

# Legal 500

## Country Comparative Guides 2024

### United States

### Intellectual Property

### Contributor

Rimon Law

The logo for Rimon Law, featuring the word "RIMON" in a red, serif, all-caps font, centered within a white square.

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This country-specific Q&A provides an overview of intellectual property laws and regulations applicable in United States.

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## United States: Intellectual Property

**1. What different types of intellectual property rights exist to protect: (a) Inventions (e.g. patents, supplementary protection certificates, rights in trade secrets, confidential information and/or know-how); (b) Brands (e.g. trade marks, cause of action in passing off, rights to prevent unfair competition, association marks, certification marks, hallmarks, designations of origin, geographical indications, traditional speciality guarantees); (c) Other creations, technology and proprietary interests (e.g. copyright, design rights, semiconductor topography rights, plant varieties, database rights, rights in trade secrets, confidential information and/or know-how).**

In the US, there are four types of intellectual property rights: patent, copyright, trademark/trade dress, and trade secret.

Patents protect processes, machines, methods of manufacture, compositions of matter, plants (asexually reproduced), and designs. In the US, patentable subject matter is broad with a few exceptions. The following three judicial exceptions are deemed patent ineligible: laws of nature, natural phenomena, and abstract ideas. These judicial exceptions were created by US courts and have been interpreted to include naturally occurring substances, printed matter (forms), software per se, and mental steps.

Copyright protects literary, musical, choreographic, dramatic, and artistic works. In addition, copyright can be used to protect program codes written by humans for computer software. Also, artistic work is interpreted to cover aesthetic elements of useful articles.

Trademark/trade dress includes trademarks, service marks, certification marks (e.g., association marks), trade dress, descriptive terms (e.g., taglines), and geographical indications.

Trade secret protects information that is not publicly available or known and is of commercial value. For such information to qualify under trade secret protection in the US, the owner of such information must use reasonable efforts to maintain secrecy. Examples of trade secret

include formula, pattern, compilation, composition, program, process, apparatus, know-how, etc. In the US, there are no database rights. However, the information and data stored in a database can be protected under trade secret law if the information and data meet the definition of trade secret.

The US Congress has also enacted separate statutes to protect certain special types of innovations. For example, the Semiconductor Chip Protection Act of 1984 protects rights in semiconductor mask works (layout or topography of an integrated circuit), which are similar to copyright protection with a few notable differences (e.g., shorter duration, protecting functional elements). For another example, the Plant Variety Protection Act of 1970 protects new, distinct, uniform, and stable sexually reproduced or tuber propagated plant varieties.

**2. What is the duration of each of these intellectual property rights? What procedures exist to extend the life of registered rights in appropriate circumstances?**

The protection duration of a utility patent is 20 years from the filing date of the application from which the utility patent is issued. When calculating a patent term, the filing date of a US patent is the earliest domestic filing date. An earlier foreign priority date of a US patent is not relied upon during patent term calculation. Patent term extension is available to compensate undue delay caused by the US Patent and Trademark Office (USPTO) during examination, and time spent on acquiring approval from a government agency (e.g., Federal Drug Administration (FDA)) for drugs, additives, and medical devices. The protection duration of a design patent is 14 years from the date of grant.

The general rule for copyright protection duration is the life of the author plus 70 years. For an anonymous work, a pseudonymous work, or a work made for hire, copyright protection lasts for a term of 95 years from the year of its first publication or a term of 120 years from the year of its creation, whichever expires first. This general rule is applicable to works created after January 1, 1978. For works first published prior to 1978, the protection duration varies depending on several factors.

Protection of trademark/trade dress and protection of

trade secret are perpetual until loss of status. For example, the protection of a trademark terminates if the trademark is deemed abandoned (e.g., no longer being used in commerce). The protection of a trade secret ends if the trade secret becomes public knowledge.

Protection of a mask work of an integrated circuit under the Semiconductor Chip Protection Act of 1984 lasts 10 years. Protection under the Plant Variety Protection Act lasts 25 years.

### 3. Who is the first owner of each of these intellectual property rights and is this different for rights created in the course of employment or under a commission?

Under the influence of English philosopher John Locke's natural rights theory, Intellectual Property Law in the US generally grants the ownership right of a piece of intellectual property to the creator. In the face of rapid development of generative artificial intelligence (AI) and proliferation of AI-generated intellectual property, US courts have consistently interpreted the various IP statutes to require that the creator be a natural person. Once the ownership is vested in the creator, the creator can then assign the property rights to another person or entity, for example, pursuant to an agreement, contract, or covenant.

The inventor of an invention described in a patent application is the first owner of the patent rights embodied in the patent application or patent. Such rights can be transferred to another by agreement, for example, to an employer via an employment agreement. In a recent decision by the US Court of Appeals for the Federal Circuit, it was held that an "inventor" of a patent or patent application must be a human being.

The creator of an artistic work is the first owner of the copyright embodied in the work, except in so-called "works for hire." The "work for hire" doctrine in the US provides that if a piece of work qualifies as "work for hire," the employer, rather than the employee creator, owns the copyright outright. It should be cautioned that not all rights created in the course of employment or under a commission are "works for hire." The work for hire doctrine applies only to those defined in Section 101 of the US Copyright Act. Also, the doctrine only applies to copyrightable works, not works protected by patents, trade secrets, or trademarks. In a recent decision, the U.S. District Court for the District of Columbia affirmed the Copyright Office's decision, holding a work generated entirely by AI with no human input is not copyrightable.

In the US, ownership of a trademark and associated goodwill is acquired through continued use of the mark in commerce in association with relevant goods or services.

### 4. Which of the intellectual property rights described above are registered rights?

In the US, patents, copyrights, and trademarks are registrable under federal statutes. Each state also maintains a state trademark registry and issues state trademark registrations. Copyrights and trademarks are also protected under common law without registration.

There are no registered rights for trade secrets.

### 5. Who can apply for registration of these intellectual property rights and, briefly, what is the procedure for registration?

The rights owner or his or her legal representative, an assignee, or a person who otherwise shows sufficient proprietary interest in the matter can apply for registration of the intellectual property rights.

To apply for a patent, the owner/applicant submits a patent application at the USPTO. The patent application will be published 18 months from the earliest priority date. However, no opposition by a third party is permitted before the patent application is issued into a patent. After examination, the USPTO issues a patent to the applicant if the USPTO determines that the patent application meets the patentability requirements.

To apply for a federal trademark registration, the owner/applicant submits a trademark application at the USPTO. After examination, the USPTO allows the trademark application if the USPTO determines that the application meets the registration requirements. The allowed trademark application is published for 30 days, during which opposition by a third party can be initiated. If no opposition is initiated during the publication period and if the applicant has demonstrated to the USPTO satisfactorily that the mark is being used in commerce, the USPTO will allow the trademark to proceed to registration.

To apply for a state trademark registration, the owner/applicant submits a trademark application at the state's commerce department. Usually, the registration is approved quickly after a formality review as there is no substantive examination (e.g., examination for likelihood of confusion) at state level.

To apply for copyright, the owner/applicant submits a copyright application form along with a non-returnable copy or copies of the work to be registered to the Copyright Office. Registration is granted if formality requirements are met. When applying for copyright registration of source code, the applicant is permitted to make a certain level of redactions in the code for the purpose of trade secret protection.

Registration of mask works is also handled by the Copyright Office.

## 6. How long does the registration procedure usually take?

The patent registration/procurement procedure in the US takes between 1.5 years to 3 years, on average. The length of the procedure depends heavily on the technical field the invention belongs to, and the art unit and the examiner the patent application is assigned to. If the applicant appeals the final rejection by an examiner to the Patent Trial and Appeal Board (PTAB), the length of the procedure will increase considerably as the appeal process at the PTAB can take another 3 years to conclude.

The trademark registration procedure in the US typically lasts 9 months to one year. Because a federal trademark application is examined by the USPTO, a rejection can significantly lengthen the procedure, especially when the applicant appeals the final rejection by an examiner to the Trademark Trial and Appeal Board (TTAB). During the Covid-19 pandemic, the registration procedure took much longer. The USPTO has since reduced the backlog and processing time is gradually returning to normal.

The copyright registration procedure in the US can take anywhere from 2 – 9 months. The U.S. Copyright Office's processing times vary depending on a number of factors, such as how difficult a claim is to review, whether an applicant submitted a physical deposit, whether the Copyright Office needs to correspond with an applicant, and the number of registration specialists available to review claims. For example, claims take longer to process when applicants submit online claims but do not submit physical deposits when necessary, or when applicants do not fully respond to an examiner's questions. The Copyright Office encourages applicants to refer to the Compendium of U.S. Copyright Office Practices (<https://www.copyright.gov/comp3/>) and the Copyright Office's circulars (<https://www.copyright.gov/circls/>) prior to submitting applications to avoid unnecessary delays and correspondence. Overall processing times usually are longer for claims submitted entirely by mail, so the

Copyright Office encourages applying online.

Trademark registration procedures at a state registry usually are fast, typically lasting a few weeks. Examination (length and depth) at the state level varies depending on the requirements of each individual state.

## 7. Do third parties have the right to take part in or comment on the registration process?

In the US, a third party's right to participate in the patent and (federal) trademark registration process is limited as described below. Third parties are not permitted to take part in or comment on the federal copyright registration process or state-level trademark registration processes.

### (A) Patents

In the patent procurement process, within a limited time window, a third party may submit patents, published patent applications, or other printed publications of potential relevance to the USPTO during the examination of a patent application with a concise description of the asserted relevance of each document submitted. The submission must be made before (1) the later of (i) 6 months after the date of publication or (ii) the date of a first Office action on the merits rejecting any claims, or (2) before the date of a notice of allowance, if earlier. If found compliant by the USPTO, the third-party submission will be entered in the record of the application and considered by the examiner.

Other than the third-party submission described above, no protest or opposition may be initiated by a third party without the express written consent of the applicant.

### (B) Trademarks

In the trademark registration procedure, a third party can submit a letter of protest to the USPTO during the ex parte examination. A letter of protest should include only a simple statement of the proposed legal grounds for refusing registration or making a requirement, with succinct, factual, objective evidence to support the refusal or requirement. The letter of protest should include evidence, not arguments.

After a trademark application is approved and published, and before the trademark application is allowed to register, a third party who believes that he or she will be damaged by the registration of the mark can file an opposition at the Trademark Trial and Appeal Board (TTAB). An opposition must be filed within the 30-day publication period unless an extension of time is requested.

## 8. What (if any) steps can the applicant take if registration is refused?

If registration is refused in a non-final or a final office action in a patent application or a trademark application, the applicant can request reconsideration in a response to office action. If registration is still refused after responding to the final office action, the applicant can appeal the final refusal by an examiner to the appeal board (PTAB and TTAB). If the appeal board affirms the refusal by an examiner, the applicant can request a review of the board's decision by the U.S. Court of Appeals of the Federal Circuit.

In the US, the applicant of a patent application, after receiving a final rejection, can continue the examination process at the patent office by filing a Request of Continued Examination (RCE), instead of choosing to appeal the final rejection.

If a copyright registration application is refused, the applicant may request two rounds of review from within the Copyright Office. A refusal after the second request marks the end of the application.

## 9. What are the current application and renewal fees for each of these intellectual property rights?

The application and renewal fees for each of the intellectual property rights as charged by the US government are frequently updated. Below are the web links that provide most up-to-date fee information.

For patents and trademarks:

<https://www.uspto.gov/learning-and-resources/fees-and-payment/uspto-fee-schedule>. Note that the USPTO charges different fees for different types of entities. There are three levels of patent fees. The regular fees, also the highest, are for large entities. Fees for small entities and micro entities are discounted.

For fees related to copyright:

<https://www.copyright.gov/about/fees.html>. Note that in the US, no renewal is required to maintain copyright.

For fees related to state trademark registrations, visit each state's state government website.

## 10. What are the consequences of a failure to pay any renewal fees and what (if any) steps can be taken to remedy a failure to pay renewal fees?

A failure to maintain the registered intellectual property right invariably leads to forfeiture of the right and abandonment of the registration.

To maintain a US patent, three maintenance fees are required at 3.5 years, 7.5 years and 11.5 years from the date of registration. Upon failure to pay the required maintenance fee within the prescribed time period (i.e., after the six (6) month grace period), the USPTO will declare the patent abandoned and issue a letter of abandonment. However, if the failure to pay a maintenance fee within the prescribed time period is unintentional, the patentee can petition the USPTO to revive the abandoned patent by establishing that the delay was unintentional and by paying the missed maintenance fee plus the petition fee.

To maintain a federal trademark registration, the registrant is required to submit a Section 8 declaration at five (5) years from the date of registration and submit a Section 8 declaration and renewal request every ten (10) years. A Section 8 declaration is a sworn statement from the registrant that the registered mark is still being used in commerce in association with the registered goods/services. Failure to submit a Section 8 declaration within a prescribed time period will lead to abandonment of the registration that cannot be revived. The registrant can file a new application to apply for a new registration of the same mark having the same priority date (first use dates) as the abandoned registration.

States have varying requirements to maintain a state trademark registration. Consult a state-licensed attorney to avoid abandonment due to failure to maintain the registration.

## 11. What are the requirements to assign ownership of each of the intellectual property rights described above?

In general, the party assigning ownership of any intellectual property right must own that right. This right may apply based on origination of the IP right, employment or other contractual obligation. For inventions, inventors (individuals) own this right initially under federal law, even if such inventors are under an obligation to assign to a company or institution. For brands, the owners can be a company, institution or an individual. For other creations, technology and proprietary interests, it may be the individual, company or institution that owns such rights. In situations involving citizens of other countries employed by US companies that originate invention rights, reference to the relevant laws in the other countries may be necessary to determine initial



intellectual property ownership rights.

Contract law in the specific state where the owner resides or the company is incorporated often guides the assignment of intellectual property rights, which requires a transfer of rights in writing. There must be some form of compensation involved in the license where the licensor receives something in return for the assignment, which may be cash, continued employment, or other obligations. For inventions, a contractual obligation to assign to a company does not necessarily transfer that right automatically to the company or institution. The inventor must execute an assignment document that specifically identifies and assigns the invention to the company or institution. For brands involving copyright or trademark rights and for other creations, technology and proprietary interests, the company or institution that owns the rights must execute an assignment of these rights. These rights may be assigned to individuals or companies using a specific assignment document. In situations where intellectual property assets are transferred as part of a sale of assets, or certain employee or contractual situations, it is important to complete all of the obligations necessary to assign such rights associated with the transaction. For example, if it is stated that the intellectual property will be transferred upon the occurrence of a specific future event, it is important to take additional steps to ensure that event occurs to provide for an effective assignment.

While patent and trademark assignments are documents that can be publicly filed for notice purposes, care should be taken with trade secrets that the underlying trade secrets are not publicized as part of the transfer.

A collection of multiple intellectual property rights may be transferred in a single document as long as the specific rights are identified in the document. In addition, multiple individuals, companies or institutions may own single intellectual property rights. For example, multiple inventors of an invention may assign their rights to different companies or institutions.

## 12. Is there a requirement to register an assignment of any of these intellectual property rights and, if so, what is the consequence of failing to register?

Assignment of patent and trademark rights may be recorded with the USPTO, and assignment of copyrights may be recorded with the Copyright Office. However, there is no specific obligation to register any such assignments with the USPTO or Copyright Office.

Any such assignments registered with the USPTO or Copyright Office are not examined for validity by the office, so registering an assignment is not an indication or confirmation of its validity.

There are advantages to recording the assignment of patent, trademark and copyrights. For example, recording an assignment can be useful in cases where the same right is later assigned to a different party. If the first assignment is not recorded it may be voided by the later assignment where the acquirer of that later right had no notice of the prior assignment. Also, where there is an assignment to a company and that company sells goods within the scope of the assigned patent right, uses the trademark in connection with the commercialization of goods and services, or obtains rights to a copyright, having recorded the assignment provides constructive notice to the public of the actual owner. This could provide advantages in enforcement scenarios involving damages calculations and in the commercial setting to resolve questions of conflicting transfers of these rights.

## 13. What are the requirements to licence a third party to use each of the intellectual property rights described above?

A license of any of the intellectual property rights in section A must be in writing (with the exception of certain non-exclusive copyrights), the application of which is guided by federal and state contract law principles. As in an assignment, any party seeking to license an intellectual property right must own the right to be licensed. The ownership of this right may be outright ownership or a license right that permits sublicenses by the licensee. There must be some form of compensation involved in the license where the licensor receives something in return for granting the license, such as an initial license fee. Often in licenses there is a fee involved with the use of the license after initial license grant, which may, for example, come in the form of milestone payments and/or royalties.

Partial or full rights to the intellectual property right may be licensed to third parties, the right to sublicense may be granted, and also multiple third parties may hold a license to a specific intellectual property right. The party granting the license may include a variety of limitations on the license based on specific uses, technology definitions and geographic limitations, and also reserve rights for their own use of the same or overlapping intellectual property right. So partial rights to intellectual property may be licensed.

It is important that the license covering intellectual

property rights having a finite term (such as a patent) has a commensurate duration to the duration of the underlying IP right. While this issue can be navigated contractually between parties it is possible a court may determine a license to be void against public policy if it extends beyond the term of an expired patent.

Patent licensees do not need to terminate or breach a license to challenge the licensed IP rights. This may occur when the licensee wants to escape a royalty obligation or renegotiate a license. As such, it is often useful to carefully structure licenses to disincentivise licensees from challenging the licensed IP rights.

For trademarks, due to the nature of the underlying right, there is often a component of a license that guides how the trademark is to be used in commerce to ensure continuity of use between parties and consistency of the use of the trademark with specific goods and services.

For copyrights the nature of the original work of authorship often determines the nature of the license and such rights are often broken into different categories. For example, limited use and reproduction rights may be licensed but master rights may be withheld.

Parties based in the US and foreign entities may obtain licenses to US intellectual property rights though this may give rise to certain tax and/or transfer pricing issues that are beyond the scope of this section.

#### **14. Is there a requirement to register a licence of any of these intellectual property rights and, if so, what is the consequence of failing to register?**

There is no requirement to register a license of these intellectual property rights. A license may be registered with the USPTO or Copyright office, but there is very little legal effect to such a registration and is generally only done for commercial purposes.

#### **15. Are exclusive and non-exclusive licensees given different rights in respect of the enforcement of the licensed IP, and if so, how do those rights differ?**

The rights to enforcement of IP rights may be granted to exclusive or non-exclusive licensees. Also such rights may be granted as an option. The contract guiding the license will determine whether such rights are granted. However, in general, a non-exclusive licensee is not granted enforcement rights. Exclusive licensees of patent

rights may under certain circumstances have certain advantages in enforcement in terms of the types of damages available for 3<sup>rd</sup> party infringement of such rights. In either case, under most circumstances the owner of the IP right will be joined in any enforcement action.

#### **16. Are there criminal sanctions for infringement of any intellectual property rights, and if so, what are they and how are they invoked?**

For the most part, either by law or in practice, only civil remedies are available in the US for violation of IP rights. The law does, nevertheless, criminalize several types of IP infringement:

- Trade secret misappropriation is a crime under both federal law and the laws of many states. The federal Economic Espionage Act of 1996 criminalizes general trade secret theft as well as stealing trade secrets knowing or intending that the theft will benefit a foreign government, instrumentality, or agent.
- Trademark counterfeiting is a crime under the federal Trademark Counterfeiting Act, as well as under the laws of many states. The laws differ from each other in important respects, such as whether and where the trademark must be registered.
- Willful copyright infringement for the purpose of commercial advantage or private financial gain is a crime under federal law.

#### **17. What other enforcement options are available for each of the intellectual property rights described above? For example, civil court proceedings, intellectual property office proceedings, administrative proceedings, alternative dispute resolution.**

Most alleged IP violations are addressed by civil litigation. Patent and copyright suits, as well as suits related to plant variety protection, must be filed in federal court. Trademark, trade dress, and trade secret suits may be filed in either federal or state court, depending on whether jurisdictional requirements are met in a particular case.

As discussed in response to Question 20, another enforcement option when infringing goods are imported into the US is to petition the International Trade Commission to initiate an investigation. If the same

infringement claims are asserted in both an ITC investigation and a civil suit, the suit will be stayed at the defendant's request until the ITC proceedings have concluded.

A patent infringement suit often leads a defendant to challenge the validity of the asserted patent claims before the USPTO. If the USPTO agrees to hear a timely challenge, the court has discretion to stay the civil suit pending the outcome of the USPTO proceedings.

Alternative dispute resolution is an option for resolution of any IP dispute. Most courts require that the parties participate in ADR during the course of a civil suit. The most common options include a settlement conference with a judge or mediation with a private mediator. Some courts also provide the option of early neutral evaluation, in which a volunteer attorney with subject matter expertise provides an opinion about the likely outcome of the case. A less common option is nonbinding arbitration. Court-mandated ADR typically lasts only a day or less, but additional voluntary ADR efforts are encouraged and can be pursued even without a lawsuit. If the parties have a pre-existing contract providing for ADR, such as binding arbitration, courts will enforce the contractual obligation if it is timely raised.

#### **18. What is the length and cost of such procedures?**

The duration of a lawsuit filed in federal or state court can vary widely depending on the court, the judge, and the nature of the case. A typical duration for a case that proceeds to trial is 2-3 years, or longer if a case is stayed initially due to a co-pending ITC or USPTO proceeding. Some courts are much faster, though. Most famous is the Eastern District of Virginia, known as the "rocket docket," in which cases often proceed to trial less than a year after filing. If a final judgment is appealed, the appeal may last an additional 18-24 months.

ITC proceedings are much faster, with the evidentiary hearing (akin to a court trial) typically occurring less than a year after an investigation is initiated. The total proceeding, including issuance of an initial determination by the Administrative Law Judge and review by the Commission, lasts 18-22 months on average, followed by another short period for Presidential Review (if a violation is found). Again, an appeal will add more time.

The cost of an IP suit that proceeds through trial, whether in court or before the ITC, is typically several million dollars. Depending on the issues and the stakes, expenses for an individual case can range from a few

hundred thousand dollars at the low end to tens of millions of dollars at the high end. As court fees are relatively minimal, most of the litigation expense is to pay attorneys, expert witnesses, e-discovery vendors, court reporters, translators, jury consultants, trial graphics vendors, etc.

#### **19. Where court action is available, please provide details of which court(s) have jurisdiction, how to start proceedings, the basics of the procedure, the time to trial, the format of the trial, the time to judgment and award of relief and whether any appeal is available.**

Federal courts have exclusive jurisdiction over patent, copyright, and plant variety protection cases. Cases based on federal trademark, trade dress, or trade secret law may be filed in either federal or state court. If filed in state court, though, the defendant may "remove" the case to federal court. Cases based solely on state trademark, trade dress, or trade secret law may be filed in federal court if the lawsuit is between citizens of different states or countries and the amount in controversy exceeds a statutory threshold. Otherwise, such cases must be filed in state court.

Whether in federal or state court, a case is commenced by filing a summons and complaint with the court clerk along with any other required papers and paying a court fee. The complaint identifies the parties and describes the plaintiff's claims. The summons informs the defendant that they have been sued and directs them to respond to the complaint within a stated time period. After filing, the court clerk will issue the summons with the court's signature and seal. The plaintiff must then arrange for the summons, complaint, and any other initial court papers to be served on the defendant. Service is usually accomplished by hiring a professional process server to deliver the papers to the defendant by hand. Applicable law may allow service by other means, such as mail or publication, in certain circumstances. If the defendant is located outside the US, applicable treaties and conventions must be consulted to determine the service procedure. Alternatively, the defendant may agree to accept service and avoid the need for compliance with formal procedures.

Once a case has been filed and served, it typically proceeds through several phases. Their order and timing may vary based on the rules of a particular court or the schedule set by a judge in a particular case, but they typically proceed as follows:



- First is the pleading phase, during which the defendant may challenge the sufficiency of the complaint and/or the service of process. If the defendant does not present such a challenge or it is rejected, the defendant files an answer. The answer admits or denies the facts alleged in the complaint, responds to the legal claims, and states any affirmative defenses. The defendant may also assert counterclaims against the plaintiff or third-party claims against new parties.
- Next is the discovery phase, during which each party may request information, documents, and testimony from the others using a variety of designated procedures. Documents and testimony may also be obtained from non-parties by means of a subpoena.
- Third is the expert phase. In IP cases, parties often retain paid experts to evaluate and present opinion testimony on matters within their expertise. For example, patent and trade secret cases usually involve experts in a relevant scientific or engineering discipline. Trademark cases may involve survey experts. All IP cases usually involve financial experts to evaluate the monetary harm to the plaintiff caused by the alleged IP violations. During the expert phase, each side discloses its testifying experts and the subject of their planned testimony. In federal court, each expert must prepare a detailed written report. The opposing party may disclose rebuttal experts. Each side may then pursue expert discovery, which usually entails (1) obtaining information about the other side's experts and the materials they relied upon in their analysis, and (2) taking the opposing experts' depositions.
- Fourth is the summary judgment phase, in which either party may ask the judge to rule that such party should prevail in the case or on specified claims or issues. Summary judgment may be granted if the relevant facts are undisputed or the non-moving party lacks sufficient evidence to present a material dispute, and the applicable law supports the moving party's claims or defenses.
- If summary judgment motions are not filed or are denied, the case proceeds to the pretrial phase. During this phase, the parties prepare their evidence for trial and present required papers to the court. Such papers may include witness and exhibit lists, descriptions of the relevant facts and issues in dispute, proposed findings of fact and law, proposed jury

instructions, proposed jury verdict forms, motions to admit or exclude evidence, and more. Many courts try to resolve as many procedural and evidentiary disputes as possible before trial to allow for an orderly trial and to limit interruptions during trial.

- Eventually, if not dismissed or settled, a case proceeds to trial. Trial typically occurs 2-3 years after the complaint is filed, though it may take more or less time depending on the court and the nature of the case. At trial, each side takes turns presenting evidence, including witness testimony, documents, and tangible things. A judge presides over the trial, ensuring proper decorum and ruling on evidentiary objections. In most IP cases, the parties have a right to have the case decided by a jury. They may, though, waive their right to a jury trial and have the case decided by the judge instead, and there are certain issues as to which there is no right to a jury trial. There is usually a single trial on all issues, but a judge has discretion to hold multiple trials on different issues with either the same jury or different juries.
- Finally, there is usually a period of several weeks or months between trial and final judgment during which various post-trial issues are addressed. For example, the losing party may request a new trial on various grounds. In a jury case, the losing party may ask the judge to find that the verdict lacks evidentiary or legal support. In a court trial, the judge may issue written findings of fact and conclusions of law. If the plaintiff prevails and is to be awarded injunctive relief, the wording of the injunction must be decided. If the plaintiff is awarded monetary damages and the defendant wishes to delay payment pending an appeal, the judge may need to set the amount of a bond. The prevailing party may request an award of court costs, and in certain cases may also request attorney's fees and/or enhanced damages. The wording of the final judgment must also be decided.

After entry of final judgment, either party may appeal. A federal case may be appealed as a matter of right to the regional Court of Appeals, or to the Federal Circuit Court of Appeals in patent cases. From there, a party may file a petition for review with the US Supreme Court, which agrees to hear only a few dozen cases per year on matters of high importance or to resolve conflicts among lower courts. A state case may be appealed to a state

appellate court, then to the state supreme court (which often also agrees to decide only select cases), and finally to the US Supreme Court.

## 20. What customs procedures are available to stop the import and/or export of infringing goods?

An IP owner may file a complaint with the US International Trade Commission (ITC) to request an order barring the importation of infringing goods into the US. Most complaints that meet statutory requirements result in the ITC initiating an investigation. To prevail, the IP owner must prove both infringement and the presence of a relevant domestic industry in the US.

If an investigation is initiated, it follows procedures similar to those described above for a court case. There are, though, several important differences. An ITC investigation proceeds at a much faster pace than most court cases. There is no right to a jury trial. Instead, the case is decided by an Administrative Law Judge, subject to review by the Commission and the US President and subject to the losing party's right of appeal to the Federal Circuit Court of Appeals. Service of process is simpler than in court cases, usually occurring by mail or email. And in instances of widespread infringement, it may be possible to obtain a general exclusion order covering all infringing products even though some affected parties may not have participated in the investigation.

If an IP owner prevails before the ITC, the ITC may issue either or both of (1) a cease-and-desist order, directing the infringing party to stop selling any previously imported goods, and (2) an exclusion order, directing US Customs and Border Protection (CBP) to bar infringing goods from the US. An exclusion order may be either limited or general. A limited exclusion order applies only to the infringing products of the named respondents in the investigation. A general exclusion order applies to all imported infringing products. Additional procedures are available within CBP to ensure proper implementation of the ITC's exclusion orders.

## 21. Are any non-court enforcement options or dispute resolution mechanisms mandatory in respect of intellectual property disputes in any circumstances? If so, please provide details.

For the most part, there are no mandatory non-court enforcement options or dispute resolution mechanisms in IP cases. However, courts typically require that parties attempt to settle their dispute through alternative dispute

resolution during the course of litigation. Court-mandated ADR usually lasts no more than a day and does not affect the rest of the case schedule. If the parties have a pre-existing contract with an arbitration clause, either party may insist that covered disputes be resolved by binding arbitration in accordance with the contractual terms in lieu of litigation.

## 22. What options are available to settle intellectual property disputes in your jurisdiction?

Alternative dispute resolution is a major industry in the US. Arbitration and mediation services are offered by ADR companies as well as by individual retired attorneys and judges. The most well-known ADR companies are American Arbitration Association (AAA) and Judicial Arbitration and Mediation Services (JAMS). Both have established procedures, large panels of professionals, and support staff to help parties resolve disputes. ADR professionals may be retained either while litigation is pending or independent of litigation.

If a lawsuit has been filed, courts typically offer a settlement conference with a judge as another settlement option. Usually this is a different judge than the judge presiding over the case, to encourage the parties to speak openly without fear of affecting the presiding judge's view of the case.

Of course, parties may also attempt to resolve disputes through direct negotiation without enlisting professional ADR services or help from a court.

## 23. What is required to establish infringement of each of the intellectual property rights described above? What evidence is necessary in this context?

An IP owner alleging infringement has the burden of proof by a preponderance of the evidence, meaning it must be shown to be more likely than not that the facts on which the claim are based are true. Each type of IP claim has different elements and involves different types of evidence.

### Patents

To prevail on a claim for patent infringement, the claimant must prove its ownership of the patent and prove that, during the term of the patent and without authorization, the alleged infringer made, used, sold, or offered for sale in the US, or imported into the US, a product or process

that satisfies every element of at least one patent claim. Alternatively, a claim may be based on inducing or contributing to infringement by a customer or other third party.

If the claimant is not the original inventor, all applicable assignment agreements must be provided. An exclusive licensee may also sue, but only if joined by the patent owner. Technical experts are used to show that each element of the patent claim is present, literally or by substantial equivalence, in the allegedly infringing product or process. Evidence of sales and other acts of infringement is typically obtained from the alleged infringer during discovery and may consist of sales records, marketing materials, correspondence with customers, technical materials, and testimony from relevant employees.

### Copyrights

To prevail on a claim for copyright infringement, the claimant must prove it is the original author of the work (or an assignee or exclusive licensee), the copyright has been registered with the US Copyright Office (though not necessarily prior to infringement), and the alleged infringer, without authorization, copied material elements through reproduction, distribution, public display, or performance of the work or a derivative work. A claim may also be based on inducing or contributing to infringement by another.

If the copyright is registered before the work is published or within five years thereafter, the registrant's ownership of the copyright is presumed. Otherwise, the claimant must prove its ownership, such as with testimony and records regarding the original creation of the work. If the claimant is not the original author, agreements must be provided to show that the claimant is an assignee or exclusive licensee. Evidence of copying is straightforward in some cases, but often requires circumstantial evidence of the alleged infringer's access to the copyrighted work and similarities between the copyrighted work and the allegedly infringing work. Expert testimony is sometimes submitted on the issue of similarity.

### Trademarks/Trade Dress

To prevail on a claim for trademark infringement, the claimant must prove its ownership of a valid trademark and the alleged infringer's unauthorized use thereof in a manner that creates a likelihood of consumer confusion regarding the source or sponsorship of goods or services. Registration of the trademark is not required; prior commercial use of the trademark in a relevant market and region is sufficient to confer ownership.

Registration of a trademark with the USPTO gives rise to a presumption of the registrant's ownership of the mark and the mark's validity. For a claim of trademark infringement under state law, similar presumptions may be afforded if the trademark is registered with an applicable state agency. Otherwise, evidence of prior commercial use must be shown. If the trademark is not sufficiently distinctive, evidence of "secondary meaning"—i.e., that consumers associate the mark with the claimant's goods and/or services—must be presented, such as through surveys conducted by experts. Surveys are also often used to show that consumers are likely to be confused by the allegedly infringing mark.

### Trade Secrets

To prevail on a claim for trade secret misappropriation, the claimant must prove that (1) information is a trade secret, meaning it is not generally known, it derives economic value from being secret, and it is the subject of reasonable efforts to preserve its secrecy; and (2) the defendant knew or should have known that it acquired the trade secret through improper means and/or used or disclosed the trade secret without authorization. Trade secrets that are the subject of litigation often include scientific and engineering information, computer source code, manufacturing processes, and customer lists. Evidence of misappropriation is sometimes obtained through forensic analysis of electronic devices, particularly when a former employee is accused. Otherwise, the claimant may need to rely on circumstantial evidence, such as by showing that the alleged misappropriator had access to the trade secrets and developed its technology or information in an usually short time and/or with substantial similarities to the claimant's trade secrets.

**24. How does the court acquire any necessary information (fact or technical) and in what circumstances does it do so? In particular a) Is there a technical judge, a judge with technical experience, a court appointed expert, an expert agreed by the parties, and/or parties' expert witness evidence? b) What mechanisms are available for compelling the obtaining and protecting of evidence? Is disclosure or discovery available?**

a) Is there a technical judge, a judge with technical experience, a court appointed expert, an expert agreed by the parties, and/or parties' expert witness evidence?

In the US, the parties present evidence to the court. The role of the judge (or jury, where applicable) is limited to evaluating the evidence presented by the parties. If the case involves technical issues, each party typically retains its own expert witness(es) to present technical information and related opinion testimony.

Judges in the US are generalists who hear many types of cases, not just IP cases. A particular judge may have acquired a technical background and/or IP law experience before joining the bench, but this is not the norm. Some courts have more experience with patent law and technology than others, though, because a disproportionate number of patent cases are filed there (e.g., the Western District of Texas and District of Delaware). Also, the Federal Circuit Court of Appeals hears all patent appeals.

Courts have discretion to appoint experts to help them understand technical issues, and some judges do so regularly, but it is not the norm. Moreover, the role of such experts is limited to helping the judge understand the evidence presented by the parties, not to acquire or present evidence independently.

b) What mechanisms are available for compelling the obtaining and protecting of evidence? Is disclosure or discovery available?

The US judicial system is perhaps unique in the extent to which it authorizes parties to litigation to obtain information, documents, and testimony from the opposing party prior to trial, and to obtain documents and testimony from third parties by subpoena. This process is called "discovery" and is both intrusive and expensive. If a party or non-party fails to cooperate in providing relevant information, the court can compel compliance. Discovery violations can result in monetary sanctions, the exclusion of evidence at trial, and even (in extreme cases) an adverse finding on the merits.

Information produced during discovery in IP cases is often highly confidential. To prevent harm to the disclosing party, courts typically issue protective orders at the outset of litigation that limit the use and disclosure of information produced during discovery. Highly confidential information can be produced on an "attorney's eyes only" basis, meaning not even the opposing party (only its lawyers) can see it. If a case involves computer source code, additional protections are often implemented.

## 25. How is information and evidence submitted

### to the court scrutinised? For example, is cross-examination available and if so, how frequently is it employed in practice?

Whenever a party to US litigation presents evidence to a judge or jury, the opposing party has a full opportunity to cross-examine the party's witnesses and to present rebuttal evidence. This process, including cross-examination, is considered essential to the truth-finding process.

Some judges pose their own questions to witnesses, usually after a party finishes its questioning and for the purposes of clarification and/or limited follow-up. This is more common in cases tried to a judge than in jury cases. If a judge poses a question, either party may object on the same grounds as to the opposing party's questions.

Some judges have experimented with allowing juries to pose questions to the lawyers (usually during jury deliberations after the presentation of evidence has concluded) or even (much more rarely) to witnesses. Such questions are usually presented in writing and are subject to review by the judge and counsel before any answer is given.

## 26. What defences to infringement are available?

An alleged IP infringer typically disputes the allegation of infringement and defends itself on that basis, or by challenging the other essential elements of an infringement claim. In addition, even if there is a finding of infringement, the alleged infringer may be able to prevail based on an "affirmative" defense. The claimant need not address these defenses unless raised by the alleged infringer, who has the burden of proof with respect to all affirmative defenses.

### Patents

A US patent is presumed valid but may be proven invalid if it fails to comply with the many legal requirements applicable to patents. Each patent claim must be analyzed independently with respect to validity. Typical grounds for a defense of invalidity include that (1) the claimed invention is not new but rather was fully disclosed or rendered obvious by one or more prior patents, publications, and/or products; (2) the patent claim is written so poorly that its scope cannot be determined and it is deemed "indefinite"; and (3) the patent's detailed written description does not establish that the named inventors had possession of the claimed invention, or it fails to enable others of skill in the art to use the invention without undue experimentation.



Many other defenses to a claim of patent infringement are also available. These include, for example, (1) inequitable conduct, in which a patent was obtained through fraud on the USPTO or the intentional failure to disclose known, material prior art; (2) license, in which it is shown that the patent owner granted a license to the alleged infringer or, more commonly, to a supplier of an allegedly infringing component; (3) exhaustion, meaning the patent owner exhausted its patent rights by selling a patented product, usually asserted by one who is accused of infringement by repairing, refurbishing, or providing replacement parts for the product; (4) patent misuse, which occurs when a patent owner grants licenses on terms that serve to improperly expand its patent rights; (5) equitable estoppel, which applies when a patent owner leads an alleged infringer to reasonably believe that it does not intend to enforce its rights; and (6) statute of limitations, which applies to all acts of infringement occurring more than six years before the filing of suit.

### Copyrights

A common affirmative defense in copyright cases is fair use, which is protected by statute. A non-exhaustive list of uses that may be deemed "fair" depending on the circumstances includes criticism, comment, news reporting, teaching, scholarship, and research. Four factors must be considered, including (1) the purpose and character of the use (e.g., commercial vs. non-commercial and transformative vs. non-transformative); (2) the nature of the copyrighted work (e.g., factual vs. creative); (3) the amount and substantiality of what was copied; and (4) the effect of the copying on the work's value or potential market.

Another potential defense is that the claimant's work is not entitled to copyright protection. This defense is rarely successful because the threshold for establishing copyrightability is quite low.

Examples of other defenses to copyright infringement include (1) merger, which applies when there are only a limited number of ways to express an idea (which is not protectable under copyright law) and the expression is therefore deemed to "merge" with the idea itself; (2) *scènes à faire*, when applies to clichéd language and to scenes and themes that are required or customary in a particular genre; (3) license, when the alleged infringer has been licensed directly or indirectly by the copyright owner; (4) copyright misuse, similar to the patent misuse defense described above; and (5) statute of limitations, which applies to acts of infringement occurring more than three years before the filing of suit.

### Trademarks/Trade Dress

A party accused of trademark or trade dress infringement may assert as a defense that the trademark or trade dress is not entitled to protection because it is not sufficiently distinctive or is a functional feature of the product. Another available defense is fair use, which applies when a trademark is only used to describe a product rather than to identify it. When a trademark is the subject of parody, it can be argued that the use is protected by the right of free speech—but not where the use is commercial in nature. Finally, a trademark defendant may rely on equitable defenses such as estoppel, laches, and unclean hands.

### Trade Secrets

Aside from challenging the essential elements of a trade secret misappropriation claim, a party may defend against such a claim by asserting that the alleged trade secret is readily ascertainable from public sources known in the relevant field. The statute of limitations is also a defense, requiring that a suit be filed within three years after discovery of the misappropriation under federal law and most state statutes.

## **27. Who can challenge each of the intellectual property rights described above?**

Almost any 3<sup>rd</sup> party can challenge the intellectual property rights listed in section A. Any such challenge can, in certain circumstances, be as an initial challenge without the 3<sup>rd</sup> party being subject to litigation or as a defence raised in litigation.

For example, during a specific initial part of the pendency of a patent application, a 3<sup>rd</sup> party can make a limited prior art submission to the USPTO, which is an indirect challenge to the intellectual property rights since the 3<sup>rd</sup> party cannot take an active role in how the prior art is considered.

If a 3<sup>rd</sup> party believes a pending patent application or granted patent was their own invention, the 3<sup>rd</sup> party can file a derivation proceeding at the USPTO, which will evaluate the timing and substance of inventive contributions. This could result in the invalidation of an existing patent or pending application due to incorrect inventorship.

At the USPTO a 3<sup>rd</sup> party can challenge patent rights via *ex parte* reexamination, post grant review, *inter partes* review, or covered business method review. In federal court, a 3<sup>rd</sup> party can challenge patent rights via a declaratory action if there a reasonable apprehension of being subject to a lawsuit based on these rights, or as



part of an invalidity defence. In challenges of patent rights covering FDA approved drugs, a 3<sup>rd</sup> party can file what is known as a paragraph IV certification, which can allege, inter alia, that patents listed with the FDA covering an approved drug are unenforceable. This will begin a process where the owner of the drug and underlying patents will file litigation against the 3<sup>rd</sup> party and open these patents to being invalidated. Before the International Trade Commission (ITC), a 3<sup>rd</sup> party can allege the validity of a granted patent but the ITC lacks the authority to officially invalidate a patent. However, the basis of the patent challenge is often concurrently or subsequently sought by the 3<sup>rd</sup> party in the USPTO or in federal court.

As noted in the License Section above, licensees of patent rights can also challenge licensed patent rights at the USPTO or via litigation.

Regarding trademark rights, a 3<sup>rd</sup> party can oppose trademark applications at the USPTO that have been accepted for grant and published, or file a cancellation proceeding to cancel a granted trademark if there is a potential for being damaged by the mark. The 3<sup>rd</sup> party can also challenge trademark rights in litigation based on the Lanham Act to cancel the federal registration. Since trademarks can also be registered on a state-by-state basis, trademark challenges may also be made in state court by any 3<sup>rd</sup> party on a number of bases or as part of a defence in a trademark infringement litigation. Trademark rights can also be challenged by a 3<sup>rd</sup> party before the ITC, though the ITC lacks the authority to officially invalidate a trademark.

Copyright and trade secret challenges are limited to litigation forums. A party believing they are being harmed by the copyright registration can file federal litigation or, more commonly, challenge copyright registrations in a defence to copyright infringement. Trade secret challenges can be made in state or federal court by 3<sup>rd</sup> parties accused of taking or otherwise violating a trade secret. Copyrights rights can also be challenged by a 3<sup>rd</sup> party before the ITC, though the ITC lacks the authority to officially invalidate a copyright.

## **28. When may a challenge to these intellectual property rights be made (e.g. during any registration process or at any time during the subsistence of the right)?**

Patent rights may be challenged during pendency at the USPTO within a limited window of time after publication of the application and prior to the first action on the

merits. Patent rights may also be challenged during pendency via a derivation proceeding, as discussed above. After patent grant, patent rights may be challenged at the USPTO via post-grant proceedings such as ex parte reexamination, post grant review, inter partes review, or covered business method review. Patent rights may also be challenged in litigation after grant, even after expiration of such rights in limited circumstances.

Trademark rights can be challenged during pendency or up to five years after grant at the USPTO. Anytime after grant, trademark rights can be challenged in litigation.

Copyrights can be challenged by accused infringers any time the copyright is asserted during litigation.

Trade secrets can be challenged in court any time the trade secret is asserted during litigation.

## **29. Briefly, what is the forum and the procedure for challenging each of these intellectual property rights and what are the grounds for a finding of invalidity of each of these intellectual property rights?**

At the USPTO patents can be challenged via ex parte reexamination or Inter Partes Review based on prior art under 35 USC 102 and/or 35 USC 103.

A re-examination request is filed by a 3<sup>rd</sup> party which provides all of the allegedly invalidating prior art and related arguments to the USPTO for consideration, which begins the process. The 3<sup>rd</sup> party may be able to submit one additional set of arguments and then the proceedings advance between the USPTO and the patentee. While the procedure may begin with 35 U.S.C. § 102 and/or 35 U.S.C. § 103 as the only bases, the reexamination may result in additional bases of invalidity being explored, including 35 U.S.C. § 101, 35 U.S.C. § 112 and double patenting.

Inter partes review can be instituted within a specific time period after patent grant or termination of a post grant review proceeding. A 3<sup>rd</sup> party files a petition to begin the process, which may be responded to by the patent owner. The USPTO can institute the proceeding if they believe there is a reasonable likelihood that at least one challenged claim is invalid based on 35 U.S.C. § 102 and/or 35 U.S.C. § 103.

A post grant review or a covered business method review can be filed within 9 months of a patent grant by a 3<sup>rd</sup> party under 35 U.S.C. §§ 101, 102, 103, and/or 112. A 3<sup>rd</sup>

party files a petition to begin the process, which may be responded to by the patent owner. The USPTO can institute the proceeding if they believe it to be more likely than not that at least one challenged claim is invalid based on any ground that could be raised under 35 U.S.C. § 282(b)(2) or (3). There are certain other limitations on the covered business method procedures related to the invalidity basis and real party in interest.

A derivation proceeding begins with an applicant filing a petition to institute a derivation proceeding within 1 year of the publication of a patent claim "that is the same or substantially the same as the earlier application's claim to the invention." During the proceeding, a determination is made whether the claimed invention was derived from an inventor named in the petitioner's application.

In federal court, a 3<sup>rd</sup> party may challenge validity and enforceability of a patent. The patent will be invalidated if it is found violate a provision of Chapter 35 of the US Statutory Code. The main bases are under 35 U.S.C. §§ 101, 102, 103, or 112. A 3<sup>rd</sup> party can also allege that a patent is unenforceable due to fraud committed on the USPTO by the patentee. When a patent is found to be unenforceable, the patent rights still technically exist, but they can no longer be enforced by the patent owner against 3<sup>rd</sup> parties. This determination may affect the enforceability of related patents as well.

As discussed above, trademark rights can be challenged in the USPTO, in federal court, before the ITC or if state trademark rights are at stake, in state court. An opposition to a pending trademark application or cancellation of an existing trademark registration within 5 years after registration can be lodged at the USPTO by filing a submission based on: likelihood of confusion, functionality, immoral or scandalous matter, descriptiveness, falsely suggestive or disparaging, merely a surname, generic, falsely obtained, not filed by the owner of the mark, not yet in use in commerce at the time it was alleged to have been used, it fails to disclaim unregistrable matter, it lacks bona fide intent to use, was abandoned, dilution, or misrepresentation of source.

Anytime after trademark grant a registration can be challenged in federal court based on any of the bases set forth in Section 14 of the Lanham Act. Invalidity is generally raised as a defence but can also be raised by a 3<sup>rd</sup> party that believes they will be damaged by registration of the mark.

Challenges to copyrights are most frequently raised in a defence to copyright infringement in federal court or before the ITC. The most common ground for basis for such allegation is a demonstration that the underlying

work does not meet the requirements of copyrightable material.

Challenges to trade secrets occur in defence to trade secret misappropriation allegations in federal or state court. The most common ground for basis for such allegation is a demonstration that the trade secret was not in fact a secret, including a demonstration that the owner failed to take the requisite steps to protect the subject matter as a trade secret.

### **30. Are there any other methods to remove or limit the effect of any of the intellectual property rights described above, for example, declaratory relief or licences of right?**

If a 3<sup>rd</sup> party has a reasonable apprehension of being subject to a lawsuit based on federal IP rights, that party can file a declaratory action in federal court to invalidate those rights.

As IP rights are effectively personal property rights, 3<sup>rd</sup> parties generally lack standing and/or ability to limit the effect of these rights outside of any of the official government channels discussed above. However, in addition to the challenges discussed above parties may engage in any of a variety of activities that can act to limit IP rights more generally. One example involves engaging in the federal legislative process through trade organizations or lobbying government legislators. Another example, is through authoring or supporting amicus briefs supporting or challenging IP related positions for pending litigation before the US Federal Circuit or US Supreme Court.

A 3<sup>rd</sup> party may, through contractual means discussed above, obtain rights to make, use, sell, import, or export products or services that would otherwise infringe intellectual property rights from the intellectual property rights owner via license. A 3<sup>rd</sup> party may also obtain a contractual agreement where the intellectual property rights owner agrees not to enforce the rights against the 3<sup>rd</sup> party through a covenant not to sue.

### **31. What remedies (both interim and final) are available for infringement of each of the intellectual property rights described above?**

An IP owner who proves infringement may be entitled to money damages, attorney's fees, costs, and/or injunctive relief. Costs and attorney's fees are discussed in the answer to Question 32. The parties usually hire financial experts to opine as to the proper measure of damages.

The legal requirements have commonalities across the different types of IP, but the specifics differ.

### Patents

When a patent is infringed, the patent owner is entitled to damages in the amount of at least a reasonable royalty. Alternatively, a patent owner may recover its lost profits. If there is a finding of willful patent infringement, the court may enhance damages up to three times the actual damages.

A prevailing patent owner may obtain a permanent injunction prohibiting future infringement if the owner shows that further infringement would cause irreparable harm, money damages would be inadequate to address the harm, the balance of hardships weighs in favor of the patent owner, and an injunction would not harm the public interest. In practice, permanent injunctions are mostly limited to cases between direct competitors. Temporary restraining orders and preliminary injunctions prohibiting infringement during the litigation are permitted but rarely granted. Courts consider the same four factors as for permanent injunctions, plus the patent owner's likelihood of prevailing on the merits.

### Copyrights

A prevailing copyright owner may recover its lost profits and/or the infringer's profits from the infringement, to the extent those two measures are not duplicative. Alternatively, statutory damages are available to a copyright owner who registered the copyrighted work before infringement occurred or within three months of publishing the work. Statutory damages may be awarded in the range of \$750 to \$30,000 per act of infringement, reduced to as little as \$200 per incident for innocent infringement or increased to as much as \$150,000 per incident for intentional infringement.

Injunctive relief is available to copyright owners to prohibit future infringement. Although the same factors apply as described above for patent cases, in practice injunctions are easier to obtain in copyright cases than in patent cases. Even preliminary injunctions, typically issued near the start of a litigation, are relatively common in copyright cases when the copyright owner shows it is likely to prevail. The court may also issue an order requiring the destruction of infringing copies and the means for reproducing them if the copyright owner proves infringement, or an order requiring the impoundment of such items during the litigation.

### Trademarks/Trade Dress

Because trademarks and trade dress are a matter of both

federal and state law, there are variations in the available monetary remedies for infringement depending on the jurisdiction. In general, though, a prevailing trademark or trade dress owner may recover its lost profits and/or the infringer's profits from the infringement, to the extent those two measures are not duplicative. An award of the defendant's profits is not a matter of right but is subject to principles of equity. Damages awards under federal law may be adjusted upwards in the court's discretion. Awards of profits may be adjusted either upwards or downwards. Some state laws authorize punitive damages for willful infringement.

It is customary for a permanent injunction to be granted upon a finding of trademark or trade dress infringement. Although the same four factors apply as in patent and copyright cases, the standard can usually be met given that the alternative is a continuation of likely consumer confusion. A temporary restraining order or preliminary injunction during litigation may also be requested. If a case involves an alleged counterfeit mark, the court may issue an order directing the seizure and impoundment of the related goods and the means for making the counterfeit mark.

### Trade Secrets

Trade secret remedies, being a matter of both federal and state law, also vary by jurisdiction. In general, though, a prevailing trade secret owner may recover its actual damages and/or the infringer's profits from the misappropriation, to the extent those two measures are not duplicative. Alternatively, the trade secret owner may request a reasonable royalty—in some jurisdictions, only if other forms of damages cannot be proven. In the case of willful misappropriation, exemplary damages may be awarded in an amount not exceeding twice the compensatory damages.

Both preliminary and permanent injunction relief may be awarded to prohibit misappropriation under the same standards that apply to other forms of IP, though the standards are often deemed met where there is a finding of misappropriation. In a case filed under federal law, upon a showing of extraordinary circumstances, the court may order the seizure of property necessary to prevent the dissemination of the allegedly misappropriated trade secrets.

**32. What are the costs of enforcement proceedings and is any kind of costs recovery available for successful parties? Is there a**

### procedural mechanism enabling or requiring security for costs?

The cost of an IP suit that proceeds through trial, whether in court or before the ITC, is typically several million dollars. Depending on the issues and the stakes, expenses for an individual case can range from a few hundred thousand dollars at the low end to tens of millions of dollars at the high end. As court fees are relatively minimal, most of the litigation expense is to pay attorneys, expert witnesses, e-discovery vendors, court reporters, translators, jury consultants, trial graphics, etc.

As in any type of suit, a prevailing party is entitled to an award of "costs," usually a modest amount that does not include attorney's fees. Absent a contract between the

parties providing for an award of attorney's fees under the circumstances, attorney's fees may be recovered in an IP case only as follows:

- Patents: If the court finds that the case is "exceptional," typically due to a finding of willful infringement and/or litigation misconduct.
- Copyrights: If the copyright owner registered the copyrighted work before infringement occurred or within three months of publishing the work.
- Trademarks: Under federal law, if the court finds the case to be "exceptional." Under state law, the standards vary.
- Trade secrets: If there is a finding of willful misappropriation.

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