

# IP Cases: The Year in Review

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# ***Supreme Court IP Cases Decided / Pending Since 2018 IP Summit***

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- 1. Oil States Energy Services v. Greene's Energy Group*** (patent)
- 2. SAS Institute v. Matal*** (patent)
- 3. WesternGeco v. ION Geophysical*** (patent)
- 4. Helsinn Healthcare v. Teva Pharms.*** (patent)
- 5. Fourth Estate v. Wall-Street.com*** (copyright)
- 6. Rimini Street v. Oracle*** (copyright)
- 7. Return Mail v. U.S. Postal Service*** (patent)
- 8. Mission Product Holdings v. Tempnology*** (trademark)
- 9. Iancu v. Brunetti*** (trademark)
- 10. RPX v. ChanBond*** (patent) (CVSG)
- 11. Ariosa Diagnostics v. Illumina*** (patent) (CVSG)
- 12. HP v. Berkheimer*** (patent) (CVSG)
- 13. TAOS v. Renesas*** (patent) (CVSG)

# ***Top Circuit Court IP Cases Decided Since 2018 IP Summit***

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## **En Banc Decisions**

- 1. *NantKwest v. Iancu*** (Fed. Cir. en banc) (patent)
- 2. *Click-to-Call Techs. v. Ingenio*** (Fed. Cir. en banc) (patent)

# ***Top Circuit Court IP Cases Decided Since 2018 IP Summit***

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## **Panel Decisions**

- 1. Fox News Network v. TVEyes*** (2d Cir.) (copyright)
- 2. Oracle v. Google*** (Fed. Cir.) (copyright)
- 3. Vanda Pharms v. West-Ward Pharms.*** (Fed. Cir.) (patent)
- 4. Naruto v. Slater*** (9th Cir.) (copyright)
- 5. In re BigCommerce*** (Fed. Cir.) (patent)
- 6. Applications in Internet Time v. RPX*** (Fed. Cir.) (patent)
- 7. Williams v. Gaye*** (9th Cir.) (copyright)
- 8. Converse v. ITC*** (Fed. Cir.) (trademark)
- 9. Capitol Records v. ReDigi*** (2d Cir.) (copyright)
- 10. Athena Diagnostics v. Mayo*** (Fed. Cir.) (patent)

# *Oil States Energy v. Greene's Energy*

138 S.Ct. 1365 (Apr. 24, 2018)

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- **Question Presented:** Does IPR violate Constitution “by extinguishing private property rights through a non-Article III forum”?
- **Justice Thomas for 7-2 Majority**
  - “Inter partes review falls squarely within the public-rights doctrine. . . . [T]he decision to *grant* a patent is a matter involving public rights . . . . Inter partes review is simply a reconsideration of that grant . . . . Thus, the PTO can do so without violating Article III.”
  - **Up Next:** “Oil States does not challenge the retroactive application of inter partes review, even though that procedure was not in place when its patent issued.”

# *SAS Institute v. Matal*

138 S.Ct. 1348 (Apr. 24, 2018)

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- **Question Presented:** In an IPR, can the PTAB institute (and issue a final written decision) on only some of the claims challenged in the IPR petition?
- **Justice Gorsuch for 5-4 Majority**
  - The plain language of the statute says “no.”
  - 35 U.S.C. § 318(a) provides that the PTAB “shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner.”

# *WesternGeco v. ION Geophysical*

138 S.Ct. 2129 (June 22, 2018)

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- **Facts**

- WesternGeco’s patents cover a system for performing marine seismic surveys, used to search for oil and gas beneath the ocean floor.
- WesternGeco does not license or sell this system; it uses the system on the high seas and earns fees for its services
- ION makes components of the system in the U.S. and exports those components to customers abroad, who assemble the patented system and use it to perform surveys on the high seas in competition with WesternGeco
- WesternGeco sued ION under 35 USC 271(f)
- Jury awarded \$12.5 million in royalties and \$93.4 million in lost profits for ten survey contracts that WesternGeco had lost to ION’s customers

# WesternGeco v. ION Geophysical

138 S.Ct. 2129 (June 22, 2018)

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- **Federal Circuit ruled that WesternGeco could not recover its \$93.4 million in lost profits because:**
  - the contracts that it had lost were for performing seismic surveys “on the high seas, outside the jurisdictional reach of U.S. patent law” and
  - awarding lost profits for these contracts would contravene the presumption against the extraterritorial application of U.S. law
  - Federal Circuit case law for damages for 271(a) infringement held that extraterritorial activity constituted “an independent, intervening act that, *under almost all circumstances*, cuts off the chain of causation initiated by an act of domestic infringement.”
    - Here, overseas assembly of patented invention was intervening non-infringing activity
    - Use on high seas of patented invention was another intervening non-infringing activity



# *WesternGeco v. ION Geophysical*

138 S.Ct. 2129 (June 22, 2018)

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- **Justice Thomas for 7-2 Majority**

- “Under § 284, damages are ‘adequate’ to compensate for infringement when they ‘plac[e] [the patent owner] in as good a position as he would have been in’ if the patent had not been infringed. . . . This recovery can include . . . lost foreign profits when the patent owner proves infringement under § 271(f)(2).”
- FN3: “we do not address the extent to which other doctrines, such as proximate cause, could limit or preclude damages in particular cases.”
  - For example, in but-for world, would/could infringer have moved its domestic operations overseas so as not to infringe (available non-infringing substitute)?

# *Helsinn Healthcare v. Teva Pharms.*

139 S.Ct. 628 (Jan. 22, 2019)

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- **AIA Statute**

- AIA 102(a)(1): “A person shall be entitled to a patent unless—(1) the claimed invention was...**on sale**, or **otherwise available to the public** before the effective filing date of the claimed invention.”

- **USPTO AIA Examination Guidelines**

- “The phrase ‘on sale’ in [the AIA] is treated as having the same meaning as ‘on sale’ [before the AIA], **except that the sale must make the invention available to the public**....The ‘or otherwise available to the public’ residual clause...indicates that [the AIA] does not cover secret sales or offers for sale. For example, an activity...is secret...if it is among individuals having an obligation of confidentiality to the inventor.” (78 Fed. Reg. at 11075.)

# *Helsinn Healthcare v. Teva Pharms.*

139 S.Ct. 628 (Jan. 22, 2019)

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- **Question Presented:** Under the AIA, is an invention “on sale” if the sale does not make the invention “available to the public”?
- **Justice Thomas for 9-0 Majority**
  - “In 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. . . . The addition of ‘or otherwise available to the public’ is simply not enough of a change for us to conclude that Congress intended to alter the meaning of the reenacted term ‘on sale.’”
  - “Because we determine that Congress did not alter the meaning of ‘on sale’ when it enacted the AIA, we hold that an inventor’s sale of an invention to a third party who is obligated to keep the invention confidential can qualify as prior art under [AIA] § 102(a).”

# *Fourth Estate v. Wall-Street.com*

(S.Ct., argued Jan. 8, 2019)

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- **Facts**

- Wall-street.com continued displaying Fourth Estate’s articles on its website after cancelling subscription
- Fourth Estate applied for registration of copyrights but filed infringement action (seeking an injunction) before Office had acted on application
- Application is apparently still pending
- 17 U.S.C. 411(a): “[N]o civil action for infringement of the copyright...shall be instituted **until...registration of the copyright claim has been made**.... [H]owever, where...registration has been refused, the applicant is entitled to institute a civil action....”
- 17 USC 410(d): “The effective date of a copyright registration is the day on which an application, deposit, and fee, which are later determined by the Register of Copyrights...to be acceptable for registration, have all been received in the Copyright Office.”

- **Question Presented:** whether submission of application is sufficient or Office must have acted on application

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# *Rimini Street v. Oracle*

(S.Ct., argued Jan. 14, 2019)

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- **Question Presented**

- 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.

- **Facts**

- Upon learning that they were likely to be sued for infringing Oracle’s copyrights, petitioners allegedly responded by destroying evidence of their infringement
- Oracle spent millions of dollars on experts who pieced together the evidence to show infringement
- Jury awarded \$35.6M in damages for copyright infringement
- District court awarded Oracle \$28.5M in attorney fees, \$4.9M in taxable costs, and **\$12.7M in expert witness fees** (non-taxable costs) as part of “full costs”

# *Rimini Street v. Oracle*

(S.Ct., argued Jan. 14, 2019)

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- **Relevant Supreme Court Precedent**

- *Crawford Fitting Co. v. J.T. Gibbons, Inc.*, 482 U.S. 437 (1987)
  - Prevailing party sought expert witness fees based on FRCP 54(d) (“costs should be allowed to the prevailing party”)
  - “We hold that absent explicit statutory or contractual authorization for the taxation of the expenses of a litigant’s witness as costs, federal courts are bound by the limitations set out in 28 U.S.C. § 1821 and § 1920.”
- *W. Va. Univer. Hosps., Inc. v. Casey*, 499 U.S. 83 (1991)
  - Prevailing party sought expert witness fees based on statute authorizing award of “attorney’s fee”
  - Sections 1920 and 1821 “define the full extent of a federal court’s power to shift litigation costs absent express statutory authority to go further.”
- *Arlington Cent. Sch. Dist. Bd. of Educ. v. Murphy*, 548 U.S. 291 (2006)
  - Prevailing party sought expert witness fees based on authorization to award “reasonable attorneys’ fees as part of the costs”
  - “no statute” can “be construed as authorizing the taxation of [expert] witness fees”—a category not found in Sections 1920 and 1821—“unless the statute refers explicitly to [expert] witness fees” and does so “unambiguously.”

# *Return Mail v. U.S. Postal Service*

(S.Ct., argued Feb. 19, 2019)

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- **Facts**

- USPS used Return Mail’s invention without license
- Return Mail sued in Court of Federal Claims
- USPS petitioned for CBM review at PTAB
- Return Mail challenged PTAB’s jurisdiction; PTAB held it had jurisdiction and found unpatentability under § 101
- Federal Circuit affirmed in 2-1 decision, holding that USPS/government is “person” charged with “infringement” and therefore may challenge validity in AIA/CBM proceedings even though it would not be estopped in Court of Federal Claims by a finding of patentability

- **Question Presented**

- Whether the government is a “person” who may petition to institute review proceedings under the AIA.

# *Return Mail v. U.S. Postal Service*

(S.Ct., argued Feb. 19, 2019)

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- **1 U.S.C. § 1**

- “In determining the meaning of any Act of Congress, unless the context indicates otherwise— . . . the word ‘person’ . . . include[s] corporations, companies, associations, firms, partnerships, societies, and joint stock companies, as well as individuals.”

- **Some Supreme Court Precedent**

- *Vermont Agency v. United States*, 529 U.S. 765 (2000)
  - **“longstanding interpretive presumption” that “person” “does not include the sovereign.”**
  - presumption “may be disregarded only upon some affirmative showing of statutory intent to the contrary”
- *Int’l Primate Protection League v. Tulane*, 500 U.S. 72 (1991)
  - courts should be “especially reluctant to read ‘person’ to mean the sovereign where...such a reading is ‘decidedly awkward.’”
- *Pfizer Inc. v. Government of India*, 434 U.S. 308 (1978)
  - “The word ‘person,’ ...is not a term of art with a fixed meaning wherever it is used.”
- *Wilson v. Omaha Indian Tribe*, 442 U.S. 653 (1979)
  - “much depends on the context, the subject matter, legislative history, and executive interpretation.”



# *Mission Product Holdings v. Tempnology*

(S.Ct., argued Feb. 20, 2019)

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- **Facts**

- Tempnology and Mission entered into Distribution Agmt
  - Mission received non-exclusive license to make and sell products covered by Tempnology’s **patent** (also an exclusive distributorship in certain locations, not relevant here)
  - Mission received non-exclusive license to use Tempnology’s **trademarks**
  - Either party could terminate, triggering two-year wind-down period during which the licenses would remain in effect
- Tempnology declared bankruptcy
- Trustee rejected the Distribution Agmt
  - 11 U.S.C. § 365(a): “the trustee . . . may assume or reject any executory contract of the debtor”
  - 11 U.S.C. § 365(g): “the rejection of an executory contract...constitutes a breach of such contract” (so that other party can have claim against bankruptcy estate for breach of contract)
  - 11 U.S.C. § 365(n): if trustee rejects executory contract which licenses patent rights, licensee may elect to treat contract as terminated or may retain its license rights

# Mission Product Holdings v. Tempnology

(S.Ct., argued Feb. 20, 2019)

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- **Issue**

- Trustee agrees that Mission’s license under **patent** rights continues because of § 365(n)
- Parties disagree whether Mission’s license under **trademark** rights continues after trustee’s rejection of the Distribution Agreement
  - Congress omitted trademark rights when enacting § 365(n) because of difficult questions about burden of licensor’s continuing duty to police marks after bankruptcy
  - Mission argues that because § 365(g) treats the trustee’s rejection as a “breach,” it has whatever rights it would have had under the Agreement if Tempnology had breached (including wind-down license rights)
- Question Presented: Whether a trustee’s rejection of a license agreement—which “constitutes a breach of such contract,” 11 U.S.C. §365(g)—terminates rights of the licensee that would survive the licensor’s breach under applicable contract law.
  - *Lubrizol* (4th Cir. 1985) – yes
  - *Sunbeam* (7th Cir. 2012) – no [breach is not rescission]
  - Here (1st Cir. 2018) – yes [performance burdens debtor]

# *Iancu v. Brunetti*

(S.Ct. cert. granted Jan. 4, 2019)

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- **Facts**

- 15 U.S.C. 1052(a): the PTO may refuse to register a trademark that “[c]onsists of or comprises immoral...or scandalous matter”
- Brunetti applied to register mark “FUCTION”
- PTO rejected registration
- Federal Circuit
  - substantial evidence to support PTO’s rejection as “immoral...or scandalous” under statute
  - however, statutory bar on registration is facially unconstitutional under First Amendment

# *Iancu v. Brunetti*

(S.Ct. cert. granted Jan. 4, 2019)

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

# *RPX v. ChanBond*

(S.Ct., CVSG Oct. 1, 2018)

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- **Facts**

- RPX offers “patent risk management” services to about 330 clients who pay an annual subscription fee in exchange for non-exclusive sub-licenses to RPX’s portfolio for the period of membership. RPX also files IPR petitions to “improve the efficiency of the patent market, lower unnecessary costs, and deter abusive patent assertion entities.”
- ChanBond owns three patents, including the ’822 patent
- ChanBond sued telecomm companies for infringement
- RPX filed IPR petition for ’822 patent
  - Petition alleged RPX was “sole real party in interest” and had not communicated with any of its clients about its intent to challenge the validity of this patent or the preparation of the Petition

# *RPX v. ChanBond*

(S.Ct., CVSG Oct. 1, 2018)

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- **Facts**

- PTAB determined that RPX had not shown that any claims were unpatentable
- RPX filed notice of appeal
- Federal Circuit dismissed for lack of Article III standing
  - Article III standing requires (1) concrete and particularized injury in fact that is (2) traceable to the challenged action and that is (3) likely to be redressed by a favorable judicial decision
  - No injury in fact
    - RPX is in no danger of being sued for infringement
    - IPR statute does not give RPX right to compel cancellation of claims on unpatentable inventions, only right to request cancellation and to participate at PTO
    - Statutory estoppel from filing further challenges is too hypothetical
    - Injury to reputation as a successful patent challenger is not concrete and particularized

# *RPX v. ChanBond*

(S.Ct., CVSG Oct. 1, 2018)

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- **Question Presented**

- Can the Federal Circuit refuse to hear an appeal by a petitioner from an adverse final decision in an IPR on the basis of lack of a patent-inflicted injury-in-fact when Congress has

- (i) statutorily created the right to have the Director of the Patent Office cancel patent claims when the petitioner has met its burden to show unpatentability of those claims,

- (ii) statutorily created the right for parties dissatisfied with a final decision of the Patent Office to appeal to the Federal Circuit, and

- (iii) statutorily created an estoppel prohibiting the petitioner from again challenging the patent claims?

- **Court has asked for views of the Solicitor General**

# *Ariosa Diagnostics v. Illumina*

(S.Ct., CVSG Oct. 29, 2018)

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- ***Background***

- *Milburn (1926)*

- Issued patent was prior art ***as of its filing date*** because “[t]he delays of the patent office ought not to cut down the effect of what has been done.”

- *Wertheim (CCPA 1981)*

- Only provision in statute that might allow issued patent to be prior art as of ***a parent application’s filing date*** is 35 U.S.C. § 120, which requires parent application to have support for child application’s claims

- *Dynamic Drinkware (Fed. Cir. 2015)*

- *Wertheim* applies to patent claiming priority to a provisional application



# Ariosa Diagnostics v. Illumina

(S.Ct., CVSG Oct. 29, 2018)

## • Facts

- Illumina owns the '794 patent, claiming priority to Sep. 2000
- Ariosa filed an IPR petition to challenge the '794 patent, relying on “the Fan reference” (published patent application claiming priority to provisional application filed in Feb. 2000)

	Provisional for Fan Reference	Fan Reference
Disclosure	A	A , B
Claims		B

- Federal Circuit holds that disclosure of “A” in Fan reference was not pre-AIA 102(e) prior art as of provisional filing date (Feb. 2000) because Fan reference’s claims incorporate new matter in Fan reference
  - Based on CCPA decision in *Wertheim* (1981) and *Dynamic Drinkware* (Fed. Cir. 2015) [*Milburn* “but for the delays of the Patent Office” reasoning requires this result]

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# *Ariosa Diagnostics v. Illumina*

(S.Ct., CVSG Oct. 29, 2018)

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- **Question Presented**

- Do unclaimed *disclosures* in a published patent application and an earlier application it relies on for priority...become prior art as of the earlier application's filing date, or, as the Federal Circuit held, does the prior art date of the disclosures depend on whether the published application also *claims* subject matter from the earlier application?

- **Court has asked for views of the Solicitor General**

- Note: Under the AIA, § 102(a)(2) and § 102(d) attempt to address this issue (“as of the earliest such application that *describes* the subject matter”)

# *HP v. Berkheimer*

(S.Ct., CVSG Jan. 7, 2019)

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- **Federal Circuit**

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

# *HP v. Berkheimer*

(S.Ct., CVSG Jan. 7, 2019)

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- **Question Presented:** “Whether patent eligibility is a question of law for the court based on the scope of the claims or a question of fact for the jury based on the state of the art at the time of the patent.”
  - Petition arguing procedure *and* substance of *Mayo/Alice* test
    - “Patent eligibility does not change over time with the state of the art.”
    - The Supreme Court “did not hold that ‘routine, conventional activity’ is the only way to show the absence of an inventive concept.”
- **Court has asked for views of the Solicitor General**

# *TAOS v. Renesas*

(S.Ct., CVSG Jan. 7, 2019)

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- **Facts**

- Intersil allegedly made an offer to Apple in California to sell the patented devices, but 98% of those devices were then made outside the U.S. and shipped to manufacturers outside the U.S.
- District court granted summary judgment of no infringement for 98% of the devices

- **Federal Circuit:** “An offer to sell in the United States must be an offer to make a sale that will occur in the United States; it is not enough that the offer is made in the United States.”

- **Question Presented:** Whether an “offer to sell” occurs where the offer is actually made or where the offer contemplates that the proposed sale will take place.

- **Court has asked for views of the Solicitor General**

# *NantKwest v. Iancu*

839 F.3d 1177 (Fed. Cir. July 27, 2018) (en banc)

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

# *Click-to-Call Techs. v. Ingenio*

899 F.3d 1321 (Fed. Cir. Aug. 16, 2018) (en banc)

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- **Facts**

- Click-to-Call’s predecessor’s exclusive licensee served a complaint on Ingenio’s predecessor for infringement of the ’836 patent in 2001
- The case was voluntarily dismissed “without prejudice” in 2003
- Click-to-Call acquired the ’836 patent and sued Ingenio for infringement in May 2012
- Ingenio (and others) filed an IPR petition in May 2013
- Click-to-Call argued that the IPR petition was barred by 35 U.S.C. § 315(b) and the 2001 complaint: “An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.”
- Board ruled that 2001 complaint did not trigger the § 315(b) bar because it was dismissed “without prejudice”

# *Click-to-Call Techs. v. Ingenio*

899 F.3d 1321 (Fed. Cir. Aug. 16, 2018) (en banc)

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- **Federal Circuit**

- The 2001 complaint does trigger the § 315(b) bar
- “Here, the text of § 315(b) clearly and unmistakably considers only the date on which the petitioner, its privy, or a real party in interest was properly served with a complaint.”
- Cases treating case dismissed “without prejudice” as if it had never been brought “are inapplicable to the issue presented in this appeal.”
- “A voluntary dismissal without prejudice only leaves the dismissed action without legal effect for *some* purposes; for many other purposes, the dismissed action continues to have legal effect.”

- **Ingenio’s successor has filed petition for certiorari**



# *Fox News Network v. TVEyes*

883 F.3d 169 (2nd Cir. Feb. 27, 2018)

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- **Facts**

- TVEyes

- records the audiovisual content of more than 1,400 television and radio channels
    - imports that content into a database
    - copies closed-captioned text (and creates text using speech-to-text software) for that content and allows its clients to search text for the audiovisual clips they want by keyword or by date/time (“Search Function”)
    - allows its clients (who pay \$500 per month) to view ten-minute clips of the audiovisual content (“Watch Function”)

- District court held that Watch Function and Search Function were “fair use”

# *Fox News Network v. TVEyes*

883 F.3d 169 (2nd Cir. Feb. 27, 2018)

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- **Second Circuit**

- Fox does not challenge Search Function

- Watch Function is not “fair use”

- Use is commercial but “somewhat transformative” because it is more efficient than having to monitor all programming to catch each relevant clip
- Nature of copyrighted work “plays no significant role here”
- TVEyes uses substantially all of copyrighted work because it makes available virtually the entirety of the Fox programming that TVEyes users want to see and hear.
- The success of the TVEyes business model demonstrates that deep-pocketed consumers are willing to pay well for this service, and TVEyes displaces a potential, future Fox service or Fox royalties

# Oracle v. Google

886 F.3d 1179 (Fed. Cir. Mar. 27, 2018)

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- **Facts**

- Sun developed the Java “platform” for computer programming and released it in 1996.

- Oracle acquired Sun in 2010.

- Java has a number of ready-to-use programs to perform common computer functions, which are organized into groups called “packages.” These packages allow programmers to use the prewritten code to build certain functions into their own programs, rather than write their own code to perform those functions from scratch.

- Packages (166) e.g., java.lang

- Classes e.g., math

- Methods e.g., max

- » **Declaring Code** **e.g., public static int max(int x, int y)**

- » Implementing Code

# *Oracle v. Google*

886 F.3d 1179 (Fed. Cir. Mar. 27, 2018)

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- **Facts**

- Google developed the Android platform
- Google used the **declaring source code** for 37 of Java's 166 packages. Google believed that developers would want the same 37 sets of functionalities as found in Java, callable by the same names.
- Google copied the declaring source code (11,500 lines of code) from the 37 Java packages verbatim
- In doing so, Google copied the organization/taxonomy of all the names of methods, classes, and packages
- Google wrote its own implementing code; therefore, only 3% of the total code is the same
- Google designed Android to be incompatible with the Java platform, so that apps written for one will not work on the other.

# *Oracle v. Google*

886 F.3d 1179 (Fed. Cir. Mar. 27, 2018)

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- **Procedure**

- In first trial, hung jury on the issue of “fair use”
- District court granted JMOL on copyrightability
  - declaring code in the 37 packages was not copyrightable under “merger doctrine” because “there is only one way to write it” and remain interoperable with Java
  - overall structure, sequence, and organization (“taxonomy”) is “a system or method of operation” and therefore not copyrightable under 17 USC 102(b)
- Federal Circuit reversed on copyrightability and remanded for new trial on “fair use”
- Google filed petition for certiorari on issue of copyrightability. Court asked for views of solicitor general, who recommended denying certiorari. Certiorari was denied.
- In second trial, jury found “fair use”

# *Oracle v. Google*

886 F.3d 1179 (Fed. Cir. Mar. 27, 2018)

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- **Federal Circuit**

- No fair use as a matter of law

- 1. “the highly commercial and non-transformative nature of the use strongly support the conclusion that the first factor weighs against a finding of fair use”

- “Google’s use of the API packages [was] overwhelmingly commercial”

- “merely copying the material and moving it from one platform to another without alteration is not transformative”

- 2. “reasonable jurors could have concluded that functional considerations were both substantial and important. Based on that assumed factual finding, we conclude that factor two favors a finding of fair use.”

- “Oracle stipulated that some of the declarations were necessary to use the Java language”

- “Google . . . presented evidence that the declarations and SSO were functional.”

# Oracle v. Google

886 F.3d 1179 (Fed. Cir. Mar. 27, 2018)

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- **Federal Circuit**

- No fair use as a matter of law

- 3. “we find that the third factor is, at best, neutral in the fair use inquiry, and arguably weighs against such a finding”

- “although Google emphasizes that it used a small percentage of Java, it copied the [structure, sequence, and organization] for the 37 API packages in its entirety”

- “the parties stipulated that only 170 lines of code were necessary to write in the Java language” but Google copied 11,500 lines

- “[t]aking those aspects of the copyrighted material that were familiar to software developers to create a similar work designed to be popular with those same developers is not fair use.”

- 4. “the fourth factor weighs heavily in favor of Oracle”

- Actual market harm: Android competed with Java SE for mobile devices

- Potential market harm: Android prevented Oracle from participating in developing markets

# *Oracle v. Google*

886 F.3d 1179 (Fed. Cir. Mar. 27, 2018)

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- **Google has now filed a petition for certiorari**
- **Questions Presented**
  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.



# Vanda Pharms. v. West-Ward Pharms.

887 F.3d 1117 (Fed. Cir. Apr. 13, 2018)

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- **Facts**

- A method of treating schizophrenia by:
  - (1) determining the patient’s CYP2D6 metabolizer genotype and
  - (2) (a) if the patient has a CYP2D6 poor metabolizer genotype, administering iloperidone in an amount of 12 mg/day or less, and
  - (2)(b) if the patient does not have a CYP2D6 poor metabolizer genotype, administering iloperidone in an amount from 12-24 mg/dayso as to better avoid the risk of QTc prolongation (heart problems)
- West-Ward argued that the asserted claims are ineligible under § 101 because they are directed to a natural relationship between iloperidone, CYP2D6 metabolism, and QT prolongation, and **add nothing inventive** to those natural laws and phenomena.

- **Federal Circuit**

- “The inventors recognized the relationships between iloperidone, CYP2D6 metabolism, and QTc prolongation, but that is not what they claimed. They claimed an application of that relationship.”
- Under *Mayo/Alice* Step One, the patent claims are not “directed to” a natural law but instead an “application” of that law, i.e., “a new way of using an existing drug” that is safer for patients because it reduces the risk of QTc prolongation

workman  
nydegger

# *Naruto v. Slater*

888 F.3d 418 (9th Cir. Apr. 23, 2018)

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- **Facts**

- Naruto was a seven-year-old macaque in Indonesia
- In 2011, a wildlife photographer, David Slater, left his camera unattended in the reserve.
- Naruto allegedly took several photographs of himself (the “Monkey Selfies”) with Slater’s camera.
- Slater published the Monkey Selfies in a book, admitting that Naruto pressed the shutter button
- PETA and others filed a complaint on behalf of Naruto against Slater alleging copyright infringement

- **Holding**

- No “next friend” standing for PETA
- No statutory standing under Copyright Act for Naruto: “Naruto—and, more broadly, animals other than humans—lack statutory standing to sue under the Copyright Act.”

# *In re BigCommerce*

890 F.3d 978 (Fed. Cir. May 15, 2018)

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- **Facts**

- BigCommerce incorporated in Texas; headquartered in Austin (in W.D. Tex.)
- Plaintiff sued BigCommerce in E.D. Tex.
- BigCommerce moved to dismiss for lack of venue under *T.C. Heartland*
- District court denied motion to dismiss, concluding that when a state has multiple districts, a corporation incorporated in that state resides in **each** of those districts, not just in the district where it has its headquarters

- **Federal Circuit**

- “in a state having multiple judicial districts, a corporate defendant shall be considered to ‘reside’ only in the single judicial district within that state where it maintains a principal place of business, or, failing that, the judicial district in which its registered office is located.”

# *Applications in Internet Time v. RPX*

897 F.3d 1336 (Fed. Cir. Jul. 9, 2018)

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- **Facts**

- In 2013, AIT filed infringement suit against Salesforce
- Salesforce filed CBM petitions, but they were denied
- Salesforce is one of RPX’s clients
- In 2015, RPX filed IPR petitions against AIT’s patents
- Petitions identified RPX as the “sole real party-in-interest”
- AIT alleged that Salesforce was a “real party-in-interest” for RPX’s petitions, and therefore RPX’s petitions were time-barred under 35 U.S.C. § 315(b)

# *Applications in Internet Time v. RPX*

897 F.3d 1336 (Fed. Cir. Jul. 9, 2018)

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- **Facts**

- “RPX is a for-profit company whose clients pay for its portfolio of ‘patent risk solutions.’ These solutions help paying members ‘extricate themselves from NPE lawsuits.’”
- RPX’s SEC filings “reveal that one of its ‘strategies’ for transforming the patent market is ‘the facilitation of challenges to patent validity,’ one intent of which is to ‘reduce expenses for [RPX’s] clients.’”
- RPX does not discuss IPRs with clients who do not agree to be named as real-parties-in-interest, but “several of the factors that RPX considers when identifying potential IPR candidates are highly probative of whether particular individual clients would benefit from having RPX file IPR petitions challenging patents they have been accused of infringing.”

# *Applications in Internet Time v. RPX*

897 F.3d 1336 (Fed. Cir. Jul. 9, 2018)

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- **Federal Circuit**

- “Determining whether a non-party is a ‘real party in interest’ demands a flexible approach that takes into account both equitable and practical considerations, with an eye toward determining ***whether the non-party is a clear beneficiary that has a preexisting, established relationship with the petitioner.***”
- “§ 315(b) does not presume the existence of only one real party in interest — it is not an either-or proposition. The point is . . . to probe ***the extent to which Salesforce — as RPX’s client — has an interest in and will benefit from RPX’s actions, and . . . whether RPX can be said to be representing that interest*** after examining its relationship with Salesforce.”
- “a non-party to an IPR can be a real party in interest even without entering into an express or implied agreement with the petitioner to file an IPR petition.”

# *Applications in Internet Time v. RPX*

897 F.3d 1336 (Fed. Cir. Jul. 9, 2018)

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- **Federal Circuit**

- The evidence “at least suggests that RPX may have filed the . . . IPR petitions, in part, to benefit Salesforce.”
- RPX has the burden of proof to show that it has named all real-parties-in-interest, and nothing in the evidence “contradicts’ AIT’s theory that RPX filed IPR petitions challenging the . . . patents asserted in the Salesforce action to benefit Salesforce, where Salesforce itself was time-barred from filing petitions.”
- “the Board’s determination that Salesforce was not a real party in interest under § 315(b) relied on an impermissibly narrow understanding of the common-law meaning of the term, was not based on consideration of the entirety of the administrative record, and . . . misallocated the burden of proof”
- Remanded

# *Williams v. Gaye*

895 F.3d 1106 (9th Cir. Jul. 11, 2018)

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- **Facts**

- In 1976, Marvin Gaye recorded “Got To Give It Up.” The song reached number one on the charts in 1977.
- In 2012, Pharrell Williams and Robin Thicke wrote and recorded “Blurred Lines,” which became the best-selling single in the world in 2013.
- Williams and Thicke admitted inspiration from Gaye and access to “Got To Give It Up”
- Experts for both parties disputed whether “Blurred Lines” copied particular elements and whether this amounted to “substantial similarity”
- Neither party moved for JMOL under Rule 50(a)
- Jury returned verdict of infringement
- D.Ct. denied motion for new trial



# *Williams v. Gaye*

895 F.3d 1106 (9th Cir. Jul. 11, 2018)

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- **Ninth Circuit Panel Majority**

- Affirmed judgment on narrow procedural grounds
  - This was a battle of the experts
  - No Rule 50(a) motion means no JMOL
  - Verdict not against “clear weight of the evidence”

- **Dissent**

- The common elements are not enough to establish “substantial similarity” as a matter of law
- “The majority allows the Gayes to accomplish what no one has before: copyright a musical style.”
- “we cannot simply defer to the conclusions of experts about the ultimate finding of substantial similarity. . . . [J]udges must still decide whether, as a matter of law, [common] elements collectively support a finding of substantial similarity.”

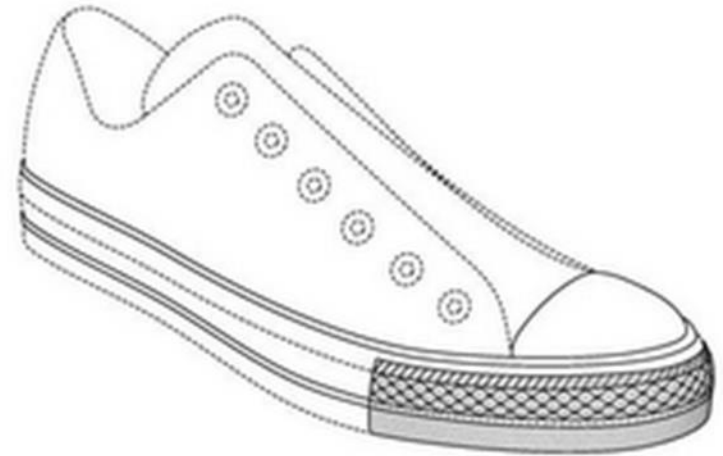
# Converse v. ITC

909 F.3d 1110 (Fed. Cir. Oct. 30, 2018)

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- **Facts**

- Converse asserts product-design trade dress in the midsole design of its Chuck Taylor All Star shoes
- Converse has been using the design since 1932
- Converse registered the design as a mark in Sept. 2013
- In Oct. 2014, Converse filed a complaint with the ITC
- Some respondents began infringing before registration; others began afterward
- ITC found no secondary meaning (and that registration was thus invalid) but infringed if secondary meaning



# Converse v. ITC

909 F.3d 1110 (Fed. Cir. Oct. 30, 2018)

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- **Federal Circuit**

- ITC’s decision vacated
- ITC failed to distinguish between respondents whose first infringement was before registration and whose first infringement was after registration
  - Infringement beginning before registration requires *trademark owner* to prove secondary meaning as of first infringement
  - Infringement beginning after registration requires *accused infringer* to prove *no* secondary meaning as of first infringement
- In evaluating “exclusivity of use” to assess secondary meaning, ***ITC erred in relying on old and dissimilar uses***
  - In evaluating exclusivity of use, should focus principally on other’s uses five years before relevant date because consumer perceptions more likely affected by newer uses than older ones
  - In evaluating exclusivity of use, only substantially similar uses are relevant
- Accused products that are not substantially similar cannot infringe. “We have applied an analogous requirement in the design-patent context . . . .”

# *Capitol Records v. ReDigi*

910 F.3d 649 (2nd Cir. Dec. 12, 2018)

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- **Facts**

- A person owning a digital music file lawfully purchased from iTunes can use ReDigi's system to sell the file to someone else
- To transfer the file to its server (and then to purchaser's device), ReDigi's system breaks file into packets, transfers one packet at a time to its server, and deletes packet from destination before transferring next packet
- "As a result, the entire file never exists in two places at once."
- ReDigi relied on first-sale doctrine as a defense to copyright infringement
- D.Ct. granted summary judgment of infringement

# *Capitol Records v. ReDigi*

910 F.3d 649 (2nd Cir. Dec. 12, 2018)

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- **Second Circuit**

- **First Sale Doctrine Is Inapplicable**

- 17 U.S.C. § 109 (First Sale Provision): “Notwithstanding the provisions of section 106(3) [exclusive distribution right], the owner of a particular copy or phonorecord lawfully made under this title . . . is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord.”
    - Because “the digital file is fixed in a new material object ‘for a period of more than transitory duration,’ [t]he fixing of the digital file in ReDigi’s server, as well as in the new purchaser’s device, creates a new phonorecord, which is a reproduction.”
    - “the creation of such new phonorecords involves unauthorized reproduction, which is not protected, or even addressed, by § 109(a).

# *Capitol Records v. ReDigi*

910 F.3d 649 (2nd Cir. Dec. 12, 2018)

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- **Second Circuit**

- Not a fair use

- “Especially in view of the total absence (or at least very low degree) of transformative purpose, the commercial motivation here argues against ReDigi with respect to Factor One.”
- Factor Two provides no reason “for favoring or disfavoring fair use”
- Under Factor Three, “[u]se of entirety of a digital file... tends to disfavor a finding of fair use”
- “Factor Four weighs powerfully against fair use” because ReDigi’s admitted purpose was for its resales to compete with Plaintiffs’ sales

- Why is it not a “transformative purpose” to implement what is effectively the first-sale doctrine for electronic files?

- “It is also of possible relevance that there is a distinction between ReDigi’s resales and resales of physical books and records. The digital files resold by ReDigi, although used, do not deteriorate the way printed **workman** books and physical records deteriorate.”

**workman**  
nydegger

# *Athena Diagnostics v. Mayo*

2019 WL 453489 (Fed. Cir. Feb. 6, 2019)

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- **Facts**

- Inventors discovered that many patients with neurological disorder (MG) generate autoantibodies to MuSK protein.
- Claim 9: A method for diagnosing neurotransmission or developmental disorders related to [the MuSK protein] in a mammal comprising the step of detecting in the mammal's bodily fluid autoantibodies to an epitope of [MuSK] by
  - contacting MuSK...having a [radioactive iodine isotope label] with said bodily fluid,
  - immunoprecipitating any antibody/MuSK complex . . . from said bodily fluid and
  - monitoring for said label on . . . said antibody/MuSK complex . . . ,
  - wherein the presence of said label is indicative of said mammal is suffering from said neurotransmission or developmental disorder related to [MuSK].

# *Athena Diagnostics v. Mayo*

2019 WL 453489 (Fed. Cir. Feb. 6, 2019)

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- **Federal Circuit Panel Majority (Judges Lourie & Stoll)**

- “To determine whether a claim is directed to an ineligible concept, we have frequently considered whether the claimed advance improves upon a technological process or merely an ineligible concept....”
  - “we conclude that [the claims] are directed to a natural law because the claimed advance was only in the discovery of a natural law”
    - **Same analysis at Step One and Step Two?** “The claims here are directed to a natural law because they recite only the natural law together with standard techniques for observing it.”
  - Attempt to distinguish *Vanda*: “[C]laiming a new **treatment** for an ailment, albeit using a natural law, is not claiming the natural law.”
  - Footnote 4: “in our view, providing patent protection to novel and non-obvious diagnostic methods would promote the progress of science and useful arts,” but we are bound by precedent
- **Newman, J., dissenting**
    - “It is inappropriate to dissect the claims into old and new elements and then to ignore the presence of the old elements in the analysis.” *Diamond v. Diehr*
    - Claim as a whole: “directed to” a man-made reaction sequence employing new components in a new combination to perform a new diagnostic procedure.



# IP Cases: The Year in Review

David R. Todd  
February 22, 2019

