Welcome! We are pleased to highlight some notable intellectual property-related activity to recap this past year, including some of our client successes and publications that might be particularly relevant to your business success in the coming year.

Our IP department has continued growing and extends from California through Texas, Colorado, and Illinois to Washington, D.C. and New York. Our IP team now includes 117 IP lawyers, 10 patent agents, and 1 scientific advisor. We represented clients in 33 inter partes review/PTAB proceedings that were filed in 2019, and our patent prosecution team filed more than 2,100 U.S. patent applications and helped issue over 1,500 U.S. patents - in 2019 alone. We also helped conduct diligence and otherwise close out the IP issues in dozens of financings, M&A transactions, and joint venture/licensing arrangements.

We invite you to read on for a review of important IP related cases from the year, IP related publications, updates on some of our firm’s litigation efforts and key deals, and a few of the awards our Intellectual Property team is most proud of from 2019.

**YEAR IN REVIEW CASES**

**THE U.S. SUPREME COURT STRIKES DOWN THE BAR TO REGISTERING IMMORAL OR SCANDALOUS TRADEMARKS**

The U.S. Supreme Court on June 24, 2019, struck down the Lanham Act’s bar on registering “immoral or scandalous” marks, in the case of *Iancu v. Brunetti*.¹

The High Court ruled, in a 6-3 decision, that barring registration of such marks signified an unconstitutional restriction of free speech by the U.S. Patent and Trademark Office.

At issue in this case was the mark FUCT, as used for clothing.

Justice Kagan wrote the majority opinion. In key parts, she stated: “The First Amendment does not allow the government to penalize views just because many people, whether rightly or wrongly, see them as offensive ... There are a great many immoral and scandalous ideas in the world (even more than there are swear words), and the Lanham Act covers them all.”

The Supreme Court’s ruling in Brunetti was predicted by many in the trademark community. Two years ago, in the related case of *Matal v. Tam*,² the Supreme Court struck down another provision in the Lanham act barring the registration of “disparaging” marks.

In both cases, the Supreme Court found that the Lanham Act prohibitions on allegedly scandalous, immoral, and disparaging marks were viewpoint-discriminatory. The Court held not only that the USPTO applied the bans inconsistently, but also that the Lanham Act prohibitions curbed protected speech by taking away the rights and benefits of federal registration from trademark applicants.

¹ No. 18–302, 588 U.S. ___ (2019).
U.S. SUPREME COURT ISSUES TWO SIGNIFICANT COPYRIGHT RULINGS IN 2019

This past year saw the Supreme Court not only issued two important copyright decision in the same term, but in the same week. The decisions, Fourth Estate Public Benefit Corp. v. Wall-Street.com, LLC, 139 S. Ct. 881 (2019) and Rimini Street, Inc. v. Oracle USA, Inc., 139 S. Ct. 873 (2019) each resolved ambiguities in the Copyright Act with significant implications for litigants.

In Fourth Estate, the Court resolved a long-standing, lopsided split among the circuits regarding whether a copyright claimant must obtain a registration certificate from the Copyright Office or merely apply for one before instituting a lawsuit. While the Fifth and Ninth Circuits had held that a claimant need only apply for a registration certificate, the several other circuits had held that a claimant must actually receive a registration certificate (or denial of one) back from the Copyright Office as a prerequisite to suit. The Supreme Court resolved the split, holding that a claimant must actually receive a registration certificate, or a denial to issue one, from the Copyright Office before filing suit.

The issue is significant for Copyright Claimants who must proceed with suit quickly, for instance to obtain an injunction or due to the impending expiration of the statute of limitations, but have not yet registered their copyright. The rub is that the Copyright Office often takes in excess of nine months after receiving an application to issue a registration, and it issues registrations in more than 97 percent of all cases. Further, even if an application is denied, the Copyright Act provides that a claimant may then file suit. So, what is the point of requiring action from the Copyright Office before suit can be filed? The Supreme Court did not really get into that, but instead simply interpreted the Copyright Act as written, leaving it to Congress to amend it if the results are unfair.

The takeaway is that the copyright owners, especially those who think they may need to enforce their copyrights in court, should register their works early or be prepared to pay a special handling fee to the Copyright Office to expedite issuance of a registration within 7 days. While the special handling fee of $800 dollars may not be significant in light of attorneys’ fees and other litigation costs, special handling fees can become significant in cases involving multiple copyrighted works requiring expedited registration.

In the second case, Rimini Street, the Court held that while the Copyright Act permits an award of “full costs” to a prevailing party, such costs are limited to the six categories of costs traditionally recoverable in litigation identified in 28 U.S.C. § 1920 (e.g., clerk and marshal fees, transcript fees, witness fees, copy costs, docket fees, and court-appointed expert and interpreter costs). Full costs did not include the additional categories of costs the Ninth Circuit had found awardable to Oracle, namely retained expert, jury consultant, and e-discovery costs and fees. As a result, the Supreme Court wiped out $12.8 million in non-taxable costs that Rimini had been ordered to pay Oracle.

The takeaway is that while the Copyright Act can be generous to prevailing parties, there are limits to what litigation expenses may ultimately be recoverable.

This next terms brings two more copyright cases to the high court, Google, LLC v. Oracle America, Inc. and Allen v. Cooper. Please stay tuned for updates as those cases develop.


RECENT CASES

PLASTRONICS SOCKETS PARTNERS, LTD. AND PLASTRONICS H-PIN, LTD. V. DONG WEONG HWANG, HICON CO., LTD., AND HICON

Haynes and Boone recently won a jury trial in the Eastern District of Texas for HiCon and its Korean founder against Plastronics in a patent infringement, licensing and business tort case. The issues centered around whether the inventor had retained the rights to continue to sell his patented invention in the United States after a transaction with Plastronics and whether millions in royalties were allegedly owed. Our client was awarded substantial back royalties. Following the trial victory, six Haynes and Boone lawyers were highlighted as Legal Lions by Law360.

LINKSMART WIRELESS TECHNOLOGY, LLC V. PANASONIC AVIONICS CORPORATION

Haynes and Boone represents Panasonic Avionics Corporation in defending a patent infringement suit brought by Linksmart Wireless Technology, LLC. We obtained a favorable ruling on intervening rights.

SWEET PEOPLE APPAREL, INC. V. PHOENIX FIBERS, INC.

In a trademark case brought by a major brand against a clothes recycler Phoenix Fibers, the Haynes and Boone team obtained a summary judgment and defended the case successfully on appeal. The plaintiffs, Sweet People Apparel and Rock Revival, sued Phoenix Fibers for alleged trademark infringement and breach of contract. Summary judgment in trademark cases is rare due to the intensely factual nature of the infringement analysis. On appeal, we defended the grant of summary judgment for Phoenix Fibers. The decision was affirmed on appeal in January 2019 and mandated on February 4, 2019.

THOMAS SKÖLD V. NESTLE SKIN HEALTH U.S., INC., GALDERMA LABORATORIES LP, GALDERMA LABORATORIES, INC., AND GALDERMA LABORATORIES S.A.

After a ten-day jury trial, a Philadelphia federal judge entered a judgment dismissing claims by a Swedish inventor that one of the popular Cetaphil® lines of skin-care products infringed his claimed trademark and contract rights.

The case involved the trademark Restoraderm®, which is used by the pharmaceutical company Galderma Laboratories, a Nestle Skin Health company, on a line of Cetaphil® products. Plaintiff Thomas Sköld alleged that he originally coined that term and argued at trial that Restoraderm was associated with his skin care formulations and technology in the dermatology community. He sought $68 million in damages and a permanent injunction barring Galderma from selling Cetaphil Restoraderm.

U.S. District Judge Wendy Beetlestone entered final judgment and resolved all post-trial motions in a 35-page opinion issued on August 28, 2017. The Judgment dismissed Sköld’s trademark infringement, breach of contract and related claims; denied the plaintiff’s request for an injunction; and awarded Sköld only $58,800 in damages.

In February 2019, the Third Circuit confirmed Galderma’s trial victory by affirming the jury verdict against Thomas Sköld’s trademark infringement, false advertising, unfair competition and breach of contract claims. In addition, the Third Circuit reversed the jury’s $58,800 award to Sköld on his unjust enrichment claim, holding that Galderma had established its ownership of the “Restoraderm” trademark at trial.

TECHNOLOGY AND M&A TRANSACTIONAL REPRESENTATIVE EXPERIENCE

- Haynes and Boone represented American Airlines in the drafting and negotiation of new agreements covering the delivery and implementation of biometric passenger screening technology and hardware at various U.S. airports, including requirements on the technology vendor to satisfy internal security policies and applicable national and international privacy laws and regulations.

- Haynes and Boone revised and negotiated various consulting agreements, services agreements, and new data processing agreements covering a new technology developed by Cook Children’s for the tracking and prevention of child maltreatment across specific geographies.

- Represented the parent company of Dairy.com, a dairy industry supply-chain technology provider, in its sale and merger into a subsidiary of an independent sponsor.

- Represented a company specializing in data and analytics in the sale of its product line software business to a technology services company.

- We continue to represent Taiwan Semiconductor Manufacturing Company (TSMC) in the negotiation of various patent licensing agreements.
U.S. Supreme Court Issues Two Decisions Impacting Copyright Owners in One Day

Haynes and Boone News | March 7, 2019
Jason Bloom, Wesley Lewis, Katharyn Zagorin

The Supreme Court released two unanimous copyright decisions—one clarifying when a copyright claimant may file suit and the other defining the limits of “full costs” awards under Section 505 of the Copyright Act. Both have important implications for copyright litigants going forward. In the first case, the Court resolved a long-standing circuit-split by holding that copyright claimants must obtain a registration certificate from the Copyright Office before proceeding with suit—a process which can take several months. In the second, the Court held that the costs recoverable to prevailing copyright claimants are limited to the standard costs recoverable to prevailing parties in federal court litigation, and do not include additional costs such as expert and e-discovery fees.

Supreme Court settles split: Trademark License Rejection Under Bankruptcy Code Does Not Extinguish Licensee’s Rights

Haynes and Boone News | May 24, 2019
Randall Colson, Ian Peck, Katharyn Zagorin

On May 20, 2019, the Supreme Court settled a circuit split concerning whether a debtor's rejection of a trademark license under § 365 of the Bankruptcy Code “deprives the licensee of its rights to use the trademark.” In a decision written by Justice Kagan, the Supreme Court held that while a debtor-licensor's rejection of a trademark license results in a pre-petition breach, it does not constitute a rescission of the contract, and thus the licensee may retain the rights granted to it under the license.

IP QUIZ

Is there a likelihood of confusion?

Attempted registration of ACCELERATEG with the registered mark LINCOLN TERMACCEL for insurance services, namely, underwriting, issuance, and administration of life insurance policies for insurance services, namely, underwriting, issuance and administration of life insurance policies

See the answer on page 11
Rule Change Requires U.S. Legal Representation for Foreign Companies Seeking U.S. Federal Trademark Protection or Relief

Haynes and Boone News | August 2, 2019

David Bell, Robert LeBlanc

As of August 3, 2019, foreign entities and residents no longer can file for United States federal trademark protection without U.S. counsel ... with some exceptions. This is per a new rule that the U.S. Patent and Trademark Office (USPTO) announced in July 2019.

The rule is aimed largely at curtailing bad-faith and other noncompliant filings from abroad. Pro se foreign trademark applications to the USPTO, notably, have tripled between 2015 and 2017.

In short, lack of compliance with the rule can be corrected with appropriate action. As a best practice, though, and to avoid delays or complications, mark owners and counsel based outside the U.S. should promptly appoint U.S. trademark practitioners to all active U.S. federal trademark records and TTAB proceedings.

Diversity and Inclusion in IP Law: 2019 and Beyond

Haynes and Boone News | January 23, 2019

Brian Kwok

The first weeks of 2019 have already shown unprecedented changes in our clients’ businesses. The world economy is more dynamic, more fluid, and more interconnected. International forces, inter-dependent economies, and national policies seem to be impacting us more than ever before.

This change is also impacting the legal services industry. The law firms that will respond successfully to this volatility will focus on delivering what clients need and being more efficient in the way services are provided. Who will be delivering these services will become increasingly important.

Purvi Patel Albers, Tiffany Ferris in Today’s General Counsel: Use of Landmark Images in Advertising

Haynes and Boone News | September 20, 2019

Purvi Patel Albers, Tiffany Ferris

In an age of increased consumer choice, marketers frequently turn to localized campaigns to connect with purchasers on a “hometown” level. One strategy is to use architectural landmarks in campaign materials. If you see the art deco spire of the Chrysler Building, you know you’re in Manhattan. The wrought-iron lattice of the Eiffel Tower indicates Paris. Companies take advantage of this and incorporate imagery of city landmarks into advertising and branding materials to create a business-next-door feeling.

Though landmark images are valuable visual assets in advertising, their use can raise serious legal concerns. They are often protectable under intellectual property laws. Unauthorized commercial use could rise to the level of infringement, the potential consequences of which include an injunction (read: forced rebranding) and monetary damages. Marketers should consider whether use of a landmark’s image is a violation of intellectual property rights and should weigh that risk in crafting a localization campaign that includes the use of a landmark’s image.

It’s All in the Name: Updated FDA Guidance on Nonproprietary Naming of Biologic Products

Haynes and Boone News | April 1, 2019

Jeffrey Wolfson, Evert Tu

In January 2017, the FDA published guidance that adopted a naming convention that attaches a distinguishing suffix to the proper names of both originator and biosimilar biological products. The guidance also noted that the FDA was considering retrospectively changing the names of biological products already on the market to add distinguishing suffixes.

On March 7, 2019, the FDA published draft guidance that updates the January 2017 guidance document.
This article surveys significant developments in intellectual property (IP) law during the past year (i.e., 2018 or the Survey period). This article reviews IP law developments that are likely to be influential in the evolution of Texas IP jurisprudence. Thus, the cases cited focus on the decisions of the U.S. Supreme Court and the U.S. Court of Appeals for the Federal Circuit. For developments in trademark and copyright law, although the U.S. Court of Appeals for the Fifth Circuit’s authority is binding, other circuits are considered highly persuasive.

**Background**

MTD is a decision on appeal from an *inter partes* review (IPR) of U.S. Patent No. 8,011,458 (the ‘458 patent), owned by MTD Products. The ‘458 patent describes zero turn radius (ZTR) vehicles such as riding lawn mowers, and explains how for prior art ZTR steering systems, when a vehicle was moving forward, it turned in the direction the steering wheel was rotated, but when the vehicle was moving in reverse, it turned in the opposite direction from steering wheel rotation.
FINTECH VIRTUAL CURRENCY AND BLOCKCHAIN

Virtual currency and blockchain technology continue their rapid advance into the daily lives of our clients. Investors, entrepreneurs, and innovators envision a multitude of industries through which this new technology could spread, while regulators try to keep pace.

Our multidisciplinary team of lawyers represents clients in addressing a variety of legal issues within this growing area of commerce. Such issues include intellectual property matters relating to the ownership and protection of virtual currency and blockchain innovations, compliance with statutes and regulations to protect consumers, mechanisms and structures to fund investments, rules for trading virtual coins and tokens, and the application of blockchain’s distributed ledger technology to healthcare, property records, cap tables and other arenas. Our securities regulatory lawyers and commercial litigators have experience dealing with applicable laws and regulations in this area and the resolution of related disputes.

AUTONOMOUS TRANSPORTATION

Self-driving cars and autonomous vessels are becoming a reality, signaling a shift in the way vehicles and vessels operate. Travel and carriage of goods from point A to point B is changing, disrupting the transportation industry on land, at sea and in the air. As the way people and products move and operate continues to change, automotive manufacturers, ship builders, offshore operations, insurers, technical managers, OEMs and other suppliers are assessing this industry shift and preparing for its impact on their respective businesses.

Our multi-disciplinary Autonomous Transportation Industry Group is equipped to help clients navigate these changes, whether protecting innovative technologies, complying with new industry regulations, structuring finance deals and partnership agreements, or managing insurance and liability risks. We bring together the technical knowledge and industry experience to effectively advise clients operating in this rapidly evolving space.

CHEMICAL

Our Chemical Practice Group comprises lawyers whose educational and technical backgrounds help clients employing chemicals and chemical technology in their business. The cross-sectional Chemical Practice Group represents clients at the interface of chemistry and the law, and includes lawyers from our intellectual property transaction and litigation, environmental, OSHA, insurance recovery practice groups, and other legal disciplines. We provide clients with a holistic approach to help manage legal risks and issues affecting the chemical industry.

MEDICAL DEVICE AND TECHNOLOGY

With deep experience in the medical device area, Haynes and Boone attorneys help companies safeguard their core products and methodologies. We understand the highly competitive nature of this space and is fully committed to protecting our clients’ assets and innovations and managing IP risk in commercial operations.

Our experience in this area covers all aspects of the product life cycle and includes drafting durable patents, providing due diligence in the context of mergers and acquisitions, providing strategic guidance on domestic and international patent portfolio development and management, rendering product clearance opinions regarding competitors’ intellectual property rights, challenging and defending patents and post-grant patent proceedings before the USPTO, and enforcing and litigating patents, trademarks, and trade secrets for medical device companies in United States courts as well as coordinating actions in foreign jurisdictions.
Haynes and Boone ranks highly in Patexia analysis of IPR success rates

Patexia Inc., an intellectual property analytics company, gave Haynes and Boone, LLP high marks for its success rate in Inter Partes Review (IPR) proceedings.

In a report released Sept. 25, Patexia conducted a comparative analysis of how various law firms fared in their representations of one company, which filed 299 IPR petitions from July 1, 2014, to Sept. 1, 2019.
AWARDS

**LAW360 LEGAL LIONS**

*Law360* highlighted six lawyers as Legal Lions for a rare defense victory in an intellectual-property trial in Texas:

- Russell Emerson
- Charlie Jones
- Debbie McComas
- Stephanie Sivinski
- Tiffany Cooke
- Jamie Raju

**HARRITY PATENT ANALYTICS**

Ranked 21st out of 722 patent law firms on the list, with 1,407 patents issued.

**MANAGING IP 2019**

Trademark Prosecution Firm of the Year

**MANAGING IP 2019 IP STARS**

- Purvi Patel Albers
- Jeffrey Becker
- David Bell
- Randall Brown
- Tom Chen
- Andrew Ehmke
- David McCombs
- Kenneth Parker
- Phillip Philbin

**BEST LAWYERS IN AMERICA 2020**

- **Ralph Gabric**  
  Litigation - Patent

- **Laura Beth Miller**  
  Litigation - Patent

- **Kenneth Parker**  
  Litigation - Intellectual Property, Litigation - Patent, Trademark Law

- **Purvi Patel Albers**  
  Trademark Law

- **Jeffrey Becker**  
  Litigation - Intellectual Property, Technology Law, Trademark Law

- **Jason Bloom**  
  Litigation - Intellectual Property

- **Randall Brown**  
  Patent Law

- **Randall Colson**  
  Privacy and Data Security Law, Technology Law

- **Russell Emerson**  
  Litigation - Intellectual Property, Litigation - Patent

- **David Harper**  
  Litigation - Intellectual Property

**U.S. NEWS & WORLD REPORT AND BEST LAWYERS “BEST LAW FIRMS” SURVEY**

**Tier 1 Practice Areas:**

- Litigation - Intellectual Property  
  Dallas/Fort Worth, Houston

- Litigation - Patent  
  Dallas/Fort Worth, Orange County

- Patent Law  
  Dallas/Fort Worth

- Technology Law  
  Dallas/Fort Worth

- Trademark Law  
  Dallas/Fort Worth

**Tier 2 Practice Areas:**

- Litigation - Intellectual Property  
  Orange County, San Jose

- Litigation - Patent  
  San Antonio

- Patent Law  
  San Jose

**Tier 3 Practice Areas:**

- Trademark Law  
  Orange County
According to the U.S. Trademark Trial and Appeal Board, the answer is YES.

The Board sustained an opposition brought by The Lincoln National Life Insurance Company, finding a likelihood of confusion between the applicant’s ACCELETERM mark and opposer’s LINCOLN TERMACCEL mark, covering identical insurance services.

The Board first held, as expected, that the services are identical, as are the channels of trade and classes of purchasers, which tipped the scales heavily towards finding a likelihood of confusion.

In comparing the marks themselves, the Board found that the common elements “TERM” and “ACCEL” were suggestive of “life insurance policies that may include an acceleration provision on the term of the policy.” Despite the presence of the LINCOLN house mark in the opposer’s mark, the Board found the similar commercial impressions of the marks to weigh in favor of finding a likelihood of confusion. The Board pointed out that “the addition of a house mark does not necessarily avoid likelihood of confusion,” and in this case, “consumers are likely to perceive Applicant’s mark as a variant on Opposer’s LINCOLN TERMACCEL.” The Board also noted that the transposition of the common terms did not affect the analysis.

However, the Board found that, due to the fairly costly nature of life insurance policies, consumers are likely to use more care when purchasing a life insurance plan, which weighed against finding a likelihood of confusion.

In balancing the factors, the Board found that the connotations and commercial impressions of the marks are similar because the shared terms “TERM” and “ACCEL” are suggestive of the marks’ identical services. Thus, the Board sustained the opposition, finding a likelihood of confusion between the opposer’s LINCOLN TERMACCEL mark and the applicant’s ACCELETERM mark.

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