

What Groucho Marx, The Wonder Years, and My Own “Films” Can Teach About IP Ethics.

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Overview

1. Some inconvenient truths.
2. What I learned while watching stuff for this speech.
3. A lot about ethics!

An Inconvenient Truth... or 2... or 3....

- ▶ Lawyers make mistakes, and in our world they can be especially costly.
- ▶ Your work will be fly-specked and judged by people with a lot more time than you had.
- ▶ Experts in those cases say things they would never say at a meeting like this.
- ▶ A patentee litigating a patent you prosecuted may take positions you wouldn't agree with but which set you up for inequitable conduct.

What I Learned While Preparing This.

- Criminal law is way more interesting than IP law.
- There's a YouTube series – The IP Section -- by a patent lawyer/stand-up comedian with my kind of sense of humor.
- Many YouTube videos have introductions and “theme songs” that last longer than the “show.”
- The amount of time people have to make videos is inversely proportionate to their talent for making them.
- My Cousin Vinny and Legally Blonde never get old, and even one of my “old” movies remains cool.

Communication and Competency

- A lawyer must explain the law to clients so they can make informed decisions about the matter, including discussing the material risks and alternatives to the course of action. See Model Rule 1.4; USPTO Rule 11.104.
- A lawyer must act competently. Model Rule 1.1; USPTO Rule 11.101.
- Particular challenging tasks that these videos will help us with:
 - explaining Section 101;
 - explaining that best mode matters for patentability, but not validity;
 - conducting examiner interviews.

Competently Explaining 101 to Inventors



Competently Explaining Best Mode

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Competently Conducting Examiner Interviews



What to Do?

- Don't be a... chicken about explaining 101 or 112 to clients!
- My worries about 101:
 - “My lawyer told me I couldn't patent this” and it would have cured cancer.
 - “My lawyer told me I could patent this, but I couldn't, and I disclosed everything and it could have all been trade secrets.”
- My worries about best mode:
 - Somehow, someday, some way it will be used against a patent lawyer.
- My worries about examiner interviews:
 - Lawyers have given examiners their “statistics” to persuade them to issue.

C&D in the Connected World.

- C&D letters are needed but... can backfire.
- Recently, creative lawyers protect marks **and the brand**.
- Enter the Marx Brothers....

Andy Warhol was not Exactly Right.

- *No one* will have 15 minutes of fame... because our attention spans aren't that long!
- *But for eternity*, if you send a bad C&D the recipient can be Groucho Marx... for eternity!



Casablanca v. Night in Casablanca

- After the huge success of the movie “Casablanca” the Marx Brothers made a parody, “A Night in Casablanca.”
- A letter from Warner Brothers asked for details about the movie, and Groucho (falsely) portrayed it as having asserted rights to the name “Casa Blanca,” and released his response.
- It went “viral.”

Starbucks Meets its Groucho Marx

- Starbucks monitors a beer app (“untappd”), and sees something close to one of its marks had been used... in the middle of nowhere... at a brewery... on three (3) beers...

December 9, 2013

Mr. Jeff Britton
Exit 6 Pub and Brewery LLC
5055 Hwy N
Cottleville, MO 63304

Re: Use of the FRAPPICINO Trademark

Dear Mr. Britton,

We represent Starbucks Coffee Co. d/b/a Starbucks Coffee Company and its subsidiaries (collectively, "Starbucks Coffee Co.") in trademark matters.

As you probably know, Starbucks Coffee Co. is the owner of a number of world-famous trademarks, including the well-known FRAPPUCCINO trademark. The FRAPPUCCINO trademark is widely used and registered in connection with coffee and milk-based drinks, cafe services, and other goods and services. Starbucks Coffee Co. owns a number of U.S. trademark registrations for the FRAPPUCCINO mark, some of which have achieved incontestable status. Examples include U.S. Registration Nos. 3,535,367; 3,596,487; 3,496,969; 3,080,371; 2,151,175; and 2,148,066 (excerpts from USPTO website enclosed for your reference). Starbucks Coffee Co. has sold millions of drinks under the FRAPPUCCINO trademark, and the mark is strong, famous, and firmly associated with Starbucks Coffee Co. in the United States and in many other countries.

It has recently come to Starbucks Coffee Co.'s attention that Exit 6 Pub and Brewery LLC ("Exit 6") is or was using the mark FRAPPICINO in connection with a stout-style beer crafted by the brewery. See the link from the Untappd website here: <https://untappd.com/b/exit-six-6-brewery-frappicino/239073> (excerpt attached). The FRAPPICINO mark only differs from Starbucks Coffee Co.'s FRAPPUCCINO mark by one letter, and is phonetically identical. Exit 6's use of this closely similar mark in connection with beer is likely to cause confusion, mistake, or deception among consumers, who may mistakenly believe that Exit 6 or this beer product is affiliated with or licensed by Starbucks Coffee Co., when they are not.

Accordingly, Starbucks Corporation requests Exit 6's written assurances that it will:

- (1) cease and desist all use (or agree to refrain from re-commencing use) of the term "Frappicino" or any other mark that is likely to cause confusion with Starbucks Coffee Co.'s FRAPPUCCINO mark in connection with your products or brewery;

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- (2) Notify Untappd to remove the referenced listing from its website; and
- (3) Agree to refrain from further use of any of Starbucks Coffee Co.'s trademarks in the future, as well as any marks that are likely to cause confusion with or dilution of those marks.

Please respond in writing on or before **December 23, 2013**. If you have any questions regarding this matter, please contact me. Nothing in this letter is intended to waive any rights, remedies, causes of action, claims or defenses of Starbucks Coffee Co., all of which are expressly reserved.

Very truly yours,

HONIGMAN MILLER SCHWARTZ AND COHN LLP



Anessa Owen Kramer

Enclosures

cc: info@untappd.com

I represent Exit 6 Pub and Brewery LLC d/b/a "Exit 6". I am writing in response to your letter dated 12/9/13 in regards to the "Frappuccino" (at risk of further lawsuits, heretofore known as "The F Word") beer listed on Untappd. As you probably don't know, Exit 6 is the proud owner of no trademarks including our own name much less than the name "F Word" and nothing about Exit 6 is incontestable.

Exit 6 has proudly sold at least 38 drinks in Cottleville MO and has a strong presence in St Charles county, a suburb 40 miles outside the St Louis metropolis. It has recently come to Exit 6 Pub and Brewery's attention that there were 3 check ins to the beer with a very similar name to the "F Word". Unfortunately it was only similar to the F Word because we meant to call it the same thing. Lucky for us, we're poor spellers.

I would like for both Ms Owen Kramer and Mr Bucks to rest assured we meant no deception, confusion, or mistaking in the naming of the beer F Word. We never thought that our beer drinking customers would have thought that the alcoholic beverage coming out of the tap would have actually been coffee from one of the many, many, many stores located a few blocks away. I guess that with there being a Starbucks on every corner of every block in every city that some people may think they could get a Starbucks at a local bar. So that was our mistake.

We want to be sure that Ms Owen Kramer and Mr Bucks know that Exit 6 and the 3 customers that checked into the beer known as the F Word feel just awful about calling a beer the F Word. We are bad people. We feel shame. But know this, Exit 6 has ceased and desisted all use of the F Word and there will be absolutely no further use of the F Word in the naming of any further Exit 6 beers. We tried to contact the website Untappd to tell them to remove the beer called F Word but it looks like you guys beat us to it. Those lawyer fees go a long way. We also promise to stop production of our "Starbucks-McDonalds-Coca Cola-Marlboro Honey Lager" for fear of further repercussions.

Furthermore, in an effort to remain in good standing with Starbucks and Mr Bucks in general, please find enclosed a check for the full amount of profit gained from the sale of those 3 beers. Please apply the enclosed \$6.00 towards the legal fees Ms Owen Kramer received for her efforts in nabbing Exit 6 in our dastardly F Word naming practices. We realize Mr Bucks probably paid her more than Exit 6 made last year. We just want to help a business like Starbucks. Us small business owners need to stick together.

Super Happy Fun America Meets it Groucho

- ▶ The group “Super Happy Fun America” put marks of “potential sponsors” of its Straight Pride Parade on its website.
- ▶ This was to be **an event** – list included almost every major American brand.
- ▶ Chase took the Starbucks approach.
- ▶ TripAdvisor's went viral...

Dear Mr. Hugo,

I am writing on behalf of TripAdvisor LLC concerning Super Fun Happy America's unauthorized use of TripAdvisor's logo, as displayed on your website at superhappyfunamerica.com/2019/07/09/corporate-sponsors/. I'm Coming Out and saying this clearly: you are infringing upon TripAdvisor's intellectual property rights. Further, your statement that you are "in negotiations" with TripAdvisor as a "potential sponsor" is completely false.

To be precise, your use of the TripAdvisor trademark and our Beautiful logo infringes TripAdvisor's trademark and trade name rights. TripAdvisor's trademarks are protected in many countries around the world and Over The Rainbow, including in the United States under Registration Nos. 2727627, 3171193, 4612678 and 4454774. We have become a well-known brand for our reviews of hotels, restaurants, experiences and even the occasional YMCA, but we weren't Born This Way – we obtained that recognition through significant advertising and promotion since as early as 200

Screenshot of the breadth of

Budweiser Gives Superbowl Tix to Infringer, Threatening Pits of Misery if no C&D.



What to Do?

- Is an informal chat better?
- Is a formal legalese-laced letter going to be used against your client on social media in a way that harms more than helps?
- If you need a letter, perhaps start like TripAdvisor and only if necessary threaten the infringer with a tour of the pits of misery?

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Loyalty

Loyal Relationships: No Firm Lawyer can be Adverse to a Firm's Current Client Without its Informed Consent

Under Rule 1.7 or USPTO 11.107, a conflict of interest exists if:

- (1) the representation of one client will be directly adverse to another client; or
 - **“adversity”**

- (2) there is a significant risk that the representation of one or more clients will be materially limited by the lawyer's responsibilities to another client, a former client or a third person or by a personal interest of the lawyer.
 - **“pulling punches”**

But: If the Relationship is Over...

“A lawyer who has formerly represented a client in a matter shall not thereafter represent another person in the same or a substantially related matter in which that person's interests are materially adverse to the interests of the former client....” Rule 1.9; USPTO Rule 11.109

-- So, a firm **may be adverse to a former client but not in a substantially related matter** that a firm lawyer once represented the client in.

So what if...

- Your firm represents a client in some small matters but another client asks you to sue that small client in a huge case.
- Can you drop the small client like a hot potato and, if the matter against it is unrelated, be adverse to your now “former” client?

The Ethics Rules Suggest Maybe you can Drop a Client Like a hot Potato...

- Rule 1.16(b)(1) permits a lawyer to withdraw so long as there will be no material adverse impact on a client.
- Generally, the costs of hiring replacement counsel aren't "material adverse effects."
- So, if nothing urgent is happening when the new case comes along and the new case isn't related, why not drop and sue your "former" client....?

Red Diamond's Relationship with Bradley

- Red Diamond hired the Bradley firm in 2009.
- 2011: a few tax matters.
- 2014: a few depositions related to an owner's divorce.
- 2016 and until 4:53 p.m. on 12/26/18: some debt collection cases.
 - Bradley dumped Red Diamond... the day after Christmas.
 - Worse: Red Diamond later learned that 3 days earlier Bradley had begun representing the patentee ("Southern Vision") in a huge suit against it.
- How would that make you feel if you were Red Diamond?

You would feel like this...

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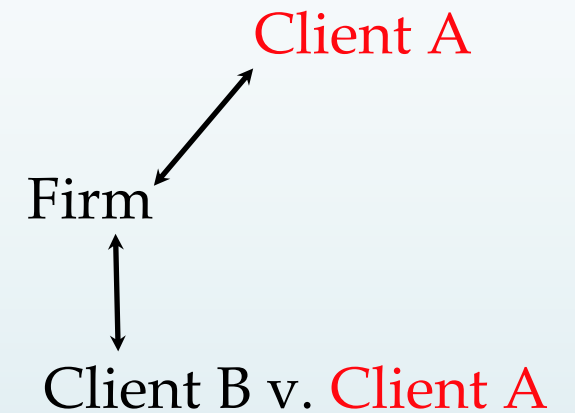


Red Diamond did get All Weird About Bradley and it Took Legal Action!

- Red Diamond moved to disqualify Bradley.
- Motion granted: “Bradley could not have reasonably believed that ~~dating~~ representing Southern Visions in this case would not adversely affect its relationship with Red Diamond.”
- And, “Red Diamond’s actions once it learned Bradley was considering ~~dating~~ representing Southern Visions left no room for a reasonable belief that representing Southern Visions would not adversely affect Bradley’s relationship with Red Diamond.”

Sheppard Mullin (Cal. Aug. 2018)

- Law firm was representing Client A and engagement letter had arbitration clause.
- Client B asked firm to represent it in suit against many defendants, including Client A.
- Firm's GC gave go-ahead.
- Client A moves to DQ, and like *Red Diamond* firm is DQd.
- And then...



As if DQ Isn't Heart-breaking Enough

- Client B refuses to pay firm the remaining \$1m in outstanding fees, of \$3m total, because firm hadn't disclosed it had been representing Client A and so had a "pulling punches" conflict.
- At arbitration, arbitrator awards \$1m more to firm, \$3m total.
- Firm moves to confirm award; Client B opposes and eventually it gets to California's Supreme Court...

DQ and... Fee Disgorgement.

- Court holds fee agreement was unenforceable because of undisclosed conflict
 - Vacate arbitral award (no arbitration clause because agreement unenforceable).
- Remands on whether firm gets any compensation (\$0 to \$3m):
 - Trial court to “fashion a remedy that awards the attorney as much, or as little, as equity warrants, while preserving incentives to scrupulously adhere to the Rules of Professional Conduct.”

Both Law Firms Argued They had “Consent” to ~~Date~~ Represent Others

- Both Bradley and Shepard Mullin had “blanket consent” to not be loyal, so long as any adverse matter “is not substantially related to our work for you...”
- Both courts held these blanket waivers were insufficient to be informed consent to waive these conflicts.
- Both firms were ~~ghosted~~ disqualified.

What to Do?

- Don't assume blanket waivers will work, and if you sue for fees be ready for a malpractice or fee-disgorgement counterclaim.
- Why not be clear and complete in any consent – if you intend to actually rely upon it – or why have it?
- Ask prospective clients to identify their competitors before retention and run conflicts checks on them.

The Broader Ethical Issues



What to Do?

- Lawyers have difficult careers, and statistics show real issues.
- And, things are changing so fast we have to be trying new things to remain competent (and competitive).
- So... enjoy this wonderful profession!
- And with that...



Thanks!

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