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Intellectual Property Newsletter

PTAB Update on Inter Partes Review

Holmes Hawkins and Russell Blythe

On August 19, 2015, the Director of the USPTO released a blog post reporting on the state of post-grant review proceedings created by the Leahy-Smith America Invents Act of 2011 and announcing a set of potential changes to those proceedings going forward. Those involved in or considering inter partes review proceedings should take note of these significant changes that are now on the horizon at the PTAB.

Inter Partes Review: By the Numbers

The Director's blog post confirms that, since becoming available in 2012, post-grant review proceedings – particularly *inter partes* reviews – have become very popular among those seeking to challenge the validity of a patent. The PTAB reports that it has received a total of 3,655 post-grant review petitions, the vast majority of which (90%) are petitions for *inter partes* review.[1] The Director noted that this "reflect[s] around three times more than what we initially anticipated." Thus far, the PTAB has kept pace with the filings, maintaining a perfect record of issuing timely final decisions within the mandated period of one year from institution.

Whether those decisions tend to favor petitioners or patent owners is less clear. As is often the case with statistics, it depends on how the numbers are sliced. Some have sharply criticized *inter partes* review as eliminating too many patent claims. Likely aware of that criticism, the PTAB has seemingly downplayed the rate at which claims have been found unpatentable.

For example, the blog post states that "[o]f the first IPRs to reach a conclusion, 12 percent of total claims available to be challenged (4,496 of 38,462), were determined by the PTAB to be unpatentable in a final written decision." However, this appears to include – as "available to be challenged" – claims that were never challenged in a petition and therefore were not reviewed by the PTAB. The blog post goes on to state that "[o]f the first IPRs to reach a conclusion, 25 percent of claims actually challenged (4,496 of 17,675) were found to be unpatentable." The meaning of "to reach a conclusion" for purposes of this statistic is unclear. However, it appears to include petitions that were denied, dismissals, settlements, and other terminations prior to a final decision on the merits. As such, neither of these statistics reflects the rate at which PTAB panels are deciding that the patent claims before them are unpatentable.

Settlement is a particularly significant factor influencing the above statistics because the claims at issue in IPRs terminated by settlement remain patentable with no decision from the PTAB. Approximately 20% of the 3,277 *inter partes* review petitions filed thus far have settled prior to a final decision on the merits. That percentage ap-

[1] Unless stated otherwise, all statistics are current through July 31, 2015.

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pears to be on the rise. The ratio of IPRs settled to IPRs filed has increased each year over the past three years, *i.e.*, 7% in 2013, 16% in 2014, and 28% so far in 2015.

Looking instead at the key decision points – institution decisions and final written decisions – a couple of trends appear to be emerging. First, the PTAB has instituted *inter partes* review and found claims unpatentable at a fairly high rate. Of the institution decisions thus far, 71% have resulted in institution of an *inter partes* review.[2] And, of the 447 cases where trial has completed, 84% resulted in some or all of the instituted claims being found unpatentable.[3]

The second trend, however, is that the percentage of petitions being *denied* is on the increase, from 13% in 2013, to 26% in 2014, to 33% so far in 2015. While it is possible that the PTAB is turning a more critical eye to petitions in response to the unexpectedly large volume, it is also possible that petitioners targeted particularly vulnerable claims in early petitions or that the initial success of petitioners has encouraged more aggressive petitions that cannot meet the "reasonable likelihood to prevail" standard.

Proposed Rule Changes

The proposed changes announced in the Director's blog post are the second round of modifications to the PTAB's rules and guidance since they were first issued in 2012. The first round of changes, which the Director previously described as "relatively simple in scope," were announced in March 2015 and finalized in May 2015. They included increased page limits for briefing on motions to amend and petitioner's reply brief, required use of Times New Roman font, and clarification that multiple back-up counsel may be designated.

The newly announced proposed rule changes are more substantive. Included in the proposed changes are:

- Preliminary Response: The rule changes would allow presentation of evidence in the patent owner's preliminary response. Any fact disputes between the petition and the preliminary response would be resolved in favor of the petitioner for purposes of the institution decision. The rule change also would clarify that the petitioner may move for leave to file a reply to the patent owner's preliminary response.

- Policing Misconduct in Filings: The rule change would require a Rule 11-type certification for PTAB filings.

- Claim Construction: The rule change would clarify the that Board will use a "broadest reasonable construction" standard for patents "that will not expire before a final written decision is issued." The PTAB also noted that the Trial Practice Guide would include guidance on how to determine the correct standard and sought comments on questions such as guidelines for determining which claim construction standard applies and whether the Board should entertain briefing on which standard applies.

- Time to Review Demonstratives: The rule change would allow seven days (instead of just five) before oral argument for exchange of demonstratives.

- Word Count Limits: The rule change would move to a maximum word count for key filings instead of a page count. The petition, patent owner preliminary response, and patent owner response would receive 14,000 words (instead of 60 pages) and the petitioner's reply to the patent owner's response would receive 5,600 words (instead of 25 pages).

[2] This does not include joinders, which, if included, would increase the percentage of decisions where the Board instituted *inter partes* review.
[3] Making up that 84% of final written decisions are 66% finding all instituted claims to be unpatentable and an additional 18% finding at least some instituted claims to be unpatentable.

Apart from the rule changes, the Board confirmed that it plans to continue using the *Garmin* factors for discovery. The Board also noted that there is no deadline for raising a real party-in-interest dispute, but that it should ideally be raised early in the proceeding. If the challenge arises late in the proceeding, the Board will consider the impact of the delay when deciding whether to take up the issue.

The proposed rule changes were the subject of a number of AIA Roadshows in late August. Comments on the proposed rules may be submitted to the PTO until October 19, 2015.

Pilot Program for Institution Decisions

The Director also announced in the blog post that the PTAB was considering a request for comments "related to the staffing of the PTAB panels for the institution phase of the proceedings." Shortly thereafter, on August 25, 2015, the PTAB did issue such a request, proposing a pilot program under which a single Administrative Patent Judge (in lieu of the current three-judge panel) would determine whether to institute an *inter partes* review.[4] Under the proposal, two additional Administrative Patent Judges would be added to the panel only if a trial is instituted.

As noted in the request for comment, the PTAB has attempted to meet the demand for AIA post grant proceedings "by hiring additional judges." However, the PTAB is concerned that "[e]ven with continued hiring...increases in filings and the growing number of cases may strain the PTAB's continuing ability to make timely decisions and meet statutory deadlines." According to the PTAB, the proposed solution of allowing a single judge to make the institution decision "would allow more judges to be available to attend to other matters, such as reducing the *ex parte* appeal backlog and handling more post grant proceedings."

This program is significant in part because the AIA prohibits appeals of institution decisions. *See* 35 U.S.C. § 314(d) ("The determination by the Director whether to institute an *inter partes* review under this section shall be final and nonappealable."); *In Re Cuozzo Speed Technologies LLC*, 793 F.3d 1268, 1273 (Fed. Cir. 2015). The PTAB did not state how requests for rehearing would be handled, but did specifically seek public comment on that issue.

Comments on the proposed rules may be submitted to the PTO until October 26, 2015.

Debate on Patent Reform Legislation Continues in Congress: What You Need to Know

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Patent law has undergone fundamental changes over the last several years, and further changes may be just around the corner. Just four years after enactment of the America Invents Act ("AIA"), Congress is taking up the patent issue once again, this time seeking to pass legislation to curb abusive patent litigation. Earlier this year, both the House and Senate Judiciary committees introduced, considered, and reported out bipartisan patent litigation reform.

More recently, however, what appeared to be a strong likelihood of passage by the House was dealt a setback by the removal of the pending House bill from a scheduled vote by the full Chamber.

The delays stem from a number of factors. At a high level, the House and Senate bills are similar in many respects, and share a general consensus that legislation should deal with abusive litigation through increased transparency, more limited dis

[4] The program as currently proposed would be limited to *inter partes* reviews. Petitioners and patentees would not be allowed to request inclusion in, or exclusion from, the program.

covery, heightened pleading standards, and "loser pays" fee shifting.

There are, however, key differences between the bills that are the subject of much debate. For example, the House bill would create a rebuttable presumption that attorneys' fees are to be awarded to the prevailing party, while the lead Senate bill would award attorneys' fees upon a finding that the non-prevailing party was not "objectively reasonable." In addition, pending changes to the Federal Rules of Civil Procedure set to take effect later this year address a number of the same topics covered by the proposed House and Senate bills, raising questions as to whether those portions of the proposed bills are necessary.

We have addressed below several key provisions of the primary House and Senate bills and other legislation, including how they differ and intersect with changes in the law and practice.

Pending Legislation

The House Innovation Act: Earlier this year in the U.S. House, Rep. Bob Goodlatte (R-Va), the chairman of the House Judiciary Committee, along with 10 Democrats and 9 other Republicans reintroduced the *Innovation Act* (H.R. 9).[1] The measure is essentially the same bipartisan legislation that passed the House in the last Congress.

Among other proposed changes, the *Innovation Act* includes provisions aimed at reducing costs associated with patent cases, including: (i) heightened pleading requirements, (ii) limits on discovery until after a claim construction ruling, (iii) a presumptive award of attorneys' fees to the prevailing party, including possible joinder of "interested parties" in order to satisfy the fee award, and (iv) changes to the standard applied by the PTO in post-grant challenges to patents.

On June 11, 2015, the House Judiciary Committee reported the measure, along with some amendments, by a vote of 24 to 8.[2] However, as noted above, on July 15, House Republican leadership pulled consideration of patent legislation from the House floor. The decision to delay floor action on the bill came a day after a bipartisan group of six representatives and two senators spoke out against it, arguing that the bill would not only rein in "patent trolls," as some litigious nonpracticing patent-holders are called, but would make it harder for legitimate inventors to defend their patent rights in court. In his statement, House Judiciary Chairman Goodlatte said he would use the extra time 'to grow the supporters' list even more, allow our members to hear directly from stakeholders about how abusive patent litigation harms American businesses large and small, and address some members' concerns regarding the bill."

The Senate PATENT Act: In the Senate, Judiciary Committee Chairman Charles Grassley (R-Iowa) and fellow committee members Orrin Hatch (R-Utah), John Cornyn (R-Texas), Mike Lee (R-Utah), Patrick Leahy (D-Vt.), Chuck Schumer (D-N.Y.), and Amy Klobuchar (D-Minn.) introduced the *Protecting American Talent and Entrepreneurship Act* (S. 1137), otherwise known as the "PATENT Act."[3] Although the PATENT Act addresses essentially the same subjects as the *Innovation Act*, there are some significant differences in approach, as discussed below.

On June 4, 2015, the Senate Judiciary Committee approved the PATENT Act as amended by the Manager's Amendment by a vote of 16 to 4.[4] Senate bill supporters have noted that a number of the bill's key provisions were the result of negotiated compromises, aimed at balancing the need to effec-

[1] http://www.judiciary.house.gov/index.cfm/the-innovation-act

[2] http://www.judiciary.house.gov/index.cfm/markups-meetings?ID=2848E2C2-F705-4A03-800C-64930626A395

[3] http://www.judiciary.senate.gov/meetings/judiciary-committee-members-introduce-bipartisan-patent-act

[4] http://www.judiciary.senate.gov/imo/media/doc/S.%201137%20Managers'%20Amendment.pdf

tively deter patent litigation abuse without hindering innovation by limiting patent owners' rights to enforce their patents against infringers. Nevertheless, Committee members have expressed continued concern that some of the bill's litigation reform provisions are overly broad and do not adequately differentiate between good and bad actors.

The STRONG Patents Act and TROL Act: A narrower approach to the patent reform question has been proposed by Sen. Chris Coons (D-Del.) and others in the form of S. 632, the *Support Technology and Research for our Nation's Growth Patents Act* (the "STRONG" Patents Act), introduced and referred to committee on March 3, 2015. That bill would set new rules governing what patent holders can say in demand letters that request licensing fees or settlements, and would make changes to post-grant proceedings at the PTO similar to the House *Innovation Act*.

Another bill, H.R. 2045, the *Targeting Rogue and Opaque Letters Act* (the "TROL" Act), has been introduced in the House of Representatives and was approved by the House Energy and Commerce Committee on April 29, 2015, and like the *STRONG Patents Act* addresses demand letters.

Comparison of Key Provisions of the House *Innovation Act* and Senate *PATENT Act*

Heightened Pleading Requirements: Both the House and Senate bills significantly raise the pleading requirements for patent cases by requiring plaintiffs to assert the particular patents and claims at issue, the specific accused products, and information on how the accused products allegedly infringe each asserted claim. The House bill additionally requires details about the principal business of the party alleging infringement, identification of any other litigations asserting the patent(s), and whether the asserted patents are essential to practicing an industry standard.

There has been some question as to whether, and to what extent, the proposed specific pleading requirements included in these bills are necessary due to recent amendments to the Federal Rules of Civil Procedure. In particular, the forthcoming amendments – set to go into effect on December 1 absent congressional intervention – will remove Federal Rule of Civil Procedure 84 that currently permits reliance on certain forms appended to the rules, including Form 18, a bare-bones pleading form for patent infringement. Due to the limited information required by Form 18, Plaintiffs using that form have thus far effectively been able to avoid the pleading standards set out in the Supreme Court's rulings in *Twombly* and *Iqbal*.[5]

In addition, several jurisdictions with large patent infringement caseloads utilize local patent rules ("LPRs") that require early disclosure of many of the same facts that would be required by the pending bills. For example, the LPRs for the Eastern District of Texas, the busiest patent litigation forum in the United States, require many of the same disclosures set out in the proposed House and Senate bills together with a related document production 10 days prior to the Initial Case Management Conference.[6] The Initial Case Management Conference, however, does not have to occur until 60 days after the first defendant appears.[7]

Proponents of heightened pleading standards argue that LPRs such as those in the Eastern District of Texas are insufficient to curb abusive behavior because the defendant is still required to enter an appearance, respond to the complaint, and engage in discovery. The plaintiff can thus attempt to pay lip service to the LPRs and get deep into discovery before a motion can be filed by the defendant, much less decided. Absent settlement, the defendant is thus left to incur substantial cost and provide responsive information that the plaintiff properly

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[5] *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544 (2007); *Ashcroft v. Iqbal*, 556 U.S. 662 (2009).
[6] *See* Local Patent Rules for the Eastern District of Texas at Appendix B, Patent Rule 3-1.
[7] *See id*. at CV-16.

should have obtained on its own pursuant to its pre-filing investigation. Proponents of the bills assert that by requiring additional information at the pleading stage the plaintiff will be required to engage in a fulsome pre-filing investigation and the defendant will be able to file a motion to dismiss before making an appearance.

Limits on Discovery: Both the House and Senate bills alter the cost and structure of discovery in patent cases. In cases where the claims of a patent need to be construed by the court, the *Innovation Act* proposes to limit discovery "to information necessary for the court to determine the meaning of the terms used in the patent claim." *The PATENT Act*, by contrast, proposes a stay of discovery pending the resolution of motions to dismiss, transfer venue, or sever parties. The forthcoming amendments to the Federal Rules also make changes to the scope and nature of discovery that will likely impact patent cases.

Transparency of Patent Ownership: Both bills contain new requirements for "transparency" in patent ownership. The bills would require that the plaintiff disclose the assignee(s) of the patents, any licensee empowered to sublicense or enforce the patents, any other entity having a "financial interest" in the patents, and the "ultimate parent entity" of any of the parties. These requirements are ongoing and failure to comply will prevent a successor from recovering fees and expenses or increased damages.

Customer Stay: Each bill also includes protections for end users, and would require a court to stay an infringement litigation against a customer of a product, if (in addition to other requirements) the manufacturer of the product is a party to the same or other infringement action on the same patent. The stay is available only to those at the end of the supply chain who are selling or using a technology acquired from a manufacturer without materially modifying it.

In earlier versions of the *Innovation Act* the term "covered customer" was quite broad. In the Manager's Amendment of the current bill, the customer stay provision was narrowed to end users and retailers, with retailers being defined to exclude "an entity that manufacturers or causes the manufacture of a covered product or covered process, or a relevant part thereof."

Shifting of Attorney Fees: Perhaps the most controversial provision in both the House and Senate bills involves fee-shifting. There has been a fair degree of negative reaction to the fee-shifting provisions and there appears to be little consensus or agreement on how to move forward or whether the provision will actually be helpful in reducing abusive litigation. It has been argued that the fee-shifting provisions may actually encourage smaller firms and individual patent holders (and innovators) to settle a case, rather than take the risk of losing and paying for the winner's attorneys' fees in addition to their own attorney fees. There are also questions as to whether any fee-shifting legislation is necessary given the Supreme Court's recent decision in *Octane Fitness*.[8]

In *Octane*, the Supreme Court rejected the Federal Circuit's formulation for evaluating whether a case is "exceptional" under Section 285 of the Patent Act. The Federal Circuit had historically required a prevailing party seeking attorney fees to show "material inappropriate conduct" or that the case was both "objectively baseless" and "brought in subjective bad faith" by clear and convincing evidence. The Supreme Court held "that an 'exceptional' case is simply one that stands out from others with respect to the substantive strength of a party's litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated." The Supreme Court further held that "district courts may determine whether a case is exceptional on a case-by-case exercise of their discretion based on a to-

[8] *Octane Fitness v. Icon Health & Fitness, Inc.*, 572 U.S. ___, 134 S.Ct. 1749 (2014).

tality of the circumstances," based on a preponderance of the evidence standard.

District courts have awarded attorney fees far more often since *Octane*. In a letter to the House Judiciary Committee earlier this year, the Federal Circuit Bar Association asserted that the fee-shifting provisions of the *Innovation Act* were unnecessary based in part on the results of its analysis of all orders on fee-shifting since *Octane* in April 2014, showing that fee motions were granted at a rate almost three times as high – 36 percent – as the 13 percent rate in the year preceding *Octane*, and that the grant rate was 50 percent for the first three months of 2015.[9]

The House *Innovation Act* would move beyond *Octane* and stand in contrast to the traditional American Rule for attorneys' fees, as it would create a rebuttable presumption that attorneys' fees are to be awarded to the prevailing party unless the court finds that the non-prevailing party's position and conduct "were reasonably justified in law and fact or that special circumstances…make an award unjust."

The Senate *PATENT Act*, by contrast, would hew closer to *Octane* and require an award of attorneys' fees if the winning party files a motion for them and the district court makes a finding that the non-prevailing party was not "objectively reasonable." During its markup, the Senate Judiciary Committee further amended its fee-shifting provision to allow a judge to consider "undue economic hardship to a named inventor or institution of higher education" when determining if "special circumstances" make a fee award unjust.

The House and Senate bills also differ on the mechanics of enforcement of an attorney fees award. The House bill addresses the issue at the end of the litigation, stating that when a party is unable to pay an award of attorney fees and has no substantial interest in the litigation beyond asserting the patent, a district court shall grant a motion to join another interested party that has a direct financial interest in the patents. The Senate bill does not directly mention joinder, but allows the defendant to notify the Court that it believes the plaintiff is a non-practicing entity ("NPE"), triggering an obligation by plaintiff to dispute the assertion, state that it would have sufficient funds to pay a fee award, or identify another party that can. This would presumably allow for an early motion for joinder if appropriate.

Post-Grant Review Reforms: Both the House and Senate bills contain provisions directed to post-grant review at the PTO. The post-grant review process allows entities to request that the PTO initiate a review of an issued U.S. Patent. The two main proceedings, post-grant review ("PGR") and *inter partes* review ("IPR"), both prevent parties that have used the proceedings from raising in court an argument they could have raised at the PTO.

The bills would change the standard that the PTO applies to construe the meaning of a challenged patent claim from the current Broadest Reasonable Interpretation ("BRI") standard to the narrower standard currently applied by the district courts. This change will make it more difficult to challenge patent claims, because narrowly construing a patent claim makes it less vulnerable to invalidity arguments of anticipation and obviousness. This provision was also in last year's Senate bill, and a similar provision appears in the *STRONG Patents Act* and was later added to the Senate *PATENT Act*.

The standard applicable in post-grant review proceedings has been the subject of much dispute. The Court of Appeals for the Federal Circuit in June issued a 6-5 *en banc* decision letting the BRI test stand[10], with the dissenting judges writing in support of the standard applied by the district courts and included in the House and Senate bills.

Both the House *Innovation Act* and the Senate PATENT Act would narrow the estoppel effect aris-

[9] *See* April 13, 2015, Letter from Edgar Haug, President Elect Federal Circuit Bar Association, to Chairman Bob Goodlatte and Ranking Member John Conyers, Jr.

[10] *In re: Cuozzo Speed Technologies, LLC*, Case No. 14-1301 (Fed. Cir. July 8, 2015).

ing from a PGR. The Senate *STRONG Patents Act* also attempts to restrict the use of the IPR proceeding to engage in market manipulation, and reduce the potential for abuse of the post-grant review process by third parties improperly seeking payment from patent owners in exchange for not filing post-grant review of a patent.

Venue: While neither the House nor the Senate bills originally addressed the subject of venue, the House Judiciary Committee adopted a venue provision introduced by Rep. Darryl Issa (R-Calif.) during the markup of the House bill. The Manager's Amendment included a provision that seeks to ensure that patent infringement suits are only brought in judicial districts that "have some reasonable connection to the dispute." No similar venue provision currently exists in the Senate bill.

What Next?

The AIA, passed into law in 2011, represents the most significant rewrite of U.S. patent law in more than 50 years. The Supreme Court has also been active, issuing numerous decisions that fundamentally change patent law. Many commentators have posited that the combination of the AIA and the Supreme Court's decisions would greatly limit the number of patent litigations brought by NPEs. After a temporary decrease, however, filings by NPEs are on the uptick, with hundreds of new litigations filed just in July in Texas, California, Delaware, and Florida alone. Some argue that this is due simply to the fact that the dust has yet to settle from passage of the AIA and the subsequent spate of decisions from the Supreme Court, and that further legislation is premature at this point in time.

Given the unexpected removal of the House *Innovation Act* from a scheduled floor vote, the divergent positions taken by the various stakeholders, and the flurry of activity by the Supreme Court, the ultimate fate of patent litigation reform in the 114th Congress remains uncertain. While there is a good deal of agreement between Republicans and Democrats, the House and Senate, and Congress and the White House, there are several significant sticking points that if not resolved, will hinder progress on patent litigation reform legislation in the current session.

Generally, there appears to be broad consensus that any new patent legislation should address abusive patent litigation while preserving the value and enforceability of legitimate patents. While a compromise bill could still coalesce this fall, both sides of the debate appear set on ramping up their rhetoric and increasing their lobbying efforts, as opposed to identifying common ground that could result in passage of legislation in the current Congress. The end result may be a cooling off period that will allow all involved to assess the impact of recent changes in the law and forthcoming changes to pleading and discovery.[11]

Use and Protection of #Hashtags in Social Media

Richard Gross and Brandon Ress

It is commonplace today for a business to promote itself and its brands through the use of hashtags. A hashtag is a word or phrase preceded by a hash or pound sign (#) that is used to identify a particular message on a social media site. The message at issue may be purely informational, it may be as short and simple as the mention of a brand name, or it may be part of a promotion or marketing campaign that seeks to drive consumer involvement on social media. For a business engaged in the social media space, hashtags can become an important, if ephemeral, marketing asset. Naturally, the question arises – can a business protect the hashtags it uses in engaging its consumers? The short answer, unsurprisingly, is "It depends." As discussed below, and as seen in a recent federal district court decision, Eksouzian v. Albanese, No. CV 13-00728-PSG-MAN, 2015 WL 4720478 (C.D. Cal. Aug. 7, 2015), there can be significant hurdles to protection of a hashtag as a trademark.

[11] In re: Cuozzo Speed Technologies, LLC, Case No. 14-1301 (Fed. Cir. July 8, 2015).

As any social media marketer can tell you, a business must tread carefully with its use of hashtags. On sites like Twitter, #hashtags are interconnected – that is, a Twitter user can easily access other tweets using a given hashtag by simply clicking on the hashtag in another tweet. There are numerous stories of hashtags being hijacked to disrupt or protest a message, or simply for purposes of entertainment, by including the hashtag in a tweet with its own humorous, contrarian, or critical commentary. It is also not uncommon to hear of a brand owner failing to understand the meaning behind a trending hashtag and using the hashtag in a way that reflects negatively on the brand.

One of the primary assets of a brand is that the brand owner is able to control the brand's message and develop recognition and goodwill that will keep consumers interested in purchasing a product or service. Given the nature of hashtags, a business must balance the value of social media engagement with the risks that the social media engagement can bring. But if a business is going to engage with its consumers through social media, it important for that business to understand what it can and cannot protect through trademark law.

A trademark is a word, phrase, symbol, design, or other designation that identifies and distinguishes the source of the products or services of one party from those of others. If a hashtag successfully performs this source identification and distinguishing function, then it can serve as, and be protectable as, a trademark. When a business uses its existing brand name as a hashtag (#brand), such use will typically be protectable under trademark law as an extension of that existing brand.

On the other hand, it will be difficult for a business to appropriate a common word or phrase as a trademark merely by use of it as a hashtag. Many hashtags are informational in nature, or used by a wide range of individuals and businesses. Consumers are less likely to recognize these types of hashtags as identifying a single source of products or services, and if the hashtag cannot distinguish the source of a product or service from others, then it simply fails to function as a trademark.

Hashtags have been in existence long enough that the United States Patent and Trademark Office (USPTO) has produced a section of the Trademark Manual of Examining Procedure (TMEP) specifically addressing "Hashtag Marks." TMEP § 1202.18. In short, the USPTO position is that adding a hashtag to an unregistrable word or phrase will not convert it into a registrable trademark, but a mark that contains other registrable words, phrases, and/or design elements may be registrable. In other words, if consumers are likely to recognize the hashtag as a trademark, identifying the products or services of a single source, then the hashtag mark should be registrable (although the applicant will need to disclaim exclusive rights in the "#" character, as it is considered descriptive).

The analysis to determine whether a hashtag is protectable as a trademark parallels the analysis of domain name trademarks. A domain name, by itself, serves as an Internet address; there is no inherent source-identifying function. Simply adding a ".COM" to a common word does not create a protectable mark. See In re Oppedahl & Larson LLP, 373 F.3d 1171, (Fed. Cir. 2004) (finding PATENTS.COM merely descriptive of "computer software for managing a database of records and for tracking the status of the records by means of the Internet"). But as with hashtags, courts and the USPTO have recognized that when a domain name serves as an identifier of the source of goods or services, it can serve as, and be registered as, a trademark. See generally TMEP § 1209.03(m).

Whether or not a hashtag will be protectable as a trademark will depend on the hashtag/mark itself, the nature of the products and services, and the circumstances of the use. But even if a business believes that it has a hashtag that can function as a trademark, it may encounter a number of obstacles in protecting and enforcing its trademark rights.

As alluded to above, the federal district court in Eksouzian v. Albanese recently issued a decision indicating that the courts may not be well equipped to deal with hashtag trademarks. The Court, in determining whether there had been a violation of a settlement agreement between the parties, stated that, “Plaintiffs did not breach the [Settlement Agreement] through their use of "#cloudpen," because hashtags are merely descriptive devices, not trademarks, unitary or otherwise, in and of themselves. 2015 WL 4720478, at *8. The trademark discussion in Eksouzian was somewhat tangential to the issue being litigated, namely, whether there was a breach of the agreement. Perhaps the Court’s statement was just poorly phrased, and it meant to say that the use of “#cloudpen” was not a use that consumers would recognize as a trademark. But the case does demonstrate a potential hurdle to enforcement of trademark rights in a hashtag.

Even with traditional trademarks, mark ownership does not grant the owner the right to control all such uses of the mark. For instance, if a trademark is also a descriptive word or common symbol, the trademark fair use defense will allow others to use that word, phrase, or design in its descriptive, non-trademark sense. This is reflection of the fact that trademark rights are obtained through to use of the trademark in connection with specific products or services. Due to the fluid nature of social media, and hashtags in particular, it would seem that there is a greater likelihood that another’s use of hashtag mark qualifies as a fair use, or is simply not commercial in nature.

Finally, a trademark owner, to obtain remedies under a traditional trademark infringement claim, must prove that another’s use of the hashtag trademark creates a likelihood of consumer confusion, mistake, or deception as to source, sponsorship or approval of the products or services. The “likelihood of confusion” test is very fact-specific, addressing a number of factors such as the similarity of the marks, the similarity of the goods and services, and the trade channels of the parties’ respective products and services. So even if a third party uses another’s hashtag mark in the promotion of its products and services, it must prove that consumer confusion is likely to prevail on a trademark infringement claim.

Protection of #hashtag trademarks and enforcement of those trademark rights in #hashtags are fact-intensive inquiries, and this article does not address other related claims (such as unfair competition, false advertising, and trademark dilution) that may be available to a party due to social media activities of others. Due to the inherent nature of social media, a party overreaching its trademark rights, or seeking to enforce an unprotectable trademark, may be exposed to criticism and backlash that causes additional issues for a business and its brands. For this reason, it is important to fully consider these issues, and consult with a trademark attorney where necessary, to ensure that your #hashtags are protected, and your brand’s social media engagement obtains positive results.

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Best Lawyers in America 2016 Rankings Recognize Over 100 King & Spalding Lawyers

NEW YORK, Aug. 27, 2015 — One hundred nineteen King & Spalding lawyers from more than 50 practice areas were selected by their peers for inclusion in the 2016 edition of Best Lawyers in America.

Best Lawyers also recognized 11 of the attorneys listed as “Lawyers of the Year”:

Atlanta

- David L. Balser – First Amendment Law
- Andrew T. Bayman – Product Liability Litigation – Defendants
- Sarah R. Borders – Litigation – Bankruptcy

- Holmes J. Hawkins III – Litigation – Intellectual Property
- Hector E. Llorens Jr. – Banking and Finance Law
- Christopher A. Wray –Criminal Defense: White Collar

Houston
- R. Doak Bishop – Arbitration
- John P. Bowman – International Arbitration – Governmental

Washington, D.C.
- Joseph W. Dorn – International Trade and Finance Law
- Lloyd N. Hand – Government Relations Practice
- Dixie L. Johnson – Administrative / Regulatory Law

These individuals received particularly positive peer reviews for their abilities, professionalism and integrity. Best Lawyers chooses only a single lawyer within each specialty and region for this distinction. To view the complete list of King & Spalding lawyers ranked in the 2016 edition of Best Lawyers in America, click here.

The Best Lawyers in America guide has been called “the most respected referral list of attorneys in practice” by Corporate Counsel magazine. For the 2016 edition, the guide drew from nearly 6.7 million confidential evaluations by leading attorneys across the country.

ChIPs Women in IP Global Summit 2015, Tenth Anniversary Celebration

27 Oct 2015 to 28 Oct 2015
INDUSTRY FORUM

King & Spalding is proud to be a Gold Level Sponsor of the 2015 ChIPs Women in IP Global Summit celebrating ChIPs’ tenth anniversary. The event, to be held at the Mandarin Oriental in Washington, D.C., will bring together hundreds of women from diverse backgrounds including private and public corporations, academia, law firms, judiciary, governmental agencies and institutions, and public interest, to engage in dialogue on cutting edge issues relating to intellectual property and to build relationships with one another.

For more information, please visit ChiPs Web site http://chipsnetwork.org/events-listing/.

King & Spalding and DTB Associates Launch International Trade Collaboration

WASHINGTON, July 29, 2015 — King & Spalding announced today that it is collaborating with DTB Associates, a leading consultancy in the agriculture, biotech, food, and fisheries sectors, to further expand the firm’s highly ranked international trade and regulatory practices and provide clients with one-stop access to world-renowned legal and policy expertise across key sectors.

“DTB Associates brings decades of experience in the negotiation and application of international trade rules in the United States and in key jurisdictions around the world affecting trade in agriculture, plant and animal health, biotechnology, food safety and fisheries,” said Steve Orava, head of the firm’s international trade group. “Working with DTB Associates will enhance the ability of our international trade and regulatory teams to continue adding value to our clients’ most important matters.”

Founded in 2000 by internationally recognized experts in trade, legal, legislative and agricultural policy, DTB’s partners have previously held key government positions, such as special trade counsel to the U.S. Secretary of Agriculture and trade negotiators for the U.S. Department of Agriculture, as well as important diplomatic posts, such as with the U.S. Trade Representative’s Mission to the WTO in

Geneva, the U.S. Mission to the EU in Brussels, and the U.S. Embassy in Mexico City.

"We welcome the opportunity to work with King & Spalding's preeminent trade practice and to contribute our unique expertise across an array of trade and regulatory matters," said Craig Thorn, a partner of DTB Associates.

"The collaboration of DTB Associates and King & Spalding will provide clients with unparalleled depth and breadth of legal, policy and substantive resources critical to respond effectively and efficiently to developments in today's global markets."

"I have had the privilege to work with Craig and his team for over 20 years," said Alejandro Jara, former deputy director general of the World Trade Organization and senior counsel at King & Spalding in Geneva. "DTB Associates is unique in having in-depth knowledge of the complex technical issues and vast experience in the critical policy environment surrounding trade and agriculture issues."

King & Spalding's WTO and international trade practice is one of the largest and most sophisticated in the world. With more than 40 lawyers and trade professionals, including economists, foreign legal consultants and accountants, the group represents public- and private-sector clients in a wide range of matters affecting the cross-border market access for goods, services and investment. The firm's trade group includes former senior government officials and former officials from the WTO Secretariat and the WTO Appellate Body. The group represents WTO member countries in dispute settlement proceedings, including as lead counsel in oral arguments before WTO dispute settlement panels and the Appellate Body. King & Spalding's international trade practice was recently awarded the 2015 International Trade Team of the Year by Chambers USA.

Healthcare Team in California to Join King & Spalding

SAN FRANCISCO, Aug. 12, 2015 — King & Spalding announced today that Stephen Goff, Marcia Augsburger, John Barnes and Leslie Murphy, four highly regarded lawyers in California focused on healthcare litigation, investigation and regulation, will join the firm's Healthcare Practice Group.

All four will join King & Spalding from DLA Piper's Health Care Sector practice, of which Goff served as co-chair. "Steve, Marcia and their team are highly versatile and respected practitioners in California, one of the country's largest and most regulated healthcare markets," said Jay Harris, co-chair of King & Spalding's Life Sciences and Healthcare Practice. "These newest members of King & Spalding's healthcare practice solidify the firm's commitment to California and to its position as one of the country's leading healthcare services practices."

The new California partners have substantial experience litigating highstakes cases and counselling clients on a wide variety of issues—from managed care plan contracting strategies to regulatory compliance advice and defense of governmental investigations for healthcare providers. In particular, Goff is a leading lawyer in the area of provider managed care contracting and disputes with health insurers. Augsburger has deep expertise in telemedicine and medical privacy, as well as health regulatory, coding and billing, and medical tourism. All four will be resident in Sacramento, and affiliated with King & Spalding's San Francisco office.

"It was a combination of the focus of the firm on healthcare and life sciences, the depth of specialized healthcare lawyers who collaborate across the firm, and the impressive growth trajectory that attracted us to King & Spalding," said Goff. "We are looking forward to working with our new colleagues around the country, exchanging opportunities and expertise."

The new team joins King & Spalding's 270-person Healthcare Practice, which Modern Healthcare ranks as the second largest in the United States, and which is integrated across offices, including attorneys resident in Atlanta, Austin, Charlotte, Houston, New York, San Francisco, Silicon Valley and Washington, D.C. The firm serves the entire spectrum of institutional providers, practitioners, payors, educators, researchers, inventors, suppliers, investors and manufacturers across the country.

"We welcome Steve, Marcia and team to the firm and are excited to share their healthcare litigation and compliance expertise with our clients across the country," said Jim Boswell, King & Spalding's Healthcare Practice Group leader. "Our clients navigating California-specific rules and the competitive environment in the state will greatly benefit from the insight and experience of our new team on the West Coast."

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Our Intellectual Property Practice Group

King & Spalding offers clients a full-service intellectual property (IP) practice that combines proven first-chair trial and business lawyers with true scientific specialists. The firm's Intellectual Property Practice Group consists of more than 90 IP professionals, including more than 70 lawyers and patent agents with technical degrees, located in our Atlanta, Austin, Charlotte, Houston, Moscow, New York, San Francisco, Silicon Valley and Washington, D.C., offices. The practice was selected as a 2013 "Intellectual Property Practice Group of the Year" by Law360.

King & Spalding has specialized expertise in Section 337 cases before the International Trade Commission. Unique among firms, we have leading practices in the three disciplines necessary in Section 337 cases: we combine our broad-based patent litigation experience and technical expertise, international trade expertise and expertise in the ITC's procedures, and a strong governmental relations group. King & Spalding has been involved in some of the largest, most complex and precedent-setting Section 337 cases.

About King & Spalding

Celebrating more than 125 years of service, King & Spalding is an international law firm that represents a broad array of clients, including half of the Fortune Global 100, with 800 lawyers in 17 offices in the United States, Europe, the Middle East and Asia. The firm has handled matters in over 160 countries on six continents and is consistently recognized for the results it obtains, uncompromising commitment to quality, and dedication to understanding the business and culture of its clients. More information is available at www.kslaw.com.

The content of this publication and any attachments are not intended to be and should not be relied upon as legal advice. If you are not currently on our Intellectual Property Practice Group mailing list under your own name, and you would like to join to receive our bi-monthly *Intellectual Property Newsletter* publication and to receive notices of future programs and occasional commentaries on new legal developments in the industry, you can make that request by submitting your full contact information to tgray@kslaw.com.