

# DECISIONS & DEVELOPMENTS

By Joseph S. Iandiorio, Patent Attorney • 260 Bear Hill Road, Waltham, MA 02451 • Rte 128 near Mass. Pike • (781) 890-5678

Patents • Trademarks • Copyrights • Trade Secrets • Antitrust • Government Contracts • Licensing • Litigation

VOLUME 26, NUMBER 1

January 2005

## NAPSTER'S SUCCESSOR SUCCEEDS

Peer-to-peer file sharing companies Grokster and StreamCast have been found not liable for copyright infringement. The Copyright owners are song writers, music publishers and motion picture studios who, by their own description own or control the vast majority of copyrighted motion pictures and sound recordings in the United States. Grokster and StreamCast are companies that freely distribute software that allows users to share computer files with each other including digitized music and motion pictures. The copyright owners allege that over 90% of the files exchanged through use of this peer-to-peer file sharing software involves copyrighted material, 70% of which is owned by them. The copyright owners have charged Grokster and StreamCast with vicarious and contributory copyright infringement.

In a peer-to-peer distribution network the information available for access does not reside on a central server. No one computer contains all the information that is available to all of the users. Thus, an index of files available for sharing is a critical component of peer-to-peer file sharing networks.

At present, there are three different methods of indexing: (1) a centralized indexing system, maintaining a list of available files on one or more centralized servers; (2) a completely decentralized indexing system, in which each computer maintains a list of files available on that computer only; and (3) a "supernode" system, in which a select number of computers act as indexing servers.

The copyright owners assert, without serious contest by Grokster and StreamCast that the vast majority of the files are exchanged illegally in violation of copyright laws. However, the lower court found it undisputed that the software distributed by Grokster and StreamCast was capable of substantial non-infringing use.

Further the court noted that *Grokster and StreamCast did not provide the site and facilities for infringement and did not otherwise materially contribute to direct infringement. Infringing messages or file indices did not reside on*

*Grokster's or StreamCast's computers, nor did they have the ability to suspend user accounts.*

The court pointed out that three elements are required to prove a defendant vicariously liable for copyright infringement: (1) direct infringement by a primary party, (2) a direct financial benefit to the defendant, and (3) the right and ability to supervise the infringers. The elements of direct infringement and a direct financial benefit, via advertising revenue, are undisputed in this case. *However, there is no issue of material fact as to whether Grokster and StreamCast have the right and ability to supervise the direct infringers in this case. They simply do not.* The court granted summary judgement on the issue in favor of Grokster and StreamCast. *Metro-Goldwyn-Mayer Studios Inc. v. Grokster Ltd.*, 72 USPQ2d 1244 (CA 9)

## SLIDESHOW CONSTITUTES PUBLICATION BARRING PATENT

Inventors filed a patent application which disclosed methods of preparing foods comprising extruded soy fiber which asserted that feeding mammals foods containing extruded soy may help lower their serum cholesterol levels while raising HDL cholesterol levels. This was already known. What was not known and what was the basis of the invention was that double extrusion increases this effect and yielded even stronger results.

The Patent Office rejected the patent application on a reference known as the Liu reference. It seems that the inventors in combination with Mr. Liu had presented a printed slide presentation more than a year before the date the patent application was filed. This slide presentation known as the Liu reference was presented at the meeting of the American Association of Cereal Chemists. The fourteen-slide presentation was printed and pasted onto poster boards and was on display continuously for two and a half days at that meeting. Furthermore, in November of the same year, that slide presentation was put on display for a little less than a day at the Agricultural Experiment Station

at Kansas State University.

Both parties agreed that the Liu reference disclosed every limitation of the invention disclosed in the patent application. At neither presentation was there a disclaimer or notice to the intended audience prohibiting note taking or copying of the presentation. On the plus side, no copies of the presentation were disseminated at either of the meetings, and the presentation was never catalogued or indexed in any library or database.

The fact that the Liu reference was never distributed to the public and never indexed, however, did not win the day. The court said that because it was not indexed it did have to consider several factors relevant to this case before determining whether or not it was sufficiently publicly accessible in order to be considered a printed publication. The court's factors were: 1) the length of time the display was exhibited, 2) the expertise of the target audience, 3) the existence of reasonable expectations that the material displayed would not be copied, and 4) the simplicity or ease with which the material displayed could have been copied. Note that most of the eight substantive slides out of the fourteen only recited what had already been known in the field, and only a few slides presented would have needed to have been copied by an observer to capture the novel information presented by the slides: extruding twice instead of once.

Based on these factors the court found the Liu reference was a printed publication and did bar the patenting of the invention. The reference itself was shown for an extended period of time to interested members of the public who had ordinary skill in the art. Those members of the public were not precluded from taking notes or even photographs of the reference. And the reference itself was presented in such a way that copying of the information it contained would have been a relatively simple undertaking for those to whom it was exposed – particularly given the amount of time they had to copy the information and the lack of any restrictions on their copying of the information. [What if the presentation was truly a slide show where the slides were projected onto a screen only momentarily? And there were prohibitions against copying? And against note taking? Would it not have been a printed publication? In any form it is clear that the notion of double extrusion over single extrusion could be understood in an instant even though there was no printed publication.] In re Klopfenstein, 72 USPQ2d 1117 (CA FC)

## BOOK REVIEWS

When considering bringing suit for patent infringement the first question is can I show that the patent is infringed? The second question which is equally important is: If I win what will I get? *Patent Infringement Remedies*, Lawrence M. Sung, answers that question. All the surrounding issues are dealt with involving infringement lia-

bility and patent management but the essential area is naturally *remedies* including compensatory damages – lost profits and reasonable royalty; interest- pre and post judgment; costs; limitations on recovery-time, as well as non-compensatory damages and injunctions. BNA Books, Washington, DC \$315.00

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For a quick answer and a lead to more information, *McCarthy's Desk Encyclopedia of Intellectual Property*, 3<sup>rd</sup> Edition, McCarthy et al. is the reference. This complete list of intellectual property terms covers traditional areas of patent, trademark, copyright and trade secret law, as well as, entertainment and computer law. And in the tradition of all good encyclopedias it's fast and easy to use. It has a List of Entries which is a short but complete index-like presentation of what is in the encyclopedia and it has a novel three level treatment that allows the user to drill down as deep as time and need admits. With the first level there is the definition, with the second level there is a more detailed explanation including, where appropriate, the use of the term in court language, with the third level there are citations to leading cases, treatises and legal resources. BNA Books, Washington, DC, 736 pp plus supplement \$155.00.

## REPLACEMENT PART TRADEMARK USE NOT INFRINGEMENT

Can a commercial rival use the name of the original manufacturer of parts in order to truthfully describe the replacement parts? It seems so.

Bijur designs, manufactures, and sells lubricating systems and replacement parts for those systems. Devco competes with Bijur in the sale of lubricating parts, and components.

Bijur brought suit for trademark infringement among other things because of Devco's promotion and sale through its website of replacement parts for Bijur lubricating systems. Devco brought a motion for summary judgment that its use of the Bijur mark did not infringe the trademarks.

Bijur's claims arise in part from Devco's use of the name "Bijur" in the website's "metatags." A metatag is "a list of words normally hidden in a website that acts as an index or reference source identifying the content of the website for the search engines. At the time the complaint was filed the Devco website's metatags included the following:

title metatag: bijur replacement lubrication parts by Devco

description metatag: Bijur replacement automatic lubricating system/parts by Devco

keyword metatag: bijur, Bijur replacement lubricating systems... Bijur, NJ bijur, New Jersey bijur, NY bijur

Thus, internet searches run through the various search engines using the keywords “bijur,” or “bijur.com” would return result lists that included a Devco webpage under the title “bijur replacement lubrication parts by Devco.”

Devco claims that the Bijur name was used to sell genuine Bijur products and that non-Bijur manufactured replacement parts were sold using the words “Replaces Bijur” and “Bijur Replacement Parts.” Devco does not dispute that they used the Bijur name in connection with the sale of non-Bijur manufactured replacement parts.

But, the court said, this does not, in itself, demonstrate Devco’s intent to confuse the public. Devco is entitled to inform potential customers that its non-Bijur-manufactured parts replace Bijur parts. The trademark law does not prohibit a commercial rival’s truthfully denominating his goods a copy of the design in the public domain, though he uses the name of the designer to do so. Indeed it’s difficult to see any other means that might be employed to inform the consuming public of the true origin of the design, said the court.

Regardless of any alleged intent to confuse the public, Devco is entitled to use the trademarks in the manner in which it did. Devco’s statements on the website that its non-Bijur-manufactured replacement parts “Replaced Bijur” and that it carried “Bijur Replacement Parts” were not deceptive as a matter of law. A commercial rival is permitted to use the original manufacturer’s name truthfully to describe a replacement part. The court granted summary judgment for Devco. Bijur Lubricating Corp. v. Devco Corp., 72 USPQ2d 1180 (DC NJ)

### INFRINGEMENT OCCURS EVEN IF THE SOFTWARE IS ASSEMBLED OUTSIDE THE U.S.

The U.S. patent law prevents infringers from escaping liability by manufacturing or supplying a component of a patented invention from the United States and exporting it for combination into the patented product overseas.

Microsoft supplies its Windows operating system object code from the United States to certain foreign entities. These foreign entities install copies of the object code for the Windows operating system software onto computer hardware to form computer systems and optionally create CDs or other media containing a foreign-replicated copy of the object code. At one point that software supplied by Microsoft included copies of codecs which infringed a patent of AT&T.

AT&T alleges that Microsoft’s foreign sales of its Windows software containing the infringing codecs constitute acts of infringement under 35 U.S.C. §271(f). Microsoft argues that the object code or software contained on the golden master disks is merely intangible information and thus not a component as contemplated by

§271(f).

The court easily dealt with that argument holding that it’s well established that software can be a component of the patented invention or infringing device and so is certainly covered by §271(f).

Microsoft also contended that since the object code eventually incorporated into the foreign computers is replicated abroad, those foreign-replicated copies cannot be considered to be a component supplied from the United States. The court again did not agree with Microsoft saying that there was no evidence before the court that the foreign-incorporated object code or software is being created anew from instructions concerning a process for creating the code abroad. It is in fact really being copied. Microsoft’s actions were covered by §271(f). AT&T Corp. v. Microsoft Corp., 71 USPQ2d 1118 (DC SNY)

### NOT BACK DOOR OR FRONT DOOR: WATCH YOUR LANGUAGE

Jacobs owns a U.S. patent related to a video game control that the operator holds in two hands. The operator tilts the controller to achieve corresponding motion in the video game.

Jacobs sued various hardware manufacturers including Microsoft and Logitech alleging that they were directly infringing his patent. In the same action he also named Analog Devices as a defendant charging Analog with inducement and contributory infringement based on accelerometers supplied by Analog. Jacobs did not allege that Analog’s accelerometers infringed the patent but that the other defendants use these components in their tilt sensor control boxes which then infringe the patent.

Analog was dismissed from the case pursuant to a settlement agreement with Jacobs which in part gave Analog a license with the *“right to make, use, sell, import and export components, including micromachined accelerometers, for use in tilt-sensitive control boxes”*. The settlement agreement also granted a covenant-not-to-sue which covered any cause of action having as an element the infringement of the patent by Analog or any other party.

Subsequently, when Jacobs filed a patent infringement suit against Nintendo on the same patent, Nintendo moved for and was granted a summary judgement of non-infringement on the grounds that it was entitled to practice the patent by virtue of the settlement agreement between Jacobs and Analog.

The court held that because the settlement agreement between Jacobs and Analog permitted Analog to sell accelerometers for use in tilt-sensitive control boxes, such as the ones manufactured and sold by Nintendo, the agreement necessarily gave Nintendo an implied license to use the Analog accelerometers in its tilt-sensitive control boxes. Anything less would undermine the provision of

the agreement permitting the sale of accelerometers for use in tilt-sensitive control boxes. The court explained that Jacobs should not be permitted to do through the back door—by suing a customer of Analog—what he cannot do through the front door—by suing Analog directly. Jacobs v. Nintendo of America Inc., 71 USPQ2d 1055 (CA FC)

### COURT DEFINES “GOLDEN BROWN”

When ConAgra obtained its patent on a method for browning pre-cooked whole muscle meat products it sent warning letters to several companies who sell equipment for preparing and browning pre-cooked meats and later to its direct competitors in the pre-cooked meat business. The letter indicated that ConAgra would vigorously enforce its patent but also offered a license. The application for patent was filed May 11, 1998 and issued on September 14, 1999.

When Unitherm received this threatening letter it believed that it itself had conceived the process claimed in that patent and reduced it to practice as the Unitherm process no later than September 1993, much more than one year before the May 11, 1998 filing date.

If this was true the patent would be invalidated by this prior use and sale of Unitherm’s process.

The invention covered the process for browning pre-cooked whole muscle meat products comprising coating a browning liquid pyrolysis product onto at least a portion of the surface of a pre-cooked whole muscle meat product and then exposing the coated surface to an energy source and selectively heating the coated surface of the whole muscle meat product at a temperature and for a time sufficient to develop a golden-brown color on the exposed surface, without substantially shrinking the pre-cooked whole muscle meat.

One of the issues here was just what the “golden-brown” color was. ConAgra argued that the patent fully illustrated five examples of the color including a Hunter-Lab Color Meter measurement to describe the color. The court found this was not a sufficient definition and so referred to the common meaning of the word which is found in *Webster’s Third New International Dictionary* 975 (1986). There it found “golden brown” described as “a variable color averaging a strong brown that is yellow-er and slightly darker than gold brown, yellow-er and paler than average russet, and yellow-er and less strong than rust.”

During that claim construction, the court concluded that the patent describes the process that was both on sale and in public use prior to May 11, 1997. Thus, the court found that the 1999 issuance of the patent was in error and granted the plaintiffs’ motion for summary judgment of invalidity and unenforceability. On appeal this Court affirmed. Unitherm Food Systems Inc. v. Swift-Eckrich Inc., 71 USPQ2d 1705 (CA FC)



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Waltham, MA 02451