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"Breaking News" - Patent Office Provides New Guidance On What Is Patentable

The past few years have been filled with confusion about what is patentable - especially for patent owners in the life science and software industries.

In January, the US patent office took another step to clarify that question by issuing new guidelines to be followed by patent examiners. However, the guidelines do not have the "force and effect of law."

First, the new guidelines indicate that non-patentable, "judicial exceptions" include abstract ideas such as "mathematical concepts, certain methods of organizing human activity, and mental processes." They also include "laws of nature and natural phenomena."

"Mathematical concepts" include "mathematical relationships, mathematical formulas or equations, mathematical calculations."

"Organizing human activity" includes "fundamental economic principles or practices (including hedging, insurance, mitigating risk); commercial or legal interactions (including agreements in the form of contracts; legal obligations; advertising, marketing or sales activities or behaviors; business relations); managing personal behavior or relationships or interactions between people (including social activities, teaching, and following rules or instructions."

"Mental processes" include "concepts performed in the human mind (including an observation, evaluation, judgment, opinion)."

Second, the guidelines indicate that a judicial exception can be patentable if it is "integrated into a practical application."

"Integrated" occurs when the patent claim "imposes a meaningful limit on the judicial exception, such that the claim is more than a drafting effort designed to monopolize the judicial exception."

Also, "integrated" occurs when (1) there are "additional elements recited in the claim beyond the judicial exception" and (2) "evaluating those additional elements individually and in combination to determine whether they integrate the exception in a practical application."

"Additional elements" include an (1) "improvement in the functioning of a computer, or an improvement to other technology or technical field", (2) "effect[s] a particular treatment or prophylaxis for a disease or medical condition", (3) "uses a judicial exception in conjunction with, a particular machine or manufacture that is integral to the claim", and (4) effects a transformation or reduction of a particular article to a different state or thing".

Third, even if there is no integration above, the patent claim is patentable if there is an inventive concept. This includes claim limitations that are "not well-understood, routine, conventional activity".

COMMENT:

Do the guidelines enlarge the scope of what is patentable? Perhaps, because a "judicial exception" can be "integrated" into a practical application even if additional claim elements include "well-understood, routine, conventional activity."

Do the guidelines make patentability determinations more predictable? Perhaps, since they supersede several prior guidelines that an examiner could pick from to reject a claim.

Combinations of Public Information Can Be Trade Secrets

Each of us has likely signed a non-disclosure agreement that effectively says that public information is not confidential information.

At least for those in the Fourth Circuit (including Maryland, North Carolina, Virginia, and West Virginia), trade secret protection can exist for a "combination of characteristics and components, each of which, by itself, is in the public domain, but the unified process, design, and operation of which, in unique combination, affords a competitive advantage."

AirFacts develops software for analyzing ticket fares for airlines and travel agencies. The software compares a ticket price to commissions, taxes, and airline industry rules.

Amezaga, a former AirFacts manager of computer programmers and coders, used his login credentials to download two AirFacts flowcharts, and submitted them as part of his job application to a travel agency.

The Fourth Circuit found that the flowcharts contain information that was available by subscription. However, Amezaga spent "months compiling it in particular groups and applying his . . . expertise to display that compiled information in a useful format."

Further, Amezaga's "painstaking, expert arrangement of the [subscription] data made the Flowcharts inherently valuable separately and apart from the publicly available contents." And, the flowcharts improved AirFacts' "efficiency in the performance of its contractual obligations."

COMMENT:

This is a warning that those "standard" NDA's about public information warrant a closer look before signing them.

Your Surname Can Be a Registered Trademark

If it has acquired distinctiveness.

Thomas Schlafly founded the Saint Louis Brewery (SLB) in 1989. In 1991, SLB started selling beer with the SCHLAFLY logo.

SLB sells sixty types of beer, with the SCHLAFLY mark, in thirteen states through thirty wholesalers and 14,000 retail locations. It has sold more than 75M units of SCHLAFLY beer. In the last five years, it has spent $1.1M in advertising.

SLB sought to register the word SCHLAFLY for beer.

Phyllis Schlafly, a well-known activist, opposed the registration. Bruce Schlafly, a physician, also opposed.

Generally, a mark that is primarily a surname cannot be registered. However, the mark can be registered if it has acquired distinctiveness by use in commerce.

The evidence established the commercial success of SCHLAFLY beer, more than twenty five years of "continuous use" of the SCHLAFLY mark, and "third-party perceptions of the mark." These facts showed that the mark distinguished SLB's goods.

COMMENT:

Newly formed single owner businesses often want to use a surname for their business name. This can be possible, but trademark registration may not be possible until some years of continuous trademark use.

Contact Us

SHIMOKAJI IP
8911 Research Drive
Irvine California 92618 USA
www.shimokaji.com
ClientServices@shimokaji.com
949-788-9961