OPINION

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Top 10 IP cases and happenings of 2012

By Kirk Teska

The biggest news in patent land last year was ...

1 **AIA**

With some provisions taking effect this year and next, the passage of the American Invents Act was the top story of 2012.

How will the harmonization play out of the change to first to file (from first to invent), while still retaining the uniquely U.S. one-year grace period? Will the new procedures for challenging a competitor's pending patent applications and issued patents work as planned? Only time will tell.

If you want to impress your patent law friends at a cocktail party, say this: "Under the AIA, the second filer-first inventor loses unless he disclosed before the first filer-second inventor filed and also filed within one year of the disclosure."

2 **Patent-eligible subject matter**

The patent fight now to watch involves three separate cases. In *Mayo Collaborative Services v. Prometheus, Inc.*, the U.S. Supreme Court reversed the Court of Appeals for the Federal Circuit in 2012 and held patent process claims directed to a medical diagnostic test were not patent eligible because they involved natural correlations between blood metabolite levels and a drug. Basically, you cannot patent nature.

The Federal Circuit had earlier decided in another case that isolated DNA was patent eligible in *The Association for Molecular Pathology v. The U.S. Patent and Trademark Office* (also called the "Myriad" case). The Supreme Court directed the Federal Circuit to review that conclusion in light of *Prometheus*.

Undeterred, the Federal Circuit again held isolated DNA patentable in a decision handed down in August. In September, the ACLU sought Supreme Court review, and now the Supreme Court has granted cert. Is isolated DNA nature? We'll see.

The same thing happened in the business method patent case entitled *Wild Tangent v. Ultramercial*. The Federal Circuit first upheld the patent; the Supreme Court then decided *Prometheus* and has now directed the Federal Circuit to review its earlier decision. Wait for the Federal Circuit's predictable affirmance and, ultimately, Supreme Court review in this case, too.

Those of us in the biotech, business method and/or software industries are watching all these cases and more. We're also counting the number of times the Federal Circuit gets it wrong, at least in the opinion of the Supreme Court. The count is increasing.

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3 **Mobile device patent wars**

Apple's patents for the "slide to unlock" and "end of list bounce back" features were used to successfully sue Samsung in the United States (and win $1.05 billion). In other countries, Apple won some and Samsung won some. HTC, Google, Motorola, Nokia and other warriors in the smartphone patent wars are also engaged in patent infringement lawsuits.

The most interesting case so far is *Apple v. Motorola* in the Northern District of Illinois, presided over by Judge Richard Posner. Apple sued Motorola for infringing Apple's patents, and Motorola sued Apple for infringing Motorola's patents. Who infringed whom? Turns out it doesn't matter since neither party adequately proved entitlement to damages.

Get this: Damages were available (and adequate) but not proven and thus no injunctive relief for either party. Case dismissed with prejudice.

4 **FRAND**

The IP acronym of the year is FRAND: fair, reasonable and non-discriminatory. Sometimes, mandatory FRAND licensing terms apply when a given technology is part of an industry standard and members of the standards committee agree to license their patents according to a FRAND obligation.

The problem with FRAND, of course, is parties on opposite sides will not agree to what is fair, reasonable and non-discriminatory. Kind of like the illusory "reasonable man."

Judge Posner, in the Apple case, mentioned the trouble with FRAND and now, in another smartphone IP case between Motorola and Google in Seattle, a federal District Court judge may have to actually decide what is fair, reasonable and non-discriminatory in the patent licensing context.

5 **Divided infringement**

Since 2002, I've taught my law school students that patent method and process claims ought to reflect steps carried out by one party (and in one jurisdiction). That's because if a competitor uses an intermediary or even the customer to complete even just one of the claimed steps of the patent, suing the competitor can be problematic.

In an en banc decision in 2012, *Akamai Technologies, Inc. v. Limelight Networks, Inc.*, the Federal Circuit ruled such divided patent infringement cases are now a little less problematic.

6 **John Doe copyright infringement suits**

The new scam in 2012 was the threat of outing a downloader of pornography unless the downloader paid up. The "John Doe" lawsuits work like this: The porn movie plaintiffs get your IP address when you download the movie, but they cannot tie your IP address to you without a court order.

So, they name you (and other "John Does") in a complaint and then subpoena your Internet service provider in court for your name.

Your ISP then contacts you regarding the subpoena, and now you are forced to settle lest your name be tied to a pornography lawsuit in federal court.

Some judges have thrown out these cases; others have not. More than 1,000 John Does have been sued in U.S. District Court in Boston. In November, U.S. Magistrate Judge Leo T. Sorokin lit into one plaintiff who admitted the goal in filing the lawsuit was to coerce settlements rather than litigate. *Discount Video Center, Inc. v. Does 1 – 29.*

In December, Judge F. Dennis Saylor IV severed all but one of the 83 John Doe defendants in the case *New Sensations v. Does 1 – 83.*

7 **Whack-a-troll**

Many people have problems with patent trolls, but so far a viable tactic for dealing with them has eluded high-tech companies. The AIA does help, at least a little, but the day before its passage trolls filed a record number of patent infringement lawsuits.

Last year might have been the beginning of the end for some trolls. Cisco, along with Motorola, have sued a troll alleging it is engaged in racketeering by threatening Cisco's customers with patent infringement lawsuits. It might work; it might not. But at least someone is trying something.

Also, the U.S. Department of Justice and the Federal Trade Commission began actively investigating patent trolls in 2012.

8 **Goats on a roof**

The funniest trademark case of 2012 is about the goats on the roof of a Wisconsin restaurant. Yes, Al Johnson's "Swedish Restaurant & Boutik" has a sod roof with goats grazing on it, which are the subject of a federally registered trademark.

A guy by the name of Robert Doyle apparently didn't like Johnson's trademark registration and tried to cancel it in *Doyle v. Al Johnson Swedish Restaurant & Boutik, Inc.* Doyle failed.

Further research reveals Johnson has threatened litigation against other restaurants with goats on their roofs.

9 **First sale doctrine**

Some products like textbooks and watches are sold at a lower cost overseas. So enterprising people and companies buy the products in foreign countries, ship them here, and sell them to U.S. customers at a lower price.

When the products originate from the U.S., such tactics are largely legal. The copyright laws "first sale" doctrine allows you to re-sell the books and other copyrighted products you purchase. What about the situation in which the products were manufactured in a foreign country? Does the first sale doctrine apply?

Until now, the Supreme Court hasn't really decided the issue. In *Kirtsaeng v. John Wiley & Sons*, the court heard oral arguments in late October and will hopefully clarify the law in an opinion due soon.

10 **No SOPA**

The year started with a successful Internet protest of Congress' proposed "Stop Online Piracy Act" to the chagrin of the movie industry. Will our government representatives continue to listen to all their constituents? Maybe the times are a changin'. MLW