design), trademark rights, copyrights, rights of integrated circuit layout ("IC layout"), rights of plant variety, and rights of trade secrets.

### **Moshynska:** International agreements

- Paris Convention (International Union) 1883-1967;
- Convention Establishing the World Intellectual Property Organization (WIPO Convention) in 1967;
- WTO TRIPS Agreement in 1994;
- Patent Cooperation Treaty (PCT) in 1970;

- Patent Law Treaty (PLT) in 2000.
- Strasbourg Agreement Concerning the International Patent Classification (IPC Union) in 1971;
- Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure (Budapest Union) 1977;
- Madrid Agreement Concerning the International Registration of Marks 1891-1967
- Protocol Relating to Madrid Agreement Concerning the International Registration of Marks of 1989;
- Trademark Law Treaty (TLT) in 1994
- Singapore Treaty on the Law of Trademarks (STLT) 2006.
- Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks (Nice Union) 1957-1977;
- Hague Agreement Concerning the International Deposit of Industrial Designs (Hague and Stockholm Acts) 1960 - 1967
- Locarno Agreement Establishing an International Classification for Industrial Designs (Locarno Union) in 1968;
- UPOV Convention, 1961-1991;
- Berne Convention for the Protection of Literary and Artistic Works, 1886

- The Law of Ukraine ‘On the copyright and related rights’
- The Law of Ukraine ‘On the Protection of Rights to Topographies of Integrated Circuits’
- The Law of Ukraine ‘On the Protection of Rights to Plant Varieties’
- The Law of Ukraine ‘On the Protection against unfair competition’

**Yamamoto:** In 2002, following a key political address made to the Diet by the then Prime Minister, the Government of Japan embarked on a concerted effort to establish a so-called “intellectual property nation.” As a result, the government has implemented several measures under the auspices of a newly set-up cabinet body, the Intellectual Property Strategy Headquarters.

The rational underlying measures implemented by the cabinet body can be summarised, as follows: to enhance Japan’s industrial competitiveness amid economic globalisation, it is becoming ever more important that Japan develop technology at a high level, and that the creation and protection of such technology should be integral to the generation and expansion of a sound and forward looking business culture.

Establishment of the Intellectual Property High Court 11 years ago as a direct result of the revised IP strategy, has resulted in Japan gaining recognition worldwide for a process of litigation that is both reliable and efficient.

One aspect that has been focused on in IP strategy is the accumulation of a broad base of dormant intellectual property rights. Many patents that have been granted, for example, are the result of research and development that does not have a direct commercial goal. However, in time, the existence of a large amount of dormant intellectual property will find fruition in the creation and expansion of innovative business. And, in turn, as such business evolves, impetus for the further development and acquisition of intellectual property rights will exist.

#### National law

- Civil Code of Ukraine;
- The Law of Ukraine ‘On the Protection of Rights to Inventions and Utility models’
- The Law of Ukraine ‘On the Protection of Rights to Marks for Goods and Services’
- The Law of Ukraine ‘On the Protection of Rights to Industrial Designs’
- The Law of Ukraine ‘On the Protection of Rights to Inventions and Utility models’
- The Law of Ukraine ‘On the Protection of Rights to Indication of Origin of Goods’
- The Law of Ukraine ‘On the Protection of Rights to Topographies of Integrated Circuits’

## Does the current intellectual property regulation sufficiently promote creativity or does it protect patent trolls and stifle innovation?

**Cancino:** In our opinion, the current regulation is sufficient to protect patents and promote creativity, the problem is the enforcement, patent litigation may be an excruciating process not only in the administrative instance, but also in further appeals, due to the expertise required to decide technical issues properly.

**Muller:** The Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011), commonly known as the 2011 America Invents Act (AIA), brought the US into the category of “first inventor to file” rule and adopted new procedures to challenge a patent either independent of or contemporaneously with court litigation. The AIA was enacted to some degree for the purpose of curtailing what is commonly perceived as the increasing trend in “patent troll” litigation.

Whether the AIA has struck the proper balance between promoting innovation and defending against “trolls” may depend on whether you are facing a challenge by an inventor who has not yet commercialised his/her patent, or watching a successful company employ an invention for which you obtained a patent. The term has become so pejorative that it is often used too loosely, in some instances with patent litigation defendants accusing operating companies with well-established businesses as being “trolls” merely for the reason that they have offensively asserted their patents. Efforts to further strengthen the patent laws in 2015 were to no avail, with several bills before the US Congress having been tabled with no immediate prospect of any similar efforts in the near future.

One significant modification to patent law under the AIA that is perceived by established companies desir-

ous of tamping down frivolous claims by non-practicing patent holders is the revamping of the procedures for challenging patents through administrative proceedings, namely, “inter partes review” (IPR) before the Patent Trial and Appeal Board (PTAB) and Covered Business Methods (CBM) procedures. The IPR proceeding can be done either before litigation has been commenced, or simultaneously with a pending suit, thus making it an appealing defensive strategy. Furthermore, an approved proceeding under either the IPR or CBM rules negates the presumption of patent validity that a patentee would otherwise maintain in a trial court proceeding. Moreover, and significantly, the standard to challenge the validity of a patent is only by a “preponderance of the evidence,” and the PTAB construes the claims based on the “broadest reasonable interpretation,” making it easier to challenge the patent’s validity. That is contrasted with the standards applied by a district court, which requires the challenger to present “clear and convincing evidence,” a standard much harder to meet than the mere “preponderance of evidence” standard, and claims are construed more narrowly. See, *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (claim construction is based on the plain language, the patent specification, the file history and, if appropriate, extrinsic evidence). Notably, in its first ruling on the new PTAB procedures under the AIA, the US Supreme Court turned down a challenge to PTAB’s use of a different standard than the trial courts, holding that the PTAB has broad powers to determine how the cases will be tried and the standards used to govern them.<sup>1</sup>

<sup>1</sup> *Cuozzo Speed Technologies, LLC v. Lee*, No. 15-446 (Sup. Ct. 20 June 2016).

**Tsai:** The intellectual property regulations in Taiwan cover all necessary IPRs protection, and have been enforced for many years with continuing evolution, so theoretically they sufficiently promote creativity. However, to protect IPRs, such as patents, we must consider some factors outside of regulations, such as (1) the budgets of the applicants or patentees; (2) the quality of the service providers who help in patent applications and prosecutions; (3) the competency of the lawyers in litigation, etc. If an applicant does not have a sufficient budget, s/he will generally refuse to hire practitioners to draft a quality patent application. Similarly, if the patentee does not have a sufficient budget, it is difficult to hire a lawyer to represent them in court. In other words, since a patent troll normally has a sizeable budget, it will possess a strong advantage in protecting its IPRs.

**McGovern:** It is a constant challenge for legislation and regulation to keep up with innovation and developments in technology, business and methods of social interaction and ensure that legal and regulatory systems encourage innovation but at the same time protect existing rights.

In 2011 I was appointed by the then Irish Minister for Jobs, Enterprise and Innovation to a three-person review committee to review copyright law in Ireland. Part of our brief was to examine the present national copyright legislation and identify any areas that are perceived to create barriers to innovation. We reported in 2013 but unfortunately none of recommendations have been implemented to date.

The group proposed many reforms including; the establishment of a copyright exchange aimed at providing a mechanism to expand and simplify the collective administration of copyrights and licences; the clarification of certain elements of copyright legislation to ensure that a mere technological process of transmitting data which results in the making of a transient and incidental copy does not result in an act of copyright infringement; providing of legislative certainty regarding linking; the introduction of a fair dealing exception for

the purposes of caricature, parody, pastiche or satire; and the introduction of a “fair use” exception but tying it very closely to existing exceptions and making it clear that these existing exceptions should be exhausted before claim to fair use should be considered.

It is important therefore that those charged with the development of new legislation and regulations act with sufficient speed to keep up with technological developments and innovation to minimise the potential for gaps in protection and to ensure that rights holders have the ability to enforce their rights.

**Moshynska:** Ukrainian legislation provides necessary legal mechanisms for the registration and protection of intellectual property rights. However, despite the fact that Chapter 42 of the Civil Code of Ukraine provides the protection of rights to animal breeding, in practice, the protection of this object cannot be realised due to the fact that the relevant law is not adopted.

The problem of patent trolling is not sufficiently addressed by Ukrainian legislation, which can be explained by the absence of significant legislative reforms over the past 10 years. Patents for utility model and industrial design are issued without substantive examination, although the legislation does not provide for the concept of “unfair filing”. Another problem in the control of patent trolling is that a patent may be invalidated only in court, and this procedure may take more than a year, creating significant obstacles at customs because trolls may include utility models and industrial designs in the Ukrainian State Customs Register, blocking the free movement of goods.

Currently new laws on intellectual property are being prepared in Ukraine, the adoption of which will contribute to the effective combating of patent trolling.

**Richards:** The United States is struggling to find the right balance in the application of its patent law to make sure that the patent system performs its constitutional function of promoting the useful arts. One of the objectives of the America Invents Act was to make

it easier to challenge and remove invalid patents by providing effective ways in which patents could be invalidated in proceedings in the Patent Office. This was seen as being particularly necessary to combat the actions of patent trolls. This has worked, some would say too well. Coupled with this, there is a tension between the Supreme Court and the Court of Appeals for the Federal Circuit over the way America Invents Act has been interpreted in cases relating to the eligibility of certain types of inventions for patent protection. In other cases, the Supreme Court is very concerned that patents may pre-empt basic ideas more broadly than is justified by the inventors’ contribution. This is a legitimate concern but the tool that the Supreme Court has used, namely the patent eligibility requirement of 35 USC 101 has caused major problems in securing protection for good inventions particularly in the realms of computer-implemented inventions that do not have a clear technical effect and diagnostics. The Federal Circuit has responded by focusing on the adequacy of the written description in a patent application (particularly whether this shows the inventor to have been in possession of the invention throughout the breadth of the claim at the time of filing the application. Applicants are thus left between a rock and a hard place. The Federal Circuit

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*There is a strong legal and strategic need to protect invention and innovation in today’s competitive marketplace. The intellectual property regulations currently in place in the United States favour and promote creativity*

- Andrew Sherman ”

has, however, appreciated that maybe things have become too tough and some of the most recent decisions have sought to ameliorate some of the stricter tests that could be derived from the Supreme Court’s decisions.

**Sherman:** There is a strong legal and strategic need to protect invention and innovation in today’s competitive marketplace. The intellectual property regulations currently in place in the United States favour and promote creativity. These regulations incentivise the discovery and creation process. They also form a basis for companies to monetise and profit on the inventions they develop. This ability to monetise and profit provides a great incentive for entrepreneurs. They can benefit from the regulations because they can capitalise on their ideas. This ability to capitalise is one factor that drives the economy, and drives the desire to create and innovate. Studies have shown that patents increase productivity and market value of a company.

While these same regulations give rise to the ability for patent trolls to operate, it is important to remember that it is the entire set of regulations that gives rise to the economic benefits derived from the ability to protect one’s innovations.

## More patent lawsuits were filed in 2015 than in any previous year except for the record breaking year of 2013. Has this trend continued into 2016? What other litigation trends are you noticing?

**Cancino:** This trend does not seem to continue into 2016. As of today (second quarter of the year), IMPI has published that there is a total of 721 administrative declaration applications (including nullity, non-use, cancellations, infringements and preliminary injunctive measures of industrial property rights and copyrights), looking at this number, we believe that it would be difficult to reach last year's numbers which by the end of the year was of 3,377.<sup>1</sup>

Pursuant to the litigation trends, we have experienced new criteria issued by the judicial courts when it comes to nullity of Trademarks based on false data. Originally, IMPI considered that the burden of proving all data declared in the application of the trademark challenged falls in the trademark owner, being the first use date, a positive declaration provided by the trademark owner since the application. However, in the last few days, the Circuit Court decided that the burden of proving false data is on the plaintiff.

**Muller:** Despite the changes to the patent laws that were intended to curtail lawsuits, 2015 saw an increase in the number of suits filed: 5,819 as compared to 5,070 filed in 2014.<sup>2</sup> As recently reported, the first quarter of 2016 saw a significant decrease in the number of patent case filings, leading some commentators to believe that the changes to the US patent law system is beginning to have an appreciable impact on patentees' perception of the value of patents and litigation. While operating companies appear to have continued to file patent suits at a previous rate, NPE filings appear to have signifi-

<sup>1</sup> [http://www.gob.mx/cms/uploads/attachment/file/94656/IMPI\\_en\\_CIFRAS\\_ene\\_mzo\\_2016.pdf](http://www.gob.mx/cms/uploads/attachment/file/94656/IMPI_en_CIFRAS_ene_mzo_2016.pdf)

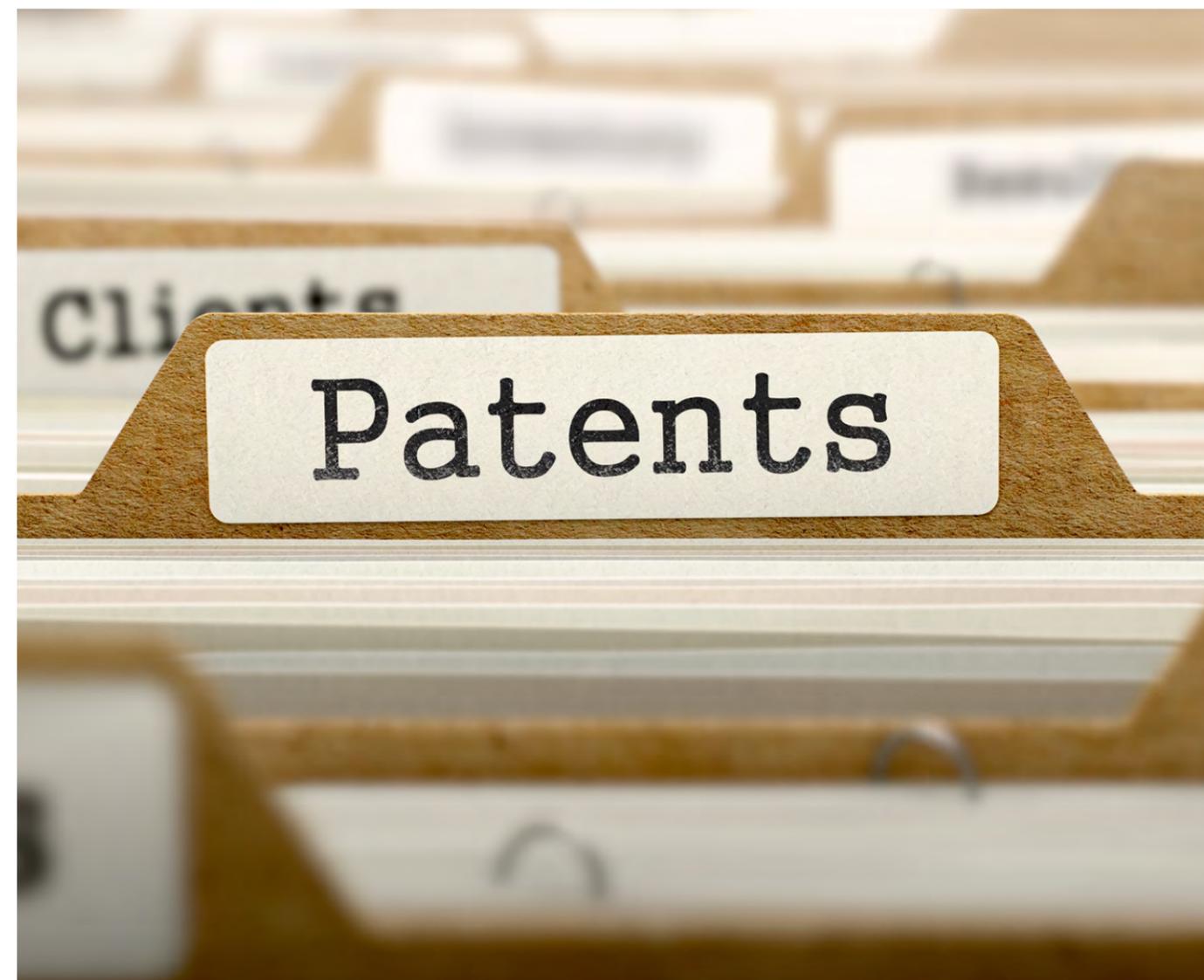
<sup>2</sup> <http://ipfrontline.com/2016/05/2016-patent-litigation-trends-in-the-united-states/>

cantly dropped. One school of thought is that the significant increase in the number of patents being invalidated in PTAB proceedings may be one of the factors driving a downturn in patent case filings now. It would be a mistake, however, to make long-term trend predictions based on short-term statistics.

**Moshynska:** In 2016, we have seen a growth in the number of cases observed in Ukraine, but the lack of significant reform of Ukrainian legislation in the field of intellectual property does not sufficiently allow the courts to ensure the resolution of disputes quickly and effectively. Traditionally, in Ukraine the greatest number of disputes are related to violations of trademark rights and copyright. The number of patent cases is much lower. This trend has been prevalent in Ukraine for more than a decade. Market relations in recent years are not sufficiently stable, hence a significant share in the court proceedings related to the invalidation of trademarks on the ground of non-use.

After the Ukraine-European Union Association Agreement was signed in 2014, interest in the Ukrainian market from European companies has increased. At the same time there is growing interest seen in national applicants to obtain patents for inventions, utility models and industrial designs. It can be expected that the share of patent disputes will increase, because legislation does not provide clear definitions of certain concepts, such as the "patent and trademark rights exhaustion", "non-commercial use".

**Yamamoto:** Japan is a key jurisdiction for patents. In the year 2015, 318,627 patent applications were filed with the Japan Patent Office (JPO), while 189,358 pat-



ents were granted, which points to an active and effective intellectual property culture.

On the other hand, it has to be said that the number of patent lawsuits filed in Japan is very low as compared with the US and other jurisdictions. It has to be concluded that disputes are settled promptly and appropriately in order to increase the credibility of the intellectual property system. The Intellectual Property Strategy Headquarters organised the "Task Force on Settlement of Intellectual Property Disputes" to address such issues. While taking into consideration the balance between right holders and alleged infringers, the following points are presently under detailed consideration:

- Measures to ensure more appropriate evidence collection, in consideration of the difficulties involved in collection of evidence that is sufficient to prove infringement.
- Measures to implement the award of damages that reflect business reality, in light global market trends.
- Measures to improve validity of rights from a time when they are granted throughout any dispute settlement process, with a view to creation of innovation in Japanese industry.
- The right to seek an injunction in cases of standard-essential patents, and of a Patent Assertion Entity's exercise of such a right, in consideration of the impact on the value of patent rights.

## In your opinion what are the biggest and most interesting cases to follow in 2016?

**Cancino:** From the IP perspective in general the most interesting cases to follow in 2016 will be linked to the Transpacific Partnership Agreement signed by Mexico. These cases will mostly be pursuant to the regulation of internet user's rights regarding information access, freedom of expression and respect of privacy; the potential implementation of notice and takedown procedures, among other relevant aspects.

**Muller:** In the area of patent law, the US Supreme Court has been asked to review the US Federal Circuit Court's (the Federal Circuit Court is the sole court with jurisdiction to review patent decisions by the US District Courts, where patent matters are tried) decision in *MCM Portfolio LLC v. Hewlett-Packard Company*, 812 F.3d 1284 (Fed. Cir. 2015).

At issue in *MCM Portfolio LLC v. Hewlett-Packard Company* was whether the validity of a patent can be determined by the PTAB in an IPR proceeding without a right to a jury, or whether the US Constitution requires that the issue must be decided in a federal court of law. As discussed above, the AIA created a new proceeding that permits the PTAB to institute an IPR proceeding to adjudicate the validity of a granted patent. In these adversarial proceedings, intended as an alternative to litigation, the PTAB essentially plays the role of a court with no jury. Patentees have complained because, in just a few short years, IPR proceedings have resulted in the invalidation of thousands of patent claims in proceedings in which the patentee had no right to a jury trial, in violation of their constitutional rights. In *MCM Portfolio*, the Federal Circuit Court ruled that a patentee had no constitutional right to a jury trial in a PTAB proceeding. The unsuccessful patentee has now petitioned

the US Supreme Court to review the Federal Circuit's decision. As of this writing, the Supreme Court has not ruled on whether to grant a review of the petition.

**Tsai:** The California Institute of Technology has filed a patent infringement lawsuit against Broadcom and Apple (and Avago Technologies owned by Broadcom) before the United States District Court, Central District of California on 31 May 2016. The patent infringement lawsuit concerns whether Apple's iPhones, iPad, MacBook Air, and Apple Watch which use Broadcom's Wi-Fi technology are utilising IRA/LDPC encoders and/or decoders invented by the California Institute of Technology.

**Moshynska:** Major disputes between multinational companies are rarely seen in Ukraine. Often, many disputes can be resolved in the framework of pre-trial settlement.

In the area of patents, one of the most interesting and important cases is the protection of the synthetic nucleoside analogue antiviral drug for the treatment of hepatitis C (sofosbuvir), as a certain organisations are attempting to prevent the patenting of this technical solution. European Patent Office and Indian Patent Office are also facing this problem.

**Halberstadter:** One of the most significant issues likely to be decided in 2016– the subject of appeals in two federal appellate courts (the Second Circuit in New York and the Ninth Circuit in California) – is whether owners of sound recordings (recorded music, comedy performances, book readings, etc.) made prior to 1972 have an exclusive right to control the “public perfor-

mance” of those sound recordings via over-the-air and internet radio broadcasts. This is a question of individual state law, because the United States Copyright Act only grants copyright protection to sound recordings made after 1972.

Originally, sound recordings were not entitled to any federal copyright protection at all. Only written musical compositions were protected by federal copyright law. Radio stations and others needed to pay a license for the right to publicly perform the musical composition (as embodied in the sound recording), but not the sound recording itself.

In 1971, Congress placed sound recordings within the federal copyright system, but limited protections to the unauthorised reproduction and distribution of sound recordings (e.g., the sale of “bootleg” tapes) made beginning in 1972. In 1995, Congress broadened this legal protection to include the right to prevent the unauthorised performance of sound recordings, but only by digital transmission. In other words, terrestrial radio stations could continue to freely broadcast all sound recordings, but post-1971 sound recordings could not be digitally transmitted (e.g., via the internet or satellite radio) without a license.

As a result, sound recordings made prior to 1972 were protected, if at all, only by state copyright laws and/or common law. State laws are unclear about whether owners of sound recordings have an exclusive right in public performances, so digital broadcasters, like Sirius XM Radio and Pandora Media, have been playing pre-1972 sound recordings without paying any license fee. Copyright owners of pre-1972 sound recordings sued Sirius in federal court in New York; the district court found that New York law does prohibit the unauthorised public performance of pre-1972 sound recordings. That case is currently pending in the Second Circuit, which recently certified this key question to the highest state court in New York. The same copyright owners sued Pandora in federal court in California; that district court likewise found that California law does prohibit the unauthorised public performance of pre-1972

sound recordings. That case is currently pending in the Ninth Circuit.

**Richards:** *Halo v. Pulse* – 13 June – the Court relaxed the standard for enhanced patent damages by holding that enhanced damages could be awarded even if the position by the infringer was not objectively reckless. This opens the door to the possibility of enhanced damages being awarded in cases where they would not have been awarded before. Breyer J noted that this decision raised the risk that companies would settle when accused of infringement rather than risk the possibility of increased damages and this would not be a good thing. The decision has also led to a belief that, notwithstanding 35 USC 295 that states that failure to obtain the advice of counsel is not a factor in determining whether infringement is wilful and so subject to a possible increased damages award, it is again regarded as being prudent to obtain such opinions.

*Kirstaeng v. Wiley* – 16 June – Court explained the standard for awarding attorney's fees in cases of copyright infringement (where, contrary to the normal American rule the court has a general discretion to award attorney fees to the prevailing party). In this case it held that the court should look at all factors as to whether an award was justified and not focused solely on the question of whether the losing party's position had been objectively unreasonable, as has been the case in several circuit courts of appeals. It does, however, increase the uncertainty that parties may experience on this topic.

*Cuozzo v. Lee* – 20 June– the Court agreed that decisions of the Patent Trial and Appeal Board (PTAB) to institute inter partes review were not appealable and claims should be given their broadest reasonable interpretation in such reviews. This decision endorses the power of the PTAB to find patents invalid because the use of the broadest reasonable interpretation of a claim means that it is more likely to be found invalid than in district court proceedings where there is a possibility that a claim may be read narrowly to preserve its validity.

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*On 25 March 2016 the Grand Panel of the IP High Court found patent infringement under Doctrine of Equivalent (DOE) in a case filed by Chugai Pharmaceuticals against generic companies. DOE was invoked for the first time in pharma in Japan*  
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 - Osamu Yamamoto ”

In addition to these decisions, the Supreme Court is due to consider appeals in:

*Apple v. Samsung* where the issue is the calculation of damages in cases of infringement of design patents the old common law remedy of awarding damages based on the defendants profits was abolished for utility patents in 1946 largely because of the difficulty of working out exactly what profit derived from the infringement rather than other features of the article incorporating an infringing feature. The remedy was left in place for design patents because it was thought that in the case of designs, the entire article was the infringement. Today, however, by use of broken lines it is possible to confine protection to only certain features of an article so the 1940s for utility patents is now a problem for design patents. The Supreme Court has the task of resolving it.

In *Lexmark v. Impression*, the Federal Circuit affirmed its earlier view that patent rights were not exhausted if the initial purchaser who obtained the goods from the patentee breached the terms of its contract of purchase and sold the goods to a third party. A petition for certiorari has been filed and the Supreme Court has requested the views of the Solicitor General on whether it should be granted.

**Yamamoto:** On 25 March 2016 the Grand Panel of the IP High Court found patent infringement under Doctrine of Equivalent (DOE) in a case filed by Chugai Pharmaceuticals against generic companies. DOE was invoked for the first time in pharma in Japan.

In 1998 the Supreme Court handed down a decision setting a precedent that infringement may be found under DOE, in consideration of five requirements, including a feature that “a different element is not an essential feature of a claimed invention.”

The patent at issue of the Grand Panel of the IP High Court case is a process for producing a compound claim using a Vitamin D compound having a cis-form as starting and intermediate compounds. On the other hand, the alleged infringer used the Vitamin D compound but having a trans-form as the starting and intermediate compounds. The Grand panel concluded that the differences are not essential features of the claimed invention, and that the other parts should be essential features. In consideration of five requirements, the Grand panel acknowledged infringement under DOE. This case shows that process claims can be a useful tool in certain situations in Life Cycle Management.

## Are you witnessing any prominent trends or strategies?

**Zheng:** Brunei is moving towards a strengthening of its intellectual property framework. Following Brunei’s signing of the Trans-Pacific Partnership Agreement in February 2016, a process of ratification is now taking place through amendment of its laws in line with the Agreement. This Agreement, one of its provisions relating to specifically to intellectual property is bound to change the intellectual property landscape in Brunei significantly as many of its changes impose greater obligation on authorities in the area of domain name disputes, ISP liability and also an addition of new provisions against circumvention of technological protection measures and cable and signal theft through use of unauthorised decoders.

**Karina-Berzina:** We still see a gap between international and local right holders regarding portfolio management. A recent study of the top brands in Latvia revealed that only 50% of product brands were registered trademarks, as were a mere 25% of service brands. The trend toward properly registering trade marks is slowly developing but many right holders still perceive that registration is a luxury rather than basic housekeeping, as it is internationally.

Reflecting the overall increase in global activities of Latvian based right holders, we see several different trends. Firstly, there is an uptake in Latvian companies doing business in the United States (in particular) and pursuing trademark registrations there. Secondly, there are more queries regarding actual or potential IP disputes internationally. For many local entrepreneurs, it is a shock to learn of the expense and trouble of defending their IP rights outside Latvia. The cost of engaging proper counsel and the necessity of taking action is

not always properly factored into the business plan at the outset. Finally, we are encouraged by the number of early stage inventors thinking at the outside about how to protect their IP internationally. They are carefully managing information flows to protect the future patentability of their inventions.

**Cancino:** There are interesting trends in the context of M&A transactions, involving the transmission of data basis (protected in Mexico under the Copyright Law) when containing personal data. Such transference shall be done in accordance with the special regulation on personal data along with the particular provisions of assignment contained in the copyright law.

**Muller:** In the United States, there is an increased interest in protecting against the theft of trade secret information. This trend appears similar to the approach recently taken by the European Union in its recent directive to harmonise its trade secret protection laws across the member nations. To date, 48 states, with the exception of New York and Massachusetts which employ common law to deal with the issue, have enacted statutes based on the model of the Uniform Trade Secret Act. California adopted its version of the UTSA, known as the California Uniform Trade Secrets Act, California Civil Code § 3426.

A number of factors have come together to create a fairly robust increase in litigation to protect trade secrets: (i) the increased awareness that a significant part of a company’s value may be found in its intellectual property, including its so-called “know how” and “trade secrets,” (ii) the manner in which advances in technology have significantly improved the ease of moving infor-

mation, and (iii) the trend in global employee mobility. The combination of these factors has caused companies to entertain aggressive strategies to combat the loss of highly valuable intellectual property through (i) employment agreements that commit the employee to acknowledging the employer's ownership of information developed by the company or during the employee's tenure with the company (e.g. invention assignment agreements, confidentiality agreements), and (ii) non-compete agreements which attempt to preclude an employee from working for a competitor for at least a certain period of time and within a particular geographical region as a condition of employment. With the exception of two states (California and N. Dakota), states allow non-compete agreements in some form or another. California is widely known as having the most liberal laws favouring employee mobility, and non-compete agreements are permissible in only the narrowest of circumstances.

On 11 May 2016, the Defend Trade Secrets Act of 2016 (DTSA) was signed into law that, for the first time, created a federal law governing the theft of trade secrets involving a product or serviced used in, or intended to be used in, interstate commerce. The DTSA does not pre-empt state laws governing the subject. Consequently, it will be possible to assert claims under either state law, federal law, or both.

The passage of the DTSA, which had been under consideration in one form or another for the last several years, further signals the growing trend of businesses taking more aggressive action to protect their trade secret information as a significant asset of a company's value in today's economy. The DTSA also is seen as a response to criticism about the fragmented approach to trade secret law among the 50 states, and an effort to harmonise the trade secret protection, much as the European Union is currently in the process of doing with the adoption of trade secrets directive.

Unique to the DTSA and a topic that has created a fair amount of commentary is the inclusion of an *ex parte* seizure procedure for use in extraordinary circum-

stances if there is a demonstrable risk of destruction or hiding the trade secret material.<sup>1</sup> Importantly, the seizure may be carried out immediately and with the aid of police authorities, subject to a full hearing within seven days of the initial seizure order. *Id.* The law also has a provision to protect whistleblowers from retaliatory accusations of trade secret misappropriation if the whistleblower discloses trade secret information to government or court officials in confidence.<sup>2</sup> This provision is akin to the "legitimate interest" provision of the EU's recent directive concerning trade secret laws.

**Moshynska:** In February 2016, the Ukrainian patent office established the status of the International Searching Authority and the International Preliminary Examination Authority. The fee for an international search in Ukraine is only EUR 300, while the fee for the international preliminary examination is EUR 120-160. In June 2016 UA PTO has already reported the first international search. It is expected that the number of international applications filed with the UA PTO will increase, and the search and examination of pending applications will become faster and more efficient.

In addition, the electronic filing system was implemented. Moreover, this system continues to develop and in the future it is planned to provide electronic system for filing and receiving of all documents for patent, utility model, trademark and industrial design applications.

The most anticipated event in 2016 is the adoption of the new intellectual property laws. The main business strategy is the integrated protection of intellectual property, allowing more effective protection of business from patent trolling and increase of commercialisation of objects.

**Drummond:** Australia is mirroring the global increase in the interest in intellectual property with IP Australia reporting that growth for IP rights continued to develop last year. In 2015, patent applications grew by 10%, trade marks by 14%, design applications were at

1 18 U.S.C.A. § 1836

2 18 U.S.C.A. § 1833

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- Robert Muller ”

the highest for a single year on record and applications for plant breeder's rights hit a five-year peak. Furthermore, the Australian 2016 Intellectual Property Report has shown that Australian businesses are increasingly protecting their inventions, brands, designs and plant varieties.

Although it has been shown that an increase in business size equates to an increase in intellectual property protection, figures indicate a strong rise in the number of entrepreneurs seeking protection of their intellectual property in Australia. We expect this growth to continue as businesses continue to develop their understanding that intellectual property is an asset of considerable value and as entrepreneur programs continue to be introduced and marketed.

It is expected that Australia's design laws will be updated shortly as the Australian Government has recent accepted the majority of recommendations put forward by the Advisory Council for Intellectual Property (ACIP). In particular, the recommendations which were put forward and accepted should improve design protection, clarify design laws for owners and third parties, streamline the design application process and improve harmonisation and international practices.

We have observed a recent increase in the focus on product development and innovation. When we consider this in combination with the increased access to intellectual property offices across the globe (through vehicles such as the PCT), we anticipate that R&D teams will be able to better quantify, forecast and manage pieces of the innovation process, which will in turn enable R&D teams to better mitigate risks and increase protection of inventions.

On a wider scale, we envisage that online content will continue to provide novel questions for intellectual property law, such as the recent Google books case. We also expect technology innovation and social media to continue to challenge and assist in the development of intellectual property law.

**Yamamoto:** I can introduce two examples in the biopharma area.

Japan is a world leader in research for regenerative medicine. Japan currently owns about one-third of all patents held globally in this field. Stem cell researcher Shinya Yamanaka received the joint Nobel Prize for Medicine in 2012 with UK scientist John Gurdon. On 25 November 2014, new regulations for accelerating approval of regenerative therapeutics in Japan were implemented, meaning companies are now able to receive conditional marketing approval and generate revenue from regenerative products while trials are being conducted. The new framework is expected to enhance opportunities for commercialisation of medicinal products in Japan.

Personalised medicine helps to deliver precisely targeted, predictable and highly effective medicine customised for individual patients. Due to a growing understanding of genetics, it will be possible to provide improved diagnoses, safer drug prescribing, and more effective treatment of diseases and conditions. Further, diagnostic modalities and biomarkers have been intensively developed in the field of personalised medicine. Innovation in these areas is actively underway in Japan.

## What role does intellectual property play in merger and acquisition deals?

**Cancino:** In our country, the role of IP in M&A deals is becoming crucial. My firm has participated in the most significant deals in the context of IP matters, such as the acquisition of Tequila Don Julio by the multinational beverage company Diageo, in which we assessed the buyer in a very complex transaction involving the transmission of the authorisation to use the appellation of origin “Tequila” the most representative of our country. Deals with a big IP component are usually linked to regulatory aspects (either from the health side or the advertising standpoint).

**McGovern:** The extent of the role that intellectual property plays in merger and acquisition deals depends on the deal and the nature of the business being acquired. However, it is difficult to perceive of a business nowadays that does not have some form of intellectual property.

It is important for businesses who hope or anticipate being acquired to “get their house in order” well in advance of the acquisition occurring. Indeed every business on a regular basis should conduct an intellectual property audit. The purpose of an IP audit is as follows:

- To identify all IP used in the business;
- To ascertain who owns it;
- If it is owned by a third party to ascertain if the business has permission to use it;
- If it is owned by the business to ascertain how it is protected and if it is adequately protected;
- To assess the importance of each item of IP to the business and to ascertain its value, if possible;
- To ascertain if the business could be infringing the IP rights of any third party; and

- To identify any unexploited IP.

However, it is important that after any IP audit it is followed by an action plan where inadequacies are highlighted and a structure put in place with costings to counter them. This should be done well in advance of the acquisition taking place. Trying to do it at the time of the acquisition is inevitably likely to delay the process. In addition all businesses should ensure that they have properly drafted employment contracts in place with clauses dealing appropriately with ownership of IP rights and confidentiality. Businesses should also ensure that they have agreements in place with any and all contractors to ensure that any IP rights created by these contractors are assigned to the business.

**Moshynska:** Intellectual property plays a very important role in this aspect. For the registration of such agreements by the authorities it is required that they cite serial numbers of applications or protection documents. Names and addresses of the parties must conform to bibliographic data of applications/protection documents. Thus, if agreements do not contain these data, the intellectual property objects concerned will be difficult to make appropriate changes to. This should be given special attention in the drafting of such contracts.

A special feature of these contracts in Ukraine is that at the stage of examination (during examination of formalities or substantive examination, they are considered by UA PTO as a transfer of rights from one party to another, and after the issuance of a title of protection the State Intellectual Property Service considers mergers and acquisitions contracts as a change in the name of the owner, which effects on the procedure of their

registration and change of bibliographic data.

**Drummond:** Many if not all M&A deals have an IP component. There are some M&A deals in which IP is the main underlying asset base. For many companies, the value of their business is intrinsically linked to both the quality and the quantity of their intellectual property and how well it is protected.

Ownership of intellectual property is also a driving force when assessing the value of companies. Increasingly, companies are identifying the need to keep accurate records of IP creation and ensuring that chains of title are carefully followed to transfer ownership rights. As part of M&A transactions, this involves due diligence into areas such as employment/contractor contracts, historic assignments, how and under what terms improvements and modifications have been made and what contractual commercial arrangements are entered into, etc.

Since the asset base of most companies is comprised up to 70 % IP, naturally M&A is often about IP. Companies are increasingly identifying the value of their intangible assets and are making moves to exploit such assets. This exploitation is not limited to large companies, with small to medium businesses also identifying worth and obtaining benefits.

A trend in many M&A deals involves joint-branding or brand-split arrangements in which smaller companies are able to leverage off the brands of larger investors, while still maintaining links to brand origins. While the mechanics of such arrangements are often complex and require ongoing input, the benefits can flow to all participants. That is, brand origins allow companies to maintain links to existing customers and joint-branding with new companies provides access to otherwise inaccessible resources.

The role of IP in M&A deals frequently does not cease as at the date of completion. As an intangible asset which evolves through human input, M&A deals often mandate ongoing or new employee arrangements

to ensure IP assets are able to continually develop and improve. The nature of IP also often requires that M&A transactions include the implementation of transitional arrangements. For example, phasing-out existing branding, transferring employees, training new staff on systems and processes etc.

As part of M&A due diligence, potential buyers at a minimum must consider whether:

- the target company actually owns the intellectual property rights that it represents that it owns;
- the owned trade mark registrations cover the countries where the business operates as well as any intended markets;
- there is any tangible value in any work in progress (for designs or patents) by the target;
- confidential information and/or trade secrets are of particular value to the running of the business;
- the domain names active and owned by the target company;
- the target have any potential litigation or enforcement risk; and
- the target have any encumbered liens against any of its intellectual property.

**Sherman:** Intellectual property can play a large role in merger and acquisition deals. Often times, intellectual property is one of the most valuable assets in a merger or acquisition (e.g., Facebook’s USD19bn acquisition of Instagram and the recently announced USD28bn acquisition of LinkedIn by Microsoft).

For the seller, the value of the company’s intellectual property should be at the top of the due diligence list when considering offers because it could have a significant effect on the value of the company as a whole. A seller should closely evaluate the length of time remaining for the registered intellectual property, as well as, exactly what is being protected to help assess the value and guide the financial model and forecasting of the seller’s post-closing performance.

For a buyer, a company’s intellectual property must



be carefully examined during due diligence. A buyer should look closely at all the documentation surrounding the intellectual property. They should ask for a list of all intellectual property that is material to the seller's business and then evaluate exactly what the seller owns.

The buyer will also want to make sure there are specific representations and warranties in the definitive documents relating to the seller's ownership rights to the intellectual property. The buyer will want to ensure that the seller is the sole owner of the intellectual property and that the intellectual property is not subject to any limitations. From a seller's perspective, the seller needs to ensure that none of the representations or warranties it makes address the period following the closing. A seller should only represent and warrant up to the date of closing.

An additional consideration during a merger or acquisition that a buyer should make is whether to require representations and warranties in the definitive documents which relate to intellectual property infringement. The buyer will want the seller to represent and warrant: (i) that the seller is not infringing another party's intellectual property; (ii) no party is currently infringing the seller's intellectual property rights; and (iii) that there is no current litigation involving intellectual property rights.

For both the buyer and the seller intellectual property rights will play a significant role in the structure of the deal.

## What are the key differences among trade secrets, copyright, trademarks and patents?

**Zheng:** Trade Secrets are not protected explicitly by any specialist legislation in Brunei, instead possible causes of action are found in common law breach of confidence.

Copyrights automatically subsist in the maker of the work, without requiring registration like trade marks and patents provided the work produced is original and was created with the author's own skill, judgment and individual effort. Copyright in Brunei extends to original literary, dramatic, musical and artistic works, sound recordings, films, broadcasts, cable programmes and typographical arrangements of a published edition.

Trade marks are defined as "any visually perceptible sign capable of being represented graphically which is capable of distinguishing goods or services of one undertaking from those of other undertakings." This normally refers to the words, designs, letters, numerals or the shape of goods or packaging of products which may denote origins of the goods. The term of protection for trade marks is 10 years, which can be renewed.

Patents are rights over products or processes that give a technical solution to a problem. To be patented, the invention must not fall under categories of inventions that cannot be registered, namely an invention of a method of treatment of the human or animal body by surgery or therapy or of diagnosis practiced on the human or animal body. The system in Brunei is a first-to-file system and the term of protection is for a period of 20 years from the filing of the application. The rights may be renewed following the payment of a fee.

**Karina-Berzina:** Trade secrets are commercially valuable information that is not an intellectual property

right because the owner cannot stop anyone from independently arriving at the same conclusion; the legal right is to be compensated in the event of misappropriation or disclosure of specific information. What qualifies as a trade secret, and the types of remedies available, has varied greatly across the EU, and a new directive aimed at harmonising legislation is expected to enter into force shortly.

Copyright protects the economic and moral rights of right holders to legally recognised "works," which is a very broad term covering any "works of authors" that satisfies a minimum standard of originality. Proving infringement requires a showing that the work has actually been copied—many infringement disputes hinge on whether the later work was developed independently. Copyright also covers dissemination online. Under EU directives, there are broad "safe harbours" shielding ISPs and other parties from liability for unauthorised acts of users. Otherwise, copyright is harmonised in Europe by international treaties rather than by EU legislation. Under these treaties, copyright cannot be registered, and it is enforced across borders under a system of reciprocity. Copyright lasts a minimum of 50 years after the death of the author and cannot be renewed.

Trademarks are signs used to indicate the origin of goods and services, and can include words, logos, colours, sounds, shapes and even smells and textures. Rights are gained by use and/or registration, though in many countries it is difficult to bring an infringement claim based on an unregistered mark. In Latvia, for instance, an unregistered mark may form the basis of an action to invalidate a later trademark registration, but it must be considered a "famous mark" to form the

basis of an infringement action. Trademark rights can endure in perpetuity as long as the mark is in use, and the rights are primarily gained and enforced nationally.

A patent is a property right in an invention. Patents are granted by national authorities for a non-renewable period of up to 20 years. A patentable invention must be new, have industrial application, and constitute an inventive step. In Europe, a unitary EU patent has been in development for many years and was expected to finally enter into force next year, but Brexit has put the ratification process under question. Despite this, Latvia is still planning to ratify later in 2016 or in early 2017.

**Cancino:** In general terms, exclusivity over a trademark or patent shall exist only upon issuance by the IMPI, while copyrights are protected from the moment they are fixed in a tangible medium of expression and trade secrets do not require anything but the confidentiality and give a competitive advantage to its owners in order to exist. Exclusive protection of patents is valid through 20 years as of the application date; trademark protection is valid for renewable periods of 10 years; Copyrights shall be protected during the life of the author and 100 years post mortem and trade secrets will remain as such while they are kept in confidentiality.

**Muller:** Important key differences among laws governing trade secrets, copyrights, trademarks, and patents relate to the duration of the time that an inventor can limit others' rights to use the invention. Copyright and patent inventors both enjoy a so-called monopoly for a specified length of time. The strength of those rights is inversely proportional to the length of the monopoly. Patents provide for strong rights to prohibit any use during a 20-year period, and independent creation is not a defence. In contrast, a copyright prohibits copying, adaptation, distribution, public performance and display for the life of the inventor plus 70 years. Fair use and independent creation are defences. A trademark owner's right to exclude others' use is unlimited in scope of time, subject to the owner's not abandoning the mark by lack of use, for instance. Trade secret rights are unique in the sense that the inventor's right

to exclude another's use of the idea is wholly within the power of the inventor who, if appropriate measures are taken to keep the idea a secret, maintains the right to preclude others from making use of an idea learned from the inventor. In that sense, a properly guarded secret theoretically has an indefinite duration.

These differences in the duration and strength of the protections among these four property rights can play a key role in a company's IP strategy. For instance, a company may consider it more important to build a strong patent portfolio, even though doing so necessarily discloses the idea in the patent application and thus negates any claim to a trade secret right in the disclosed idea, because it may be in the company's best interest to exclude competitors from practicing the invention for the 20-year period. Further, a company may consider it more important to have patents to protect against a competitor that may independently develop the same invention, obtain a patent and seek to exclude the others from practicing their invention. Again, it is important to keep in mind that the US is now under the "first-to-file rule" for patent investigations. The important factor for determining the most appropriate strategy often will depend on the "shelf life" of the product, and whether the more limited 20-year period to hold the monopoly on the right to use the invention is sufficient, or whether a company should be looking for a much longer-term strategy to enjoy the benefits of the invention. At the same time, it is common for a company to patent some ideas, and rely on a trade secret strategy for other methods in the business. Likewise, a company may simultaneously hold rights to the copyright in things like source code, which would enjoy the benefit of protection for the life of the inventor plus 70 years.

**Tsai:** Trade secrets can protect know how or an idea which is not publicly known and has economic value. There is no expiration period for trade secrets as long as they are under proper security measures.

Patents can protect functional embodiments of an idea in a form of machines, method/process, manufacture, compositions of matter, and improvements in any of

these items. However, a patent cannot protect the idea per se. There is an expiration period for patents.

Copyrights can protect original and creative expressions of an idea when fixed into a tangible medium of the expressions – i.e., paintings, photographs, sculpture, writings, software, etc. However, a copyright owner generally cannot interfere with an original work which was created by another who does not have any access to the copyrighted work even though the original work is similar to the copyrighted work. There is generally an expiration period for the economic rights on a copyrighted work.

Trademarks can protect any symbol that indicates the source or origin of the goods or services to which it is affixed. However, a trademark owner cannot prevent others from using a similar trademark which designates different goods/services unless the owner's trademark is famous. There is an expiration period for a trademark but the period can be extended indefinitely by paying renewal fees to the TIPO.

**Moshynska:** All these objects are altogether different, they vary in terms of legal protection, registration procedure and scope of rights granted.

The rapid development of network and information technologies contributes to specifics of each of these objects. Protection of trade secrets and copyrights becomes more difficult with each passing year due to the fact that the information spreads very quickly. At the same time, trademarks and inventions, on the contrary, develop to meet current needs of humanity. The list of objects that can be protected as inventions is expanding (e.g. developing is the area of computer programs patenting), or likewise expanding is the list of objects that can registered as trademarks (for example the protection of non-traditional trademarks is developing, our colleagues in Russia managed to obtain the registration for colour green for one of the largest Russian banks).

Therefore, a key feature of these types of intellectual property is that they complement each other. It is the

integrated protection of objects that provides the maximum degree of protection for businesses.

**Halberstadter:** The laws protecting copyrights, trademarks, patents and trade secrets share some elements in common. But in general, they protect very different intellectual property rights in different ways, for varying reasons.

Copyright is a form of protection provided to the authors of literary, dramatic, musical and other artistic works. U.S. copyright law gives the owner of copyright the exclusive right to make copies and derivative works, to sell copies of the work and to perform the work publicly, among other rights. The primary purpose of copyright law is to promote the progress of science and art. Copyright law essentially grants authors a temporary monopoly over the use of their works as a way of encouraging the creation of new creative and intellectual works.

A trademark is generally a word, phrase, symbol or design that identifies and distinguishes the source of goods or services of one party from those of others. A trademark typically protects brand names and logos. U.S. trademark law entitles a trademark owner to prevent others from making unauthorised use, on or in connection with goods and services, of the trademark owner's marks and any confusingly similar marks. The primary purpose of trademark law is to aid the consumer in differentiating among competing products and their sources.

A patent is the grant of a property right to an inventor that gives him or her "the right to exclude others from making, using, offering for sale, or selling" the patent owner's invention without his or her authorisation. Patents may be issued to someone who invents or discovers any new and useful process, machine, article of manufacture, or composition of matter, or any new and useful improvement thereof, among other things. The primary purpose underlying patent law is to promote the progress of science and useful arts by granting inventors a limited monopoly on the exploitation of their inventions.

Finally, trade secrets laws are intended to protect a person's or a company's information – including a formula, pattern, device, method or process – that derives independent economic value from not being generally known or ascertainable by others. The law protects against the unauthorised misappropriation of such secrets by others, but only as long as they remain secret.

**Richards:** Patents are different from other IP rights in that the state is involved in granting them. Copyright arises by creation and fixation. Trademarks by use and recognition in the trade. Both can be registered to strengthen the rights they give but this is not necessary for creation. Trade secrets are, by definition, not something in which the state is involved in creating.

The environment in the United States has become more favourable towards the use of trade secret law as a way of protecting innovation in recent years. The America Invents Act included provisions that reduced the commercial risks that a business would run by trying to keep inventions as trade secrets rather than patenting them, by removing the possibility that “concealing” an invention could result in one never being able to patent it later and the risk that even if one had been using an invention commercially, one might have to stop if someone else obtained a patent for it. However, until recently trade secret law in the United States had for the most part been a matter of state law, although the Economic Espionage Act of 1996 makes it a criminal offense to carry out various acts relating to or included in a product that is produced for or placed in interstate or foreign commerce, if this is done for “the economic benefit of anyone other than the owner thereof”. This has changed with the enactment of the federal Defend Trade Secrets Act. This provides for federal remedies against theft and misuse of information which the owner has taken reasonable steps to keep secret and which derives an economic value from the fact that it is confidential. It also provides for civil seizures of evidence and could become a powerful way to protect innovation outside the patent system.

**Drummond:** The key differences between these intel-

lectual property protections are:

- the rights they cover;
- the protection available for those rights;
- the method of obtaining protection;
- Length of time with which the protection is available; and
- The authority governing the protection (i.e. Act or common law).

#### Trade marks

Trade marks can be a word, letter, numeral, device, shape, colour, sound, scent, aspects of packaging or a combination of these which distinguish the goods and services of one trader from those of another. Generally, signs which are not distinctive or are descriptive of a quality or characteristic of goods or services are not prima facie registerable.

Once registered, the owner has the exclusive right to use that trade mark in relation to the goods and services covered by the registration. A trade mark registration is valid for a 10 year period from the filing date with renewal every 10 years thereafter. Trade marks can be renewed indefinitely, but can become vulnerable to removal from the Register, if the trade mark has not been genuinely used in relation to the goods and services covered by the registration. Trade mark law is governed by the Trade Mark Act 1995 (Cth).

#### Patents

A patent can be used to protect an idea, process or product involving “human intervention” and leading to an “artificially created state of affairs”. Non-patentable items include scientific principles, discoveries (things that occur naturally), abstract ideas (i.e. a set of rules) and intangible concepts (i.e. mathematical formulae or abstract business methods, etc.), but these may be patentable if they include a “technical effect” or “physical consequence”.

In Australia, the relevant law is the Patent Act 1990 and standard or innovative patents are available. A standard patent offers full protection for 20 years, this requires the invention to be novel, useful and involve a non-obvious

inventive step. Standard patent applications undergo a substantive application process before grant. In contrast, an innovative patent only offers protection for eight years and criteria requires that the invention be new, useful and involve a non-obvious inventive step. Innovative patent applications do not automatically undergo substantial examination before grant and are only enforceable once a substantive examination has been performed. Protection for either patent type is obtained by filing an application with the Patent Office with accompanying documentation describing and defining the invention.

#### Copyright

Copyright protects the expression of information and ideas and can extend to cover a range of items such as brochures, labels, blueprints, stories, poems, performances, musical and artistic works, photographs, paintings, sculptures, jewellery, buildings, films, instructions, website designs and computer programs. Unlike patents and trade marks, protection is not gained through registration, but rather on expression of the material (i.e. on creation or performance). Copyright work is usually protected for the life of the author plus 70 years and copyright law is governed by the Copyright Act 1968 (Cth).

#### Trade secrets

Trade secrets are a form of confidential information which is not in the public domain and has a specialised, detailed and trusted nature. Typically, a trade secret is so because it does not qualify for protection under the established regimes, such as patent and copyright laws. Trade secrets can be secret formulas, processes, ideas in protean form, unpatentable inventions, technical know-how, customer or organisational information or methods used in production.

Most famously, Coca-Cola has used trade secrets to keep its formula from becoming public for decades. Trade secrets and confidential information are not considered a form of property and rights in confidential information are not proprietary in nature. Consequently, trade secrets are not registerable and protection is to be sought under equity, contract law or statutory provi-

sions, namely the Corporations Act 2001 (Cth).

**Sherman:** Each area of intellectual property law provides a specific set of protections for businesses. Navigating and knowing which intellectual property protections you seek is sometimes a strategy decision as much as it is a business decision.

Copyright protection is in place to protect the expression of an idea, not the idea itself. This is why under copyright law both Microsoft and Apple can co-exist. While each presents the idea of an operating system, this idea is expressed in different ways. Copyrights also do not need to be registered officially in order to have protection, although registering does provide benefits. Typically, a copyright lasts around 100 years.

Trade Secret protection provides protection for something which gives the company a competitive advantage over other companies. The most famous example of this is the formula for Coca-Cola. The biggest difference with trade secret protection is that so long as the trade secret remains secret, the protection will last indefinitely.

Trademark protection is for a word or a symbol which designates a good or service. A trademark provides the ability for a company to distinguish itself without allowing a competitor to encroach on the good will the company's name has. The initial term for a trademark is ten (10) years but this can be extended by filing the required maintenance documents.

Patent protection covers an inventor's ideas. A patent can cover various parts of an invention including the device itself and the method of use of the device. To obtain a patent an inventor must file an application and prosecute it to completion. The term of a patent filed after 8 June 1995 is 20 years from the earliest filing date of the application on which the patent was granted.

Each area of intellectual property protection covers a different aspect of the invention, for a different term and requires different steps to obtain the protection.

## What is the difference between open and closed innovation? How can an operating company employ both models simultaneously?

**Cancino:** Companies following a model of closed innovation, maintain research and development activities inside the company, while others following open innovation principles are not limited to their own human resources and are inclined to use external ideas, in our experience there are companies using a mixed model, this is, while in certain fields they tend to follow the closed model, in other aspects of their operations, they are open to profit from external developers of IP rights using mechanisms of licensing.

**Muller:** Closed innovation is the school of thought that a successful innovation strategy comes from within the company, namely, controlling the development of ideas and inventions to the exclusion, generally, of outside innovation being incorporated in the process. Open innovation incorporates outside ideas into a business plan and welcomes a culture of sharing innovation with others.

The last two decades have seen a substantial amount of scholarly work on the topic, and it is widely felt that a company should, and necessarily does, simultaneously employ both models. For instance, in the field of technology, it is inevitable that the persons within a company developing a new business, mechanical method, or system will have studied the literature for similar advancements. A company often is faced with a decision whether to license another inventor's innovation, or to invest resources to develop its own system internally. Closed innovation may have the benefit of saving money otherwise spent on license fees and perhaps building a better method than what could otherwise be licensed. On the other hand, the length of time and the expense for a closed development approach may weigh strongly

against it. This is especially true in the current environment in which technology innovations are occurring at an ever-increasing pace that closed innovation may not be, in the long run, either economical or feasible if the ultimate product's shelf life is only a matter of years, not decades. Additionally, the product of closed innovation may itself bring the perils of facing efforts by a competitor to exclude market use if the system or method already is subject to patent protection. Thus, when making decisions about whether to innovate internally to the exclusion of employing external innovation, research needs to be conducted before starting the process and throughout the process to ensure that the invention can actually be used without the risk of infringement at the end of the day.

**Moshynska:** The difference essentially lies in the availability of information. With all the advantages and disadvantages of these systems the combined approach proved itself best. One should not rely purely on its own researches and developments or equally only utilise external sources. Communication between companies supports progress in science and technology. Of course, the communication policy should not result in the loss of rights.

In general, before filing of applications, obtaining protection documents, and/or proper execution of documents sharing of information should not take place. After registration of rights to intellectual property objects one can share the information and results. Joint innovation allows the implementation of both models simultaneously which may provide benefits to business capitalisation and to help improve the reputation of the manufacturer.

### Drummond: Open innovation:

The process of open innovation results in intellectual property rights being owned by a number of different owners rather than just one entity, meaning that the monopoly rights are shared between the entities rather than resting with the one entity. The increasing costs of research and development and product innovation have encouraged companies to consider open innovation and collaboration, as such methods allow companies to rely on resources which are not available to them internally. The increasing reliance on patents has allowed companies to undertake this collaborative approach without fear of commercial loss.

Benefits of open innovation include:

- shortening innovation time;
- risk sharing;
- cost reduction ; and
- preferential access to markets.

The key disadvantage is that the acquired knowledge gained from open innovation is not freely at the company's disposal but shared in its value, application and ownership.

### Closed innovation:

In closed innovation the process is carried out internally by the one company. Until recently, the majority of innovation was carried out in a closed form as internal sources were considered the most reliable and trustworthy. However, the current marketplace has evolved to understand the benefits of operating with a mix of open and closed innovation. Notwithstanding this, projects where secrecy and protection of intellectual property are paramount are better suited to closed innovation (i.e. new drugs, weapon systems and infrastructure processes).

Benefits of closed innovation, include:

- exploitation of known quantities of talent and knowledge;
- private knowledge;
- intellectual property is protected and not shared; and
- control is maximised.

**Yamamoto:** In actuality, a trend exists in commercialisation strategies from closed to open innovation in technical areas. This trend is based on the driving forces, for example, globalisation and intense innovation competition, sophistication and complication of technologies, and importance of scientific knowledge for industrial innovation particularly in bio-pharmaceuticals. Thus, instead of relying solely on internal intellectual property and expertise, technology development and commercialisation can be simplified greatly, and expedited by incorporating external intellectual property and expertise. Unlike the closed innovation approach that upholds patents as monopolistic tools, the open innovation approach upholds patents as tools for access to a third party.

Many big companies use both open innovation and closed innovation separately and strategically. To generalise, in core technologies, closed innovation and closed intellectual property strategies tend to be applied. On the other hand, in areas for standardisation or in new areas open innovation and open intellectual property strategies tend to be applied.

Activating dormant patents is one possible promising way to provide domestic companies and universities with a variety of open innovation opportunities. For example, licensing dormant patents to foreign companies etc. can lead to expanding opportunities for overseas.

## What are the different options available to obtain protection and can you outline the application process?

**Zheng:** Applications may be made to protect trade marks and patents with the Brunei Intellectual Property Office (BruIPO).

Foreign proprietors of trade marks may register their trade marks in Brunei Darussalam after appointing an agent using a TM22 form. For registration the application must also be accompanied with a TM1 form with an application fee of BND 150 for each class of goods or services for which the registration is sought. Brunei Darussalam follows the International Classification of Goods and Services Systems under the Nice Agreement (7th Edition). Brunei is also a member of the Paris Convention that adopts the concept of “priority” for trade mark applications and also provides protection for persons in a member state of the Convention for unregistered but “well-known” marks in a member state of the Convention provided that person is domiciled in a member state of the Convention or has a “real and effective” industrial or commercial establishment in a member state.

Brunei Darussalam is a member of the Patent Cooperation Treaty (PCT) for the International Filing of Patents, thus making it possible to seek patent protection for an invention simultaneously for numerous countries that are also part of the Treaty by filing an international patent application. It is also a member of the Paris Convention, the effect of which is that inventors are able to use the filing date of the first application made in any Paris Convention signatory states if they are made within 12 months after the original application. Foreign applicants may apply for patents in Brunei Darussalam but their application is required to be filed through an authorised representative with a local address in Brunei

Darussalam.

**Cancino:** Under Mexican provisions, exclusive protection can only be achieved through registration. The prior use is also a source of rights but not exclusive, it can be used to construct a defence against possible claims raised by IP owners who obtained their exclusivity after the prior use date. The application process initiates with the filing of the official format, along with the POA and the payment of government fees, then the IMPI will analyse if the application complies with all formal requirements, if so, it will conduct a second analysis to determine if the specific IP right does not fall in any cause of denial provided in the applicable law, if the IP right is clean, then the IMPI will issue the relevant certificate. If the registration is denied, then the applicant will be entitled to appeal such denial through review recourse or a nullity claim.

**Tsai:** Regarding patent rights (including invention, utility model, and industrial design), rights of IC layout, and rights of plant variety, the registration process is compulsory, so application forms and fees are required to be submitted to the TIPO. For invention and design patent applications, they also need to go through substantive examination aside from formal examination to justify their patentability before grant. Regarding trademark rights, the registration process is not compulsory, but if one does not register his/her trademark, the trademark cannot be protected under the Trademark Act but is under the Fair Trade Act. A trademark application also needs to go through substantive examination to determine whether it has distinctiveness and no likelihood of confusion or mistake. Regarding copyrights and rights of trade

secrets, no registration process is available.

**Moshynska:** At the filing of application the most important step is the preparation to the filing process. Initially one must correctly choose a type of object and determine the desired scope of rights. The filing of an application may not be required, if it turns out that the object is best protected for example by being a trade secret, or by disclosing the object or the data on it to retain the copyright (though in this case it is necessary to consider the possibility of state registration (of copyright if it is allowed in the relevant jurisdiction). In general, obtaining of a protection document can be conveniently divided into 4 stages: preparation of the application, its filing, examination and grant. Businesses are definitely interested in accelerating the examination particularly with respect to inventions, but the possibility of publication of previously filed applications should be taken into account, for which reason the acceleration may not always provide the desired result. Submission of objections in trademarks is not sufficiently developed in Ukraine and is not available for utility models and inventions, thus, monitoring of intellectual property rights is an indispensable tool for business.

**Richards:** As noted above, protection of innovation can be afforded by patent and trade secret protection and also in some cases by copyright protection. In the case of products whose shape is not dictated by function it may also be affected by trademark protection once the shape has acquired a secondary meaning in that the public associates the shape with a specific source. Patents require convincing the patent office that the invention is new, useful, not obvious and described in such a way that a person of ordinary skill in the art can use the invention. This can be time-consuming but does result in a right that can be enforced against anyone using the innovation, even if they invented it independently. This is not true with respect to the other forms of IP.

**Sherman:** There are three options for protecting intellectual property which require an applicant to take steps to obtain the protections. These three are copyrights, trademarks and patents.

**Copyright** – Works are protected the moment they are created. However, works can be registered with the

United States Copyright Office. In order to register a copyright, you must file the application on [www.copyright.gov](http://www.copyright.gov), pay the required fee and submit your work in tangible form.

**Trademark** – To obtain the protection of a trademark an application must be filed. The application can be found at [www.uspto.gov](http://www.uspto.gov). When filing the application you must either declare the trademark as used in commerce or intended for use. Next, you must identify the class of goods or services which your trademark covers. This class of goods or services defines the areas in which the trademark will be used. A mark may also be registered for more than one type of good or service. Once the application is completed the applicant pays a fee and the application is sent to an examiner to review.

The examiner will likely send the applicant an office action which will have objections to the application as filed. The applicant then will respond to the objections and if all are overcome, the application will be allowed.

**Patent** – The first step in the process of obtaining a patent is to perform a patent search. This can be done either by the applicant themselves or this can be done by various firms which specialise in patent searches. This search is intended to determine what prior art exists in the patent database. Once the search is completed an inventor can choose to file either a provisional patent application or a non-provisional application. A provisional application does not require the same amount of detail which is necessary for a non-provisional application. This will allow the inventor to get a quick filing date to protect the invention. However, there can be draw backs to using a provisional application such as limitations on foreign filing rights.

A non-provisional patent application has various technical requirements. Once it is filed and the fee is paid the application will be submitted to an examiner for prosecution. The examiner will issue office actions describing what, if any, parts of the application he believes are patentable and which are lacking and why. This process may go back and forth several times. Once the examiner is satisfied you have a patentable invention, the patent will issue.

## How should a business respond if it is accused of infringing another party's intellectual property?

**Zheng:** A business should first ensure that there is such a claim by checking the alleged use of the other party's intellectual property. The letter received should detail the claim, the particular works or marks involved and the alleged infringing acts. If the business is operating under a license from the original copyright or trade mark owner, check to ensure that the terms of the license have been complied with. Additionally, in the case of copyright, check whether such use falls within the exceptions that will allow use to be made of the work without the permission of the copyright owner.

Under no circumstances should the business ignore the letter that accuses them of infringing the other party's intellectual property. After the cursory checks above, if there might indeed be a case, it is best to seek legal advice as to the next steps instead of acting hastily and contacting the other side or immediately paying out to settle the claim.

**Karina-Berzina:** There are various ways in which a business may be on the receiving end of such accusations. First, a business may receive a "cease and desist" letter from another right holder. We normally advise clients to respond to such letters as failing to do so may result in greater damages awards in the event of a later infringement suit. Cease and desist letters are not legally required in all countries. The response should be carefully drafted by competent counsel as it may well end up forming part of the record in a legal proceeding.

Sometimes, the first indication that something is amiss may be the receipt of a notice from the court that the company is the defendant in civil proceedings. Businesses should be aware that failing to respond to such

notices may result in a default judgment against them, and that judgments in other countries can usually be enforced across borders. Therefore, the first thing to do is to make counsel aware that such a notice has been received. In Latvia, at least, there is a 30 day deadline to respond in substance, so there is little time to lose to prepare a reply.

Along with the notice of summons or instead of it, a company may receive a notice from court indicating that a preliminary injunction has been issued by the court against it. This is a type of emergency measure granted when a party has convinced the court that grave and irreparable harm will be done to the right holder unless such a measure is implemented. In many countries, including Latvia, a PI can be decided *ex parte*, meaning by the court without a hearing. A preliminary injunction will spell out the actions required by the court, such as: destruction of goods, recall of goods from the market, ceasing manufacturing, etc. Each country has different rules for how a PI may be granted and appealed, and penalties including even criminal liability attach for failure to observe a PI. A business should definitely engage competent counsel in the event that it receives notice that a preliminary injunction has been granted against it.

The above scenarios describe civil disputes between private parties. In the event of wilful infringement of sufficient magnitude, businesses can also be subject to criminal liability for intellectual property infringement. This means that the prosecuting party is the state and not another private party. Criminal prosecution may be possible for copyright and trademark infringement; patent infringement may be prosecuted under crimi-

nal statutes in about half of European countries (not including Latvia, by the way).

**Cancino:** To determine the best course of action it shall be considered first, if the business is being accused through a cease and desist letter or through a claim already filed with the IMPI. In both cases, the first step should be to analyse the merits of the accusation and determine if there are grounds or not, under the Mexican Industrial Property Law, for an infringement. If not, it is worth analysing further steps to protect the business against this accusation to avoid reputational damage while responding to the letter or claim. If there are grounds, it shall be important to seek for any procedural defects in the claim that may be helpful to construct the defence or to create the basis of a settlement (if the case has been brought through a cease and desist letter). Of course, the strategy in this kind of matters shall be prepared on a case by case basis.

**Tsai:** It can claim defences such as: (i) the IPR is invalid or has expired; (ii) non-infringement; (iii) prosecution history estoppel; (iv) prior art defence; (v) prior use rights; (vi) fair use; (vii) the right to claim infringement becomes extinguished because of laches; and (viii) right exhaustion or first sale doctrine.

**McGovern:** The answer to this in the first instance is do not panic but seek legal advice. The business needs to take advice to see if it is, in fact, infringing as has been alleged. Even if on the face of it, it appears that the business may be infringing the rights of another, it is important to take advice as to whether, for example, it may have a counterclaim, namely is the right that is being relied upon by the accuser, (for example a patent or a trade mark or a design), vulnerable in any way? The business also needs to take advice as to whether there may be any defences available to it.

It is only then, when the matter has been comprehensively reviewed and detailed advice obtained, that the business should consider responding. Even if the advice is that the business is not in fact infringing or that it has a defence or counterclaim, the business nevertheless needs to consider very carefully the business and financial implications in defending the action. Frequently the business will not factor in, for example,

the management time that is involved in defending litigation and it is important that this is considered at an early stage. It is also important that the business get some indication of its likely exposure for costs, both its own costs and the costs of the other side should it lose.

**Moshynska:** Businesses should always be prepared for such situations. Preparation should start early, by timely and properly registering their rights to intellectual property, executing documents and conducting monitoring. If the conflict nevertheless occurred, pre-trial settlement of disputes reduces time and financial expenditures. Current procedures of pre-trial dispute resolution (negotiation, mediation, arbitration) opens fairly wide arsenal of tools. Court trials usually take up a lot of time and can cause damage to reputation, therefore often are to be resorted to only in extreme cases, but if they cannot be avoided, one must be ready to defend their rights until the final judicial authority. Hence, professional legal support of a business plays a key role in protection against claims of third parties.

**Halberstadter:** If a business receives a claim of copyright or trademark infringement, the first thing it should do is consult with qualified intellectual property counsel. That counsel should immediately commence an investigation into the merits of the claim. In the meantime, the company should determine whether or not it maintains an insurance policy that might provide coverage for the claim and, if so, tender the claim to the insurer.

If the claim is one for copyright infringement, counsel should evaluate whether there is any means by which the company acquired "access" to the claimant's work. He or she should also compare the claimant's work to the company's allegedly infringing work to assess the extent to which, if at all, the company's work is substantially similar to the claimant's (and the extent to which any arguable similarities are protected by copyright). Counsel also should evaluate whether any affirmative defences potentially apply, including the statute of limitations and fair use. Based upon this investigation, counsel can recommend the appropriate course to the company.

If the claim is one for trademark infringement, counsel

should investigate how the company's allegedly infringing mark was created, whether those involved in its creation were aware of the claimant's mark, and whether a trademark search had been performed in order to "clear" the mark. He or she should evaluate just how similar the company's mark is to that of the claimant, as well as the extent to which consumers are likely to be confused about the source of the claimant's and the company's goods and services.

The factors used by federal courts to assess "likelihood of confusion" typically include: (i) the strength or weakness of the claimant's mark; (ii) the types of goods and services on which the claimant and the company use their marks; (iii) the similarity of the marks; (iv) whether there is any evidence of actual confusion in the marketplace; (v) the company's intent in selecting its mark; (vi) whether the companies' respective goods or services are likely to be sold in the same or similar outlets; (vii) the degree of care that consumers are likely to use in their purchasing decisions; and (viii) the likelihood that the claimant would begin selling products similar to those sold by the company.

Finally, counsel should evaluate whether any affirmative defences potentially apply. Based upon this investigation, counsel can recommend the appropriate course to the company.

**Richards:** First make a proper assessment of the situation. This includes consideration of the strength of the IP owners rights; the importance to your own side of being able to continue doing what it is that is being accused of being an infringement, the past relationship with and reputation of the party making the accusation of infringement. Once this is done if one concludes that the IP right in question is weak, and the desire to continue the alleged infringement exists, decide on the best way to challenge the right. If this is a patent right, this now includes considering inter partes or post grant review, or in an appropriate case covered business method revive before the PTAB. The alternative is to wait and see whether one is actually sued and then challenge its validity in court. As noted above, however, the chal-

lenger has certain advantages in the PTAB that do not exist in court.

If one concludes that their own case is weak, attempt to discover what might form part of a settlement agreement with the rights holder.

**Drummond:** The varying nature of IP assets means that infringing conduct will differ depending on the rights involved. As a first step where any accusation of infringement is raised, the business should seek legal advice as soon as possible and before taking any steps to correspond with the party accusing it of infringement. Legal advice will assist in understanding the area of intellectual property, assessing whether an infringement has in fact taken place, identifying the courses of action available and assessing the cost and likelihood of success in each action. Threats of infringement may be baseless because the intellectual rights do not exist, such rights have expired, enforcement is not available or infringement cannot be proven.

It is essential that any response to alleged infringement is carefully considered and advice is sought as this type of claim does have the potential to seriously impact on the reputation of a company. This is irrespective of whether infringement claims are groundless.

The best defence to the infringement of another party's IP is to ensure that preventative methods are in place. This will avoid such infringement in the first instance. Essentially, this means having risk management systems implemented. Businesses need to know what IP ownership rights they have, what areas of IP this extends to, where permission is required in order to develop or modify IP and whether third parties already use or have established rights in similar IP. Retaining records which establish chains of title for ownership of IP assets is also key.

These steps will provide a business with the ability to identify whether an infringement claim is legitimate or whether internal measures are already in place and have been followed which would prevent, or reduce liability of such infringement.

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*The varying nature of IP assets means that infringing conduct will differ depending on the rights involved. As a first step where any accusation of infringement is raised, the business should seek legal advice as soon as possible and before taking any steps to correspond with the party accusing it of infringement*  
 ”

- Frances Drummond ”

**Sherman:** When a business is accused of infringing another party's intellectual property the appropriate steps depend on the type of intellectual property:

**Copyright** – If you are facing a claim of copyright infringement the first steps to take are to determine the validity of the claim. To do so you should look at whether you have received permission previously to use the work and if so is that permission still valid. If you either did not receive permission or the license has expired you need to determine if the work is your own or that of someone else.

An additional question for a copyright is to determine if your use of the work constitutes fair use. Fair use is examined on a case by case basis. There are four factors which are used to judge whether use is fair use: (i) what is the purpose and character of the use; (ii) what is the nature of the copyright; (iii) how much of the copyrighted work is being used; and (iv) how does the use affect the value or market for the copyrighted work.

**Trademark** – If you receive a demand letter from another company claiming you are infringing on trademark rights you should evaluate the validity of the claim.

This can be done by determining what the company is claiming you are using that infringes. Then you should explore exactly what the rights are. For example, ACME supermarket may not want a company that makes dynamite to share its name, but unless its trademark is for goods or services that cover the manufacture of dynamite, it likely would not have a valid claim.

If you determine that there is a valid claim you could negotiate a license to use the mark, if the other company is willing to do so.

**Patent** – If you receive a demand letter from another company claiming you are infringing its patent rights you have several options. Firstly, you may respond and request additional information or more specific evidence of the alleged infringement. Secondly, you may elect not to respond to the demand letter. Many letters are sent hoping to bully a smaller company into paying for a license fee or shutting down completely. While this carries some risk, you should evaluate if this is the appropriate response. Thirdly, you may reach out to the owner and negotiate a license to use the patent rights. Fourthly, you could file for a declaratory judgment stating that you do not infringe the patent claims.

## What steps should be taken if it is believed that your intellectual property has been breached?

**Zheng:** The first thing would be to seek legal advice, and to ensure that you have an idea of the time line and the relevant acts that are being implicated. You should attend the meeting with relevant documents to explain your situation to your counsel and also to enable them to assess the strength of your case. Also, having an idea of what outcome you would like following any legal action will enable your counsel to decide the next steps to take, for example if your intention is for the other side to cease trading the infringing goods, an injunction would be more appropriate; if the intention is that there should be monetary payment for whatever use is being made without permission, then perhaps seeking the other side's agreement to pay for a license on particular terms would be useful.

**Karina-Berzina:** Firstly, let's start with what not to do. One of my clients was involved in a matter in which the patent owner had attacked an alleged patent infringer with a cup of hot coffee. Definitely not a recommended course of action!

The most important first step for a right holder is to react without delay, since legal remedies all take time and it is easier to limit harm than it is to gain redress after the fact. Also, the right holder does not want to end up in a situation where a claim is time-limited or where a claim is not feasible because the infringement and evidence have simply vanished.

The steps to be taken will depend on the type of IP and the nature of the possible infringement. Broadly speaking, there are three possible categories of infringer. (i) A competitor or other market actor. (ii) A counterfeiter or other type of wilful infringer. (iii) Someone close to the

right holder, such as a current or former employee. Depending on the type of IP, there may be either criminal or (more commonly) civil sanctions possible. The right holder can increase the chances of a desirable outcome by gathering all relevant information, correspondence, registration certificates, screen shots and the like and by discussing the situation with counsel. In civil matters, the first step is often a notice letter to the other party.

All outcomes will be better if the IP has been properly managed in the first place— trademarks and designs registered, patents filed, trade secrets properly secured and copyright notices used.

**Cancino:** It is important to determine whether the alleged infringer is a company that has been conducting business with the IP owner or a competitor as this can alter the approach needed to be taken. In the case of commercial partners it would be advisable to proceed with a cease and desist letter. With regards to a competitor, it might be suggested to bring a litigious action right away. Of course, the strategy in this kind of matters shall be prepared on a case by case basis.

**Muller:** A suspected breach of your company's intellectual property requires immediate and methodical action that should include, broadly speaking: (i) determining the nature and scope of the breach -- such as whether a breach has indeed occurred, whether it was the result of hacking, malware, unintended disclosure, insider theft or disclosure, and whether it was a breach by means of a portable device, a lost, stolen, or discarded device, or a loss of unknown origin, (ii) assessing steps to stem and analyse the breach, (iii) if appropriate, potentially notifying interested person(s) and agencies,

(iv) creating a plan to recover the intellectual property, which may include litigation and/or involving a government agency in investigating and prosecuting a potential crime, and (v) a review of policies and systems to prevent future breaches.

As a preliminary step that should be considered in every instance regardless of the nature and scope of the breach, the company should make a determination as to who should be involved in the investigation. Typically, a company's senior management will work closely with information technology and privacy professionals. Consideration should be given whether to involve a legal advisor or team at the outset because the investigation method itself may impact the rights of others, such as employees who are either suspected of involvement in the breach or are among the targets and potential persons harmed by the breach. Care should be taken to involve and inform key personnel on a "need to know" basis so as not create collateral issues through unnecessary disclosure about the breach and the investigation.

As to notifying interested person(s) and agencies, states have enacted data breach notification laws that could result in financial penalties for failing to implement proper protections of private data. California enacted such a law in 2003 (California Civil Code § 1798.80 – 1798.84) that, among other things, mandates the reporting by a company that stores a person's unencrypted information of any breach of the person's "personal information." In July 2015, California expanded the definition of "personal information" from the traditional categories such as social security numbers, driver's license numbers, account, credit and debit card numbers in combination with access and security codes, and medical information – to include (i) health insurance information, and (ii) email address and usernames in combination with passwords and security questions and answers.

Many states now have laws requiring notification of the state attorney general and potentially other state agencies in instances in which a data breach is detected. In California, the state attorney general must be notified if the data breach involves more than 500 residents.<sup>1</sup> Lastly, some states, like California, have created a private

1 Cal. Civ. Code § 1798.29.

right of action for individuals harmed by disclosure of personal information, giving the individual a right to recover compensation for any damages.<sup>2</sup> Thus, outside counsel and in-house lawyer often play a significant role in determining what information, personal or otherwise, can and should be disclosed in connection with an investigation or potentially litigation.

**Tsai:** Sending a warning or cease-and-desist letter, developing a licensing relationship, seeking a settlement/mediation or initiating a lawsuit before the district or IP Court are all available to the owner of an intellectual property right against infringement. Further, injunctions or cross-border measures are available as well. For trademark and copyright infringements, criminal offenses can be claimed.

**McGovern:** To a certain extent the factors outlined above are quite similar here too. The first thing again is to take legal advice as to whether in fact your rights are being infringed. Again you need to take advice as to whether the alleged infringer may have any defences or whether any counterclaim may be made by the alleged infringer. This could arise, for example, if any of your rights are vulnerable to cancellation in any way. Again, the costs of instituting the litigation and the management time needs to be at the very least considered and the possibility of whether you will be able to recover the costs even if you are successful. Unfortunately sometimes it arises that a business is not in a financial position to pursue an infringer. It can be important in such instances to take advice as to whether there might be any other options open to the right holder to bring about a termination of the infringing activities. For example if the infringement involved the sale of counterfeit goods there may be state organisations who can assist in having the goods taken off the market.

**Moshynska:** As with the previous question, it is important to take all necessary actions for the proper registration of intellectual property rights in advance in order to prevent the occurrence of such a situation. In case of violation of rights one should make efforts for an amicable settlement (negotiations, using of the "temporaryprotection" tool, sending cease and desist letters, etc.) necessary to take measures for the protec-

2 Cal. Civ. Code § 1798.84.

tion of intellectual property rights. With professional legal support the development and implementation of an optimal strategy for the defence of rights is considerably simplified.

**Halberstadter:** Actually, steps should be taken long before a person or business believes that his, her or its intellectual property has been infringed upon. Even though both expressive works and brands are protected even without formal registration by copyright and trademark law, respectively, registration provides additional protections and remedies, so copyrighted works and trademarks should be registered as soon as reasonably practicable.

Under U.S. copyright law, an artistic work is protected by copyright the moment it is created and “fixed” in a “tangible medium of expression,” such as a writing, photograph or video. But as a general rule, a copyright owner cannot sue another for infringement until he or she has applied for and received a copyright registration. More importantly, if a copyright is infringed prior to registration, the copyright owner will not be eligible for certain remedies, including statutory damages – a critical remedy when the copyright owner cannot demonstrate actual damages and the infringer made no profit from the infringement – and attorneys’ fees.

Similarly, the federal Lanham Act prohibits any use by any person of any “word, term, name, symbol, or device,” on or in connection with any goods or services, that is likely to cause confusion or mistake as to the affiliation or connection of that person with another, or as to the origin, sponsorship or approval of his or her goods or services by another. So even without a trademark registration, a company that uses a logo can prevent a competitor from using the same or a confusingly similar mark.

But once a mark has been registered with the U.S. Patent & Trademark Office, the owner of that mark is entitled to a presumption that the mark is valid, and that the registrant is the owner and has the exclusive right to use the mark. The registration also provides the owner

with the right, in certain cases, to obtain treble (i.e., tripled) damages and attorneys’ fees; and, in the case of counterfeiting, registration entitles the trademark owner to certain statutory damages.

**Sherman:** If you believe that your intellectual property, whether it be copyright, trademark or patent, has been infringed you should first gather all relevant facts. After gathering the relevant facts you should verify all the information you gathered is accurate and correct. Then you should take this information and speak with your council.

After discussions you should have your council contact the infringing party by sending a demand letter. The letter should state what you believe the basis for the infringement is and demand that this party cease and desist from using your intellectual property.

If the infringing party either fails to respond or refuses to comply with your demand letter further legal action may be necessary. In the case of trademark and patent infringement failure to enforce your rights could be considered abandonment of the patent or trademark. Therefore, it is recommended to always enforce these rights. When filing suit you will want to consider filing for a preliminary injunction when you file suit. This would enjoin the infringing party from using your intellectual property until the case is fully decided on the merits.

In the case of a copyright, sometimes the value of the copyright protection may be less than it would cost to prosecute the infringement case. Therefore, you should evaluate the value of the copyright verses what you are losing from the infringement and the cost of prosecution. Once you balance these you can determine whether to sue to enforce your rights. One often overlooked option for a small company is to use small claims courts to enforce your copyright rights. If you are only seeking to recover economic loss, you may be able to satisfy this amount in small claims courts for a much lower cost.

**Yamamoto:** The most effective way for an owner to en-



force a right is through civil litigation. Mediation or arbitration proceedings may also be considered. Alternatively, an owner can apply to the Customs Office for an import suspension against counterfeit goods, including patent infringements.

In Japan, although it is not required to send a warning letter to commence infringement litigation, it is common practice to do so, since it is considered prudent to conduct negotiations before going to court.

In case of patent infringement, the plaintiff bears the burden of proof. Extensive discovery is not available in Japan and thus it is preferable for a plaintiff to obtain sufficient evidence of infringement before filing suit.

If there is a need for an immediate remedy, it is possible to file a petition for preliminary injunction either before formal court proceedings or at the time initiating formal court proceedings.

## How has social media impacted intellectual property? Why is it important for brands to develop a social media risk plan?

**Zheng:** Social media has made it possible to disseminate information worldwide without significant costs. As such it has been to the advantage of many brands to have a social media profile with which they can enhance customer relations. However social media has also resulted in many issues for intellectual property right holders, from individual's right up to large corporations, in areas ranging from copyright, trademarks, patents to trade secrets and defamation.

It is important for brands to develop a risk management plan for their intellectual property as it will enable them to handle possible disputes in the future over potentially defamatory remarks, revealing of trade secrets, photos and videos being published without their permission to name a few. The instantaneous nature of social media belies a need for a quick but measured response so a policy in this regard is advantageous for companies that rely very much on goodwill with their customers to build sales.

**Cancino:** The impact of social media has been critical, so far, the lack of consistent rulings has made possible to use this avenue to infringe IP rights, therefore the importance of develop a social media risk plan, which shall include guidelines to prevent further violations of IP rights outside the company and inside the company also, guidelines for the employees to use the company's IP assets with the necessary care to avoid further risks.

**McGovern:** Most businesses now have some sort of social media presence but unfortunately we are also seeing more and more infringing activity conducted via social media. It is very important that businesses include social media in their monitoring policies so that

they can ensure their rights are not being infringed on social media.

Businesses should also be very conscious of their own social media postings. They need to ensure that all postings comply with all applicable laws, for example advertising regulations or any particular industry regulations that may apply. In addition, if a business operates a blog or some type of platform where others can post comments, it needs to ensure that it has a fast and effective takedown policy should it be notified of any posting infringing the intellectual property rights or other rights of third parties. It is also extremely important that operators of social media be very conscious of data protection regulations and ensure that they are complied with and that they have appropriate policies in place.

**Moshynska:** Social networks have opened up entirely new possibilities for the development of intellectual property protection system. In areas such as the recognition of well-known trademarks, the fixation of copyright, the inventors disclosure of an essence of the invention prior to the filing of the application (but during the grace period), the fact of availability to the public and the date of this availability play the key role and social networks open all possibilities for this, although not all countries have properly taken it into account in the legislation.

In addition, social networks often serve as a valuable source of information about firms and clients, about copyright and related rights infringement, about the use of trademarks. Social networks can facilitate the search for counterfeit, for illegal use of trademarks, and even

contribute to new scientific discoveries. For brands it is very important to develop and implement integrated strategies for protection in the internet: monitoring brand mentions, identifying and countering the proliferation of counterfeit products, carrying all sorts of measures for the protection of reputation. These issues should be given special attention.

**Halberstadter:** In my view, the internet generally and social media specifically have contributed to an atmosphere of rampant infringement and an expanded sense of user entitlement to content for free. But both media also have fostered creativity and expanded the audience for nascent creators, enabling them to publish works that traditional media might have ignored.

Historically, there was no easy way to access copyright-protected works for free, other than through a public library. Illegal copying was limited to the making and sharing of "bootleg" recordings, which were often sold at "swap meets." Television viewers had no choice but to watch what was being offered when it was broadcast. If you didn't catch a particular movie when it was in theatres, you had to wait until it was shown on television.

The internet changed all of this. Once intellectual property finds its way onto the internet, it can remain there forever, regardless of whether it is authorised or illegal. Entrepreneurs have developed ways for consumers to access for free content that should be available only to paying customers. Peer-to-peer file-sharing services and "pirate" streaming services have monetised the illegal sharing of content on a global basis. Perhaps most troubling of all is that the ready availability of content begat the misguided belief that if it can be found on the internet, users are entitled to own it, watch it, or listen to it for free.

Social media has accelerated the process by which illegal content is spread. Not only is such content instantaneously shared within social networks, but as soon as an illegal file-sharing site becomes known to a social media user, he or she can share the link with all of his or her friends and connections, exponentially expanding the number of individuals who can find full-length feature films and full seasons of television series for free, illegal streaming.

At the same time, the internet and social media have enabled many more creative people to generate public interest in and find a market for their own works. While the creation and distribution of high quality audio-visual content once rested predominantly in the hands of production companies, television networks and music labels, today a vast array of comparable quality content can be found on thousands of websites. New artists in every medium are emerging, in no small part due to social media, who otherwise might not have had their voices heard.

**Drummond:** Social media is often an integral part of business strategy. Social media is used by companies as a tool for marketing, advertising, management, information communication, events and meetings. The number of people using social media grows on a daily basis and the functionality of social media is constantly evolving. Due to the very nature of intellectual property systems more often than not the legal world finds itself playing catch up with the world of social media.

Social media allows and innately encourages the sharing and re-purposing of content across a diverse range of communication channels. This complicates the ability to enforce intellectual property rights, particularly in relation to copyright. As a consequence, there have been an increasing number of cases relating to copyright law and the global entertainment industry has publicly advocated for the development of greater governing legislation.

One key problem in relation to the enforcement of intellectual property rights for social media has been the ability to identify the infringing party on social media platforms. There is often insufficient information available on the social media site to specifically identify the infringer, either because fake profiles are used or because goods are mailed from undisclosed locations. This impacts an intellectual property right owner's ability to enforce its trade mark rights and copyright, and to take action against parallel imports and counterfeit goods.

Some companies take advantage of marketing opportunities on social media without conducting a full risk assessment. One well known example being when Duane

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 - David Halberstadter ”

Reade shared a photograph featuring actress Katherine Heigl outside a Duane Reade store. Duane Reade had likely assumed that sharing this image would generate interest in the brand, however, the actress sued for false endorsement. In Australia, such a scenario would likely call for a claim of false or misleading advertising under the ACL.

Most companies should prepare and implement a social media risk assessment plan, even if the company does not run its own social media pages. Companies should

be aware that not having an online presence does not mean that the company's intellectual property is not online. A third party may have taken it upon themselves to create a social media page under the company or brand name, or create 'fan page' for which the company has no control. Any risk management plan should identify the purpose and aims of the online presence, highlight the risks arising from active participation, and cover a wide range of social media uses that affect the business, such as reputation, marketing and employee use of social media.

## In an ideal world what would you like to see implemented or changed?

**Karina-Berzina:** Despite Brexit, I do hope that the Unitary Patent system comes into force in the European Union. There may be solutions more suitable for other patent owners, but start-ups in particular will benefit from the significant reduction in costs to prosecute a UPP across Europe. Along with this, the new Unitary Patent Court is expected to streamline the system of enforcing patent rights across Europe.

**Cancino:** Better ways of enforcement. I believe in a specific judicial court destined exclusively to decide IP controversies. At this moment, the administrative stage with the IMPI shall be concluded before going to judicial courts.

**Muller:** I think that the day has come for a serious discussion about the creation of a specialty court for patent trials, much as the EU has been considering implementing as part of a strategy to bring conformity to patent scope and use. At the appellate level, the US already employs a court of exclusive jurisdiction for review of trial court rulings and judgments, namely, the Federal Circuit Court of Appeals. Specialty courts are already employed in the US system in the areas of bankruptcy and tax law, for instance, where judges are specially designated to preside solely over bankruptcy and tax matters.

While it is not essential that the model be a single or regional system of patent courts, although there is much to be said for that, there would be significant benefits to designating a select group of trial judges within each particular district to solely handle patent cases. This approach is similar to the system now being employed by the British Court of Chancery, which is designating

judges with a higher degree of patent law experience to conduct patent trials. This also is an idea that has some precedent in districts that have implemented a voluntary patent panel system, such as in the Central and Northern Districts of California, where a district court judge can refer a patent case to a panel of judges who have agreed to hear patent matters. The problem with the patent panel approach, as it exists today, is that it does not go far enough since cases are randomly assigned to district court judges and it is merely discretionary whether a judge may refer the case to a patent panel judge. With the increased complexity of technological innovation, all parties would benefit from a mandatory patent panel system.

**McGovern:** There are many things one would want to implement if in possession of a magic wand. However I will try to confine myself to three wishes.

Counterfeiting is a huge problem for all industries. Notwithstanding the extensive cooperation between rights holders, law enforcement bodies, ISPs etc. it is still a daily battle. It is very important therefore that resources are directed towards education, and education at a very young age as to why (e.g. the purchase of counterfeit goods or illegal downloading is something that is wrong and socially unacceptable). It is only when you kill the market for counterfeit goods and illegal downloads that we have some hope of reducing the activity.

I would like to see more streamlined and cost effective court procedures. Frequently litigation is simply not an option for many businesses and it is disheartening when they have spent time, money and effort in protecting their IP rights but then simply cannot afford the

cost of enforcing them. It is important that practitioners and those with the ability to alter rules and regulations look and see where there are logjams with a view to eliminating impediments to the efficiency and hence cost effectiveness of litigation.

It is important that legislative bodies and regulators move quickly in terms of introducing new legislation so that it is fit for purpose in line with technological and other innovations. It is challenging for those with the requisite power and the protection of IP rights is not always in the top items on agendas. Nevertheless IP is an important contributor to world economies and if innovation is to be encouraged and rewarded we must ensure that legislation and regulation is equipped to deal with developments and ensure that the innovation and existing rights may also be protected.

**Moshynska:** The ideal world is full of opportunities for the implementation of talent, creativity, launching of new projects, development new technologies and products. In an ideal world we would like a system where the protection of rights was not required because all people would respect, appreciate and understand the role of the inviolability of the property of others. Violation of property rights and other rights must remain in the past and mankind will be able to focus on creative work in the world of fair competition and respect for the rights of others.

**Halberstadter:** A significant portion of my entertainment law practice relates to the creation, development, production and distribution of works based on stories that have been “ripped from the headlines.” Based to one extent or another on real people and actual events, the creation and exploitation of such works raises questions about defamation, an individual’s right of privacy and the extent to which a person should be able to control how his or her name, voice, likeness and so-called “life story” are incorporated into films, television productions and other “expressive works.”

There is little dispute that every individual has a right to control the use of his or her name and likeness in con-

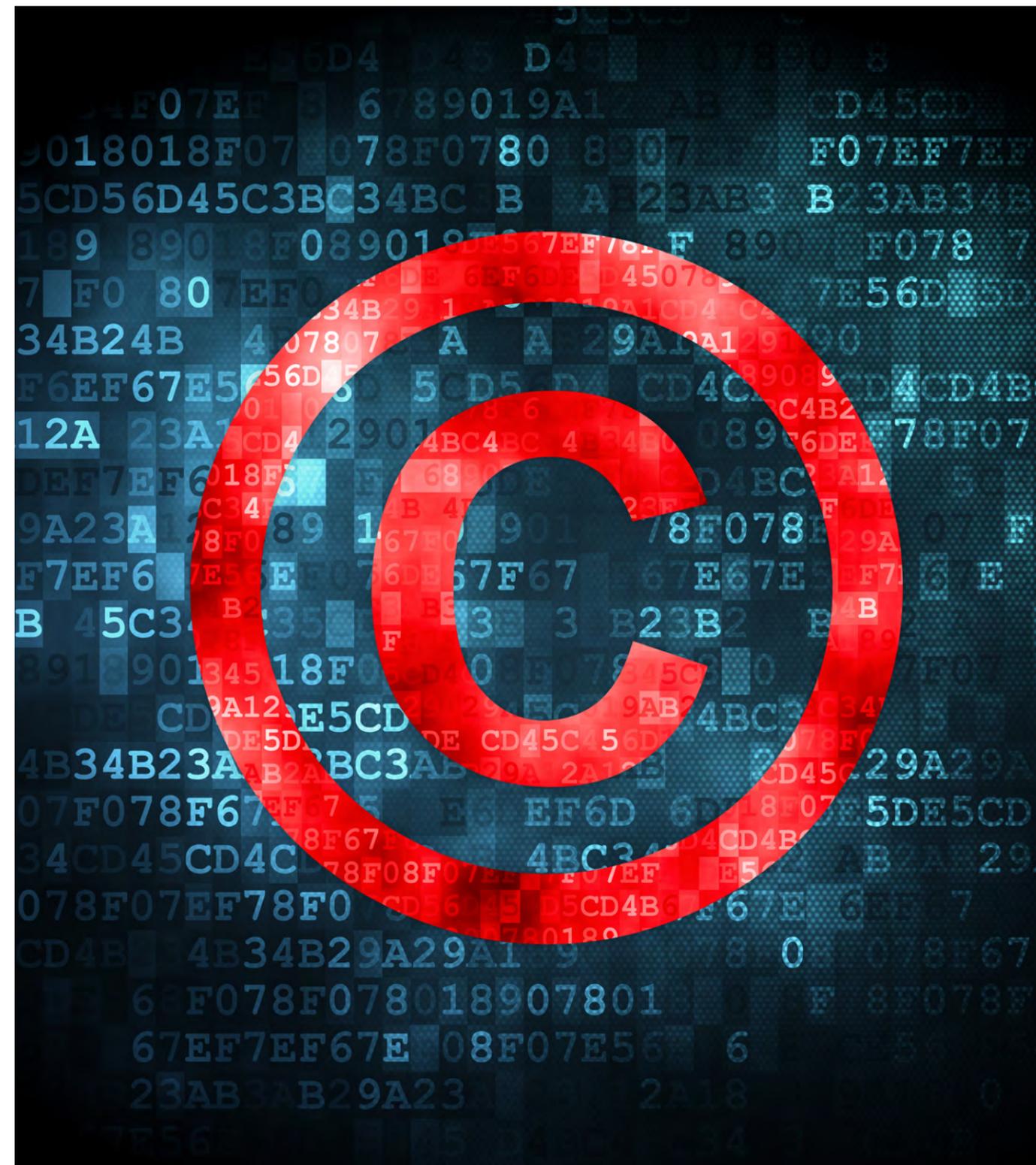
nection with the sale of goods and services. But when a person’s name or likeness or story is incorporated into a creative work, First Amendment issues arise. In the eyes of the law, it is not only the news media that enjoy First Amendment protection; this right extends to authors of books and magazines, creators of films, television shows, artwork and non-traditional forms of communication of ideas. It also does not make a difference whether such works are created for profit.

When a real person is portrayed without permission in a film or television series, the individual typically reacts viscerally to such an appropriation, while the creator insists that he has a First Amendment right to tell the story. Currently, these conflicts are resolved differently by each state in the United States. However, it seems wrong to me that a creator’s right to tell a story about real people and actual events could be impacted differently depending upon where the persons portrayed in the work happen to live. Such uncertainty causes creativity to be “chilled” rather than promoted - the opposite of the result intended by both copyright and patent law.

For these reasons, I would like to see implemented a federal right of publicity statute that both ensures that every individual can control the commercial use of his or her name, photograph and likeness, for example on products or in advertising, and absolutely safeguards the First Amendment rights of creators of expressive works.

**Richards:** A removal of the artificial limitations on patent protection that have resulted from the way in which the Supreme Court has interpreted 35 USC 101. If there are to be exclusions from patent protection, they should be effected by legislation, and although it has problems, the European Patent Convention might provide a useful starting point.

Further, a more effective way of seeking review of adverse decisions by examiners in the United States patent office when they misapply the law. Appeals are slow and cumbersome.



Finally, more clarity as to when copyright protection exists in computer software and what constitutes infringement of that copyright.