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IP Cases: The Year in Review

David R. Todd  
February 23, 2018



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**Supreme Court IP Cases Decided / Pending Since 2017 IP Summit**

Supreme Court

1. *SCA Hygiene v. First Quality Baby Products* (patent)
2. *Star Athletica v. Varsity Brands* (copyright)
3. *TC Heartland v. Kraft Foods* (patent)
4. *Impression Products v. Lexmark* (patent)
5. *Sandoz v. Amgen* (patent)
6. *Matal v. Tam* (trademark)
7. *Oil States Energy Services v. Greene's Energy Group* (patent)
8. *SAS Institute v. Matal* (patent)
9. *WesternGeco v. ION Geophysical* (patent)

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**Top Circuit Court IP Cases Decided / Pending Since 2017 IP Summit**

En Banc Decisions / Pending Cases

1. *Aqua Products v. Matal* (Fed. Cir. *en banc*) (patent)
2. *Wi-Fi One v. Broadcom* (Fed. Cir. *en banc*) (patent)
3. *NantKwest v. Iancu* (Fed. Cir. *en banc*) (patent)

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**Top Circuit Court IP Cases Decided / Pending Since 2017 IP Summit**

**Panel Decisions**

1. *Helsinn Healthcare v. Teva Pharms.* (Fed. Cir.) (patent)
2. *Fourth Estate v. Wall-Street.com* (11th Cir.) (copyright)
3. *Mavrix Photographs v. LiveJournal* (9th Cir.) (copyright)
4. *In re Cray* (Fed. Cir.) (patent)
5. *In re Micron Tech.* (Fed. Cir.) (patent)
6. *Twentieth Century Fox v. Empire Distrib.* (9th Cir.) (trademark)
7. *In re Brunetti* (Fed. Cir.) (trademark)
8. *BMG Rights Management v. Cox Comm'ns* (4th Cir.) (copyright)
9. *Berkheimer v. Hewlett-Packard* (Fed. Cir.) (patent)
10. *In re BigCommerce* (Fed. Cir.) (patent)

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**SCA Hygiene v. First Quality Baby Prods.**  
137 S.Ct. 954 (Mar. 21, 2017)

**District Court**

- applied six-year presumption of laches and granted summary judgment of laches, barring any pre-complaint damages

**Federal Circuit En Banc (6-5)**

- Laches can bar damages in patent cases even to the extent the six-year limit in 35 U.S.C. § 286 does not bar damages because the Patent Act codifies laches
  - 35 USC 282(b)(1) defenses: "Noninfringement, absence of liability for infringement or unenforceability."
  - Legislative history (Federico Commentary): includes "defenses such as that the patented invention has not been made, used or sold by the defendant; license; and equitable defenses such as laches, estoppel, and unclean hands."

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**SCA Hygiene v. First Quality Baby Prods.**  
137 S.Ct. 954 (Mar. 21, 2017)

**Supreme Court**

- As the Supreme Court held in its copyright decision in *Petrella*, laches cannot bar a claim for damages in a patent case in the face of a statute of limitations enacted by Congress
- Likewise, laches cannot bar a claim for patent infringement damages that are not barred by the six-year limit in 35 U.S.C. § 286
- Even if reference to "unenforceability" as a defense in 35 U.S.C. § 282(b) codified laches as a defense in patent cases (per Federico's commentary), it did not codify laches as a defense to damages

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*Star Athletica v. Varsity Brands*  
137 S.Ct. 1002 (Mar. 22, 2017)

• **Facts**

- 17 U.S.C. § 101:
  - "A 'useful article' is an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information."
  - "the design of a useful article . . . shall be considered a [copyrightable] work only if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural **features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of** the article."

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*Star Athletica v. Varsity Brands*  
137 S.Ct. 1002 (Mar. 22, 2017)

• **Facts**

- Varsity owns copyright in "2-dimensional artwork"



- Star allegedly uses these designs on cheerleader uniforms (as does Varsity). Varsity sued Star.
- Star argued that cheerleader uniforms are a "utilitarian article" and that design is neither "physically" nor "conceptually" "separable" under 17 U.S.C. § 101
- DCt granted SJ for Star; Sixth Circuit reversed

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*Star Athletica v. Varsity Brands*  
137 S.Ct. 1002 (Mar. 22, 2017)

• **Supreme Court**

- The statutory test is satisfied in this case
  - "First, one can identify the decorations as features having pictorial, graphic, or sculptural qualities."
  - "Second, if the arrangement of colors, shapes, stripes, and chevrons on the surface of the cheerleading uniforms were separated from the uniform and applied in another medium — for example, on a painter's canvas — they would qualify as "two-dimensional...works of...art." § 101. And imaginatively removing the surface decorations from the uniforms and applying them in another medium would not replicate the uniform itself."
- Fact that outer edge of the 2-dimensional art correlates to the shape of a cheerleading uniform does not matter.
  - "A fresco painted on a wall, ceiling panel, or dome would not lose copyright protection, for example, simply because it was designed to track the dimensions of the surface on which it was painted."
- "The focus of the separability inquiry is on the extracted feature and not on any aspects of the useful article that remain after the imaginary extraction. The statute does not require the decision maker to imagine a fully functioning useful article without the artistic feature."

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*Impression Products v. Lexmark*

137 S.Ct. 1523 (May 30, 2017)

• **Facts**

- Lexmark owns a patent on toner cartridges
- Lexmark sells its cartridges under two alternative options:
  - "Regular Cartridge": customers pay full price subject to no restrictions
  - "Return Program Cartridge": customers get 20% discount; "single use only" conditional sale
- Lexmark sold some of these cartridges outside of the United States
- Impression acquired used cartridges, refurbished them, and then sold them to customers in the United States.
- Impression knew about Lexmark's "single use only" restrictions.
- Lexmark sued Impression for infringement
- En Banc Federal Circuit held that cartridges first sold outside U.S. are not subject to exhaustion (*Jazz Photo* still good law)
- En Banc Federal Circuit held that sales inside U.S. were not subject to exhaustion because they were sold subject to a single-use agreement (*Mallinckrodt* still good law)

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*Impression Products v. Lexmark*

137 S.Ct. 1523 (May 30, 2017)

• **Supreme Court**

- "We conclude that a patentee's decision to sell a product exhausts all of its patent rights in that item, regardless of any restrictions the patentee purports to impose or the location of the sale."
- "Once sold, the Return Program cartridges passed outside of the patent monopoly, and whatever rights Lexmark retained are a matter of the contracts with its purchasers, not the patent law."

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*Sandoz v. Amgen*

137 S.Ct. 1664 (June 12, 2017)

• **BPCIA**

- abbreviated regulatory pathway for FDA approval of "highly similar" biosimilars, allowing piggybacking on previous approval for "reference product sponsor"
- 12 years of market exclusivity for reference product, regardless of whether there is a patent covering the biosimilar
- **42 U.S.C. § 262(l)(2)(A)**: Not later than 20 days after [submission of application], the applicant *shall* provide to the reference product sponsor a copy of the application."
- It is 271(e) infringement to submit FDA application seeking to piggyback on a patented "reference product" "if the applicant fails to provide the application"
- **42 U.S.C. § 262(l)(8)(A)**: "Notice of commercial marketing— The . . . applicant shall provide notice to the reference product sponsor not later than 180 days before the date of the first commercial marketing of the biological product *licensed* under [the piggybacking provisions]."

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*Sandoz v. Amgen*

137 S.Ct. 1664 (June 12, 2017)

• **Facts**

- Amgen got FDA approval for Neupogen in 1990. Neupogen is a genetically engineered protein that stimulates the production of certain white blood cells.
- Sandoz sought FDA approval for biosimilar Zarxio in July 2014 and gave a "notice of commercial marketing" but did not provide its FDA application to Amgen
- Amgen sued Sandoz for 271(e) infringement; Amgen did not seek a preliminary injunction based on infringement
- The FDA approved Zarxio in March 2015; Sandoz gave a "further notice of commercial marketing"
- Federal Circuit:
  - If an applicant does not provide its application to the sponsor, the sponsor's only remedy is to file a DJ action or 271(e) action, where it can obtain that information in discovery
  - the word "licensed" in 42 U.S.C. § 262(l)(8)(A) means that applicant may not give the 180-day notice until after FDA approval; injunction imposed until 180 days after "further notice of commercial marketing"

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*Sandoz v. Amgen*

137 S.Ct. 1664 (June 12, 2017)

• **Supreme Court**

- "The first question presented by these cases is whether the requirement that an applicant provide its application and manufacturing information to the manufacturer of the biologic is enforceable by injunction. We conclude that an injunction is not available under federal law, but we remand for the court below to decide whether an injunction is available under state law."
- "The second question is whether the applicant must give notice to the manufacturer after, rather than before, obtaining a license from the FDA for its biosimilar. We conclude that an applicant may provide notice before obtaining a license."

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*Matal v. Tam*

137 S.Ct. 1744 (June 19, 2017)

• **Facts**

- In 2006, Mr. Tam named his band The Slants to "reclaim" and "take ownership" of Asian stereotypes.
- In 2011, Mr. Tam filed an application for federal registration of The Slants
- The Examiner refused to register the mark based on 15 U.S.C. § 1052(a), which prohibits registration of a mark that "consists of or comprises immoral, deceptive, or scandalous matter; or matter which may **disparage** . . . persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute...."
- In particular, the examiner concluded that Mr. Tam's mark disparaged people of Asian descent because "a substantial composite of persons of Asian descent would find the term offensive."
- Mr. Tam appealed, arguing that rejection violated the First Amendment
- En Banc Federal Circuit agreed and reversed

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*Matal v. Tam*

137 S.Ct. 1744 (June 19, 2017)

• **Supreme Court**

- Full Court (8 Justices)
  - "Trademarks are private, not government, speech."
- 4 Justices (Alito, Roberts, Thomas, Breyer)
  - government-subsidy cases "all involved **cash subsidies or their equivalent**," such as tax benefits, and are thus "not instructive in analyzing the constitutionality of restrictions on speech imposed in connection with [government] **services**"
  - union-dues cases upholding laws limiting use of automatically-deducted union dues are not relevant because, *inter alia*, they "implicate the free speech rights of non-union members"
  - "more analogous are cases in which a unit of government creates a limited public forum for private speech"
    - In these cases, "viewpoint discrimination" is forbidden, and the disparagement clause involves viewpoint discrimination
  - Even if it regulates "commercial speech," disparagement clause "goes much further than is necessary to serve the interest asserted"

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*Matal v. Tam*

137 S.Ct. 1744 (June 19, 2017)

• **Supreme Court**

- 4 Justices (Kennedy, Ginsburg, Sotomayor, Kagan)
  - This is viewpoint discrimination subject to strict scrutiny
    - A subject that is first defined by content and then regulated or censored by mandating only one sort of comment is not viewpoint neutral. To prohibit all sides from criticizing their opponents makes a law more viewpoint based, not less so.
  - "Commercial speech is no exception..."
    - "Unlike content based discrimination, discrimination based on viewpoint, including a regulation that targets speech for its offensiveness, remains of serious concern in the commercial context."
  - "[T]he Court's precedents have recognized just one narrow situation in which viewpoint discrimination is permissible: where the government itself is speaking or recruiting others to communicate a message on its behalf."
    - "Viewpoint discrimination is not permitted where, as here, the Government 'expends funds to encourage a diversity of views from private speakers'"

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*Oil States Energy v. Greene's Energy*

(S.Ct., argued Nov. 27, 2017)

• **Supreme Court**

- Question Presented: "Whether *inter partes* review—an adversarial process used by the Patent and Trademark Office (PTO) to analyze the validity of existing patents— violates the Constitution by extinguishing private property rights through a non-Article III forum without a jury."
- Oral Argument: "Our challenge is to an adjudication in the Article III sense between two private parties, where the government isn't – isn't engaging in the classic executive action of bringing the action or prosecuting action but is adjudicating, is the decider of the action".

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*SAS Institute v. Matal*  
(S.Ct., argued Nov. 27, 2017)

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- **Facts**
  - ComplementSoft sued SAS for infringement, asserting at least claims 1, 2, 3, 4, 8, & 10
  - SAS filed IPR petition for claims 1-16
  - PTAB instituted IPR only on claims 1 & 3-10 (not claims 2 or 11-16)
  - PTAB's final decision concluded that claims 1, 3, & 5-10 were unpatentable, but that claim 4 was patentable
  - SAS argued that PTAB did not comply with 35 U.S.C. § 318(a), which provides that the PTAB "shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner."
    - SAS wants a final written decision on claims 2 & 11-16 so that it can appeal from them
  - Federal Circuit rejected SAS's argument

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*SAS Institute v. Matal*  
(S.Ct., argued Nov. 27, 2017)

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- **Supreme Court**
  - **Petitioner**
    - Plain language of section 318(a) requires a decision on "any patent claim challenged by the petitioner"
    - If necessary to reach the issue, partial institution by PTAB is *ultra vires*
    - Allowing partial decisions is less efficient for parties
  - **Respondents**
    - This is a really a challenge to partial institution, which is "not appealable" under section 314(d)
    - Section 318(a) is ambiguous; *Chevron* deference required
    - Allowing partial institution / decision is more efficient for PTO

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*WesternGeco v. ION Geophysical*  
(S.Ct., cert. granted Jan. 12, 2018)

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- **Facts**
  - WesternGeco owns four patents relating to marine seismic surveys, used to search for oil and gas beneath the ocean floor.
    - When conducting a marine seismic survey, a ship tows an array of sensors attached to cables that detect soundwaves reflected off the ocean floor
    - WesternGeco's patents cover a system for controlling the movement of the cables to produce more efficient surveys and higher-quality data
  - WesternGeco does not license or sell this system; it uses the system on the high seas and earns fees for its services
  - ION makes components of the system in the U.S. and exports those components to customers abroad, who assemble the patented system and use it to perform surveys on the high seas in competition with WesternGeco
  - WesternGeco sued ION under 35 USC 271(f)
  - Jury awarded \$12.5 million in royalties and \$93.4 million in lost profits for ten survey contracts that WesternGeco had lost to ION's customers

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*WesternGeco v. ION Geophysical*  
(S.Ct., cert. granted Jan. 12, 2018)

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- **Federal Circuit**
  - WesternGeco could not get lost profits because:
    - the contracts that it had lost were for performing seismic surveys “on the high seas, outside the jurisdictional reach of U.S. patent law” and
    - awarding lost profits for these contracts would contravene the presumption against the extraterritorial application of U.S. law
    - Federal Circuit case law for damages for 271(a) infringement, which held that extraterritorial activity constituted “an independent, intervening act that, under almost all circumstances, cuts off the chain of causation initiated by an act of domestic infringement.”
      - Here, overseas assembly of patented invention was intervening non-infringing activity
      - Use on high seas of patented invention was intervening non-infringing activity

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*WesternGeco v. ION Geophysical*  
(S.Ct., cert. granted Jan. 12, 2018)

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- **Solicitor General**
  - WesternGeco should be able to recover all lost profits proximately caused by ION’s domestic infringement, including profits it would have earned by performing surveys on the high seas
  - “a foreign tourist negligently injured in a car crash in the United States should receive full compensation from the tortfeasor, including for lost wages the tourist would have earned in his home country.”
    - FN: Must take into account whether, in but-for world, infringer would/could have moved its domestic operations overseas so as not to infringe (available non-infringing substitute)
- **Supreme Court has granted certiorari**

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*Aqua Products v. Matal*  
872 F.3d 1290 (Fed. Cir. Oct. 4, 2017) (en banc)

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- **Facts**
  - Aqua owns the '183 patent
  - Zodiac petitioned for inter partes review; IPR instituted
  - Aqua moved to amend its claims; PTAB denied motion
  - PTAB placed burden on patentee to prove patentability, based on general regulation for motions:
    - “A moving party has the burden of proof to establish that it is entitled to the requested relief.” 37 C.F.R. § 42.20(c).
  - The PTAB has required patent owners to prove that amended claims are patentable over “any material art in the prosecution history of the patent” *MasterImage 3D, Inc. v. RealD Inc.* (PTAB July 15, 2015).
  - Regulation specifically governing motions to amend only specifies that motion “may be denied” if the amendment:
    - does not respond to the grounds “involved in the trial”
    - “seeks to enlarge the scope of the claims of the patent”
    - “introduce[s] new subject matter”

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*Aqua Products v. Matal*

872 F.3d 1290 (Fed. Cir. Oct. 4, 2017) (en banc)

- **En Banc Federal Circuit (5-4-2 Split)** (Judge Stoll did not participate)
  - 35 U.S.C. § 316(e): “Evidentiary standards.—In an inter partes review instituted under this chapter, the petitioner shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence”
  - A majority (4+ 2) concludes that this statute is ambiguous as to whether petitioner has burden to prove unpatentability for amended claims and that PTO has ability to promulgate regulation governing that burden
  - 5 judges conclude that the statute is not ambiguous and places burden on petitioner
  - A majority (5 + 2) concludes that if ambiguous, PTO has not done enough to warrant *Chevron* deference for proposition that patentee has burden

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*Wi-Fi One v. Broadcom*

878 F.3d 1364 (Fed. Cir. Jan. 8, 2018) (en banc)

- **Facts**
  - Wi-Fi sued a number of Broadcom’s customers for patent infringement
  - More than a year later, Broadcom filed an IPR challenging Wi-Fi’s patent
  - Wi-Fi argued that Broadcom was in privity with its customers and therefore was time-barred from filing IPR under one-year bar in § 315(b)
  - PTAB rejected Wi-Fi’s argument both in institution decision and then again in final decision
  - Federal Circuit panel concluded that § 314(d) precluded review under *Achates* precedent:
    - § 314(d): “The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable”

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*Wi-Fi One v. Broadcom*

878 F.3d 1364 (Fed. Cir. Jan. 8, 2018) (en banc)

- **En Banc Federal Circuit (9-4)**
  - The bar on judicial review of institution decisions in § 314(d) does not apply to time-bar determinations made under § 315(b)
  - The Supreme Court has taught that there is a “strong presumption” in favor of judicial review of agency actions
  - S.Ct. in *Cuozzo* emphasized that § 314(d) bars appeals of “determinations ... to initiate an inter partes review under this section” and “where the challenge consists of questions closely tied to the application and interpretation of statutes related to that determination.”
  - Whether a petitioner has complied with § 315(b) is not the determination identified in § 314(d) or “closely tied” to it, “as it has nothing to do with the patentability merits or discretion not to institute”

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*Nantkwest v. Iancu*  
 (Fed. Cir. en banc, to be argued Mar. 8, 2018)

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- **Facts**
  - Examiner/PTAB rejected application for obviousness
  - Nantkwest appealed to **district court** under 35 U.S.C. § 145
  - 35 USC § 145: “All the **expenses** of the proceedings shall be paid by the applicant” (since 1839)
  - PTO recently began arguing that “expenses” includes portions of the salaries of its attorneys and paralegals
  - D.Ct.: not explicit enough to cover attorney fees
  - Federal Circuit panel (2-1): reversed
  - CAFC *sua sponte* granted en banc review

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*Helsinn Healthcare v. Teva Pharms.*  
 855 F.3d 1356 (Fed. Cir. May 1, 2017)

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- **Facts**
  - AIA 102(a)(1): “A person shall be entitled to a patent unless—(1) the claimed invention was **on sale, or otherwise available to the public** before the effective filing date of the claimed invention.”
  - **Apr. 2001**: Helsinn entered into a Supply and Purchase Agreement with MGI to sell Helsinn’s product upon FDA approval, but there was no approval and no order before Jan. 2002—existence of agreement was public but some terms were redacted
  - **Jan. 7, 2002**: Clinical trials allegedly show efficacy, at the latest
  - **Jan. 30, 2003**: Helsinn filed first in chain of patent applications
  - **July 2003**: FDA approval
  - **May 2013**: Helsinn filed a CIP (post-AIA), claiming priority to Jan. 2003. At filing, Helsinn conceded that one claim (unasserted here) was not entitled to priority before May 2013, so that the entire application is subject to the AIA.
  - District court concluded that inventions in 3 pre-AIA patents were not “on sale” because they were not “ready for patenting” and that invention in post-AIA patent was also not “on sale” because it was not “available to the public”

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*Helsinn Healthcare v. Teva Pharms.*  
 855 F.3d 1356 (Fed. Cir. May 1, 2017)

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- **Federal Circuit**
  - Invention was “on sale” even though sales agreement was subject to condition precedent (FDA approval) that had not occurred by critical date
  - Invention was “ready for patenting” by end of clinical trials (before critical date)
  - “We conclude that, after the AIA, if the existence of the sale is public, the details of the invention need not be publicly disclosed in the terms of sale.”
    - There is “no indication in the floor statements” that Congress intended to overrule S.Ct. and CAFC cases on this point
    - “In stating that the invention must be available to the public they evidently meant that the public sale itself would put the patented product in the hands of the public”
    - “There are no floor statements suggesting that the sale or offer documents must themselves publicly disclose the details of the claimed invention before the critical date.”
    - “If Congress intended to work such a sweeping change... it would do so by clear language.”
- **Petition for Certiorari Likely**

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*Fourth Estate v. Wall-Street.com*  
856 F.3d 1338 (11th Cir. May 18, 2017)

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- Wall-street.com continued displaying articles by Fourth Estate on its website after cancelling subscription
- Fourth Estate applied for registration of copyrights but filed infringement action before Office had acted on application
- 17 U.S.C. 411(a): “[N]o civil action for infringement of the copyright...shall be instituted until...registration of the copyright claim has been made.... [H]owever, where...registration has been refused, the applicant is entitled to institute a civil action....”
- 17 USC 410(d): “The effective date of a copyright registration is the day on which an application, deposit, and fee, which are later determined by the Register of Copyrights...to be acceptable for registration, have all been received in the Copyright Office.”
- Split in the circuits on whether application is sufficient or Office must have acted on application
- 11<sup>th</sup> Circuit: must have acted on application
- S.Ct.: CVSG (asked for views of Solicitor General)

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*Mavrix Photographs v. LiveJournal*  
873 F.3d 1045 (9th Cir. Aug. 30, 2017)

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- LiveJournal is a social media platform
- Volunteer, unpaid “moderators” are selected by LiveJournal to review posts submitted by other users
- Users submit proposed posts; moderators review and post about 1/3 of them
- Moderators review for substance and for copyright infringement
- Mavrix photos were posted on LiveJournal; Mavrix sued
- LiveJournal relies on § 512(c) safe-harbor provision for “infringement of copyright by reason of the storage [of material] **at the direction of a user.**”
- Held: There is a genuine issue: moderators might be “agents” for LiveJournal, not merely “users”

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*In re Cray*  
871 F.3d 1355 (Fed. Cir. Sep. 21, 2017)

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- Raytheon sued Cray in E.D. Tex.
- Cray is a WA corporation with principal place of business in Washington; also has facilities in Minnesota, Wisconsin, California, and Austin & Houston, Texas (not in E.D. Tex.)
- Cray allowed Mr. Douglas Harless and Mr. Troy Testa to work remotely from their homes in the E.D. Tex.
- 28 U.S.C. 1400(b): “Any civil action for patent infringement may be brought [1] in the judicial district where the defendant resides, or [2] where the defendant [a] has committed acts of infringement and [b] has a regular and established place of business.”
- Three requirements for [2][b]:
  - “there must...be a physical, geographical location in the district from which the business of the defendant is carried out.”
  - “the place of business must be “regular,” i.e., not “sporadic”
  - “it must be a place of the defendant, not solely a place of the defendant’s employee”
- No venue in E.D. Tex. in this case

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*In re Micron Technology*

875 F.3d 1091 (Fed. Cir. Nov. 15, 2017)

- When a party files a motion to dismiss without challenging venue, that defense is waived unless the defense was not "available to the party" FRCP 12(g)(2), 12(h)(1)(A).
- The defense of lack of venue under *T.C. Heartland* was not "available" until the S.Ct. decided *T.C. Heartland*
- Grounds in FRCP 12(h) are not only grounds for finding waiver

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*Twentieth Century Fox v. Empire Distrib.*

875 F.3d 1192 (9th Cir. Nov. 16, 2017)

- Empire Distribution is a record label (founded in 2010)
- In 2015, Fox premiered a TV show titled "Empire," involving a fictional music label named "Empire Enterprises" (and some original music)
  - Columbia releases music from the show after each episode
  - Fox promotes the show and its associated music through live musical performances, radio play, and consumer goods such as shirts and champagne glasses bearing the show's "Empire" brand.
- 9<sup>th</sup> Circuit applies a modified test for trademark infringement "when the allegedly infringing use is in the **title of an expressive work**"
  - No trademark infringement "unless [1] the title has no artistic relevance to the underlying work whatsoever, or, ... [2] unless the title explicitly misleads as to the source or the content of the work."
- This test still applies despite Fox's promotion of the TV show through music and goods
- SJ of no infringement affirmed

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*In re Brunetti*

877 F.3d 1330 (Fed. Cir. Dec. 15, 2017)

- **Facts**
  - 15 U.S.C. 1052(a): the PTO may refuse to register a trademark that "[c]onsists of or comprises immoral...or scandalous matter"
  - Brunetti applied to register mark "FU<sup>CK</sup>"
  - PTO rejected registration
  - Federal Circuit
    - substantial evidence to support PTO's rejection as "immoral...or scandalous" under statute
    - however, statutory bar on registration is unconstitutional under First Amendment

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*In re Brunetti*  
877 F.3d 1330 (Fed. Cir. Dec. 15, 2017)

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- **Panel Majority (Judge Moore & Judge Stoll)**
  - Whereas statute in *Tam* was viewpoint-based discrimination, gov't concedes that statute here is at least content-based discrimination
  - Trademark registration is not government-based subsidy program
  - The principal register is not a limited public forum
  - Statute targets expressive content of trademark and therefore strict scrutiny applies
  - Statute does not survive intermediate scrutiny for "commercial speech"
- **Judge Dyk, concurring**
  - Statute should be narrowly construed to preclude only obscenity to preserve its constitutionality
  - Brunetti's mark is not obscene
- **Gov't has asked for *en banc* review**

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*BMG Management v. Cox Comm's*  
2018 WL 650316 (4th Cir. Feb. 1, 2018)

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- **Facts**
  - Cox is an internet service provider
  - Cox has an automated system to process notifications of alleged infringement received from copyright owners:
    - 1<sup>st</sup> Notice: no action from Cox
    - 2<sup>nd</sup>-7<sup>th</sup> Notices: warning emails from Cox to the subscriber
    - 8<sup>th</sup>-9<sup>th</sup> Notices: Cox limits access to a single webpage that contains a warning; subscriber can reactivate service by clicking acknowledgement
    - 10<sup>th</sup>-12<sup>th</sup> Notices: Cox suspends service, requiring subscriber to call a technician, who explains reason for suspension, advises removal of infringing content, and reactivates service
    - 13<sup>th</sup> Notice: subscriber suspended and considered for termination.
  - Cox counts only one notice per subscriber per day
  - Cox resets 13-strike counter every 6 months
  - Cox has never terminated anyone; evidence showed that it wished to keep revenue flowing

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*BMG Management v. Cox Comm's*  
2018 WL 650316 (4th Cir. Feb. 1, 2018)

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- **Facts**
  - BMG hired RightsCorp to monitor BitTorrent activity to determine when infringers share copyrighted works
  - When RightsCorp identifies such sharing, it emails a detailed infringement notice to Cox with the alleged infringer's IP address and a request to forward a settlement offer to accused infringer
  - Cox told RightsCorp it would only process notices without settlement offer
  - Because RightsCorp did not remove settlement offer, Cox automatically deleted millions of notices from RightsCorp
  - BMG sues Cox for contributory copyright infringement (liability for its subscribers' direct infringement)

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*BMG Management v. Cox Comm'ns*

2018 WL 650316 (4th Cir. Feb. 1, 2018)

• **Fourth Circuit**

- Cox seeks safe harbor under 17 USC 512(a): "adopted and reasonably implemented... a policy that provides for the termination in appropriate circumstances of subscribers... who are repeat infringers"
- Cox "failed to implement its policy in any consistent or meaningful way—leaving it essentially with no policy." SJ of no safe harbor affirmed.
- Remand for new trial on "contributory copyright infringement"
  - Jury instruction that only required that "Cox knew or should have known of infringing activity" was incorrect. Knowledge of or willful blindness as to specific instances of infringement required; negligence is insufficient.

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*Berkheimer v. Hewlett-Packard*

2018 WL 774096 (Fed. Cir. Feb. 8, 2018)

- "whether a claim recites patent eligible subject matter is a question of law which may contain underlying facts."
- "The question of whether a claim element or combination of elements is well-understood, routine and conventional to a skilled artisan in the relevant field is a question of fact."
- "Whether a particular technology is well-understood, routine, and conventional goes beyond what was simply known in the prior art. The mere fact that something is disclosed in a piece of prior art, for example, does not mean it was well-understood, routine, and conventional."
- Summary judgment vacated

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*In re BigCommerce*

(Fed. Cir. petition submitted Dec. 22, 2017)

• **Facts**

- BigCommerce incorporated in Texas; headquartered in Austin (in W.D. Tex.)
- Plaintiff sued BigCommerce in E.D. Tex.
- BigCommerce moved to dismiss for lack of venue under *T.C. Heartland*
- District court denied motion to dismiss, concluding that when a state has multiple districts a corporation incorporated in that state resides in **each** of those districts, not just in the district where it has its headquarters
  - One arg: What about corporation incorporated in multi-district state with no office in that state?
- Split among the district courts on this issue

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IP Cases: The Year in Review

David R. Todd  
February 23, 2018



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