

Legal Updates & News

Bulletins

Intellectual Property Quarterly Newsletter, Summer 2008

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Intellectual Property Newsletter



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Note from the Editors

After going “green” in our last [edition](#) (which contained companion pieces about Cleantech IP issues), we decided to focus this issue on a more traditional “green” in analyzing patent issues that will help decide the allocation of financial resources in the eternal struggle between patentees and alleged infringers. In this regard, we look at the issue of who, if anyone, is liable for damages when multiple actors perform different steps of a claimed invention (in “Knocking Infringement Out of Joint”). We also provide insight for patentees wishing to avoid damages for false patent marking (in “Don’t Be an Easy Mark”). Finally, we offer the latest installments of our continuing features on recent trends in reexaminations (“Reexamination Filings Continue Their Upward Trend”) and how courts are applying the *eBay* decision in deciding whether to enjoin adjudicated infringers (“*eBay* Scorecard”).

As always, we hope that you find this overview of IP issues enlightening. And stay tuned for instant MoFo updates when important decisions – such as the Supreme Court’s ruling on patent exhaustion in [Quanta v. LGE](#) and the Federal Circuit’s upcoming opinion in *In re Bilski*– are handed down.

Knocking Infringement Out of Joint: Infringement Liability in the Wake of *BMC Resources, Inc. v. Paymentech, L.P.* and *Cross Medical Products, Inc. v. Medtronic Sofamor Danek, Inc.*

by [Monica Scheetz](#)

The Patent Act was not explicitly designed to address infringement claims that are based on the actions of multiple actors. For example, if a patent claims a method of performing steps A, B, and C, and each of these steps is performed by a separate actor, then the patent statutes provide no clear guidance as to whether any or all of the actors can be found liable under a theory of joint liability. Through the years, district courts struggled

to develop their own jurisprudence on the subject¹ while the Federal Circuit largely remained silent. But two fairly recent Federal Circuit rulings indicate that a patentee whose claims depend on the actions of multiple actors will often be unable to prove any infringement of method claims and may be limited to attempting to prove indirect infringement for apparatus claims.

[Click here to read the full text of this article.](#)

Reexamination Filings Continue Their Upward Trend

by [Hristo Vachovsky](#) and [Robert Saltzberg](#)

In the September 2007 issue of this newsletter, we reported on the latest reexamination statistics available at that time. In this issue, we provide an update on those figures based upon the USPTO's recent release of statistics for the first half of fiscal year 2008. Both *ex parte* and *inter partes* reexamination filings continue to increase, with *inter partes* reexaminations again scoring a sizeable increase.

[Click here to read the full text of this article.](#)

eBay Scorecard

by [Angela Rella](#)

We began tracking application of the *eBay* decision in the Spring 2007 inaugural edition of our Intellectual Property Quarterly Newsletter, and this fifth installment of the "eBay Scorecard" is current through March 31, 2008. In this quarter, courts denied injunctions in all six cases where the courts considered the issue.

	Plaintiff Practices Invention?		Infringing Use Limited to Minor Component?		Injunction Would Cause Public Harm?	
	Y	N	Y	N	Y	N
Total						
(January 1, 2008 through March 31, 2007)						
Injunctions Granted (0)	0	0	0	0	0	0
Injunctions Denied (6)	2	1	1	0	0	0
Cumulative Total						
(May 15, 2006 through March 31, 2008)						
Injunctions Granted (30)	19	1	0	5	0	20
Injunctions Denied (14)	3	6	3	2	4	1

Don't Be an Easy Mark: Steps to Avoid Substantial Damages for False Patent Marking

by [Alex Merchant](#) and [Sunil Kulkarni](#)

A recent district court decision on false patent marking shows how easy it is for a company to be exposed to expensive litigation and large statutory damages if it is not careful in monitoring how its products are marked.

[Click here to read the full text of this article.](#)

Intellectual Property Practice News

East Coast and Far East Offices Add Major IP Talent

Morrison & Foerster's growing roster of IP clients continues to require the services of highly sophisticated legal and technical talent throughout the world. In its latest response to client demand, the firm brought in a surge of world-class IP lawyers to its offices in Washington, D.C., New York, Tokyo, and Shanghai. The Washington, D.C. office enjoyed the largest increase of lateral partners with the additions of [Mark Ungerman](#), [Alexander Hadjis](#), and [Kristin Yohannan](#). Mr. Ungerman brings to the firm 20 years of cutting-edge IP litigation and transactional experience, particularly in the areas of computer technology, electronics, and telecommunications. Mr. Hadjis and Ms. Yohannan are highly accomplished trial lawyers with exceptional expertise in the International Trade Commission and the Federal Circuit. Partner [Rudy Kim](#), who came with Mr. Hadjis and Ms. Yohannan, joined the firm's Palo Alto office. All four lateral partners have technical degrees and are licensed to practice before the USPTO. In addition, Mr. Hadjis, Ms. Yohannan, and Mr. Kim are all former Federal Circuit clerks.

The New York office's IP litigation and transactional capabilities expanded with the addition of [Jacqueline Charlesworth](#). Ms. Charlesworth joins the firm as Of Counsel after spending the past seven years working in the music industry, most recently as Senior Vice President and General Counsel for the National Music Publishers' Association. Her litigation and transactional expertise add particular depth to the critically important areas of digital media and copyright law.

Morrison & Foerster long ago established itself as a premier law firm in Japan. The firm's Tokyo office now boasts over 40 Litigators who represent some of Japan's largest and most innovative companies. Prominent Japan-based IP lawyer (bengoshi) [Yukihiro Terazawa](#) joined the firm's Tokyo office as a partner. Mr. Terazawa will greatly enhance the IP practice's strengths in Japan-based and multi-jurisdictional issues involving IP transactions. Notably, Mr. Terazawa was recently appointed to two advisory positions by the Japanese government. He is a special mediator on the Dispute Resolution Board for Telecommunication Business Entities within the Ministry of Internal Affairs and Communications and serves as a panelist at the Ministry of Economy, Trade, and Industry workshop to build a standard process system for animation.

Demand for Morrison & Foerster's IP expertise from Asian companies has gathered pace as the region's leading corporations become increasingly involved in U.S.-based IP litigation. This is particularly true for companies in Japan and China. To meet our clients' needs, IP partners [Jack Londen](#) and [Michael Vella](#) are relocating from their U.S. offices to the firm's Tokyo and Shanghai offices, respectively. Mr. Londen adds his almost 30 years of IP and litigation experience to the Tokyo office's expert group of IP lawyers. Mr. Vella adds to the Shanghai office essential on-the-ground IP and litigation expertise. Our clients in greater China will benefit from his 20 years of experience handling IP matters and other international business disputes involving industries such as biotechnology, semiconductors, and consumer electronics.

Recent Awards and Rankings

As evidenced by the latest rankings in *IP Law & Business*, Morrison & Foerster's IP Litigation practice is soaring. *IP Law & Business* published its annual rankings for 2007's **Most Active Patent Litigation** practices in the **U.S. District Courts** and **International Trade Commission**. Morrison & Foerster captured the **#2 spot in the District Court** rankings, leapfrogging nine positions from last year's ranking. The firm ranked **#4 in the ITC**, after not making the list in prior years. The firm's Appellate practice also received significant recognition for its representations before the Federal Circuit.

For the third consecutive year, *Chambers USA* ranked the firm's IP practice at **Band 1**, the highest ranking by the leading research organization. Additionally, the firm's IP Litigation practice was named a finalist for the second year in a row in *Chambers USA*'s **IP Litigation Department of the Year** contest. The awards are recognition for the IP practice's exceptional work in all areas of U.S. intellectual property law. [Click here to read about the awards.](#)

In its 2008 survey report, the *Legal 500* recognized Morrison & Foerster for its excellence in the major IP categories. The IP areas in which the firm received recognition are:

Copyright	Patent Reexaminations
Patent Prosecution - Utility and Design Patents	Technology Outsourcing

Patent Prosecution - Plant Patents	Technology Transactions
Patent Licensing	Trademark Litigation
Patent Litigation	Trade Secrets

From the Docket

Novell Wins Counterclaims Trial in Seminal Software Copyrights Case SCO v. Novell

Once again, Novell emerged victorious in its high-profile dispute in *SCO v. Novell*. On July 16, 2008, the court issued an order in favor of Novell for its counterclaims against SCO, ruling that SCO must pay Novell roughly \$2.5 million (plus interest) in royalty revenue paid to SCO by Sun Microsystems. The trial for Novell's counterclaims against SCO proceeded in April 2008 in the Federal District Court in Utah. This phase of the high-profile case followed the August 2007 summary judgment ruling for **Novell** before Judge Dale Kimball that Novell, not SCO, is the owner of the UNIX and UnixWare copyrights, and that SCO was obligated to recognize Novell's waiver of SCO's claims against IBM. In 2003, SCO claimed that Linux was an illegal knockoff of the UNIX operating system, which SCO had purchased from Novell. The 2007 summary judgment ruling disposed of those claims. *The Wall Street Journal* described the ruling as "a boon to the 'open source' software movement . . . that has become an alternative to Microsoft Corp.'s Windows operating system." In the trial involving the counterclaims, Novell alleged SCO failed to comply with the asset purchase agreement, entered into UNIX licensing agreements without Novell's permission, and owed royalties from those agreements. The team in the counterclaims trial was led by **Michael Jacobs** and **Kenneth Brakebill**, along with **Eric Acker**, **Marc Pernick**, **Adam Lewis**, **Grant Kim**, **David Melaugh**, and **James Gilfoil**.

ITC Team Delivers for Toshiba

In April 2008, on behalf of Toshiba Corporation and its subsidiary TACP, a team of Morrison & Foerster ITC litigators obtained an exclusion order preventing two defaulting respondents from importing infringing DVD products, as well as a consent order preventing another respondent from importing or selling infringing DVD products. These orders were obtained on the heels of negotiated settlements with more than a dozen other respondents, who agreed to take licenses for future sales of their DVD products and pay royalties for past DVD product sales. The investigation (No. 337-TA-603) was filed on April 6, 2007, and ultimately named 17 companies as respondents in the case. The team of lawyers from our Washington, D.C., Tokyo, and Palo Alto offices was led by **Brian Busey**, **Taro Isshiki**, and **A.C. Johnston**, along with **John Kolakowski**, **Cynthia Beverage**, **Mike Anderson**, and **Jun Tsutsumi**. **Eric Walters** and **Dan Wan** assisted with the companion district court litigation filed in the Northern District of California.