

---

---

# IP SAVVY

---

---

*THE Newsletter for the Intellectual Property Community*

March 2012

## PATENT CLAIMS CAN OMIT NEEDED COMPONENTS

There is a huge gap between engineering specifications and patent claims: engineering specifications describe things that work; patent claims usually specify a bare recitation of components often leaving out one or more parts or even whole systems actually needed to make the device operate.

In *Markem-Imaje Corp. v. Zipher LTD.*, 100 USPQ2d 1068 (Fed. Cir. 2011), claimed was a thermal transfer printer and the idea that a controller runs the print ribbon spool to maintain a given ribbon tension. The actual device which measured the ribbon tension, however, was not recited in the patent claim.

A District Court held that without the tension measuring device reporting the ribbon tension to the controller, the controller could not maintain a given ribbon tension.

That's true, but on appeal the Court of Appeals for the Federal Circuit reversed:

that the device will only operate if certain elements are included is not grounds to incorporate those elements into the construction of the [patent] claims. A claim to an engine providing more power to a car should not be construed to incorporate a limitation for an exhaust pipe, though an engine may not function without one.

If the item left out of the patent claim really is needed to make the device work, why not just put that item in the claim? Two reasons: 1) in the *future*, a competitive device might work just fine without the item and 2) what "works" is relative – a patent claim should cover less optimal versions of a company's products as well as enhancements to them.

## SUPREME COURT TO MICROSOFT: NO!

Patents are presumed valid and if you want to overturn one you have to prove the patent is invalid by clear and convincing evidence, so says the case law.

Microsoft lost a huge (\$240M) patent case failing to prove that a patent infringed by Microsoft was invalid. In response, Microsoft petitioned the U.S. Supreme Court to overturn years of precedent and allow Microsoft to prove patent invalidity by only a preponderance of the evidence instead of by clear and convincing evidence. No, said the Supreme Court, even though you are Microsoft, you have to play by the same rules as everyone else. *Microsoft Corp. v. i4i L.P.*, 98 USPQ2d 1857 (2011)

## COPYRIGHT LIMITED

Copyright often provides limited protection. In no case does copyright protect ideas, concepts, processes, systems, or discoveries. In *Ho v. Taflove*, 98 USPQ2d 1935 (7th Cir. 2011) the equa-

tions for, figures describing, and text explaining a new model concerning how electrons behave in certain circumstances were not copyrightable subject matter and were free to be used by competitors. What does copyright protect? Works of authorship, which means writings, but not the ideas the writings convey.

## OPINION OF COUNSEL

If you infringe a patent, you may have to pay damages (e.g., a reasonable royalty) and face an injunction. If your infringement is deemed willful, you might have to pay treble damages and the patent owner's attorney fees. Note that an opinion by a patent attorney that the patent you face is not infringed and/or that the patent is invalid can be used to establish the infringement was not willful.

If there is no opinion, that fact alone does not mean the infringement was necessarily willful. But, if other facts establish willful infringement (like deliberate copying or poor litigation behavior), the fact that no opinion was obtained can be used to increase the damages and require payment of the patent owner's attorney fees. *Spectralytics, Inc. v. Cordis Corp.*, 99 USPQ2d, 1012 (Fed. Cir. 2011).

The lesson? If you know about a patent, get an opinion on it.

## BELL SUES IRAN FOR IP VIOLATIONS

Can you sue Iran for infringing your intellectual property? Bell Helicopter did in the case of *Bell Helicopter Textron Inc. v. Islamic Republic of Iran*, 99 USPQ2d 1057 (D.D.C. 2011) and won \$19,500,000. The collection effort success level is not known.

## ON-LINE POSTINGS = IP VIOLATIONS

Dr. Barry Eppley performed a facelift procedure on a Massachusetts resident (Lucille Iacovelli) who was not happy with the results: she sent Dr. Eppley numerous emails complaining about her surgery and characterized him as a butcher or murderer. She also complained via various

postings on numerous internet sites and blogs that Dr. Eppley mishandled her surgery. Dr. Eppley sued for trademark violations, defamation, and harassment and won in *Eppley v. Iacovelli*, 99 USPQ2d 1040 (S.D. Indiana 2011)

## US IP REACHES CANADA

With a few exceptions, our IP laws only protect against infringements occurring in the United States. Here is one exception and it arrives here in a curious case.

A Canadian citizen posts a YouTube video on the internet which clearly infringes the copyright in and to the song "Grandma Got Run Over By A Reindeer." The singer of the song (Elmo Shropshire) objects, YouTube takes the post down, the Canadian poster complains, and YouTube puts the video back up. So, Shropshire sues the Canadian poster in a U.S. Federal District Court for an infringing video created in Canada.

Normally, our copyright laws wouldn't reach a Canadian citizen's activities in Canada.

But in this case, since the YouTube video upload went to YouTube's servers located in California and since U.S. citizens could view the upload, Shropshire's complaint survived a motion to dismiss by the Canadian uploader. *Shropshire v. Canning*, 100 USPQ2d 1307 (N. D. Cal. 2011).

## PATENT DEADLINE AFTER OFFER FOR SALE

If more than a year after offering a product for sale which is "ready for patenting" you file a patent application for the product, any resulting U.S. patent is invalid.

Does the order matter? Clearly, if you develop the product so it is ready for patenting and then offer it for sale, you have one year to file a patent application. What if, though, you offer it for sale and then develop it so it's ready for patenting? According to *August Technology Corp. v. Camtek Ltd.*, 99 USPQ2d 1766 (Fed. Cir. 2011), the clock starts running.

Since pinpointing when something is "ready for patenting" can be difficult, it's probably best to meet with a patent attorney prior to offering for sale

something you want to patent.

Is there anything you can do to correct the situation where an offer for sale has already been made? Maybe, if you can rescind the offer before the invention is completed. Then complete the invention, file a patent application and, after that, offer it for sale again.

## PATENT TROLL LITIGATION HELL

*Eon-Net LP v. Flagstar Bancorp*, 99 USPQ2d 1522 (Fed. Cir. 2011) is yet another case where a company was fined by a court for failure to adequately investigate whether the company's patent was really infringed before the company filed a patent infringement lawsuit. The last few paragraphs of the case opinion so well depict the hell of patent infringement litigation (especially against non-practicing entities or "patent trolls") that it's worth repeating several portions of the opinion verbatim:

Eon-Net filed over 100 lawsuits and each complaint was followed by a demand for a quick settlement at a price far lower than the cost of litigation... Eon-Net offered to settle using a license fee schedule based on the defendants annual sales: \$25,000 for sales less than \$3,000,000... Meritless cases like this one unnecessarily require the district court to engage in excessive claim construction analysis before it's able to see the lack of merit of the patentee's infringement allegations. In this case, Flagstar [the accused patent infringer] expended over \$600,000 in attorneys fees and costs to litigate this case through claim construction. In addition, Eon-Net had the ability to impose disproportionate discovery costs on Flagstar. ...it's not uncommon for an accused infringer to produce millions of pages of documents, collected from central repositories and numerous document custodians. Those discovery costs are generally paid by the producing party increasing the nuisance value that an accused infringer would be willing to settle for a patent infringement case.

## PATENT KILLS TRADEMARK

Normally you could trademark and also patent a product. But, in some cases, trademark law and patent law conflict.

*Georgia-Pacific Consumer Products LP v. Kimberly-Clark Corp.*, 99 USPQ2d 1538 (7th Cir. 2011) held that Georgia-Pacific's quilted toilet paper design is not a trademark and thus is not infringed by Kimberly-Clark's similarly quilted toilet paper because quilted toilet paper is functional as noted in Georgia Pacific's patents which describe how the quilted design exhibits "puffiness and bulk."

## ADVICE AND CONSENT

Lawyers, even patent attorneys, get a bad rap often deserved. But in the case of *E-Pass Technologies, Inc. v. Moses & Singer LLP*, 100 USPQ2d 1076 (Cal. Ct. App., 2010), you might actually feel sorry for the attorneys. They were hired by E-Pass to sue 3Com Corp., Palm, and Hewlett Packard for infringing E-Pass' patent. At the end of the day, E-Pass lost and was ordered to pay \$2.3M in attorney fees incurred by the companies E-Pass sued.

Now E-Pass is suing its own attorneys for malpractice: according to E-Pass, the attorneys should have advised E-Pass against litigation.

## FILES NEED TO BE IN ORDER FOR IP DISPUTES

The problem with source code, at least from a copyright perspective, is the source code changes. The case of *Airframe Systems, Inc. v. L-3 Communications Corp.*, 100 USPQ2d 1133, (1st Cir. 2011) is yet another example describing the problem.

Airframe sued L-3 alleging L-3's "M3 Program" infringed Airframe's ARMS program. L-3 copied early versions of the ARMS program. Apparently, all Airframe had in its possession was a later version of the ARMS program which was not registered with the Copyright Office. Without a registered version of ARMS and proof that that version was copied, Airframe lost its case.

