
IP SAVVY

THE Newsletter for the Intellectual Property Community

March 2015

FIRM NEWS: SOFTWARE PATENTS

Partner (and adjunct professor) Kirk Teska will present a lunchtime talk on Friday, March 20, 2015 at Suffolk University Law School entitled “The Future of Software Patents.” The course is free and you can register on the Suffolk University Law School website, or call Donna and she will register you.

In late 2014, the United States Supreme Court decided *Alice v. CLS Bank International*, (110 USPQ 2d 1976) which put in jeopardy many business method patents especially those directed to financial transactions. Such abstract ideas, held the Supreme Court, are not patent eligible. In the first case after Alice decided by the Federal Circuit, a patent directed to an internet method wherein a user agrees to watch an advertisement in return for free content (songs, movies, etc.) was struck down as patent ineligible. *Ultramercial, Inc. v. Hulu, LLC*, 112 USPQ 2d 1750 (2014).

In the second post Alice case, patents for ATM machines which scanned and stored deposited check data were held invalid in *Content Extraction & Transmission v. Wells Fargo Bank*, 113 USPQ 2d 1354 (Fed. Cir. 2014).

Compare those post Alice cases with *DDR Holding, LLC v. Hotels.com, LP*, 113 USPQ 2d 1097 (Fed. Cir. 2014) – a case which found patent eligible subject matter in an internet based invention directed to web pages. The patent claims at issue in the case found favor with the court because the claims were specific and directed to solving a particular problem with the internet.

We’ll discuss these and other cases so if you have any interest in software patents, I’ll see you at the luncheon.

ATTORNEYS END UP OWNING THE IP

In *Hendricks & Lewis PLLC, v. Clinton*, 111 USPQ 2d 1379 (9th Cir, 2014), the law firm representing musician George Clinton ended up owning his copyrighted songs after Clinton failed to pay his law firm for its previous representation.

DEEP THROAT COPYRIGHT

The porn industry has contributed significantly to intellectual property case law precedent. For example, the first cases regarding trademark infringement on the web were brought by Playboy. The Perfect 10 cases, in turn, set the stage for copyright infringement laws applied to thumbnail images. A new copyright case pitting the original 1972 Deep Throat movie against the 2013 Lovelace film is *Arrow Products, Ltd. v. Weinstein Co.*, 111 USPQ 2d 1984 (SDNY 2014). If you read the case, it might make you blush.

DOUBLE PATENTING

You can understand why a company would want to own more than one patent for the same invention: when the first patent expires, the second patent protects the invention for a longer time period. But, that’s not fair and such “double patenting” is generally prohibited. A case which explains the criteria involved in determining double patenting is *AbbVie Inc. v. Mathilda & Terence Kennedy Institute of Rheumatology Trust*, 112 USPQ 2d 1001 (Fed. Cir. 2014).

IKEA LOSES ONE

I would have thought that IKEA, being somewhat famous and the subject of at least two federal trademark registrations, could have successfully opposed a trademark application for “Akea” for herbal supplements. But, I’d be wrong. See *IKEA Sys. B.V. v. Akea, LLC*, 110 USPQ 2d 1734 (TTAB 2014).

ELEMENTARY MY DEAR WATSON

Seventy-four year old Judge Posner of the 7th Circuit of the Court of Appeals is still my favorite opinion writer. In *Clinger v. Conan Doyle Estate, Ltd.*, 111 USPQ 2d 1065 (2014), he tackles the question of whether the Sherlock Holmes character is in the public domain if the copyright on some earlier Arthur Conan Doyle stories is

expired but the copyright on his later stories is not. This problem has occurred before (e.g., Amos and Andy) and will likely occur in the future (consider Darth Vader where the older Darth Vader character will be in the public domain before the younger one). Anyway, read the opinion to learn why the Doyle estate cannot seek license fees from people who want to write new stories about Sherlock Holmes.

BEWARE OF TERMINAL DISCLAIMERS

Here's a good one. The University of New Mexico obtained patent No. 1 naming inventors who were employees of both UNM and the Sandia Corp. So, both UNM and Sandia own patent No. 1. Then, UNM secured patent No. 2 for technology not invented by any Sandia Corp personnel. Still, patent No. 1 and patent No. 2 are sufficiently similar to each other that UNM had to agree to a "terminal disclaimer" in patent No. 2.

UNM later sued Intel over patent No. 2 and Intel quickly discovers the terminal disclaimer for patent No. 2 which clearly states that patent No. 2 can only be enforced so long as it and patent No. 1 are "commonly owned". Now UNM can only win if patent No. 1 and patent No. 2 are commonly owned – each by both UNM and Sandia. So, UNM quickly assigned half of patent No. 2 to Sandia.

Now, the problem was the rule that both owners of a patent have to join in a lawsuit. Here, Sandia wouldn't agree to join the suit against Intel so, case dismissed. *UNM v. Intel Corp.*, 111 USPQ 2d 1033 (Fed. Cir. 2014).

Be careful of inventorship, patent assignments, and terminal disclaimers. See also *In re Dinsmore*, 111 USPQ 2d 1229 (Fed. Cir. 2014). In that case, patent no. 1 was owned by one company, patent No. 2 was owned by a different company, and patent No. 2 included a terminal disclaimer of patent No. 1. In an attempt to correct this problem (remember both patents have to be "commonly owned"), the owner of patent No. 2 filed a request for a reissue of the second patent without the terminal disclaimer but to no avail: the Federal Circuit held the reissue statute didn't apply to such a situation.

FIRST TO FILE CONSTITUTIONAL?

The first of what I predict will be several challenges to the change in the US patent law from first to invent to first to file on constitutional grounds was made in *MadStad Eng'g, Inc. v. USPTO*, 111 USPQ 2d 1569 (2014). Unfortunately, this particular challenger had no standing.

What will be needed is a patent applicant who would have won a patent under the first to invent standard but did not under the new first to file law. Only then will we learn if first to file runs afoul of Article I, Section A, Clause 8 of the U.S. Constitution: Congress has the power to promote the progress of science by securing for limited times to inventors the exclusive right to their discoveries. Does "inventor" as used in the Constitution mean the first inventor, second filer or the second inventor, first filer?

We will have to wait and see.

NO TRADEMARK FOR HOLLYWOOD LAWYERS

"Hollywood Lawyers Online," a service mark for an attorney referral service, was (thankfully) rejected by the Trademark Office *In re Hollywood Lawyers Online*, 110 USPQ 2d 1852 (TTAB 2014).

COPYRIGHT FOR JAVA INTERFACES

Law school students interested in the copyrightability of computer software haven't had a new case to study in awhile. Here's a good one: *Oracle Am., Inc. v. Google Inc.*, 110 USPQ 2d 1985 (Fed. Cir. 2014). There, certain Java application programming interfaces were held copyrightable. Whether Google's android mobile operating system which included the interfaces constitutes an infringement remains to be determined.

LOSE YOUR PATENT

If misrepresentations are made in a patent application or during patent prosecution, the resulting patent can be held invalid. It is not easy to invalidate a patent on this basis: you have to prove with clear and convincing evidence that 1) "but for" the misrepresentations, the patent would not have issued and 2) the patentee intended to deceive the Patent Office. Still, sometimes it works as in the case of *Apotex Inc. v. UCB, Inc.* 112 USPQ 2d 1081 (Fed. Cir. 2014). Interesting in that case was the fact that it was the client who was deemed to have made the misrepresentations since the evidence proved the client was heavily involved in the preparation and prosecution of the patent application in question.

FAMILY IP BATTLE

DeMoulas isn't the only family legal battle in Massachusetts. In *Whipps, Inc. v. Ross Valve Mfg. Co.*, 111 USPQ 2d 2055 (D. Mass 2014), George Whipps' company, Whipps, Inc. sued Ross Vale (which hired George's son) for trademark infringement and trade secret misappropriation. In a fairly rare outcome, Ross Vale was preliminarily enjoined from using Whipps' trademarks or trade secrets.

KEEP IT REAL

A former employee who, on a resume, for example, overstates his role or accomplishments can be sued by the previous employer in certain circumstances under the "reverse passing off" provisions of the Lanham (trademark) Act. See *M. Arthur Gensler Jr. & Assocs. Inc., v. Strabala*, 112 USPQ 2d 1161 (7th Cir. 2014).

STAY AWAY FROM MICKEY DS

Don't pick, for a product name, "Mc" preceding anything even if the product is unrelated to any McDonald's

product. McDonald's will sue and will probably win. See *McDonald's Corp. v. McSweet, LLC*, 112 USPQ 2d 1268 (TTAB 2014).

TOP TEN IP CASES AND HAPPENINGS OF 2014

In IP news, 2014 is the year of the Supreme Court which handed down ten IP cases in total, six of which involved patent law. Overall it's pretty clear the Court is tightening up the patent system.

No. 1: *Alice Corp. v. CLS Bank International* (June 19)

Business method patents continue to find disfavor with the Court. Previously, in *Bilski v. Kappos*, the Court rejected a business method which did not have to be carried out on a computer as patent ineligible subject matter. The Court also rejected the Federal Circuit's previous test for patentability. In *Alice*, the patent in question included claims for a computer system configured to carry out a settlement risk mitigation scheme. Such an application of an abstract idea on a computer was held patent ineligible. Expect many patents to lose value as a result of this opinion.

No. 2: *Limelight Networks v. Akamai Technologies* (June 2)

When a patented method requires different parties to carry out the steps of the method, it can be difficult to sue for direct infringement since no one party's actions meet all of the patent's requirements. In *Limelight*, the Federal Circuit held that one party in such a case could still be liable as inducing infringement. The unanimous Supreme Court reversed and held that there can be no inducement without direct infringement. Practitioners now know how to craft patents which avoid this problem but some older patents may be devalued as a result of the decision.

No. 3: *Nautilus v. Biosig Instruments* (June 2)

Clear patent claims enable businesses to evaluate what constitutes an infringement and what does not. Patent holders, understandably, would rather that their claims be at least a little obtuse given the Federal Circuit's previous standard that a patent claim is "sufficiently definite" only if it is not "insolubly ambiguous". No longer. In place of the insolubly ambiguous standard, the Supreme Court held that a patent is "invalid for indefiniteness if its claims, read in light of the specification delineating the patent, and the prosecution history, fail to inform, with reasonable certainty, those skilled in the art about the scope of the invention." So, challenging patents claims as indefinite just got a little easier and patent attorneys will probably now return to the old school patent drafting strategy of presenting claims ranging from crystal clear to, perhaps, only fairly clear.

No. 4: *Octane Fitness v. ICON Health & Fitness, Inc.* (April 29)

It was difficult to recover your attorney's fees in patent infringement cases under Federal Circuit precedent: by

clear and convincing evidence you had to prove your opponent's case was objectively baseless and brought in bad faith. In *Octane Fitness*, the Supreme Court disagreed with the Federal Circuit (again) and held that the correct standard was a preponderance of the evidence and that "an 'exceptional' case is simply one that stands out from the others with respect to the substantive strength of a party's litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated."

No. 5: *Highmark v. Allcare Health Management Systems* (April 29)

In this companion case, the Federal Circuit previously reviewed *de novo* a district court's grant or denial of attorney fees in patent cases. Yet again the Supreme Court disagreed with the Federal Circuit and held the correct standard is an abuse of discretion. Expect more attorney fee awards to the prevailing party in patent cases.

No. 6: *Medtronic v. Mirowski Family Ventures* (January 22)

A patent licensee can challenge the very patent it licenses from a patent owner. Unclear was who had the burden of proof to prove infringement when the licensee files a DJ action for non-infringement. The Federal Circuit held the licensee had the burden of proof. By now you can guess how the Supreme Court ruled: the burden of proof remains with patent owner.

No. 7: *ABC v. Aereo, Inc.* (June 25)

The Supreme Court had previously held community antenna television (CATV) systems were outside the Copyright Act's prohibitions on transmitting copyrighted content. CATV systems include an antenna which picks up TV broadcasts then provided to consumers via cable. Later, Congress amended the Copyright Act to overturn the Supreme Court's previous rulings regarding CATV systems. Aereo sought to circumvent this change to the Copyright Act via new technology where each subscriber was assigned an individual micro antenna in order to watch broadcast shows streamed over the internet. The Supreme Court held (6-3) the Copyright Act prohibited such a system.

No. 8: *Petrella v. Metro-Goldwyn-Mayer* (May 19)

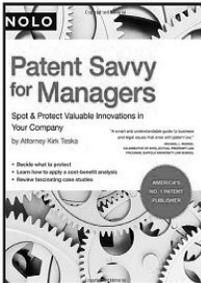
The copyright owner of the MGM motion picture *Raging Bull* asserted copyright infringement in 1998 and then waited nine years to sue MGM. The statute of limitations in copyright cases is three years so here the copyright owner only asserted damages going back three years from the date of the complaint. MGM asserted a laches defense but the Supreme Court held the Copyright Act's three year statute of limitations clearly enables a copyright owner to maintain a lawsuit for infringements during the three year limitation period. Still, a successful laches defense may curtail any relief equitably awarded. And, equitable estoppel may still bar any recovery at all.

Books available by
Kirk Teska

Patent Project Management



Patent Savvy for Managers
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No. 9: Lexmark International, Inc. v. Static Control Components, Inc. (March 25)

Lexmark, a provider of printer toner cartridges, notified consumers and remanufacturers concerning the alleged illegality of refurbishing Lexmark's cartridges. Static Control alleged such notifications constituted a violation of the Lanham Act. Static Control, which only sells the supplies enabling remanufacturing of the toner cartridges, was not a consumer of Lexmark's products nor was Static Control a competitor. Still, the Supreme Court held Static Control possessed the requisite standing since Static Control sufficiently pled both lost sales and business reputation injury proximately caused by Lexmark's alleged misrepresentations.

No. 10: POM Wonderful, LLC v. Coca-Cola (June 12)

Coca Cola's Minute Maid brand "pomegranate blueberry" juice actually contains only .3% pomegranate juice and .2% blueberry juice. The juice is predominantly (99.4%) apple juice. POM (a *real* pomegranate juice company) sued under the Lanham Act for false advertising.

Coca-Cola countered that its label met the Federal Food, Drug and Cosmetic Act and regulations for labeling different types of juice combined into one juice blend (21 CFR §102.33). Thus, argued Coca-Cola, POM's Lanham Act claim was precluded by the FDCA. The Supreme Court decided with POM and held both statutes are complementary. POM's lawsuit can now continue. Note that POM previously got into trouble for exaggerating the health benefits of its pomegranate juice.



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