



How to Talk Yourself Into and Out Of Legal Trouble

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Lisa Cherney

Education Manager, AMCA International
Webinar Moderator

- Joined AMCA in February 2019
- Responsible for development of AMCA's education programs; staff liaison for the Education & Training Subcommittee
- Projects include webinars, online education modules, presentations at trade shows, AMCA Speakers Network and other duties as assigned.



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Dr. Geoff Sheard

President, AGS Consulting

- Over 40 years experience in the aerodynamic and mechanical design of rotating equipment
- International expert in fan technology and development of high efficiency fans for commercial and industrial application
- Holds a BEng in mechanical engineering, a DPhil in aerodynamics plus a DSc awarded for the application of aerospace design techniques in commercial and industrial fan design.
- Past President of AMCA and Chairman of the FAN 2012, 2015, 2018 and 2022 conference organizing committee.



Paul Juhasz

Founder and Representative Attorney, Juhasz Law

- Paul R. Juhasz, J.D. is a patent attorney specializing in strategic preparation, prosecution, counseling, monetization and litigation, with degrees in electrical engineering and chemical engineering.
- He is an adjunct professor at the New Hampshire School of Law, is extensively published, and an expert on Alice and 101 Bilski patent eligible subject matter and patent exhaustion. He has submitted amicus briefs to the United States Supreme Court covering several patent cases.
- Member of the Texas, New York, Washington State and New Jersey Bar Associations.
- Admitted to practice before the US Supreme Court, in several federal district courts, the United States Courts of Appeal for the Second Circuit and Federal Circuit, and the United States Patent and Trademark Office.
- Paul R. Juhasz is also an advisory board member and a member of the American Corporate Patent Counsel, and a Licensed Professional Engineer in the State of Ohio.



How to Talk Yourself Into and Out Of Legal Trouble

Purpose and Learning Objectives

The purpose of this presentation is to provide an understanding of how you get yourself into, and out of legal trouble.

At the end of this presentation you will:

1. Identify the different types of legal proceeding you may become involved with.
2. Explain what intellectual property is.
3. Explain a contract dispute is.
4. Identify what the Patent Trial and Appeal Board (PTAB) is.
5. Outline the difference between mediation, arbitration and litigation.
6. Identify when you need the advice of an attorney and subject matter expert witness.

Agenda

- Talking yourself into legal trouble
- The different types of legal process
- How do you know you're in trouble?
- The trouble with intellectual property
- The trouble with contract disputes
- Summary and conclusions

Talking yourself into legal trouble

- Every action – whether talk or conduct – has consequences.
- If you accuse a competitor restaurant owner that they are serving poisoned food when they are not, you could be held liable for defamation or libel, if in writing.
- If you copy a patented product without authorization from the patent holder, you could be held liable for patent infringement.
- If you incorporate a copyrighted work into your song, you could be held liable for copyright infringement.
- Talk or conduct business only after due diligence on the right to run your business.
- Be smart, be proactive in what you are saying and the advice you are taking, because if you don't, you may talk yourself into legal trouble.

Talking yourself into legal trouble

- We may broadly classify “legal trouble” into to categories:
 - Intellectual property
 - Contract dispute
- Intellectual property includes, protection and licensing of IP-like patents, designs, trademarks, copyrights, trade secrets and domain names. Don't accuse a party of infringement without first having conducted due diligence.
- A contractual dispute occurs when parties have conflicting interpretations over the terms of a contract and one party seeks a remedy like specific performance, or an injunction, or damages, or both from the other party. Failure to comply with any of a contracts' terms can spell trouble. Within the air movement and control industry, a contract dispute typically follows an in-service product failure.

Talking yourself into legal trouble

- The negotiation and resolution of commercial issues is a routine part of business life. Typically, a company will:
 - Review what was agreed upon, and how clear the agreement was; clarify how the other party has failed to live up to the agreement; consider to what extent you may have contributed.
 - Assess the loss you have suffered as a result and consider any loss they may claim to have suffered.
 - Collect evidence (for example, written contracts, correspondence and witness statements).
 - Try to negotiate an amicable resolution; keep evidence of negotiations including copies of letters and notes on conversations.
- Usually, commercial issues are resolved through negotiation. Indeed, a good contract will often require that the parties attempt to negotiate a resolution before initiating an enforcement proceeding.

Talking yourself into legal trouble

- At the point where you realize that resolution of the dispute is not straightforward:
 - Get legal advice to clarify your potential exposure.
 - Your legal advisor will assess whether you have a strong case - how clear the legal position and evidence are - and the risks of a counterclaim or losing in court.
- Your legal advisor will clarify the costs and timeline involved in taking the recommended form of legal action.
- Before initiating legal action, you should assess your case and explore whether there might be a basis for compromise.
- During legal action you should continually assess your case and continually explore whether there might be a basis for compromise.
- Continue to be prepared to compromise; accept any reasonable offer to avoid further delays, disruption, and the risk of court action.

Agenda

- Talking yourself into legal trouble
- **The different types of legal process**
- How do you know you're in trouble?
- The trouble with intellectual property
- The trouble with contract disputes
- Summary and conclusions

The different types of legal process

- Most common types of legal process:
 - Mediation/Arbitration/Litigation
- **Mediation** is a nonbinding process before an impartial mediator who is knowledgeable about the subject matter of the dispute.
- **Arbitration** allows the parties to present their cases to a single arbitrator (or to a panel of arbitrators) who renders a decision that may or may not be binding, and is not appealable to a court.
- Mediation, arbitration, and other ADR methods can be effective in reducing the time, money, and adversarial nature associated with traditional court-based proceedings.
- **Litigation** is the traditional proceeding, which may be an infringement action filing with a court or an action to invalidate a patent filed with the PTAB.

Mediation

- Mediation is a private process where a neutral third person called a mediator helps the parties discuss and try to resolve the dispute.
- The parties have the opportunity to describe the issues, discuss their interests, understandings, and feelings; provide each other with information and explore ideas for the resolution of the dispute.
- The mediator does not have the power to make a decision for the parties but, can help the parties find a resolution that is mutually acceptable. The only people who can resolve the dispute in mediation are the parties themselves.
- The parties can terminate the mediation at any time.
- Most mediations start with the parties together in a joint session. The mediator will describe how the process works, will explain the mediator's role and will help establish ground rules and an agenda for the session.
- If the parties reach an agreement, the mediator may help reduce the agreement to a written contract, which fully executed by the parties may be enforceable in court.

Arbitration

- Arbitration is a private process where disputing parties agree that one or several individuals can make a decision about the dispute after receiving evidence and hearing arguments. The parties present their cases to a single arbitrator (or to a panel of arbitrators) who renders a decision that is usually binding and not appealable to a court. Arbitration is different from mediation because the neutral arbitrator has the authority to make a decision about the dispute.
- An arbitration decision or award is typically legally binding on both sides and enforceable in the courts, unless all parties stipulate that the arbitration process and decision are non-binding.
- Arbitration is often used for the resolution of commercial disputes.
- There are limited rights of review and appeal of arbitration awards depending on the rules governing the arbitration. The rules governing the arbitration may be set by an organization, such as:
 - the American Arbitration Association,
 - the International Centre for Dispute Resolution,
 - the Judicial Arbitration and Mediation Services (JAMS),
 - the International Chamber of Commerce,
 - the International Institute for Conflict Prevention and Resolution (CPR).
- Additionally, the rules may be set by some other specialized associations, or under the terms of a private contractual agreements.

Litigation

- Litigation is a process for handling disputes in a judicial or administrative court system.
- Litigation is a contested action where someone else, such as a judge, may make the final decisions for the parties unless the parties settle before trial.
- Settlement can happen at any point during the process. During the litigation process, there may be a series of hearings and temporary orders, culminating in the final orders.
- Final orders regarding the issues may be entered after there has been an order of the court on a dispositive matter or after a trial.
- A trial may be before a judicial court like a state court, federal court, the Court of Appeals for the Federal Circuit, or the U.S. Supreme Court. It may also be before an administrative court like PTAB.

The Patent Trial and Appeal Board (PTAB)

- The United States Patent and Trademark Office (USPTO) is the federal agency for granting U.S. patents and registering trademarks.
- The Patent Trial and Appeal Board (PTAB) is an adjudicative body within the U.S. Patent and Trademark Office (USPTO).
- The PTAB decides appeals from the decisions of patent examiners and conducts AIA trials and interference proceedings.
- AIA trials include inter parties review, covered business method review, post grant review, and derivation proceedings.

Agenda

- Talking yourself into legal trouble
- The different types of legal process
- **How do you know you're in trouble?**
- The trouble with intellectual property
- The trouble with contract disputes
- Summary and conclusions

How do you know you're in trouble?

- You get a cease-and-desist letter.
- You realize that something you said or did may not be accurate.
- You learn of third-party rights after you said or did something that infringed those rights.

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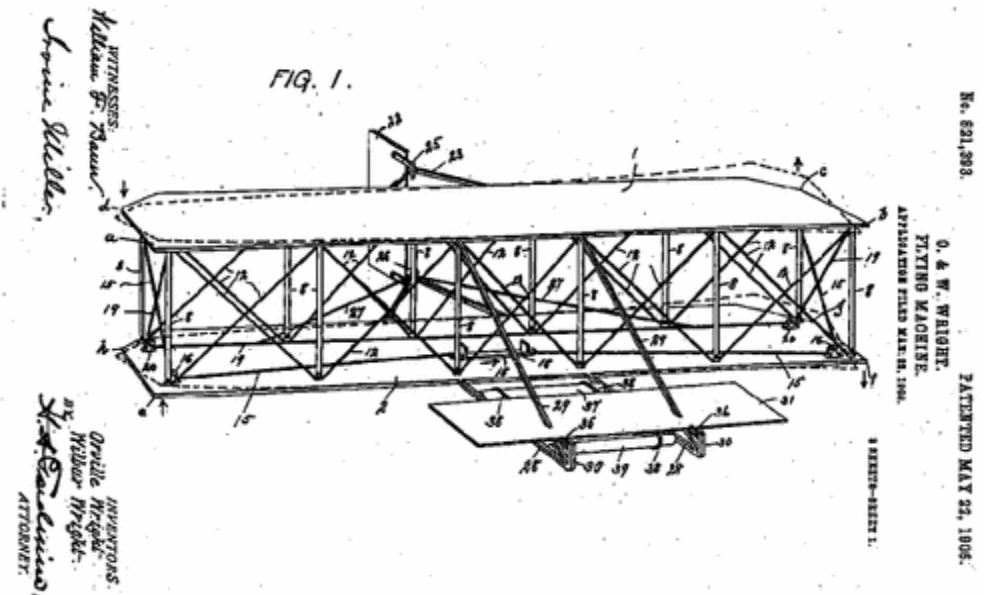
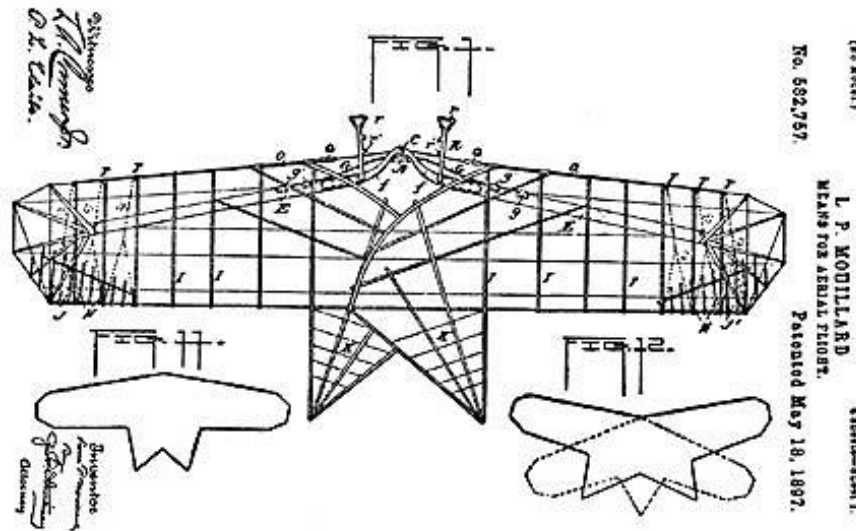
The trouble with intellectual property

- Intellectual property (IP) refers to creations of the mind, such as: inventions; literary and artistic works; designs and symbols; names and images used in commerce.
- IP is protected in law by patents, copyright and trademarks, which enable people to earn recognition or financial benefit from what they invent or create.
- There are three basic types of intellectual property:
 - Patents
 - Copyright
 - Trademarks

Patents

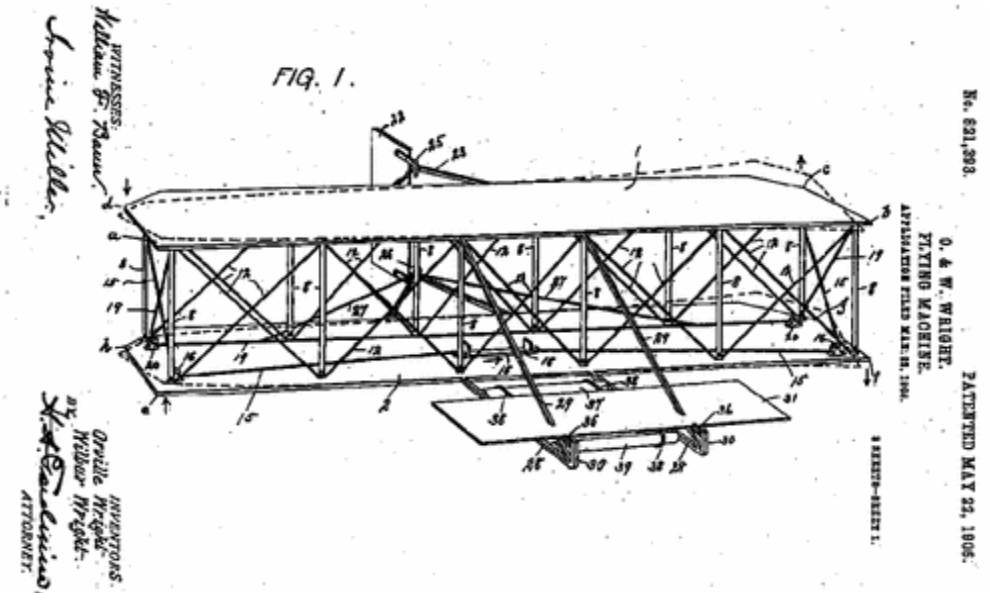
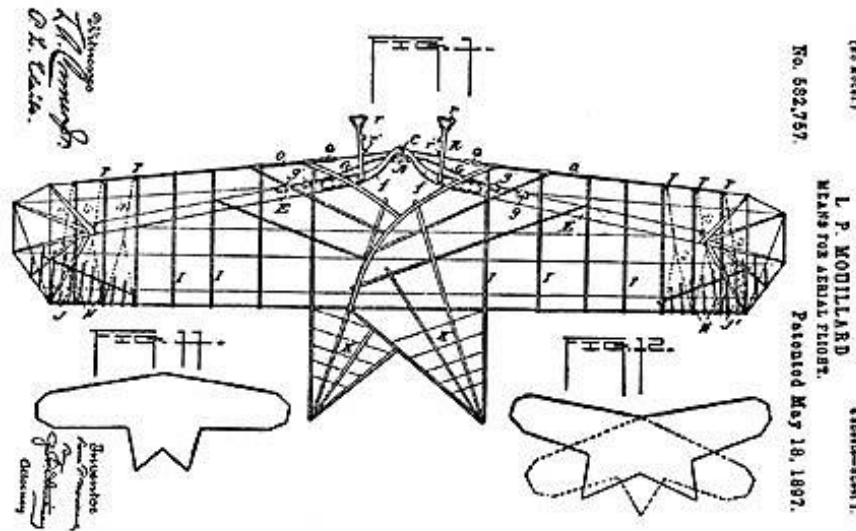
- A patent is a form of IP that protects an invention. A patent is a bundle of rights to an invention that is granted by a government to the patent holder.
- The patent grant is in the form of an issued patent. In exchange for the patent grant from the government, the inventor is required to disclose details of his invention to the public.
- There are essentially three kinds of patents - *utility patents*, *design patents* and *plant patents*.
- **Utility patents** protect new products or compositions, structures, functional features, and methods or processes.
- **Design patents** protect the ornamental design for an article of manufacture. For example, like the design of Apple Computer's iPhone®.
- A **plant patent** protects a distinct and new variety of plant (other than tuber propagated plant or a plant found in an uncultivated state) that is discovered and asexually reproduced.
- The patent grant is for a limited duration of time. For a utility or plant patent, the life of the patent is 20 years from the date of filing. For a design patent, the life of the patent is 15 years from the date of issue.

Patents - Prior Art and Licensable Rights



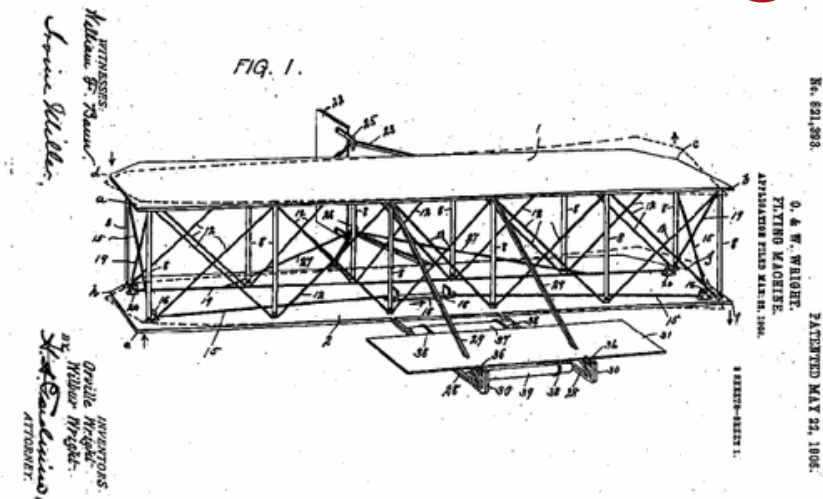
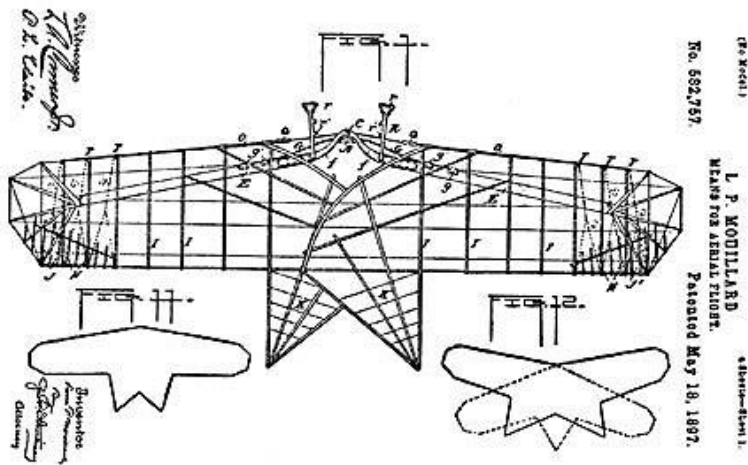
- The two images above are taken from two patents, one granted to Orville Wright (right), and one granted to another early aviation pioneer eight years previously (left).
- The early patent, on the left, was cited in Orville Wright's patent as prior-art.
- Although there are differences between the two designs depicted, there are also clear similarities.
- How was Orville Wright able to patent his aircraft design?

Patents - Prior Art and Licensable Rights



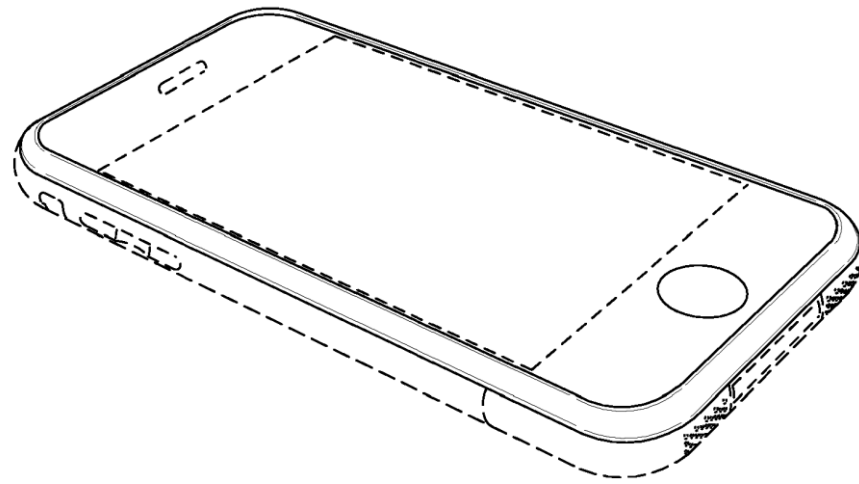
- How was Orville Wright able to patent his aircraft design?
- The answer lies in the difference in Orville's patent, and those made in the prior art.
- In the next slide, text common to both patents is shown in black, and text unique to Orville Wright's patent is shown in red. It is this additional red text that enabled Orville to successfully patent his aircraft design.

Patents - Prior Art and Licensable Rights



8. In a flying-machine, the combination, with two superposed and normally parallel aeroplanes, upright standards connecting the edges of said aeroplanes to maintain their equidistance, those standards at the lateral portions of said aeroplanes being connected therewith by flexible joints, and *means for simultaneously moving both lateral portions of both aeroplanes into different angular relations to the normal planes of the bodies of the respective aeroplanes*, the lateral portions on one side of the machine being moved to an angle different from that to which the lateral portions on the other side of the machine are moved, so as to present different angles of incidence at the two sides of the machine, *of a vertical rudder, and means where by said rudder is caused to present to the wind that side thereof nearest the side of the aeroplanes having the smaller angle of incidence and offering the least resistance to the atmosphere*, substantially as described.

Patents – Design Patents

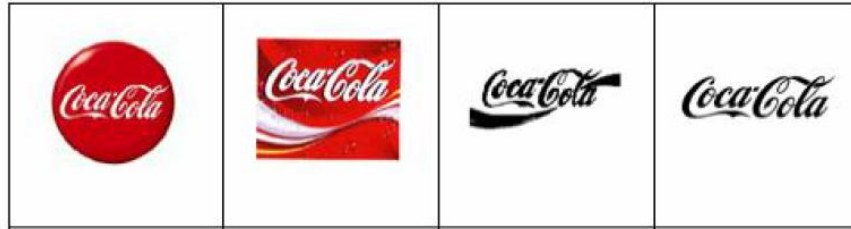


Copyright

- A copyright is a form of IP that protects an artistic expression that is fixed in a tangible medium, that is in a fixed form (the “work”).
- A copyright is a bundle of rights to an artistic expression that comes into existence on the creation of the work.
- Works covered by copyright range from books, music, paintings, sculpture and films, to computer programs, databases, advertisements, maps and technical drawings.



Trademarks



- A trademark is a form of IP that protects any word, name, symbol, sound, color or combination of these elements that distinguishes a good or service. E.g., Coca-Cola® soft drink.
- By “distinguishing a good or service”, it is meant that the mark identifies the source of the goods and hence the quality of the goods. If you buy a Coca-Cola® soft drink, you know that the soft drink comes from the Coca-Cola company. When you buy an unbranded soft drink, you never quite knows what to expect of the quality of the drink.
- In the U.S., trademark rights are created by actual use of the mark, not by registration. Upon actual use of the mark, you will have common law rights to the mark.
- Registration is not required for a trademark to exist. However, a federal trademark registration IS required before a suit can be brought on the trademark in federal court. A registration also provides additional remedies and procedural advantages.
- In addition, an intent-to-use application may protect your right to secure a federal registration on your mark in advance of your actual use

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The trouble with contract disputes

- Contracts come in many types, for example employment agreement, supply agreement, R&D agreement, NDA agreement.
- A contractual dispute occurs when parties have conflicting interpretations over the terms of a contract and one party seeks specific performance or damages, or both, from the other party.
- Contract disputes usually occur when a party breaches the contract, which means they do not do what they have promised to do in the agreement.
Types of contract breaches include:

- A **material breach**, in which one party does not perform his or her duty and, as a result, the contract is irreparable. The party affected by this breach can sue the party who has breached the contract for damages.
- A **minor breach**, also called an immaterial breach, in which the core of the contract is not changed. Both parties still must fulfill the contract when a minor breach occurs, but the party who has not breached the agreement can still sue the other party for damages.

The trouble with contract disputes

- A breach may occur not only when the terms of the contract are not performed at all, but also when they are not done in accordance with the specifications indicated, and/or when they are not completed on time.
- In the case of a contract breach, one or both parties may sue for damages and/or to have the terms of the contract legally enforced. Ideally, disputes can be resolved in mediation before a lawsuit is filed. Binding arbitration is another form of alternative dispute resolution.
- Common remedies for contract breach include:
 - Cancellation and restitution
 - Specific performance
 - Damages
 - Injunction

The trouble with contract disputes

- **Damages** are the most common breach of contract remedy and may include:
 - Compensatory damages designed to restore the injured party to the position he or she was in prior to the breach.
 - Punitive damages beyond full compensation for wrongful acts.
 - Nominal damages when a breach has occurred without measurable financial loss.
 - Liquidated damages, which are those specifically indicated in a provision of the contract.
- **Specific performance** is when the court orders the party who has breached the contract to fulfill its terms, which is typically ordered if damages are insufficient. The damaged party can also sue for restitution after canceling the contract.

The trouble with contract disputes

- Damages are linked to the loss suffered.
- A key role of a subject matter expert is to help the parties involved minimize the losses suffered. Irrespective of who ends up paying damages in the end, those involved should work towards minimizing the loss suffered by all parties.
- Working towards minimizing the loss suffered by all parties demonstrates that you are not negligent. Negligence is a failure to exercise the care expected of a reasonably prudent person in like circumstances.

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Summary

- Seek legal advice immediately when it becomes evident that routine commercial negotiations may not resolve the issue.
- Seek advice from a good legal team. A good legal team comprises:
 - An attorney with a law firm experienced in your type of case.
 - An “expert witness” who is permitted to testify at a trial because of special knowledge or proficiency in the air movement and control industry.
- Your legal team will brief you on:
 - The strengths and weaknesses of your case.
 - Your potential exposure.
 - What will be expected of you during pre-legal and legal action.
 - What actions to take throughout to minimize your exposure.
 - What actions to explore to endeavor to find the best resolution to the issue.

Summary

- A good attorney will work for a law firm that is governed by core values that shape the culture and define the character of the law firm.
 - **Respect for Individual** – Treating every individual, be it client, strategic ally, network members, and all individuals with respect.
 - **Integrity** – Being ethically unyielding and honest in firm dealings.
 - **Client Value Creation** – Enabling clients to better see, understand, and realize the potential strategic value from their IP.
 - **Network** – Leveraging Firm relationships, networks, and knowledge to deliver excellent services to Firm clients and in all Firm endeavors
- You and your attorney should have a long-term relationship, with the primary focus on keeping you out of legal trouble.

Summary

- A good expert witness will have established working relationships with one or more law firms:
 - They will have decades of experience in the air movement and control industry.
 - They will be highly qualified.
 - They will be fellows of those professional societies working with with the air movement and control industry, and their work will have been recognized though society prizes and awards.
 - They will be active past and present members of AMCA, our industry's trade association.
 - They will be a leader within the air movement and control community.
 - There will be no “skeletons in the cupboard” that may diminish their credibility as a witness in court.
- As with your attorney, you and your expert witness should have years of experience in the matter at hand, with the primary focus on keeping you out of legal trouble.

Conclusions

- Recognize when you need a lawyer and subject matter expert.
- Seek out and retain a lawyer and expert experienced in your matter.
- Understand the strategic alternatives provided by your lawyer and expert.
- Follow the recommendations of your lawyer and expert on the best path forward.

Thank you for your time!

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