

**RECENT DEVELOPMENTS IN  
INFORMATION TECHNOLOGY LAW**

**BY**

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## U.S. SUPREME COURT

### Trademarks

As reported at 85 BNA's PTCJ 341, on January 9, 2013, the U.S. Supreme Court affirmed, in a unanimous ruling, that Nike Inc.'s covenant not to sue a competitor for trademark infringement, delivered after Nike has filed an infringement lawsuit against the competitor and even then only after the competitor has filed a counterclaim seeking a cancellation of Nike's mark, divested the federal district court of Article III jurisdiction. *Already LLC v. Nike Inc.*

## U.S. COURTS OF APPEAL

### Patents

As reported at 85 BNA's PTCJ 36, on November 5, 2012, the U.S. Court of Appeals for the Federal Circuit ruled that automated voting machine makers do not infringe a patent that was applied for a month after the Florida paper ballots controversy in 2000. The court rules that an article in an online journal is "publicly accessible" as qualifying prior art, even if commercial search engines are unaware of it, so long as the journal is known by persons of skill in the art and it has its own search tool. *Voter Verified Inc. v. Premier Election Solutions Inc.*

As reported at 85 BNA's PTCJ 131, on November 21, 2012, the U.S. Court of Appeals for the Federal Circuit ruled that a patent system claim is indefinite for failure to provide corresponding hardware, code, or algorithm to support a "mean "for processing" limitation, *ePlus Inc. v. Lawson Software Inc.*

As reported at 85 BNA's PTCJ 409, on January 22, 2013, the U.S. Court of Appeals for the Federal Circuit ruled that a pre-internet system for computer-based shopping rendered internet e-commerce claims obvious. Reversing a lower court's validity ruling, the appeals court takes elements of the CompuServe Mall, which existed in the late 1980s, and adds updates based on World Wide Web conventions that would be obvious to a person of skill in computer science. *Sovereign Software v. Newegg.*

As reported at 85 BNA's PTCJ 410, on January 16, 2013, the U.S. Court of Appeals for the Federal Circuit ruled that the owner of a website applet-delivery patent must live with its choice "to pursue a theory that allowed it to accuse a larger number of defendants," and so cannot modify its arguments based on a claim construction that defeated its infringement complaint. The court also affirms a decision not to allow an amended complaint in light of a "hardly unanticipated" claim construction. *Parallel Networks v. Abercrombie & Fitch.*

As reported at 105 USPQ2d 1257, on November 17, 2012, the U.S. Court of Appeals in the Federal Circuit affirmed that grant of summary judgment that defendant software providers do not infringe certain claims of patent for global paging system using internet since plaintiff has not produced sufficient evidence that accused paging systems are even capable of meeting disputed limitations of claims in question; however, summary judgment of noninfringement as to remaining asserted claims is vacated and remanded, since district court based judgment on its finding that claims require multiple actors, but claims do not present issue of "joint" or "divided" infringement. *Technology Patents LLC v. T-Mobile (UK) Ltd.*

### Copyrights

As reported at 85 BNA's PTCJ 509, on February 7, 2013, the U.S. Court of Appeals for the Eleventh Circuit ruled that an insurance policy that excludes coverage for advertising claims based on the use of another's name or product in the insured party's email address, domain name, or metatags does not preclude coverage for a copyright infringement claim based on a website. *St. Luke's Cataract and Laser Institute v. Zurich American Insurance.*

### Copyrights/Criminal

As reported at 85 BNA's PTCJ 99, on November 9, 2012, the U.S. Court of Appeals for the District of Columbia ruled that the district court erred when it ordered a defendant who sold pirated software on eBay to pay as restitution the defendant's profit instead of the victim's lost profits. *United States v. Fair.*

## **Trademarks**

As reported at 104 USPQ2d 2029, on October 30, 2012, the U.S. Court of Appeals for the Fifth Circuit ruled that plaintiff sufficiently pleaded as-applied challenge to Tex. Lab. Code § 419.002, which prohibits parties from using, for advertising purposes, term “Texas” in combination with “workers’ compensation” or “workers’ comp,” since Texas government has not shown that plaintiff’s “texas-workerscomplaw.com” domain name is inherently misleading, and domain name is entitled to some First Amendment protection. *Gibson v. Texas Department of Insurance*.

## **Trademarks/Unfair Trade Practices**

As reported at 104 USPQ2d 1509, on September 4, 2012, the U.S. Court of Appeals for the First Circuit ruled that defendant’s computer mouse was not “derived from” plaintiff’s design in violation of parties nondisclosure agreement; “derivation” requires appropriation of some novel property of plaintiff’s products. *Contour Design Inc. v. Chance Mold Steel Co.*

## **Computer Fraud and Abuse Act (CFAA)**

As reported at 676 F.3d 854, on April 10, 2012, the U.S. Court of Appeals for the Ninth Circuit, in an *en banc* decision, adopted a narrow reading of the Computer Fraud and Abuse Act, finding that violating an employer computer policy or a website’s terms of service is not a violation of federal law. *United States v. Nosal*.

As reported at 687 F.3d 199, on July 26, 2012, the U.S. Court of Appeals for the Fourth Circuit, sided with the Ninth Circuit in deciding that the Computer Fraud and Abuse Act does not apply to employees and former employees who were authorized to access the employer’s electronic information. The decision stands in contrast to the position taken by the Seventh Circuit in *Int’l Airport Ctrs., LLC v. Citrin*, 440 F.3d 418, 420-21 (7<sup>th</sup> Cir. 2006). The Fourth Circuit rejects the interpretation of the CFAA taken by the Seventh Circuit, which interprets the CFAA much more broadly. The Seventh Circuit concludes that an employee’s misappropriation of electronic information from his employer is a breach of the employee’s duty of loyalty that immediately terminates his agency relationship and with it his authority to access the laptop, because the only basis of his authority had been that relationship. *WEC Carolina Energy Solutions LLC v. Miller*.

## **Trade Secrets/Misappropriation**

As reported at 85 BNA’s PTCJ 472, on February 4, 2013, the U.S. Court of Appeals for the Sixth Circuit ruled that evidence that two engineers secretly took pictures of some of Goodyear’s equipment—which the company that employed the engineers is trying to recreate—is sufficient to sustain the engineers’ criminal convictions under the Economic Espionage Act of 1996, 18 U.S.C. § 1832. The defendants, who were visiting Goodyear’s plant in order to do repair work on some machines, took the photographs using a cell phone and did so only after they had been left alone by Goodyear employees. *United States v. Howley*.

As reported at 105 USPQ2d 1500, on December 26, 2012, the U.S. Court of Appeals for the Second Circuit ruled that Connecticut’s long-arm statute permits exercise of jurisdiction over former employee of plaintiff who sent, via e-mail, plaintiff’s allegedly confidential and proprietary information from her business account to her personal account, even though defendant physically interacted only with computers in Canada when sending e-mail at issue. *MacDermid Inc. v. Deiter*.

## U.S. DISTRICT COURTS

### Patents

As reported at 85 BNA's PTCJ 107, on November 6, 2012, a jury in proceedings in the U.S. District Court for the Eastern District of Virginia finds Google and AOL infringe ad tracking patents 6,314,420 and 6,775,664, and awards firm \$30 million. *IP Engine Inc. v. AOL Inc.*

As reported at 85 BNA's PTCJ 348, on January 3, 2013, the U.S. District Court for the District of Columbia ruled that *Mayo v. Prometheus* had no effect on whether a computer-based medical expert system is patent eligible, rejecting a patent owner's motion for reconsideration of her earlier decision in the case. *SmartGene v. Advanced Biological Laboratories.*

As reported at 85 BNA's PTCJ 316, on December 17, 2012, the U.S. District Court for the Northern District of California ruled that new evidence proffered by Apple to justify a request for a permanent injunction against Samsung smartphones is insufficient. Following a jury verdict favoring Apple, the court denies Apple's motion for a permanent injunction and again finds lacking the company's evidence intended to show a causal nexus between Samsung's infringement and consumer demand. According to the court, prior rulings set the standard that Apple bears the burden of showing that any identified sales of infringing Samsung phones occurred as a result of Samsung's incorporation of the infringing feature. *Apple Inc. v. Samsung Electronics Co.*

As reported at 85 BNA's PTCJ 441, on January 29, 2013, the U.S. District Court for the Western District of California ruled that a jury's \$1 billion damages award against Samsung for infringing Apple Inc.'s smartphone patents is supported by the record and therefore Samsung is not entitled to either a judgment as a matter of law to overturn the verdict, or to new trial. The court does, however, grant Samsung judgment as a matter of law that its patent infringement is not willful. *Apple v. Samsung Electronics.*

### Patents/Antitrust

As reported at 85 BNA's PTCJ 458, on January 24, 2013, in the U.S. District Court for the Northern District of California a patent troll suffers dismissal of Sherman Act claims of android device makers' boycott. *Cascades Computer Innovation LLC v. RPX Corp.*

### Copyrights

As reported at 85 BNA's PTCJ 19, on October 24, 2012, the U.S. District Court for the District of Arizona ruled that a website operator that encouraged visitors to post negative reviews on a rival gripe site is not contributorily liable for those users' alleged infringement of the rival site's copyrights. *Xcentric Ventures LLC v. Mediolex Ltd.*

As reported at 85 BNA's PTCJ 189, on November 30, 2012, the U.S. District Court for the Southern District of New York ruled that pornography file-sharing defendant allowed to proceed unnamed due to privacy issues. *Malibu Media LLC v. Doe.*

As reported at 85 BNA's PTCJ 305, on December 27, 2012, the U.S. District Court for the Central District of California ruled that a service that purportedly allows subscribers to stream broadcast television content to their computers and mobile devices via mini-antennas infringes content industry copyrights. The opinion is in tension with a New York district court's ruling in July that found a similar device non-infringing. *Fox Television Stations Inc. v. BarryDriller Content Systems PLC.*

As reported at 104 USPQ2d 1709, on November 5, 2012, the U.S. District Court for the Southern District of New York granted default judgment to plaintiff alleging illegal reproduction and distribution of copyrighted “For Dummies” books over internet using “BitTorrent” file-sharing protocol against defendants who have not entered appearance in case, and is awarded \$3,000 in statutory damages from each defendant. *John Wiley & Sons. Inc. v. Williams.*

As reported at 104 USPQ2d 1697, on October 23, 2012, the U.S. District Court for the Southern District of Florida stated that plaintiff’s permissive joinder of 50 Doe defendants, in action alleging illegal reproduction and distribution of copyrighted video game over internet using “BitTorrent” file-sharing protocol, is improper under Fed.R.Civ.P. 20(a)(2); defendants’ decision to obtain BitTorrent software and download same copyrighted work does not, in and of itself, constitute “same transaction, occurrence, or series of transactions or occurrences.” *Aerosoft GMBH v. Does 1-50.*

As reported at 104 USPQ2d 1659, on October 10, 2012, the U.S. District Court for the Southern District of New York ruled that plaintiff domestic associational organizations do not have statutory standing to bring copyright infringement action, on behalf of their members, challenging universities’ agreements with internet search engine that allow search engine to create digital copies of works in universities’ libraries, since case law interpreting 17 U.S.C. § 501(b) indicates that Copyright Act does not permit copyright holders to have others sue on their behalf. *Authors Guild Inc. v. HathiTrust.*

As reported at 104 USPQ2d 1856, on October 23, 2012, the U.S. District Court for the Southern District of New York, ruled that defendant’s state-law claim alleging conversion of website is preempted by federal copyright law, since conversion claims are routinely held to be not quantitatively different from copyright claims, since defendant, by alleging that she “created” website, including its “design” and “distinctive look,” and that plaintiffs and third-party defendant exercised “unauthorized dominion” over work and presented it to public as their own, asserts claim that falls squarely within general ambit of federal copyright law, and since claim does not contain “extra element” that would protect conversion claim from preemption. *Ardis Health LLC v. Nankivell.*

As reported at 105 USPQ2d 1089, on November 30, 2012, the U.S. District Court for the Western District of Washington ruled that plaintiff has failed to state plausible claim that defendant online retailer is vicariously liable for copyright infringement allegedly committed by participants in defendant’s “associates program” since vicarious liability requires some version of agency relationship, and plaintiff has not stated plausible claim that associates are not “solely responsible” for content of their websites, as stated in defendant’s “associates agreement.” *Routt v. Amazon.com Inc.*

As reported at 85 BNA’s PTCJ 516, on February 7, 2013, the U.S. District Court for the Central District of California ruled that unsupported BitTorrent pleadings provoke sanctions hearing for plaintiff’s counsel. *Ingenuity 13 L.L.C. v. Doe.*

As reported at 85 BNA’s PTCJ 416, on January 14, 2013, the U.S. District Court for the Southern District of New York ruled that the terms of service of Twitter’s microblogging service do not support the argument that posting images on Twitter grants third parties an unrestricted license to re-use those images. *Agence France-Presse v. Morel.*

As reported at 105 USPQ2d 1541, on November 7, 2012, the U.S. District Court for the Central District of California ruled that plaintiff owners of copyrights in network television programming have failed to establish likelihood of success on merits of their claims that defendant satellite television service is liable for direct, contributory, or vicarious infringement of plaintiffs’ copyrights by making available to subscribers set-top boxes that can record broadcast network programming, since evidence does not suggest that consumers use recording feature for anything

other than time-shifting in their homes or on mobile devices, which has been held to be legitimate, noninfringing practice. *Fox Broadcasting Co. v. Dish Network LLC*.

As reported at 105 USPQ2d 1490, on January 7, 2013, the U.S. District Court for the Northern District of California ruled that plaintiff, in action in which prior complaints alleged only negligence against defendant, is denied leave to file second amended complaint alleging direct and contributory infringement against same defendant by means of online file sharing using “BitTorrent” transfer protocol. *AF Holdings LLC v. Doe*.

### **Copyright/Criminal**

As reported at 85 BNA’s PTCJ 43, on October 31, 2012, the U.S. Attorney acting in the U.S. District Court for the Northern District of California said that a Northern California man is sentenced to 27 months in prison and ordered to pay \$200,000 restitution after his guilty plea to criminal copyright infringement in a case that resulted in the seizure of more than 20,000 counterfeit DVDs. *United States v. Blanco*.

As reported at 85 BNA’s PTCJ 144, on November 19, 2012, a Baltimore man pleaded guilty in U.S. District Court for the District of Maryland, to mass reproduction and distribution of popular software programs. *United States v. Sheikh*.

As reported at 85 BNA’s PTCJ 248, on December 3, 2012, the U.S. District Court for the Eastern District of Virginia sentenced a website owner/operator to 11 months for selling copies of pirated software. *United States v. Newsome*.

### **Trademarks**

As reported at 85 BNA’s PTCJ 17, on October 25, 2012, the U.S. District Court for the Eastern District of Pennsylvania ruled that an online educational services company’s purchase of a competitor’s marks to trigger web advertisements was not infringing. *CollegeSource Inc. v. AcademyOne Inc.*

As reported at 85 BNA’s PTCJ 480, on January 31, 2013, the U.S. District Court for the Southern District of California ruled that a business that used a competitor’s mark in key word ads, indicating that the sponsored result was “related to” the user’s search terms, likely did not infringe the competitor’s mark. *AK Metals v. Norman Industrial Materials*.

As reported at 85 BNA’s PTCJ 418, on January 16, 2013, the U.S. District Court for the Northern District of Illinois ruled that the sale of counterfeit Ugg products through domain names incorporating the mark is likely to cause consumer confusion and irreparable harm to the brand. *Deckers Outdoor v. Doe*.

As reported at 85 BNA’s PTCJ 70, on November 6, 2012, the U.S. District Court for the Northern District of California ruled that the developer of the popular Angry Birds video game failed to meet the heightened threshold of demonstrating in its trademark and copyright infringement lawsuit to win an ex parte temporary restraining order against alleged counterfeiters of Angry Birds merchandise. *Rovio Entertainment Ltd. v. Royal Plush Toys Inc.*

As reported at 85 BNA’s PTCJ 69, on November 6, 2012, the U.S. District Court for the Southern District of Texas ruled that a complaint by the maker of Tempu-Pedic “memory foam” mattresses and pillows regarding a competitor’s use of its trademarks in its website was sufficient to adequately notify the defendant of the claims and to allow it to craft an answer. *Temper-Pedic International Inc. v. Angel Beds LLC*.



As reported at 85 BNA's PTCJ 517, on February 5, 2013, the U.S. District Court for the Central District of Illinois ruled that a Bank's locale in trademark dispute matters despite internet's potential to widen market. *Prosperity Bancshares Inc. v. Town and Country Financial Corp.*

As reported at 85 BNA's PTCJ 137, on November 21, 2012, the U.S. District Court for the Northern District of California ruled that owner of iCall mark for VoIP services fails to enjoin competitor's use of WiCall mark. *iCall Inc. v. Tribair Inc.*

As reported at 104 USPQ2d 1480, on October 17, 2012, the U.S. District Court for the Eastern District of California granted summary judgment to defendant internet search engine provider on Lanham Act and state-law claims based on defendant's use of plaintiff's "Styrotrim" mark as keyword that plaintiff's competitors may bid on to secure "sponsored link" that appears on search results page when users search for "Styrotrim," since plaintiff has proffered no evidence demonstrating that any likelihood-of-confusion factors weigh in his favor. *Jurin v. Google Inc.*

As reported at 85 BNA's PTCJ 521, on February 6, 2013, the U.S. District Court for the Western District of Pennsylvania ruled that a cybersquatting infringer loses twitter handle by default. *Pair Networks Inc v. Soon.*

### **Trademark/Cybersquatting**

As reported at 85 BNA's PTCJ 290, on November 30, 2012, the U.S. District Court for the Southern District of Florida issued a preliminary injunction compelling disclosures from proxies in a mass cybersquatting case. *Louis Vuitton Malletier S.A. v. 100Wholesale.com.*

As reported at 105 USPQ2d 1304, on November 30, 2012, the U.S. District Court for the District of Nevada ruled that plaintiff claiming rights in term "isanyoneup" as trademark for its campaign to stop "bullying behavior" is likely to succeed on merits of claim that defendants' use of term "isanyoneup," in domain names for websites where they publish "involuntary pornography," violates Anticybersquatting Consumer Protection Act, 15 U.S.C. § 1125(d), and plaintiff is granted temporary restraining order prohibiting defendants from using term in domain names for their sites. *ViaView Inc. v. Blue Mist Media.*

### **Trademarks/Right of Publicity**

As reported at 104 USPQ2d 1630, on August 17, 2012, the U.S. District Court for the Northern District of California denied preliminary approval to parties' agreement to settle class action, alleging violations of California law stemming from use of names and/or likenesses of members of defendant social networking website to promote products and services through "Sponsored Stories" advertising practice, since provisions awarding \$10 million cy pres payment to organizations involved in internet privacy issues, and permitting plaintiffs to apply for up to \$10 million in attorneys' fees without objection by defendant, raise serious concerns. *Fraley v. Facebook Inc.*

### **Lanham Act/False Advertising**

As reported at 85 BNA's PTCJ 349, on January 2, 2013, the U.S. District Court for the Northern District of California, ruled that Apple Inc. cannot proceed with a false advertising claim targeting Amazon's use of the name "appstore," *Apple v. Amazon.com.*

As reported at 85 BNA's PTCJ 386, on January 2, 2013, the U.S. District Court for the District of Maryland, ruled that Amazon's designation of a rival Kindle accessories maker's products as "unavailable" may generate false advertising liability under the Lanham Act. *M-Edge Accessories v. Amazon.com*.

### **Trade Secrets**

As reported at 85 BNA's PTCJ 483, on January 31, 2013, the U.S. District Court for the Northern District of California ruled that a U.S. patent application on firewall technology contained trade secrets at least until the patent application was published. *Wang v. Palo Alto Networks Inc.*

### **Trade Secrets/Criminal**

As reported at 84 BNA's PTCJ 920, on September 19, 2012, in the U.S. District Court for the Northern District of Illinois, the Justice Department announced that Chunlai Yang, an ex-software engineer at CME Group Inc. pled guilty to two counts of trade secret theft based on his illicit downloading of CME trade secrets and source code relating to CME's "Globex" trading platform, which he intended to use to develop a trading platform for the Zhangjiagang China chemical electronic trading exchange. Yang now faces a maximum of 10 years in prison and a \$250,000 fine for each count. *United States v. Yang*.

## U.S. PATENT AND TRADEMARK OFFICE

### Trademark

As reported at 85 BNA's PTCJ 287, on December 11, 2012, the Trademark Trial and Appeal Board ruled that a YouTube screen shot of a trademark does not show "use in commerce" for registration purposes. *In re Rogowski*.

As reported at 85 BNA's PTCJ 415, on January 17, 2013, the Trademark Trial and Appeal Board ruled that a sequence of "chirp" sounds that play when a cell phone is placed on or taken off a battery charging device is not inherently distinctive, and thus the sound mark is not eligible for registration. The board notes that the battery chargers in fact emit chirp sounds in their normal course of operation. *In re Powermat*.

As reported at 105 USPQ2d 1298, on December 27, 2012, the Trademark Trial and Appeal Board granted summary judgment to opposer that its involved service mark "242242" is not merely descriptive of its search engine services for obtaining specific user-requested information, even though mark identifies short message services (i.e. SMS) number, used to send messages between mobile telephones, through which customers obtain opposer's services, since SMS number does not identify ingredient, quality, characteristic, function, feature, purpose, or use of opposer's services simply because it provides means of accessing those services. *ChaCha Search Inc. v. Grape Technology Group Inc.*

## **STATE COURTS**

### **Massachusetts**

As reported at 85 BNA's PTCJ 14, on October 18, 2012, the Massachusetts Appeals Court ruled that a film producer's use of a former Tiananmen Square protestor's trademarks in metatags on its Tiananmen Square documentary's website was not infringing. *Jenzabar Inc. v. Long Bow Group Inc.*

## **STATE LEGISLATION**

### **Michigan**

On December 27, 2012, Governor Snyder signed H.B. 5523 into law as Public Act 478 which prohibits requesting or requiring an employee, student or applicant to disclose a user name or password for a personal social media account. The law applies to employers and academic institutions.