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Intellectual Property Review—Updates and Changes from 2018



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Intellectual Property Section*

Friday, February 22, 2019
9 a.m.–1:30 p.m.

4 General CLE credits

INTELLECTUAL PROPERTY REVIEW—UPDATES AND CHANGES FROM 2018

SECTION PLANNERS

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— Dave Bourgeau, <i>Kolitch Romano LLP, Portland, Oregon</i>	

SCHEDULE

8:00 Registration

9:00 Trademark Law Review

- ◆ Federal cases
- ◆ Trademark Trial and Appeal Board (TTAB) proceedings

Alicia Bell, *Miller Nash Graham & Dunn LLP, Portland*

Carla Todenhagen Quisenberry, *Miller Nash Graham & Dunn LLP, Portland*

10:00 Patent Law Review

- ◆ Recent patent case law developments from the Supreme Court and Federal Circuit
- ◆ Significant cases pending at the Supreme Court
- ◆ A new guard: changes at the Patent Office under Director Iancu

Andrew Mason, *Klarquist Sparkman LLP, Portland*

11:00 Break

11:15 Copyright Law Review—Copyright Decisions of 2018 and 2019

- ◆ Analysis of copyrightability, authorship, fair use, substantial similarity, the Digital Millennium Copyright Act (DMCA) safe harbor, embedded linking, and Visual Artists Rights Act (VARA) issues
- ◆ Recommendations for spotting and handling common copyright issues and avoiding copyright claims
- ◆ Overview of recently enacted Music Modernization Act (MMA), the most significant copyright legislation since 1998

Mark Wittow, *K & L Gates, Seattle*

12:15 Lunch: Patenting Artificial Intelligence Technologies

- ◆ Not a black box: technical overview of AI technologies
- ◆ AI in the courts: discussion of recent judicial decisions involving AI inventions
- ◆ Nuts and bolts: tips for preparing and prosecuting patent applications directed to AI technologies, with real-world examples

Mark Alleman, *Alleman Hall Creasman & Tuttle LLP, Portland*

Dave Bourgeau, *Kolitch Romano LLP, Portland*

1:30 Adjourn

FACULTY

Mark Alleman, *Alleman Hall Creasman & Tuttle LLP, Portland*. Mr. Alleman has practiced patent law in Portland for 20 years, and he devotes a significant portion of his practice to artificial intelligence technologies in fields such as internet search engines, natural language processing, object recognition, pose detection, cloud AI services, and hardware compute units (GPUs/FPGAs/TPUs) for AI computations.

Alicia Bell, *Miller Nash Graham & Dunn LLP, Portland*. Ms. Bell is the practice team leader for the Intellectual Property team. She helps clients develop and implement intellectual property strategies that are consistent with their business priorities and corporate culture. She assists clients with the management and protection of intellectual property assets. She routinely handles matters related to software. Her experience includes preparing and negotiating licenses, development and service agreements, nondisclosure agreements, vendor contracts, and most other agreements that her clients encounter in the course of doing business. Ms. Bell also assists clients with issues related to their online presence. Ms. Bell is a member of the Multnomah Bar Association and Oregon Women Lawyers. She is admitted to practice in Oregon and Washington.

Dave Bourgeau, *Kolitch Romano LLP, Portland*. Mr. Borgeau has practiced patent law in Portland for eight years. His practice comprises patent preparation and prosecution relating to complex mechanical and computer-implemented inventions, including IoT, AR, and AI. After graduating from the University of Michigan, he spent five years as an officer in the US Navy, then ten years as an engineer and manager for companies including Ford and FedEx Ground.

Andrew Mason, *Klarquist Sparkman LLP, Portland*. Mr. Mason's practice encompasses all aspects of patent law, with a focus on litigation and USPTO post-grant review proceedings. A registered patent attorney and former circuit designer, Mr. Mason has prosecuted patents on technologies including electronic design automation (EDA), telecommunications, network infrastructure, media codecs, and control systems. He also has extensive experience working with foreign counsel on global patent litigation strategies, and he has participated in patent trials in both Germany and the U.K. Mr. Mason is a member of the Federal Circuit Bar Association and was 2018 vice chair of its PTO Committee. He is past president and current officer of the Oregon Patent Law Association and has twice chaired the association's Salishan Patent Law Conference. Mr. Mason is admitted to practice in Oregon and an inactive member of the Minnesota State Bar Association.

Carla Todenhagen Quisenberry, *Miller Nash Graham & Dunn LLP, Portland*. Ms. Quisenberry's practice focuses on intellectual property law, including prosecuting trademark applications and clearing and enforcing trademarks. She is experienced in patent, trademark, and copyright litigation and licensing, and matters related to trade-secret misappropriation and unfair competition. She is a member of the Society of Women Engineers and Oregon Women Lawyers.

Mark Wittow, *K & L Gates, Seattle*. Mr. Wittow is practice group coordinator for the firm's technology and data protection practice group. His work focuses on intellectual property, technology, and data-related transactions and counseling. Mr. Wittow also advises clients on electronic commerce, data privacy and data protection issues, technology litigation settlements, and complex patent licensing and patent dispositions. He has represented clients in privacy-related enforcement actions before the Federal Trade Commission, and he also has extensive experience with antitrust, unfair practices, and copyright litigation in the technology industry. He has served as a special assistant attorney general for the attorneys general of Alaska, Oregon, and Washington in technology development matters. Mr. Wittow is a member of the American Bar Association Intellectual Property Law Section CLE Board. He is an adjunct professor at the University of Washington and Seattle University law schools, where he teaches Advanced Copyright Law and Arts Legal Clinic courses. He is a frequent presenter and author on cloud computing, copyright and trade secret law developments, and technology and patent licensing and transaction issues. Mr. Wittow is admitted to practice in Washington and Alaska.

Chapter 1

Presentation Slides: Trademark Law Review

ALICIA BELL
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CARLA TODENHAGEN QUISENBERRY
Miller Nash Graham & Dunn LLP
Portland, Oregon

Trademark Law Review

Remember 2018? Good times.

Presented by:

Ali Bell and Carla Quisenberry

February 22, 2019



Federal Cases

adidas Am., Inc. v. Skechers USA, Inc., 890 F.3d 747 (9th Cir. 2018)

- Appeal of preliminary injunction order
- Held: the district court did not abuse its discretion in issuing the preliminary injunction as to adidas's claim that Skechers's Onix shoe infringes on adidas's unregistered trade dress of its Stan Smith shoe. However, the district court erred in issuing a preliminary injunction as to adidas's claim that Skechers's Cross Court shoe infringes and dilutes its Three-Stripe mark.
- Key factor was showing irreparable harm.

The Stan Smith Trade Dress



The Skechers "Onix"



Converse, Inc. v. International Trade Commission (Fed. Cir. October 30, 2018)

- Background: In 2014, Converse sued 30+ companies for infringing trade dress in Chuck Taylor. In 2016, ITC invalidated Converse's trade dress registration (U.S. Trademark Reg. No. 4,398,753) saying there was no secondary meaning due to 80 years of other companies using similar design.
- Federal Circuit vacated the ITC ruling and remanded, because ITC applied the wrong standard to determine secondary meaning and relied on evidence predating the relevant time frame.



Gordon v. Drape Creative, Inc.,

909 F.3d 257 (9th Cir. 2018)

- Background: Creator of online “Honey Badger” videos brought trademark infringement action against producers of greeting cards that used “Honey Badger” catchphrases from videos. Lower court granted summary judgment in favor of greeting card designers/producers. Video creator appealed.
- Held: Reversed and remanded. Greeting cards were expressive works protected under the First Amendment, as required for Rogers balancing test to apply to bar infringement claims, but fact issue remained whether use of “Honey Badger” catchphrases was explicitly misleading.

Pinkette Clothing, Inc. v. Cosmetic Warriors Limited,

No. 17-55325 (9th Cir. 2018)

- Seller of LUSH-branded cosmetics sued seller of LUSH-branded clothing for trademark infringement and cancellation of trademark registration. District Court found laches barred CWL’s cancellation and infringement claims.
- Ninth Circuit affirmed, holding that laches is an available defense because the Lanham Act has no statute of limitations and expressly makes laches a defense to cancellation.

Sazerac Brands, LLC v. Peristyle, LLC,
892 F.3d 853, 855 (6th Cir. 2018)

- Background: Peristyle, LLC purchased and renovated the historic Old Taylor bourbon distillery location with intent to eventually distill bourbon there under a different mark. Owner of trademark rights to “Old Taylor” and “Colonel E.H. Taylor” marks for distilled alcohol filed action against Peristyle alleging trademark infringement, unfair competition, and false advertising under Lanham Act and state law because Peristyle used the name “Old Taylor” to describe the property.
- Held: Fair use under the Lanham Act.

Viacom Int'l v. IJR Capital Investments, L.L.C.,
891 F.3d 178 (5th Cir. 2018)

- Background: Viacom asserted common law rights in THE KRUSTY KRAB as name of fictional restaurant in SpongeBob SquarePants, and brought action against owner of proposed seafood restaurant with same name, asserting unfair competition under Lanham Act.
- Held: Proposed "Krusty Krab" restaurant would violate Viacom's rights to a fictional burger joint in cartoon about a sponge line cook who lives in a pineapple under the sea.

Schlafly v. Saint Louis Brewery, LLC, 909 F.3d 420, 421 (Fed. Cir. 2018)

- Background: The Saint Louis Brewery (SLB), founded by Thomas Schlafly and Daniel Kopman, began selling beer with the SCHLAFLY logo in 1991, and continuously sold beer under its SCHLAFLY trademark ever since. In 2011 SLB applied for trademark registration for “SCHLAFLY” for use with various types of beer. The application was opposed by two relatives of Thomas Schlafly. The TTAB denied the opposition. The Opposers appealed, arguing that the TTAB did not recognize that the mark was “primarily merely a surname.”
- Held: Affirmed. The Board need not decide whether the mark was primarily a surname, because the mark had acquired distinctiveness. The Board relied on the long continuous use of the mark, the geographic scope of use of the mark, the variety of products with the mark in commerce, the prominent placement of the mark on SLB’s products, the large sales volume of SCHLAFLY beer, the marketing types and expenditures of SLB, the total revenue for SCHLAFLY marked products, SLB’s significant ranking among craft brewers in the United States, the awards won by SCHLAFLY beer, and media and other reports on SCHLAFLY beer products.

Royal Crown Co., Inc. v. The Coca-Cola Co., 892 F.3d 1358 (Fed. Cir. 2018)

- Background: Royal Crown Company, Inc. and Dr Pepper/Seven Up, Inc. (together, “Royal Crown”) appeal a TTAB decision dismissing Royal Crown’s opposition to the registration of The Coca Cola Company’s trademarks including the term ZERO without requiring a disclaimer.
- Held: Vacated and Remanded. Court criticized the TTAB’s analysis:
 - The Board failed to consider whether the relevant consuming public would consider the term ZERO to be generic for a subcategory of the claimed genus of beverages—i.e., the subcategory of the claimed beverages encompassing the specialty beverage categories of drinks with few or no calories or few or no carbohydrates.
 - The Board must make an express finding regarding the degree of the mark’s descriptiveness (ranging from generic to merely descriptive) to determine how much evidence is necessary to show acquired distinctiveness.

Louis Vuitton Malletier, S.A. v. My Other Bag, Inc.,
156 F. Supp. 3d 425 (S.D.N.Y.), aff'd, 674 F. App'x 16 (2d Cir. 2016)



- Held: use of trademark on canvas tote bags was a parody, and thus fair use for purposes of claim for trademark dilution by blurring; but even if use was not parody, such use did not affect consumers' ability to clearly and unmistakably distinguish one source as a unique identifier; use of trademark on tote bag was not trademark infringement; use of trademark on tote bag was fair use for purposes of copyright infringement

Knowles-Carter v. Feyonce, Inc.,
2018 WL 4757943 (S.D.N.Y. Sept. 30, 2018)

- Background: Beyoncé (and associated owner of BEYONCÉ mark) brought action against apparel business using “FEYONCÉ,” asserting claims including federal trademark infringement. Plaintiffs moved for summary judgment and for entry of permanent injunction.
- Held: Motion denied.
 - Issue was not just whether plaintiffs intended to capitalize off of fame of BEYONCÉ mark, but also whether customers would think FEYONCÉ products are sponsored by or affiliated with BEYONCÉ products.
 - “A rational jury might or might not conclude that the pun here is sufficient to dispel any confusion among the purchasing public. Thus, there is a genuine dispute of material fact that requires denial of the motion for summary judgment.”

International Leisure Products Inc. v. Funboy LLC

(No. 17-3982, 2d Cir. Sept. 6, 2018)

- Background: International Leisure Products (“Swimline”) had filed suit against Funboy to protect the design of its “Giant Swan” pool floats. Swimline asserted that its trade dress included seven elements listed on next slide and included a photograph of a “Giant Swan” float in the complaint.
- Held: Swimline failed to allege a distinct, non-generic trade dress in “Giant Swan” floats.



International Leisure Products Inc. v. Funboy LLC

(No. 17-3982, 2d Cir. Sept. 6, 2018)

- “circular or elliptical periphery and recessed interior configuration of the inflatable base with a height in proportion to the circumference of the base to provide a pleasing appearance”;
- “substantially vertical inclination and straight line of the ‘neck’ portion projecting from the periphery of the base, the neck having a particular thickness and height to be in aesthetic proportion to the base”;
- “stylized depiction of the head including the face of a bird, possibly resembling a swan, wherein the stylized countenance has two eyes each having a dark periphery and a light or white center, and a bill or beak surrounded by a shaped border that merges with the periphery of the eyes”;
- “elongated tubular shape of the stylized appendages located on opposite sides of the base, with a height and thickness in aesthetic proportion to the base and optional horizontal arcing lines, the stylized appendages being instead of a bird’s wings and also optionally having a generally conical upwardly inclined protuberance”;
- “conical shape of the tail, and the substantially upward inclination of that conical shape from the periphery of the base at the end opposite that from which extends from the neck”;
- “signature color scheme with white, black, gold or pink coloration of the body, orange coloration of the bill/beak and the described coloration of other facial features”; and
- “an overall smooth and flexible texture.”

Iancu v. Brunetti **(S. Ct. Case No. 18-302)**

- Petition for writ of certiorari to determine whether the bar on federal registration of immoral or scandalous marks in Lanham Act 2(a) violates the First Amendment.
- Fed. Cir. Struck down clause as unconstitutional
- Government arguing:
 - *Tam* does not control
 - Barring federal trademark registration is not a restriction of speech, just a refusal to subsidize or promote certain types of marks

Mission Prod. Holdings, Inc. v. Tempnology, LLC, **139 S. Ct. 397 (2018)**

- Petition for writ of certiorari granted limited to Question 1 presented by the petition.
 - “The first question presented is whether a debtor-licensor's rejection of an intellectual property license agreement under §365 of the Bankruptcy Code¹ - which permits a debtor to “assume or reject any executory contract” and provides that rejection “constitutes a breach of such contract” - terminates the licensee's rights under the agreement.”
- Lower court in this case held that when the debtor-licensor, Tempnology LLC, rejected its license agreement with Mission, Mission lost all rights under the agreement that the court determined were not expressly protected by §365(n), including its trademark rights.

TTAB Proceedings

Trademark Trial and Appeal Board Proceedings

- In re American Cruise Lines, Inc., 128 USPQ2d 1157 (TTAB 2018) [precedential]
 - The Board reversed a Section 2(d) refusal of AMERICAN CONSTELLATION, finding the mark not likely to cause confusion with the registered mark CONSTELLATION, both for cruise ship services. Gave “great weight” to two consent agreements.
- Stawski v. Lawson, 129 USPQ2d 1036 (TTAB 2018) [precedential]
 - Board dissolved concurrent use proceeding concluding that Applicant Scott Stawski was not entitled to concurrent use registrations for the marks PROSPER ESTATE and PROSPER RIDGE for wines.

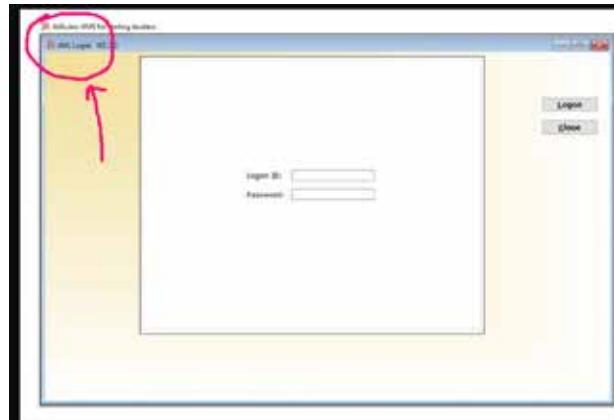
Trademark Trial and Appeal Board Proceedings

- In re Forney Industries, Inc., 127 USPQ2d 1787 (TTAB 2018) [precedential]
 - The Board held that a color mark consisting of multiple colors applied to product packaging cannot be inherently distinctive.
- In re Serial Podcast, LLC, 126 USPQ2d 1061 (TTAB 2018) [precedential]
 - The Board affirmed a refusal to register the term SERIAL in standard character form, finding it to be generic for "entertainment in the nature of an ongoing audio program featuring investigative reporting, interviews, and documentary storytelling"; reversed refusals to register two designs finding that these two marks had acquired distinctiveness, but requiring a disclaimer of the word "SERIAL".



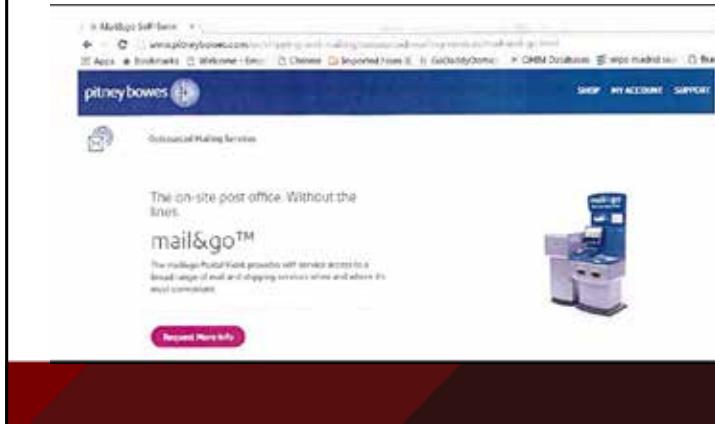
Trademark Trial and Appeal Board Proceedings

- In re Minerva Associates, Inc., 125 USPQ2d 1634 (TTAB 2018) [precedential]
 - The Board overturned the USPTO's rejection of applicant's specimen of use, reversing refusal to register the mark AWLVIEW for warehouse inventory management software.



Trademark Trial and Appeal Board Proceedings

- In re Pitney Bowes, Inc., 125 USPQ2d 1417 (TTAB 2018) [precedential]
 - The Board reversed a refusal to register the mark for various mailing services, overturning the examining attorney's rejection of Pitney's specimen of use.



The screenshot shows the Pitney Bowes website homepage. At the top, there's a navigation bar with links like 'About', 'Products & Services', 'Contact Us', 'Log In', and 'Sign Up'. Below the navigation, there's a search bar and a 'Shop' button. The main content area features a large image of a purple 'mail&go' kiosk. To the left of the kiosk, there's text about the service being an 'on-site post office' and a 'mail&go™' logo. To the right of the kiosk, there's a circular logo with a stylized 'P' inside a spiral.

Trademark Trial and Appeal Board Proceedings

- Curtin v. United Trademark Holdings, Inc., Opposition No. 91241083 (December 28, 2018) [not precedential].
 - The Board denied the Rule 12(b)(6) motion of Applicant United Trademark Holdings to dismiss opposition to registration of the mark RAPUNZEL for dolls and toy figures filed by a professor at Suffolk University Law School.
- In re Peace Love World Live, LLC, 127 USPQ2d 1400 (TTAB 2018) [precedential]
 - The Board affirmed a refusal to register the mark I LOVE YOU, in standard character form, for bracelets, finding that phrase is merely ornamental and therefore fails to function as a trademark.



Thank You

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Chapter 2

2018 Patent Law Review

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Chapter 2—2018 Patent Law Review

2018 Patent Law Review

OREGON STATE BAR CENTER -- FEBRUARY 22, 2019

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Overview

1. 2018 case law developments
2. Patent cases pending at the Supreme Court
3. The Patent Office under new Director Andrei Iancu

Overview

1. 2018 case law developments
2. Patent cases pending at the Supreme Court
3. The Patent Office under new Director Andrei Iancu

Helsinn (U.S. Jan. 22, 2019) (9-0)

Issue: Whether new Section 102 of the AIA changed the on-sale bar.

Fact(s): Patentee entered pre-critical date supply agreement with 3P.

Holding: The AIA did not change the on-sale bar. “[A]n inventor’s sale of an invention to a third party who is obligated to keep the invention confidential **can qualify** as prior art under § 102(a) [AIA].”

Takeaway(s): File as early as possible and beware secret sales or offers for sale (even if covered by an NDA).

WesternGeco (U.S. Jun. 22, 2018) (7-2)

Issue: Availability of foreign lost profits based on U.S. patent rights.

Fact(s): Infringing parts made in U.S., assembled abroad into system for surveying ocean floor. Patent Owner lost 10 contracts. Jury awarded \$100MM+ damages based on lost foreign sales; Fed. Cir. reversed.

Holding: In this case, the lost foreign profits were a permissible ***domestic application*** of § 284, because profits flowed from the infringing ***domestic act*** of supplying components “from the United States,” under § 271(f)(2).

Dissent: Bedrock principle against extraterritorial infringement.

WesternGeco (U.S. Jun. 22, 2018) (7-2)

Takeaway(s): Seek (and beware) damages for overseas activities.

Other Notes:

- WesternGeco involved infringing uses, but reasoning could be extended to infringing sales?
- D. Del. (Judge Stark) took broad view of WesternGeco, applying it to other infringement scenarios, in decision issued October 2018.

Klarquist

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SAS (U.S. Apr. 24, 2018) (5-4)

Issue: Whether PTAB can institute an *inter partes* review (“IPR”) proceeding on less than all claims challenged by the petition.

Facts: PTAB instituted IPR on only some claims challenged by SAS.

Statute: Section 318(a) states the PTO must “issue a final written decision with respect to the patentability **of any patent claim challenged ...**”

Klarquist

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SAS (U.S. Apr. 24, 2018) (5-4)

Holding: PTO “cannot curate the claims at issue but must decide them all.”

Takeaway(s): Be selective in IPR; risk of both non-institution and estoppel. Possibly higher chance of institution; but also higher risk of bad decision.

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Oil States (U.S. Apr. 24, 2018) (7-2)

Issue: Whether IPR is constitutional.

Facts: Fracking patent found unpatentable in IPR.

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Oil States (U.S. Apr. 24, 2018) (7-2)

Holding: IPRs are constitutional, as it is merely a “reconsideration of the Government’s decision to grant a public franchise” (i.e., a patent).

- Litigation-like process of IPRs not an A-III or 7th Amendment violation.
- Congress can delegate adjudication of **public rights** to non-A-III entities.

Takeaway(s): Keep filing those IPR petitions.

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Wi-Fi One (Fed. Cir. Jan. 27, 2018) (en banc)

Issue: Is the PTAB's § 315 time bar determination final and unappealable?

Facts: PTAB time bar decisions were unappealable under Achates.

Section 314(d): "The determination by the Director whether to institute an [IPR] *under this section* shall be final and nonappealable."

Section 315(b): "An [IPR] may not be instituted if the petition ... is filed more than 1 year after [service of a complaint for infringement]."

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Wi-Fi One (Fed. Cir. Jan. 27, 2018) (en banc)

Holding: Section 314(d) does not bar review of § 315 time bar decision.

Implications: Fed. Cir. now providing clearer guidance on time bar issues, e.g., in another case reversed PTAB and held that dismissal without prejudice of D. Ct. litigation does not reset the time bar.

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NantKwest v. Iancu (Fed. Cir. Jul. 27, 2018) (en banc)

Issue: Whether Section 145 requires patent applicants that appeal to district courts to pay the PTO's attorney fees.

Facts: PTAB affirmed examiner's finding of unpatentability. Applicant appealed to E.D. Va. under Section 145, which requires payment of "[a]ll the expenses" of both parties. PTO asked for attorney fees and lost at D. Ct.

Holding: The "American Rule" is a "bedrock principle" and is violated if a party does not pay its own legal fees. Section 145 provides no "specific and explicit standard" sufficient to qualify as an exception. "Expenses" not specific enough to encompass "attorneys' fees."

Klarquist

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Berkheimer v. HP (Fed. Cir. Feb. 8, 2018)

Issue: Test for patent eligibility under § 101.

Facts: D. Ct. granted summary judgment that claims were patent ineligible.

Holding: Claims directed to abstract idea, under *Alice* Step 1. As for *Alice* Step 2, remand required to resolve "a factual dispute regarding whether the invention describes well-understood, routine, and conventional activities."

Takeaway(s): Harder to win 101 motions early in case.

- *Alice* Step 2 may present factual dispute over whether claim element(s) well-understood, routine and conventional to a skilled artisan.

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Aatrix v. Green Shades (Fed. Cir. Feb. 14, 2018)

Issue: Test for patent eligibility under § 101.

Facts: D. Ct. found claims ineligible under § 101; denied leave to amend.

Holding: Error to dismiss case given “factual allegations ... that, if accepted as true, establish that the claimed combination contains inventive components and improves the workings of the computer.”

Takeaway(s): Harder to win 101 motions early in case.

- “Whether the claim elements of the claimed combination are well-understood, routine, conventional ... is a question of fact.”

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Saint Regis v. Mylan (Fed. Cir. July 20, 2018)

Issue: Whether Native American Tribes may claim immunity from IPR.

Facts: PTAB denied Saint Regis Mohawk Tribe’s motion to terminate IPR based on sovereign immunity.

Holding: IPR “more like an agency enforcement action than a civil suit brought by a private party” and, thus, no tribal sovereign immunity.

Takeaway(s): Cannot escape IPR through assignment of patents to tribes

- Fed. Cir. reasoning could easily extend to bar claims of sovereign immunity by states and state actors (pending *Ericsson* Fed. Cir. case)

Klarquist

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Core Wireless v. Apple (Fed. Cir. Aug. 16, 2018)

Issue: Interplay between patent and standards-setting activities.

Facts: D. Ct. found patent *not unenforceable* for implied waiver based on involvement with standards-setting organization. Original patent owner, Nokia, had proposed incorporating the invention into an ETSI standard; Nokia disclosed the patent only after issuance, 4 years later.

Holding: It *may* be appropriate to render a patent unenforceable if the evidence shows either a material unfair benefit or “affirmative egregious misconduct” in the standards-setting context.

Takeaway(s): Conduct due diligence on standards-setting involvement.

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Power Integrations v. Fairchild (Fed. Cir. Sept. 20, 2018)

Issue: Prosecution history estoppel.

Facts: During prosecution of parent patent, owner argued that a cited reference monitored “voltage rather than current.” The D. Ct. found infringement under the doctrine of equivalents, upon finding that using voltage was equivalent to the claimed using current.

Holding: Estoppel bars infringement under the doctrine of equivalents if there is a reasonable belief that a “patentee surrender[ed] certain subject matter during prosecution.” Nonetheless, similar terms may be construed differently across a patent family, given language and context.

Klarquist

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Power Integrations v. Fairchild (Fed. Cir. Sept. 20, 2018)

Issue: Proper award of damages under the entire market value rule (EMVR).

Facts: Jury awarded \$140MM based on EMVR. Plaintiff previously had won damages based on another feature of the same accused device.

Holding: The EMVR “is appropriate only when the patented feature is the **sole driver of customer demand** or **substantially creates the value** of the component parts.”

“[T]he patentee must prove that [other valuable] features do not cause consumers to purchase the product.”

Klarquist

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D Three v. SunModo (Fed. Cir. May 21, 2018)

Issue: Section 112 written description support.

Facts: D. Ct. granted summary judgment of invalidity based on a finding that claims not entitled to priority of earlier-filed patent application. Claims thus invalid due to intervening prior art.

Holding: The claims lacked adequate written description support because they encompass embodiments not disclosed in the parent application.

Takeaway(s): When pursuing broad claims in a child application, beware potential 112 issues (owner). Break the chain of priority (defendants)!

Adidas v. Nike (Fed. Cir. Jul. 2, 2018)

Issue: Post-SAS, whether PTAB need consider all claims *and* all grounds.

Facts: PTAB had decided Ground 1 as to all claims, but not Ground 2.

Holding: The grounds of challenge for each claim are dictated by “the petitioner’s petition, not the Director’s discretion.”

Takeaway(s): Be selective in IPR; risk of both non-institution and estoppel.

Overview

1. 2018 case law developments
2. **Patent cases pending at the Supreme Court**
3. The Patent Office under new Director Andrei Iancu

Return Mail (U.S.) (argument Feb. 20)

Issue: Whether the government is a “person” who may petition to institute review proceedings under the AIA (e.g., IPR or CBM).

Facts: USPS filed CBM petition, resulting in claims of Return Mail patent being held unpatentable. Fed. Cir. affirmed (Newman dissent).

Statute: Under wording of statute, U.S. Gov’t not subject to estoppel. This is a big deal! Judge Newman: “[I]t is through estoppel that the AIA achieves its purpose of expeditious and economical resolution of patent disputes without resort to the courts.”

Overview

1. 2018 case law developments
2. Patent cases pending at the Supreme Court
3. **The Patent Office under new Director Andrei Iancu**

USPTO Director Iancu

- Took helm Feb. 5, 2018
- Former IP litigator at Irell
- Former aerospace engineer



USPTO Under Director Iancu

- *Berkheimer* memo (April 19, 2018) – fewer 101 rejections
- SAS Q&As (June 5, 2018) – PTAB discretion to deny institution
- PTAB revised SOP on expanded panels (Sept. 20, 2018)
- PTAB adopts *Phillips* claim construction standard (Nov. 12, 2018)
- Proposed Expedited Amendment Process For IPR (Dec. 2018)
- Revised Patent Subject Matter Eligibility Guidance (Jan. 7, 2019)
- Revised Functional Claiming Guidance (Jan. 7, 2019)

USPTO Under Director Iancu

- Berkheimer memo (April 19, 2018) – fewer 101 rejections
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- Revised Functional Claiming Guidance (Jan. 7, 2019)

Why are we here?



Alice Decision (2014)

“In any event, we need not labor to delimit the precise contours of the ‘abstract ideas’ category in this case”



Why are We Here?

- Scourge of § 101 rejections
- Uncertainty
- Arbitrary treatment, based on art unit
- Not protecting software inventions (CRI)



A Rose by Any Other Name



- Machine-or-transformation test
- Tangible, concrete result
- Necessarily rooted in . . . [technology]
- Technical solution to a technical problem
- Improves the computer itself
 - Makes the computer run faster

Berkheimer Memo (Apr. 19, 2018)

- In performing *Alice* Step 2, “an examiner should conclude that an element ... represents well-understood, routine, conventional activity **only when** the examiner can readily conclude that the element(s) is widely prevalent or in common use ... based upon a factual determination that is **supported [by evidence]**.”
- *Compare with* 2015 PTO memo: “a rejection should only be made if an examiner **relying on his or her expertise in the art can readily conclude** ... that the additional elements do not amount to significantly more”

Eligibility Guidance (Jan. 7, 2019)

Alice Step 1 (claim directed to ineligible subject matter?)

- Guidance specifies three “groupings” of judicial exceptions:
 - mathematical concepts
 - methods of organizing human activity
 - mental processes
- For examiner to go beyond these three categories requires sign-off from Technology Center Director

Eligibility Guidance (Jan. 7, 2019)

- “practical application” safe harbor:

“A claim is not ‘directed to’ a judicial exception, and thus **is patent eligible**, if the claim as a whole **integrates the recited judicial exception into a practical application of that exception.**”

“Does the claim “apply, rely on, or use the judicial exception in a manner that **imposes a meaningful limit on the judicial exception**, such that the claim is more than a drafting effort designed to monopolize the judicial exception”?

Eligibility Guidance (Jan. 7, 2019)

Takeaways

- Clearly pro-eligibility; should reduce 101 rejections
- But, still consider technical solution to technical problem
 - Guidelines: “integrates . . . into practical application”
 - Guidelines: “drafting effort designed to monopolize”
- 101 guidance also applies to laws of nature and natural phenomena

Should I Care?

- Not overruling *Alice*
 - No effect of law
- But, go into effect now
 - Examiners trained on guidance by end of January 2019
- Patent prosecutors should care if they want to overcome 101 rejections

Functional Claiming Guidance (Jan. 7, 2019)

Takeaways

- Functional claiming is rampant, and no longer tethered to 112(f)
- *Williamson* recognized issue
- USPTO more focused on functional claiming and will reject if not following 112(f) [or 112(a)]
- Know your law:
 - 112(f) law goes back to 1950s, so know your history!
 - But also know more recent cases: *Williamson*, *Vasudevan*, *LizardTech*, *Wands*

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Questions?

[klarquist.com](http:// klarquist.com)



A great starting point for patent law research:
www.patentdefenses.com

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Thank You

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USPTO 2019 Revised Patent Subject Matter Eligibility Guidance

Step one of *Alice/Mayo* is called “Step 2A” by the USPTO. The USPTO is splitting Step 2A into two prongs: 2A(1) and 2A(2).

Under 2A(1), examiners determine whether the claim recites a judicial exception. If not, the analysis ends; the claim is eligible. For laws of nature and natural phenomenon, existing guidance should be followed (there is no change). For abstract ideas, 3 new groupings are used (Mathematical Concepts, Certain methods of organizing human activity, Mental processes). Specifically, the Examiner:

- (a) Identifies specific limitations that the Examiner believes are an abstract idea; and
- (b) Determines whether the limitations fall within the 3 groupings. If so, the analysis continues with 2A(2).

Under 2A(2), examiners should evaluate whether the claim as a whole integrates the recited judicial exception into a practical application of the exception. A claim that integrates a judicial exception into a practical application will apply, rely on, or use the judicial exception in a manner that imposes a meaningful limit on the judicial exception, such that the claim is more than a drafting effort designed to monopolize the judicial exception. The analysis is the same for all claims reciting a judicial exception, whether the exception is an abstract idea, a law of nature, or a natural phenomenon.

Additional elements (beyond the “specific limitations,” above) are considered, whether or not they represent well-understood, routine, conventional activity.

If the claim integrates the exception into a practical application, the claim is eligible. If not, the claim may still be eligible if it meets 2B, below.

Under 2B, examiners should then evaluate the additional elements individually and in combination to determine whether they provide an inventive concept (i.e., whether the additional elements amount to significantly more than the exception itself).

If so, the claim is eligible.

Whether additional elements (beyond the “specific limitations,” above) represent well-understood, routine, conventional activity does affect whether they are considered under 2B.

Notwithstanding 2A(1), a claim can be treated as reciting an abstract idea under III.C in rare cases. Such a case requires sign-off by the TC Director and must state a justification (e.g., citation to S.Ct. case). (“tentative abstract idea”). Then proceed to 2A(2).

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January 13, 2019



Klarquist

Chapter 2—2018 Patent Law Review

Chapter 3

Presentation Slides: Copyright Law Review—2018 and Beyond

MARK WITTOV
K & L Gates
Seattle, Washington

K&L GATES

Copyright Law Review – 2018 and Beyond

Mark Wittow

For Oregon State Bar IP Review
Feb. 22, 2019

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Overview

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- Will review key US copyright judicial decisions
 - Calendar year 2018 and Jan. 2019
 - Significant US Courts of Appeal decisions and pending US Supreme Court cases
 - Plus a few noteworthy district court decisions
 - An important new statute
 - And one US Copyright Office action
 - » Many more interesting copyright decisions and actions
 - » But I only have an hour ...

Overview, continued

- What follows - 30 Significant Copyright Decisions (+ Pending Cases), Statutes, Regulations
 - Subject Matter of Cases:
 - Music Compositions and Sound Recordings
 - Photographs/Videos
 - Films and television shows
 - State laws and regulations
 - News coverage (online)
 - Visual art
 - Textbooks
 - Computer Code
 - Databases
 - Clothing

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Copyrightability: Authorship and Originality

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Public availability of public laws

Code Revision Comm'n v. Public.Resource.Org, Inc. (11th Cir. Oct. 19, 2018)

- Question for the 11th Circuit - Can the State of Georgia claim a copyright in its Official Code of Georgia Annotated?
- Answer – No
- Key issue - who authored the work:
 - “the People, as the reservoir of all sovereignty, are the source of our law”
- Background - annotations are prepared by Matthew Bender & Co. (LexisNexis) in consideration for exclusive right of publication
 - State of Georgia holds copyright in its own name
 - Code Revision Commission provides detailed guidelines, supervises and approves the contents of each annual version of the OCGA

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Public availability of public laws

Code Revision Comm'n v. Public.Resource.Org, Inc. (11th Cir. Oct. 19, 2018)

- 11th Circuit's Analysis:
 - What is the identity of the public officials who created the work?
 - Commission is established by Georgia General Assembly and consists of public officials
 - What is the authoritativeness of the work?
 - Fully authoritative – “law-like”
 - Annotations are “merged” with statute
 - General Assembly vote of approval required
 - “Official”
 - By what process was the work created?
 - Legislative process used, bicameral passage and presentment to executive occur
 - Therefore, Annotated Code created by legislators in discharge of their official duties

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Public availability of public laws

- Related Cases – no definitive decisions, yet --
 - *Fastcase v. Lawriter* – rights to republish GA administrative code
 - 11th Cir. - Recently reversed and remanded denial of subject matter and diversity jurisdiction
 - *ASTM and AERA v. Public.Resource.Org* – rights to republish private standards incorporated into public laws
 - D.C. Circuit – Recently reversed district court rejection of Public.Resource fair use arguments, and remanded
- Update on *CRC v. Public.Resource.Org*
 - Georgia won't sell a copy of its code to PRO!
 - Georgia plans appeal to SCOTUS

Copyrightability – Originality

“Original, as the term is used in copyright, means only that the work was **independently created by the author** (as opposed to copied from other works), **and** that it possesses at least **some minimal degree of creativity.**”

Feist Publications, Inc. v. Rural Tel. Serv. Co.,
499 U.S. 340, 345 (1991)

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Experian Information Systems Inc. v. Nationwide Marketing Services, Inc. (9th Cir. June 27, 2018)

- Are lists of names with addresses copyrightable when “the product of sophisticated process to ensure accuracy and utility”? – Yes, but ...
- Protection is very thin and requires nearly exact copying, in whole (“bodily appropriation principle”)
- Match rate of less than 80% is not infringement, SJ affirmed
- Trade secret SJ reversed, state law trade secret claim may proceed

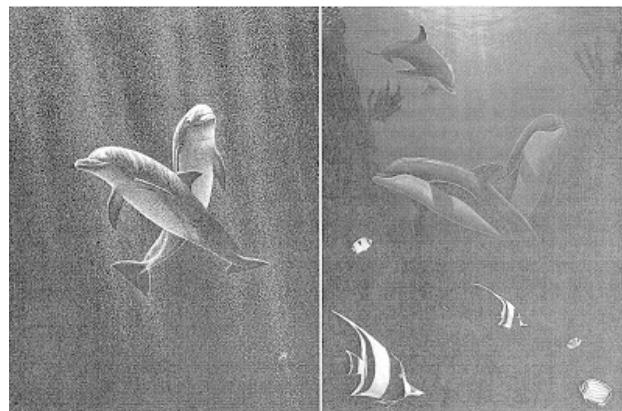
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Folkens v. Wyland Worldwide (9th Cir. Feb. 2, 2018)

Peter Folkens (dba A Higher Porpoise Design Group) created “Two Tursiops Truncatus” aka “**Two Dolphins**”

(ON LEFT; Wyland painting is on right)



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Folkens v. Wyland Worldwide
(9th Cir. Feb. 2, 2018)

R. Wyland –
“Life in the Living
Sea”



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Folkens v. Wyland Worldwide (9th Cir. Feb. 2, 2018)

- Peter Folkens (dba A Higher Porpoise Design Group) created “Two Tursiops Truncatus” aka “Two Dolphins” in 1979
 - Two dolphins, arranged as shown in prior slide
- In 2011, Robert Wyland created “Life in the Living Sea,” painting
 - Featured 3 dolphins and other aquatic life
 - \$4,195,250 in print sales alleged

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***Folkens v. Wyland Worldwide* (9th Cir. Feb. 2, 2018)**

- District Court (ED Cal) granted SJ to Wyland, applying 9th Cir. test of substantial similarity
 - “The main similarity … is two dolphins swimming underwater, with one swimming upright and the other crossing horizontally”
 - Natural positioning and physiology are not protectable (*Satava v. Lowry*, 9th Cir. 2003); no elements of similarity are protectable elements
- 9th Cir. Affirmed - No copyright infringement when “only areas of commonality are elements first found in nature, expressing ideas that nature has already expressed for all”
 - Narrow copyright possible, but only in specific expression, not concepts

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Copyrightability of Remastered Sound Recordings

- *ABS Entertainment v. CBS Corp.* (9th Cir. Aug. 20, 2018)
 - Pre-1972 sound recording litigation background/context
 - CBS argued it broadcast remastered post-72 (CD), not pre-1972 recordings and paid royalties accordingly
 - District court agreed with CBS expert re originality; granted SJ for CBS
 - Question on appeal – are remastered digital sound recordings derived from pre-1972 analog sound recordings sufficiently original to be copyrightable? Answer – No; remanded (case currently is stayed)
 - Changes required by medium insufficient to constitute original expression
 - Technical, functional or utilitarian changes don’t count
 - Must be clearly distinguishable from underlying work
 - Objective here was to create a copy/substitute, not to create an original work
 - District court incorrectly excluded ABS expert report

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Naruto, a Crested Macaque, by and through his Next Friends (PETA) v. Slater (9th Cir. April 23, 2018)

- District court grant of motion to dismiss affirmed
- Although PETA lacked “next friend” standing, Naruto had Article III standing (!)
- Copyright Act authorship must be by human being
- Monkey lacked statutory standing as author under Copyright Act to claim copyright infringement of selfie photos



Fair Use (and sovereign immunity of the states)

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Fair Use Defense –17 USC § 107

“[T]he fair use of a copyrighted work, . . . for purposes such as criticism, comment, news reporting, teaching . . . , scholarship, or research, is not an infringement of copyright.”

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Fair Use Defense –17 USC § 107

“In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include:

1. The **purpose and character of the use**, including whether such use is of a commercial nature or is for nonprofit educational purposes;
2. The **nature of the copyrighted work**;
3. The **amount and substantiality of the portion used** in relation to the copyright work as a whole; and
4. The **effect of the use upon the potential market** for or value of the copyrighted work.”

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**Fox News Network
LLC v. TVEyes, Inc.**

- TVEyes records and indexes TV news programming to create word searchable database
 - Transformative use
 - TVEyes copied all of the work but it was no more than necessary
 - No market harm re database
- Certain uses went beyond fair use and were enjoined
 - Download of clips
 - Searches by time or network (as distinct from keyword)
- 2015 SDNY Decision:

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Fox News Network, LLC v. TVEyes, Inc., (2nd Cir. Feb. 27, 2018)

- Copying for search function (fair use finding by SDNY) not at issue in appeal.
- Second Circuit reversed district court on “Watch” functions
 - Not fair use
 - First Factor - Use only “somewhat transformative” because enhances efficiency
 - But commercial nature weighs against fair use where transformative character is modest
 - Watch function “republishes that content unaltered from its original form, with no new expression, meaning or message”
- Second Factor – News reports merit copyright protection

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Fox News Network, LLC v. TVEyes, Inc., (2nd Cir. Feb. 27, 2018)

- Third factor favors Fox
 - 10-minute clips “likely provide TVEyes’s users with all of the Fox programming that they seek and the entirety of the message conveyed by Fox to authorized viewers of the original.”
- Fourth Factor Key:
 - TVEyes’s business model demonstrates “plausibly exploitable market,” and displaces potential Fox revenues
 - TVEyes’s no volitional conduct defense rejected because it, not the subscriber, chooses which content to record

NOTE: US Supreme Court denied cert., Dec. 3, 2018

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Copyrightability, then Fair Use

Oracle America v. Google (Fed. Cir. 2014) -

- Addressed whether Java API packages are entitled to protection under Copyright Act
 - Expressive? (Or have idea/expression merged?)
 - Unprotected short phrases?
 - Method of operation?
 - Is interoperability a consideration in determining copyrightability?

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Copyrightability

Oracle America v. Google -

- Federal Circuit reversed district court, held:

- Code, structure, sequence, and organization (“SSO”) of Oracle’s Java packages entitled to copyright protection
 - Copyrightability versus interoperability
 - Abstraction, filtration, comparison
- Google infringed; so remanded for fair use determination

Oracle v. Google: Fed. Cir. Holding re Copyrightability

Components of the Work	District Court	Federal Circuit
Structure, sequence and organization (SSO) of 37 API packages	Jury: Infringed Court: Not copyrightable	Copyrightable •No functionality bar
Declaring code of 37 API packages	Jury: Infringed Court: Not copyrightable	Copyrightable •Merger doctrine inapplicable • <i>Scenes a faire</i> doctrine inapplicable •Short phrases doctrine inapplicable
Implementing code - RangeCheck function - Eight security files	Infringed but <i>de minimis</i>	Infringed •Not <i>de minimis</i>

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Oracle v. Google – Back to Fed. Cir.

- June 29, 2015 - Supreme Court denied Google (Oct. 2014) cert. petition
- May 9, 2016 – New district court trial began on question of fair use
- **May 26, 2016 - Jury verdict finding of fair use (following detailed jury instructions)**
- June 8, 2016 - Verdict upheld after two Rule 50 Motions and a Rule 59 Motion
- **March 27, 2018 - Federal Circuit overturned fair use verdict and remanded for trial on damages**
- **Jan. 24, 2019 – Google filed cert. petition and brief with SCOTUS**

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Oracle v. Google – Fed. Cir. Fair Use Ruling

- Federal Circuit first held that it should determine the ultimate question of fair use *de novo*, deferring to the jury or district court only on specific findings of historical facts
 - **Essentially considered the fair use issues *de novo*, based on trial court record**
- First factor - Noted that Google's use of Oracle's APIs was "overwhelmingly commercial" even though Google made the Android platform available without charge
- Rejected Google's argument that it had transformed Oracle's code by taking it from desktop computers to smartphones and tablets
 - "merely copying the material and moving it from one platform to another without alteration is not transformative"

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Oracle v. Google – Fed. Cir. Fair Use Ruling

- Gave 2nd (nature of work) and 3rd (amount used) fair use factors little weight
- 4th Factor (effect on market) determinative –
 - Google had argued that Oracle's software was not present in the mobile computing in which Android operated, and therefore Google's new use of the software did not affect Oracle's markets.
 - Federal Circuit rejected that argument definitively, pointing to evidence that Oracle's software "had been used for years in mobile devices, including early smartphones, prior to Android's release."
 - "With respect to tablets, the evidence showed that Oracle licensed Java SE for the Amazon Kindle"
 - "After Android's release, however, Amazon was faced with two competing options — Java SE and Android — and selected Android."

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Oracle v. Google – Fed. Cir. Fair Use Ruling

- 4th factor
 - should take account of potential markets:
 - "Android's release effectively replaced Java SE as the supplier of Oracle's copyrighted works and prevented Oracle from participating in developing markets."
 - "This superseding use is inherently unfair."

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Cambridge University Press v. Albert (Georgia State University)
(11th Cir. Oct. 19, 2018)

- Round 2 – District court (once again) misapplied fair use factors in analyzing GSU's practice of making digital excerpts of copyrighted texts available without permission
- District court fair use determination vacated

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Cambridge U. Press v. Albert (GSU) – Round 2

Factor	11 th Circuit Analysis – Round 2	Ruling
Purpose and Character of the Use	<ul style="list-style-type: none"> • Affirmed lower court: not transformative but educational uses favor finding of fair use 	Not at issue in round 2 appeal
Nature of the Copyrighted Work	<ul style="list-style-type: none"> • Second factor should be neutral and was determined to be not significant in this case in the initial appeal 	Not at issue in round 2 appeal
Amount and Substantiality of Portion Used	<ul style="list-style-type: none"> • District court erred in determining that licensing cost was excessive in light of low marginal cost for authorizing digital copies 	Reversed district court
Effect of Use upon Potential Market or Value	<ul style="list-style-type: none"> • Strongly disfavors fair use – deleterious effect on market established in prior proceedings (11th Cir. previously rejected 10% or one chapter safe harbor) 	Reversed district court
Final balancing of all 4 factors	<ul style="list-style-type: none"> • District court's quantitative rubric is incorrect – must use "holistic, qualitative and individual" analysis of the factors 	Reversed district court

Note re sovereign immunity of the states

- Under the 11th Amendment, states can't be sued in federal courts
 - The federal courts have exclusive jurisdiction over copyright cases
- Copyright Remedy Clarification Act of 1990, Pub. L. 101-553, allowed states to be sued for copyright infringement
 - Courts consistently have held CRCA unenforceable in light of 11th Amendment
 - *Ex Parte Young* exception (for ongoing violations of federal law) applies re injunctive relief

Note re sovereign immunity of the states

- In prior (2014) *Cambridge U. Press v. Albert* decision, 11th Circuit ruled that State of GA failed to properly assert SI defense re damages claims

Issue is pending before SCOTUS:

- *Allen v. Cooper, as Governor of NC* (4th Cir. 2018)
 - In 1718, Blackbeard's Queen Anne's Revenge ran aground off the coast of Beaufort, NC and was abandoned; subsequently became property of NC
 - NC entered into 1998 and 2013 agreements providing salvagers with rights to media created concerning salvage activities, with certain exceptions for non-commercial uses by NC
 - Limited NC website uses allegedly exceeded allowable scope; despite take-down, Allen sued for copyright infringement

Note re sovereign immunity of the states

- *Allen v. Cooper* -
 - District court denied NC motion to dismiss on SI grounds, allowed interlocutory appeal
 - 4th Circuit reversed: “*Congress cannot rely on the enumerated power in Article I over copyright to compel a State to litigate copyright cases in a federal court.*”
- cert. petition filed Jan. 4, 2019 pending; Court asked to decide:
 - “*Whether Congress validly abrogated state sovereign immunity via the Copyright Remedy Clarification Act... in providing remedies for authors of original expression whose federal copyrights are infringed by states.*”

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Copyright Infringement – Substantial Similarity (Jury Verdicts and Motions to Dismiss)

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Williams v. Gaye (9th Cir. 2018)

- “Blurred Lines” was No. 1 on Billboard single charts for 10 consecutive weeks in 2013 and earned \$16.5 million in revenues
- Gaye Estate alleged that “Blurred Lines” copied Marvin Gaye’s 1977 “Got to Give It Up” and sent licensing request
- Pharrell Williams and Robin Thicke filed declaratory judgment action
- Gaye children filed counter-claims
- Many parties, interests, various procedural machinations, e.g., limitation to sheet music deposit copy
- Lengthy jury trial, many experts
- Key argument – “Blurred Lines” copied a substantially similar “constellation” of musical elements from “Got to Give It Up”

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March 10, 2015 - Jury Special Verdict:

- **“Blurred Lines” Infringed:**
 - Actual Damages - \$4 million
 - Profits – Williams \$1.61 million, Thicke, \$1.77 million
 - Not willful; not innocent
 - Statutory Damages: \$9,375
- On July 14, 2015, U.S. District Judge John Kronstadt reduced jury award to \$5.3 million, from \$7.3 million
 - Denied Gaye injunction request, but set an ongoing royalty rate of 50% of publishing revenues
- Subsequent Gaye request for attorney’s fees of \$3.5 million denied

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Blurred Lines - Key Jury Instruction (No. 43)

- “Gaye … must show … both substantial “extrinsic similarity” and substantial “intrinsic similarity”
- ‘Extrinsic similarity … must consider the **elements** of each of the works and decide if they are substantially similar’
- “[Testimony was presented re] “Signature Phrase,” hook, “Theme X,” bass melodies, keyboard parts, word painting, lyrics, rap v. parlando”
- “Gaye [must show] enough similarity to comprise a substantial amount”
- “Intrinsic similarity is shown if an ordinary, reasonable listener would conclude … **total concept and feel** of [works] are substantially similar”

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Williams v. Gaye – 2018 9th Circuit Decision

- Majority affirmed jury awards against Thicke and Williams
- Ruled “Got To Give It Up” entitled to broad copyright protection
- **Accepted, for purposes of its decision and without evaluating merits, district court’s ruling that scope of defendants’ copyright is limited, under the Copyright Act of 1909, to sheet music deposited with Copyright Office, and did not extend to sound recording, allowed as of 1978**
- Held that district court did not erroneously instruct the jury to consider unprotectable elements of “Got to Give It Up” or abuse its discretion in admitting expert testimony.

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Williams v. Gaye - 9th Circuit Decision

- Majority concluded that verdict was not against the clear weight of the evidence because there was some evidence of extrinsic and intrinsic similarity between the two songs
- Held that panel could not review the district court's order denying summary judgment after a full trial on the merits
- Upheld district court's award of actual damages and infringers' profits and the running royalty
- Held district court did not abuse its discretion in denying the defendants' motion for attorneys' fees

NOTE: No cert. petition filed; decision is final

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Williams v. Gaye – 9th Circuit Decision

DISSENT – Provided compelling **musical (not legal)** analysis and comparison

- “Blurred Lines” and “Got To Give It Up” were not objectively similar as a matter of law under the extrinsic test
- Two works differed in melody, harmony, and rhythm
- Majority erred in uncritically deferring to views of music experts
- Majority’s refusal to compare the two works improperly allowed defendants to copyright a musical style
- Argued that the jury verdict could be overturned as a matter of law, but did not address the legal basis for that conclusion in any detail

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Rentmeester v. Nike (9th Cir. 2018)

Was Nike Photo substantially similar to 1984 Jacobus Rentmeester photo?



Rentmeester's "Jordan Photo"

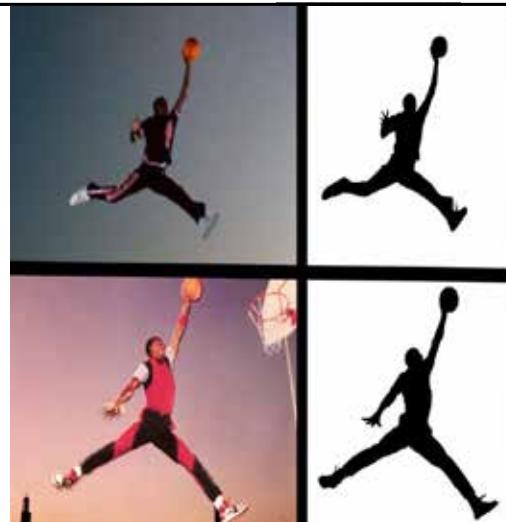


The "Nike Copy"

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Rentmeester v. Nike (9th Cir. 2018)

- Case filed after 2014 *Petrella* decision
- Was Nike Photo (below) substantially similar to Rentmeester photo (top)?
 - District court – No
 - Granted motion to dismiss
 - **Ninth Circuit – no**
 - Dissent - yes



Was Nike Logo substantially similar to Rentmeester photo?

District court – no

Ninth Circuit – no

Dissent – no

NOTE: US Supreme Court cert. petition filed Dec. 7, 2018; pending

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“Taurus” v. “Stairway to Heaven”

Skidmore v. Led Zeppelin

- May 2014 - Randy Craig Wolfe Trust filed suit, claiming LZ's "Stairway to Heaven," released in 1971, infringed Spirit's "Taurus," released in 1967
- April 2016 – Court denies SJ, allows infringement (substantial similarity) claims to proceed to trial against LZ, Page and Plant
 - Also dismisses claims against all defendants that did not perform or distribute "Stairway to Heaven" after May 2011 and **"Right of Attribution-Falsification of Rock'n'Roll History"** claim for equitable relief

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Skidmore v. Led Zeppelin

- In June 2016, jury determined
 - LZ had access to "Taurus"
 - But "Stairway to Heaven" was not extrinsically (objectively) similar to "Taurus"
 - Jury instructed that common chord progressions ineligible for copyright protection
- Ninth Circuit heard appeal in March 2018
- Case remanded for new trial due to incorrect jury instructions

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Skidmore v. Led Zeppelin – 9th Circuit held:

- District court erred by failing to instruct jury that the selection and arrangement of unprotectable musical elements is protectable
 - Extrinsic substantial similarity analysis
 - Both parties requested instruction but court did not give it
- District court erred in instructions on originality
 - Incorrectly indicated that short series of notes couldn't be protected
 - Failed to indicate that selection and arrangement of public domain elements could constitute originality

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Skidmore v. Led Zeppelin – 9th Circuit held:

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 - Both parties requested instruction but court did not give it
- District court erred in instructions on originality
 - Incorrectly indicated that short series of notes couldn't be protected
 - Failed to indicate that selection and arrangement of public domain elements could constitute originality

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Skidmore v. Led Zeppelin – 9th Circuit held:

- District court correctly ruled that sound recordings could not be used to prove substantial similarity (under 1909 Act)
 - Under 1909 Act, sheet music deposit copy defined the scope of protectable copyright in unpublished work
 - Distributing sound recordings did not constitute publication; publication of sheet music required
 - Lengthy analysis of issue in Ninth Circuit opinion
 - However, district court erred by not allowing recording to be played to Jimmy Page to demonstrate access, for purposes of assessing Page's demeanor/credibility
 - Error was harmless at first trial as jury determined Page and Plant had access but may arise in retrial; limiting instruction needed

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Tanksley v. Daniels (3rd Cir. 2018)

Was *Empire*, the 2015 Fox Television series, substantially similar to 2005 3-episode television pilot *Cream*?

Astor-White v. Strong (9th Cir. 2018)

Was *Empire* substantially similar to *King Solomon* television series treatment?

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Tanksley v. Daniels (3rd Cir. Aug. 28, 2018):

- District court found no substantial similarity as a matter of law and granted motion to dismiss
- Third Circuit affirmed
 - District court permitted to rule based on review of two works without any additional evidence
 - No reasonable juror could have found substantial similarity
 - Shared premise of two shows (male, African-American record executive) is unprotectable
 - Plots contained no similarities except at abstract level

Note: US Supreme Court cert. petition filed Nov. 26, 2018; pending

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Astor-White v. Strong (9th Cir. May 14, 2018)

- District court found no substantial similarity between television series treatment and television series and granted **motion to dismiss**
- Ninth Circuit reversed – 3 opinions
 - Majority - leave to amend pro se complaint should be granted to correct allegation deficiencies
 - Concurrence – discovery/ evidence and expert advice needed to assess substantial similarity – SJ, not 12b6, motion appropriate
 - Dissent – Works are not substantially similar, so amendment would be futile

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Griffin v. Sheeran (S.D.N.Y. Jan. 3, 2019)

- Is Ed Sheeran's "Thinking Out Loud" substantially similar to Marvin Gaye's "Let's Get It On"
- Sheeran moved for SJ, primarily on issue of substantial similarity
 - For purposes of SJ, court assumed but did not decide that sheet music deposit copy controlled
 - found that jury could find similarities
 - Harmony, Harmonic rhythm
 - Melody
 - Bass line Percussion
 - Common chord progression (III-VI-II-IV-I)

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DMCA Safe Harbor (and CMI)

DMCA Safe Harbor – 17 USC 512

- DMCA Safe Harbor allows online service providers (OSPs) to avoid monetary liability for copyright infringement if they respond “expeditiously” to an effective notice of infringement.
- Effective notices must “substantially comply” with statutory requirements.
- OSPs must satisfy certain prerequisites, such as identifying Copyright Agent to receive notices of infringement and terminating accounts of “repeat infringers”

DMCA Copyright Agent Registration – 17 USC § 512(c)

Dec. 1, 2016 – New rule requiring electronic system designation of copyright agents for DMCA safe harbor takes effect for all internet sites

- No new paper registrations accepted
- Previously designated agents via paper system must submit new electronic designation **by Dec. 31, 2017**
- **As of January 1, 2018, failure to designate agent electronically negates safe harbor**

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BMG Rights Mgmt. v. Cox Comm. (4th Cir. Feb. 1, 2018)

- BMG sent 2.5 million notices to Cox regarding material its users were downloading
- Cox failed to forward or respond to these notices and eventually blocked the third-party from sending further notices
- BMG sued Cox for contributory liability for copyright infringement of BMG music copyrights by Cox internet service subscribers
- Cox sought to use DMCA safe harbor (§ 512(a)), which limits liability for service providers
- Court ruled Cox failed to reasonably implement policy to terminate accounts of repeat offenders, as required under § 512(i); therefore Cox not entitled to DMCA safe harbor

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BMG Media v. Cox Communications

- Jury found Cox liable for contributory infringement liability and awarded BMG \$25 million in damages
 - In February 2017, district court awarded BMG \$8.38 million in attorney fees due in part to unreasonable Cox arguments during trial
- 4th Cir. affirmed safe harbor ruling but remanded for revised jury instructions re contributory infringement and vacated attorney fees award

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BMG v. Cox - Key Lessons (with thanks to Law360):

- Just Having a “Repeat Infringer” Policy Isn’t Enough
 - [T]he Fourth Circuit’s message was clear: Cox created a “repeat infringer” policy, but simply having one isn’t enough.
 - “Cox failed to qualify for the DMCA safe harbor because it failed to implement its policy in any consistent or meaningful way — leaving it essentially with no policy,” the court wrote.

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BMG v. Cox - Key Lessons

- "Repeat Infringer" Doesn't Mean "Adjudicated Infringer"
 - Cox argued that the only “repeat infringers” the DMCA requires ISPs to terminate are those who have been repeatedly “adjudicated” to have infringed, not merely those who have been repeatedly accused by a rights holder.
 - 4th Cir. rejected that argument, but remanded

BMG v. Cox - Key Lessons

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- Even Without Safe Harbor, Contributory Liability Takes More Than Negligence
 - “We are persuaded that the Global-Tech rule developed in the patent law context, which held that contributory liability can be based on willful blindness **but not on recklessness or negligence**, is a sensible one in the copyright context”
 - “It appropriately targets culpable conduct without unduly burdening technological development.”
- See also *UMG Recordings v. Grande* (W.D.Tex. Dec. 18, 2018)

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Stevens v. CoreLogic, Inc. (9th Cir. June 20, 2018)

- Photographers alleged CoreLogic’s MLS software removed copyright management information metadata from their photographs in violation of 17 USC 1202
- § 1202(b) requires showing that defendant knew prohibited act would “induce, enable, facilitate, or conceal” infringement
- Photographers failed to satisfy this mental state requirement because they did not provide evidence from which one could infer that future infringement was likely, albeit not certain, to occur as a result of the removal or alteration of copyright management information.

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**Ventura Content, Ltd. v. Motherless, Inc. (9th Cir.
March 14, 2018)**

- Holding: Motherless qualified for DMCA safe harbor protection
- Users made sole determination as to what material was posted on website
- Motherless did not have actual or apparent knowledge of infringement
- Motherless did not receive a financial benefit directly attributable to the infringing activity
- Motherless has and implemented policy of excluding repeat infringers
- Dissent questioned whether SJ was appropriate re compliance with repeat infringer policy



**Public Display Right and the Server Test
(Social Media Photo Abuse)**

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Goldman v. Breitbart (S.D.N.Y. Feb. 15, 2018)

- Photo first appeared on Plaintiff's Snapchat Story
 - Went "viral" and ended up on Twitter
 - Online news outlets and blogs (including Breitbart, Time, and The Boston Globe) *prominently featured the photos by embedding the Tweet into articles*



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Goldman v. Breitbart

- SDNY granted partial summary judgment to plaintiff
- Display right includes "each and every method" by which images are displayed
- Distinguished Ninth Circuit's Server Test
 - Not "adequately grounded" in text of Copyright Act because processing a copy is not prerequisite to displaying it
 - Intermediary search distinguishable from embedded images in articles
- *On March 19, 2018 Judge Katherine Forrest certified case for interlocutory appeal to Second Circuit*

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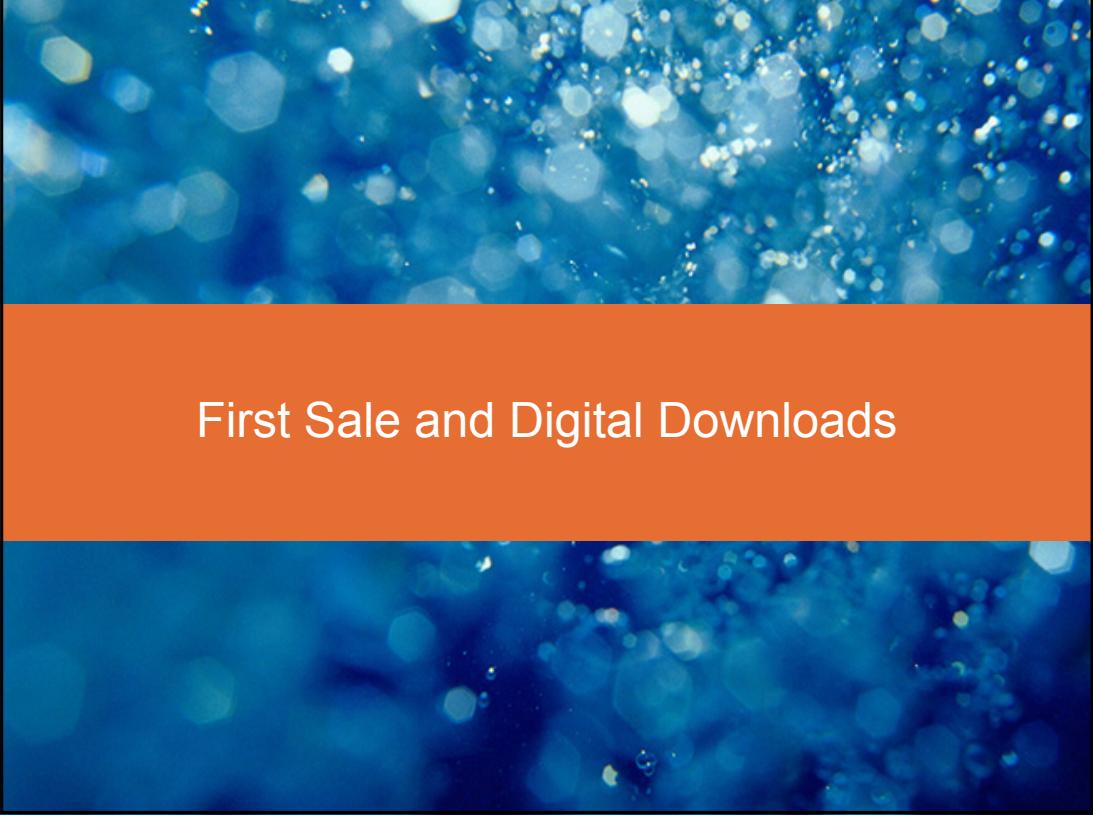
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**Otto v. Hearst Communications, Inc.
(S.D.N.Y. Dec. 10, 2018)**

- In June 2017, Jonathan Otto attended wedding of friend at Trump National Golf Club in NJ
- President crashed wedding; Otto took iPhone photos and texted one to a friend, who posted it on Instagram
- Numerous media outlets published photo next day
- **Otto quickly retained counsel and filed copyright registration**, then 5 copyright infringement suits
 - Most cases settled; license granted
- SDNY granted Otto's copyright infringement SJ motion
 - No fair use
 - SJ notion by defendants denied re willfulness – jury question

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First Sale and Digital Downloads

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Capitol Records, LLC v. ReDigi, Inc. (2nd Cir. Dec. 12, 2018)

- ReDigi created a marketplace for resale of iTunes digital music downloads
 - ReDigi carefully constructed service to ensure original file was deleted before ReDigi acquired useable music file
- Despite deleting previous copies, each transfer fixed file and created "new phonorecords" – unlawful reproduction, independent of resale; right of reproduction not covered by first sale doctrine
- Unlawful reproduction was sufficient basis to affirm; Second Circuit did not determine whether ReDigi's subsequent distribution of digital files also constituted infringement

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Capitol Records, LLC v. ReDigi, Inc.

- Second Circuit considered but rejected fair use defense
 - ReDigi's primary motivation was commercial and ReDigi made no (transformative) changes to the copyrighted works
 - Works were highly creative
 - ReDigi used the entire work
 - ReDigi's resale of digital music directly undercut potential sales by copyright owners
- Note extended timeline – irrelevant technology?
 - Case filed **Jan. 2012**; SDNY SJ decision March 2013
 - Appeal filed July 2016; argued Aug. 22, 2017; decided **Dec. 2018**

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***Spinelli v. National Football League (2nd Cir.
Sept. 11, 2018)***



- Sports photographers sued NFL, NFL clubs and AP under copyright infringement, breach of contract, antitrust and tort theories, for exploiting thousands of photographs without license

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Spinelli v. National Football League (2nd Cir. Sept. 11, 2018)



- Second circuit reversed district court dismissal of copyright infringement claims
- Photographers provided limited rights to AP
- AP in turn licensed photos to NFL
- AP's license grant to NFL exceeded AP's underlying license rights
- AP and NFL each liable for uses beyond the scope of initial contributor license
- Dismissal of Copyright Management Information (CMI) removal claims under 17 USC 1202(b) affirmed

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Visual Artists Rights Act (VARA)

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Cohen v. G&M Realty (E.D.N.Y. 2018) 5Pointz Graffiti Case



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BACKGROUND

- Wolkoff family owned 5Pointz site for more than 40 years
 - In 1993, Wolkoffs began inviting graffiti artists (“Artists”) to use the property as a canvas, resulting in contributions by over 1500 artists
- All parties aware that arrangement was temporary
- In May 2013, City Council granted approval to raze 5Pointz and replace it with condos
 - Federal court denied artist’s injunction request and upheld Wolkoff’s right to build at 5Pointz

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BACKGROUND

- In November 2013, Wolkoff whitewashed building after plaintiffs' preliminary injunction motion was denied
- In August 2014, building demolished
- Artists filed suit
 - Violation of VARA rights
 - Artists not given advance notice of the whitewashing and were unable to remove or document their work.

VISUAL ARTISTS RIGHTS ACT

- Section 106A - VARA -- protects art of “recognized stature” from intentional destruction, mutilation, or other modification
 - VARA does not distinguish between temporary and permanent art
- Under Section 113(d)(2), owner of a building who wishes to remove visual art *without destroying it* may do so if:
 - The owner made a good faith effort to notify artist
 - The artist failed to remove the art after receiving written notice from the owner

Cohen v. G&M Realty – Key Issues

- What is art of “recognized stature”?
 - Recognized by art experts, members of the artistic community, or by some cross-section of society
 - Expert testimony is not essential to make determination
- Was graffiti at 5Pointz art of recognized stature under VARA?

TRIAL AND DECISION

- Case went to trial in 2017
- Jury found for plaintiffs in November 2017
- Judge awarded plaintiffs \$6.75 million in damages
 - Wolkoff acted willfully to destroy work of “recognized stature”
 - “If not for Wolkoff’s insolence, these damages would not have been assessed. If he did not destroy 5Pointz until he received his permits and demolished it 10 months later, the Court would not have found that he had acted willfully.”

Practice Pointers in light of 5POINTZ

- Artists:
 - get permission from owners
 - Have right to sue if removal cannot happen without damage
 - promote work to give it status under VARA
- Property owners:
 - verify status of work
 - provide notice prior to removal
 - removal must be careful
 - establish protections around property
 - denial of injunction is not permission to remove

Pending US Supreme Court Cases

- *Fourth Estate v. Wall-Street.com* (No. 17-571)
 - Question - whether copyright plaintiff must have valid **copyright registration** before filing an infringement suit or, instead, only needs to have application pending with the U.S. Copyright Office
 - 17 USCS § 411(a) of the Copyright Act provides “[N]o civil action for infringement of the copyright in any United States work shall be instituted until preregistration or **registration of the copyright claim has been made** in accordance with this title. In any case, however, where the deposit, application, and fee required for registration have been delivered to the Copyright Office in proper form and registration has been refused, the applicant is entitled to institute a civil action for infringement if notice thereof, with a copy of the complaint, is served on the Register of Copyrights (emphasis added).”
- Oral argument not yet scheduled

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Fourth Estate v. Wall-Street.com

- 10th and 11th Circuits have held copyright registration occurs only after the Copyright Office acts on a copyright application
- 5th and 9th Circuits have held that registration occurs when the copyright holder delivers the required application, deposit, and fee to the Copyright Office
- Other circuits have varying district court decisions
- U.S. Solicitor General, at request of Supreme Court, filed an amicus brief on behalf of US
 - Brief supports 11th Circuit's decision and the registration approach

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Rimini Street, Inc. v. Oracle USA, Inc., No. 17-1625

- Issue: “Whether the Copyright Act’s allowance of “full costs” (17 U.S.C. § 505) to a prevailing party is limited to taxable costs under 28 U.S.C. §§ 1920 and 1821, as the Eighth and Eleventh Circuits have held, or also authorizes non-taxable costs, as the Ninth Circuit holds.”
- Ninth Circuit upheld jury award of copyright infringement damages
- Rimini challenged award of more than \$12 million in “costs” spent by Oracle in the litigation
 - Rimini provided third-party support service for Oracle enterprise software



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Copyright term extension provided in 1998 Sonny Bono Copyright Term Extension Act for pre-1978 works IS NOW OVER

- 1998 Act extended copyright term for pre-1978 works to a maximum of 95 years from the original copyright date
 - This essentially provided an additional 20 years of protection for works created from 1923-1978 and whose copyright was in effect as of 1978.
- Works will become available as 95-year term expires
- Copyright term for post-1978 works is unaffected:
 - For works of an individual, life of author plus 70 years
 - For works made for hire and anonymous/pseudonymous works, 95 years from publication, or 120 years from creation, whichever comes first



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Music Modernization Act of 2018

- PASSED CONGRESS UNANIMOUSLY (Pub. L. No. 115-264)
- Three components
 - Title I – Music Licensing Modernization Act
 - New compulsory blanket license and collecting agency ("mechanical license collective") for mechanical royalties for digital reproduction and streaming services
 - SoundExchange, CRB - SR rates based on marketplace
 - Title II - CLASSICS Act – re pre-1972 Sound Recordings
 - Compensating Legacy Artists for their Songs, Service & Important Contributions to Society Act
 - Gives owners of rights in pre-1972 sound recordings rights equivalent to post-1972 sound recordings
 - Title III- AMP – Allocation for Music Producers Act
 - Memorializes in statute current practice of sharing sound recording royalties with producers and other creative contributors

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Music Modernization Act of 2018

- For a more detailed discussion of the MMA, see --
<https://www.congress.gov/congressional-report/115th-congress/senate-report/339/1>
and
<http://www.klgateshub.com/details/?pub=A-Modern-Melody-for-the-Music-Industry-The-Music-Modernization-Act-Is-Now-the-Law-of-the-Land-10-11-2018>

A complete copy of the MMA as signed into law is available here -

- <https://www.congress.gov/bill/115th-congress/house-bill/1551/text>

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WWTT - What Were They Thinking?

- *Smith v. Thomas* (6th Cir. Dec. 20, 2018)
 - Thomas (Bishop Bullwinkle) liable for sampling 12 seconds from Bigg Robb's "Looking for a Country Girl" in Bishop B's "Hell 2 Da Naw Naw"
 - Informal (but clear) statutory damages election confirmed

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Cases to Watch

- **Nirvana LLC v. Marc Jacobs International, LLC**, Case No. 2:18-cv-10743 (C.D.Cal.).(filed Dec. 28, 2018):



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Thank You!

Mark.Wittow@KLGates.com

Further resources: <https://www.copyright.gov/> and <https://www.copyright.gov/fair-use/> and

For a more detailed discussion of the MMA, see --
<https://www.congress.gov/congressional-report/115th-congress/senate-report/339/1>

and

<http://www.klgateshub.com/details/?pub=A-Modern-Melody-for-the-Music-Industry-The-Music-Modernization-Act-Is-Now-the-Law-of-the-Land-10-11-2018>

A complete copy of the MMA as signed into law is available here -
<https://www.congress.gov/bill/115th-congress/house-bill/1551/text>

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Chapter 4

Presentation Slides: Patenting Artificial Intelligence Technologies

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Kolitch Romano LLP
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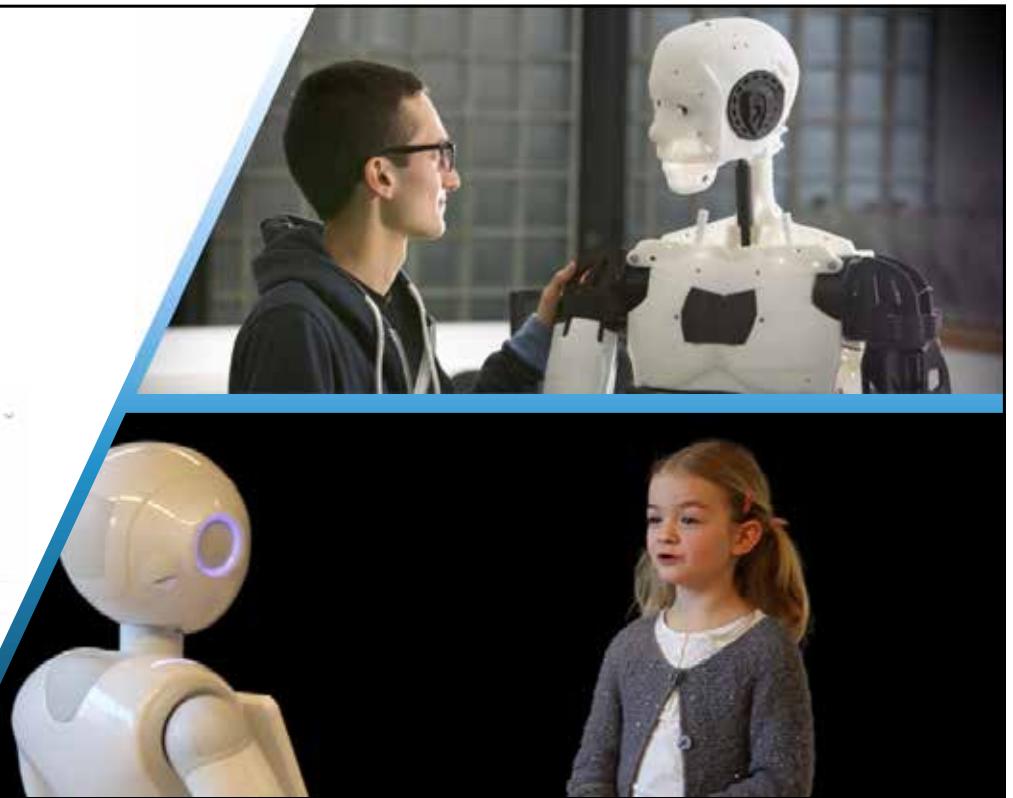
Patenting Artificial Intelligence Technologies

Mark Alleman, Alleman Hall Creasman & Tuttle LLP

Dave Bourgeau, Kolitch Romano LLP

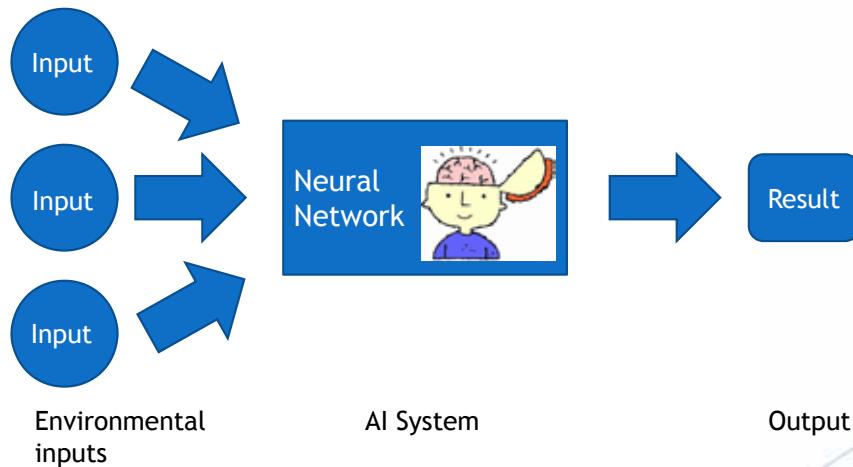
What is AI?

- ▶ A machine that thinks like a human?



Not a black box: Technical Overview of AI technologies

- ▶ What is AI?



Categories of AI

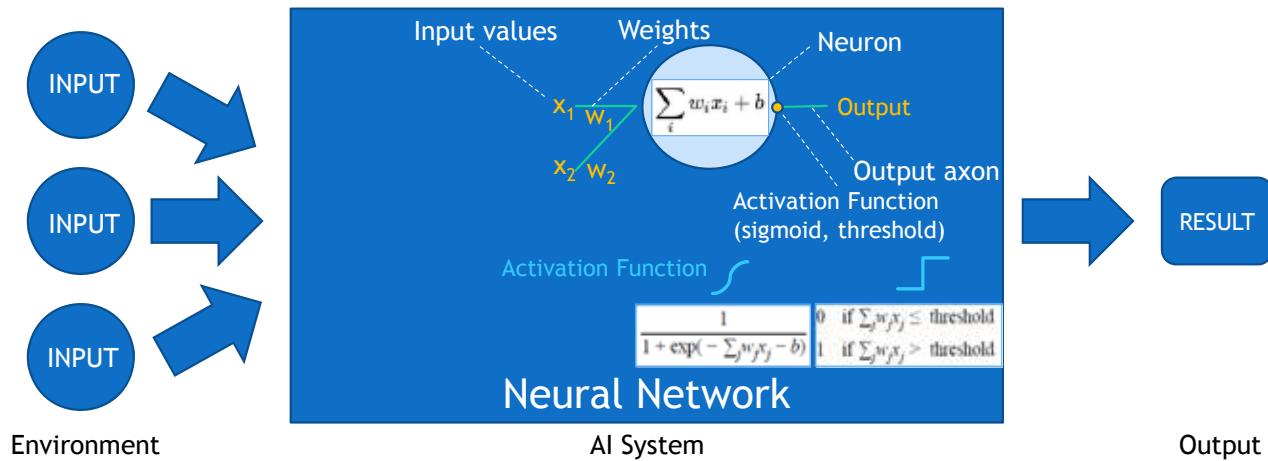
Symbolic AI

- Logic based
- Knowledge and Rule Based Expert systems
- Fuzzy logic

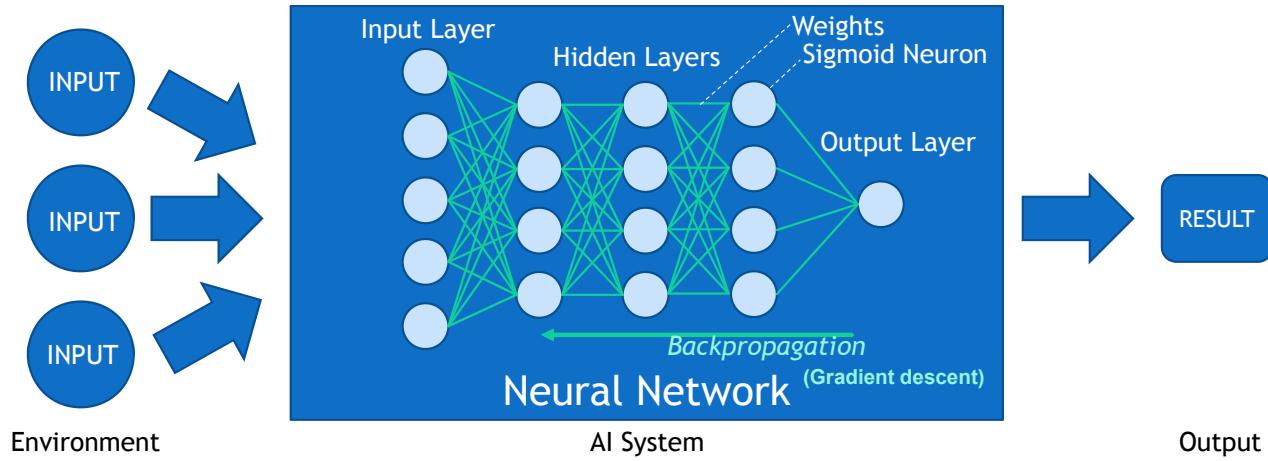
Non-symbolic AI

- Statistical machine learning and training classifiers
- Decision trees
- Neural networks
- Support vector machines
- Gaussian mixture model
- Naïve Bayes classifier
- Probabilistic approaches
- Hidden Markov Models
- Bayesian Networks
- Particle Filters
- Kalman Filters
- Decision Theory

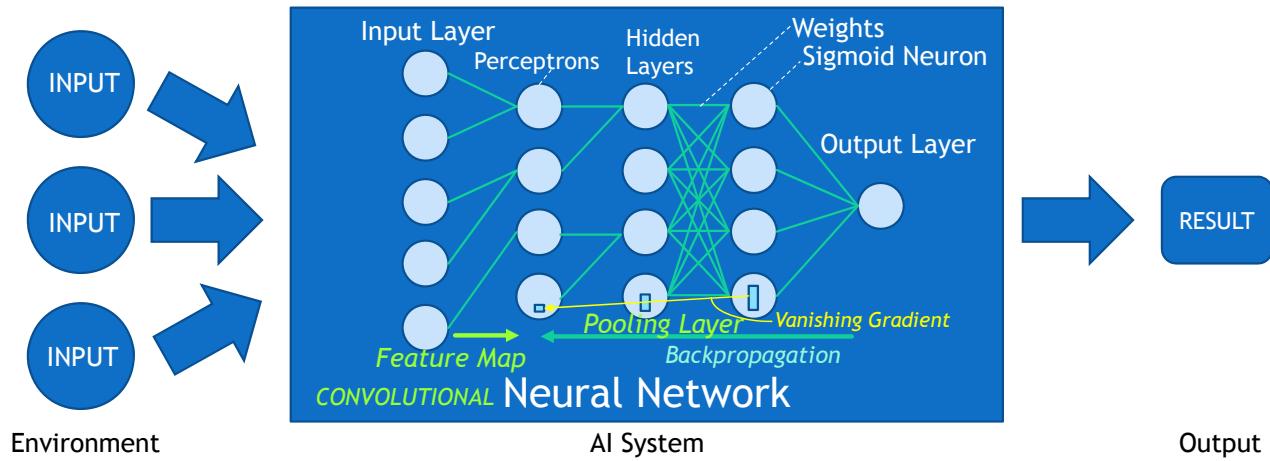
Let's look inside a neural network!



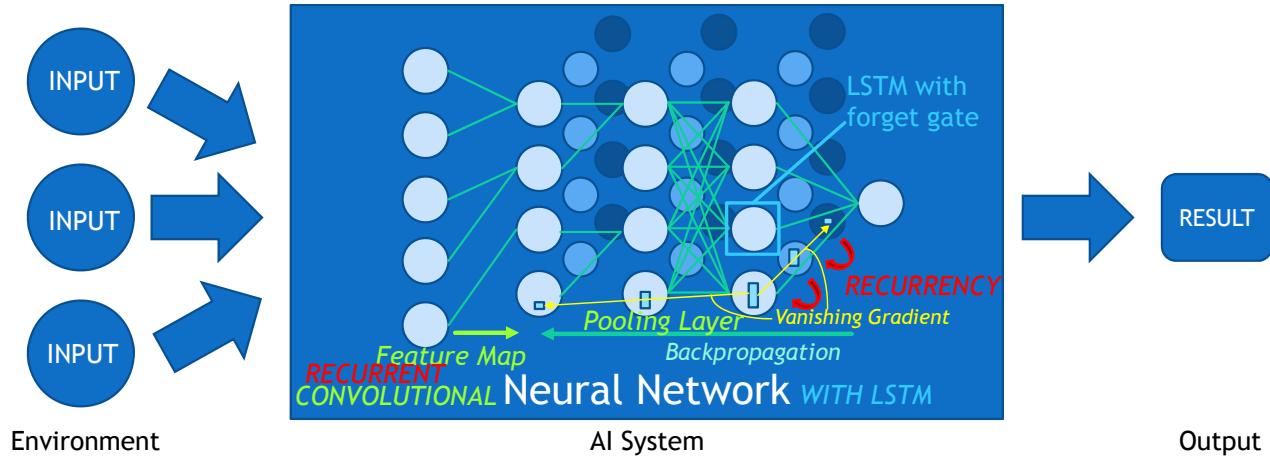
Deep neural network structure



Convolutional neural networks



Recurrent convolutional neural networks with LSTM

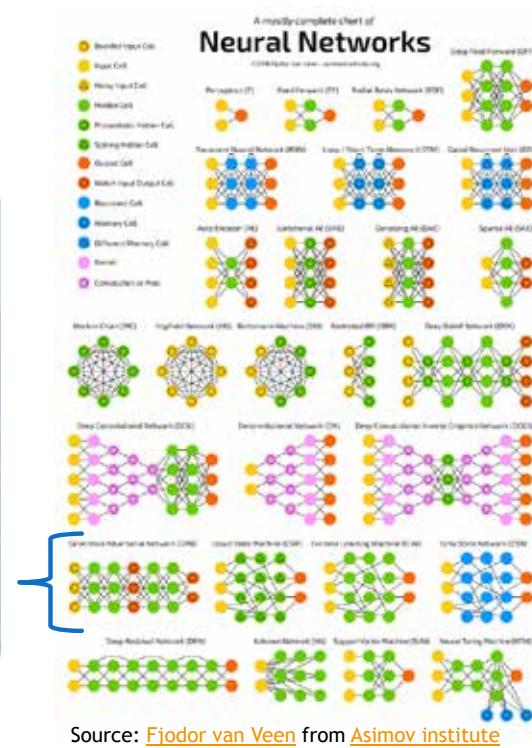


Neural network architectures



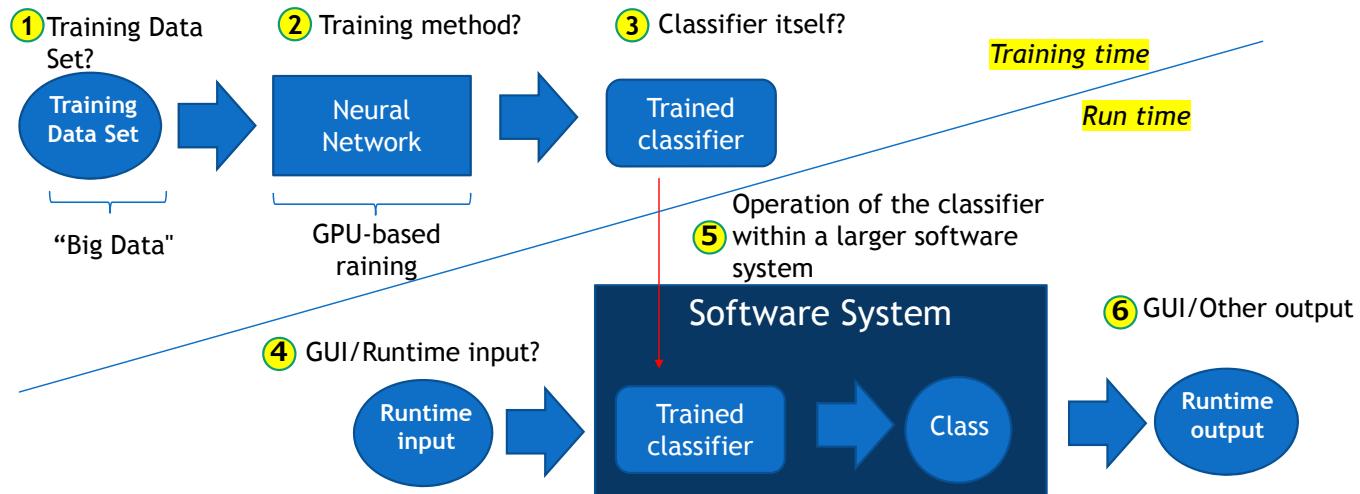
Stacked Generative Adversarial Networks

Source: StackGAN++: Realistic Image Synthesis with Stacked Generative Adversarial Networks, arXiv:1710.10916v2 [cs.CV] 25 Dec 2017



Source: [Fjodor van Veen](#) from [Asimov institute](#)

What aspects of an AI system can be patented?



AI in the Courts: Recent Judicial Decisions Involving AI Inventions

- ▶ *Vehicle Intelligence and Safety LLC v. Mercedes-Benz USA, LLC (Fed. Cir. 2015)*

1. A method to screen an equipment operator for intoxication, comprising:

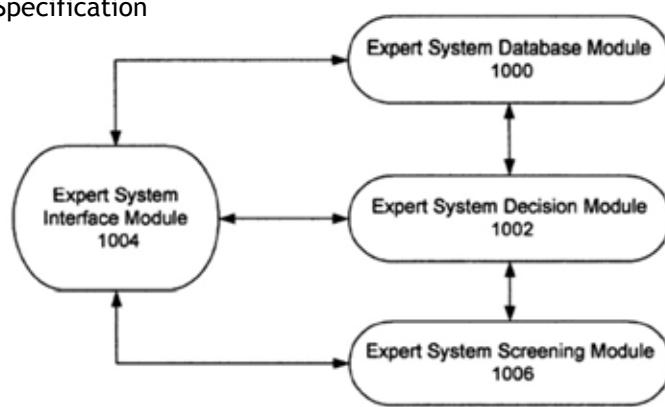
screening an equipment operator by one or more expert systems to measure at least one type of chemical in the air in proximity to the equipment operator to detect potential intoxication;

selectively testing said equipment operator when said screening indicates potential intoxication of said equipment operator; and

controlling operation of said equipment if said selective testing of said equipment operator indicates said intoxication of said equipment operator.

Vehicle Intelligence and Safety LLC v. Mercedes-Benz USA, LLC (Fed. Cir. 2015)

Specification



invention. The expert system database module 1000 communicates with the expert system decision module 1002 and the expert systems interface module 1004. The expert system screening module 1006 communicates with the expert system decision module 1002 and the expert system interface module 1004. The expert system database module 1000 stores information useful in determining the impairment of the equipment operator (not shown). The expert system decision module 1002 makes the actual determination of whether or not the equipment operator is impaired and decides which control response to make if there is an impairment. The expert system screening module 1006 assists in screening and selectively testing the equipment operator, and assists the expert system decision module 1002 in determining whether the equipment operator has a true impairment. The expert system interface module 1004 is used to obtain information concerning the equipment operator to determine whether or not the equipment operator has a true impairment. The expert system other

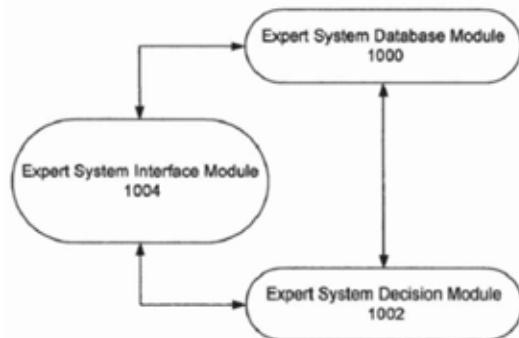
Vehicle Intelligence and Safety LLC v. Mercedes-Benz USA, LLC (Fed. Cir. 2015)

Decision – ALICE Step 1:

We agree with the district court that Mayo/Alice step one is met here. The claims at issue are drawn to a patent-ineligible concept, specifically the abstract idea of testing operators of any kind of moving equipment for any kind of physical or mental impairment. None of the claims at issue are limited to a particular kind of impairment, explain how to perform either screening or testing for any impairment, specify how to program the “expert system” to perform any screening or testing, or explain the nature of control to be exercised on the vehicle in response to the test results.

Vehicle Intelligence and Safety LLC v. Mercedes-Benz USA, LLC (Fed. Cir. 2015)

and reliable results. The most detailed description of the “expert system” is in Figure 8 of the ’392 patent:



See also '392 patent at 10:65–67 (“FIG. 8 illustrates an expert system implementation of the screening module 104 shown in FIG. 1 to screen an equipment operator. . .”). The description for Figure 8 states that the “decision module 1002 makes the actual determination of whether or not the equipment operator is impaired and decides which control response to make if there is an impairment.” *Id.* at 11:5–9. It then lists equipment operator characteristics that may be measured and states that this information is used to determine if the equipment operator has a “true impairment.” *Id.* at 11:9–33; *see also id.* at 11:44–60. But critically absent from the entire patent is how the existing vehicle equipment can be used to measure these characteristics; assuming these measurements can be made how the decision module determines if an

Vehicle Intelligence and Safety LLC v. Mercedes-Benz USA, LLC (Fed. Cir. 2015)

Decision – ALICE Step 2:

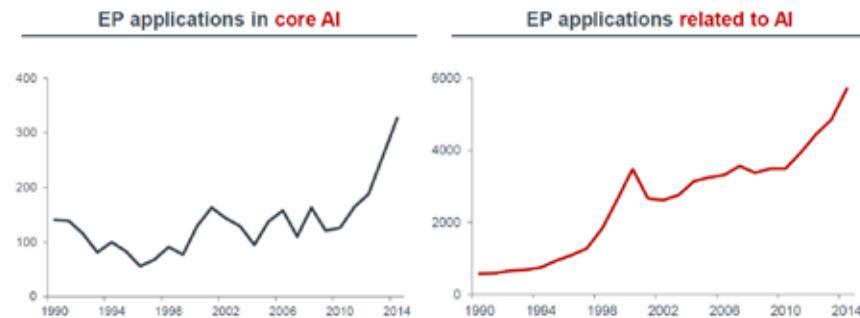
We also agree with the district court that the claims at issue fail *Mayo/Alice* step two. Nothing in these claims—considered as individual elements or an ordered combination—disclose an inventive concept sufficient to transform the abstract idea of testing operators of any kind of moving equipment for any kind of physical or mental impairment into a patent-eligible application of that idea.

Vehicle Intelligence and Safety LLC v. Mercedes-Benz USA, LLC (Fed. Cir. 2015)

Decision – ALICE Step 2:

ment testing than what was known in the prior art. As explained above, they merely recite using an undefined “expert system” to screen and test for impairments. The specification does not explain how this “expert system” achieves any improvements over the prior art. Rather, the specification lists “at least ten major advantages to using expert system screening in conjunction with already existing modules in equipment to detect impairment in an equipment operator” without explaining how the expert system achieves these advantages. '392 patent at 6:50–7:8. Such bald assertions made at such a high level of generality and not tied to any claim language do not provide an “inventive concept” sufficient to save these claims from patent-ineligibility. We have considered Vehicle Intelligence's remaining arguments and they are without merit.

EPO and AI



Guidelines

A screenshot of the European Patent Office's 'Guidelines for Examination' page. The top navigation bar includes links for 'Home', 'Searching for patents', 'Applying for a patent', 'Law & practice' (which is highlighted in red), 'News & issues', and 'Links'. Below this, a breadcrumb trail reads 'Home > Law & practice > Legal texts > Guidelines for Examination'. A sidebar on the left lists various parts of the guidelines, each with a link: General Part, Part A – Guidelines for Formalities, Examination, Part B – Guidelines for Search, Part C – Guidelines for Procedural Aspects of Substantive Examination, Part D – Guidelines for Opposition and Limitation/Revocation Procedures, Part E – Guidelines on General Procedural Matters, Part F – The European Patent Application, Part G – Patentability, Part H – Amendments and Corrections, and Index for Computer-Implemented Inventions. The main content area is titled 'Guidelines for Examination' and contains a link to 'Guidelines for Examination in the European Patent Office' and the date 'November 2018'. Below this is a 'List of Contents' and a 'Contents' section with numbered items: 1. Preliminary remarks, 2. Explanatory notes, 3. General remarks, 4. Work at the EPO, 5. Survey of the processing of applications and patents at the EPO, 6. Contracting States to the EPC, and 7. Extension to and validation in states not party to the EPC.

EPO

- ▶ Computer programs cannot be patented “as such”
- ▶ Two Hurdles
 - ▶ Technical character
 - ▶ “computer implemented” is probably enough here but not for inventive step
 - ▶ Using real world technical data is helpful
 - ▶ Inventive Step (based on technical features only)
 - ▶ Take into account all features contributing to the technical character of the claimed invention

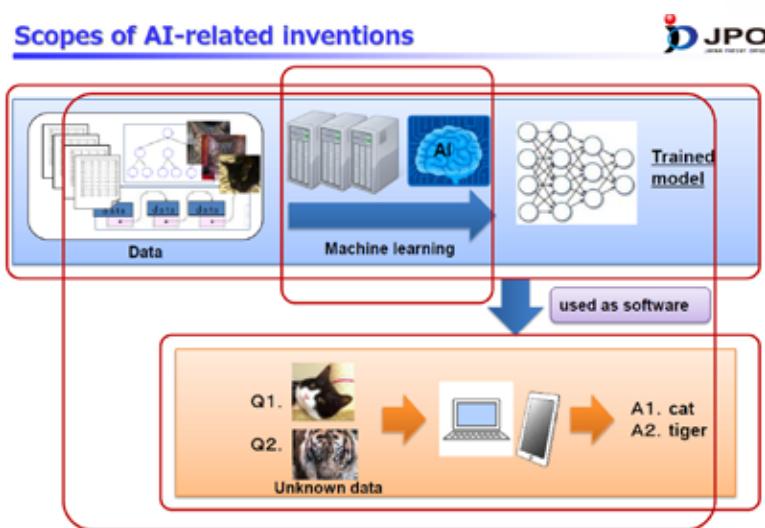
Addressing EPO Technical Character

- ▶ Direct claims to a specific technical implementation
 - ▶ AI algorithm specifically configured for an implementation and designed relative to technical considerations of computer functionality
 - ▶ E.g., design and implementation using specific computer hardware architecture
- ▶ Direct claims to a technical application of the AI
 - ▶ Image processing
 - ▶ Speech processing
 - ▶ Predictive maintenance
 - ▶ Etc.
 - ▶ E.g., use of NN in a heart monitoring apparatus to identify irregular heartbeat

JPO and AI

- ▶ Many new examples were put out last year, available on JPO website
- ▶ If input and output don't have an evident correlation then need to explain how you experimentally evaluated the trained AI model (e.g., image of farmer's face isn't expected to be correlated with sugar content of his or her vegetables)
- ▶ Mere replacement of known methods with AI version is not considered inventive
- ▶ Novel selection of input data sources may be inventive (e.g., adding an unexpected variable)

JPO Slide on Options for Claim Scope



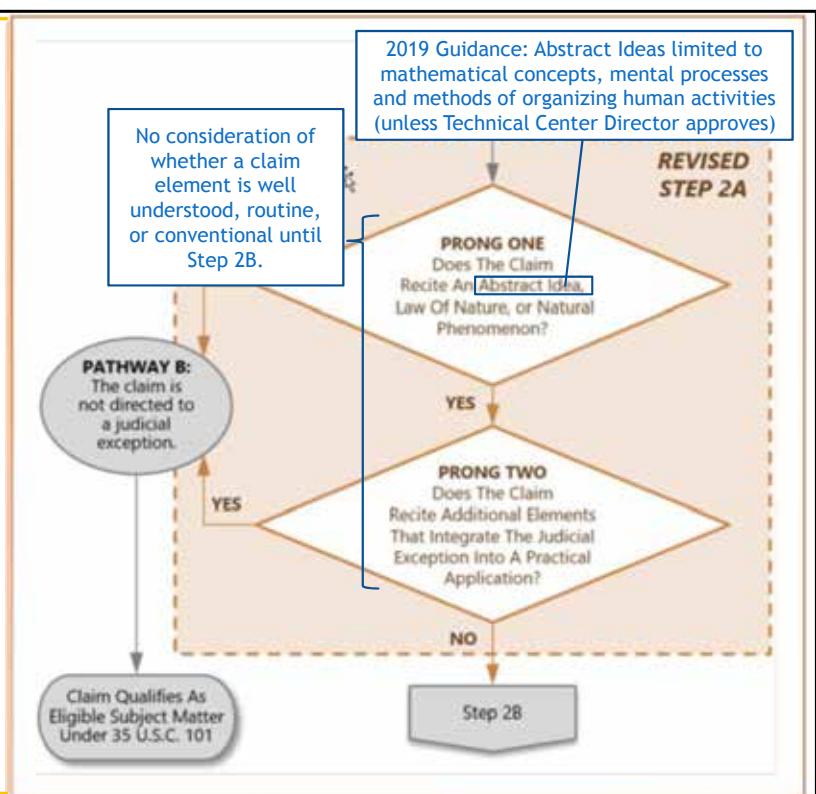
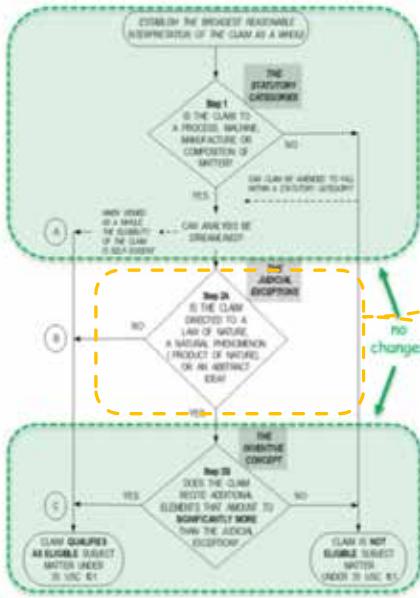
AI in the USPTO

- ▶ Aware of the situation, but determined to examine AI inventions under standard computer-implemented invention guidelines
- ▶ New § 101 Guidelines (January 2019) are more applicant-friendly
- ▶ New § 112 Guidelines (same day) indicate more / better support for claims is needed
- ▶ AI related applications are found throughout the USPTO, but seem to be heaviest in Art Units 2100 and 2600
- ▶ US Class 706 (Data Processing - AI) has seen applications nearly double from 2014 to 2018

New § 101 Guidance

- ▶ Focused on determining whether the claim is “directed to an abstract idea”
- ▶ Split the Step 2A analysis into two prongs
- ▶ 2A prong 1: Does the claim recite an abstract idea? If not, done with 101.
 - ▶ Must fall into one of three categories to be abstract: (1) Mathematical concepts, (2) Mental processes, or (3) Certain methods of organizing human activity
- ▶ 2A prong 2: If it does recite an abstract idea, is the abstract idea integrated into a practical application? If it is, then the claim isn’t “directed to” the abstract idea itself.
 - ▶ Apply, rely on, or use the abstract idea in a meaningfully limiting way
 - ▶ Improve functioning of a computer or any other technology
 - ▶ Machine or transformation test works here

New § 101 Guidance (Jan. 7 2019)



Example 39: Eligible under § 101?

A computer-implemented method of training a neural network for facial detection comprising:

- collecting a set of digital facial images from a database;
- applying one or more transformations to each digital facial image including mirroring, rotating, smoothing, or contrast reduction to create a modified set of digital facial images;
- creating a first training set comprising the collected set of digital facial images, the modified set of digital facial images, and a set of digital non-facial images;
- training the neural network in a first stage using the first training set;
- creating a second training set for a second stage of training comprising the first training set and digital non-facial images that are incorrectly detected as facial images after the first stage of training; and
- training the neural network in a second stage using the second training set.

Yes - Eligible under § 101

- ▶ NO ABSTRACT IDEA
- ▶ While some of the limitations may be based on mathematical concepts, the mathematical concepts are not recited in the claims.
- ▶ Further, the claim does not recite a mental process because the steps are not practically performed in the human mind.
- ▶ Finally, the claim does not recite any method of organizing human activity such as a fundamental economic concept or managing interactions between people.

Other examples

- ▶ MENTAL PROCESS: determining, by a processor, the amount of use of each icon over a predetermined period of time;
- ▶ ELIGIBLE VERSION - NOT ABSTRACT: determining the amount of use of each icon using a processor that tracks how much memory has been allocated to each application associated with each icon over a predetermined period of time;

Other examples

► ABSTRACT IDEA NOT INTEGRATED - COLLECTING STEP IS EXTRA SOLUTION ACTIVITY:

A method for monitoring of traffic data through a network appliance connected between computing devices in a network, the method comprising:

collecting, by the network appliance, traffic data relating to the network traffic passing through the network appliance, the traffic data comprising at least one of network delay, packet loss, or jitter; and

comparing, by the network appliance, at least one of the collected traffic data to a predefined threshold.

► ELIGIBLE - ABSTRACT IDEA IS INTEGRATED BECAUSE OF GREEN ELEMENT:

A method for adaptive monitoring of traffic data through a network appliance connected between computing devices in a network, the method comprising:

collecting, by the network appliance, traffic data relating to the network traffic passing through the network appliance, the traffic data comprising at least one of network delay, packet loss, or jitter;

comparing, by the network appliance, at least one of the collected traffic data to a predefined threshold; and

collecting additional traffic data relating to the network traffic when the collected traffic data is greater than the predefined threshold, the additional traffic data comprising Netflow protocol data.

New § 112 Guidance

- Reiterates § 112 requirements for definiteness, enablement, and adequate written description in the software context
 - Primarily cites *Williamson v. Citrix* 792 F.3d 1339 (Fec. Cir. 2015) and *Vasudevan Software, Inc. v. MicroStrategy, Inc.*, 782 F.3d 671 (Fed. Cir. 2015)
- Emphasizes that § 112(f) interpretation will be used for anything claiming a “module” or other generic placeholder. Doesn’t require “means for.”
- Problem is sufficiency of structure disclosed in specification. If being interpreted under 112(f) then must show corresponding structure. In software context, structure = algorithm or formula.
- Inadequate disclosure of algorithms interpreted under 112(f) may result in fatally indefinite claims under 112(a), as in *Williamson v. Citrix* (no algorithm for “distributed learning control module” disclosed).
- Inadequate definitions of claim terms may result in claims that are not enabled or lack sufficient written description under 112(b), as in *Vasudevan Software v. Microstrategy* (meaning of “disparate databases” not disclosed).
- May signal a desire on the part of the USPTO to shift emphasis from 101 to 112

Nuts and Bolts: Tips for Preparing and Prosecuting Patent Applications Directed to AI Technologies

- ▶ Ensure adequate disclosure for enablement and 112(f) support
- ▶ Discuss how invention is an improvement over known methods in a technical field - technical solution to a technical problem, or improved method for X because of some claimed feature
- ▶ Explain in the specification how the invention is a practical implementation of a concept
- ▶ Don't include actual formulas in claims unless you're sure they're practically implemented
- ▶ Consider how a feature is implemented and claim it in a way that can't be practically performed in the mind
- ▶ Try to make sure something's happening in the claims, not just data gathering or pure math - consider what's being done with the data or the results

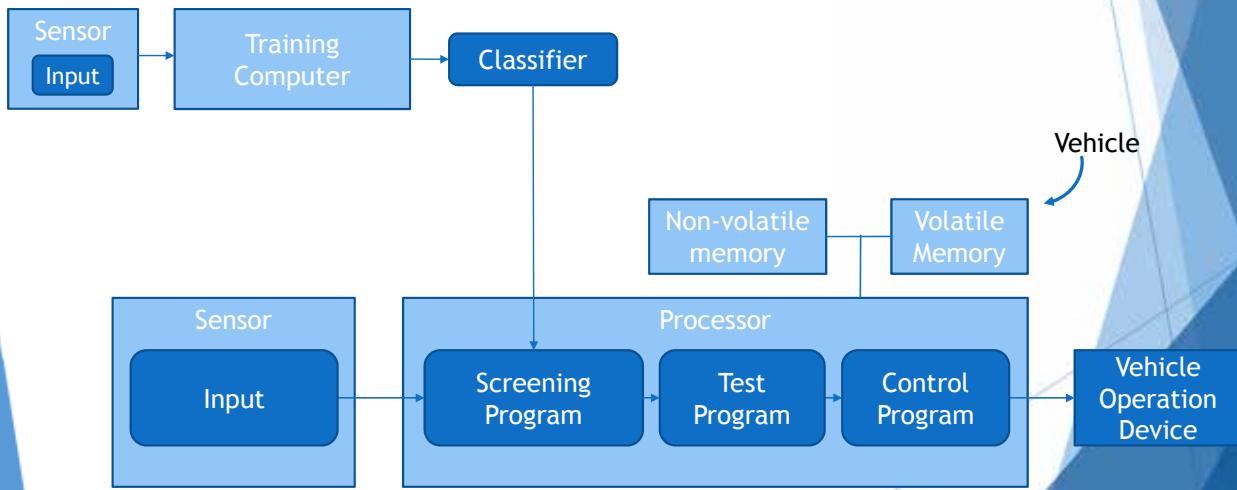
Nuts and Bolts: Tips for Preparing and Prosecuting Patent Applications Directed to AI Technologies

- ▶ Building AI systems is hard. Describe the challenges in the specification and how those were overcome. Tell the story of the invention.
- ▶ Always include HOW in the detailed description. Never describe as a black box
- ▶ By describing a single AI model well, you will likely be able to satisfy 112(a) and 112(b), but since 112(f) could apply, it is best to describe multiple alternative AI models to ensure claim breadth
- ▶ Consider the various patent scope choices available to you when claiming an AI-related invention. Use these for determining what claim scope is appropriate in your situation.
- ▶ Consider how your claims will be examined in EPO, JPO, etc., if they might end up there

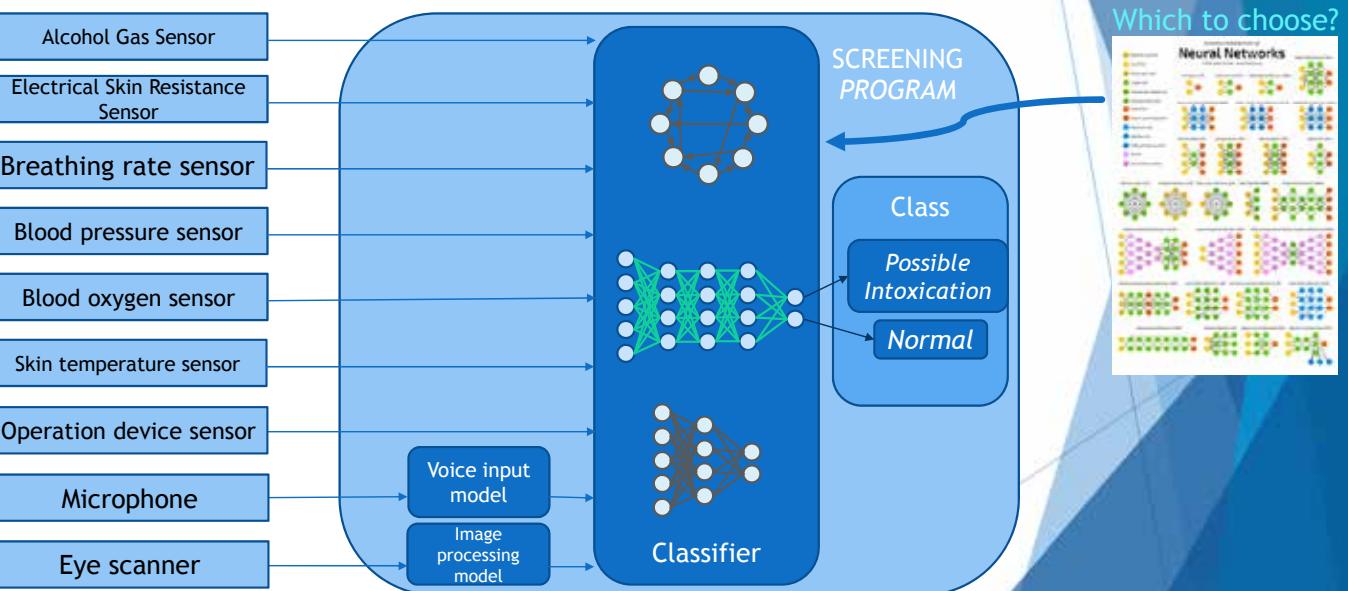
Nuts and Bolts: Tips for Preparing and Prosecuting Patent Applications Directed to AI Technologies

- ▶ Think of the 6 aspects of an AI invention (data gathering and pre-processing, training process, the trained classifier, run time input, run time system, run time output). All should be described to support potential claims.
- ▶ Even if your inventors do not know how the AI model itself should be architected since they use an outside vendor for that portion of the development, you can still draft a patent application based on the training data provided by your client to the vendor, and the run time system within which the trained classifier is used.
- ▶ When drafting, use real terms that people in the computer and AI fields use. When reciting sensors and computer components, use real components that can be purchased in the marketplace and for which well accepted definitions exist. Don't make up your own terms in the specification.

Concrete Examples: redrafting the *Vehicle Intelligence* patent



Concrete Examples: Redrafting the Vehicle Intelligence patent



Concrete Examples: Redrafting the Vehicle Intelligence patent

1. A method to screen an equipment operator for intoxication, comprising:
for each of multiple test operators, under each of a plurality of testing conditions:
receiving a signal from a gas chemical sensor indicative of a level of an airborne constituent chemical compound in an intoxicant consumed by an operator of a vehicle, the gas chemical sensor positioned in a cabin of the vehicle;
detecting an intoxicant level of the test operator substantially concurrent with receiving the signal; and
making an intoxication determination by determining whether the detected intoxicant level is above an impairment threshold;
generating a training data set based on the received signals, the training data set including a plurality of data entries, each data entry including at least the received signal or processed data generated thereon, and the intoxication determination for the test operator.

Generating training data set

Concrete Examples: Redrafting the Vehicle Intelligence patent

2. The method of claim 1, further comprising:

training a predictive data model using the generated training data;

as a result of the training, outputting a trained classifier that receives as input at least a signal from a gas chemical sensor indicative of a level of an airborne constituent chemical compound in an intoxicant consumed by an operator of a vehicle, and produces as output a prediction of whether the operator has an intoxicant level that is above the intoxication threshold.

Training the classifier

Concrete Examples: Redrafting the Vehicle Intelligence patent

3. A method to screen an equipment operator for intoxication, comprising:

at a processor:

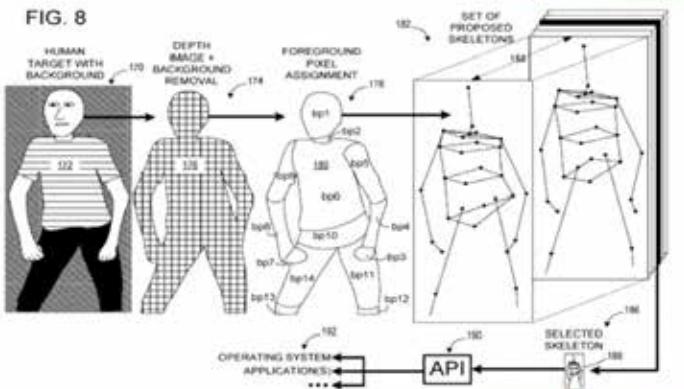
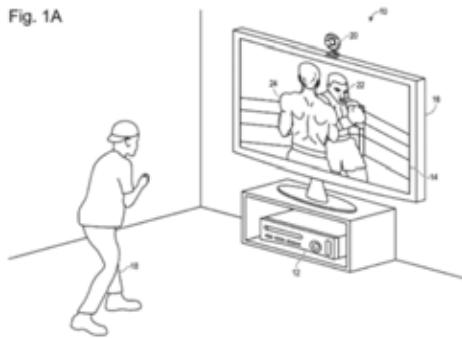
receiving as runtime input at least a signal from a gas chemical sensor positioned in a cabin of a vehicle indicative of a level of an airborne constituent chemical compound in an intoxicant consumed by an operator of the vehicle;

inputting the signal into a trained classifier, wherein the classifier has been trained using a training data set that has been tagged with measured levels of the airborne constituent chemical compound, and corresponding direct or indirect measurements of a plurality of test operators' intoxicant levels; and

processing the inputted signal via the trained classifier to thereby output a prediction of whether the operator has an intoxicant level that is above the intoxication threshold.

Applying a trained classifier at runtime

Concrete Examples: Pose Estimation



Concrete Examples: Pose Estimation

The invention claimed is:

1. A method of tracking a target, the method comprising: receiving from a source one or more observed depth images of a scene including the target; labeling each pixel of the one or more observed depth images as either a foreground pixel belonging to the target, a foreground pixel belonging to another target, or a background pixel not belonging to a target; labeling each foreground pixel with body part information indicating a likelihood that that foreground pixel belongs to one or more body parts of the target; and modeling the target with a virtual skeleton including a plurality of virtual skeletal points, each virtual skeletal point including a three dimensional position derived from body part information of one or more foreground pixels from the one or more observed depth images.

10. The method of claim 1, where labeling each foreground pixel of an observed depth image with body part information includes applying to the observed depth image one or more decision trees trained from a collection of known poses to find a body part probability distribution indicating a likelihood that the foreground pixel belongs to each of one or more body parts.

Runtime input

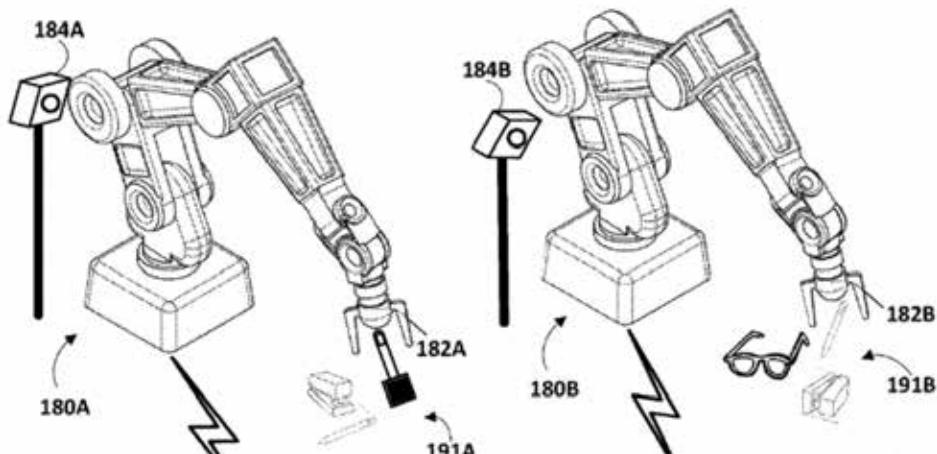
Preprocessing of runtime input

Runtime classifier output

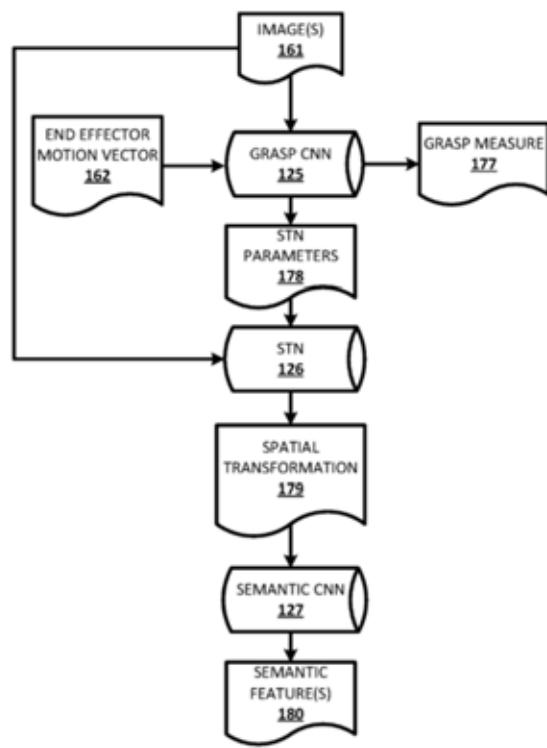
Classifier details

Overall output of runtime program

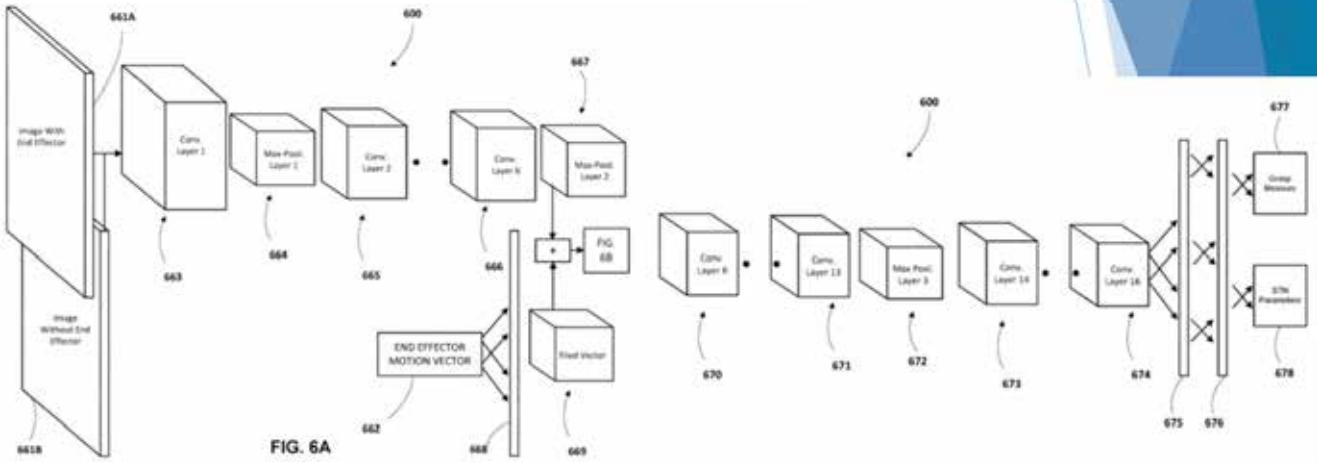
Concrete Examples: Grasp Detection



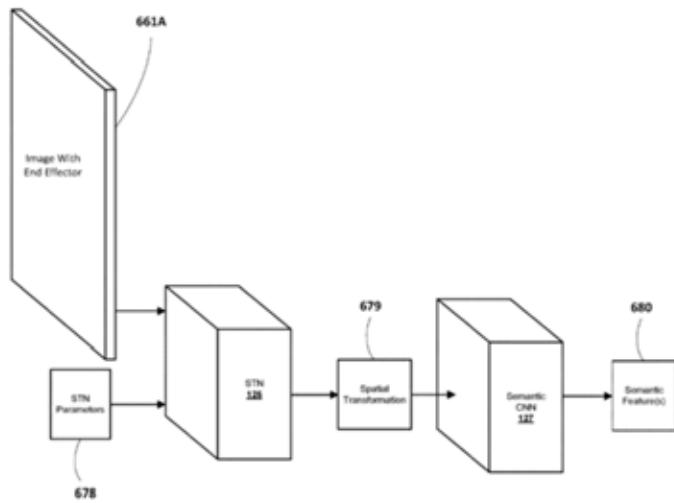
Concrete Examples: Grasp Detection



Concrete Examples: Grasp Detection



Concrete Examples: Grasp Detection



Concrete Examples: Grasp Detection

29

runtime
claim

What is claimed is:

1. A method implemented by one or more processors, comprising:
 - generating a candidate end effector motion vector defining motion to move a grasping end effector of a robot from a current pose to an additional pose;
 - identifying a current image captured by a vision sensor associated with the robot, the current image capturing the grasping end effector and at least one object in an environment of the robot;
 - applying the current image and the candidate end effector motion vector as input to a trained grasp convolutional neural network;
 - generating, over the trained grasp convolutional neural network, a measure of successful grasp of the object with application of the motion, the measure being generated based on the application of the image and the end effector motion vector to the trained grasp convolutional neural network;
 - identifying a desired object semantic feature;

applying, as input to a semantic convolutional neural network, a spatial transformation of the current image or of an additional image captured by the vision sensor; generating, over the semantic convolutional neural network based on the spatial transformation, an additional measure that indicates whether the desired object semantic feature is present in the spatial transformation;
generating an end effector command based on the measure of successful grasp and the additional measure that indicates whether the desired object semantic feature is present; and
providing the end effector command to one or more actuators of the robot.

Thank you!

