

UPDATE

FALL/WINTER 2014

THE AIA TOOLBOX: INTAKE, CHECKLISTS, AND FASTER DRAFTING TECHNIQUES



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The United States
has moved from

a first-to-invent (FTI) regime to a first-inventor-to-file (FITF) regime under the Leahy-Smith America Invents Act (AIA). Most companies strive to file quickly to win the race to the U.S. Patent and Trademark Office (USPTO). What can companies do to ensure that the patent applications they are trying to file quickly are also high-quality patent applications? Generally, the key is to eliminate gaps between conception of the invention, disclosure of the invention to the application drafters, and filing the application with the USPTO. Ways to reduce these gaps include tailoring the invention submission process to the inventor, using an AIA-compliant checklist to ensure that all questions for inventors are expeditiously addressed at the initial invention disclosure meeting, and streamlining the preparation of the application by employing faster drafting techniques.

TAILORING INVENTION INTAKE FOR INVENTORS

A key to reducing the time from invention conception to patent application filing is to make the invention submission process convenient and more painless for everyone involved, particularly the inventors. Many companies continue to use the traditional, pre-AIA invention disclosure forms that caused inventors much angst. Inventors complained about the length of the forms, and the number and type of questions in these one-size-fits-all forms. Since these forms were painful and time-consuming, inventors postponed completing them. Invention submissions sat on inventors' desks and were delayed in getting to in-house counsel. Under the AIA's FITF regime, it is more important than ever to address this bottleneck.

The pre-AIA one-size-fits-all approach is no longer efficient. While the old disclosure forms will still work in some cases, they do not encourage inventors to submit inventive concepts as quickly as needed under the AIA. Rather, the invention submission process must be tailored to the **MORE ►**

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specific type of inventor/inventive teams. Some factors to consider when determining the best approach for obtaining disclosures include: (1) inventors' time constraints and availability; (2) company intellectual property (IP) culture (e.g., inventor incentive programs); (3) inventors' patent experience and training; and (4) size and location of the inventive team.

For example, if meeting requests to inventors are ignored, taking another approach is prudent. For non-responsive inventors, one effective strategy is for patent counsel to call the inventor instead of sending an e-mail.

"The bedrock of an innovation culture is proper IP training."

Some busy inventors receive hundreds of e-mails each day and a request for an invention disclosure meeting could get buried in their inbox. Efficient handling of a non-responsive inventor is especially critical under a FITF regime. As such, an even more effective strategy is to create a corporate culture that values IP. Intertwining innovation with the company's compensation structure and annual employee review creates a culture that values IP. Many companies already have programs in place to monetarily reward employees for submitting an invention disclosure, assisting patent counsel in filing a patent application, being listed as an inventor on a granted patent, or being listed on a patent licensed ¹ to a third party. At exactly what stage in the process the inventors are compensated can also influence the effectiveness of a company's inventor incentive program. Only compensating inventors at patent grant or upon licensing, which might not occur until many years after the invention conception, can leave the incentive too far into the future to be

effective. Meanwhile, paying inventors for every invention submission, whether or not it is pursued in a patent application, might open the floodgates to low-quality invention submissions. ² Striking a balance is important. Empirically, more companies pay inventors at patent application filing than at any other time. ³

Sometimes even more effective than monetary rewards are accolades and "bragging rights." Some companies reward their most proactive inventors at a private, annual dinner with the CEO. Trophies or plaques have also proven effective for

some companies in developing a strong corporate IP culture. Companies have also built inventor halls of fame that enshrine top inventors that have been granted many patents. One survey suggests that inventor incentive programs have better results when implemented by the R&D department as opposed to the legal department within an organization. ⁴ The objective is to promote a corporate culture that values IP to eliminate non-responsiveness from inventors during the disclosure and drafting process. ⁵

The bedrock of an innovation culture is proper IP training. Explaining the effect of FITF will help employees understand why faster disclosures are required. Additionally, employees trained to flag IP issues are in a better position to bring them to the patent counsel's attention in a timely and efficient manner. The training they receive must be tailored to the company's industry. For example, with consumer goods companies, capturing and patenting the user experience aspects of a paper towel roll or re-sealable plastic bags can be very valuable. ⁶

1. See Kassab, Chris, "Ford Offers Employees Added Incentives to Become Inventors," available at ford.com, Sept. 12, 2011 ("The second new award, the Technology License Income Award, will recognize Ford inventors named in an original patent issued to Ford if the patented invention is licensed to a third party by Ford for royalty income. The award is 30 percent of the royalty income received up to a maximum award of \$50,000 to be divided between inventors.")
2. A word of caution here: If you are putting a new incentive structure in place and find that the size of your inventor teams has changed drastically, take a minute to scrutinize the inventor team. The requirements for being a co-inventor remain the same pre-AIA and under the AIA. Although the desired timeline for filing has been shortened, we must still stand guard of application formalities, such as identifying correct inventorship.
3. See IPO – Employee Inventor Compensation Practices Survey, Report of the IPO Asian Practices Committee, February 2004.
4. See Bell, Jacqueline, "Invention Incentive Programs Get Results: Survey," January 2009, available at <http://www.law360.com/articles/85031/invention-incentive-programs-get-results-survey>.
5. Also being sued for patent infringement by a competitor promotes a stronger IP culture because it heightens the company's awareness to patents, which triggers more disclosures and filings. Another proactive approach is educating the company that good fences make good neighbors. In particular, companies with strong patent portfolios are less likely to be sued because plaintiffs will fear the potential countersuits that may be brought against them.
6. See Bloomberg BNA, "The Total User Experience: Improving the Content and Quality of Your Company's Patent Application Process Post-AIA," December 2013, available at <http://www.bna.com/total-user-experience-w17179879898>.

These potential inventors should be trained to spot these types of features when they arise and elevate the issue to patent counsel. More importantly, a well-trained inventor will provide quality, concise invention submissions⁷ that will translate into faster, high-quality patent application filings. Providing IP training to employees has, in economic terms, spillover benefits that far outweigh the cost and effort of providing the training. The training can be as basic as helping scientists, programmers, and marketers better appreciate the amount of detail that needs to go into a patent application by way of a high-level discussion about the written description and enablement requirements of patent law. The training should also include information about the company's inventor reward programs. As a result of the training, the company's invention disclosure submissions should see a noticeable improvement.

"It is important to customize the checklist for each specific company, and to periodically revisit it to keep it fresh."

Creating a robust IP training program and a corporate culture that values IP will also create cheerleaders for IP amongst the employee ranks. These innovation enthusiasts will help drive invention submissions, and can also serve as gatekeepers when patent counsel comes across non-responsive inventors in their teams. Having a gatekeeper is particularly helpful when faced with large inventive teams. Gatekeepers can help facilitate an efficient, coordinated review of the draft patent application, as well as follow-up with non-responsive co-inventors. Moreover, when dealing with a large inventive team, it's even more important to obtain early-on the country of residence of each inventor.

If inventors reside in a country with foreign filing license requirements (e.g., India), counsel must build in time to obtain a foreign filing license before filing in the U.S. It is best to start the licensing process concurrent with other tasks in the pre-filing timeline to avoid filing delays.

DEVELOP AN INVENTION DISCLOSURE MEETING CHECKLIST

It is critical for attorneys to use a robust invention disclosure meeting checklist to ensure efficient use of inventor time and to avoid delays. To be effective, the checklist should be manageable and easy to reference. A sample one-page checklist can be downloaded from <http://witcon2014.com/sessions/>.

It is important to customize the checklist for each specific company, and to periodically revisit it to keep it fresh. For example, a consumer goods company might include

strategic questions directed at capturing the user experience. Meanwhile, every company should confirm their checklist is up-to-date with the requirements of the AIA. For example, under the AIA, attorneys must educate inventors about the expanded universe of prior art, which now includes worldwide public uses. Furthermore, while the AIA provides for a public disclosure "grace period" of sorts, if any such public disclosure has occurred, attorneys should capture and preserve the pertinent facts surrounding the disclosure. These facts and documents will form the basis of any future invocation of a 35 USC 102(b)(1) exception, or affidavits under 37 CFR

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7. The *Hayes Court* explained that it's about quality, not quantity: "While some inventions require more disclosure, the adequacy of the description of an invention depends on its content in relation to the particular invention, not its length." See *In re Hayes Microcomputer Prods.* (Fed. Cir. 1992).

[AIA TOOLBOX, FROM PAGE 3]

1.130(a) or 1.130(b) for attribution or prior public disclosure, respectively.

Having a checklist ensures that each topic is sufficiently covered during what may be the attorney's first, and possibly only meeting, with all of the inventors. With the checklist in hand, the attorney can ask all the questions he or she needs, and then return to the office to efficiently draft a quality patent application.

FASTER DRAFTING TECHNIQUES

Even with responsive inventors who are sufficiently incentivized, what can patent attorneys do to ensure that the patent applications they are drafting on a shortened timeline are also of high quality? Faster drafting techniques include using patent application templates, implementing dedicated prosecution teams, facilitating faster application review, and avoiding straying too far from the objectives of an invention or mission creep in drafting applications.

Patent Application Templates

Patent application templates can be helpful to jumpstart the drafting process. As with the invention disclosure meeting checklist, the patent application template must be tailored to the company's industry and product offerings. For example, the template for a banking institution might include stock figures showing a systems level diagram of interactions between ATM machines, tellers, vaults, bar code scanners, and the MICR strip on a check. Meanwhile, the stock figures for a consumer goods company would be very different.

Companies typically have numerous product lines and multiple divisions. Consequently, most companies will need more than one patent application template. Specifically, a versatile template will include numerous figures with corresponding descriptions. It's up to the attorney to select

which figures are appropriate to include in the patent application for the particular invention. Moreover, the custom template should take into account the company's foreign filing predilections and the idiosyncrasies of those jurisdictions — e.g., avoiding foreign language translation costs by excluding unnecessary text in the figures.

When preparing a starter template for a company, in addition to conferring with in-house counsel and business clients, consider the following information:

- Organizational charts of the divisions and departments of the company;
- Company's product offerings and groupings;
- 10K filing, if a publicly-traded company;
- Recent patents and published patent applications;
- Closest competitors' recent patents and published patent applications; and
- 3-5 "blue sky" prophetic features of the industry.

Of course, a discussion about patent application templates would be incomplete without a word of caution. Attorneys should remain vigilant of how the stock material is prepared and where that stock material is used/re-used.⁸ The *Cold Spring Harbor Laboratories* case⁹ and the *Tethys Biosciences* case¹⁰ provide us with some guidance when using stock material.

The *Cold Spring Harbor Laboratories* case is a lawsuit brought by Cold Spring Harbor Laboratories (CSHL) against its attorney. CSHL developed a method to regulate gene expressions by using synthetic RNA molecules called "short hairpin RNAs." CSHL alleged that when its attorney drafted its patent application, he bulk copied portions from another of his client's applications into

8. See Hricik, David, "Copying Text from One Client's Patent into Another's Application," 5 No. 5 *Landslide* 22, May/June 2013.

9. *Cold Spring Harbor Laboratory v. Ropes & Gray LLP*, 840 F. Supp. 2d 473 (D. Mass. 2012).

10. *Tethys Bioscience, Inc. v. Mintz*, 98 U.S.P.Q.2d 1585 (N. D. Cal. 2010).

the detailed description section of CSHL's new application. CSHL argued that because of this, the USPTO rejected CSHL's patent application in view of the publication from which the text was copied. The CSHL case was dismissed for improper venue and transferred to Massachusetts state court where the parties eventually reached a settlement.¹¹

Meanwhile, the *Tethys Biosciences* case involves Tethys Bioscience alleging that its attorney took portions from Tethys Bioscience's provisional patent application and later reused it in another client's patent application. In response to a motion to dismiss, the Court

templates need to be customized to the particulars of the company, it is best to create fresh content. However, if any of the content will be recycled, regardless of whether or not the source is public, make this clear to all parties involved. The situations in *CSHL* and *Tethys Bioscience* might have been avoided altogether had full disclosure occurred upfront between all the parties involved.

Establishing Dedicated Prosecution Teams

Maintaining dedicated prosecution teams streamlines the drafting of applications. Recurring interactions between the same attorneys and inventors allows everyone to

"Recurring interactions between the same attorneys and inventors allows everyone to work together cohesively and more efficiently."

held that Tethys Bioscience had sufficiently stated its claim. The Court reasoned that even if the copied portions were high-level background information that a person with ordinary skill in the art would have known, the manner in which that information was presented in the provisional patent application was not publicly known. The attorney had a duty of confidentiality to his client, and sometimes this can mean that otherwise public information is barred as confidential based on the specific facts of the case. The *Tethys Bioscience* case settled and was dismissed without a final verdict from the Court.

Therefore, key points to remember when creating a company's patent application template include setting expectations and providing full disclosure. Practitioners should provide full disclosure to clients as to the source of stock language in the template and look to the USPTO's rule book for guidance when reusing material from earlier applications and patents.¹² As explained earlier, since

work together cohesively and more efficiently. Moreover, the attorneys on the prosecution teams will gain institutional knowledge about the company's product lines and operation, which will help attorneys draft subsequent applications more quickly. For example, the drafting attorney will be on the same page as the inventor, and the invention disclosure meetings will go smoothly. The inventor will also be at ease, knowing the attorney understands the technology.

Faster Application Review

Inventors may have many responsibilities outside of filing patent applications. Therefore, reviewing a lengthy technical patent application with multiple examples, diagrams, schematics and complicated claim language is not always an inventor's top priority. Patent counsel may need to periodically check in on the application review process to manage inventor feedback to ensure timely review. On multiple-inventor applications, **MORE ►**

11. Judge Richard G. Stearns of the District Court of Mass. has been quoted on several occasions for his statement in *CSHL v. Ropes & Gray* regarding copying: "This citation to a popular how-to reference book, which states that copying is an accepted practice in patent drafting, is dubious at best and, at worst, an insult to the professional standards of the patent bar."

12. The USPTO's rules contemplate some amount of "recycling." Under the Office's incorporation by reference practice, prior publications can be incorporated by reference into a patent application as if they were copied directly into the application. Likewise, the Office recognizes continuation-in-part applications that allow patent applications to claim the benefit of a previous application filing. However, in both instances, the Office requires that the source of the copying be expressly identified in the patent application.

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assigning a proactive inventor to facilitate the drafting of the application and to collect all of the feedback from the inventors greatly streamlines the review process. Encouraging inventor participation in the review process by shifting awards to patent filings may also speed up review of draft applications. Additionally, setting client-imposed deadlines on outside counsel also advances applications to filing.

Avoid Mission Creep

Avoiding mission creep, or shifting away from the main objectives of inventions during drafting, can help to reduce application preparation time. Drafting robust descriptions of the invention in patent applications is important. However, when preparing applications, it is easy to become carried away and to list multiple examples that expand beyond the original objectives of an application. This can delay the ultimate filing of the application and may also increase drafting costs because attorneys will spend more time preparing the application.

Once an application is developed with enough examples to broadly cover the key inventive concepts, the application should be filed. The additional inventive concepts discussed that are not included with the filing can be included in subsequent filings.

CONCLUSION

With these additions to our patent practitioner's AIA toolbox, we are closer to successfully filing quality patent applications for clients in record time. Streamlining the patenting process also offers the benefit of reducing the cost per application by reducing the drafting time, which results in cost savings to companies. Moving forward, the impetus is on us, as in-house counsel and outside counsel, to keep our tools sharp. It is important to revisit the patent application template periodically (perhaps even quarterly) to keep it from getting dull. As your company's industry, product offerings, and competitors change, so should your template, checklist, and inventor intake process. ■

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NFL TEAMS 0-2 IN THE TTAB



BY HELEN HILL MINSKER

This past summer yielded two interesting decisions from the Trademark Trial and Appeal

Board (TTAB) of the U.S. Patent and Trademark Office (USPTO) involving NFL teams. In the Washington Redskins case, the TTAB cancelled several registrations owned by the Washington Redskins that included the word “Redskins” on the ground that the term was disparaging. Although for different reasons than the Washington Redskins case, the New York Giants likewise found an unsympathetic ear in the TTAB when it attempted to register the term “G-MEN.”

Marketplace Fame & Use Evidence Isn’t Enough to Avoid Likelihood of Confusion:
In re New York Football Giants, Inc., (TTAB July 3, 2014) (unpublished)

The New York Football Giants sought to register “G-MEN” for “shirts; t-shirts; tops” in Class 25 (SN 85599795). The USPTO refused registration on the basis of likelihood of confusion with a prior registration for GMAN Sport for “boxer shorts; socks; t-shirts; tank tops,” also in Class 25.



The Giants tried mightily to convince the TTAB that even though there was overlap in the description of the goods in their application and the cited registration, and no restrictions on the intended uses or channels of trade, the mark “G-MEN” in its application is so famous that there was no likelihood of confusion. As the TTAB noted at the outset of its opinion,

“The essence of Applicant’s argument as to why there is no likelihood of confusion is that its G-MEN mark is (1) so famous that (2) when used in the context of football related merchandise, it has a unique and singular meaning for a distinct set of products.”

Per the Giants, “[t]here is no more fundamental and grievous error than to conclude that confusion is likely by comparing two marks in the abstract, divorced from marketplace circumstances...” The TTAB boiled down the Giants’ argument to the proposition that if the Applicant produces evidence of record relating to the fame of its mark, and the nature of the goods/channels of trade for the goods, then “... the lack of express restrictions or limitations in the respective descriptions of the goods is no longer relevant.” The problem for the Giants, according to the TTAB, is that this interpretation is expressly contrary to longstanding TTAB and Federal Circuit law.

The TTAB, which seemed to be somewhat frustrated by the position taken by the Applicant, notes that usually, when this type of argument is made, it is because the Applicant fails to recognize that Board precedent requires it to take into account the specific identification of the goods in the application. Here, the TTAB noted, “... Applicant’s counsel appears not to have ignored such precedent, but to have made a direct argument that application of such precedent, over the course of many years, has been improper and the Board’s focus, in likelihood of confusion cases, on broadly construed identifications, has been in error.”

The TTAB then proceeded to provide a primer on its longstanding precedent that requires it to focus on the

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similarity or dissimilarity of the goods *as described in an application or registration*. Having concluded that, under its precedent, the goods as described in the application are overlapping, the TTAB also found the Giants

by the boundaries of the description in the application or registration, and the type of marketplace analysis that courts typically make in assessing likelihood of confusion in an infringement context. The Supreme Court

“There are fundamental differences between how the TTAB looks at likelihood of confusion and how a court analyzes the issue.”

arguments relating to the other factors considered in determining likelihood of confusion were not persuasive, and it affirmed the refusal to register the mark.

This case provides a good example of the differences between the analysis of likelihood of confusion in a registrability proceeding, which is constricted significantly

presently has before it the case of *B&B v. Hargis*, where it will weigh how much deference, if any, courts should give to a TTAB decision on likelihood of confusion. The Giants case is a reminder that even though some aspects of the analysis may be similar, there are fundamental differences between how the TTAB looks at likelihood of confusion and how a court analyzes the issue. ■

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NFL REDSKINS FEDERAL TRADEMARK REGISTRATIONS CANCELLED



BY: ERNEST V. LINEK

On June 18, 2014, in a 2-1 decision in *Blackhorse v. Pro Football, Inc.*, the Trademark Trial and Appeal Board (TTAB)

of the United States Patent and Trademark Office (USPTO) cancelled six federal registrations for trademarks that include the term “Redskins.”

In the Federal Trademark Cancellation Action (No. 92046185) before the TTAB, two judges held in an 81-page majority opinion that the Native American Indian petitioners had successfully shown that these six REDSKINS trademarks were disparaging to Native American Indians.

Under the Federal Trademark Act of 1946 (Lanham Act), these six trademarks were deemed to have been obtained contrary to the provisions of Section 2(a) of the statute (15 U.S.C. 1052(a)), which prohibits registration of any mark that may disparage persons or bring them into contempt or disrepute, and the TTAB ordered that the registrations be cancelled.

A dissenting opinion was filed by one of the three judges on the TTAB panel, based on that judge’s opinion that there was insufficient evidence presented by the petitioners to support the claim of disparagement by the marks. In his dissenting opinion, Judge Bergsman stated:

This case is *not* about the controversy, currently playing out in the media, over whether the term “redskins,” as the name of Washington’s professional football team, is disparaging to Native Americans *today*. The provisions of the

statute under which the Board must decide this case — §§ 2(a) and 14(3) of the Trademark Act, 15 U.S.C. §§ 1052(a) and 1064(3) — require us to answer a much narrower, legal question: whether the evidence made of record in this case establishes that the term “redskins” was disparaging to a substantial composite of Native Americans *at the time each of the challenged registrations issued*.

See generally *Consorzio del Prosciutto di Parma v. Parma Sausage Prods., Inc.*, 23 USPQ2d 1894, 1898-99 (TTAB 1992) (discussing the language of Lanham Act § 14(3) and explaining that the “registration was obtained” language Congress used to specify when a registration for a mark may be cancelled under the enumerated statutory provisions, such as § 2(a), “shows an intent that only if it should not have issued in the first place should a registration more than five years old be cancelled”).

In the majority opinion, the TTAB found that based on the evidence presented by the parties and on applicable law, the *Blackhorse* petitioners carried their burden of proof.

By a preponderance of the evidence, the petitioners established that the term “Redskins” was disparaging of Native Americans, when used in relation to professional football services, at the times the various registrations involved in the cancellation proceeding were issued. Thus, in accordance with applicable law, the federal registrations for the “Redskins” trademarks involved in this proceeding must be cancelled.

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EXACTLY WHAT IS A TTAB CANCELLATION PROCEEDING?

A cancellation proceeding is an action held before the TTAB in which a party seeks to cancel an existing registration of a mark. Such an action is a mini-trial conducted under specific rules of practice before the TTAB, including parts of the Federal Rules of Evidence and the Federal Rules of Civil Procedure.

Under the Trademark Act, a person (including any legal entity) who believes he will be damaged by the continuing registration of a mark may file a petition with the TTAB to cancel the registration, asserting one or more grounds for cancellation.

Most USPTO cancellation proceedings assert grounds for cancellation under Section 2 of the Trademark Act, 15 U.S.C. § 1052, which specifies a variety of types of terms or marks that Congress has determined to be ineligible for federal registration, including those that are determined, as in this case, to disparage an individual or group.

CAN ANY REGISTERED TRADEMARK BE THE SUBJECT OF A CANCELLATION PROCEEDING?

Yes. According to federal trademark law, even a long-standing registration can be the subject of a cancellation proceeding *at any time*, if an appropriate ground for cancellation is asserted.

A claim that a registered trademark was *disparaging* of an individual or group at the time it was originally registered is one such example of a claim that can be appropriately brought at any time, regardless of the age of the registration.

CAN THE TRADEMARK OWNER APPEAL?

Yes. A party dissatisfied with the TTAB's decision has two initial options to seek further judicial review:




(1) One option is to file an appeal to the U.S. Court of Appeals for the Federal Circuit in Washington, D.C.; or

(2) Another option is to file a civil action in the U.S. District Court for the Eastern District of Virginia, which has jurisdiction over civil actions seeking review of TTAB cancellation proceedings.

ARE THE SIX REDSKINS REGISTRATIONS NOW CANCELLED?

No. This decision by the TTAB is not the final decision for these trademarks. The trademark owner, Pro Football, Inc., has now sought review by the U.S. District Court for the Eastern District of Virginia.

THESE SIX FEDERAL REGISTRATIONS FOR TRADEMARKS THAT INCLUDE THE TERM "REDSKINS" WERE CANCELLED IN JUNE:

1.Registration No. 836122 (1967):	2. Registration No. 978824 (1974):	3 Registration No. 986668 (1974):	4. Registration No. 987127 (1974):	5. Registration No. 1085092 (1978):	6. Registration No. 1606810 (1990):
	WASHINGTON REDSKINS			REDSKINS	REDSKINETTES

Accordingly, these six REDSKINS registrations will remain “on the federal register of marks” and not be listed in the USPTO’s records as “cancelled” until after all judicial reviews have been completed. This could include a final appeal to the U.S. Supreme Court.

WHAT DOES THE TTAB DECISION MEAN FOR THESE TRADEMARKS?

If the cancellation of the registrations for the trademarks involved in this case is affirmed following all possible reviews in the federal courts, Pro Football, Inc., as record owner of the involved registrations, would lose the legal benefits conferred by federal registration of the marks. Such lost benefits include:

- (a) the legal presumptions of ownership and of a nationwide scope of rights in these trademarks;
- (b) the ability to use the federal registration ® symbol, and;
- (c) the ability to record the registrations with the U.S. Customs and Border Patrol Service so as to block the importation of infringing or counterfeit foreign goods.

WHAT DOES THE TTAB DECISION NOT MEAN FOR THESE TRADEMARKS?

This decision does not require the Washington D.C. professional football team to change its name or stop using the trademarks at issue in this case.

Cancellation of the federal registration of a trademark does not mean that the owner loses all legal rights in the mark. This is because trademark rights in the United States come from use of the mark on or in conjunction with goods or services, not merely from the additional, and optional, step of federal registration.

The TTAB decision — if upheld by the federal courts — determines only whether a mark can be registered with the federal government (and

thus gain the additional legal benefits thereof), not whether it can be used.

Regardless of the federal registration status, the trademark owner retains its rights in the mark based on use of the mark. Such rights are known as “common law” rights, and those use-based rights will continue to exist even if a federal registration is cancelled.

PRO FOOTBALL APPEALS TTAB DECISION

On August 14, 2014, Pro Football Inc., the owner of the subject Washington Redskins trademarks, filed a federal lawsuit seeking to overturn the USPTO’s cancellation of its trademark registration on grounds that the name is disparaging to Native Americans, calling the agency’s decision “replete with errors of fact and law” and additionally, unconstitutional.

The complaint, filed in the U.S. District Court for the Eastern District of Virginia, claimed that the TTAB ruling against the team violated the First and Fifth Amendments of the U.S. Constitution. It urged the court to reverse the TTAB’s decision, declare that the word “Redskins” and the team’s marks do not disparage Native Americans, and deem part of the Lanham Act unconstitutional under the First Amendment, among other remedies.

According to the complaint:

“The Redskins Marks, as designations of the professional football team, do not disparage Native Americans or bring them into contempt or disrepute under any analysis of the terms ‘disparage,’ ‘contempt,’ or ‘disrepute.’ To the contrary, the name ‘Redskins,’ when used in association with professional football — as it has been for over 80 years — *denotes only the team* and connotes the history and tradition of the club.” **MORE ►**

In the appeal, Pro Football seeks an Order of the Court regarding the following:

- (1) Reversing the TTAB Order scheduling the cancellation of the Redskins Marks;
- (2) Declaring that the word “Redskins” or derivations thereof contained in the Redskins Marks, as identifiers of the Washington, D.C. professional football team, do not consist of or comprise matter that may disparage Native Americans;
- (3) Declaring that Section 2(a) of the Lanham Act, 15 U.S.C. § 1052(a), is unconstitutional, both on its face and as applied to Pro Football by the TTAB, under the First Amendment of the U.S. Constitution, and is void for vagueness;
- (4) Declaring that the TTAB Order violates Pro Football’s rights under the Fifth Amendment of the U.S. Constitution; and
- (5) Declaring that Defendants’ petition for cancellation in the TTAB challenging the Redskins Marks under Section 2(a) was barred at the time it was brought by the doctrine of laches.

According to the Complaint, errors made by the TTAB include its failure to restrict its analysis to the relevant time frame of 1967-1990, when the registrations were first issued. As articulated by the dissent:

It is astounding that the petitioners did not submit any evidence regarding the Native American population during the relevant time frame, nor did they introduce any evidence or argument as to what comprises a substantial composite of that population thereby leaving it to the majority to make petitioners’ case have some semblance of meaning (Bergsman, A.T.J., dissenting).

WHAT HAPPENS NOW?

This case is far from over. The petitioners now have 60 days to respond to the complaint, just as Pro Football did after the TTAB’s decision.

New evidence can be presented to the district court by both parties — and it is expected that this will be done by both sides. The district court case will proceed according to a schedule set by the court, much like the previous district court case, *Harjo v. Pro-Football Inc.*, based on another TTAB decision that cancelled several REDSKINS trademark registrations.

The reputation of the Eastern District of Virginia court as a “rocket docket” will likely mean that this case will be decided on a faster track than the previous case handled by the U.S. District Court for the District of Columbia. In 1999, the TTAB ruled that the name Washington Redskins was disparaging in the *Harjo* case but the decision was reversed on appeal because the TTAB’s finding of disparagement was not supported by substantial evidence and the suit was barred by laches.

The new venue is a result of the America Invents Act, as cases from the TTAB are now reviewed at the Eastern District of Virginia court. Will there be enough evidence this time or is the dissenting judge in the TTAB correct?

Stay tuned. ■

VIRTUAL DESIGN THEFT UPDATE: 3D PRINTING



BY ROBERT S.
KATZ AND SEAN
J. JUNGELS

Virtual design theft
— a term coined by

Banner & Witcoff in a 2009 Innovation Journal article — is the unauthorized creation, sale or use of a digital model of a real-life design. That 2009 article previewed the alarming rate at which virtual design theft occurred in the digital world and the potential intellectual property protections that could successfully stop it. Five years later, this article takes a look at how virtual design theft has further expanded into the rapidly growing market of 3D printing and whether the law of design patents, copyrights and trademarks has evolved to effectively combat the problem.

“With the addition of 3D printers, virtual design theft may now result in both the unauthorized digital use of a design and the unauthorized creation of a 3D physical object of that design.”

3D PRINTING

3D printing is the process of making a three-dimensional object from a digital file. Engineers and designers have been using 3D printers to make prototypes quickly and cheaply for many years before investing significant amounts of money and resources to produce actual products at a factory. As 3D printers have become more sophisticated and reliable, they are now also being used to make final products. For this reason, the public has become more intrigued by 3D printers and their potential capabilities to make a multitude of objects in one's own home. Although it is still rare to even know someone who owns a 3D printer, let alone in their own home, companies are

heavily investing in this technology to make affordable, consumer-oriented 3D printers (several models are currently priced less than \$1,000, with some priced as low as a few hundred dollars) with the hopes that they will become common household items in the next five to ten years.

So what will people do with 3D printers in the confines of their own home? Most likely the same thing that people did with music and movies when they were first digitalized — share copies of their 3D digital design files. For example, to fill the growing demand for 3D printing designs, people are creating realistic models of existing designs and also creating new designs. They sell these models through specialized websites, such as

<https://digitalstore.makerbot.com/> and www.turbosquid.com. Even mainstream websites, such as www.amazon.com, now have their own 3D printing stores. Some of the computer models on these sites are impressively realistic and have been created using 3D scanner technology or CAD software. While many of these digital models may be authorized, after a quick review of them, it is clear that there are many unauthorized digital models. And even if an authorized design is purchased, the purchaser is then easily able to make unauthorized uses by sharing the digital file of the design with others and making more than one 3D print of the design. Thus, just as the marketplace for the exchange and sale of

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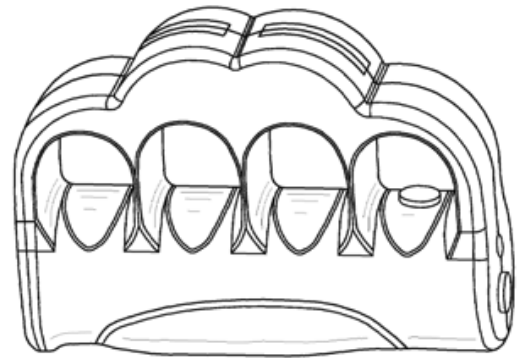
[DESIGN THEFT, FROM PAGE 13]

unauthorized music and movie digital files quickly grew, the marketplace for exchanging and selling unauthorized digital design files is following suit.

With the addition of 3D printers, virtual design theft may now result in both the unauthorized digital use of a design and the unauthorized creation of a 3D physical object of that design. The rise and expansion of virtual design theft continues to pose two main questions: (1) Is it illegal? (2) Can the owner of the original design stop it? The answers to these questions are still developing and depend on a number of factors. For example, potential avenues to combat virtual design theft include design patents, copyrights and trademarks. Each is applicable in only selected circumstances, and each has its own strengths and weaknesses. A number of enforcement efforts have recently shed light on how patents, copyrights and trademarks may protect against virtual design theft.

DESIGN PATENTS

Whether a 3D virtual design would infringe a design patent was tested for the first time in *P.S. Products Inc. et al. v. Activision Blizzard Inc. et al.*, Case No. 4:13-cv-00342-KGB (E.D. Ark., June 5, 2013). P.S. Products sued Activision for patent infringement of U.S. Design Patent No. D561,294 (“the ‘294 patent”) directed to a design for a stun gun in the shape of brass knuckles. Activision’s video game, “Call of Duty: Black Ops II,” included a virtual stun gun weapon that could be held as brass knuckles in the game. Notably, the virtual stun gun weapon did not remotely resemble the design in ‘294 patent.



Comparison of P.S. Products’ Patented Design (top) with Image of Activision’s Virtual Weapon (bottom)

“A number of enforcement efforts have recently shed light on how patents, copyrights and trademarks may protect against virtual design theft.”

The court did not focus on these stark visual differences, however, and instead granted Activision's motion to dismiss for failure to state a claim because "[n]o reasonable person would purchase defendants' video game believing that they were purchasing plaintiffs' stun gun." The patentee in this case, however, failed to present its strongest argument to the court, *i.e.*, that based on the language of Section 271 of the design laws, a design patent protects the design, not the underlying physical article of manufacture embodying the design. So while this case gives virtual design thieves some initial support for their side of the argument, other courts may still likely side with design patentees on this issue.

COPYRIGHT

The owner of a valid copyright that covers a design should have a very strong case against a virtual design thief. In copyright lingo, a 3D model is a copy or derivative work of the original. (Fair use as a defense to copyright infringement should also be considered, but it is beyond the scope of this article.) The toughest hurdle for copyright protection of designs is the separability test. The separability test permits copyright protection only for designs that incorporate graphic, pictorial or sculptural features that are conceptually or physically separable from the utilitarian aspects of the product. In one well-known decision, the U.S. Supreme Court found that a lamp base shaped like a human figure was protectable as a sculptural work. In another case, the court found that artwork as part of an ornate belt buckle was protectable. Copyright protection is commonly found in designs containing original surface ornamentation because the surface ornamentation is often times conceptually separable from the product. However, the opposite proposition is also true: designs that are not separable from their underlying article will not be protectable.

Additionally, a digital design based on an actual physical object may not warrant copyright protection. For example, in *Meshwerks, Inc. v. Toyota Motor Sales U.S.A., Inc.*, No. 06-cv-97, 2006 U.S. Dist. LEXIS 65641 (D. Utah, Sept. 12, 2006), Meshwerks created two-dimensional representations of Toyota vehicles for advertisements. When Toyota used the 2D digital files for more than one advertisement, Meshwerks sued Toyota for copyright infringement. The court held that Meshwerks' 2D digital files did not meet the originality requirement for copyright protection because "the digital models created by Meshwerks correspond to the Toyota vehicles they were intended to represent" and thus were merely simple reproductions and not original.

Even though originality is required for a design to be entitled to copyright protection, the threshold is fairly low. In *Osment Models, Inc. v. Mike's Train House, Inc.*, No. 2:09-CV-04189-NKL, 2010 WL 5423740 (W.D. Mo., Dec. 27, 2010), the court held that there may be copyright protection for 3D digital files based on actual buildings that were scaled in size and had some visual aspects changed, resulting in "models [that] do not appear to be mere replications of other objects in a different medium." Thus, in certain cases, a 3D scan of a physical object in the public domain that is modified in more than a trivial way may warrant copyright protection.

TRADEMARKS

Two categories of trademarks can provide relevant protection against virtual design theft: marks used on or in conjunction with the product, such as the name or logo of the product or manufacturer, and product configuration trade dress. In order to register a product configuration trade dress, the owner needs to show that the product configuration has acquired distinctiveness.

MORE ►

[DESIGN THEFT, FROM PAGE 15]

Distinctiveness is acquired by substantially exclusive and continuous use of the mark in commerce such that the primary significance of the product configuration, in the minds of the consumers, is the product's source.

Trademark law will not prevent the design of a new product from being copied until it has acquired distinctiveness. If the design is copied early on, then trademark law will never protect the design because it will not be uniquely associated with a single source. One strategy is to obtain a design patent to prevent similar designs from entering the market so that the product design acquires distinctiveness.

The usual test for trademark infringement is whether there is a likelihood of confusion about the source, sponsorship, affiliation or endorsement of a product. The facts applicable to a likelihood of confusion analysis will likely be different for the website selling the unauthorized digital design files and, for example, a video game maker using the models and selling the video game. The websites selling these files use trademarks,

such as manufacturer and model names, as "tags" that enable searching. It should also be noted that in some circumstances, trademark dilution may be a viable cause of action in situations where virtual design theft has occurred and the trademark has reached a requisite level of fame.

CONCLUSION

Virtual design theft has significantly grown over the past five years and with the emerging market for 3D printing, it will continue to occur at an increasing rate. The success of enforcement efforts of design patent, copyright and trademark laws is still uncertain and depends on a number of case-specific facts. Thus, while companies affected by the advent of 3D printing may eventually decide to follow the music and entertainment industry by changing their business models to adapt to the digitalization of their product, well planned procurement and enforcement strategies of intellectual property will be important in the interim to protect their current business models against virtual design theft. ■

SUPREME IP: THE U.S. SUPREME COURT WEIGHS IN ON IP RIGHTS



BY ROSS A.
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Starting with
Medtronic, Inc.

v. Mirowski Family Ventures, LLC — analyzed in Banner & Witcoff's Spring 2014 Newsletter — the U.S. Supreme Court considered a number of intellectual property cases in its 2013–14 term. From patent-eligible subject matter to the copyright implications of new technology, the Court's opinions provide guidance on a wide variety of topics, each of which is analyzed below. In addition, as of September 2, 2014, the Supreme Court has granted certiorari in another three cases. These are also introduced below.

PATENT CASES

Alice Corp. v. CLS Bank International: Patent-Eligible Subject Matter

One of this term's most-watched intellectual property cases was *Alice Corp. v. CLS Bank International*, where the Court reviewed the standard for determining patent-eligible subject matter under 35 U.S.C. § 101. The Court examined judicially created

risk that only one party to an agreed-upon financial exchange will satisfy its obligation, . . . using a computer system as a third-party intermediary." The Court held that the claims at issue in *Alice* were "directed to an abstract idea," and thus not patentable.

The Court elicited a two-step framework to determine whether claims are directed to an abstract idea. In future cases, when a district court addresses this issue, the court must first "determine whether the claims at issue are directed to [a] patent-ineligible concept" — here, an abstract idea. Second, the court must "search for an 'inventive concept' — *i.e.*, an element or combination of elements that is 'sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.'"

To determine whether a concept is an abstract idea, the court "must distinguish between patents that claim the 'building blocks' of human ingenuity and those that integrate the building blocks into something more." While the Court acknowledged that "[a]t some level, 'all inventions

Since 2013, the Supreme Court has either heard or granted certiorari in 7 patent cases, 2 copyright cases, and 4 trademark/Lanham Act cases.

exceptions to statutory text; specifically, that "laws of nature, natural phenomena, and abstract ideas are not patentable."

In *Alice*, the claims were directed to a "scheme for mitigating 'settlement risk' — *i.e.*, the

embody, use, reflect, rest upon, or apply . . . abstract ideas,'" patent claims that "'risk disproportionately tying up the use of the underlying' ideas" are excluded as abstract ideas.

[MORE ►](#)

To determine whether a patent applicant has sufficiently “transform[ed] a claimed abstract idea into a patent-eligible application,” the court looks for an “inventive step.” Specifically, “[a] claim that recites an abstract idea must include ‘additional features’ to ensure ‘that the claim is more than a drafting effort designed to monopolize the abstract idea.’” For example, the Court reinforced the notion that the claim must “do more than simply state the [abstract idea] while adding the words ‘apply it.’”

In analyzing the claims at issue, the Court did not “labor to delimit the precise contours of the ‘abstract ideas’ category in this case,” but simply held that “there is no meaningful distinction between the concept of risk hedging in *Bilski v. Kappos*” — which claimed “a longstanding commercial practice” — and the claims in *Alice*. Further, in searching for an “inventive step,” the Court held that the claims covered “‘well-understood, routine, conventional activities’ previously known to the industry. In short, each step does no more than require a generic computer to perform generic computer functions.” Therefore, the claims were not patent eligible under Section 101. In the Court’s view, the claims — if allowed to be patented — would have prevented anyone else from performing any form of computerized intermediated settlement.

***Nautilus, Inc. v. Biosig Instruments, Inc.*: Definiteness Requirement of 35 U.S.C. § 112, ¶ 2**

Section 112 of the Patent Act requires a patent specification to “conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as [the] invention.” In *Nautilus*, the Court examined “the proper reading of the statute’s clarity and precision demand.” The claims before the Court were

directed to a heart-rate monitor used with exercise equipment. The Court did not express an opinion on the validity of the claims, but held that “a patent is invalid for indefiniteness if its claims, read in light of the specification delineating the patent, and the prosecution history, fail to inform, with reasonable certainty, those skilled in the art about the scope of the invention.” The Court refers to this as the “reasonable-certainty standard.” The Court rejected the Federal Circuit’s previous indefiniteness standard, which considered a claim indefinite “only when it is ‘not amenable to construction’ or ‘insolubly ambiguous.’”

The Court explained several aspects of the Section 112, ¶ 2 inquiry. First, the Court evaluates definiteness “from the perspective of someone skilled in the relevant art.” Second, “claims are to be read in light of the patent’s specification and prosecution history.” Third, the Court measures definiteness “at the time the patent was filed.”

Interestingly, the Court did not reconcile how claim definiteness can be evaluated both in light of the specification *and prosecution history* and *at the time the patent was filed*. Additionally, the Court acknowledged that “applicants face powerful incentives to inject ambiguity into their claims,” and explained that “the patent drafter is in the best position to resolve” ambiguities in claims.

Thus, in *Nautilus*, the Court attempted to achieve a “delicate balance” by establishing a “reasonable-certainty standard” for evaluating definiteness. However, the Court did not provide an illustrative example for how to apply its new standard, instead remanding to the Federal Circuit to reconsider the disputed claims under this new “reasonable certainty” standard.

Limelight Networks, Inc. v. Akamai Technologies, Inc.: Divided Infringement

In *Limelight*, the Court held that a defendant is not liable for inducing infringement of a patent under 35 U.S.C. § 271(b) when no one has directly infringed the patent under § 271(a). The Court reversed an *en banc* panel of the Federal Circuit, which had held that § 271(b) liability for induced infringement “arises when a defendant carries out some steps constituting a method patent and encourages others to carry out the remaining steps.”

Limelight Networks operates a content-delivery network, “and carries out several of the steps claimed in” a patent for which Akamai is the exclusive licensee. “[B]ut the record is undisputed that Limelight does not” perform all the steps of the claimed method.

The Court relied heavily on the Federal Circuit’s 2008 decision in *Muniauction, Inc. v. Thomson Corp.*, where the Federal Circuit “started from ‘the proposition that direct infringement requires a single party to perform every step of a claimed method.’” The Court did not consider whether that proposition was correct — the question presented being induced infringement under § 271(b), not direct infringement under § 271(a). Instead, the Court “assum[ed] without deciding that the Federal Circuit’s holding in *Muniauction* is correct,” and held that “there has simply been no infringement of [a] method” when “the performance of all the patent’s steps is not attributable to any one person.” In other words, there can be no induced infringement absent a showing of direct infringement.

This holding parallels the Court’s approach to contributory infringement in *Deepsouth Packing Co. v. Laitram Corp.* There the Court

“rejected the possibility of contributory infringement” where “a manufacturer produced components of a patented machine and then exported those components overseas to be assembled by its foreign customers.” Because the machines were never assembled in the United States, there was never direct infringement, and the manufacturer could not be liable for contributory infringement. “Similarly, in this case, performance of all the claimed steps cannot be attributed to a single person, so direct infringement never occurred.” The Court therefore held that Limelight was not liable for induced infringement.

Octane Fitness, LLC v. Icon Health & Fitness, Inc., and Highmark Inc. v. Allcare Health Management System, Inc.: Standard for Awarding Attorneys’ Fees in Patent-Infringement Cases

Section 285 of the Patent Act provides that “[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party.” In *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*, the Court considered the proper approach for evaluating a request for fees under § 285. The district court, after granting Octane Fitness’s motion for summary judgment of non-infringement, denied Octane’s request for fees under the approach established in 2005 by the Federal Circuit in *Brooks Furniture Mfg., Inc. v. Dutilleul Int’l*. The *Brooks Furniture* approach limited the award of attorney fees in patent cases to “when there has been some material inappropriate conduct” or when the litigation is both “brought in subjective bad faith” and “objectively baseless.” The Federal Circuit affirmed both orders.

On review, the Court unanimously rejected the *Brooks Furniture* approach. The Court explained that the *Brooks Furniture* [MORE ►](#)

approach is “unduly rigid, and impermissibly encumbers the statutory grant of discretion to district courts.” Instead, the analysis “begins and ends with the text of § 285 . . . This text is patently clear.” The only constraint on district courts’ discretion to award attorney fees is that they do so only in “exceptional cases.” An exceptional case is “simply one that stands out from others with respect to the substantive strength of a party’s litigating position . . . or the unreasonable manner in which the case was litigated.” Thus, a district court “may determine whether a case is ‘exceptional’ in the case-by-base exercise of their discretion, considering the totality of the circumstances.” Further, according to the Court, this approach is not new, but rather a return to the standard used from 1946 to 2005.

Additionally, the Court rejected *Brooks Furniture’s* clear-and-convincing-evidence standard of proof required for patent litigants to prove entitlement to fees. Section 285 does not require a “specific evidentiary burden, much less such a high one.” Instead, the correct standard of proof is a preponderance of the evidence, “because it ‘allows both parties to share the risk of error in roughly equal fashion.’”

The Court therefore reversed the Federal Circuit, and remanded the case for review using the correct standard.

On remand, the Federal Circuit itself remanded the *Octane Fitness* case back to the district court. In doing so, the Federal Circuit reminded the district court that it is not *obligated* to award fees if a case is determined to be exceptional, but rather may choose to do so at its discretion.

In *Highmark Inc. v. Allcare Health Management System, Inc.*, argued together with *Octane Fitness*, the Court considered the standard for reviewing a district court’s award of fees under § 285.

Citing the Court’s focus on the text of § 285 in *Octane Fitness*, the Court held that “[b]ecause § 285 commits the determination of whether a case is ‘exceptional’ to the discretion of the district court, that decision is to be reviewed on appeal for abuse of discretion.” Therefore, the Court reversed and remanded the case to the Federal Circuit for review of the district court’s fee grant using an abuse-of-discretion standard.

COPYRIGHT CASES

American Broadcasting Companies, Inc. v. Aereo, Inc.: Meaning of “Public Performance” Under Copyright Act

Another closely watched intellectual property case this term was *American Broadcasting Companies, Inc. v. Aereo, Inc.* A 6–3 majority of the Court held that Aereo infringed the exclusive right to “perform [a] copyrighted work publicly” when “selling its subscribers a technologically complex service that allows them to watch television programs over the Internet at about the same time as the programs are broadcast over the air.”

Aereo’s system includes thousands of tiny antennas in a central location, which individual users may use to watch over-the-air broadcast content. When a user selects content to watch, a single antenna is allocated to that user — and only that user — and the content received by that antenna is transmitted over the Internet to that user. The user can thus watch over-the-air content over the Internet nearly simultaneously with the over-the-air broadcast.

The Court analyzed two questions in determining whether Aereo infringed the right to perform a copyrighted work publicly. First, “does Aereo ‘perform’ at all? And second, if so, does Aereo do so ‘publicly?’”

In analyzing whether Aereo performs, the Court admitted that “the language of the Act does not clearly indicate when an entity ‘perform[s]’ . . . and when it merely supplies equipment that allows others to do so.” The Court analogized Aereo’s technology to cable TV (CATV) technology of 40 years ago. CATV providers “placed antennas on hills above” cities, then “amplified and modulated the signals” to rebroadcast them to customers. In 1968 and 1974, the Court held that CATV systems did not infringe the copyrights of the content they rebroadcast; “[v]iewers do not become performers by using ‘amplifying equipment’ and a CATV provider should not be treated differently for providing viewers the same equipment.” But in 1976, Congress amended the Copyright Act “to reject the Court’s holdings . . . [and] to bring the activities of cable systems within the scope of the Copyright Act.”

Even though the Court acknowledged a “particular difference between Aereo’s system” and CATV systems — that only “in automatic response to the subscriber’s request does Aereo’s system activate an antenna and begin to transmit the requested program” — the Court “d[id] not see how this single difference, invisible to subscriber and broadcaster alike, could transform a system that is for all practical purposes a traditional cable system into” one that does not “perform” within the scope of the Copyright Act.

In analyzing whether Aereo performs “publicly,” the Court similarly ignored “technological differences” between Aereo’s system and traditional cable systems. In the Court’s view, “Congress would as much have intended to protect a copyright holder from the unlicensed activities of Aereo as from those of cable companies.” Thus, the Court interpreted “the public” to apply to “a group of individuals acting as ordinary members

of the public who pay primarily to watch broadcast television programs.”

Even though the Court held that Aereo infringed the right of public performance, the Court stressed that “we do not believe that our limited holding” will “discourage or control the emergence or use of different kinds of technologies.” The Court specifically noted that “questions involving cloud computing, remote storage DVRs, and other novel issues not before the Court” are not covered by its holding. Justice Scalia authored a strong dissent.

It remains to be seen if “Congress will take a fresh look at this new technology” and “decid[e] whether the Copyright Act needs an upgrade.” But for now, the Court limited its holding to Aereo’s system and others like it, thus hoping to avoid disturbing future investments in and development of other new technologies.

***Petrella v. Metro-Goldwyn-Mayer, Inc.:* Applicability of Laches to Copyright- Infringement Claims**

In *Petrella*, a 6–3 majority of the Court held that laches cannot be invoked as a bar to a copyright-infringement claim for damages brought within the Copyright Act’s three-year statute of limitations. The author’s daughter, Paula Petrella, inherited the copyright to a 1963 screenplay on which the 1980 MGM film *Raging Bull* was based. She sued MGM for infringement in 2009. Petrella “sought no relief for conduct occurring outside” the three-year limitations period, but the district court and the Ninth Circuit nevertheless invoked laches as a bar to relief, because Petrella *could have* brought her claim earlier.

Congress established “a right to sue for infringement occurring no more than three years back from the time of suit,” **MORE ►** and “[t]hat regime leaves ‘little

place' for a doctrine that would further limit the timeliness of a copyright owner's suit." The Court did, however, recognize that "the consequences of a delay in commencing suit may be of sufficient magnitude" to limit the amount or type of relief that may be rewarded. For example, in *Chirco v. Crosswinds Communities, Inc.*, the owner of a copyrighted architectural design was not "entitled to an order mandating destruction of" a housing development in which more than 168 units were built, with 109 units occupied. That relief would be inequitable for two reasons: "the plaintiffs knew of the defendants' construction plans before the defendants broke ground, yet failed to take readily available measures to stop the project; and the requested" destruction would be "an unjust hardship' upon the defendants and innocent third parties."

Petrella's claim did not present the kind of extraordinary circumstances that would bar some types of relief at the outset. "Allowing Petrella's suit to go forward will put at risk only a fraction of the income MGM has earned during [the past three decades] and will work no unjust hardship on innocent third parties." The Court noted, however, that if Petrella ultimately prevails, the district court "may take account of her delay in commencing suit" when determining

appropriate damages. But her delay cannot completely "foreclos[e] the possibility of any form of relief."

CASES FOR 2014-2015 TERM

While not hearing a single trademark case in its previous term, the Court has already granted certiorari of two trademark cases for its next term, plus an additional patent case:

- *Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.*: The Court will consider the appropriate standard for reviewing a district court's factual findings in patent claim construction.
- *B&B Hardware v. Hargis Industries*: The Court will consider whether the Trademark Trial and Appeal Board's finding of likelihood of confusion precludes a respondent from relitigating that issue in infringement litigation.
- *Hana Financial v. Hana Bank*: The Court will consider whether the jury or the court determines whether use of an older trademark may be tacked to a newer one.

As always, Banner & Witcoff attorneys will watch these and other cases before the Court, and provide updates and analysis as more information becomes available. ■



JOSEPH M. POTENZA ELECTED ABA-IPL REPRESENTATIVE TO THE ABA HOUSE OF DELEGATES

Joseph M. Potenza was elected as the American Bar Association Section of Intellectual Property Law (ABA-IPL) Representative to the ABA House of Delegates during the organization's Annual Meeting in Boston, Aug. 6-12, 2014. He will serve a three-year term, expiring in 2017.

OUR CLIENTS

are multinational, innovative design driven companies. We work with our clients to achieve their business goals in both the procurement and enforcement of design patents.



Banner & Witcoff congratulates 2014 International Design Excellence Award winners and finalists Microsoft, NIKE, Nokia and Shure

The Industrial Designers Society of America recently announced that firm design clients Microsoft Inc., NIKE Inc., Nokia and Shure Inc., were among the winners and finalists of its 2014 International Design Excellence Awards.

NIKE and Nokia earned gold medals for their innovative product designs. NIKE was recognized for its Making of Making Powered by NIKE MSI (Materials Sustainability Index), an app that ranks materials based on their environmental impact in chemistry, energy, water and waste. Nokia was recognized for the Nokia 2520, a tablet that features a bold polycarbonate unibody design with a battery that can charge up to 80 percent in an hour.

Other recognized designs include the NIKE Free Hyperfeel; the Nokia Lumia 1320 Windows Phone 8; the Microsoft Xbox One Chat Headset; and the Shure SE846 sound isolating earphones.

The International Design Excellence Awards is the premier international competition honoring design excellence in products, sustainability, interaction design, packaging, strategy, research and concepts.

Banner & Witcoff would like to extend our congratulations to our clients for their continued excellence in design and innovation.



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