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EXECUTIVE SERIES:
INTELLECTUAL PROPERTY

IP Ethics in the Age of AI, Deadwood, and Expired Patents

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Overview

- USPTO Framework for Assessing Inventorship for AI-Assisted Inventions
- GenAI Meets OED
- Potential Conflicts Arising from "Other Appointed Attorneys" Field in USPTO Trademark Applications
- Increased USPTO Enforcement of US Use-in-Commerce Requirements
- (Appealed) Sanctions Arising from the Intersection of US Patent-Marking Requirement and Expired Patents
- Ongoing TM Issues
- Local Patent Counsel Sanctions Recommended in Place of Lead Counsel

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USPTO Framework for Assessing Inventorship for AI-Assisted Inventions

- AI systems are not humans and cannot be an inventor under *Thaler v. Vidal*, 43 F.4th 1207 (Fed. Cir. 2022).
- *Thaler* did not address inventions made by humans with assistance of AI.
- USPTO publishes "Inventorship Guidance for AI-Assisted Inventions", 89 FR 10043 (Feb. 13, 2024) & 89 FR 48399 (June 6, 2024).
- Note that this is not the USPTO AI Strategy that was withdrawn.

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USPTO AI-Assisted Inventorship Framework

- Use of AI does not preclude humans from qualifying as inventor.
- Human inventors must have "significantly contributed" to claimed invention under the *Pannu* factors.
- Applications cannot list non-human (*e.g.*, AI) as inventor. (Sorry, Winston.)

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Pannu v. *Iolab Corp.*, 155 F.3d 1344, 1351 (Fed. Cir. 1998).

All that is required of a joint inventor is that he or she:

- (1) contribute in some significant manner to the conception or reduction to practice of the invention,
- (2) make a contribution to the claimed invention that is not insignificant in quality, when that contribution is measured against the dimension of the full invention, and
- (3) do more than merely explain to the real inventors well-known concepts and/or the current state of the art.

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USPTO Guidance

- USPTO provides Guiding Principles applying *Pannu* factors to AI-assisted inventorship that are beyond scope of this session.
- However:
  - Duty of disclosure and duty of reasonable inquiry apply here as in past.
  - USPTO can issue requests for information.
- Consider potential challenges to remember and disentangle AI contributions years later in litigation.

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In re Matos, Proc. No. D2025-13 (U.S.P.T.O. O.E.D. Mar. 6, 2025)

- Respondent represented owner of TM registration subject to cancellation proceeding.
- Respondent had not practiced before USPTO in any prior TM matters.
- Opponent's rebuttal brief flagged three USPQ/TTAB cites:
  - Two were actual cases, but don't support the argued point.
  - The third does not exist.
- TTAB decision flags four additional citation issues.
- Respondent admitted at oral argument that he did not read the cited decisions.

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In re Matos, Proc. No. D2025-13 (U.S.P.T.O. O.E.D. Mar. 6, 2025)

- TTAB strikes brief, but leaves Petitioners to their burden of proof.
- TTAB (and OED) note lack of action in two-month period between Rebuttal Brief and Oral Hearing.
- Voluntary agreement including:
  - public reprimand and
  - two hours of CLE re: use of generative AI in legal practice.

See also, *Danelli v. Beata Music LLC*, Opp. No. 91249965, Paper 34 at 8-10 (T.T.A.B. Mar. 29, 2024) ("noting the distinct difference in format between Applicant's instant submission and [...] and its briefs submitted to the District Court in the Prior Action, we find it more likely than not that Applicant's most recent submission to the Board was partially AI-assisted.")

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Conflicts Arising from USPTO TM Forms

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Potential Conflicts Arising from "Other Appointed Attorneys" Field

- *Drake University v. Des Moines Area Community College Foundation*, No. 4:24-cv-00227-SMR-SBJ (Sept. 9, 2024).
- Drake sues DMACC for trademark infringement.

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF IOWA CENTRAL DIVISION

DRAKE UNIVERSITY, Plaintiff, vs. DES MOINES AREA COMMUNITY COLLEGE FOUNDATION, Defendant.	No. 4:24-cv-227 **COMPLAINT** **JURY DEMAND**

Here's to the one who wears the "D"

—Excerpt of Drake University Fight Song (1929)

John D. Gilbertson
Joshua J. Conley
ZARLEYCONLEY PLC
West Des Moines, Iowa
for DRAKE UNIVERSITY

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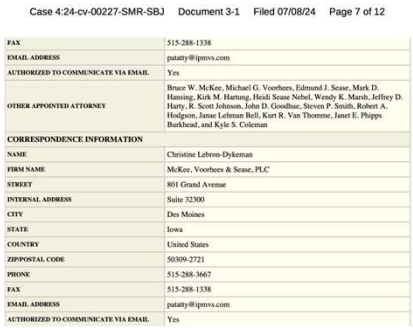
Drake Univ. v. DMACC

- DMACC files answer and counterclaims including invalidity of asserted marks.
- Drake files disqualification motion based on Johnson's listing in Other Appointed Attorney field in USPTO filings.



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Drake Univ. v. DMACC

- Alleged concurrent conflict based on failure to withdraw from USPTO representation:
  - ~15 other attorneys listed.
  - Prior firm's practice was to list every attorney.
  - USPTO ceases to recognize POA for pending application once the mark registers, ownership changes, or the application is abandoned. USPTO Rule 2.17(g)(1).
  - For an already-registered mark, the recognition ends "upon acceptance or final rejection of the filing." USPTO Rule 2.17(g)(2).
  - Drake could not identify anything beyond listing to establish attorney-client relationship.

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Drake Univ. v. DMACC

- Alleged Duties to Former Clients:
  - Drake asserts disclosure of confidential information regarding strength and potential non-use to prior firm.
  - DMACC does not dispute, but asserts lack of knowledge by Johnson.
  - General access to files raises presumption of actual knowledge.
  - *Johnson*'s testimony of lack of knowledge sufficient to overcome presumption.
- Accordingly, disqualification denied.

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US TM Use-in-Commerce Requirements

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Increased USPTO Enforcement of US Use-in-Commerce Requirements

- Is past prologue?
- 2003 – *Medinol* – TTAB adopts "should know" standard for fraud arising from false statements.
- 2009 – *In re Bose* – Heightened standard for fraud requires subjective intent to deceive.

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Post-*Medinol*

- Fraud needs to be plead with particularity.
- Lack of *bona fide* intent to use available as ground for opposition under *M.Z. Berger & Co. v. Swatch AG*, 787 F.3d 1368 (Fed. Cir. 2015).
- However, many applicants facing refusals over potential "deadwood" registrations/applications do not wish to cancel/oppose.

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USPTO Post-Registration Audit

- Initiated in 2017, but becoming increasingly prevalent.
- How does this work?
  - Selection criteria is unclear, but consider what items in ID are most peculiar and/or hardest to find use.
  - In response to SOU or Section 8 Filing, USPTO identifies items requiring specimens beyond previous filing (tends to be two per class).
  - $250/item fee to delete.

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Where Does This Leave Us?

- Post-Registration Audit Program provides higher-likelihood monetary consequence for failing to carefully vet IDs.
- Other risks remain for sloppy trademark prosecution:
  - *See, e.g.*, *Great Concepts v. Chutter*, 90 F.4th 1333, 1343-44 (Fed. Cir. 2023) (noting that false declaration of incontestability could give rise to TTAB sanctions, though not cancellation).
  - TTAB declined to refer to OED in view of passage of time and unique circumstances. Can. No. 92/061,951, Paper 26 at 3 (Feb. 25, 2025).

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(Appealed) Sanctions Arising from the Intersection of US Patent-Marking Requirement and Expired Patents

- Why mark patented products?
- "**In the event of failure so to mark, no damages shall be recovered by the patentee in any action for infringement**, except on proof that the infringer was notified of the infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring after such notice." 35 U.S.C. § 287(a).
- Failure to mark can dramatically change economics of suit.

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Marking Can Be Simple. Or Not.

- Patentees and willing (especially exclusive) licensees have millions of reason to mark.
- Accused infringers are less charitable, especially if they believe that suit was dubious.

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VDPP v. Volkswagen, 2024 WL 3378456 (S.D. Tex. July 11, 2024)

- VDPP files several infringement suits asserting US Patent No. 9,426,452.
- '452 Patent is a continuation-in-part (CIP) with 2002 priority earliest effective priority date.
- Volkswagen complaint filed in 2023.
- '452 Patent only contains system and apparatus claims.
- VDPP had settled prior suits.

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VDPP v. Volkswagen, 2024 WL 3378456 (S.D. Tex. July 11, 2024)

- District Court:
  - grants motion to dismiss,
  - finds case exceptional,
  - authorizes award of attorney's fees, and
  - holds plaintiff's counsel jointly and severally liable.
- Patent expired before suit, so no injunction possible.
- Pre-suit damages would have required either:
  - No marking obligation
  - Compliance with marking OR
  - Pre-suit notice to defendant

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VDPP v. Volkswagen, 2024 WL 3378456 (S.D. Tex. July 11, 2024)

- '452 Patent does not include any method claims.
- No pre-suit, pre-expiration notice to Volkswagen.
- District Court:
  - holds pleading of marking compliance was conclusory
  - *rejects* argument that nonpracticing entities do not need to comply with marking.
- Marking requirement applies whether settlement agreement, covenant not to sue, or license.
- Federal Circuit appeal (2024-2226) is pending with VDPP/attorney's reply brief filed recently.

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Takeaways

- Absent a reversal on appeal, there is not a NPE or nuisance-value-settlement exception to § 287.
- Method claims can be valuable, although vulnerable to pre-suit knowledge requirements if asserting inducement theory.
- Federal Circuit appeals take a while, and we still see at least plaintiff's counsel suing on expired patents in interim.

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Continued USPTO Scrutiny of High-Volume Filers

- USPTO.gov Trademark Verified Account Agreement includes:

  As an attorney, I may only sponsor attorney support staff under my supervision, employed or retained by my individual law practice, law firm, or as employees of the same company as myself. I will not attempt to sponsor any other individuals or organizations, including any foreign or domestic company, group, client, agent, attorney or other practitioner. In addition to the identity verification required by the USPTO, as a sponsoring attorney, I understand that I am responsible for confirming the identity of any person whom I sponsor.

- USPTO continues to issue exclusion orders and suspensions of affected applications based on apparent farming-out of USPTO credentials, sometimes to the point of tens of thousands of applications by same attorney.

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Trademark Scams *Du Jour*

WTP Trademark Publication

Reference Number [redacted]
Application Date [redacted]
Application Number [redacted]
Class(es) [redacted]
National Class(es) [redacted]

[redacted]

REPRODUCTION OF TRADEMARK

[redacted]

Publication Fee	1470.00	USD
Additional Tax	0.00	USD
Total Fee	1470.00	USD

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Please don't forget to quote the reference number [redacted]

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PLEASE MAKE CHECK PAYABLE TO
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INCLUDE ONLY THE REFERENCE # [redacted]
ON CHECK AND SEND TO
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Fresh Meadows, NY 11366

This is Brian Collins, IP Attorney from an Intellectual Property Office of Prestige Trademark. I would like to bring to your knowledge that we have received the trademark application for the same business name as yours [redacted] During our search, we discovered your use of this business name and your first use established since. However, it appears that your business name is not registered federally with the United States Patent & Trademark Office (USPTO), thereby permitting others to proceed with their registration.

Please be aware that, in accordance with USPTO protocols and intellectual property regulations, priority is typically given to the original business owner over new applicants. Therefore, it is imperative to confirm whether you are interested in securing federal trademark rights for your business name.

If you wish to proceed with the registration, please respond to this email immediately so we can guide you through the necessary steps.

Be advised that if you choose not to register the trademark, the other applicant will be permitted to proceed, as the USPTO processes applications on a first-come, first-served basis.

Your prompt response is required. The other applicant's registration is currently on hold pending your decision. If there is no response on this letter from your end, the other applicant will be allowed to proceed with their registration in accordance with the standard examination and filing procedures at the USPTO.

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mCom IP v. City National Bank of Florida, No. 1:23-cv-23427, Dkt. No. 55 (Mar. 11, 2025)

- While first MTD is pending, District Court independently strikes complaint as a "shotgun" pleading, *e.g.*, by failing to separately plead direct infringement, inducement, and contributory infringement. (The latter two were each a separate paragraph.)
- Second MTD alleges that:
  - asserted dependent claims are not patentably distinct from parent claims found obvious by PTAB in IPR; and
  - claims are ineligible under Section 101 (*Alice*).
- Court grants dismisses suit without leave to further amend. (Appeal pending.)

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mCom IP v. City National Bank of Florida, No. 1:23-cv-23427, Dkt. No. 55 (Mar. 11, 2025)

- Motion for attorneys' fees (§§ 285 & 1927) filed and recommended by Magistrate:
  - Vendor of accused technology took license to patent in 2021. Lead counsel handled that suit as well.
  - Plaintiff persisted in suit even after being informed of prior license.
  - Plaintiff sued more that 150 defendants and sent standardized demand letters.
  - Plaintiff's asserted that case was "exceptional" in complaint, then "ordinary" in defending against fee motion.
- Local counsel was only attorney to enter appearance with SDFL, but lead Texas counsel handled almost all of the parallel negotiations regarding mediation, etc.
- Thus, Magistrate recommends that sanctions apply to local counsel.
- No ruling yet by District Judge.

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Sanctions Recommended Based on Deposition Questioning Using Doctored Exhibit

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CogniPower v. Samsung Elecs., No. 2:23-CV-00160-JRG, Dkt. 337 (Mar. 18, 2025)

- Although challenging to discern from the record, it appears that Defendant was asserting invalidity due to prior invention under pre-A.I.A. § 102(g). *See, e.g.*, Report at 7 (discussing conception date).
- As is often the case in "swearing contests", dates are crucial and evidence is old.
- Associate at plaintiff's firm:
  - seeks to "establish that the dates on the face of the circuit diagram can't be relied on", then
  - suggests that, "I may change the date on some and then ask him to confirm that he is certain they are from the wrong dates, and then show him the produced version with a different date ..."

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CogniPower v. Samsung Elecs., No. 2:23-CV-00160-JRG, Dkt. 337 (Mar. 18, 2025)

- Associate presents document with date advanced slightly over one year to witness during deposition.
  - "I'm going to show you another document and try to understand the date of it."
  - "What is the date of this document?" (referring to the Altered Document)
  - "And can you verify that that is the correct date?" (referring to the altered date)
  - "And what is the date of that schematic?" (referring to the Altered Document)
  - "And can you confirm that that is the date of this schematic?" (referring to the altered date in the Altered Document)

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CogniPower v. Samsung Elecs., No. 2:23-CV-00160-JRG, Dkt. 337 (Mar. 18, 2025)

- Only after that questioning does associate reveal that date was modified.
- Special Master recommends sanctions based on attempt to develop evidence based on presentation of falsified document.
- Partner is also cited based on pre-deposition e-mail from Associate to Partner that was not disclosed until after deposition of Associate and misrepresentation re: lack of knowledge of others at firm of plan.

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