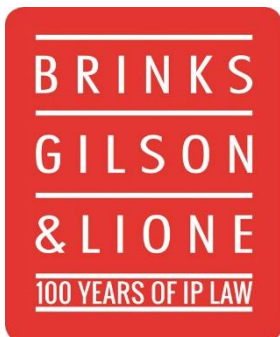


# SCOTUS Updates & A Primer on Tokenized IP and Blockchain

*Presentation to*  
**Association of Corporate Counsel  
Chicago Chapter**

**May 20, 2021**

[www.brinksgilson.com](http://www.brinksgilson.com)



**Presented by**  
**Marc V. Richards**  
**David P. Lindner**  
**Daniel H. Broaddus, Ph.D.**  
**Emily Kappers**



# CLE and Q&A Information

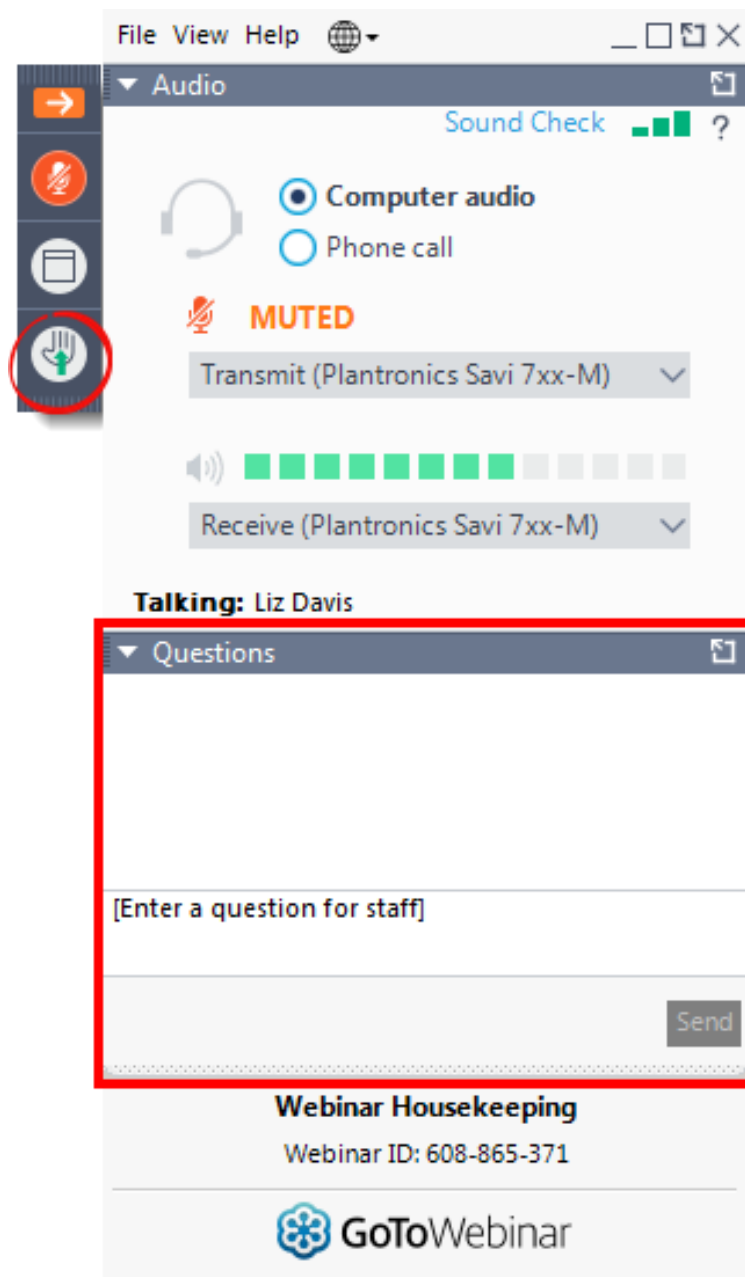
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There will be a Q&A period at the end of the webinar, but you may ask questions throughout:

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*A moderator will then unmute your microphone and prompt you to ask your question*

Alternatively, you can type your questions using the “Questions” tool shown on the right.





# Agenda

- Introduction
- Recent SCOTUS Decisions for IP Owners
  - Presented by David Lindner & Emily Kappers
- A Primer on Tokenized IP and Blockchain
  - Presented by Marc Richards & Daniel Broaddus
- Q&A

# Presenters

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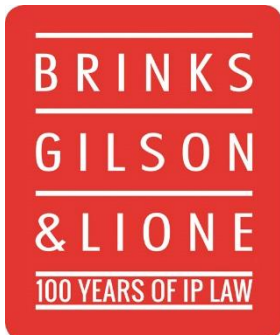
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# Recent SCOTUS Decisions for IP Owners

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# SCOTUS Trademark Decisions: 2020 Edition

## *Romag Fasteners, Inc. v. Fossil, Inc.* (April 23, 2020)

- Resolves Circuit split
- A showing of willfulness is **not** a prerequisite for a brand owner to obtain a defendant's profits in trademark infringement cases
- Greater chance for monetary recovery and potential increases to award values



# SCOTUS Trademark Decisions: 2020 Edition

## *Lucky Brand Dungarees Inc. v. Marcel Fashions Group, Inc.* (May 14, 2020)

- Two decades of litigation
- Defense preclusion **not** available when different conduct is challenged and different claims are raised
- Consider all available claims prior to filing
- Stay aware of settlement agreements and their potential impact on future enforcement efforts

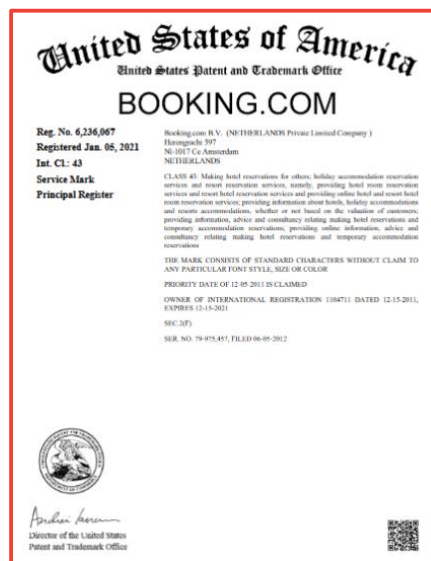
**LUCKY BRAND**

Marcel Fashions  
**GET LUCKY**  
DBA  
Since 1985

# SCOTUS Trademark Decisions: 2020 Edition

## *U.S. Patent and Trademark Office v. Booking.com B.V.* (June 30, 2020)

- Rejection of the USPTO's “sweeping rule” that the combination of a generic word and “.com” is almost always *per se* generic and unregistrable
- **Consumer perception is key**
- Weak marks still present enforcement limitations

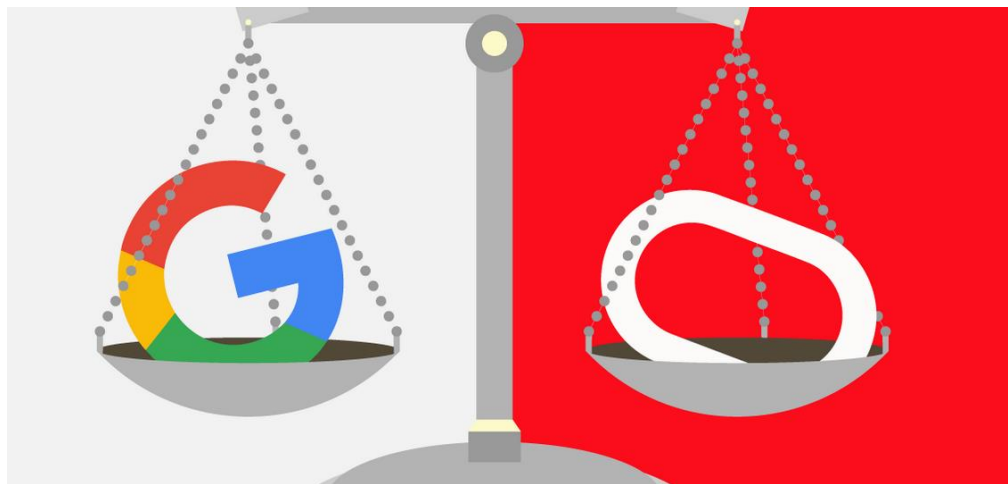




# SCOTUS Copyright Decision: 2021 Edition

***Google LLC v. Oracle America, Inc.*, 593 U.S. \_\_\_\_ (April 5, 2021)  
(No. 18-956)**

- The first copyright fair use merits case to be heard by SCOTUS in **25 years**.
- Google's use of Oracle's Java interface was fair use under copyright law.





# SCOTUS Copyright Decision: 2021 Edition

## ***Google LLC v. Oracle America, Inc.*, 593 U.S. \_\_\_\_ (April 5, 2021) (No. 18-956)**

- Google incorporates **Java APIs and about 11,000 lines of source code** into early versions of the Android operating system.
  - Google has since transitioned its Android system away from this source code.
- Google admits to using the APIs but claimed its use was **fair use** and not an infringement of Oracle's rights.
- Oracle's CEO says Java is "**the single most important software asset we have ever acquired.**"
- One Decade: 2 District Court trials; 2 Appeals; 2 Petitions for Cert to the Supreme Court.



# SCOTUS Copyright Decision: 2021 Edition

***Google LLC v. Oracle America, Inc.*, 593 U.S. \_\_\_\_ (April 5, 2021)  
(No. 18-956)**

- **Two Questions:**
  - Whether Oracle’s software code at issue was **copyrightable**; and
  - Whether Google’s use of the code **constituted a fair use**.
- **Fair Use Factors**
  - Purpose and character of use;
  - Nature of the work;
  - Amount and substantiality of the use in relation to the work as a whole; and
  - Effect of the use upon the value of and market for the work
- **Holding:** Google’s use of Oracle’s Java interface was fair use under copyright law.



# SCOTUS Copyright Decision: 2021 Edition

***Google LLC v. Oracle America, Inc.*, 593 U.S. \_\_\_\_ (April 5, 2021)  
(No. 18-956)**

- **Looking Forward**

- **Creation of a distinction** between computer code that is copyrightable and code that is “further from the core of copyright.”
  - Perhaps the start of a division between strong and weak copyright in computer code?
- New **risk and reward** for software developers.
- Potential **broadening of the fair use defense**.
  - Content providers beware.



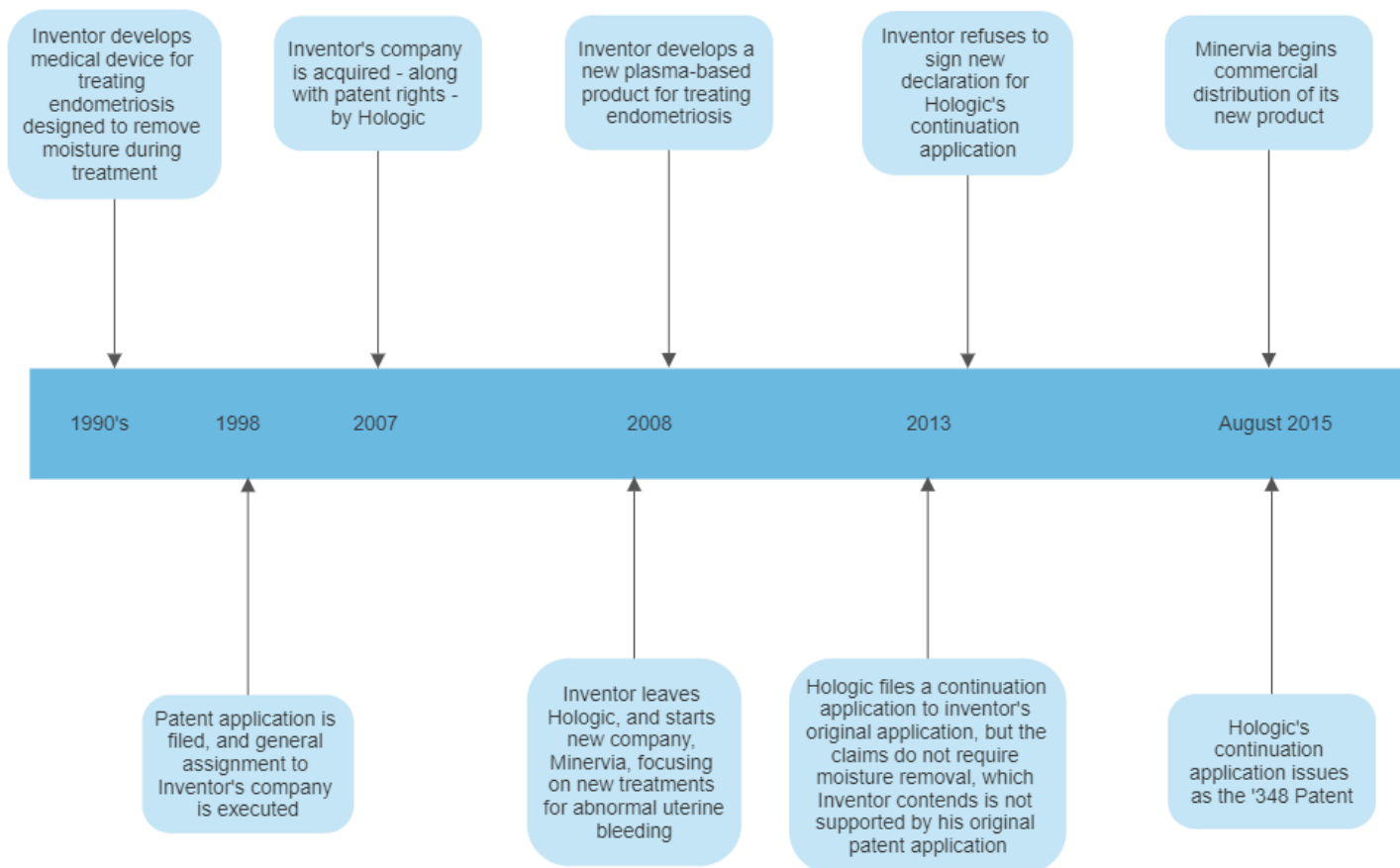
## SCOTUS Patent Cases: 2021 Edition

### ***Minerva Surgical, Inc. v. Hologic, Inc.*, (No. 20-440) (Argued April 21, 2021)**

- **Assignor Estoppel/Question Presented:** whether a defendant in a patent infringement action who assigned the patent, or is in privity with an assignor of the patent, may have a defense of invalidity heard on the merits.
- Directed only to the issue of assignor estoppel in a ***district court litigation*** a patent assignor can still challenge the validity of the assigned patent in an IPR proceeding  
*Aristra Networks, Inc. v. Cisco Sys., Inc.*, 908 F.3d 792 (Fed. Cir. 2019)

# SCOTUS Patent Cases: 2021 Edition

## ***Minerva Surgical, Inc. v. Hologic, Inc.*, (No. 20-440) (Argued April 21, 2021)**





## SCOTUS Patent Cases: 2021 Edition

### ***Minerva Surgical, Inc. v. Hologic, Inc.*, (No. 20-440) (Argued April 21, 2021)**

- Hologic sues asserting that Minerva's new product infringes the '348 Patent.
- Minerva asserts that the '348 Patent is invalid for lack of enablement and failure to provide an adequate written description.
- District Court grants summary judgment that Minerva is precluded from challenging the validity of the asserted claim from the '348 Patent based on the doctrine of assignor estoppel.
- Federal Circuit affirms the grant of summary judgment of no invalidity, and also finds that Minerva's new product infringes the '348 Patent.



# SCOTUS Patent Cases: 2021 Edition

***Minerva Surgical, Inc. v. Hologic, Inc.*, (No. 20-440) (Argued April 21, 2021)**

## Minerva's arguments against assignor estoppel

- Assignor estoppel should be eliminated
  - The Patent Act's text precludes assignor estoppel
  - The Court's decisions support abandoning assignor estoppel
  - Congress never assumed assignor patent estoppel is part of the Patent Act
  - Assignor estoppel thwarts federal patent policy
- If assignor estoppel survives, it should be constrained
  - Assignor estoppel cannot protect patent claims issued after assignment
  - Assignor estoppel cannot bar section 112 defenses
  - Assignor estoppel cannot bar an assignor who made no representation about patent validity on which the assignee reasonable relied





# SCOTUS Patent Cases: 2021 Edition

***Minerva Surgical, Inc. v. Hologic, Inc.*, (No. 20-440) (Argued April 21, 2021)**

## Hologic's arguments in support of assignor estoppel

- Assignor estoppel should not be eliminated
  - The Supreme Court has previously interpreted the patent laws to incorporate assignor estoppel
  - Congress incorporated assignor estoppel into the Patent Act of 1952
  - *Stare decisis* compels adherence to the Supreme Court's precedent of upholding assignor estoppel
- The Court should not narrow assignor estoppel

## The Government advocates for limiting the scope

- Assignor estoppel should be confined to its historical role in ensuring equity in the assignment of patent rights.



## SCOTUS Patent Cases: 2021 Edition

***Minerva Surgical, Inc. v. Hologic, Inc.*, (No. 20-440) (Argued April 21, 2021)**

### Assignor Estoppel Since 1924

It is “well settled by forty-five years of judicial consideration,” “that an assignor of a patent right is estopped to attack the utility, novelty or validity of a patented invention which he has assigned or granted against any one claiming the right under his assignment or grant.”

*Westinghouse Elect. Mfg. Co., v. Formica Insulation Co.*, 266 U.S. 342 (1924)

But, the Supreme Court allowed the assignor to “point to prior art to narrow the claims of the patent” to maintain its validity.

*Id.* at 351

Assignor estoppel does not apply when an assignor contests infringement on the grounds that the accused device practiced an expired patent.

*Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249 (1945)



# SCOTUS Patent Cases: 2021 Edition

***Minerva Surgical, Inc. v. Hologic, Inc.*, (No. 20-440) (Argued April 21, 2021)**

## **The Justices' Focus in on What Could be Another Exception**

- Justice Breyer: “What’s wrong with the limitations set forth by the government?”
- Justice Gorsuch: “What kinds of questions do you think will arise . . . that this Court will have to address if we bless [the government’s proposal]?”
- Justice Kavanaugh: “How would [Hologic] describe [its] differences with the government’s position”?
- Chief Justice Roberts: “[The government says that assignor estoppel should only apply] where the assignor sells patent rights for valuable consideration. How [does the government] tell what is valuable consideration?”



# SCOTUS Patent Cases: 2021 Edition

***Minerva Surgical, Inc. v. Hologic, Inc.*, (No. 20-440) (Argued April 21, 2021)**

## Potential Impacts to Corporations

- If reliance is required for the application of assignor estoppel, what does a corporation need to do to protect itself?
  - Is a statement in an invention disclosure statement sufficient?
  - Could a corporation satisfy the reliance requirement by incorporating language into an assignment?
- Even under the government's limited application with implicit warranty, should corporations draft provisional applications with broad claim sets?



## SCOTUS Patent Cases: 2021 Edition

### Before We Leave...A Few Final Cases You Might Want to Track

- *U.S. v. Arthrex*, (Nos. 19-1434, 19-1452, and 19-1458) (Argued March 1, 2021)
- *American Axle & Mfg., Inc. v. Neapco Holdings, LLC* (No. 20-891) (petition pending)

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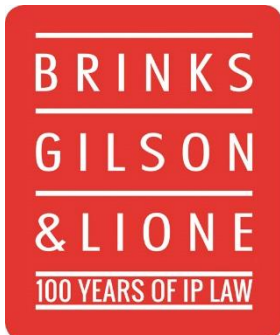


# A Primer on Tokenized IP and Blockchain

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# Introduction

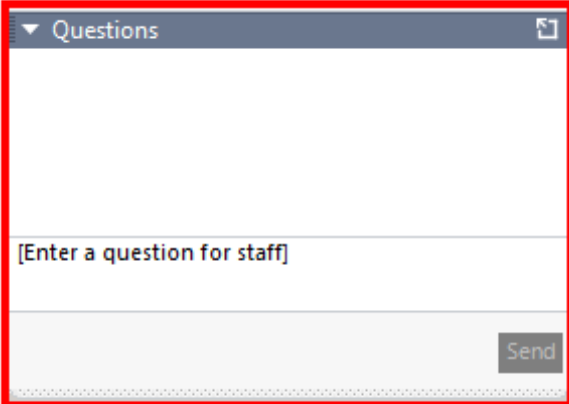
## Goals

- Understand basic capabilities of the blockchain
- Understand basics of Tokenized IP
- Answer – Should my company move to Tokenized IP in this first wave?  
Will my company be “**missing out**” if we don’t immediately join IBM’s new patent NFT marketplace?

(Spoiler: Probably not)

## Give us your questions!

- Curious about something we say? Send away!



Questions

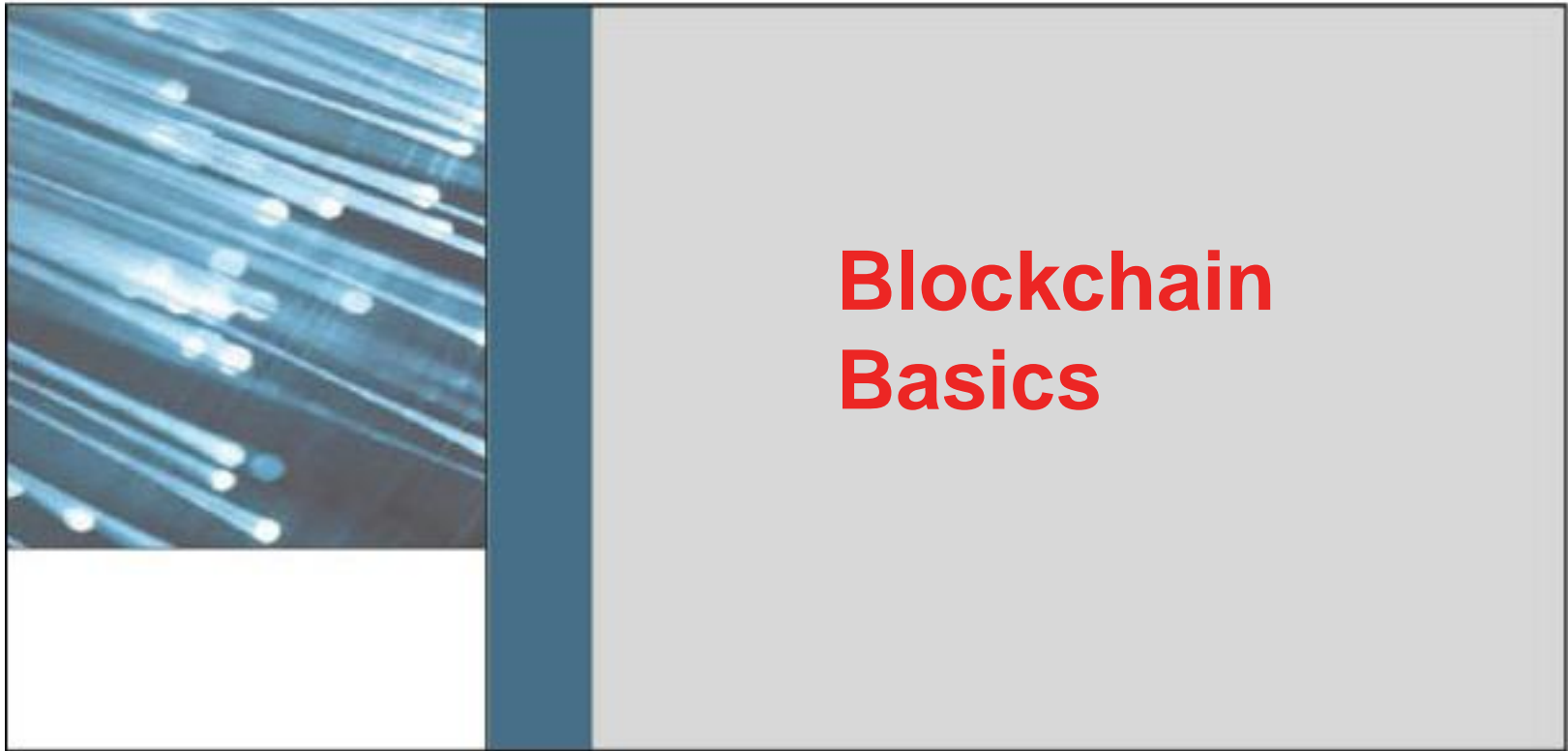
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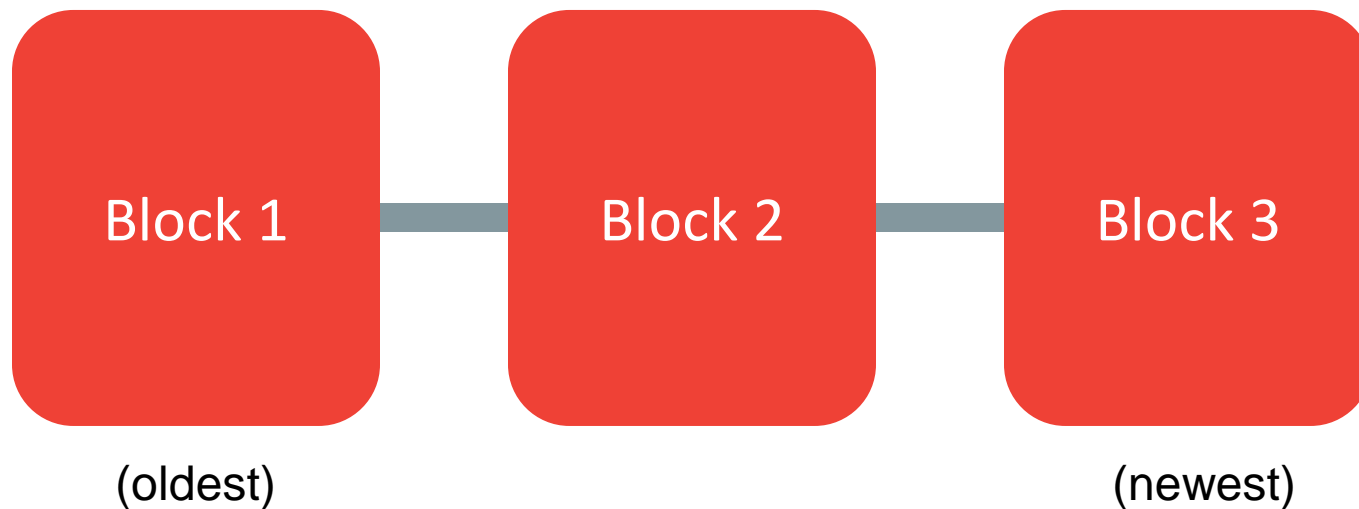


# Blockchain Basics

# Blockchain Basics

## What is a Blockchain?

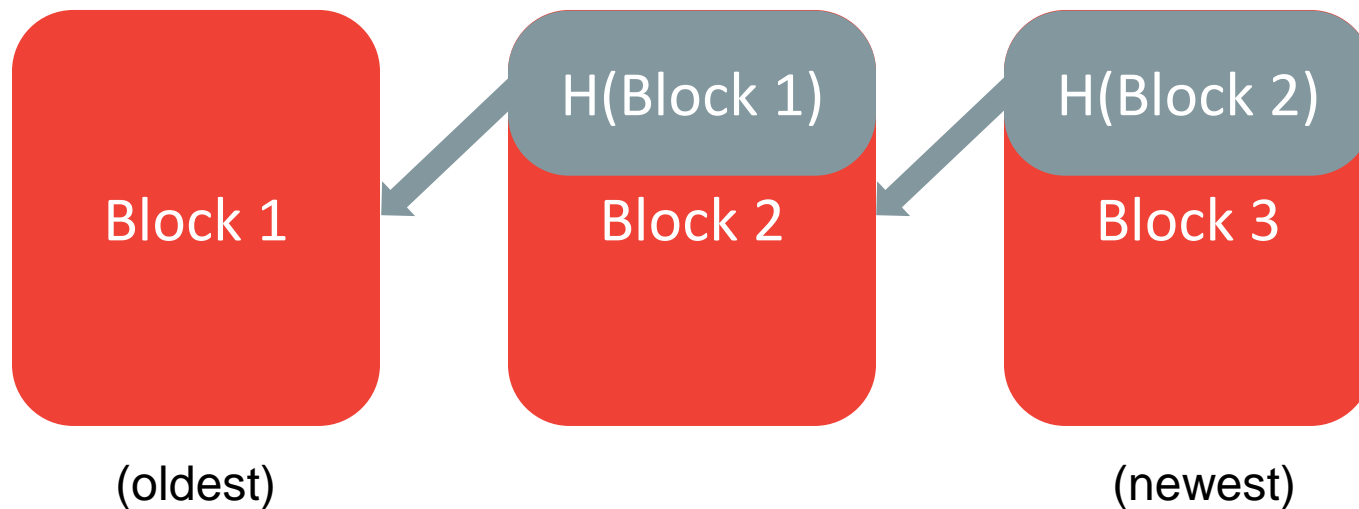
- A data record with data added sequentially
- Each entry in the record is called a “block”
- Multiple participants keep an active updated copy
- If old blocks are changed on one copy, other participants notice



# The Hash

## The Blockchain's “Secret Sauce”

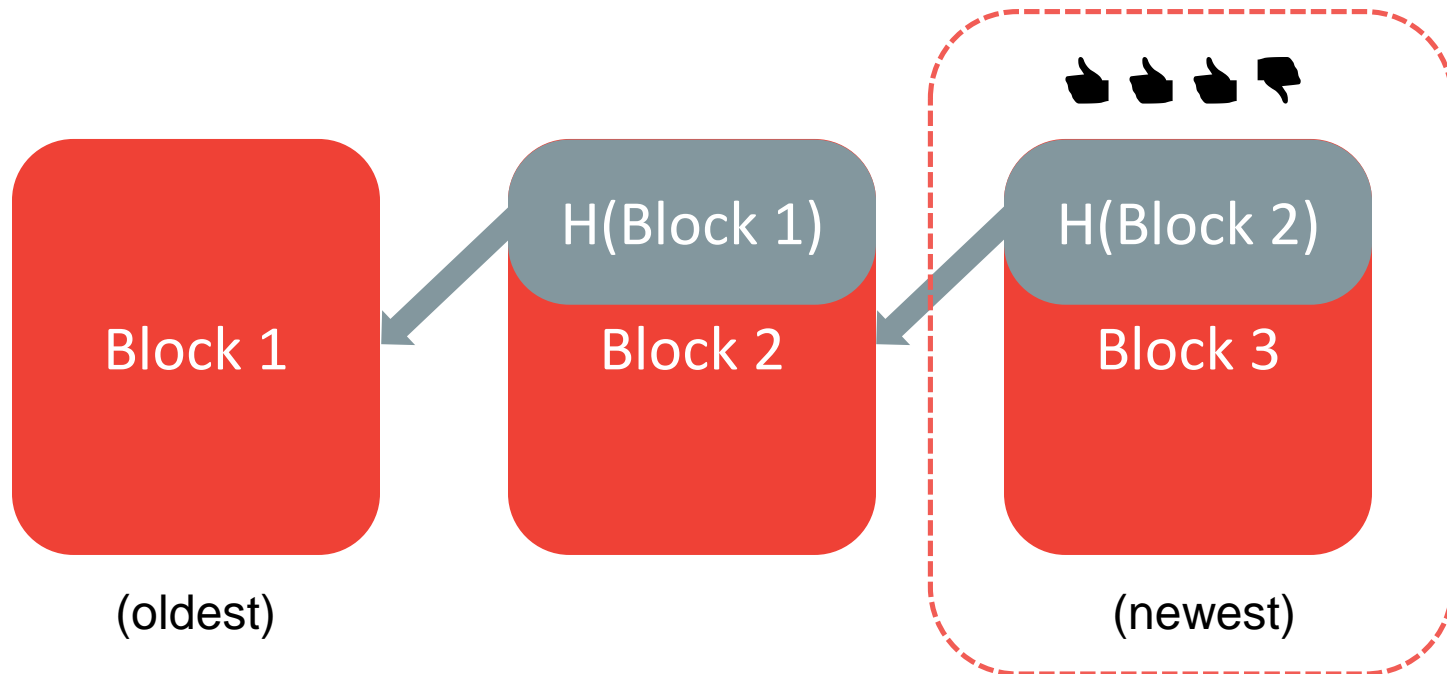
- A mathematical algorithm
  - Unique Data In – Unique Number Out
  - Same Data In – Same Number Out
  - $H(\text{Block } n)$  means “Hash of Block  $n$ ”



# Consensus

## The Blockchain's “Secret Sauce”

- Before a new block is added, participants vote
  - Ensures new blocks follow the rules
  - Stops cheaters



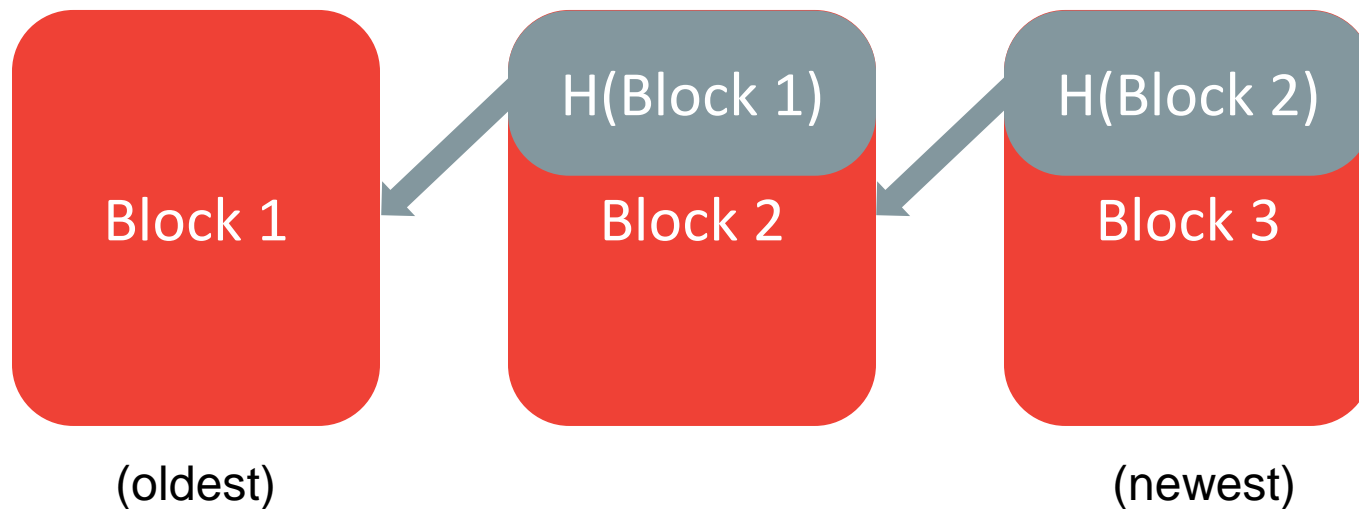
# What is Blockchain good for?

Publicly-Accessible Transparent Distributed Ledgers

Keeping records that should not be altered

Proving who/what was first

Tracking objects -- **Tracking transactions**



A close-up photograph of numerous fiber optic cables, showing bright blue and white light trails against a dark background.

# Introduction to Tokens: Bitcoin Example

# Tokens Example: Bitcoin

## What is a Bitcoin?

- A completely abstract digital currency that you can spend or exchange
- In reality, it is really just an accounting entry on a blockchain



**Poll Question:** Who here owns or owned bitcoin/cryptocurrency?

**A:** Yes. **B:** No. **C:** I still don't understand what this is.

# Blockchain and Bitcoin

## What role does the Blockchain play?

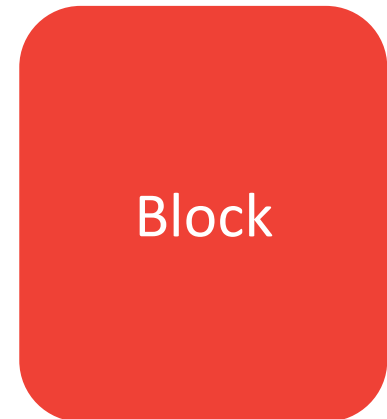
- Uses record keeping and transaction tracking to track ownership of the bitcoins
- Tracks from creation (mining) to current ownership



mining



creation



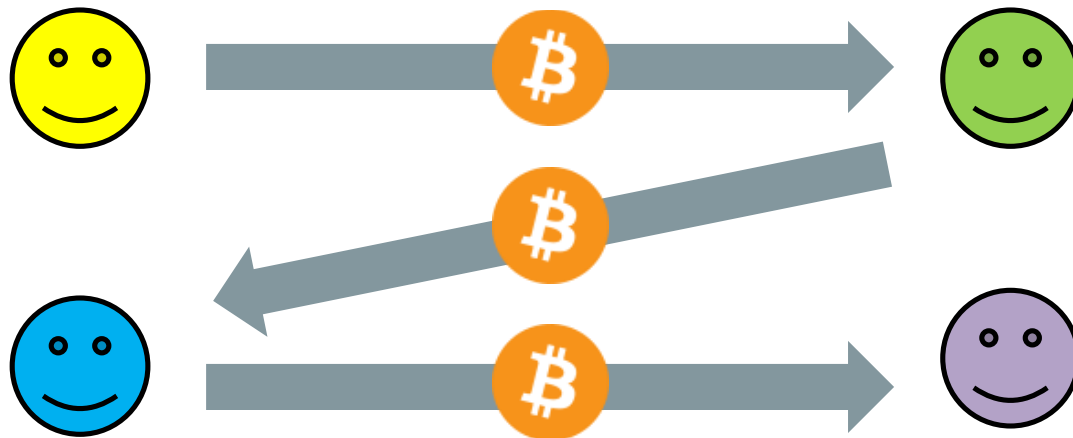
ownership  
record



# Blockchain and Bitcoin

## What role does the Blockchain play?

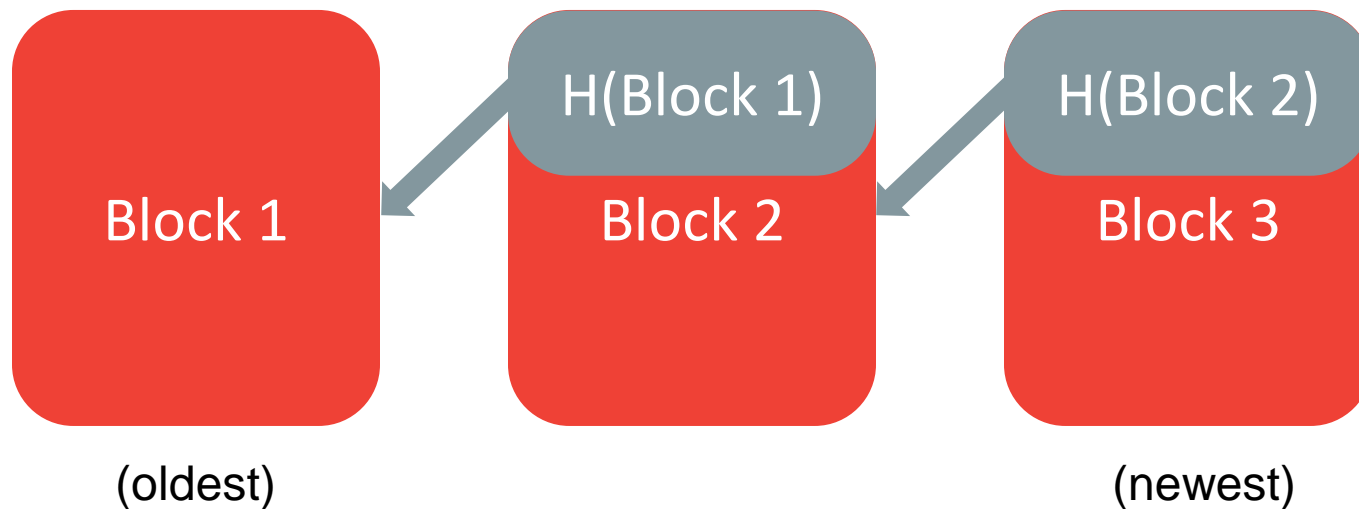
- A full record from the miner to the current owner
- Conceptually similar to a **chain of title** in real estate
- Each bitcoin is **tracked individually**, despite fungibility



# What is Blockchain good for?

## Blockchains can track objects?

- Why not track other things? (we do)
  - Shipments
  - Real Estate Records
  - Other abstract things?





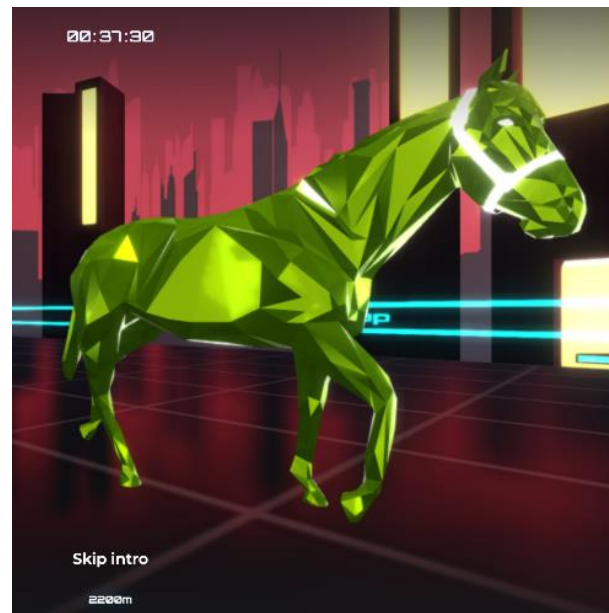
**Poll Question:** Why did we include this meme?

**A:** Originals were recently sold as NFTs **B:** We are making a comment on the excesses of “crypto” **C:** All of the above

Image Credits: Beeple “Everydays” (Pixelated)  
David Roth “Disaster Girl” (Pixelated)  
Composite image original

# Non-Fungible Tokens (NFTs)

- Token is a unique digital signature that can represent ownership of a “thing” other than money
- Places abstract things in a tradable form
- Potential for new markets
  - Digital art “Originals”
  - Digital Horse Racing (zed.run)
- In the news
  - Disaster Girl
  - Beeple





# What is Tokenized IP?



# Tokenized IP

## If we can do abstract, can we do IP?

- Patent NFTs already in action and development
- IBM and IPwe
  - “The use of NFTs to represent patents will help create completely new ways to interact with IP...We believe it will usher in new offerings by financial services firms and corporations to promote the evolution of a new patent asset class” – IPwe CEO E. Spangenberg

# Tokenized IP

## If we can do abstract, can we do IP?

- Patent NFTs already in action and development
- True Return Systems and OpenSea
  - First NFT patent auction, bidding starts at **\$7.5 million**

|  |   |
|--|---|
| (12) <b>United States Patent</b><br><b>Fonss</b>   | (10) <b>Patent No.:</b> <b>US 10,025,797 B1</b><br>(45) <b>Date of Patent:</b> <b>Jul. 17, 2018</b>   |
| (54) <b>METHOD AND SYSTEM FOR SEPARATING STORAGE AND PROCESS OF A COMPUTERIZED LEDGER FOR IMPROVED FUNCTION</b>          | (56) <b>References Cited</b><br>U.S. PATENT DOCUMENTS<br>2012/0158558 A1 * 6/2012 Hahn-Carlson ..... G06Q 10/10705/30<br>2012/0203645 A1 * 8/2012 Sutter ..... G06Q 30/04705/19<br>2015/0244804 A1 * 8/2015 Warfield ..... H04L 47/6295709/219<br>2017/0046792 A1 * 2/2017 Haldenby ..... G06Q 20/0655<br>2018/0095662 A1 * 4/2018 Brennan ..... G06F 3/061<br>2018/0115428 A1 * 4/2018 Lysenko ..... H04L 9/3247<br>* cited by examiner<br><i>Primary Examiner</i> — Leslie Wong<br>(74) <i>Attorney, Agent, or Firm</i> — Lerner, David, Littenberg, Krumholz & Mentlik, LLP  |
| (71) Applicant: <b>True Return Systems LLC</b> , New Canaan, CT (US)   | (57) <b>ABSTRACT</b><br>A non-conventional method and system used with computerized ledgers provides advantages of computing efficiencies, data security, and universal use. The system, method, and computer readable storage medium for storing, creating, monitoring, managing, and modifying measurement, descriptive differences, and parameters of the records of distributed computerized ledgers works through a separation and linkage of stacked modular data storage and processing. Electronic transaction records reside on distributed ledgers and modifying measurement and descriptive differences reside in decentralized or centralized storage, where com- |
| (72) Inventor: <b>Jack Fonss</b> , New Canaan, CT (US)   |   |
| (73) Assignee: <b>True Return Systems LLC</b> , New Canaan, CT (US)  |   |
| (*) Notice: Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 154(b) by 0 days. |   |
| (21) Appl. No.: <b>15/923,317</b>  |   |
| (22) Filed: <b>Mar. 16, 2018</b>   |   |
| <b>Related U.S. Application Data</b>   |   |
| (60) Provisional application No. 62/634,321, filed on Feb. 23, 2018.   |   |



# Tokenized IP

## If we can do abstract, we can do IP!

- Token represents ownership of IP or entitlement to license
- Assigning ownership or providing a license – as easy as buying a burger
- Advantages
  - **Easy to sell/resell** – easy to repeat identical transactions with different sellers/buyers
  - **Tracking is built-in** – Blockchain rolls tracking of ownership into transaction structure
- Disadvantages
  - Bringing IP into and out of the exchange may require specialized recordations at with the USPTO





## Tokenized IP

But, is easy good?



## Issue 1: Licenses change value with the holder

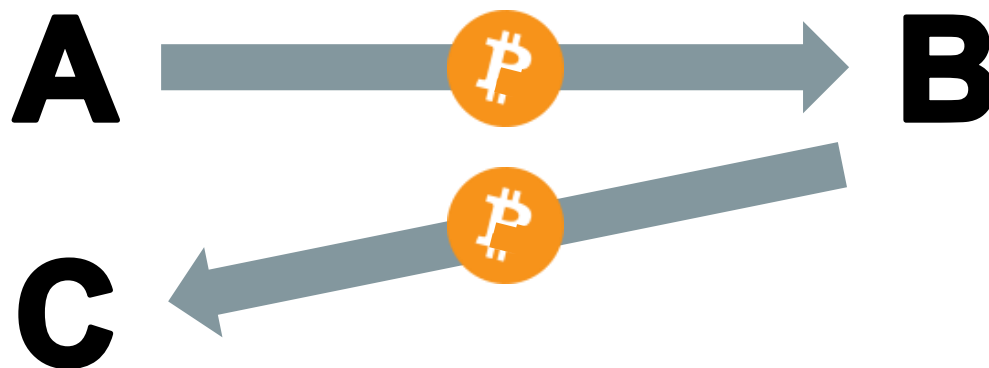
### Example: A tokenized license to Apple's Patent Portfolio

- Daniel does not make/sell smartphones (I do use them)
- Daniel does not make/sell any device
  - Tokenized license value in Daniel's hands: **\$0**
- Samsung makes/sells smartphones
- Samsung makes/sells many devices
  - Tokenized license value in Samsung's hands: **[\$big number here]**
- If Apple granted such token, it would not be interested in letting me resell it.
- Partial Solution: **Cap revenue covered by tokenized license**

## Issue 2: License Resale Ends License Exclusivity

### Example: A tokenized license to Apple's Patent Portfolio

- **A** (IP owner) sells **B** a license, **B** resells license to **C** who makes different infringing products than **B**. Now **A** and **C** have relationship without **A**'s consent
  - **A** loses option not to license **C**'s products
  - Possibly diminished footing in future litigation
  - No more exclusivity – **A** is no longer only source of license





## Practical Consideration for Tokenized IP

- Tokenization makes transactions quick and repeatable
  - Does your organization have a high volume of very similar IP transactions?
- Key advantage is support for easy resale
  - Resale-ability of licenses may boost sell price, but ends exclusivity
  - Does your company IP strategy rely on exclusive control for licensing?



## Takeaways

- Should my company push to tokenize our IP right now? **Not likely.**
  - Other than for very specialized IP owners with a high volume of similar IP transactions, tokenization does not offer clear advantages
  - The pitfalls of attempting to monetize an IP portfolio in this fashion likely outweigh the potential gains in sale price
- Is it worth checking-in again on IP blockchain advances next year? **Yes.**
  - National IP Offices
    - Because of the built-in transaction tracking, tokenization offers advantages for IP ownership record keepers. IP Offices in various countries are likely to have interest in updating their systems. This may affect how IP owners operate
  - Music Licensing
    - Clearing houses for music licenses may see advantages to reduced tracking burdens and easy repeatability

# Presenters

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# Questions?

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