
IP SAVVY

THE Newsletter for the Intellectual Property Community

May 2014

FIRM NEWS

Joe Iandiorio, ITC founder and partner for forty-seven years has officially retired. If you talk to Joe, make sure and congratulate him on his well deserved retirement.

ITC welcomes a new associate to the firm. James M. Acheson, Jr. (MSEE) has twelve years of experience as a patent attorney. Jim is a member of the Advisory Board of the IEEE Entrepreneurs' Network. Feel free to contact Jim for any of your IP needs.

CHARBUCKS COFFEE

I reported earlier on the David versus Goliath case of Wolfe's Borough Coffee, Inc. v. Starbucks Corp. Wolfe's (of New Hampshire) sold "Mr. Charbucks" brand coffee and was sued by Starbucks. Now, after three district court opinions and three appeals, the 2nd Circuit has finally decided there is no trademark dilution of "Starbucks" by "Mr. Charbucks." *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, 108 USPQ 2d 1581 (2013) provides a good historical overview of U.S. Trademark dilution law.

CRACKER BARREL TM FIGHT

Kraft sells cheese under the "Cracker Barrel" brand and the Cracker Barrel Old Country Store, Inc. is a restaurant (my kids love) with a store selling old fashion products (my kids also love). So far so good but now Cracker Barrel Old Country Store plans to sell food (like packaged ham) in grocery stores under the Cracker Barrel Old Country Store logo. Kraft sued and in *Kraft Foods Grp. Brands, LLC v. Cracker Barrel Old Country Store, Inc.*, 108 USPQ 2d 1630 (2013) Judge Posner affirmed a preliminary injunction against Cracker Barrel Old Country Store. The case is good (it's Judge Posner after all) for studying trademark infringement law and expert surveys commonly used in trademark infringement cases.

CAUTION RE PROCESSOR PATENTS

Software and processor type patent claims are thought to be fairly easy to draft because you can simply specify what the software does – certain inputs are used to provide certain outputs. But, if the patent specification and drawings are not crystal clear regarding how the software carries out the functions

claimed in the patent, the whole patent can be held invalid. The latest in a long line of recent cases on this topic is *Ibormeith IP, LLC v. Mercedes-Benz USA, LLC*, 108 USPQ 2d 1643 (Fed Cir. 2013).

DISPOSABLES AND THE EXHAUSTION DOCTRINE

Is there any way to protect a consumable used in a patented machine if the consumable is not itself patented? Probably not. In *LifeScan Scotland, Ltd. v. Shasta Techs., LLC*, 108 USPQ 2d 1757 (Fed. Cir. 2013), LifeScan won a method patent on a blood glucose meter and Shasta sold disposable test strips designed to work with LifeScan's meters. In *Keurig, Inc. v. Sturm Foods, Inc.*, 108 USPQ 2d 1648 (Fed. Cir. 2013), Sturm sold single serve coffee cartridges which can be used in Keurig's patented brewers.

In both cases, the Exhaustion Doctrine prevented the patent owner from maintaining a patent infringement lawsuit:

The rationale underlying the doctrine rests upon the theory that an unconditional sale of a patented device exhausts the patentee's right to control the purchaser's use of that item thereafter because the patentee has bargained for and received full value for the goods.

Id., 108 USPQ 2d at 1651.

So, the best practice would be to find a way to patent the consumable or disposable product itself.

MAKING COPIES

Under federal procedural rules and the statute, the prevailing party in litigation can recover its cost for making copies of documents required in litigation. Such costs were usually so low that it wasn't worth fighting over them. Then came electronic discovery which can incur significant expenses when a litigant's hard drives are examined, copied, and analyzed. In *CBT Flint Partners, LLC v. Return Path, Inc.*, 108 USPQ 2d 1969 (Fed. Cir. 2013), a prevailing defendant in a patent infringement lawsuit sought costs of over \$200,000.00 for electronic discovery.

According to the decision, not all of these costs can be recovered, especially any costs associated with gathering the electronic documents. One thing the case proves, however, is that patent infringement litigation can be extremely expensive especially if a party can incur over \$200,000.00 just for the electronic discovery aspect of the case.

SMART PHONE PATENT WARS

When we last checked in on the smart phone patent wars, a jury had awarded Apple over \$1B in damages against Samsung which was found to infringe six Apple patents: two design patents covering the look of the iPhone, one design patent covering the graphical user interface, one utility patent covering the "bounce back" feature, another utility patent covering the "pinch-to-zoom" gesture, and final patent covering the "double-tap-to-zoom" functionality.

The district court judge has now reduced the damages award and in *Apple, Inc. v. Samsung Electronics, Co.*, 108 USPQ 2d 1833 (2013), the Federal Circuit held Apple is not entitled to a permanent injunction on the basis of Apple's design patent:

...we cannot say that the district court abuses discretion when it found that Apple failed to demonstrate a causal nexus between Samsung's infringement of its design patent and Apple's loss of market share and downstream sales.

Id., 108 USPQ 2d at 1845.

The district court will now have to decide if Apple is entitled to a permanent injunction on the basis of Apple's utility patents.

BAR MUSIC

If you have a client with a restaurant, pub, or nightclub, you should tell the client to make sure and obtain licenses for any music played at the establishment. See, for example, *Broadcast Music, Inc. v. C.B.G., Inc.* 109 USPQ 2d 1066 (D. Mass 2013) where a pub in Fitchburg had to pay \$21,000.00 for unlicensed live music played at the pub.

PLAINTIFF PAYS PTO

If the Trademark Office refuses to grant an applicant a trademark registration, the applicant can appeal to the Federal Circuit or file suit in a federal district court under 15 USC §1071. Be careful, though, bringing an action in a federal district court means the applicant, win, lose, or draw, pays the Trademark Office its expenses and attorneys fees! See *Shammas v. Focarino*, 109 USPQ 2d 1320 (E. D. VA 2014)

BURDEN OF PROOF STAYS WITH PATENT OWNER

A long time ago, it was decided that a patent licensee can challenge the validity of the very patent the licensee licensed from a patent owner. The licensee can also assert the patent does not cover the licensee's products. Unclear was who had the burden of proof when the licensee files the lawsuit – does the licensee have to prove its products do not infringe or does the patent owner (licensor) have to prove they do? The answer, says the United States Supreme Court in *Medtronic, Inc. v. Mirowski Family Ventures, LLC*, 109 USPQ 2d 1341 (2014), is the latter.

I INVENTED THAT

Dorothy M. Hartman alleges she invented the Internet and filed a patent application in 2004. The Federal Circuit held her patent application claims were indefinite in *In re Hartman*, 109 USPQ 2d 1658 (2013).

TRADEMARK SEARCHING

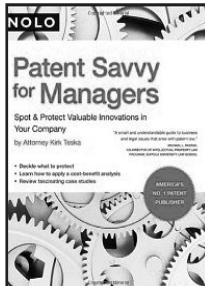
A service we previously used to conduct in-house trademark searches at the federal and state level is no longer available. Since the United States Patent and Trademark Office "TESS" trademark search service is limited to federal registrations, we suggest, especially for new product launches or company names, first a quick clearance search using the USPTO TESS search engine and then, if the mark appears clear, a Thompson U.S. full search which costs around \$700.00. With attorney fees included, the total cost to clear and register a mark is typically between \$2-3,000.00

Books available by
Kirk Teska

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