

LOUISVILLE BUSINESS FIRST

Tinsley lands at SDF
Local basketball great's company just inked a big airport contract
DAVID A. MANN, 19



BIOTECH

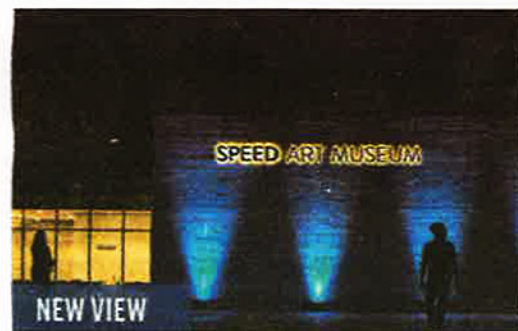
INVENTION AIMS TO CUT HIGH COST OF IMPLANT



University of Louisville professor Angelique Johnson is working on a way to reduce the cost of cochlear

implants – a device that helps with hearing loss – and allow them to be mass produced. Her company is lining up efforts that could cut the price of manufacturing down to a tenth of what it is now.

BAYLEE PULLIAM, 16



NEW VIEW

HAVE A LOOK INSIDE THE REFRESHED SPEED MUSEUM 3



GOOD EATS

EATING WELL ISN'T ALWAYS EASY. HER COMPANY WANTS TO HELP 18

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THEY'RE COMING TO STEAL YOUR IDEAS

Here's what you need to know about intellectual property law and how to protect what's yours

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IN PERSON



Sales practice made perfect for D.J. Hines

It took him more than a year to make his first sale. Now this real estate pro is on a roll. **DAVID SERCHUK, 32**

WEIRD BUSINESS

Oohology + oddities = one cool exhibit

Learn what went into designing the Ripley's Believe or Not show at Slugger Museum. **BAYLEE PULLIAM, 17**

NEW LIFE

Old church opens doors to events

After a \$100,000 restoration, St. Catherine's is open to guests again. **MARTY FINLEY, 15**

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BUSINESS OF LAW



Jack Wheat, partner at
McBrayer, McGinnis,
Leslie & Kirkland PLLC

PHOTOS BY WILLIAM DESHAZER



Steve Hall, partner
at Wyatt Tarrant &
Combs LLP

Intellectual property law has a real-world impact on businesses

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When Jack Wheat began his career in 1979, all of Kentucky's intellectual property attorneys could easily fit into one small room.

"There were only five or six lawyers in Kentucky that practiced in this area," he said.

Today, he said, 50 to 75 attorneys focus their practice on intellectual property, or IP, law statewide, and the Louisville Bar Association even has a division focused solely on IP.

Wheat, a partner at the Louisville office of the firm McBrayer, McGinnis, Leslie & Kirkland PLLC, explained intellectual property shares the same legal rights as any other property, except "the property you're dealing with originated from someone's mind."

Like other property, you can sell it, rent it - or keep others from using it.

"It could be a name or a slogan for a business, which are things you could protect under trademark law," he said. "Or it could be an artistic or literary work, protected by copyright law."

The other main areas of IP law relate to patents, trade secret protection and enforcement.

Real-world implications

IP law might seem abstract, but there are several Louisville examples that show how it's impacting local business.

For example, in January, General Electric Co. agreed to sell its Louisville-based GE Appliances division to Qingdao Haier Co. Ltd. for \$5.4 billion.

Haier didn't just want to buy the physical location, however. It also paid General Electric to license the GE brand and trademark for 40 years.

Kim Freeman, global public relations manager for GE Appliances, said the licensing costs were included in the sale price to Qingdao Haier.

In another high profile example, liquor giant Sazerac Co. Inc., which makes Fireball Cinnamon Whisky, in December sued Louisville-based Brown-Forman Corp. for allegedly using the word "Fireball" to market Jack Daniel's Tennessee Fire. Sazerac alleged a trademark violation, though it later dropped the suit.

BY THE NUMBERS

326,033

The total number of patents the U.S. Patent and Trademark Office granted in 2014, an 80 percent increase over 10 years

615,243

The total number of patent applications in 2014, a 61 percent increase in 10 years

110 PERCENT

The increase in patent litigation across all district courts from 2010 to 2015. The number of cases filed rose from 2,769 to 5,830.

-18.4 PERCENT

The decrease in trademark litigation cases filed in 2015 versus 2010, from 4,227 to 3,449. It was the lowest level in the last 10 years.

FIVE YEARS
/\$250,000

The maximum penalties that can be imposed for what is dubbed by the courts as a willful copyright infringement. Five years is the maximum term of imprisonment and \$250,000 is the maximum fine. Per work infringed.

SOURCES: US PATENT AND TRADEMARK OFFICE, LEXISNEXIS, U.S. COPYRIGHT OFFICE

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Changes in IP law

Wheat said one of the biggest recent changes in patent law occurred in 2014 when the U.S. Supreme Court weakened protections held by patent owners in a case called *Alice Corp. vs. CLS Bank*. The patent at the heart of the case was invalidated because the holder, Alice Corp., had merely patented a business method but not a technology or something equally innovative.

"The Supreme Court held the U.S. Patent Office was granting patents too easily," Wheat said.

That followed a key 2011 change when President Barack Obama signed into law the Leahy-Smith America Invents Act, which eased the way for challengers to legally question the validity of a patent.

The weakened protections have business implications, Wheat said, as patent holders may be leery of enforcing their patents because it could prompt a legal challenge that ends up invalidating the patent.

"They're more likely to reach a settlement outside of court with (patent) infringers," he said.

He said Louisville's IP cases often involve infringers who don't make outright copies of someone else's IP, but something suggestive of it.

For example, Wheat represented Churchill Downs Inc. in a suit against a vendor who sold "Derby" shirts that used references such as "Derby Tradition" or simply "Derby" but not the actual trade-



WILLIAM DESHAZER

James Cole, a director and patent attorney at Middleton Reutlinger, said the most active areas of IP, and specifically patent law, involve litigation related to electrical and computer-based inventions.

mark, "Kentucky Derby."

The vendor – Wheat declined to give the name – contended the word "derby" is generic because there are other derbies besides the one in Kentucky.

"The court held that the shirts were clearly intended to market on the notoriety of the Kentucky Derby and thus held that the shirts were infringing," Wheat said.

He says such infringers are "trying to see how close they can get."

Stephen Hall, a Louisville-based partner at Wyatt Tarrant & Combs LLP, highlighted another big change prompted by the America Invents Act.

Historically, the United States had what Hall called "first-to-invent jurisdiction," meaning that if you could prove you invented something patentable first, it didn't matter if someone filed a patent application first.

But the act changed that, and the U.S. joined most of the rest of the world as a

first-to-file country. In other words, the first person to file gets the patent.

"It's the biggest change of the last 50 years," he said.

Hall now advises clients who want to patent something to "be quick, but don't rush to the point that you compromise the quality of what you want to file."

He said inventors should make sure their ideas are developed to the point where the patent application can fully describe the invention, with all of the necessary details, when it is filed.

That's because patent rules require details to be explicit enough for others to make and fully use the invention once the patent expires.

Think ahead

James Cole, a director and patent attorney at Middleton Reutlinger in Louisville, said the most active areas of IP, and specifically patent law, involve litigation related to electrical and computer-based inventions.

He said other hotly litigated areas relate to patents for pharmaceuticals and business methods.

There are a few things business owners can do to protect their intellectual property, Cole said.

For example, if they own a patent, they must remember to pay its maintenance fees. According to the U.S. Patent and Trademark Office, such fees are due

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after 3 1/2 years, at 7 1/2 years and at 11 1/2 years.

Another issue: "You have to keep an eye on new patents issued from your competitors," he said. "So when new patents are issued, you can have either a patent attorney or an in-house staff attorney review the patent claims to ensure you're avoiding infringement."

Though the Internet has made it easier to violate copyrights and other intellectual property, it has also made it easier to find infringements, said Matthew Williams, also a member at Wyatt Tarrant & Combs in Louisville and another IP attorney.

Copyright owners can use sophisticated software that crawls the web looking for their material being posted in ways that violate their rights.

"With the favorable provisions of the Copyright Act, statutory damages and recovery or attorney fees, these entities have a great deal of leverage to drive settlements that result in payments from infringers," he said.

He added copyright holders also can take action against people that illegally resell their IP, especially in products like videos.

"The (copyright) holder will buy a used copy from the reseller, find it to be a counterfeit and then seek damages from the reseller for all sales," he said.

The burden of proof then falls on the reseller to prove previously sold copies weren't counterfeit.

McBrayer's Wheat added that with IP, it's best to determine who owns what in advance.

For example, if a business is developing a patentable technology, an employee of the business – or even an outside contractor – might have ownership claims, unless there is an agreement already in place in advance, clarifying who owns what.

"This is always a concern whenever a person with a concept collaborates with others to develop a product," he said.

For example, if someone had a concept for a software product or a smartphone app and hired a computer consultant to help develop the product, the consultant would own the resulting copyright of the end product unless there was a signed agreement providing that the person who came up with the concept would own any resulting copyright.

Wheat said a similar principle holds true for patentable inventions. When the invention is created by an employee, there is a real possibility he or she will own any resulting patent unless there is an agreement requiring the employee to assign any inventions to his or her employer.

But Wheat said such issues are resolvable. "Ownership is something that can be easily and inexpensively handled," he said. "It's easier in advance." ❧



Matthew Williams