

Intellectual Property Newsletter



Enough Already, Supreme Court Tells Petitioner in Mythology-Laced Opinion.

Peter Dehlinger

Already, LLC, dba YUMS, Petitioner, v. Nike, Inc.,
No-11-982 (U.S. Jan. 9, 2013).

<http://www.law.cornell.edu/supremecourt/text/11-982>

Nike filed a suit against Already, LLC, alleging Already's Sugar and Soulja Boy athletic shoes violated Nike's Air Force 1 trademark. Already counterclaimed, challenging the validity of the trademark. Four months later, in an attempt to render moot the validity challenge, Nike issued an "unconditional and irrevocable" Covenant Not to Sue that covered Already and any of its related business entities, including distributors, and applied to "Already's current and/or previous footwear product designs, and any colorable imitations thereof, regardless of whether that footwear is produced."

The District Court dismissed Already's counterclaim (challenging the validity of Nike's trademark) on the grounds that the Covenant not to Sue had removed any justiciable controversy under the Case or Controversy requirement of Article III. The Second Circuit Court of Appeals affirmed.

In its appeal to the Supreme Court, Already argued that so long as Nike remains free to assert its trademark, investors will be apprehensive about investing in Already. Already further argued that because of Nike's decision to sue in the first place,

January 2013

News From the Bench

[Enough Already, Supreme Court Tells Petitioner in Mythology-Laced Opinion.](#)

[Divided Fed. Circuit Affirms Patentability of Claims to a 12-Can Dispenser Carton.](#)

[Reissue Patents With Broadened Claims Don't Escape a Patent License.](#)

[Can a Patentee Suffer Irreparable Harm, For Purposes of Injunctive Relief, When the Patent at Issue is Neither Licensed Nor Being Practiced Commercially?](#)

Patent Notes

[USPTO and EPO launch the new Cooperative Patent Classification \(CPC\) system.](#)

Clean Tech Bulletin

[Top Biofuels, Solar, and Wind Power Inventors of 2012.](#)

[Quiz- Identify the IP Case in Rap Disguise.](#)

[King & Spalding LLP Launches The IP Tech Center, a lower-cost staffing model. Click \[here\]\(#\) to see article below.](#)

[Upcoming Events: New York partner, Peg Brivanlou, speaking at the CBI's 8th Biosimilars Summit in Washington D.C., March 5-6.](#)

[Litigation Wins for Continental AG and Continental Automotive Systems, and for State Farm Mutual Automobile Insurance Co.](#)

[News: King & Spalding LLP's intellectual property practice named one of Law 360's IP Practice Groups of the Year.](#)

[King & Spalding filed over 1000 patent applications and 500 TM applications worldwide in 2012.](#)

Intellectual Property Newsletter

Nike's trademarks will now hang over Already's operations like a Damoclean sword.

The concern faced by the courts in such cases is in assuring that a party does not moot a case simply by ending its unlawful conduct once sued, and then resume the unlawful conduct once the case is declared moot. Given this concern, the cases have held that a party "claiming that its voluntary compliance moots a case bears the formidable burden of showing that it is absolutely clear the allegedly wrongful behavior could not reasonably be expected to recur," the so-called voluntary cessation doctrine. In this case, the doctrine required Nike to show that it "could not reasonably be expected" to resume its enforcement efforts against Already.

The Court, in a unanimous decision by Chief Justice Roberts, concluded that the breadth of the covenant met the burden imposed by the voluntary cessation test. The covenant is unconditional and irrevocable, prohibits Nike from making any claim or any demand, and reaches beyond Already to protect Already's distributors and customers. It covers not just current or previous designs, but any colorable imitations. The Court agreed with the Court of Appeals that it is hard to imagine a shoe that Already could introduce that that would not fall under the Covenant. In a rhetorical flourish, the Court noted that "[I]f such a shoe exists, the parties have not pointed to it, there is no evidence that Already has dreamt of it, and we cannot conceive of it. It sits, as far as we can tell, on a shelf between Dorothy's ruby slippers and Perseus's winged sandals."

Divided Fed. Circuit Affirms Patentability of Claims to a 12-Can Dispenser Carton.

John Harbin

The C.W. Zumbiel Company, Inc. v. David Kappos, Nos. 2011-1332, -1333 (Fed. Cir., Dec. 27, 2012).

<http://www.leagle.com/xmlResult.aspx?xmlDoc=In%20FCO%2020121227149.xml&docbase=CSLWAR3-2007-CURR>

The Fed. Circuit, in a 2-1 decision, affirmed the ruling by the PTO's Board of Patent Appeals and Interferences, following an inter partes reexamination, that several claims in U.S. Patent No. 6,715,639, directed to a carton for holding cans or bottles, are not obvious. The dissent by Judge Prost opined that the majority and the Board ignored the lessons of KSR.

The carton claimed in the '639 Patent has a dispenser piece that has a finger-flap on top, along a perforated tear-line, for pulling the dispenser piece either into an open position or off of the carton. In one embodiment, the finger-flap is located between the first and second containers in the top row of the carton.

The appellant, Zumbiel, a competitor of the patent-holder, Graphic Packaging, argued that the representative claim at issue, claim 2, is obvious, citing a German patent, a U.S. patent (the "Ellis patent") that is almost 50 years old, and another patent (the "Palmer" patent), that is even older. The court found that the Ellis patent discloses a carton for holding cans with a detachable dispenser piece that is detached from the carton along a tear-line; the German patent discloses a carton for containers with a dispenser piece opened by a finger flap; and the Palmer patent discloses a package for canned goods which may be carried with one hand. The court defined the dispute as "whether the location of the finger flap between the first and second cans [in the carton] is obvious in light of the prior art."

The court found that the Ellis patent discloses a carton for holding cans with a detachable dispenser piece that is detached from the carton along a tear-line; the German patent discloses a carton for containers with a dispenser piece opened by a finger flap; and the Palmer patent discloses a package for canned goods which may be carried with one hand.

Substantial evidence, the majority found, supports the Board's finding that the location of the finger flap is not obvious and that the Palmer patent provides little information on where to place the recited finger flaps. Also, the court found, the location of Ellis's tear-line would not place the finger flap near the location between the first and second containers on the top row as recited in claim 2.

"In fact, Ellis teaches away from having the tear line between the first and second containers. Ellis specifically states that the tear line is 'a distance more than one-half diameter and less than one diameter of one can, preferably about three-fourths of a diameter.' Ellis's expressly recited range for the placement of the tear-line (i.e., for the bottom row, going leftward one-half a can to one can) lies outside the scope of [the] claim."

The court rejected Zumbiel's argument that placing a finger flap over the score line of Ellis would place it in an "inoperable position" since its use as a finger flap would be "precluded due to interference from a can inside the carton." (Note, the majority also affirmed the Board's finding that some claims were obvious.)

The dissent opined that the Board failed to apply KSR to the facts, and "that a common sense application of the obviousness doctrine should filter out low quality patents such as this one."

"Claim 2 recites a carton for storing beverage cans, much like the twelve-pack container found all over the country. The patentee nonetheless claims that something about the way his box opens is special, in that it allows consumers to get to the cans quickly without ripping the box open and making a mess. ... There is a finger flap ... on the top surface of the box. The finger-flap is centered on a tear-line, which marks

the edge of the removable corner of the box. When the consumer wants to open the box, she inserts her finger through the flap and uses it as a grip to tear off the removable corner. So far, so good. Except that somebody else beat the patentee to his idea by almost fifty years [citing the Ellis patent].

The only difference between Ellis and claim 2 lies— not in the opening mechanism—but in the can arrangement. The cans are staggered in Ellis, but stacked in claim 2. Note, however, that the patentee did not invent the stacked arrangement; that is old too. Nor did he lack motivation to combine ..."

The dissent opined that the patentee's choice of tear-line-placement "involves no more than the exercise of common sense in selecting one out of a finite -- indeed very small -- number of options. And there are no unexpected results ...," and cited these "hints" in Ellis: "The placement of the tear-line matters"; "Place the tear-line so that it helps expose a can"; and "Make sure there is room for a finger to pass through."

Citing KSR, the dissent concluded that the Board had overemphasized "the importance of teachings of prior art" and ignored "pragmatic and commonsense considerations that are so essential to the obviousness inquiry" and had relegated those of ordinary skill to automatons.

Reissue Patents With Broadened Claims Don't Escape a Patent License.

Peter Dehlinger

Intel Corp v. Negotiated Data Solutions, No. 2011-1448 (Fed. Cir., December 17, 2012).

<http://caselaw.findlaw.com/us-federal-circuit/1618295.html>

In June, 1976, Intel and National Semiconductor entered into a patent cross-licensing agreement that gave Intel “non-exclusive, non-transferrable, royalty-free, world-wide licenses under National’s patents and applications for the life or lives of the patents.” In 1998, National assigned several of the patents listed in the cross-licensing agreement to Vertical Networks, Inc. (“Vertical”), a corporation formed by former National engineers. Between 1998 and 1999 Vertical filed broadening reissue applications with the USPTO for three of the originally licensed patents. Vertical later assigned its originally licensed patents and reissue applications to Negotiated Data. In 2005 and 2006, after the original agreement between Intel and National had expired, the three reissue applications matured into patents.

In December, 2006, Negotiated Data sued Dell, Inc. (“Dell”), one of Intel’s customers, in the United States District Court for the Eastern District of Texas, alleging infringement of several patents, including its three reissue patents. Intel intervened, and in August, 2008, filed a complaint seeking a declaratory judgment that Intel and its customers are licensed to the National Patents and all reissue patents owned by Negotiated Data that are derived from any of the National Patents. The district court agreed with Intel, finding that the intent of the originally contracting parties was “to grant broad rights to all patents owned or controlled by the other party for the life of the patents and avoid future infringement suits.” The district court found that Negotiated Data’s assertion with respect to its reissued patents “would allow a party to effectively revoke the Agreement by putting a patent into broadening reissue.”

The Fed. Circuit affirmed the district court decision, concluding that “the original cross-license agreement evinces an intent on the part of the parties that reissue patents should be treated as National Patents under the Agreement.” In support of this conclusion, the court pointed to two critical factors. First, the license agreement is without

limitation and without reference to any specific patent claims. The Agreement thus evinces the parties’ intent that the license so granted extend not only to the claims then in existence but also to the full scope of any coverage available by way of reissue for the invention disclosed.

Second, the language of the reissue statute, Section 251, reads in part that “the Commissioner shall, on the surrender of such [defective] patent, reissue *the* patent for *the* invention disclosed in the original patent, and in accordance with a new and amended application, for the unexpired part of the term of the original patent.” Thus, the text of § 251 suggests that—in the absence of contrary language in a licensing agreement—a license under the patent that is not directed to any specific claims, field of use, or other limited right will extend to the invention disclosed in the licensed patents.

Can a Patentee Suffer Irreparable Harm, For Purposes of Injunctive Relief, When the Patent at Issue is Neither Licensed Nor Being Practiced Commercially?

Peter Dehlinger

Presidio Components, Inc. v. Am. Tech. Ceramics Corp., No. 2010-1355 (Fed. Cir., Dec. 19, 2012).

<http://caselaw.findlaw.com/us-federal-circuit/1618649.html>

Presidio owns U.S. patent 6,816,356 which claims a “Buried Broadband” (BB) capacitor formed as a multilayer integrated network of capacitors for use in broadband applications. Presidio manufactures and sells a BB capacitor constructed in accordance with the principles of its ‘356 patent, although its BB capacitor isn’t actually covered by the ‘356 patent.

American Technical Ceramics Corp (ATC) manufactures and sells a broadband capacitor that competes directly with Presidio’s BB capacitor in the electronics parts industry. Presidio sued ATC

for patent infringement. At trial, the jury found the '356 patent claims valid and infringed, and awarded Presidio lost profits and an ongoing royalty, but the court denied Presidio's motion for a permanent injunction.

ATC appealed to the Fed. Circuit, and Presidio cross-appealed the district court's decision denying a permanent injunction. Despite the fact the jury found that demand existed for the BB capacitor, and that the two companies are direct competitors in the same market for the same customers, the district court nonetheless found that ATC was not a direct competitor of Presidio for purposes of finding irreparable harm.

The case presents an interesting fact pattern in determining what, if anything, a patentee must show in order to demonstrate irreparable harm. The Supreme Court's consideration of the issue in *eBay Inc. v. MercExchange* made it clear that a patentee's "lack of commercial activity in practicing the patents," should not bar a finding of irreparable harm, since, for example, "some patent holders might reasonably prefer to license their patent." The problem in *Presidio* is that the patentee was neither practicing its patent nor willing to license its patent. In other words, Presidio appeared to be making no commercial use of its patent that would form a basis for "irreparable harm" if an infringer were allowed to continue its infringing activity.

Nonetheless, the Fed. Circuit concluded that the district court had erred in finding competition for purposes of awarding damages, and no competition for purposes of irreparable harm. "Even without practicing the claimed invention, the patentee can suffer irreparable injury. Direct competition in the same market is certainly one factor suggesting strongly the potential for irreparable harm without enforcement of the right to exclude."

Patent Notes.

The USPTO and EPO announced the launch of the new Cooperative Patent Classification (CPC) system on January 2. The CPC system is based on the International Patent Classification (IPC) system, and is meant to replace the current patent classification schemes currently in use in the US and Europe. The new classification system should make it easier for patent examiners in different countries to access and share examination information.

<http://www.cooperativepatentclassification.org/index.html;jsessionid=1o9hq4cr275>

Clean Tech Bulletin.

Top Biofuels, Solar, and Wind Power Inventors of 2012.

As part of its end-of-year report, CleanTech PatentEdge recognized the top U.S. inventors in biofuels, solar, and wind power technologies for 2012. The top biofuels inventors are a team at Arizona State University who were granted a total of 28 patents covering strains of algae for fuel production, pharmaceuticals, foods, and other applications. The top spot in the solar field went to inventors at SoloPower, a San Jose company developing new ways to produce low-cost solar panels. Two groups each had ten patents in wind power: GE, Netherlands, for improvements in wind turbine blades, and Mitsubishi Heavy Industries for improving the structure of wind power towers and generators.

<http://www.cleantechpatentedge.com/blog/>

Quiz- Identify the IP Case in Rap Disguise.

This is a story of three who aspired
Never tired of filling orders for willing buyers
Selling gilt doorknobs with a porcelain style
Getting fat on their patent for quite a while

Intellectual Property Newsletter

'Till a plague of copiers invaded the turf,
Made false claims of comparable worth
Then they came up to the court with their eyes on
the purse
How y'all know we didn't think of it first?
There's nothing new under the sun, son
Man that's already been done
Already made it, some be claiming it
Over here in Brooklyn

This is the story of the patent petitioner
These are the facts ain't playin no tricks on ya
Goin' out to all the novice or the practiced
practitioner
Lawyers, judges or the system might be dissin' ya
This is a story of the patent law
We talkin' real ain't playin tricks on y'all
If you have an invention please hold the applause
Cause the courts and the judges might give you
pause

Here's what's official by the lower court
Was a judicial of Ohio of the district sort
The judge never smiled, and rarely got it wrong
Doesn't look like the inventors and the judge will
get along
I ain't talkin' Latin I ain't sayin' that the patent
Won't fatten the inventors in Cleveland or Canton
Makes no never mind (Ohio vernacular)
However fine or even spectacular
It's all moot when the invention's routine
Is just that of a known machine
In function and purpose meanwhile other facts
surfaced
This could all be foreseen by an astute mechanic
Your knob is for a door but just watch how I slam it

This is the story of the patent petitioner
These are the facts we ain't playin no tricks on ya
Goin' out to all the novice or the practiced
practitioner
Lawyers, judges, or the system might be dissin' ya
This is the story of the patent laws
These are the facts ain't playin' tricks on y'all
If you have an invention please hold the applause

Cause the courts and the judges might give you
pause
You know that the system, it might have some flaws
So you better analyze your patent laws

The petitioners are ready it's the court supreme
Looking for comfort here on this scene
The new and useful arguments the last resort
So that's the case they be makin' and they're full of
exhort

We doin' our thing it's a new episode
Getting down in our gowns with a patent probe
Where doorness implores us to a common chorus
About an ordinary man who's never before us
A draftsman, a craftsman, a man of the art
Smart and nimble but not off the chart
A symbol for peers, we'll call him Phosita
In 100 years time history will complete the
Lesson to be learned

See it's just how the world turns
It's the evolutionary tract
So our gravamen remains intact
Though the doorknob before us is a laudable
advance
As we glance at the parts, we're struck by a plan
As if we've seen it before, now we understand
How everything functions as it's known to man
Sure, porcelain or clay may be better than wood
But they function just as you would predict they
should

The material's not new, just a new style
It's the work of Phosita, given a while
So here's our writ of habeas denial

This is the story of the patent law
We talkin' real ain't playin' tricks on y'all
If you have an invention please hold the applause
Cause the courts and the judges might give you
pause
You know that the system might have some flaws
So you better analyze your patent laws
It's the last chapter, the last episode
One justice dissented, it's a matter of fact
Was sure that invention was a mysterious act
It's all in the results so never look back

Intellectual Property Newsletter

If every single invention from the hand of man
Was the product of genius and a studious plan
Then I'd bless your test, but instead I gotta pan it
The path you choose to take to your invention
shouldn't damn it
The doorknob at issue is new and useful
Well within the purview by my perusal
I can't see the point of unlocking the mind
If you're looking for something even Sherlock can't
find
Goin' round in circles, an inventor's bind
If you knew that the patent system was so unkind
But here's what's curious, when you stop and think
Both our opinions will find 103 ink

Yeah it's the story of the patent petitioner
These are the facts we ain't playin' tricks on y'all
Goin' out to all the novice or the practiced
practitioner
The lawyers, courts, or the system might be dissin'
ya

Answer:

<http://www.youtube.com/watch?v=3EQztfCGiLE>

King & Spalding LLP Launches The IP Tech Center, a Lower-Cost Staffing Model.

The IP Tech Center ("IPTC"), based in Houston with sub-specialties residing in Atlanta, New York and Silicon Valley, was formed in late 2012 to assist our clients with intellectual property prosecution work by delivering uncompromising quality on a cost effective basis. The IPTC consists currently of more than 20 dedicated patent agents, technical advisors, and consultants with technical degrees, including Ph.D.s, in electrical, computer, mechanical, nuclear and chemical engineering, and cellular, molecular and biochemistry. The IPTC team members, all King & Spalding employees, are supervised and trained by senior prosecution attorneys at King & Spalding and are supported by

IP transactional staff that work directly with IPTC clients.

King & Spalding has had unparalleled success in handling U.S. and international prosecution for some of the world's most famous clients -- filing over 1,000 patent applications and 500 trademark applications worldwide in 2012 alone. King & Spalding's innovative cost saving strategies are a result of:

- Lower cost staffing model with a focus on the level of experience handling large-scale prosecution matters with a dedicated client team.
- Up-front client expectation work flow guidelines established.
- Alternative fee arrangements.
- Regularly scheduled meetings to monitor cost and productivity internally and with clients.
- Streamlined approach to handling IP prosecution work, including the use of internal standardized forms, uniform internal procedures, and training of individuals to provide consistency across staff and work.
- Value-added services to clients not typically received from smaller, IP boutique transactional firms.

For more information, please see our Web site at <http://www.kslaw.com/practices/IP-Tech-Center> or you may contact any of the following individuals: Jill McWhirter (713-751-3239); Peg Brivanlou (212-556-2270); Dawn-Marie Bey (202-626-8978); Becky Kaufman (404-572-3567) or Sanjeet Dutta ([1-650-590-0730](tel:1-650-590-0730)).

Intellectual Property Newsletter

Contacts

Peter Dehlinger	John Harbin
Editor / Partner	Partner
pdehlinger@kslaw.com	jharbin@kslaw.com
+1 650 590 0736	+1 404 572 2595

Our Intellectual Property Practice Group

King & Spalding offers clients a full-service intellectual property (IP) practice that combines proven first-chair trial and business lawyers with true scientific specialists. The firm's Intellectual Property Practice Group consists of more than 100 IP professionals, including more than 70 lawyers and patent agents with technical degrees, located in our Atlanta, Austin, Charlotte, Houston, New York, Silicon Valley and Washington, D.C., offices.

King & Spalding has specialized expertise in Section 337 cases before the International Trade Commission. Unique among firms, we have leading practices in the three disciplines necessary in Section 337 cases: we combine our broad-based patent litigation experience and technical expertise, international trade expertise and expertise in the ITC's procedures, and a strong governmental relations group. King & Spalding has been involved in some of the largest, most complex and precedent-setting Section 337 cases.

About King & Spalding

Celebrating more than 125 years of service, King & Spalding is an international law firm that represents a broad array of clients, including half of the Fortune Global 100, with 800 lawyers in 17 offices in the United States, Europe, the Middle East and Asia. The firm has handled matters in over 160 countries on six continents and is consistently recognized for the results it obtains, uncompromising commitment to quality and dedication to understanding the business and culture of its clients. More information is available at www.kslaw.com.

The content of this publication and any attachments are not intended to be and should not be relied upon as legal advice, and the views expressed in these notes do not necessarily reflect the views King & Spalding, LLP or any of its attorneys. If you are not currently on our Intellectual Property Practice Group mailing list under your own name, and you would like to join to receive our monthly *Intellectual Property Newsletter* and to receive notices of future programs and occasional commentaries on new legal developments in the industry, you can make that request by submitting your full contact information to pdehlinger@kslaw.com.