Inside 3Q2024

ACC Association of Corporate Counsel
GREATER PHILADELPHIA

FOCUS

A Message From the President

Joe Nullmeyer

Joe Nullmeyer
VP, General Counsel,
Mitchell Martin Inc.

Dear ACC Greater Philadelphia Members and Friends:

It's officially the fall season and I hope everyone had a relaxing and enjoyable summer! At ACCGP, we've had a busy programming summer and are looking forward to offering many relevant educational programs and fun social events in the coming months.

From June through September, our Chapter hosted 18 CLE programs and 12 social events. To highlight just a few: In June, thanks to Lauren Harrington and the Aramark team, we hosted our annual Corporate Counsel University at the beautiful new Aramark Global Headquarters. Our sponsors Cozen O'Connor, Dechert LLP, Armstrong Teasdale and Blank Rome LLP presented topics that were tailored to new in-house lawyers. In July, our Chapter hosted its 8th Annual Family Fun Night & Charity Softball Game at Frawley Stadium in Wilmington, DE. The event, which benefits our Diversity Internship Program, featured players from our sponsors and in-house legal departments. In August, our Executive Committee hosted a dinner attended by over 20 past presidents, who continue to provide guidance and support to our Chapter and emerging leaders. And to round out the summer, many members and sponsors joined us for a successful Golf & Tennis Outing at Radnor Valley Country Club.

In early October, we enjoyed seeing more than 65 ACCGP members, who made the trip to Nashville, TN to attend the ACC Annual Meeting. At the Annual Meeting, ACCGP was awarded an Outstanding Achievement Award for the Diversity Internship Program Speed Networking Event! Thank you to Nina Blackshear, Teleicia Dambreville, Ricki Lipshutz, Smita Aiyar and the entire DEIB Committee for creating and implementing an award-winning program. Another highlight was the ACCGP Chapter Party, sponsored by Saul Ewing. Planning is already underway for ACCGP to be the host chapter for the 2025 Annual Meeting in Philadelphia next fall!

Please mark your calendars for our remaining signature events in 2024 (a link to our full calendar is here):

1. Fall Gala on November 7th
2. Diversity Summit on December 5th
3. Chapter Holiday Party on December 10th

A reminder that a great way to stay engaged with the Chapter is by following and interacting with us on LinkedIn: https://www.linkedin.com/company/acc-greater-philadelphia.

Our Board of Directors is here to serve our members and we welcome your input and involvement! I'd encourage everyone to respond to the member survey found here: https://www.surveymonkey.com/r/75GTQDC

You can reach me directly at joe.nullmeyer@itmmi.com or 215.383.0490. I look forward to seeing all of you at future Chapter events!

Very truly yours,
Joe Nullmeyer
President, ACC Greater Philadelphia

Understanding "Other Insurance" Clauses in Insurance Policies

By Pamela D. Hans and Fiona R. Hogan, Anderson Kill

Insurance for Artificial Intelligence Risks

If you review any of your insurance policies—whether for liability, property, or other types of coverage—you may come across a provision called "other insurance." While this provision may seem harmless, it is often the source of disputes when a loss is covered by more than one policy. In this article, we explore how "other insurance" provisions work, how courts have interpreted them, and what policyholders can do to prepare for disputes over coverage obligations involving these clauses.

The term "other insurance" refers to situations where more than one insurance policy covers the same loss or claim. These provisions dictate how coverage is coordinated among multiple insurance companies.

Some argue that the purpose of the "other insurance" clause is to prevent policyholders from receiving more than the value of the loss when multiple policies are triggered. Others describe the clause as determining each insurance company's responsibility in covering the claim. From a policyholder's perspective, "other insurance" provisions and related disputes can delay claim payments and may impose unexpected deductibles before the insurance company's payment obligation begins. In spite of your insurance company's best arguments, it is well-settled that the "other insurance" clause is designed to determine rights among insurance companies, and not to impact the policyholder's access to coverage under an insurance policy. Below, we highlight some common types of "other insurance" provisions and the disputes they often cause.

Types of "Other Insurance" Provisions

1. Excess Provisions: These clauses specify that one policy provides coverage only after another primary policy has paid:

   Coverage afforded hereunder shall apply only as excess over any valid and collectible insurance or indemnity obtained by the Insured, or by another entity responsible for the loss or involved in the transportation or handling of the property.

2. Escape Provisions: These clauses state that a policy will only provide coverage if no other insurance is available:

   This Liability Coverage will apply only as excess insurance over, and will not contribute with, any other valid and collectible insurance available to the Insured, unless such insurance is written specifically as excess of this Liability Coverage.

3. Pro Rata Provisions: These clauses specify that each insurance company will pay its proportionate share of the loss.

   If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below.

   c. Method of Sharing

      If all of the other Insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

      If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

Disputes Arising from "Other Insurance" Provisions

With an excess provision, insurance companies often argue that their obligation begins only after the primary policy pays. With an escape provision, insurance companies may claim they only need to pay if no other insurance is available. A pro rata provision requires insurance companies to share the loss based on their respective obligations.

Courts in different jurisdictions have weighed in on the interpretation of these provisions, making it essential to understand the contract language and applicable law. For instance, when two policies contain conflicting "other insurance" clauses (both claiming to be excess over the other), courts often declare the clauses mutually repugnant, requiring insurance companies to share the loss on a pro rata basis. In other cases, courts have ruled that when one policy has a pro rata provision and another has an excess provision, the policy with the pro rata provision is primary and the policy with the excess provision will not be obligated to pay until the primary policy's limits are exhausted. Understanding how courts in relevant jurisdictions interpret these policy provisions will allow you to better protect your company and maximize the insurance for which you bargained.

Overlapping Insurance Coverage

Overlapping insurance can occur intentionally when a policyholder purchases multiple policies for the same risk instead of a single policy with higher limits. It can also happen when a business names a counterparty as an additional insured or requests to be added to the counterparty's policy. These situations can lead to overlapping coverage and potential "other insurance" disputes.

Conclusion

Policyholders should carefully review their insurance policies and consider how overlapping coverage might impact their program, especially when acting as or involving an additional insured. By thoughtfully structuring your insurance program, consulting with your broker, and addressing coverage challenges related to "other insurance" provisions, you can better anticipate and resolve potential disputes.

When State Agencies Go Rogue: California Unclaimed Property Case Study

By Sara Lima; Autumn Homza, Reed Smith

Take-Aways:

- Unclaimed property is a little-known area of state regulatory law, but applies to any business with customers, vendors, or employees.
- The states' engagement of private, contingent-fee audit firms leads to multimillion dollar assessments and resource-draining forensic audits.
- A recent California development exposes how corporate compliance with audit demands can create new exposures if audits are not handled with care.
- Finance and tax departments would be well-advised to collaborate with corporate counsel to mitigate these risks.

Unclaimed Property is a little-known area of the law, but State Treasurers and Revenue Departments receive billions of dollars annually from companies. This goes beyond the vendor and payroll checks that typically come to mind when companies think of unclaimed property. Does your business issue gift cards, rebates, or offer loyalty programs to its customers? Does your business have customer (or patient) credit balances sitting on its accounts? Unclaimed property laws are broad and impose reporting obligations on property types you may not consider at risk.[1] In fact, a report issued by the National Association of Unclaimed Property Administrators ("NAUPA") suggests that $3 billion of unclaimed property is added to states' coffers annually. While these programs return some of the property collected to rightful owners, states deposit most of the money in the states' general funds, making it a critical source of state revenues.[2]

Reacting to scarce internal resources and heightened demand for funds, states routinely engage private firms to perform audits of companies' financial records to "find" reportable unclaimed property. These firms are compensated based on a contingent-fee and conduct forensic multi-state audits—sometimes lasting ten years or more—that demand personal data of consumers, employees, and vendors.[3] Through these financial arrangements, private audit firms are incentivized to assert broad legal interpretations, obtain large volumes of data, and downplay corporate risks and rights. They will initiate audits on behalf of multiple states at once, sometimes dozens of states at a time. As unclaimed property is reportable to the owner's address (i.e., the payee's address or the customer's billing address), exposure can extend well beyond a company's home state. If there is no address associated with the property, it is reportable to the company's state of formation.[4]

While there are a myriad of concerns related to these third-party, multi-state review, one of the most concerning involves risk associated with audit compliance. Corporate tax or finance personnel are typically the first line of defense, and are often unaware that these audits differ substantially from routine state examinations. A recent development in California (discussed below) provides a window into the degree of power held by third-party audit firms and the lack of supervision by the state regulator, the State Controller's Office ("SCO"). As a result, merely attempting to respond transparently to state inquiries could inadvertently create new exposures and lead to costly and embarrassing consequences.

Unclaimed Property Generally

Every U.S. state and DC has codified unclaimed property laws.[5] Those laws generally require a state to take custody of unclaimed property from the time it is deemed abandoned until it is claimed by the owner. By taking custody, the state obtains the beneficial use of the property (and interest thereon) until it is claimed. And, as discussed above, if the owner never collects the property, the state benefits from its permanent use.[6]

Unclaimed property is often confused with narrow requirements related to abandoned tangible property. However, companies have annual reporting obligations with respect to broad categories of intangible property as well. For example, obligations owed to third parties such as uncashed checks, unapplied credits, and prepaid rights are also covered. Many states treat gift cards as property subject to escheat.[7] Only a handful include exemptions for items owed to businesses or even unredeemed loyalty and promotional "property."[8]

[1] Failure to report can mean material exposures. By way of example, in 2022, H&M paid $36 million of unredeemed gift cards to the New York State Controller's Office of Unclaimed Funds in settlement of a whistleblower action. https://www.reuters.com/legal/litigation/hm-pay-36-mln-over-unused-gift-cards-settlement-with-new-york-2022-05-19/ (last visited August 29, 2024).

[2] Tennessee's Department of Treasury returned around $63 million to Tennesseans this past fiscal year. However, today there is more than $940 million in cash waiting to be claimed by Tennessee owners. https://whnt.com/news/tennessee-news/tennessee-returned-63-million-in-unclaimed-property-has-almost-1-billion-remaining/. The Pennsylvania Treasury holds approximately $4.5 billion in unclaimed property https://www.northcentralpa.com/news/new-law-will-allow-pa-treasury-to-automatically-return-unclaimed-property-to-owners/article_4227cc02-4bd6-11ef-bdda-6b2682f9313a.html. Virginia has custody of roughly over $2 billion in unclaimed property. https://www.wtkr.com/investigations/wtkr-asks-the-state-if-they-are-doing-enough-to-return-your-unclaimed-money.

[3] *Dine Brands Global, Inc. v. Rachael Eubanks*, Court of Appeals No. 360293 (Nov. 9, 2023).

[4] *See Texas v. New Jersey*, 379 U.S. 674 (1965); Delaware v. New York, 507 U.S. 490 (1993); Delaware v. Pennsylvania, 598 U.S. 115 (2023).

[5] *See, e.g.*, D.C. Code § 41-101 et seq.

[6] *Temple-Inland, Inc. v. Cook*, 192 F. Supp. 3d 527, 532–33 (D. Del. 2016) (unclaimed property is Delaware's third-largest source of revenue; the state collected $364.9 million of unclaimed property in 2007 but reunited only $20 million of unclaimed property in that same time); 12 Del. Code §§ 1163, 1168.

[7] *Compare* D.C. Code § 41-102(16A)(B) (defining property to include gift certificates), with Va. Code § 55.1-2515(B) (exempting gift certificates redeemable for merchandise or services).

[8] *See, e.g.*, Tenn. Code Ann. § 66-29-102(24)(c)(ii); 27 V.S.A. § 1452(24)(c); Wis. Stat. § 177.01(13)(b)(c) (exempting loyalty programs). N.R.S. 120A.505; Ohio Rev. Code §169.01(A)(2) (exempting business-to-business transactions).

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In short, any company with vendors, customers, or employees likely holds unclaimed property and is required to report and remit it to the appropriate state. These obligations follow the associated property rights, so companies doing business nation-wide should likely be reporting across the country as well. States are actively monitoring to ensure all such companies comply fully with annual reporting obligations (which follow the state of the owner and are not limited to the company's "home" state). Beginning in 2023, California began requiring that companies disclose the details of their unclaimed property compliance history on their California franchise tax returns. So, any company filing tax reports in California should ensure it is complying with its unclaimed property obligations in that state as well.

As described above, almost all states engage private audit firms to conduct forensic audits—routinely looking back fifteen years—to demand and collect unreported amounts, as well as substantial interest and penalties.[9] Most concerning, however, is the auditors' blatant disregard for due process and data protections otherwise required by constitutional and state laws. State regulators are turning a blind eye.

Audit Demands for Protected Information

The audit firms follow their own methodology, which tends to be standardized even across states with substantially different laws, and consistent with their financial incentives, is designed to succeed in "finding" unreported unclaimed property.[10] During the course of an examination, the third-party auditor decides what documents the holder must produce, what entities to examine, what documentation to accept, and how much liability the holder owes to the state.

Not surprisingly, most of the purported unclaimed property "found" by the auditor is not made up of clear liabilities, but rather cancelled items (like voided checks) where the holder is unable to sufficiently prove to the auditor's satisfaction that the item was properly cancelled.[11] Holders are often hindered in proving that these cancelled items do not represent real liabilities due to the loss of records and other evidence during a long examination, especially as state law does not affirmatively require retention of such records (and may even disfavor it).

The use of third-party auditors to conduct unclaimed property examinations is not necessarily problematic. There are many reasons a state may elect to work with private audit firms: pressure for increased collections due to state revenue shortfalls, inadequate funding support for staff from the legislature, or technical limitations faced by the agency responsible for unclaimed property administration, for example. However, the degree of autonomy the states provide to third-party auditors creates significant risk to companies that choose to blindly comply with audit requests. If a third-party auditor were properly supervised and had interests aligned with the states it served, the oversight function may not present major concerns.[12] However, in many cases, third-party audit firms conduct examinations wholly divorced from the law of the state they purportedly represent. As a result, a company may comply with broad, multistate audit requests only to realize that such compliance was actually inconsistent with particular state regulatory requirements.

California Case Study

On April 27, 2021, a California Superior Court addressed the State Controller's authority to hire third-party auditors for unclaimed property enforcement, in view of the lack of required regulatory guidance for such audits. Ultimately, the court held that the plaintiff sufficiently alleged that the SCO had no authority to use third parties to conduct unclaimed property audits.[13] The court found merit in the allegations that the state had not satisfied the statutory prerequisite to promulgate official regulations through the Administrative Procedures Act ("APA") under Civil Code 1571(c).

In response to the court's decision, the SCO proposed regulations governing the activities of third-party auditors hired by the SCO to examine the records of a person who has failed to report property that should have been reported pursuant to the Unclaimed Property Law. However, on August 12, 2024, the OAL issued a decision denying approval for the proposed regulations because the regulations failed to comply with the clarity and necessity standards of the APA, as well as required APA procedures.

In other words, the SCO arguably has not yet secured its right to engage third parties to conduct unclaimed property audits, because it has not identified clear parameters within which such audit firms can operate. Nevertheless, such audits continue to occur, with companies receiving new directives from the SCO to submit to such audits as recently this year. Yet the questionable authorization of third-party auditors raises concerns about compliance with these firms'

[9] *See, e.g.*, Cal. Code Civ. Proc. § 1577.
[10] *See* Legislative Analysis, Michigan House Bill 5577 dated May 30, 2012 (noting business community concern that "the focus, often by contingent fee third-party audit firms, is on creating state assessments based on minor theoretical discrepancies in ancient paperwork rather than on restoring truly unclaimed property to its rightful owner.").
[11] *See e.g., Dine Brands Global, Inc. v. Rachael Eubanks*, Court of Appeals No. 360293 (Pl-Appellee's Resp. to Def-Appellant's Application for Leave to Appeal at p. 1 (filed Apr. 27, 2023) (noting that Dine Brands' audit resulted in a finding of "$258,169.09 of (mostly voided) checks . . . including checks issued as far back as 2003")).
[12] *See* U.S. Chamber of Commerce Institute for Legal Reform, Unclaimed Property: Best Practices for State Administrators and the Use of Private Audit Firms at 10 ("Chamber Report") ("[P]rivate auditors, if appropriately incentivized and supervised, can serve a useful role. . . ."); *see also* Chamber Report at 10 ("[T]he existing model of private auditor arrangements based on contingency fees, undisclosed contracts, opaque selection processes, and inadequate oversight creates an intolerable risk of abuse.").
[13] *See generally, Yee v. ClubCorp Holdings, Inc.*, et al., Case No. CGC-19-576314 (Cal. Super. 2021).

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broad requests for sensitive data (which demand fields like name, street address, birth date, social security number and amount). Often, delays in providing the information result in threatening and aggressive correspondence from the auditors.

The California Privacy Right Act (the "CPRA"), which amends and expands the California Consumer Privacy Act, Cal. Civ. Code Div. 3, Pt. 4, Title 1.81.5, prohibits certain covered entities from disclosing non-redacted personal information of California residents to third parties. Each violation can be subject to a fine of $2,500 by the State in addition to the higher of actual damages or $750 per consumer.[14]

The law provides an exception for the provision of data to comply with a "regulatory inquiry [or] investigation . . . by state, or local authorities."[15] However, there is no guidance in the law on whether the exception extends to disclosure to a third party that is acting at the direction of a state authority. That a court has recently held that the contractor may be acting without the requisite authority increases the risk that the exception may not cover the disclosure to that contractor.

This leaves holders under audit in California with the choice of weighing its concerns related to the CPRA risk as compared to its desire to minimize tensions within the unclaimed property audit.

Best Practices for State Unclaimed Property Audits

The dynamic arising in California is mirrored in several other states and there is no one-size fits all answer. Instead, companies that receive notification of an unclaimed property audit should be aware that the auditors—not the state regulators—may be controlling the review and complete deference to such firms' requests could itself be detrimental. There are some "best practices" that could help to mitigate exposure from unwittingly responding to overbroad requests issued by—arguably unauthorized—private audit firms.

1. Consider integrating general counsel at the outset.

As reflected in the California scenario, responding transparently to state inquiries could inadvertently create new exposures. This is especially true when the internal team preparing responses on behalf of the company are experienced in defending government audits but may not be trained to limit information provided to private auditors with a financial stake in the outcome. As corporate counsel often has more experience in responding to requests for information in an adversarial setting and can provide non-lawyers guidance with respect to how to view requests critically and preserve rights, corporate counsel should be integrated into any unclaimed property audit at the outset.

2. Consider objecting to information requests.

Unclaimed property auditors tend to follow a standard process and resist any deviation from that process. The "standard" is often designed to capture broad swaths of data from companies of different sizes, in different industries, with different operations. However, certain companies have particular sensitivities and, though there may be an inclination toward cooperation, there could be good reason to object to requests to accommodate those concerns. For example, companies may need to redact personal identifiable customer information, limit production of sensitive payroll or healthcare-related records, coordinate with government security protocols, or obtain approval from vendors or customers before releasing confidential agreements.

3. Protect legal strategy decisions.

No one wants to end up in litigation. Where auditors are financially-motivated in the outcome of their own findings, however, disputes can arise. Unclaimed property rules are ambiguous and case law is less prevalent than in more well-traveled areas of the law. Thus, companies should consider their legal strategy in determining responses to audit requests. Engaging counsel from the beginning of an audit helps to protect such considerations from becoming discoverable by the applicable states in any later litigation.

4. Know appeal rights

In our experience, state administrators, or their auditors, are often unfamiliar with their own states' administrative appeal procedures. Holders rarely receive notice when a "finding" triggers the right to appeal (typically within a particular time frame). Instead, at the end of the audit, states simply demand payment for disputed amounts and threaten interest and penalties for failure to pay immediately, effectively closing off negotiations of disputed legal issues. Companies are entitled to due process, however, and if aware of their right to review, can preserve their legal positions, ideally in an effort to negotiate reasonable resolutions to unfair demands.

Authors:

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Sara is an unclaimed property specialist. She uses her years of experience and relationships in a pragmatic and goal-oriented way. Since 2007, Sara has focused her practice on the ever-evolving field of unclaimed property (escheat), as states' reliance on unclaimed property revenues has continued to grow. Clients rely on Sara to guide them through unclaimed property audit defense, voluntary disclosure, and compliance matters, as well as to advise on new incentive and loyalty programs, payment processing, and outsourcing engagements.

Sara represents clients in the telecomm, aerospace, government contracts, manufacturing, retail, financial services, and

[14] *See* Cal. Civ. Code §§ 1798.150, 1798.155.
[15] *See id.* at § 1798.145(a)(1)(B).

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other industries. Sara also advises third-party administrators, transfer agents, and passthrough entities. Though she is very often successful in resolving complex issues out of court, Sara is a capable and experienced litigator. She is admitted to state and federal courts in Pennsylvania and New Jersey, as well as the United States Court of Appeals for the Third Circuit and the United States Supreme Court, where she has acted as lead counsel for amici in two cases. She has developed strong relationships with state government officials around the country, including in Delaware, Florida, Illinois, New Jersey, New York, Michigan, Massachusetts, Pennsylvania, and Texas.

Autimn D. Homza, Associate

Autumn focuses her practice on the ever-evolving field of unclaimed property. Autumn helps guide clients through unclaimed property audit defense, voluntary disclosure, and compliance matters. Autumn advises clients in a broad range of industries including, but not limited to, telecom, aerospace, transportation, retail, and financial services.

Outside of her day-to-day legal work, Autumn is an active member of the Unclaimed Property Professionals Organization (UPPO) and sits on UPPO's Government Relations and Advocacy Committee. She also regularly speaks on unclaimed property issues via webinars and national conferences.

Oh Snap[Rays]! The Perils of Amazon's Patent Evaluation Express Program

By Armstrong Teasdale

Your Chief Revenue Officer just called with bad news: A competitor is selling widgets on Amazon that may infringe one of your company's utility patents! Your CRO wants the listing removed as soon as possible. You could file a complaint for patent infringement, but your company wants to avoid the drain on its resources. How do you remove the competitor's listing without resorting to litigation? It appears Amazon really does offer everything from A to Z, including a patent enforcement program. Aptly named Amazon Patent Evaluation Express ("APEX"), the program is intended to be easier, faster, and cheaper than other traditional methods of utility patent enforcement.[1] But beware: this seemingly attractive enforcement option can be a jurisdictional minefield.

To use the APEX program, a patent owner must contact Amazon to identify the allegedly infringed utility patent, the relevant patent claim, and the Amazon listing for the accused product.[2] The patent owner's submission is referred to as the APEX Agreement.[3] Amazon will notify the seller of the accused infringement by sending a copy of the APEX Agreement.[4] An accused infringer must choose from one of three options.[5] The first option is to opt into the APEX program, which means subjecting the listing in question to a third-party evaluator that analyzes whether the accused product infringes the asserted claim.[6] If the evaluator determines that infringement is likely, Amazon will remove the listing.[7] The second option is bilateral resolution, wherein the parties resolve the dispute without further resort to Amazon.[8] The third option is to file an action seeking a declaratory judgment of noninfringement.[9] If the accused infringer chooses not to act, then Amazon will automatically remove the accused listing after three weeks.[10]

At first blush, the APEX program appears to be a helpful addition to a patent owner's arsenal, especially considering the potential for an automatic win if the accused infringer runs out the clock. However, a recent Federal Circuit opinion has introduced a wrinkle with respect to APEX's third option, when the party accused of infringement files an action seeking a declaratory judgment. In *SnapRays d/b/a SnapPower v. Lighting Defense Group,* 100 F.4th 1371 (Fed. Cir. 2024), the Federal Circuit addressed the question of whether use of the APEX program could support a declaratory judgment action in a jurisdiction other than the state of Washington, where Amazon has its principal place of business.[11]

Lighting Defense Group, a Delaware LLC headquartered in Arizona ("LDG"), purports to own U.S. Patent No. 8,668,347, a utility patent directed to a non-traditional faceplate cover for a power outlet that provides, *inter alia*, nightlight and USB-charging features.[12] SnapRays, a Utah LLC with a principal place of business also in Utah, does business as SnapPower.[13] SnapRays uses Amazon to sell covers for electrical outlets, with features such as "integrated guide lights, safety lights, motion sensor lights, and USB charging technology."[14]

Using the APEX program, LDG accused SnapRays of selling products on Amazon that infringed LDG's patent.[15] The following examples are from SnapRays' complaint.[16]

At first, the parties

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attempted bilateral resolution, but ultimately failed to reach an agreement.[17] As the end of the three-week period permitted by the APEX program drew near, SnapRays filed an action for declaratory judgment of noninfringement in the District of Utah.[18]

LDG moved to dismiss the action for lack of personal jurisdiction.[19] The Utah district court held SnapRays did not establish that LDG's activities were directed to Utah, but instead focused on where LDG had sent the APEX Agreement—to Amazon—which has a principal place of business in the state of Washington.[20] As a result, the district court found that LDG's activities were directed to Washington and granted LDG's motion to dismiss.[21] SnapRays appealed to the Federal Circuit, arguing that LDG had subjected itself to personal jurisdiction in Utah for purposes of a declaratory action of non-infringement by submitting the APEX Agreement.[22]

The Federal Circuit reviewed the lower court's decision *de novo*.[23] Because Utah has an extensive long-arm statute, the appeal boiled down to a single question to address personal jurisdiction: "[W]hether jurisdiction comports with due process."[24] The court applied a three-factor test: "(1) whether [LDG] 'purposefully directed' its activities at residents of the forum; (2) whether the claim 'arises out of or relates to' [LDG's] activities with the forum; and (3) whether assertion of personal jurisdiction is 'reasonable and fair.'"[25] If the court finds that factors one and two are satisfied, it shifts the burden to the defendant for purposes of the third factor.[26]

The Court decided that the first factor was satisfied based on LDG's submission of the APEX Agreement, concluding that LDG "purposefully directed its activities at SnapRays in Utah, intending effects which would be felt in Utah."[27] LDG argued that precedent reached a different conclusion, specifically with respect to cease and desist letters as a method of patent enforcement.[28] In response, the Federal Circuit essentially distinguished the APEX program from cease and desist letters with one word—automatic.[29] The court concluded that the "automatic takedown process, which would affect sales and activities in the forum state" is what sets the online programs apart.[30]

The Federal Circuit also found that the second factor had been satisfied.[31] The court's reasoning was similar to that of the first factor: "Because we hold LDG's action of submitting the APEX Agreement was directed towards Snap[Rays] in Utah and aimed to affect marketing, sales, and other activities in Utah, we also conclude Snap[Rays]' suit arises out of defendant's activities with the forum."[32]

Due to the burden-shifting element, the third factor was "presumptively reasonable" in light of the first two factors being satisfied.[33] In response, LDG made a public policy argument "based on concerns about how ruling for SnapRays in this matter opens the floodgates of personal jurisdiction and allows lawsuits against any APEX participant anywhere in the country."[34] The Federal Circuit did not find this persuasive.[35] The court dismissed LDG's "floodgates" argument, explaining that APEX participants "will only be subject to specific personal jurisdiction where they have targeted a forum state by identifying listings for removal that, if removed, *affect the marketing, sales, or other activities in that state*" and once again noted that the automatic nature of the APEX program distinguishes itself from an action like that of a cease and desist letter.[36]

Therefore, the Federal Circuit held that all three factors were satisfied and reversed and remanded for further proceedings.[37]

In July, LDG filed a petition for panel rehearing and rehearing en banc.[38] The petition posed the following question: "Whether a patentee subjects itself to specific personal jurisdiction anywhere a plaintiff operates—even though the patentee has no contacts with the forum or the plaintiff—just because the patentee's out-of-forum conduct has effects on plaintiff in the forum state."[39]

Unsurprisingly, the appellee proposed the question be answered in the negative.[40] LDG focused its petition on the apparent contradictions between the May 2024 opinion and prevailing precedent, both at the Supreme Court and the Federal Circuit.[41] LDG also addressed how the Federal Circuit contrasted the APEX program with cease and desist letters.[42] Specifically, it argued that the "automatic" distinction "is constitutionally irrelevant because it *does not focus on the defendant's contacts with the forum, but rather the degree to which the plaintiff is impacted there*."[43] The Federal Circuit ultimately denied the petition for rehearing and rehearing en banc on August 7, 2024.[44]

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[1] *SnapRays d/b/a SnapPower v. Lighting Defense Group*, 100 F.4th 1371, 1373 (Fed. Cir. 2024).
[2] *Id.*
[3] *Id.*
[4] *Id.*
[5] *Id.*
[6] *Id.*
[7] *Id.*
[8] *Id.*
[9] *Id.*
[10] *Id.*
[11] *Id.*
[12] *Id.*; U.S. Patent No. 8,668,347 B2, at Abstract [57] (filed Sep. 15, 2011).
[13] *Id.* at 1373.
[14] *Id.*
[15] *Id.* at 1374.
[16] *SnapRays, LLC v. Lighting Def. Grp. LLC*, No. 2:22-CV-403-DAK-DAO (D. Utah June 16, 2022) (*Complaint*).
[17] *SnapRays*, 100 F.4th at 1374 (Fed. Cir. 2024).
[18] *Id.*
[19] *Id.*
[20] *Id.*
[21] *Id.*
[22] *SnapRays d/b/a SnapPower v. Lighting Defense Group*, App. No. 23-1184 (Fed. Cir. 2024) (*Opening Brief*).
[23] *SnapRays*, 100 F.4th at 1374 (Fed. Cir. 2024).
[24] *Id.*
[25] *Id.*
[26] *Id.*
[27] *Id.*
[28] *Id.*
[29] *Id.*
[30] *Id.*
[31] *Id.* at 1377.
[32] *Id.*
[33] *Id.*
[34] *Id.* at 1377-78.
[35] *Id.* at 1378.
[36] *Id.* (emphasis added).
[37] *Id.*
[38] *SnapRays d/b/a SnapPower v. Lighting Defense Group*, App. No. 23-1184 (Fed. Cir. 2024), ECF No. 55 (*Petition*).
[39] *Id.*
[40] *Id.*
[41] *Id.*
[42] *Id.*
[43] *Id.* (emphasis added).
[44] *SnapRays d/b/a SnapPower v. Lighting Defense Group*, App. No. 23-1184 (Fed. Cir. 2024), ECF No. 64 (*Order*).

continued from page 7

Although LDG's petition was unsuccessful, it remains to be seen whether LDG will file a petition for writ of certiorari with the Supreme Court. Even if the Supreme Court does not opine on the issue, the battle between LDG and SnapRays has raised several questions. Chief among them, and raised by LDG, is whether the Federal Circuit's decision "open[ed] the floodgates of personal jurisdiction."[45] For example, how far will courts stretch the analysis of the patent owner's "intentional conduct… directed at the forum"?[46] In *SnapRays*, the accused infringer's sales, activities, state of formation, and its principal place of business were all in Utah.[47] Will the analysis differ in cases where the "effects would foreseeably be felt" somewhere other than the accused infringer's home state?[48] In other words, what happens when the allegedly infringing sales and activities take place in multiple states? Does the patent owner subject itself to personal jurisdiction in each? The analysis may prove complex, especially if a patent owner lacks knowledge about the geographic aspects of the accused infringer's business practices.

Until these issues are ironed out, patent owners may be skittish about utilizing the APEX program for fear of subjecting themselves to personal jurisdiction in an unfavorable forum. Before submitting an APEX Agreement, patent owners might consider conducting more in-depth research on the owners of the listings to determine where a subsequent declaratory judgment action might be filed.

[45] *SnapRays d/b/a SnapPower v. Lighting Defense Group*, App. No. 23-1184 (Fed. Cir. 2024), ECF No. 55 (*Petition*).
[46] *Id.*
[47] *See generally, SnapRays*, 100 F.4th (Fed. Cir. 2024).
[48] *Id.*

Board Member Spotlights

Michael Donnini

Counsel
Comcast

Current Role with ACCGP:

Director

What is your favorite part about ACC Greater Philadelphia?

This organization introduces you to amazing attorneys in the Greater Philadelphia area through informative CLE presentations and excellent social activities.

What is your favorite vacation destination?

Costa Rica

What is your go-to karaoke song?

Don't Stop Me Now – Queen

Fun fact about yourself:

I'm learning to sail.

Nina Blackshear

Senior Counsel
Spark Therapeutics, Inc.

Current Role with ACCGP:

Board Member & Co-Chair, DEIB Committee

What is your favorite part about ACC Greater Philadelphia?

Getting to meet so many different people with diverse interests across an array of industries. Also, the amount of charcuterie I get to shovel into my mouth every month at our events!

What is your favorite vacation destination?

Riviera Maya in Mexico

What is your favorite ACCGP event that you've ever attended?

I'm partial, but the Diversity Summit is outstanding every single year!

What is your favorite restaurant in Philadelphia?

Always Amada and Zahav, newly Suraya. I had a molten pistachio cake at Vetri that haunts my dreams...

What is your favorite activity to do in Philadelphia?

Attend Sixers, Phillies or Eagles games

What is your go-to karaoke song?

Solo: Ice, Ice, Baby; Group: Don't Stop Believin'

What did you choose law as your profession?

I took a VERY non-traditional path, so for a long time I didn't choose law. But I now enjoy using my smarts, good judgment and emotional intelligence to help my clients make great decisions.

Fun fact about yourself:

I am also a Certified Executive Coach who is constantly (but unrelatedly) cooking some type of soup.

New and Returning Members

Davina Amiri
TE Connectivity

Hillary Anderson
Nationwide Mutual Insurance Company

Elizabeth Arcot
TE Connectivity

Kathy Baker-Bowen
ARAMARK Corporation

Zakiya Barnett
FMC Corporation

Jonathan Bauer
Morgan Properties

Ann Booth-Barbarin
FMC Corporation

Christopher Bopp
QVC, Inc.

Andrew Brisker
FedEx

Joe Catrambone
Sallie Mae Bank

Julia Clark
Susquehanna International Group LLP

M. Richard Coel
Hitachi Rail STS

Pelayo Coll
Morgan Properties

Johannes De Jong
CIGNA

Cheryl L. DiBona
PPL Services Corporation

Robyn Dickinson
QVC, Inc.

Melina DiMattio
Moderna, Inc.

Matthew R Dorsett
PPL Services Corporation

Sandra Doyle McManus
Arkema Inc.

Ryan Dunmire
Siemens Medical Solutions USA, Inc.

Raphael Duran
Chubb Group

Nancy Dzwonczyk
QVC, Inc.

Lambros Economides
Glacier Insurance Company

Kendra Eden
Olympus Corporation of the Americas

Nicholas Feltham
ARAMARK Corporation

John Philip Fendig
PPL Services Corporation

Cynthia Frank
CIGNA

Matthew Frey
Incyte Corporation

Anthony Gay
PECO

Timothy Geverd
CIGNA

Terri Gillespie
Stateside Brands LLC

Susan Giusti
Saint-Gobain Corporation

Rory Gledhill
Vail Resorts Management Company

Joseph Glyn
JEFFERSON HEALTH

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PPL Services Corporation

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Teleflex

Hilary Hannan Saylor
ARAMARK Corporation

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Olympus Corporation of the Americas

Kyle Hildreth
UGI Corporation

Jennifer Brooks Hutchinson
PPL Services Corporation

James Jaconski
Cognizant Technology Solutions

Dana Janquitto
GMH Associates, Inc.

Shaniya Johnson
Internet2

Megan Kearney
QVC, Inc.

Jason Kuntz
EnerSys

Amanda Lashner
GlaxoSmithKline

Alexandra Lastowski
Cencora, Inc.

Nicole Lengel
Merck Sharp & Dohme LLC

Joseph T. Mandlehr
LG&E and KU Energy LLC

Annie Marshall
ARAMARK Corporation

Nigel Masenda
TE Connectivity

Meghan McLaughlin
Subaru of America, Inc.

Judy Moon
QVC, Inc.

Kevin Moreau
Saint-Gobain Corporation

Rick Nelson
Sallie Mae Bank

Minh Ngoc T. Nguyen
Sallie Mae Bank

Ian Oakley
Lehigh University

Chrissy Piccolo
Organon & Co.

Kate Poterjoy
QVC, Inc.

Matt Rogers
B. Braun Medical Inc.

Christine Sadler
County of Berks

Michael Schecter
Morgan Properties

Sarah Schindler-Williams
ZEST AI

Debodhonyaa Sengupta
Arkema Inc.

Snigdha Sharma
WSFS Bank

Rachael Shaw
Penske Transportation Solutions

Bryan Shay
Chubb Group

Jesse Silverman
Morgan Properties

Erica Smith-Klocek
Fortrea Inc.

Bryan Snapp
PPL Services Corporation

Francesco Suglia
Ramboll Americas Engineering Solutions, Inc.

Bernadette Tankle
De Lage Landen Financial Services, Inc

Tracey Todd
NRECA

Richard Umbrecht
Ligand Pharmaceuticals Inc.

Yvonne von Mohrenfels
Ashland Inc.

Kenneth Wan
Exelon Business Services Company, LLC

Carol Welch
Unisys Corporation

Lauren Zabel
Nouryon Chemicals LLC

In Case You Missed It

Employment & Labor CLE Institute

June 4, 2024

ACCGP hosted an Employment & Labor CLE Institute at the W Hotel in June. Thank you to Fisher Phillips, Saul Ewing LLP, Ogletree Deakins and Cozen O'Connor for their engaging presentations!

Meet Your Counterparts with Stevens & Lee

June 6, 2024

Thank you to Stevens & Lee for hosting a Meet Your Counterparts at Top Golf in King of Prussia in June. Attendees enjoyed perfect weather and networking with their counterparts.

Tennis Outing with Obermayer Rebmann Maxwell & Hippel LLP

June 12, 2024

ACCGP Annual Tennis Outing with Obermayer Rebmann was held on June 12th at Germantown Cricket Club. Attendees played on the club's famous grass courts and enjoyed an outdoor reception following the outing.

Women's Networking Event with Cozen O'Connor

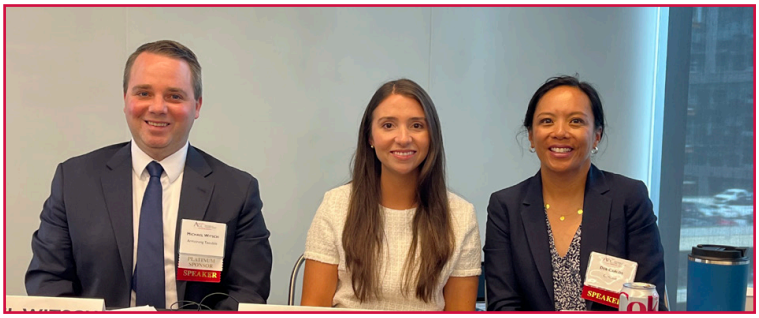
June 18, 2024

ACCGP's Women Lawyers enjoyed a floral arranging workshop at Cozen O'Connor's offices in June. Attendees designed their own arrangement that they took home after the event.

Corporate Counsel University

June 25, 2024

Aramark hosted ACCGP's Annual Corporate Counsel University on June 25th at their beautiful offices. This program is targeted to attorneys who are new to their in-house role. Thank you to Cozen O'Connor, Dechert LLP, Armstrong Teasdale and Blank Rome LLP for excellent presentations!



Meet Your Counterparts with Blank Rome LLP

July 25, 2024

ACCGP members met their counterparts at Blank Rome for a reception at Victory Brewing Company on July 25th. Attendees enjoyed craft beers and delicious food while getting to know partners from Blank Rome.

8th Annual Family Fun Night & Softball Game

July 31, 2024

Over 200 members and sponsors and their friends and family attended ACCGP's 8th Annual Family Fun Night at Frawley Stadium. The event featured family-friendly activities such as meet the mascot, kids run the bases, balloon art and face painting – not to mention our unlimited stadium concessions too!

Annual Golf & Tennis Outing

September 16, 2024

ACCGP held our annual Golf & Tennis Outing at the beautiful Radnor Valley Country Club on September 16th.

Sponsors for 2024

We thank our 2024 Sponsors for their support of our chapter. Without them, we could not achieve the levels of success that the chapter consistently reaches.

DIAMOND

Fisher Phillips

EMERALD

COZEN O'CONNOR

Dechert LLP

PLATINUM

BLANKROME

Armstrong Teasdale

ReedSmith

GOLD

Ballard Spahr LLP

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MONTGOMERY McCRACKEN Attorneys At Law

Ogletree Deakins

SHOOK HARDY & BACON

SAUL EWING LLP

troutman pepper

WOMBLE BOND DICKINSON

STRADLEY RONON

Stevens & Lee

In-Transition Membership

If you are a member who is in transition, take advantage of the opportunity to continue your membership **AT NO COST**. ACC will waive dues for existing members for up to one year, and offer a reduced membership rate for up to an additional two years if you are displaced but actively seeking a new in-house position. [In-Transition/Retired Application] For more information about In-Transition Membership, please visit: https://www.acc.com/membership/become-a-member/in-transition-member.

Retired Membership

Recently retired ACC members may continue their membership at a **reduced rate of $95 annually**. You can email membership@acc.com to request an invoice for this great rate, or submit the In-Transition/Retired Application, and be sure to select the RETIRED option. For more information about Retired Membership, please visit: https://www.acc.com/membership/become-a-member/retired-member.

If you have questions, please contact ACC's membership department at 202.293.4103, ext. 360 or at membership@acc.com.

2024 Upcoming ACCGP Events

Visit ACC Greater Philadelphia for the most current event details or to register for chapter events.

October 29, 2024
Tech Tuesday with DISCO
Virtual Event

November 1, 2024
GC/CLO Lunch Club
Monterey Grill
Mount Laurel, NJ

November 6, 2024
International CLE Webinar
Virtual Event

November 7, 2024
Fall Gala
One North Broad
Philadelphia, PA

November 13, 2024
Career Management Program
Racquet Club
Philadelphia, PA

November 19, 2024
Health, Biotech & Pharma CLE Institute
W Hotel
Philadelphia, PA

November 20, 2024
Meet Your Counterparts with Dailey LLP
Bounce Pickleball
Malvern, PA

December 3, 2024
Roundtable Program with Fisher Phillips
Davios's
King of Prusia, PA

December 5, 2024
Diversity Summit
Weitzman National Museum of American Jewish History
Philadelphia, PA

Be on the lookout for calendar updates!

Chapter Leadership

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Joseph Nullmeyer
VP, General Counsel
Mitchell Martin Inc.

President Elect
Frank Borchert

First Vice President
Shahrzad Kojouri
Legal Counsel
TalentNeuron

Second Vice President
Jonathan Margolis
Vice President & National Director of Privacy
Toll Brothers, Inc.

Treasurer
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Senior Lead Counsel
Walmart Inc.

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Laura Bautista
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Lisa Fleischer
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De Lage Landen Financial Services, Inc.

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Shreya Amin
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Rabobank USA

Nina Blackshear
Senior Counsel
Spark Therapeutics, Inc.

Teleicia Dambreville
Director, Senior Counsel - Employment
Burlington Coat Factory Warehouse Corporation

Michael Donnini
Counsel
Comcast Corporation

Jan Fink Call
Head of Global Litigation
dsm-firmenich

Kevin Griffin
General Counsel, Americas Environment & Health
Ramboll US

Gabriel Holdsman
Senior Vice President and General Counsel
PTC Therapeutics, Inc.

Rosemarie Hoslyn
Associate General Counsel
PFM Financial Advisors

Elizabeth Kim
Deputy General Counsel
Best Egg, Inc.

Marko Kipa
Deputy General Counsel
Comcast Corporation

Matthew Maisel

Rose Oskanian
VP, General Counsel, and Corporate Counsel
Vitara Biomedical, Inc.

Csongor Pinter

Katherine Puccio
Deputy General Counsel
EMR USA

Edward Rockwell
SVP and General Counsel
EPAM Systems, Inc.

Joshua Romirowsky
Counsel, Data Privacy & Marketing
Campbell Soup Company

Yan Ling Wang
Legal Counsel
De Lage Landen Financial Services, Inc.

Chapter Administrator
Denise Downing
ACC Greater Philadelphia