

Four Lawyers from Cincinnati's Oldest Law Firm Talk about what's New

The intellectual property lawyers at 140-year-old IP boutique Wood Herron & Evans LLP make it their business to keep up with yours.



TOM HUMPHREY

Tom Humphrey is involved in all phases of intellectual property law, with

concentration on electronic, software and computer technologies. At MIT, Tom received both a Bachelor of Science degree and a Master of Science degree in Electrical Engineering, and he was a member of Tau Beta Pi and Eta Kappa Nu. He then graduated cum laude with a law degree from Harvard University. Tom has lectured on patent, copyright and trade secret law at Xavier University's College of Business Administration, at Northern Kentucky University's Salmon P. Chase College of Law and at various legal education seminars. Tom can be reached at thumphrey@whepatent.com or 513.241.2324 ext. 251.

QUESTION: In what ways is intellectual property playing a role in the push for green technologies?

ANSWER: Intellectual property law tends to track, and in some cases lead, trends in society as a whole. The earliest patent filings relate to our nation's industrialization: combines and plows slowly gave way to lathes and mechanical presses, and later, computers and electronics. As industrialization has become more complete, particularly in the US, we've seen more patent filings relating to leisure pursuits: games, sports, and the like, as well as business and marketing methods and techniques such as web site processes and investment models. The recent move for sustainability, which is really a return to emphasis on our industrial base, has created a resurgence of patents on green technologies: battery storage chemistry, alternative energy sources, and conservation techniques.

In recent years I can think of two good examples. One of our clients is working to improve the process for recapturing and recycling deicing fluid used at airports, to minimize environmental impact and reduce the cost of replacing deicing fluid. A second example is a client that makes power generation wind turbines – that company has benefited from an explosion in interest in their products and has had a corresponding explosion of patent filings on everything from wind turbine blade design and structure to control circuitry and architectures. I recently read an article in Technology Review regarding a wind turbine farm in the Irish sea, where innovations had to be made not only in the wind turbines, but in the power transportation – which must carry the electricity under the sea floor to dry land – and in the unique ship / platform used to construct

the wind turbines, which sits on feet which can be lowered to the sea floor for stability.

QUESTION: What would a person from the outside find surprising about the intellectual property work that you do?

ANSWER: One thing I think would be surprising is the number of patent filings relating to manufacturing tools, as opposed to the item manufactured itself. A client of ours is developing equipment to create super-bright LEDs – the kind you see on car taillights. The basic physics of these products has been known for a long time, and the first version of a super-bright LED was made many years ago, but what is bringing those products to the fore is the advancement of manufacturing techniques that allow the LEDs to be manufactured efficiently and therefore with low cost. Super-bright LEDs require the manufacture of very small – millionths of an inch – structures in a semiconductor wafer. Even minor variations in temperature or other processing conditions can unacceptably vary the critical dimensions, and destroy the yield of devices from a wafer. Hence, a great deal of inventing must be done to control those conditions.

Super-bright LEDs are a particularly fascinating technology to me because they, like electrophoretic paper – used in the Kindle, Nook and Sony e-readers – will change the landscape of our society. Just as the Kindle is eliminating the paradigm of the paper book, low cost super-bright LEDs will eventually eliminate the paradigm of the paper billboard or sign. Electronic billboards and signs will become commonplace, rather than the exception as they are today. The future is bright, one could say.



STEVE GILLEN

Steve Gillen is an attorney with more than 30 years of experience in publishing, media, software, and copyright matters. Steve spent 17 years in the educational publishing business before entering private practice 15 years ago. He teaches courses in electronic media law at the University of Cincinnati and represents book and magazine publishers, media companies, corporations, and creatives across the country. You can reach him at sgillen@whepatent.com; 513.241.2324 ext. 470.

QUESTION: We've seen fundamental changes and shifts in the music business as a result of the migration toward digital distribution. Now we are hearing about the rapid growth of digital book sales for the Kindle and other e-readers. What issues will we see surfaced as a consequence of these market shifts?

ANSWER: With respect to music, digital distribution took the recording industry by surprise in the late 1990s. It started with Napster and unauthorized file-sharing and progressed through a series of peer-to-peer alternatives, with the recording industry turning initially to litigation in a losing attempt to stop the erosion of sales through traditional channels. By 2003, Apple had launched a legitimate digital music distribution service it called iTunes. And by 2008, with around 80% of the digital music distribution market, iTunes passed Wal-Mart as the biggest music retailer in the US.

Books came a little more slowly to the digital marketplace. It wasn't really until the introduction of Amazon's Kindle a couple of years ago that there was a truly portable and effective electronic substitute for the old fashioned printed and bound book. In the last two years however, e-readers have proliferated and digital (or e-book) sales have grown astronomically. By some estimates they now comprise as much as 10% of the total book market. Although digital distribution of books is still a far distance from catching up to traditional retail bookstores in volume, it is unquestionably the fastest growing segment of the book market.

But whether the subject is music or books, digital distribution has spurred a common complication. Most of the publishing and recording contracts that cover the vast body of published and recorded works were written at a time when digital distribution was the

stuff of science fiction. Those early contracts contemplated the production, promotion, and sale of physical copies of the subject works, be they vinyl albums, cassettes, music CDs, or books. There were manufacturing costs and packaging costs, inventory costs, and shipping costs. And there were returns to deal with. Business models evolved to take account of these costs and to price the product and distribute the sales proceeds in ways that made economic sense given these economic facts of life. At the same time, these contracts provided differently for the allocation of incidental revenue from the exploitation by license of rights subsidiary to the primary revenue stream. There were no manufacturing, inventory, or distribution costs associated with this subsidiary revenue, so the authors and artists were typically afforded a much larger share of it in those older contracts.

Now, however, the seismic shift in market share from physical to digital has publishers and record companies scrambling to make sense of their existing contract base in the new reality. Rap artist Eminem's agent has recently sued for and won a larger share of the revenues from music downloads and mastertones on the argument that these were licensing revenues rather than record sales through normal retail channels as those terms were used in the recording contract. Book publishers will soon be confronting a similar issue with respect to whether e-book sales should be treated for author royalty purposes as regular books sales or as subsidiary rights licenses. Stay tuned, as they say, for further developments.

QUESTION: We hear much these days about social media. How has it impacted your media clients?

ANSWER: The combination of digital age technology and a recession has led

companies to be creative with their marketing budgets. Marketing budgets were the first to suffer during the downturn; and this at a point in time when companies could least afford a further slide in sales. As a consequence, marketing dollars have migrated from traditional advertising media toward less expensive non-traditional efforts through social media, blogging, and contests. Some of this social media spawns what we call User Generated Content (or "UGC"). What company marketing professionals have discovered about UGC is that it's free, it's fast, and it provides an improved connection to consumers in that it lets them into the marketing conversation in an active way.

One good example of the effective use of UGC is the Crash the Super Bowl Ad Contest run each year by Doritos/Pepsi Max (and won in 2009 by the Herbert brothers from Batesville Indiana). Although Pepsi incurs costs to run the contest, awards prizes, and pays to run the winning ads during the Super Bowl each year, the contest generates a social media buzz far beyond the Super Bowl ad time. Another example, albeit spontaneous and unsponsored, was the YouTube video of the Mentos-Diet Coke dancing fountains. Produced by a couple of consumers, this 3-minute video has been viewed over 13 million times on YouTube, the rough equivalent of \$2 million worth of television impressions in the five years since it was produced, at a cost to the respective brand owners of exactly nothing.

But there is a tradeoff for the low cost of UGC. Because it is by definition produced by non-professionals largely outside of the sponsor's control, it carries with it certain risks that, although they cannot be entirely avoided, need nonetheless to be managed. Users unschooled in the applicable law can inadvertently or carelessly expose the sponsor to copyright and trademark infringement claims, publicity and privacy claims, trade secret misappropriation claims, and libel or false advertising claims. Good design of your contest, supervision of your sponsored blog, and proper vetting of user submissions are all important to minimizing the risks associated with the safe and cost effective use of UGC.



WOOD HERRON & EVANS LLP
intellectual property law

For more information, find us at:

2700 Carew Tower
441 Vine Street
Cincinnati, OH 45202

www.whepatent.com
513.241.2324

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KATE SMITH

Kate Smith counsels clients in the areas of domestic and international trademark, copyright,

and internet law, including enforcement matters. Her experience extends to all aspects of trademark, copyright, and domain name prosecution, registration, and enforcement. Kate can be reached at ksmith@whepatent.com or 513.241.2324 ext. 279.

QUESTION: Are there any major technology changes that lie ahead for brand owners?

ANSWER: Much like the “seismic shift” that Steve Gillen referred to with regard to the impact that digital and social media has had on each of us and our clients, we are on the verge of another virtual phenomenon slated to occur later this year in the area of internet domain names. In the area of trademark law in which I practice, the hot topic of interest is the upcoming application period for the new generic TLD [Brand] domains. The introduction of a new branded TLD presents a unique opportunity for the brand owner or registrant to control its own namespace on the Internet.

Taking a step back, we have over the last 20 years or so, seen the registration of domain names, that is internet address locators containing suffixes such as “.com”, “.org”, “.net” and “.biz”, explode into a standalone industry. With the introduction of the Internet and the World Wide Web in the early 90s came the need for locators to help Internet users find a specific destination site on the Internet. Those locators, also known as “Top Level Domains” or TLDs, were originally made available to registrants according to the nature of the goods or services to be provided at the registrant’s website. The first scramble for .com – containing domain names occurred in the early 90s; now, “.com” domains are clearly the preferred domain name suffix or TLD for most general purpose or company websites. A second wave of TLDs came with the turn of the new millennium, at which time .biz, .co, and .mobi containing domains were introduced. Many domains containing these TLDs were registered defensively, to keep others from registering them, or simply because the .com counterpart had already been registered by someone else. Today, registering domain names through any number of internet registrars like Network Solutions, Register.com, or GoDaddy to name a few, is a relatively straightforward process. Registering a domain name can be a fast and

easy way of securing a presence for yourself or your business on the Internet, and is often one of the first steps in the process of launching an online business. However, the competition (and sale price) for domain names that have broad applicability (*KIDS.com*) or domains that are composed of generic or descriptive terms (*AIRFARES.com*) has risen meteorically, and has lead to industry abuses that can threaten other brand owners’ rights within that industry.

The new .Brand TLDs are being introduced in an effort to address and eliminate some of the competition for available domain names. As soon as September 2011, brand owners will be able to register their own brands as domain extensions. This new wave of TLDs, fast-becoming known as the “Dot Brand”, will be of interest to major brand owners, particularly to those who want to make it exceedingly easy for consumers to find them on the internet. For example, P&G may be interested in registering some of its major consumer brands as domain extensions, such as .TIDE or .PAMPERS. Once registered, the .Brand registrant will also have control over the registration of corresponding sub or secondary domains (think “*Infants.PAMPERS*”). City names and regional identifiers can also be registered under the new TLD regime. While our fair city may not be the perfect candidate since Cincinnati is so often misspelled, think of the possibilities available to the registrant of “.OHIO” (for example, “*Jobs.OHIO*” would be an apt target for drawing both employers and employees to our state).

When the .Brand application period opens, the application process is anticipated to be rigorous, and expensive (~\$185,000 per application), and will only last for a period of 90 days or less. We are closely watching the launch of the .Brand TLDs and will remain on the leading edge of this trend. In light of these upcoming changes, we think that right now is the perfect time to evaluate how your brand is positioned on the internet and to reconsider your online marketing strategies



GREG AHRENS

Greg Ahrens focuses his practice on intellectual property litigation. Combining his engineering education with extensive experience practicing before the United States Patent and Trademark Office, Greg has litigated cases in all aspects of intellectual property (patents, trademarks, copyrights, etc.) for nearly 20 years, both in Federal and state courts, as well as before the United States Court of Appeals for the Federal Circuit. Greg can be reached at gahrens@whepatent.com or 513-241-2324 (ext. 202).

QUESTION: How has intellectual property litigation been affected by the proliferation of social media?

ANSWER: Because IP litigation tends to involve key property rights for the companies or parties involved, and is often reported to cost in excess of \$1 million in attorney fees (on each side), every avenue of discovery that may lead to useful information is pursued. The social media explosion has not been overlooked by IP litigators. Postings on Facebook, YouTube and other social networking sites (SNS) may be the basis for litigation itself, as Steve Gillen alludes to. In fact, recently, a video posted on YouTube has provided evidence of patent infringement that otherwise may have never been discovered. In the litigation context, and I'm referring specifically to the situation where a lawsuit has already been filed, another significant issue is the discovery of electronically stored information (ESI).

ESI in its broadest sense includes social media data. Thus, absent an agreement between the parties to exclude social media data, it can be the subject of discovery. That poses significant issues of preservation, collection, and production. In fact, studies have shown that two thirds of businesses worry about the e-discovery risks posed by SNS, with a majority of those reporting that either they are not prepared or only partially prepared for dealing with this issue. Upwards of 80% of employees use their work computers to access SNS for personal use and many companies utilize at least one of the most popular SNS to interact with customers. This translates into mountains of potentially discoverable information and significantly increased administrative burdens and litigation costs. Because of this, when faced with a request for social media data, their needs to be a concerted effort between the legal and IT teams to pro-

vide accurate and complete information. Now, it is possible to reduce the risks of SNS data from becoming an issue through the education of employees, implementation of policies that prohibit access, use of firewalls or other methods of blocking SNS access, and through tight control over content posted to company-sponsored social media. It is important that these controls encompass not only traditional desktop computers, but also any other company-issued devices such as laptops, smart phones, and of course the newest craze, tablets. It is important to recognize, however, that these steps may shift the focus to the SNS provider, whose records may be subject to a subpoena. At this point, the law relating to whether SNS providers must produce data in response to a subpoena is in flux, although there are certainly situations where that is precisely what has happened.

The moral of the story is that great care should be taken with the development and enforcement of policies relating to the use of SNS in the workplace and, if it is permitted, companies should be aware of the added costs and risks it may pose in the context of litigation.

QUESTION: Are there any hot issues in intellectual property litigation? Any specific areas of technology?

ANSWER: Over the past 12-18 months there have been literally hundreds of lawsuits filed on the issue of "false patent marking". What that means is that companies who mark their products with patent numbers, for the purpose of notifying the public that the product is the subject of a United States Patent, are being sued for allegedly falsely marking their products if the patent(s) either don't actually cover the product or if the patents have expired. There is a provision in the US patent laws that allows any-

one to bring such a suit; somewhat akin to "whistleblower" laws. Interestingly, these cases have found no bounds in terms of the technologies that are targeted. They truly run the gamut from very high tech to very low tech, and everywhere in between, and the companies being hit with such suits range from the largest corporations to small, family-owned businesses.

The primary reason for this recent explosion of lawsuits is a court decision from late 2009 that interpreted the law to provide a penalty (which can be up to \$500) for each article or product that is falsely marked. As you can imagine, for products that are mass-produced or sold in large quantities, this could result in an enormous amount of money. One of the results of this has been a cottage industry of business entities that are formed seemingly for the sole purpose of bringing false marking lawsuits. The law doesn't currently require that there be any competitive injury or other relationship between the party bringing the suit and the party being sued.

So significant is this rash of cases that both the courts and the US Congress have taken notice. Just a couple of weeks ago, a court here in Ohio struck down the law as being unconstitutional. Obviously that has very important ramifications and very well may make its way to the US Supreme Court, which is not known for taking many patent law cases. In addition, there is proposed legislation pending before Congress that would seriously limit the use of the false marking law. In fact, provisions relating to this were recently debated and considered by the US Senate, which passed a bill (S.23) on March 8, 2011 that indeed limits false marking cases. The House will now also consider this issue. The fact that a court has now held the law unconstitutional, and that Congress is considering amending the law to limit its use, demonstrates the seriousness of the issue.