
IP SAVVY

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TRADEMARK PRACTICE POINTER

In a trademark application, the product marked with the trademark must be specified – the Trademark Office calls it the “identification of goods.” After filing the trademark application, you can narrow the identification of goods, but you cannot broaden it.

So, if the identification of goods is “mobile, remotely controlled robots” when the application is filed, it cannot be amended to “robots” after filing. So far so good. But, if the application is filed with identification that just says “robots” then the Trademark Office will reject the application as being unclear (there are lots of kinds of robots – industrial, military, crawling, walking, flying, etc.).

So, almost like a patent claim, we endeavor to identify the goods in the trademark application in a way which is not too broad and also not too narrow. A full discussion of the Trademark Office’s procedure in this area is in *In re Fiat Group Marketing & Corporate Communications SPA*, 109 USPQ 2d 1593 (TTAB 2014).

THE INTERSTATE COMMERCE REQUIREMENT

Federal trademark rights only arise when the trademark is used in interstate commerce (e.g., across state lines). Sometimes, valuable products are never marketed in interstate commerce (consider a software program used only in-house or a machine used only on the manufacturing floor). Trademarks for such products cannot be registered because they are not used in interstate commerce. See *NetJets Inc. V. IntelliJet Group*,

LLC 109 USPQ 2d 1553 (S.D. Ohio 2014) where trademark protection was denied for NetJets’ IntelliJet operations management software.

NO PATENT INFRINGEMENT

You’ve heard me and other patent attorneys tell you how important the words of patent claims are. In *Takeda Pharma Co. v. Zydus Parma. USA, Inc.*, 109 USPQ 2d 1825 (Fed. Cir. 2014), the claim for a gastroesophageal reflux disease pill recited “fine granules of [the active ingredient] having a particle diameter of 400 μm or less.” A generic drug manufacturer offered a similar pill but the particle diameter was 412.28 μm . No patent infringement held the court.

APPELLATE REVIEW

Speaking of patent claims, there has been a long dispute over whether, on appeal, the appellate court should give any deference to a district court judge’s construction of a patent claim in the initial litigation. In an *en banc* decision, the Court of Appeals for the Federal Circuit (six to four) held *de novo* review (without deference) of the district court claim construction is proper. *Lighting Ballast Control LLC v. Philips Elecs. N. America Corp.*, 109 USPQ 2d 1969 (Fed. Cir.).

Why does it matter? Well if a patent litigant has enough money, there really is no impediment to losing at trial and then appealing the district court’s ruling because the appellate judges may substitute their own different judgment for even a logical previous decision by a district court judge.

Take a look at this real world example. Over ten years ago Becton, Dickinson & Co. sued Abbot in Boston asserting Abbot's patent for blood glucose meters was not infringed by Becton Dickinson. That lawsuit was moved to California where Abbot sued Nova Biomedical Corp. (Becton's supplier) and Bear Health Care, LLC. The district court held there was no infringement of the Abbot patent and also that it was invalid. The district court also held that Abbot engaged in inequitable conduct.

Abbot appealed that decision and Becton won yet again. But, the Appellate Court remanded the inequitable conduct ruling. On remand Becton Dickinson won again.

The final appeal is *Therasense, Inc. v. Becton Dickinson & Co.*, 109 USPQ 2d 2147 (Fed. Cir. 2014)

NO LITIGATION MOVE

Once someone sues you for patent infringement in a location remote from your normal place of business, it might be near impossible to move the litigation back to your home court. See, *In re Barnes & Noble Inc.*, 109 USPQ 2d 2054 (Fed. Cir. 2014) and *In re Apple, Inc.* 109 USPQ 2d 2057 (Fed. Cir. 2014) where Barnes & Noble and Apple failed to transfer patent infringement lawsuits filed against them in Tennessee and Texas, respectively, to their home courts in California.

TRADE SECRET MISAPPROPRIATION

Sometimes, all you need to read is the first few paragraphs of a court opinion to understand it. Here is an excellent example from the 10th Circuit Court of Appeals regarding a trade secret dispute:

James Kirby says the jury's award against him is too much. True, he helped start and served as director of StorageCraft, a computer software company. True, after a falling out with his colleagues he stole the computer source code on which the company's products depend. True, he shared the source code with NetJapan, a rival company that quickly produced a competing software product much like StorageCraft's. But the jury's \$2.92 million trade secret misappropriation award is still too much. Too much, Mr. Kirby says, because he never used the secret for his own personal profit. And too

much because StorageCraft never sought to prove at trial that NetJapan made commercial use of its trade secret either. Maybe he was angry about how his former colleagues had treated him, maybe he disclosed the trade secret to a rival out of vengeance. But without firmer proof that someone profited from his misdeed Mr. Kirby insists the jury's verdict should be overturned.

The trouble is Utah law doesn't distinguish between a misappropriator's venial motives. When someone steals a trade secret and discloses it to a competitor he effectively assumes for himself an unrestricted license in the trade secret. And that bears its costs. After all, what value does a trade secret hold when it's no longer a secret from the trade? The misappropriator may act with a wish to line his pockets or satisfy a vendetta or for some other purpose still. All the same, Utah's trade secret statute holds him to account for the full value of the license he arrogated to himself. Just as the District Court held.

StorageCraft Tech. Corp. v. Kirby, 109 USPQ 2d 2110 at 2111-2112 (10th Cir 2014).

NO IMPLIED LICENSE

The case of *Endo-Pharm. Inc. v. Actavis, Inc.*, 110 USPQ 2d 1199 (Fed. Cir. 2014) is a hard one. A patent owner sued a company for patent infringement alleging the company's product violates the patent. The patent owner and company settled whereby the patent owner licensed its patent to the company. Money changes hands.

Later, the patent owner receives another patent and sues the same company again for patent infringement alleging now the same product infringes the second patent. The company complains it has an implied license to the second patent but loses. The company cannot sell its product.

The lesson is, in all license agreements, make sure there is an unfettered right to sell the product at issue irrespective of the licensor's other patents or even other intellectual property like, for example, trade secrets, copyrights, and the like.

SUPREME COURT WATCH

The Supreme Court decided two patent cases in early June and, predictably, reversed the Court of Appeals for the Federal Circuit in both instances.

In *Nautilus, Inc. v. Biosig Instruments, Inc.* (110 USPQ 2d 1688), a patent claim recited in part that two electrodes were spaced from each other. Patent claims are supposed to be clear and “sufficiently definite” so others can ascertain what does and what does not constitute infringement. Here, the question was how closely (or how far apart) do the two electrodes need to be in order to violate the patent? The Federal Circuit held that so long as the claim language was not “insolubly ambiguous,” then the patent claim language was sufficiently clear.

The Supreme Court reversed and decided that just because the claim language can be construed, it could still be indefinite if the scope of the invention cannot be determined with reasonable certainty.

So, the previous standard for indefiniteness was tightened at least somewhat making it maybe a little easier to challenge a patent on the grounds of indefiniteness.

One solution is to always back up broad independent claims (possibly using language like “spaced,” “proximate,” or “near”) with very specific dependent claims covering the invention in the different ways it might be carried out.

In the second case, *Limelight Networks, Inc. v. Akamai Technologies, Inc.*, 110 USPQ 2d 1681, the Supreme Court held a patent method claim cannot be infringed by two different entities each carrying out different steps of the method. The technology at issue concerns a method of hosting websites and serving up web pages. Most steps of the patent method claim were carried out by the defendant but one step was carried out by the content provider.

Method claims are desirable because you can protect the way a product is manufactured or how it works without reciting the structure of the product. But, method claims can be avoided by a competitor if the competitor does not carry out all the steps listed.

So, we use method claims but ensure the steps listed would be carried out by a single infringing entity.

Unclear, still, however, is the extent of liability if party A carries out some of the steps of the method claim and directs or controls party B to carry out the remaining steps. For now, it is best to assume that such a situation would still constitute patent infringement. But, you can also expect the Supreme Court to overturn the Federal Circuit’s precedent to that effect, maybe next year.

BUSINESS METHOD PATENTS

Business method patents took still another hit in the March 2014 Supreme Court decision of *Alice Corp. v. CLS Bank Int’l*, 110 USPQ 2d 1976. If a patent seeks to protect an abstract idea generically implemented on a computer, the patent is invalid. The problem, of course, is deciding what constitutes an “abstract idea”.

Based on this case and an earlier Supreme Court case, we have two examples of business methods that constituted an abstract idea but no example of a business method that isn’t an abstract idea. Worse, there are two older cases that held non-business method algorithms implemented on a computer were not patent eligible.

It now appears that the Supreme Court will frown on probably most business method patents. Some computer implemented inventions, if too broadly protected by a patent, could be in jeopardy as well. That’s a concern since valuable patents protect functionally and generically claim for protection an inventive concept. Less valuable patents claim for protection certain details. It would be a shame if the backlash against business method patents adversely affects all software patents. Most modern products include a software component.

EASIER TO BE EXCEPTIONAL

According to the patent statute (35 USC §285), the prevailing party in patent litigation can be awarded its attorney fees in “exceptional cases.” The Federal Circuit had previously held that exceptional cases are strictly limited and that the prevailing party must prove the case exceptional by clear and convincing evidence and that a district court’s determination of whether a given case is exceptional or not is reviewed *de novo* (i.e., without deference to the district court’s decision).

In two April decisions, the Supreme Court overturned the Federal Circuit’s previous rulings on exceptional cases and held: a) the correct legal standard is preponderance of the evidence and b) the district court’s ruling is now subject to only an abuse of discretion standard. *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 110 USPQ 2d 1337 and *Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.*, 110 USPQ 2d 1343.

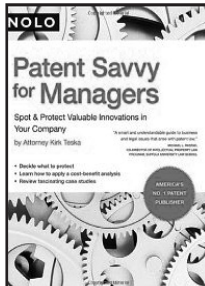
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The Supreme Court also held Aereo, Inc.'s technology for watching TV without a cable or satellite subscription violates the copyright laws in *Am. Broad. Cos., v Aereo, Inc.*, 110 USPQ 2d 1961. You've heard about that case in the news.

In *POM Wonderful LLC v. Coca-Cola Co.*, 134 S. Ct. 2228 (2014), 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 complimentary. POM's lawsuit can now continue.

NO PATENT FOR A CLONE

Remember Dolly the sheep? Dolly was cloned using a new method known as somatic cell nuclear transfer. That method is patented but the inventors also sought a separate patent for the cloned animal itself.

The Patent Office and now the Federal Circuit held that Dolly (an exact copy of another sheep) was not patent eligible (because Dolly is an exact copy of another sheep). *In re Roslin Inst.*, 110 USPQ 2d 1668 (Fed. Cir. 2014).



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