



ADLI LAW GROUP P.C.

AUGUST 2011 NEWSLETTER



GLOBAL EXPERTISE

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Events:

Dr. Adli is scheduled to speak at the Iranian Chamber of Commerce

Dr. Adli is scheduled to participate in a roundtable of patent litigation experts

Dr. Adli has been invited as a guest speaker at the Inventors Association of Manhattan Conference

Adli Law Group has been designated as the official law firm of Adultcon

Adli Law Group is hosting a wine tasting seminar on the topic: ***"The Do's and Don'ts in Responding to a Cease and Desist Letter"***

Special Announcements:

Adli Law Group, P.C. has moved to the **69th Floor** of the U.S. Bank Tower

PRESS RELEASE:



Adli Law Group Obtains Two Favorable Court Rulings for Kaneka Corporation in Patent Infringement Case

Ali Shalchi



ADLI LAW GROUP P.C.

In July of 2010, Adli Law Group ("Adli Law") filed suit on behalf of its client Kaneka Corporation in Federal Court in the Northern District of Texas against Uno & Company, Ltd. and JBS Hair, Inc. (Civil Action No. 3:10-CV-1430-P) for infringement of a Kaneka patent relating to polyester hair fiber technology.

The Defendants brought a motion arguing that the case should be dismissed based on a lack of personal jurisdiction and, in the alternative, argued that the case should be transferred to the Northern District of California pursuant to 28 U.S.C.

1404(a). Adli Law was successful in arguing that personal jurisdiction was present and that transfer of venue was inappropriate. The Court agreed with Kaneka's positions and denied Defendants' motion in its entirety.

During the pendency of Defendants' motion, and in light of new information, Adli Law also filed a motion for leave to amend the pleadings to add an additional defendant, Jinny Beauty Supply Co., to the lawsuit. The motion was granted, which provides a more effective lawsuit that encompasses more infringing activity.

Adli Law Group Files ITC Action on Behalf of Kaneka Corporation for Infringement of Coenzyme Q10 Patent

On June 17, 2011, Adli Law Group filed a complaint with the U.S. International Trade Commission (ITC) against Zhejiang Medicine Co. Ltd., ZMC-USA, LLC, Xiamen Kingdomway Group Company, Pacific Rainbow International, Inc, Mitsubishi Chemical Gas Company, Inc., Maypro Industries, Inc., and Shenzou Biology & Technology Co., Ltd. (collectively "Respondents"), for infringement of Kaneka's U.S. Patent No. 7,910,340 (the "Kaneka Patent").

Based on the strength of Kaneka's complaint, the ITC has decided to commence an investigation into Respondents' use of the Kaneka Patent and will be considering Kaneka's request for an Exclusion Order barring the importation of infringing products, prohibiting further sales of infringing products that have already been imported, and halting the marketing, advertising, demonstration and warehousing of inventory for distribution and use of such imported products in the United States.

The complaint alleges that Respondants have engaged in unfair trade practices by the importation and sale of Coenzyme Q10 products that infringe the Kaneka Patent. Kaneka has been the recognized industry leader in coenzyme Q₁₀ for the past 30 years, and is the largest manufacturer of coenzyme Q₁₀ in the world.

The ITC is a quasi-judicial Federal agency that offers an alternative, fast-tracked forum for foreign and domestic owners of U.S. intellectual property rights to seek to block infringing products from the U.S. market. In particular, 19 USC § 1337 authorizes the ITC to address claims of patent infringement by imported goods and unfair competition related to imported

products. The ITC operates with unique rules and procedures that typically result in considerably faster determinations and can provide immediate consequences for importers, manufactures and sellers of infringing products.

It is expected that a trial will be concluded by May 2012. This ITC action follows Adli Law Group's filing of a patent infringement suit on March 22, 2011 against Defendants in the U.S. District Court for the Central District of California for infringement of the Kaneka Patent. In the District Court action, Kaneka is seeking an injunction prohibiting the manufacture, importation, distribution, sale and use of infringing products in the U.S., as well as monetary damages.

ARTICLES:



The California Court of Appeal issued a decision on July 27, 2011 with important implications for out-of-state or international parties litigating in California state courts

Andrew Shupe



ADLI LAW GROUP P.C.

The California Court of Appeal issued a decision on July 27, 2011 with important implications for out-of-state or international parties litigating in California state courts. In *Toyota Motor Corp. v. Superior Court (Stewart)*, 2011 WL 3131194 (Cal.App. 2 Dist) (“*Toyota Motor*”), the court held that a California trial court has no authority to compel persons residing outside California to come to California and submit to a deposition. The court also made clear that its decision applies not just to individual third-party witnesses, but to non-resident party-affiliated witnesses such as a foreign corporation’s officers, directors, or employees.

The plaintiffs in this product liability action alleged that Toyota was at fault for the crash of the plaintiffs’ vehicle. Plaintiffs noticed the depositions of five Toyota employees, all of whom were residents of Japan. Generally, under California law, a party may compel the depositions of specific “party-affiliated” witnesses -- namely, “an officer, director, managing agent, or employee of a party”. See Cal. Code of Civil Proc. (“CCP”) § 2025.280(a). However, Toyota refused to produce these employees for depositions in California, insisting that their depositions be taken in Japan.

The plaintiffs sought an order from the trial court compelling Toyota to make the five employees available for their depositions in the Los Angeles area. The trial court issued the requested order,

but the trial court noted that it could find almost no authorities on this issue, and the court stayed the matter to allow Toyota to seek review by the Court of Appeal.

The Court of Appeal held that under the plain language of the relevant statutes, the trial court did not have authority to compel the five residents of Japan to submit to depositions in California. The two statutes at issue were CCP § 1989 and CCP § 2025.260. The first of these, CCP § 1989, states that “A witness... is not obliged to attend as a witness before any court, judge, justice **or any other officer**, unless the witness is a resident within the state [of California] at the time of service.” (Emphasis added). The Court of Appeal first determined that this statute applies not just to trial proceedings, but to depositions as well, because a deposition must be taken before a deposition *officer*, and the term “witness” is defined by CCP § 1878 as “a person who declaration under oath is received as evidence for any purpose, whether such declaration be made on oral examination, or **by deposition** or affidavit.” (Emphasis added). By its plain language, then, CCP § 1989 would appear to bar a court from compelling a non-California resident to appear for a deposition in California.

The second relevant statute is CCP § 2025.260, which states in part that “A party desiring to take

the deposition of a natural person who is a party to the action or an officer, director, managing agent, or employee of a party may make a motion for an order that the deponent attend for deposition at a place that is more distant than that permitted under Section 2025.250” [i.e., 75 miles from the deponent’s residence, or within the county where the action is pending and within 150 miles of the deponent’s residence].

Plaintiffs relied upon CCP § 2025.260 in their attempt to force Toyota to produce its Japanese employees for depositions in California, but the Court of Appeal explained: “While section 2025.260 provides for a court to permit a deposition of a party or officer, director, managing agent, or employee of a party at a place ‘that is more distant than that permitted under Section 2025.250...,’ section 2025.260 does not provide for those depositions to be held at a place more distant than that permitted by section 1989. There is simply no conflict between the plain language of sections 1989 and 2025.260. Section 2025.260 permits depositions more than 75 (or 150) miles from a deponent’s residence, but **section 1989 restricts a deponent from being required to attend a California deposition if the deponent is not a California resident.**” (Emphasis added). Therefore, by ordering Toyota to bring its Japanese employees to California for depositions, the trial court had violated CCP § 1989.

The Court of Appeal also engaged in a lengthy examination of the legislative history of both statutes to buttress its ruling, and then the court addressed a prior decision that had taken the opposite view, *Glass v. Superior Court*, 204 Cal.App.3d 1048 (1988) (“*Glass*”). The *Glass* decision had compelled a plaintiff corporation based in Indiana to produce its employees for depositions in California. The *Toyota Motor* court wrote that the *Glass* court had misconstrued a prior California Supreme Court case and had not

adequately explored the legislative history of the relevant statutes. Further, the *Glass* decision had “been on the books for 22 years and has not been cited in any published decision.” The *Toyota Motor* court therefore declined to follow *Glass*.

For non-resident witnesses and/or foreign corporations litigating in California, several caveats are in order. First, the *Toyota Motor* decision itself features a concurring opinion arguing that the California Legislature must act to broaden the powers of trial courts to compel non-resident witnesses to be deposed in California; thus, the Legislature may step in and revise California’s Discovery Act in that regard. Second, this is a Court of Appeals opinion, not a California Supreme Court opinion; just as the *Toyota Motor* court declined to follow *Glass*, another Court of Appeal could choose to follow *Glass* or to follow neither case and form its own independent view. Likewise, a state trial court could choose to follow *Glass* instead of *Toyota Motor*. (However, *Toyota Motor* is a careful and thoroughly written opinion clearly designed to bury *Glass*). Third, the *Toyota Motor* plaintiffs could seek a reversal of the Court of Appeal’s decision by the California Supreme Court. Lastly, foreign corporations litigating in *federal* courts in California are subject to federal discovery laws, which allow federal trial courts to order foreign corporations to produce their non-U.S. employees for deposition in the United States. *See, e.g., In re Honda American Motor Co., Inc. Dealership Relations Litigation*, 168 F.R.D. 535, 541-542 (D.Md. 1996) (requiring agents of a Japanese corporate defendant to be deposed in Maryland).



Federal Circuit issues a decision in the *Association for Molecular Pathology v. USPTO* case, otherwise known as the *Myriad gene patent* litigation

David Tseng



ADLI LAW GROUP P.C.

Today, the Federal Circuit issued a decision in the *Association for Molecular Pathology v. USPTO* case, otherwise known as the *Myriad gene patent* litigation. The patent in question claims specific isolated gene sequences as well as methods to identify mutations based on comparison of gene sequences.

On March 29, 2010, the Southern District of New York held that a gene sequence in its natural biological form was not "markedly different" than the an isolated gene sequence, breaking away from the widely held notion that isolated genes are patentable because they are chemically different than naturally occurring genes. Further, the district court held that the method claims failed the *Bilski* "machine or transformation" test. Under *Bilski*, for a process or method to be patentable, it must be implemented by a machine or it must transform an article from one state to another. The district court found the patented method of comparing gene sequences to be merely abstract mental processes. Accordingly, the district court held both the gene sequences and the comparison methods to be invalid and unpatentable.

The Federal Circuit reversed, reasoning that the gene sequences in question are "human-made" molecules that cannot exist in its claimed form in the human body. The Federal Circuit also cautioned against allowing judicial exceptions contrary to thirty years of well-established Supreme Court jurisprudence of allowing engineered gene sequences. Moreover, the method claims in question remain valid because the described methods require the growing of host cells. The Federal Circuit found that this growth constituted "transformative" steps sufficient to pass the *Bilski* "machine or transformation" test.

This case is likely to be appealed before an *en banc* Federal Circuit panel, or the Supreme Court of the United States.



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Pictured above: Dr. Adli with Mr. David Kappos taken on May 9th at the National Hardware Show in Las Vegas. Adli Law Group in association with the United Inventors Association of America also sponsored a dinner honoring Mr. Kappos and host of select guests. Mr. David Kappos is the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office. In this role since August 2009, he advises the President, the Secretary of Commerce, and the Administration on intellectual property matters.

Adli Law Group is proud to be the first law firm in California, and only the second law firm in the country, to join USPTO's newly initiated inventor pro-bono pilot program. The program, the brainchild of Director David Kappos, is designed to provide needy inventors with affordable legal help in protecting their inventions.

In announcing the news, Dr. Adli, the President of Adli Law Group observed, "this program will provide Adli Law with an opportunity to show its gratitude to the inventor community, some of whom have terrific ideas but are financially unable to afford obtaining legal protection for their inventions." Dr. Adli continued, "with the current condition of our economy, many of these inventions are likely to lead to investment and job growth, which can give the economy a much needed shot in the arm." Dr. Adli added "I hope and expect that we will not long be the only participants from California in this worthy program and that other law firms will decide to join."



ADLI LAW GROUP P.C.

INTERESTING IP FACTS:

Over the past twenty years Of the over 1100 contested stay pending reexam motions have been filed. Most of these (almost 700) have been filed over of past five years. The win rate for such motions is about 55%.

The USPTO is planning to revise the Trademark Rules of Practice. Proposed changes would allow the USPTO to require additional proof of use of a mark [such as specimens or affidavits] to verify the accuracy of claims that a trademark is in use on particular goods/services. The purpose of the rule change is to increase the accuracy of the trademark register.

Adli Law will provide you with updates regarding the developments on this plan.

EVENTS:



Dr. Dariush Adli, Ph.D., Esq., is the founder and Managing Partner of Adli Law Group P.C. His practice is primarily focused on patent litigation, representing high technology companies in the electrical and mechanical arts, including semiconductor, integrated circuit, computer hardware, architecture, software, digital processing, and communications industries.



ADLI LAW GROUP P.C.

Iranian Chamber of Commerce

Dr. Adli is scheduled to speak at the Iranian Chamber of Commerce on **August 2nd** at **6:00 p.m.** The event will be held at the Olympic Collection Banquet Hall & Conference Center located at **11301 W. Olympic Blvd, Los Angeles, CA 90064.**



Lawyer-Patent Litigation Roundtable, October 2011

Dr. Adli is scheduled to participate in a roundtable of patent litigation experts which will publish in the October issue of California Lawyer magazine. The discussion will take place in late August/early September.

Inventors Association of Manhattan Conference

Dr. Adli has been invited to speak at the Inventors Association of Manhattan Conference on **October 10th** from **6:30 to 9:30 p.m.** The event will be held at The Midtown Executive Club located in New York, NY. **More details will be provided in future editions of this newsletter.**





Rasheed McWilliams is an experienced attorney who focuses his practice on litigation and transactions in the fields of intellectual property and entertainment law. Having started his career at two of the nation's preeminent intellectual property boutiques, Mr. McWilliams has extensive experience in all aspects of intellectual property case management from inception through post-trial briefing. His entertainment practice includes representing individuals and corporations in the fields of broadcasting, film and television, music, and publishing. His success in the entertainment field includes the sale of the literary and dramatic rights to *BMF: The Rise of Big Meech and the Black Mafia Family*.

Adli Law Group, P.C. is the Official Law Firm of



Rasheed McWilliams, Senior Associate of Adli Law Group recently spoke at the Adultcon Los Angeles Expo which was held on Saturday, July 30th at the Los Angeles Convention Center. Mr. McWilliam's seminar entitled "**Creating Additional Revenue Through Intellectual Property: Patents, Trademarks and Copyrights in the Adult Industry**" provided an overview of the importance of acquiring intellectual property assets and how those assets can be leveraged to generate additional revenue for adult entertainment businesses. Topics discussed included acquiring patents, trademarks and copyrights; enforcing intellectual property rights and licensing intellectual property assets to create additional streams.

Adli Law Group was the official law firm of the event and is currently slotted to speak/appear in the Adultcon Las Vegas show scheduled to run November 4th - 6th.

SPECIAL EVENTS:

On behalf of Adli Law Group, P.C.,

Please accept our invitation to come and experience first-hand, a complimentary wine tasting seminar

on

August 18, 2011

(5:00 p.m. – 7:00 p.m.)

Adli Law Group, P.C.

Please R.S.V.P no later than Friday, August 12th
via email at robin.legrand@adlilaw.com or at (213) 623-6549

Dr. Adli, President and founder of the Adli Law Group. P.C. will be speaking on the topic:

“The Do’s and Don’ts of Responding to a Cease and Desist Letter”

This seminar provides you valuable advice on what to do and not to do in responding to such letters.

Topics discussed include:

What is a Cease and Desist Letter?

Types of Cease and Desist Letters

The Forms of Cease and Desist Letters

What a Response Should Include

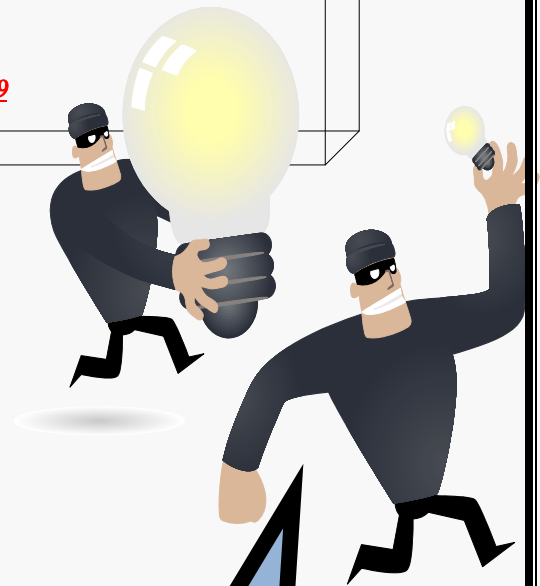
*The Importance of Understanding Your Adversary to
Formulating a Response*

The Elements of a Competent Legal Opinion

Relevance of Potential Damages/Liabilities

Potential Counterclaims Available to Recipient

SAVE THE DATE!!!!



“The Do’s and Don’ts in Responding to a Cease and Desist Letter” begins the first series of monthly seminars. On the 3rd Thursday of each month (5:00 - 7:00 p.m.), Adli Law will host a complimentary wine tasting seminar featuring various industry specific topics.

*If you would like to receive further information or to be added to our guest list, please contact **Robin Le Grand** at robin.legrand@adlilawgroup.com or at (213) 623-6549.*



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SPECIAL ANNOUNCEMENTS:



PLEASE TAKE NOTICE

**AS OF JULY 15, 2011, ADLI LAW GROUP P.C. MOVED TO THE 69th FLOOR.
OUR MAIN ADDRESS AND PHONE NUMBERS REMAIN THE SAME:**



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