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THE UMBRELLA[®]. AN INTELLECTUAL PROPERTY LAW UPDATE.

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Black Gold: Patent Battle Royale Moving from Silicon Valley to Midland, Texas?



Bobby Braxton

Associate

We have all heard of the patent battles between tech giants Apple and Samsung. It is easy to imagine the countless patents that protect the new iPhone and Galaxy smart phones. However, intellectual property is not limited to the Steve Jobs and Mark Zuckerbergs of the world. A huge amount of intellectual property is being developed, and protected, in the oil field. In fact, the next major patent

dispute is more likely to involve a method of fracking than a processor on a smart phone. The reason, in part, is that as “easy oil” reserves become more and more rare, oil and gas companies are developing incredible technological solutions in order to harness oil, which was previously believed unreachable. In solving these complex problems, they are developing vast amounts of intellectual property. Oil and gas companies of all sizes need to begin protecting their intellectual property because their competitors are. Failing to protect intellectual property will place these companies at a huge competitive disadvantage in the long run.

Who is Getting Patents?

The short answer is that just about everyone in the oil and gas industry is getting patents. ExxonMobil had over 10,000 active patents at the end of 2011. Shell had over 20,000 patents at the end of 2012. But “big oil” isn’t the only player obtaining patents. Schlumberger Ltd., Halliburton, and Baker Hughes, Inc., three of the largest oil service providers, obtained 1,257 patents in 2012 alone. This is more than double the number of patents obtained ten years ago. There is a reason these companies are putting more and more emphasis on patent protection.

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The Neglected Design Patent?



Shaukat A. Karjeker

Partner

When people talk about patents, they generally mean a “utility patent.” To date, over 8 million utility patents have issued in the United States. In contrast, only about 680,000 design patents have ever issued. Why the discrepancy? It’s hard to fathom, especially after Apple Corp. recently won a \$1.05 billion jury verdict for design patent infringement against Samsung Electronics in the ongoing battle for cell-

phone supremacy. So, the oft-neglected and overlooked design patent is clearly “no lightweight” in high-stakes patent litigation between heavyweights. Nonetheless, the utility patent has come to almost completely embody the entire concept of “a patent” in the public mind.

While a utility patent provides exclusive rights in useful technology, its neglected design patent cousin provides exclusive rights in “ornamental designs.” As marketing executives know, the ornamental design of a product is often as significant, or even more compelling, as the useful features of the product, especially in the consumer products marketplace. Recently, the Federal Circuit Court of Appeals decided an appeal from a design patent case relating to a slipper design in *High Point Design*, and succinctly stated the standards for obtaining a design patent, the standards applicable for determining design patent infringement, and the tests for determining the validity of a design patent.

How Do I Get a Design Patent?

A design patent is available for any design that is “primarily ornamental.” An article can perform a useful function, and still be “primarily ornamental” in overall appearance. For example, headlights on automobiles light up the road ahead, but headlights can have a variety of different, and often quite distinctive, designs. These headlight designs may be regarded as primarily ornamental, and may qualify for design patent protection.

Those familiar with utility patents know that the wording of the patent claims define the subject matter in which the patentee has exclusive rights. The claims of a design patent are not expressed in words, but are the drawings showing the ornamental design. And, the design patent provides exclusivity only in those features of a product shown in the patent drawings.

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CLS Bank Patent Analysis and Claims Salvaging



Kevin M. Klughart

Of Counsel

The courts have been particularly active recently with respect to the question of what is patentable subject matter. Despite this activity, there has been no real guidance provided by the courts to practitioners. In *CLS Bank v. Alice Corp.*, the Federal Circuit found the claimed computer-related subject matter not patentable. Unfortunately, there were seven different opinions in the case containing at least three

different approaches to determining whether particular subject matter is patentable.

While the Federal Circuit and commentators have concentrated on the *claims formation* and issues regarding § 101 *patentable subject matter*, the real issue not addressed by either party are the deficiencies in the SPECIFICATION and DRAWINGS. Without a properly written specification with supporting drawings that define the invention, there is no hope of generating supporting claims that meet the court’s requirements for § 101 patentable subject matter. Thus, when properly analyzed, the issue in the *CLS* case is one of § 112 disclosure and enablement, not subject matter. Had the invention been disclosed and claimed in the proper manner, the chances of the Federal Circuit finding patentable subject matter would have been much better.

This article will provide an analysis of several of the practical issues associated with the *CLS* patents as well as a proposed methodology to address these deficiencies for newly drafted computer-related patent applications. Some discussion will also be provided on possible techniques that could have been used to salvage claims of the *CLS* patents. For example, it is important to use a coordinated methodology to describe the invention. This requires that the information content conveyed include not just data, but also structure so that it is clear how the claimed invention is implemented, both in the specification and in the drawings. When choosing a title for the patent application, the title should be terse, generally six words or less, and should describe the gist of the invention. Heeding these suggestions and others described in further detail below will greatly improve the chances of a patent withstanding an attack based on patentable subject matter regardless of how the courts finally come down on the appropriate framework to be applied.

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Texas Fashionably Late to the Uniform Trade Secrets Act Party



Vincent J. Allen

Partner

Significant changes in the law in Texas with respect to trade secrets went into effect September 1, 2013, with Texas becoming the 48th state to adopt the Uniform Trade Secrets Act. Previously, there was no central repository for Texas trade secret law, as it was a combination of the common law, restatements, and the Texas Theft Liability Act.

The Act changes Texas trade secret law in a number of material respects and applies to any alleged misappropriation occurring on or after the effective date. The extent of the changes will be determined by the courts as they interpret the Act but the Act is believed by many to eliminate a number of ambiguities that existed in the prior trade secret laws of Texas. The changes will make trade secret protection broader in some circumstances and narrower in others, but will likely give more clarity to what is and is not considered a trade secret.

What Is A Trade Secret?

One notable change is in the definition of trade secret, which is now defined as:

[I]nformation, including a formula, pattern, compilation, program, device, method, technique, process, financial data, or list of actual or potential customers or suppliers that (A) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (B) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

The change in the definition of a trade secret broadens the definition of the prior law in several respects. There is no longer a requirement that the information remain in "continuous use" as the common law seemed to require. This is a reasonable change as a company should not be penalized if it does not use the information on an ongoing basis or decides to delay the implementation of a secret process or the sale of a new product, for example.

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Firm Updates

MEDIA MENTIONS

> Partner Vincent Allen was featured on the front page of *The Texas Lawyer* in the article "Prolific Patent Practice." He offers an explanation of a PriceWaterhouseCoopers report showing that non-practicing entities have seen significantly higher damages awards than practicing entities in patent litigation.

AWARDS

> For the second year in a row, founding partner Colin Cahoon was ranked among the top lawyers in Texas. He is recognized as one of Texas' top intellectual property attorneys in the 2013 edition of *Texas Super Lawyers*. The full listing appears in the October 2013 issues of *Texas Monthly* and *Texas Super Lawyers* magazines.

> Carstens & Cahoon, LLP was named one of Texas' Top Ranked Law Firms for 2013 due to the high percentage of *Martindale-Hubbell* AV Preeminent[®] Peer Rating achieved by our attorneys. This is the second year our firm has received this honor.

NEW MEMBERS

> Greg Marcum has joined Carstens & Cahoon, LLP as Of Counsel. Bringing over 8 years of experience as a practicing engineer, he focuses his law practice on helping clients protect their intellectual property assets. Mr. Marcum received his undergraduate degree in mechanical engineering at Texas A&M University and his law degree from the University of Houston Law Center.

> Brandon Zuniga joins the firm as our newest associate. A recent graduate of Boston University School of Law, Mr. Zuniga focuses his practice on intellectual property law, including patent prosecution. He received his undergraduate degree in chemical engineering from Rice University.

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Professional Profile



Shaukat A.
Karjeker

Partner

Shaukat Karjeker has over 20 years of experience in the practice of intellectual property law. His approach is to help clients develop business assets out of their innovations and brand strategies, and to protect their markets. He is knowledgeable and experienced in virtually all aspects of patent and trademark practice before the US and foreign Patent and Trademark Offices, as well as in the federal courts. While

Shaukat enjoys working with start-up companies, he has a long history of providing services to Fortune 500 Companies. Those services have included not only the prosecution and litigation of patents and trademarks, but also providing opinions of counsel on issues of infringement and patent validity, devising design-around strategies, and serving as an expert witness on patent matters.

Shaukat's background includes a degree in chemical engineering from the University of Cape Town (South Africa). His practice has ranged far beyond the chemical field over

the years, and extends to business methods, aerospace, oil & gas, semiconductor processing, medical devices, software and Internet-related technologies, to list but a few. His ready appreciation of corporate business goals enable him to provide advice and services geared to meeting those goals.

Shaukat obtained his MBA from the University of Cape Town and his law degree from the University of Texas School of Law. He has achieved an AV rating in the Martindale-Hubbell® Lawyer Directory, the highest rating for both excellence of work product as well as legal ethics.

Shaukat has been an equity partner in major multi-state law firms as well as intellectual property "boutique law firms." During 2004-2005, he was the Coach of the University of Seattle School of Law moot court teams for the Giles Sutherland IP Moot Court Competition, on a pro bono basis. The 2004 team advanced to the national final rounds, for the first time in the School's history. He was also an adjunct professor teaching trademark law at the University of Houston Law Center in the 1990s.

Before attending law school, Shaukat had a successful eight year career with the Mobil Oil Company, both in the USA and in South Africa. He has also briefly worked for a prominent South African gold, diamonds and base metals mining company, as well as an international British-Dutch manufacturer of soaps, detergents and food products.