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A quarterly newsletter from the Intellectual Property Practice Group at Thompson Coburn LLP

The Return of Amazon's One-Click Patent *By Benjamin L. Volk*

The United States Patent and Trademark Office (USPTO) recently concluded its high-profile re-examination of Amazon.com's "One-Click" patent, ruling that the patent will be re-issued. This much-awaited decision reveals as much about the important distinctions between Ex Parte Re-Examination and Inter Partes Re-Examination as it does about the Amazon patent.

The Amazon One-Click patent (U.S. Pat. No. 5,960,411), which generally addressed technology for expediting an online shopping experience via "one-click" purchasing, became famous in 1999 when Amazon sued Barnesandnoble.com for infringing this patent. Illustrating the advantages that patent rights can give patent owners, Amazon successfully moved the United States District Court for the Western District of Washington for a preliminary injunction that barred Barnesandnoble.com from using the single-action ordering technology on its website. This preliminary injunction took effect on December 4, 1999, just in time for the height of the Christmas shopping season. The lawsuit later settled under undisclosed terms.

In November 2005, New Zealand citizen Peter Calvey filed a request for Ex Parte Re-Examination with the USPTO against the One-Click patent on the basis of a number of alleged prior art references. In October 2007, after agreeing to re-examination, the USPTO initially rejected claims 1-5 and 11-26 of the One-Click patent while confirming the patentability of claims 6-10. After reaching an agreement with the Examiner during a November 2007 interview that limiting the scope of claims 1 and 11 to a "shopping cart model" would patentably distinguish the claims over the cited prior art, Amazon amended independent claims 1 and 11 in this fashion. Several years later, on March 2, 2010, the USPTO gave notice that it intends to issue a patent to Amazon.com on the basis of these amendments (to date, this re-examined patent has not issued).

Presuming the One-Click patent is re-issued with these amended claims, what does Amazon's patent cover? Independent claim 11 is perhaps the broadest of the claims; it recites (with the underlined portion showing the change in claim language that the Examiner found to patentably distinguish the One-Click invention over the cited prior art):

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11. A method for ordering an item using a client system, the method comprising: displaying information identifying the item purchaseable through a shopping cart model and displaying an indication of a single action that is to be performed to order the identified item; and in response to only the indicated single action being performed, sending to a server system a request to order the identified item whereby the item is ordered independently of the shopping cart model and the order is fulfilled to complete a purchase of the item.

Given that many online retailers still employ a shopping cart model for online purchases, it would appear at first glance that the scope of the Amazon One-Click patent will remain broad after re-examination should the USPTO proceed with its intent to re-issue the patent.

An interesting question is whether a different result would have occurred had the re-examination requester, Mr. Calveley, possessed the option to select Inter Partes Re-Examination rather than an Ex Parte Re-Examination (of note, the One-Click patent was too old to be eligible for Inter Partes Re-Examination). Under Ex Parte Re-Examination, the re-examination requester is not involved in the re-examination proceedings after submitting the initial re-examination request. By contrast, with Inter Partes Re-Examination, the re-examination requester stays involved in the proceedings after substantive re-examination begins and has the ability to effectively suggest claim rejections to the Examiner. Had Mr. Calveley been able to choose

Inter Partes Re-Examination, he could have remained a party to the proceedings during examination of the claims, which would have provided him with a voice to rebut any positions asserted by Amazon during the examination process.

While there is no one-size-fits-all approach to selecting the most appropriate type of re-examination for a particular patent because each type of re-examination has its own advantages and disadvantages associated with that patent, the Amazon One-Click patent re-examination reinforces the importance of closely scrutinizing which re-examination approach is the best fit. The Amazon One-Click patent re-examination demonstrates that a party challenging a patent should work closely with a patent attorney to develop an optimal strategy.



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Keyword Advertising Liability Evolves

By Timothy D. Krieger

Keyword advertising on the Internet has bedeviled U.S. courts for a decade. But both U.S. and European courts may be headed toward developing clearer legal tests for resolving keyword trademark infringement claims.

A keyword ad is an advertisement displayed on a search engine results page, which is generated in response to the search term used by the user. If the user searches for “lawyer,” he will likely see lawyer ads on the search results page. And if he searches for a particular trademark (let’s say, SONY), he will likely see electronics ads—some, perhaps, posted by Sony’s competitors. For almost a decade, U.S. courts have struggled with the proper legal test for determining if such practices constitute trademark infringement.

In Europe, the Court of Justice of the European Union (ECJ) recently held that search engines, such as Google, are not liable for trademark infringement merely by facilitating keyword advertising. *Google France, S.A.R.L. v. Louis Vuitton Malletier SA* (March 23, 2010), Joined Cases C-236/08 to C-238/08, available at <http://curia.europa.eu/jurisp/cgi-bin/form.pl?lang=en>. As to infringement claims brought against the advertisers themselves, the court gave some pointers as to what activities may be infringing. Specifically, the ECJ suggested that courts should examine the content of the resulting ad to determine if it is likely to confuse users as to the sponsorship of the ad generated in response to a keyword search. This means that lower courts in Europe are now focusing primarily on how consumers perceive the resulting ad.

Early U.S. cases on keyword advertising struggled with the issue. Some ducked the issue on the theory that particular keywords were both trademarks and ordinary English words. See *Playboy Enters., Inc. v. Netscape Commc’ns Corp.*, 55 F. Supp. 2d 1070 (C.D. Cal. 1999). Some concluded that keyword ads did not involve threshold trademark “use,” although that position now seems to have been rejected by *Rescuecom Corp. v. Google Inc.*, 562 F.3d 123 (2d Cir. 2009). Some, apply-

ing an “initial interest confusion” theory, focused on whether a user was diverted to a competitor’s website. See *Playboy Enters., Inc. v. Netscape Commc’ns Corp.*, 354 F.3d 1020 (9th Cir. 2004). Under initial interest confusion, an advertiser may be liable for infringement when it uses a competitor’s trademark in a manner calculated to catch the consumer’s attention and divert him to the competitor’s website. One district court applied this theory to find trademark infringement for keyword advertising, even where the consumer understood that he had landed on the competitor’s site, not the one corresponding to the trademark he used in his search. See *Soilworks, LLC v. Midwest Indus. Supply, Inc.*, 575 F. Supp. 2d 1118 (D. Ariz. 2008).

More recent U.S. cases seem to require more than mere diversion to the competitor’s website to show infringement. One district court concluded that it was “hardly likely” that consumers would be confused by the display of several sponsored links in response to a keyword search. *Jurin v. Google Inc.*, No. 2:09cv03065, 2010 WL 727226, at *3 (E.D. Cal. March 1, 2010). In effect, the court concluded that Internet users know about Google Adwords and other search results page advertising programs which are keyed to search terms.

Under this new approach, district courts have begun to look to the content and context of the ad that appears in the user’s Internet search results. For example, is the plaintiff’s trademark contained in the text of the ad? At least one court has found likelihood of confusion when the trademark was displayed in the competitor’s ad. *Storus Corp. v. Aroa Marketing, Inc.*, No. C-06-2454, 2008 WL 449835, at *4-5 (N.D. Cal. Feb. 15, 2008). Another district court declined to dismiss an infringement claim because, while the trademark was not displayed in the ad, the actual advertiser was not identified either, which could lead consumers to believe the ad was associated with the mark owner. *Morningware, Inc. v. Hearthware Home Prods., Inc.*, 673 F. Supp. 2d 630 (N.D. Ill. 2009).

As keyword cases proceed, courts are likely to focus on concrete evidence about how Internet users perceive the ads in question. In this regard, they may look at the text of the resulting ads (as suggested by the European court). They will most likely consider survey evidence of consumer understanding, particularly where the surveys fairly recreate the users' experiences on the Internet. They may look at whether the resulting ad uses a competitor's trademark, and if so, how it does so, and whether the ad makes an overt comparison to the competitor's product.

Future keyword cases may also be directed more at individual advertisers than at search engines. Based on the European decision, search engines are not liable. In the U.S., claims against Google or other search engines may need to be based on contributory infringement, which is sometimes difficult to prove. And as a practical matter, because a large part of Google's revenue is derived from keyword advertising, it has every incentive to fight such lawsuits, unlike individual advertisers, for whom search engine keyword advertising may represent a small part of their advertising budget.



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Courts Protect Website Owners Who Publish User-Generated Content

Anthony F. Blum

As "Web 2.0" has made the Internet more interactive, with blogs, wikis, social networking sites, and many other kinds of interactivity among users, some website operators have expressed concern about liability for the content they carry. But recent decisions and developments have affirmed, and even strengthened, legal protection for Internet intermediaries.

Section 230 of the Telecommunications Act of 1996, 47 U.S.C. § 230, provides Internet service providers and website operators with broad civil immunity from claims arising from third-party

content—that is, content created by, or submitted by, their users. In the online world, Internet intermediaries have a special legal exemption which their print counterparts (publishers and distributors of newspapers, for example) do not have.

Section 230 also allows website operators to exercise the traditional editorial functions of a publisher, such as deciding whether to publish, delete, or edit content, without losing this immunity. The recent explosion of user-generated content ("UGC") has, not surprisingly, led to claims that sought to evade the section 230 immunity. Suits

over UGC have alleged libel, invasion of privacy, negligence, breach of contract, fraud, and other theories. In the majority of cases, section 230 has protected the service provider or website operator.

But this immunity isn't unlimited. Section 230 is unavailing when the website operator is the actual creator of the content. And there are a few important exceptions; section 230 does not apply to federal criminal law or intellectual property.

The first section 230 reported decision in Missouri, issued recently, followed the mainline of decisions interpreting section 230 as granting a broad and powerful immunity. In that case, *Cornelius v. Deluca*, 2009 WL 2568044 (E.D. MO. Aug. 18, 2009), the defendant sued the operator of Bodybuilding.com for civil conspiracy in connection with libelous statements posted by users on its message board. The court found that because the content at issue came from users, it was third-party content covered by section 230, and the website operator had no liability. The plaintiff's allegation that the website operator "conspired" with the users could not overcome the statutory immunity since it only alleged that the website operator provided the message board, Judge Stephen Limbaugh Jr. held.

Cornelius also reveals how new litigation standards may further help defendants in cases like this. In *Cornelius*, the court dismissed the suit early at the motion-to-dismiss stage, before any discovery. In doing so, the court relied on a recent U.S. Supreme Court decision, *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544 (2007), that required plaintiffs to set forth plausible factual support for their claims, even in the very earliest pleadings. Since the plaintiff had not pleaded such plausible facts, the suit was dismissed at that early stage without leave to amend to reallege civil conspiracy.

This precedent recognizes several layers of protection from UGC claims for litigants. In addition to the substantive protection of section 230, the new, more stringent pleading standard under *Twombly* makes it difficult for plaintiffs to plead around section 230. Other courts besides *Cornelius* have

applied the *Twombly* standard in section 230 cases, to the same effect, including the Fourth Circuit in *Nemet Chevrolet Ltd. v. ConsumerAffairs.com Inc.*, 591 F.3d 250 (4th Cir. 2009).

For those who feel aggrieved by UGC, these cases caution against rushing to the courthouse and filing suit against a website operator. Potential claimants should analyze whether their claims fit into any exception or limit to section 230, such as the ones for intellectual property, or where the website operator created or co-created the content. Under the 9th Circuit decision in *Fair Housing Council of San Fernando Valley v. Roommates.com LLC*, 489 F.3d 921 (9th Cir. 2007), a website operator may be liable as a co-author where it structured its pull-down menus in a way that required users to post illegal or tortious content. For example, the plaintiffs in *Cornelius* amended their complaint and added a new count against the operator of Bodybuilding.com for violating § 43(a) of the Lanham Act. After a further motion to dismiss under section 230, the claim partially survived, but only in connection with one allegedly libelous statement made by one user who was alleged to be a Bodybuilding.com moderator. The claim was not allowed to continue with respect to statements made by other third-party users.

The exceptions to section 230 are rare and unusual. For most objectionable UGC, it is often more productive to ask the service provider or website operator to cooperate in removing illegal, false, or other objectionable content. Indeed, responding to objectionable content with nasty cease-and-desist letters or improvident lawsuits may simply create enemies and increase the odds that the offending content will become a permanent fixture on the Internet.



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Ariad v. Eli Lilly and Its Impact on Computer Software Patents

By Kristofer M. Biskeborn

The Federal Circuit's recent en banc decision in *Ariad Pharms., Inc. v. Eli Lilly & Co.*, 598 F.3d 1336 (Fed. Cir. 2010) signals an increased role for the written description requirement as a stand-alone mechanism for invalidating patent claims and rejecting claims in patent applications. This more aggressive written description requirement is likely to be applied in all fields of technology, including computers and software.

The written description requirement of 35 USC 112 requires that the application must "show that the inventor actually invented the invention claimed." It has traditionally been used as a "priority policing" mechanism to ensure that a claim does not receive an earlier priority date than it deserves, by requiring that the subject matter of the claim be described in the patent application serving as the basis for the priority date. In this role, claims are not directly invalidated for lack of written description, but are simply denied the earlier priority date. See *Reiffin v. Microsoft Corp.*, 214 F.3d 1342, 1346 (Fed. Cir. 2000). For example, new claims in a continuation-in-part application must be supported by the parent's disclosure, or the new claims will not be entitled to the parent's

priority date (which may lead to additional prior art being available to invalidate the claims).

There is another, more powerful side to the written description requirement, in which written description operates alone to invalidate claims – even originally filed claims – regardless of priority. This role for the written description requirement was recently reaffirmed in *Ariad*. *Ariad* sued Eli Lilly for infringement of U.S. Patent Number 6,410,516, directed to gene expression technology. *Ariad* argued that the written description requirement should be limited to a priority policing role and "does not apply to original claims because original claims, as part of the original disclosure, constitute their own written description of the invention." The Federal Circuit disagreed, and held 9-2, that "*Ariad* provides no principled basis for restricting [the written description] requirement to establishing priority." The court held that even though there was no priority issue, the claims were nevertheless invalid for lack of written description.

In *Ariad*, the court characterized the asserted claims as "genus claims encompassing the use of all substances that achieve the desired result."

The Federal Circuit reasoned that the more powerful, stand-alone form of the written description requirement is necessary to deal with “the problem of generic claims,” meaning that the court is concerned that a patentee should not be given broad rights to a wide range of embodiments, when the patentee has only disclosed one or a few. The court stated that to support a broad genus claim, “the specification must demonstrate that the applicant has made a generic invention that achieves the claimed result and do so by showing that the applicant has invented species sufficient to support a claim to the functionally-defined genus.”

The trend toward application of the written description requirement may have special significance for computer software inventions, where the specification and claims are often written in “functional” or result-oriented language due to the wide variety of coding options for implementing a feature. Because computer software claims are generally drafted using functional language, without limitation to any particular code for implementing the invention, many software claims may be considered to “use functional language to define the boundaries of a claimed genus,” like the claims struck down in *Ariad*. Therefore, computer software claims face a particular danger of failing to describe sufficient species to support a claimed “genus.”

The Federal Circuit previously addressed the problem of generic software claims in *LizardTech, Inc. v. Earth Resource Mapping, Inc.*, 424 F.3d

1336 (Fed. Cir. 2005), where the court affirmed a finding that various claims in a patent directed to software for digital image compression were invalid for lack of written description. In *LizardTech*, the court noted that the claims covered all ways of performing a particular type of image compression, but the specification provided only a single way. The court held that “a patentee cannot always satisfy the requirements of section 112, in supporting expansive claim language, merely by clearly describing one embodiment of the thing claimed.” With respect to software patents, the *Ariad* decision effectively reinforces *LizardTech*. Thus, whenever possible, patent applicants with software inventions should describe a variety of exemplary embodiments, rather than a single embodiment, to more reliably support broad and commercially valuable claims.

It remains to be seen how aggressively the written description requirement will be applied to mechanical, electrical and computer software patents after *Ariad*. But *Ariad* and other recent developments make it clear that the written description requirement may be used not only to strip claims of their asserted priority date, but also as an independent basis for invalidity. Patent applicants wishing to secure broad patent protection for their inventions can best defend against both types of written description issues by describing as many exemplary embodiments of their broad inventive concept as possible in the first patent application.



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