Intellectual Property Review—Updates and Changes from 2019

Cosponsored by the Intellectual Property Section

Friday, February 14, 2020
9 a.m.–1:30 p.m.

4 General CLE credits
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   — John Vandenberg, *Klarquist Sparkman LLP, Portland, Oregon*
SCHEDULE

8:00  Registration

9:00  Trademark Law Review
  ♦ Federal cases
  ♦ Trademark Trial and Appeal Board (TTAB) proceedings
  Christopher Erickson, Tonkon Torp LLP, Portland
  Parna Mehrbani, Tonkon Torp LLP, Portland

10:00 Patent Law Review
  ♦ Review of recent precedential decisions from the Supreme Court, the Federal Circuit, and the Patent Trial and Appeal Board (PTAB)
  ♦ Pending cases before the Supreme Court
  Nika Aldrich, Schwabe Williamson & Wyatt, Portland

11:00 Break

11:15 Last Year in Copyrights
  ♦ Significant and interesting copyright cases
  ♦ Developments in copyright trolling
  ♦ Copyright Small Claims Court
  David Madden, Mersenne Law, Portland

12:15 Lunch—Carbon Patent Royalty: Use Patents to Put a Price on Carbon
  ♦ Existing patent systems can be used to put a price on greenhouse gas emissions
  ♦ Strategies and legal issues for patent litigation, licensing, and prosecution
  ♦ What patent attorneys can do now
  John Vandenberg, Klarquist Sparkman LLP, Portland

1:30 Adjourn
FACULTY

Nika Aldrich, Schwabe Williamson & Wyatt, Portland. Mr. Aldrich’s practice focuses on intellectual property litigation, and he has represented clients concerning a number of technologies, including medical devices, software, food, textiles, fuel systems, pharmaceuticals, and more. He was the lead trial attorney in Columbia Sportswear v. Seirus Innovative Accessories, the first design patent case to go to trial following the Supreme Court decision in Samsung v. Apple. Mr. Aldrich serves as an adjunct professor of patent law at Lewis and Clark Law School. He is a regular lecturer on issues concerning the state of patent law, and he has published numerous articles on issues close to the field.

Christopher Erickson, Tonkon Torp LLP, Portland. Mr. Erickson focuses his practice on intellectual property matters. He helps companies register and protect their trademarks and service marks in the U.S. and throughout the world. He also advises companies on the value and business impacts of intellectual property, drafting and negotiating license agreements, technology and software purchase agreements, nondisclosure agreements, sponsorship agreements, and service agreements. He acts as trademark counsel for numerous companies. Mr. Erickson is an active member of the International Trademark Association.

David Madden, Mersenne Law, Portland. Mr. Madden’s firm focuses on intellectual property, representing investors, entrepreneurs, startups, and small businesses in connection with patents, trademarks, copyrights, and general business matters. Mr. Madden is admitted in California, Oregon, and Utah and registered to practice at the U.S. Patent & Trademark Office. He is also an electrical engineer and computer programmer with a degree from Johns Hopkins University. Mr. Madden is an author and frequent speaker on a number of technology-related subjects affecting individuals and businesses, including Internet security and data breach liability.

Parna Mehrbani, Tonkon Torp LLP, Portland. Ms. Mehrbani’s practice is focused on intellectual property, trademark registration and enforcement, and advising and litigating trademark portfolios for local, national, and international companies at all stages of growth. Beyond trademark law, she has broad experience in a wide array of intellectual property issues, including copyright law, right of publicity, trade secret, licensing, false advertising, and intellectual property contracting. She also has particular experience in the use and enforcement of intellectual property online in e-commerce and social media contexts. Ms. Mehrbani is a member of the Oregon State Bar Intellectual Property Section, the Oregon Bench and Bar Commission on Professionalism, and the International Trademark Association. She is admitted to practice in Oregon and Washington.

John Vandenberg, Klarquist Sparkman LLP, Portland. Mr. Vandenberg has been litigating patents around the country for over 35 years. He has argued more than a dozen appeals before the Court of Appeals for the Federal Circuit and has appeared before the United States Supreme Court. As first chair, he has tried patent, copyright, and trademark infringement suits and product-configuration trade dress suits. He also has been lead counsel in Patent Office trial proceedings. Mr. Vandenberg is the primary editor of “Patent Defenses,” an extensive summary of substantive defenses and related strategies in patent infringement suits. In June 2019, Mr. Vandenberg testified to the Senate Subcommittee on Intellectual Property, Committee on the Judiciary regarding “The State of Patent Eligibility in America: Part III.”
Chapter 1
Presentation Slides: 2019 Trademark Year in Review

**CHRISTOPHER ERICKSON**
Tonkon Torp LLP
Portland, Oregon

**PARNIA MEHRBANI**
Tonkon Torp LLP
Portland, Oregon
I. SUPREME COURT CASES

- Mission Product Holdings, Inc. v. Tempnology, LLC
- Iancu v. Brunetti
- Peter v. NantKwest, Inc.
Mission Product Holdings, Inc. v. Tempnology, LLC
139 S.Ct. 1652 (2019) - Decided May 20, 2019

- Mission was licensee of Tempnology’s COOLCORE trademarks in connection with the distribution of certain clothing and accessories.
- What is the effect of a debtor/licensor’s rejection of a trademark licensing agreement (an executory contract) under the Bankruptcy Code?
- A debtor/licensor’s rejection of the licensing agreement constitutes a breach, but does not rescind the contract.
- The licensee’s rights to use the trademark survives the breach, as it ordinarily would.

Iancu v. Brunetti
139 S.Ct. 2294 (2019) - Decided June 24, 2019

- Brunetti sought federal registration of the mark FUCT.
- USPTO denied registration of the mark as “immoral[ ] or scandalous matter” under the Lanham Act.
- This provision of the Lanham Act violates the First Amendment because it discriminates based on viewpoint.
- Majority found the provision is not viewpoint neutral; it disfavors certain ideas, like the related bar on “disparaging” trademarks struck down in 2017.
- Majority declined to “save” the “scandalous” portion of the statute by narrowly construing it to bar registration of only “lewd” or “profane” marks. Doing so would go beyond interpreting the statute and would require rewriting it.
Peter v. Nantkwest, Inc.
2019 WL 6719083 (2019) - Decided December 11, 2019

- The Supreme Court held that the USPTO cannot recover a pro rata share of the salaries of attorney and paralegal employees in district court actions challenging an adverse decision.
- The Supreme Court reasoned that the “all the expenses” provision in the Patent Act, 35 U.S.C. § 145, does not alter the basic American Rule that litigants pay their own attorney’s fees.
- Although this case expressly addresses the Patent Act, the same text appears in 15 U.S.C. § 1071 for appeals of adverse decisions by the TTAB and thus has implications for trademark cases (and would have resulted in different outcome in Booking.com case).

II. FEDERAL COURT OF APPEALS CASES

- Booking.com B.V. v. United States Patent & Trademark Office
- Hard Candy, LLC v. Anastasia Beverly Hills, Inc.
- Uncommon, LLC v. Spigen, Inc.
- Luxottica Grp., S.p.A. v. Airport Mini Mall, LLC
**Booking.Com B.V. v. USPTO**

915 F.3d 171, 175 (4th Cir. 2019), as amended (Feb. 27, 2019), cert. granted sub nom.

- Trademark owner applied to register BOOKING.COM as trademark with USPTO.
- USPTO held BOOKING.COM to be generic and refused registration; trademark owner filed civil action against USPTO.
- The district court and Fourth Circuit held that BOOKING.COM is *descriptive* (not generic) and is therefore a protectable mark. According to the Fourth Circuit, adding ".com" to a generic second-level domain like "booking" can result in a non-generic, descriptive mark.
- Court also awarded USPTO expenses, including attorney fees, under §1071, which requires applicant to pay “all the expenses of the proceeding…” This would have been a different result after the Nantkwest decision.
- The Supreme Court granted certiorari regarding descriptiveness.

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**Hard Candy, LLC v. Anastasia Beverly Hills, Inc.**

921 F.3d 1343 (11th Cir. 2019) – Decided April 23, 2019

- Anastasia used “hard candy” as a color name on its “Glow Kit” containing 4 shades of facial highlighter. Hard Candy sued for infringement.
- Hard Candy sought various remedies, but not actual damages.
- 11th Cir. held trademark infringement plaintiff has no right to a jury trial for accounting and disgorgement of profits claims because these claims are equitable.
- Adopted reasoning of the 6th and 9th Circuits.
- D. Ct.’s findings affirmed, no likelihood of confusion, and Anastasia made out a fair use defense because it used the term as a description of the product, and not as a mark.
**Uncommon, LLC v. Spigen, Inc.**

926 F.3d 409 (7th Cir. 2019) – Decided June 11, 2019

- Uncommon sued Spigen for infringement of CAPSULE mark (used in conjunction with cell phone cases). Spigen counterclaimed for cancellation of Uncommon’s CAPSULE registration.
- SJ granted for Spigen.
- Spigen established that the mark was merely descriptive and Uncommon failed to provide evidence of secondary meaning.
- Spigen’s failure to make certain expert disclosures about its survey evidence was harmless.
- Mark found to be descriptive, had not acquired distinctiveness.

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**Luxottica Grp., S.p.A. v. Airport Mini Mall, LLC**

932 F.3d 1303 (11th Cir. 2019) – Decided August 7, 2019

- Luxury eyeglass manufacturers (including Oakley) sued owners and landlord of shopping mall for contributory trademark infringement.
- The Eleventh Circuit upheld a jury verdict finding that a landlord was liable for contributory trademark infringement based on its subtenants’ sale of counterfeit sunglasses.
- In addition to the leased space, the landlord supplied the vendors with services such as maintenance and parking.
- The court held that the plaintiff presented sufficient evidence that the landlord and owners had constructive knowledge of, or was willfully blind to, the subtenants’ direct infringement.
III. TTAB CASES

- *In re Gillard*
- *In re DePorter*
- *In re Broken Arrow Beef and Provision, LLC*
- *A&H Sportswear Co., Inc. v. William W. Yedor*
- *In re TrackFin GmbH*
- *Ricardo Media Inc. v. Inventive Software, LLC*
- *Milwaukee Electric Tool Corp. v. Freud America, Inc.*

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**In re Gillard**

Serial No. 87469115 [NOT PRECEDENTIAL] – Decided January 11, 2019

- The TTAB held that #COVFEFE, inspired by President Trump’s viral tweet, failed to function as a trademark that identified the source of goods.
- The TTAB reasoned that “the word is in the nature of a verbal Rorschach test, in which users and observers of the word can project onto it any meaning they wish.” The fact that the applied-for mark included a hashtag played a role in the decision because the hashtag suggested the purpose of the mark was promoting discussion of the President’s tweet.
- In sum, the widespread non-trademark use of “covfefe” meant that the public would fail to see that word as a source identifier for any specific product.
**In re DePorter**

Serial No. 87229711 – Decided January 29, 2019

- TTAB refused registration of #MAGICNUMBER108 as informational matter that failed to function as a trademark to indicate the source of Applicant’s goods and to identify and distinguish them from the goods of others.
- The hashtag, even if created by Applicant, referred to the significance of the number 108 to the Chicago Cubs, and their hopes of winning the World Series after 108 years.
- Phrase must be used in a manner which indicates to purchasers a single source or origin for the goods.
- Hashtags can be registered, but have to function as a mark.
- More use of the hashtag as a source indicator for goods would have helped.

**In re Broken Arrow Beef and Provision, LLC**

129 USPQ2d 1431 (TTAB 2019) [precedential] – Decided February 22, 2019

- Applicant sought to register BA BEEF, for “beef; flavored nuts; frozen fish; pork; poultry; preserved fish; processed pecans; seasoned nuts; chicken.”
- USPTO Examiner refused registration on the grounds that the mark was primarily geographically descriptive of the goods. The Examiner contended that “BA” is an abbreviation for Broken Arrow, Oklahoma.
- TTAB reversed refusal on appeal, and ruled that the USPTO had failed to prove the mark to be primarily geographically descriptive of the goods. The record evidence was insufficient to show that “BA” would be recognized as identifying “a place known generally to the beef-purchasing public in the United States.”
- In sum, “BA” is no “NYC,” “LA,” or even “ATL.”
A&H Sportswear Co., Inc. v. William W. Yedor

Serial No. 86921486 – Decided March 29, 2019

- TTAB granted summary judgment to the opponent of registration for MIRACLE ON 35th STREET.
- No genuine issue of material fact that the applicant lacked a bona fide intent to use the mark in commerce at the time he filed his application.
- Applicant claimed he intended to sell t-shirts and build a website in the event that the Chicago White Sox won the World Series. *White Sox play at 35th and Shields on the South Side…Comisky (new Comisky), US Cellular (the Joan), Guaranteed Rate Field.
- Applicant produced only one design from 2005 (application filed Feb. 26, 2016).

In re TrackFin GmbH

Application Serial No. 86175623 (June 17, 2019)

- Applicant sought to register three-dimensional trade dress design (above), for snow groomers in Class 12. The design constituted the “unique” pattern left by Applicant’s snow grooming machines.
- USPTO Examiner refused on multiple grounds.
- TTAB affirmed refusal on several grounds, including (a) that Applicant’s specimens failed to show use of the applied-for mark; and (b) the mark had not acquired distinctiveness.
- TTAB reversed refusal on the ground that the mark was functional.
**Ricardo Media Inc. v. Inventive Software, LLC**

2019 USPQ2d 311355 (TTAB 2019) [precedential] – Decided August 21, 2019

- Owner of RICARDO trademark filed opposition against application for RICHARD MAGAZINE
- TTAB dismissed this opposition, concluding that opposer had failed to prove a likelihood of confusion with its mark RICARDO. Although the involved services are related, the first du Pont factor, the dissimilarities between the marks, was dispositive.
- TTAB declined to apply the doctrine of foreign equivalents to first names – “the doctrine of foreign equivalents should generally not apply to first names such as RICHARD and RICARDO....”

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**Milwaukee Electric Tool Corp. v. Freud America, Inc.**

Cancellation Nos. 92059634 and 92059637 – Decided December 2, 2019

- TTAB canceled 2 marks consisting of the color red applied to substantially the entire surface of a saw blade.
- TTAB interpreted scope of goods broadly, contrary to Registrant’s position that its descriptions should be read narrowly.
- Based on extensive evidence of Petitioner & third party’s use of red on saw blades, TTAB concluded the color red was generic for saw blades.
- Color red for saw blades had not acquired distinctiveness.
- Appears to be the first TTAB decision concluding that a color is generic.
IV. USPTO DECISIONS

• Bubba Foods, LLC

Bubba Foods, LLC
Serial No. 87815098 – Registered May 7, 2019

• The USPTO granted registration for the shape of the “Bubba Burger” hamburger patty.
• The applicant submitted evidence that the Bubba Burger shape was not functional because it is more costly and less efficient to produce burgers using the design.
• The applicant also submitted evidence of acquired distinctiveness in the form of retail scan reports showing market share for various branded frozen hamburgers.
THANK YOU

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Chapter 2

Presentation Slides: Patent Law Review

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Patent Law Review
February 14, 2020

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• First chair trial attorney
• Has argued multiple appeals
• Adjunct Professor of Patent Law at Lewis & Clark Law School
• Previously worked at the UN studying intellectual property at WIPO

INDUSTRY FOCUS
Healthcare
Technology

PATENT EXPERIENCE
Medical Devices,
Transducers, Sensors,
MEMS, Computer
Hardware, Computer
Software, Pharmaceuticals,
Apparel, Textiles, Food
Technology

**Question:** Are AIA post-grant reviews Constitutional under the Appointments Clause?

**Answer:** No, but . . .
The Appointments Clause of Article II provides:

[The President] . . . shall nominate, and by and with the Advice and Consent of the Senate, shall appoint Ambassadors, other public Ministers and Consuls, Judges of the Supreme Court, and all other Officers of the United States, whose Appointments are not herein otherwise provided for, and which shall be established by Law: but the Congress may by Law vest the Appointment of such inferior Officers, as they think proper, in the President alone, in the Courts of Law, or in the Heads of Departments.

“The administrative patent judges shall be persons of competent legal knowledge and scientific ability who are appointed by the Secretary [of Commerce], in consultation with the Director [of the Patent Office].”

35 U.S.C. § 6(a)

Thus, not appointed by the President
It was conceded that APJs are “Officers.”

“The remaining question is whether they are principal or inferior officers.”

“[w]hether one is an ‘inferior’ officer depends on whether he has a superior.”

**Three Factors:**

“(1) whether an appointed official has the power to review and reverse the officers’ decision;”

There is no power for the Director to reverse APJ decisions

“(2) the level of supervision and oversight an appointed official has over the officers;”

The Director has supervision over the APJs

(3) the appointed official’s power to remove the officers.

35 U.S.C. § 3(c) provides, “[o]fficers and employees of the Office shall be subject to the provisions of title 5, relating to Federal employees.”

“APJs may be removed “only for such cause as will promote the efficiency of the service.” 5 U.S.C. § 7513(a).”
These factors, considered together, confirm that APJs are principal officers under Title 35 as currently constituted. As such, they must be appointed by the President and confirmed by the Senate; because they are not, the current structure of the Board violates the Appointments Clause.”

**The Solution:** Partially Sever 35 U.S.C. § 3(c):

“[APJs] of the Office shall [NOT] be subject to the [removal] provisions of title 5, relating to Federal employees.”

**The Result:** APJs may be removed without cause.
“Because the Board’s decision in this case was made by a panel of APJs that were not constitutionally appointed at the time the decision was rendered, we vacate and remand the Board’s decision without reaching the merits.”

“Finally, on remand we hold that a new panel of APJs must be designated and a new hearing granted.”

The Aftermath:


Appointment clause challenge raised in opening appeal brief; remanded to PTAB for rehearing.
Open Questions:
How much needs to be said in the opening brief to preserve the issue on appeal?
What about TTAB judges?
Soler-Somohano v. Coca-Cola Company, Appeal No. 20-1245
Was remand even appropriate?
How should the PTAB address remanded cases?

The Role of Governments in AIA Proceedings
Question: Does state sovereign immunity apply to AIA proceedings?


Answer: No

See St. Regis Mohawk Tribe v. Mylan Pharmaceuticals Inc. (no tribal sovereign immunity)

During an IPR, the PTAB acts as the United States in its role as a superior sovereign to reconsider a prior administrative grant of a patent.
**Question:** Can U.S. government agencies file AIA petitions?


**Answer:** No

Only a “person” can file a petition for AIA review. The Supreme Court applied a “longstanding interpretive presumption that ‘person’ does not include the sovereign” in the absence of Congressional intent to the contrary.
Time Bar Issues Under 35 U.S.C. § 315(b)


**Question:** What is the operative date for the time bar?
Fairchild was time-barred.

In November 2015, Fairchild entered into an agreement to merge with ON Semiconductor.

In March 2016, ON Semiconductor filed petitions for IPRs

In September, the merger closed

Four days later, the PTAB instituted IPRs

Time bar is determined at the time of institution

'[t]he focus of § 315(b) is on institution. The language of the statute, in our view, makes privity and RPI relationships that may arise after filing but before institution relevant to the § 315(b) time-bar analysis.”

**Question:** What are the penalties for misrepresenting the real party in interest in a petition?

Shenanigans before the Patent Office concerning time bar representations can satisfy the requirements for federal and state racketeering, fraud, abuse of process, and civil conspiracy.

**Question:** Are time bar determinations subject to review by the Federal Circuit?


Supreme Court has granted cert: Thryv, Inc., fka Dex Media, Inc. v. Click-To-Call Technologies, LP

Oral argument was held December 9, 2019. A decision is expected soon.

35 U.S.C § 145:

“An applicant dissatisfied with the decision of the Patent Trial and Appeal Board in an appeal under section 134(a) may . . . have remedy by civil action against the Director in the United States District Court for the Eastern District of Virginia. . . . All the expenses of the proceedings shall be paid by the applicant.”

Question: Do salaries of the USPTO staff qualify as “expenses of the proceedings?"
Answer: No.

The American Rule is alive and well.

35 U.S.C. § 102(a) (post-AIA):
A person shall be entitled to a patent unless—(1) the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention.

**Question:** Does the “on sale” bar apply to private sales? Or does the sale have to be “available to the public?”

**Answer:** Private sales count.

“[i]n light of this settled pre-AIA precedent on the meaning of ‘on sale,’ we presume that when Congress reenacted the same language in the AIA, it adopted the earlier judicial construction of that phrase.”

“Given that the phrase ‘on sale’ had acquired a well-settled meaning when the AIA was enacted, we decline to read the addition of a broad catchall phrase to upset that body of precedent.”
Section 101 Applied to Technological Solutions


Method of manufacturing a car axle for reducing vibrations invalid as invoking laws of nature: “Hooke’s law and friction damping.”

“the patent claims do not describe a specific method for applying Hooke’s law in this context. They simply state that the liner should be tuned to dampen certain vibrations. Thus, the problem is that the claims’ instruction to tune a liner essentially amounts to the sort of directive prohibited by the Supreme Court in Mayo—i.e. “simply stat[ing] a law of nature while adding the words ‘apply it.’”
Wireless garage door system patent is invalid as abstract

Electric vehicle charging station connected to a network patent is invalid as abstract

Patent for converting paper checks into digital form is invalid as abstract
Athena Diagnostics, Inc. v. Mayo Collaborative Services, LLC, Appeal No. 2017-2508 (Fed. Cir. Feb. 6, 2019)

Patent claimed a method of diagnosing a particular neurological disorder.

The Federal Circuit held it was ineligible, drawn to laws of nature, reciting Mayo Collaborative Services v. Prometheus Laboratories, Inc., 566 U.S. 66 (2012)

Judge Newman issued a 15 page dissent


On petition for rehearing en banc, opinions were filed by Judges:

- Lourie (joined by Judges Reyna and Chen),
- Hughes (joined by Judges Prost and Taranto),
- Dyk (joined by Judges Hughes and Chen (in part)),
- Chen,
- Moore (joined by Judges O’Malley, Wallach, and Stoll),
- Newman (joined by Judge Wallach),
- Stoll (joined by Judge Wallach), and
- O’Malley.

In total, 86 pages. En banc review was denied on 7-5 vote
At the Supreme Court, 11 amicus briefs were filed.

The Supreme Court denied writ of certiorari. (January 13, 2020)

The Court also denied cert petitions in the following Section 101 cases:

- ChargePoint, Inc. v. SemaConnect, Inc.
- HP Inc., fka Hewlett-Packard Company v. Steven E. Berkheimer, Inc.
- Hikma Pharmaceuticals USA Inc., et al. v. Vanda Pharmaceuticals Inc.
- Garmin USA, Inc., et al. v. Cellspin Soft, Inc.

The Supreme Court is not entering the Section 101 quagmire.
Thank You
Chapter 3—2019 Copyright Review

2019 COPYRIGHT REVIEW
David Madden
Mersenne Law

Synopsis
- Ten Cases
- Developments in Copyright Trolling
- Copyright “Small Claims” Court

COPYRIGHT CASES BY STATE (DISTRICT COURT) ~4800 TOTAL

COPYRIGHT APPEALS
U.S. Supreme Court

- **Fourth Estate v. Wall-Street.com**
  139 S.Ct. 881 (2019)
  - Copyright registration (not just application to register) is required to bring suit for copyright infringement.
  - Resolves 5/8/9 v. 10/11 circuit split
  - Copyright office lead time: electronic filings=1-6 months.

- **Rimini Street v. Oracle**
  139 S.Ct. 873 (2019)
  - Long-running (2010) copyright case between software vendor Oracle and third-party software maintenance vendor Rimini Street.
  - Rimini found liable for infringement in jury trial; Oracle awarded $35.6M damages, $28.5M attorney’s fees, $4.95M costs and $12.8M "litigation expenses."
  - Expert witness fees not listed in 18 U.S.C. § 1821 or 1920, so not available to prevailing party.

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**Google LLC v. Oracle America** (18-956)

- Re: Copyright treatment of programming language / library APIs
- Trial 1: Google found liable for infringement, but jury deadlocked over fair use. Court determined that APIs were not copyrightable as a matter of law. First appeal resulted in APIs entitled to copyright protection, remand for reinstatement of infringement verdict and further proceedings on fair use.
- Trial 2: Google prevailed on fair use, Oracle appealed, 9th Circuit says API package use not fair as a matter of law.
- Supreme Court grants cert, oral argument set for 24 March 2020.
- The questions presented are:  
  1. Whether copyright protection extends to a software interface.
  2. Whether, as the jury found, petitioner's use of a software interface in the context of creating a new computer program constitutes fair use.
Originality, Similarity

- **Sean Hall v. Taylor Swift**
  18-55426 (9th Cir. 2019)
- Hall’s complaint against Swift over *Shake It Off* (vs. *Playas Gon’ Play*) dismissed based on lack of originality in 6-word phrase and four-part lyrical sequence.
- Reversed and remanded: “although the amount of creative input … required to meet the originality standard is low, it is not negligible.”

- **Griffin v. Sheeran**
  1:17-cv-5221 (SDNY)
- Griffin’s complaint against Sheeran over *Thinking Out Loud* infringes their rights in the Marvin Gaye song *Let’s Get It On*.
- MSJ denied: material dispute over originality of I-iii-IV-V chord progression and similarity between works.

- **Gray v. Katy Perry**
  2:15-cv-5642 (CDCA)
- Suit over Perry’s *Dark Horse* vs. Christian rap/hip-hop *Joyful Noise*.
- Jury verdict of infringement (~$2.8M)
- On appeal now

- **Oyewole v. Various Artists**
  18-1311 (2nd Cir. 2019)
- Notorious B.I.G. and others used the phrase “party and bullshit” in their work. The phrase is from an Oyewole poem *When the Revolution Comes*.
- Dismissed on 12(b)(6) over court’s “fair use” analysis; 2nd Circuit affirms.
- Docket is a mess, too many defendants, too many letters, but possibly no MTD on fair use – how did court get here?

Fair Use

- **Dr. Seuss v. ComicMix et al.**
  3:16-cv-2779 (SDCA)
- Infringement allegations over Dr. Seuss parody *Oh, The Places You’ll Boldly Go!*
- Two MTDs and JOTP on fair use denied, then MSJ granted: alleged infringing work is highly transformative, use is fair.
- Currently on appeal.
### Procedural Defenses

- **Charles v. Jerry Seinfeld**  
  1:18-cv-1196 (SDNY)  
  - Π claimed Seinfeld stole his idea for “two friends talking and driving.”  
  - Idea was discussed in the 1990s, and Π produced a pilot in 2011.  
  - Π on notice that Δ repudiated copyright ownership claim at least by 2012, so complaint dismissed as barred by **statute of limitations**.

- **Gold Value International Textile v. Sanctuary Clothing LLC** (925 F.3d 1140, 9th Cir. 2019)  
  - Π sued over copied fabric designs  
  - Π had knowingly filed registrations that combined published and unpublished designs  
  - Copyright Registrar, when queried, said it would not register a mix of published and unpublished works  
  - Summary judgment granted on **invalid registration**; decision affirmed by 9th Circuit.

### Copyright Trolling

- Oregon defense bar has chased trolls out of state; Washington also.  
- Strike 3 and Malibu Media are the largest remaining movie (porn) players; they file in New York, Maryland, California, Illinois  
- State-court filings in Florida (“Pure Bill of Discovery”)  
- Stock-photo trolls file some suits, not as prolific as movie trolls  

- Strike 3 filed 1,192 cases  
- Malibu Media filed 495 cases
Copyright “Small Claims Court”

- Copyright Office studied at Congress’s direction ~2011-2013
- Copyright Alternative in Small-Claims Enforcement (“CASE”) Act of 2016, 2017, 2019
- HR2426 passed 410-6 in October 2019
- Senate Judiciary Committee approved without amendment September 2019
- Copyright Office to establish “Copyright Claims Board”
- Can authorize subpoenas under 17 USC 512(h) (“to identify infringer”)
- Limited judicial review (only “fraud, corruption, misrepresentation, other misconduct” and “CCB exceeded authority”)
- $7,500 or $15k per work, $15,000 per proceeding; $30,000 total
- Parties bear own costs, but $5k attorney-fee recovery possible for bad-faith conduct.
Chapter 3—2019 Copyright Review

2019 Copyright Cases

https://supreme.justia.com/cases/federal/us/586/17-571/

*Rimini St., Inc. v. Oracle USA, Inc.*, 139 S. Ct. 873, 203 L.Ed.2d 180 (2019)  

*Oracle Am., Inc. v. Google LLC*, 886 F.3d 1179 (Fed. Cir. 2018)  

*Sean Hall v. Taylor Swift*, 18-55426 (9th Cir. 2019)  

*Griffin v. Sheeran*, 1:17-cv-5221 (SDNY)  
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*Gray v. Katy Perry*, 2:15-cv-5642 (CDCA)  

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*Dr. Seuss v. ComicMix et al.*, 3:16-cv-2779 (SDCA)  

*Charles v. Jerry Seinfeld*, 1:18-cv-1196 (SDNY)  

*Gold Value Int'l Textile, Inc. v. Sanctuary Clothing, LLC*, 925 F.3d 1140 (9th Cir. 2019)  

**H. R. 2426**

https://www.congress.gov/116/bills/hr2426/BILLS-116hr2426pcs.pdf
PATENT CARBON ROYALTY

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BE PART OF THE SOLUTION

- We have contributed to the climate crisis.
- We have specialized knowledge that can help solve it.
SOLUTION: PRICE CARBON ...

- Putting a price on carbon will lower GHG emissions.
- Even oil companies (ExxonMobil, Chevron, Shell, BP, etc.) say they want a price on carbon.

But, politics interferes with doing this.

- “In 2012, Australia’s Labor Government rolled out a cap-and-trade program that essentially set a price on carbon of $23 per ton. Emissions fell nationwide under the program, but the policy faced a fierce political backlash from industry groups and voters. When the more conservative Liberal Party swept into power in 2013, it quickly repealed the program.”


So, we need a way to put a price on carbon that does not depend on a new treaty, new law, new regulation, or the outcome of the next election.
SOLUTION: PRICE CARBON ...

- Ideally, the solution will use laws and principles that are:
  - Already well-established
  - Accepted by businesses
  - Enforceable by courts
  - Applicable worldwide

SOLUTION: PRICE CARBON ...

- Patents can be the legal framework on which to build mostly voluntary agreements to put a price on carbon.
BACKGROUND: U.S. UTILITY PATENT

- Grants right to exclude others, not a right to practice.
- Patent’s owner has standing to sue infringers.
- Infringement includes making, using, selling, offering for sale, or importing patented product, composition or method.
- Also includes exporting, importing, selling or offering to sell certain components of patented invention.
- Patent owner entitled to damages (lost profits and/or “reasonable royalty”) and perhaps injunction.
- Intent is not an element of “direct” infringement.

BACKGROUND: CERTIFICATION MARK

- “The term “certification mark” means any word, name, symbol, or device, or any combination thereof—
  - (1) used by a person other than its owner, or
  - (2) which its owner has a bona fide intention to permit a person other than the owner to use in commerce and files an application to register on the principal register established by this chapter,
  - to certify regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person’s goods or services or that the work or labor on the goods or services was performed by members of a union or other organization.” 15 U.S.C. § 1127.
### BACKGROUND: CARBON FOOTPRINT

- **Carbon dioxide equivalents = CO2e**
  - Carbon dioxide (CO2), Methane (CH4), Nitrous oxide (N2O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs) and Sulphur hexafluoride (SF6).

- “Product carbon footprint” certification organizations exist to determine lifecycle CO2e emissions over a product’s lifecycle.
  - [Carbon Trust](#) (UK)
  - [TUV SUD](#) (Germany, China)
  - [SCS Global Services](#) (U.S.)

### A PATENT CARBON ROYALTY: SUMMARY

- Establish a patent carbon royalty:
  - tied to lifecycle CO2e emissions of a product or service,
  - via patent licensing and enforcement, and certification-mark standards, in multiple industries and multiple countries,
  - with setoffs for at least (a) other carbon-based payments by licensee, and (b) carbon royalty payments by others for lifecycle CO2e emissions of same product or service.
EXAMPLE: COAL PLANT

- Royalty based on lifecycle CO2e emissions, from (1) the plant burning the coal, (2) generation of any externally generated electricity used by the plant, and (3) mining and transporting the coal to the plant.
- Virtual or actual pool of patents on, e.g.:
  - software for managing operation of plant
  - coal-handling electrical and mechanical systems
  - electrical grid security systems
  - pulverized coal and other new coal burning technologies
  - new flue gas emissions controls technologies

OTHER EXAMPLES

- Data centers
- Automobile manufacturers
- Fracking and horizontal drilling operations
- LPNG facilities
- Chemical plants
- Concrete manufacturers
- Commercial buildings
- Cattle feedlots
INTENDED EFFECTS

- As lifecycle CO2e emissions are reduced, royalty payments are reduced.
- Creates competitive price advantage to licensed products (electric cars) responsible for fewer CO2e emissions relative to licensed competitors (diesel cars).
- Because each entity’s carbon royalty payments decrease as CO2e attributed to lifecycle of product or service is decreased, each entity has incentive to pressure others in lifecycle to decrease their CO2e emissions.

Licensedees can market their compliance via a certification mark.
- certification mark helps licensees compete against competitors who do not yet pay a patent carbon royalty.
- Patent owners receiving patent carbon royalties can use a second certification mark if they invest those royalties into other efforts to reduce GHG levels.
PATENT SYSTEMS’ BENEFITS

- robust and flexible
  - private property rights typically prized and protected
  - no doctrine against using private property rights to advance public good
  - injunction risk justifies companies paying royalties even if infringement uncertain
  - injunction risk higher where, as here, injunction would advance the public interest, under eBay
  - licensing parties given wide latitude in structuring a patent license
  - already established practice to cap annual patent royalties at a level independent of the extent of use of the invention

PATENT SYSTEMS’ BENEFITS

- work in tandem with other laws
  - contract law
  - international arbitration
  - certification marks
PATENT SYSTEMS’ BENEFITS

- avoids hurdles faced in many environmental lawsuits
  - standing
  - absence of clear statutory or Constitutional basis for private cause of action

A PATENT CARBON ROYALTY: DETAILS

- Establish a full lifecycle carbon royalty of $X/metric ton of certified net CO2e emissions (frequently updated), above a certain acceptable threshold level, attributed to lifecycle of product or service whose use, manufacture, import, export, or sale infringes a patent.

- Each licensee pays a % of the full lifecycle carbon royalty.
  - % decreases as other licensees in lifecycle pay their share of the full lifecycle patent carbon royalty.

- License terms are standard, public, and enforced by certification mark.
WHERE DOES THE MONEY GO?

- Fees for product-lifecycle certification, certification-mark, clearinghouse, arbitration and licensing organizations.
- Costs of acquiring patents to license.
- Attorney fees for patent licensing and litigation.
- Promoting and advertising the certification marks.
- Net profits distributed among patent owners, per virtual patent pool model.
WHO OWNS THE ASSERTED PATENTS?

- Some original patent owners, including companies agreeing to pay patent carbon royalties.
- Some holding companies and NPEs established to seek patent carbon royalty.
- Some patent pools.

VISION FOR 2025

- Universal “established” full lifecycle carbon royalty of $X/metric ton CO2e emissions, exists in each major country for primary products and services contributing to GHG.
- Public, standardized patent carbon royalty license agreement exists, tied to a popular certification mark.
- Clearinghouse organizations manage actual or virtual patent pools to minimize royalty stacking and fairly distribute net royalties among participating patent holders.
VISION FOR 2025

- Certification organizations frequently audit and certify CO2e emissions attributed to each link in the lifecycle of a particular product or service, and audit upstream and downstream carbon-based fees or royalties being paid.
- Arbitration and licensing organizations oversee renegotiation of agreed royalty rates, modify standard license agreement, and resolve disputes over royalty payments and distributions, guided by primary principle of reducing CO2e emissions.
- Certification-mark organizations police use of mark.

NOT Addressed

- Alleviating impacts of higher costs on consumers, and small businesses.
COMMON OBJECTION: “RELEASING GHG IS TOO OLD TO BE PATENTED”

- Patent royalties must be based on the extent of use of a patented invention. But, most processes that actually release GHG are too old to be patented, or otherwise are in the public domain. So, it cannot work.

- Response?: let’s wade into IP weeds.

RESPONSE TO OBJECTION: “RELEASING GHG IS TOO OLD TO BE PATENTED”

- RESPONSE:
  1. an old product may be made by a patented process;
  2. patent carbon royalty may be the agreed ceiling on infringement-based royalties;
  3. patent-pool royalties sometimes need not be tied to extent of actual infringements;
  4. patent carbon royalty sometimes will be rough measure of extent of direct and indirect infringements; and
  5. patent leverage is combined with certification mark.
• Selling, importing, or using a lump of coal or other “old” fuel product can infringe a patent if that product is produced by a patented method. See 35 USC § 271(g); 19 U.S.C. § 1337(a)(1)(B)(ii).

• Traditional patent royalty may be per/day running royalty (e.g., $X/day of infringement) but with parties agreeing to an annual cap set at patent carbon royalty.
Intellectual Property Review—Updates and Changes from 2019

Chapter 4—Presentation Slides: Patent Carbon Royalty

**BRIDGING GAP BETWEEN EXTENT OF USE OF CLAIMED INVENTION VS. LIFECYCLE CO2E EMISSIONS**

- **Patent pools may** give licensing parties more leeway in specifying a royalty base disassociated from actual infringements.

- The extent of lifecycle infringement sometimes is **roughly proportional** to the extent of lifecycle CO2e. E.g., the patent might be on flue gas desulphurization equipment in a coal plant, or pumping equipment for a gas pipeline, or mechanical and electrical systems used in shale-oil production, etc.
BRIDGING GAP BETWEEN EXTENT OF USE OF CLAIMED INVENTION VS. LIFECYCLE CO2E EMISSIONS

- Patent license royalty may roughly reflect extent of lifecycle direct and indirect infringements authorized via patent exhaustion, implied licenses and express licenses to suppliers and customers.

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BRIDGING GAP BETWEEN EXTENT OF USE OF CLAIMED INVENTION VS. LIFECYCLE CO2E EMISSIONS

- License agreement instead may covenant not to seek injunction against downstream distributors, customers, etc. and upstream suppliers, etc., partly to justify patent carbon royalty being based on lifecycle CO2e emissions.

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BRIDGING GAP BETWEEN EXTENT OF USE OF CLAIMED INVENTION VS. LIFECYCLE CO2E EMISSIONS

- Certification mark standard requiring payment of patent carbon royalty provides backstop to patent law leverage, to extent certification mark becomes important to consumers and businesses.

ABOVE THE WEEDS

- Patent system mostly a framework with which to organize and defend voluntary agreements.
- Framework combined with certification mark creates financial and PR incentives to induce most entities to cooperate.
- Only secondarily will patent litigation be needed to force recalcitrant emitters to comply.
Chapter 4—Presentation Slides: Patent Carbon Royalty

No Need for New Treaty, Statute or Regulation

Several Advantages for Businesses Already Willing to Pay a Price on Carbon

- **predictable** structure and costs that will not change with next election
- applies **uniformly** worldwide
- **reasonable**: corporate Boards rarely challenged for paying a patent royalty

**PATENT SYSTEMS’ BENEFITS**

**PRIMARY LEGAL ISSUES**

- **Damages base**: how far may a damages base stray from value of the patented invention?
  - see above.
  - more flexibility in negotiated license than in a damages award.
  - once enough licenses are granted, “established royalty” doctrine may shield “patent carbon royalty” demand from challenge that it is too disconnected from value of patented invention.
Chapter 4—Presentation Slides: Patent Carbon Royalty

PRIMARY LEGAL ISSUES

- Patent misuse and antitrust issues.
  - certification marks provide some leeway.
  - patent pools provide some leeway.

- Patent pools.
  - Not patent misuse to license right to use large pool of patents and require royalties based on sale of products even if those products do not use the licensed patents, at least where no evidence that patent owner refused to license individual patents separately. *Automatic Radio Mfg. Co. v. Hazeltine Research, Inc.*, 339 U.S. 827 (1950).
WHAT YOU CAN DO

- Improve the idea.
  - antitrust
  - patent damages
  - patent licensing
  - patent pools
- Improve *describing* the idea.
- Discuss the idea with me.
  
  patentsforthepublicgood@gmail.com
WHAT YOU CAN DO

- Steal the idea and make it happen.
- Share idea with clients and colleagues around the world.
- Help a law school clinic program make this idea a reality.
- Recruit:
  - a billionaire
  - an oil company
  - a University
  - an NPE
  - a current patentee litigant

WHAT YOU CAN DO

- Patent Prosecutors:
  - disclose and claim (in a dependent claim) entire lifecycle of product or service.
  - include CO2e emission step(s) in disclosure and at least one dependent claim.
  - draft claims to take advantage of section 271(g).
WHAT YOU CAN DO

- **Sec. 271(g):** “Whoever without authority imports into the United States or offers to sell, sells, or uses within the United States a product which is made by a process patented in the United States shall be liable as an infringer, if the importation, offer to sell, sale, or use of the product occurs during the term of such process patent. ... A product which is made by a patented process will, for purposes of this title, not be considered to be so made after— (1) it is materially changed by subsequent processes; or (2) it becomes a trivial and nonessential component of another product.”

WHAT YOU CAN DO

- [Example *simplistic* claims in hydraulic fracturing patent]
  - “A stream of recovered petroleum and/or gas produced by the method of claim 1 and then refined into jet fuel.”
  - “The method of claim 1 further comprising burning on site some of the recovered methane.”
  - “The method of claim 1 further comprising [disclosed processing steps to produce state of product ready to burn].”
This presentation is not confidential.
The model is not proprietary.
I have no financial interest in this.
Please share with others.