Intellectual Property

Note from the Editors

In this issue of the IP Quarterly Newsletter, we examine current topics involving copyright, trademark, and patent law.

Our four articles for this spring issue analyze:

- The application of **trademark law** to the unauthorized use of trademarks in **domain names**, **keyword advertisements**, and **social media websites**
- **Opinions of counsel**, an area that has evolved significantly since ***Seagate*** and subsequent patent cases
- A UK **copyright infringement** case *CDV Software v. Gamecock* and its **possible implications for U.S. companies**
- What qualifies as a "**printed publication**" for purposes of a **patent reexamination**

We hope you find the articles interesting and helpful to you and your company.

In This Issue

You Can't Do That. That's My Trademark!

By Jennifer Lee Taylor

As technologies develop, companies are finding their trademarks used in increasingly creative and unauthorized ways – including in domain names, key word advertisements, and social media websites, such as Twitter and Facebook. Sometimes, the trademark owners can take steps to stop the unauthorized and infringing uses, and sometimes they cannot. The line between the two is not always easy to spot, and the law is not always easy to apply to developing technologies. This is the first of a series of articles addressing these complex issues. This article focuses on several of the more common uses, and misuses, of trademarks in domain names, and the steps that a trademark owner may be able to take to stop it.

When trademarks have been incorporated into a third-party domain name, the trademark owner has several avenues to recover the domain name. The most straightforward procedures are filing an action in federal court asserting a claim under the Anti-Cybersquatting Protection Act ("ACPA") or initiating a private arbitration under the Uniform Domain-Name Dispute-Resolution Policy ("UDRP"), which is ICANN's process for resolving domain name disputes. Both of these procedures are designed to recover domain names that have been registered or used by cybersquatters in bad faith. The ACPA provides liability where the domain name registrant has "a bad faith intent to profit" from using, trafficking, or registering a domain name, while the UDRP allows domain names to be recovered where the disputed domain name "has been registered and is being used in bad faith."

UDRP arbitrations are streamlined procedures designed to resolve simple domain name disputes in an expedited proceeding with a single round of briefs and no discovery mechanisms, while ACPA claims are indistinguishable from any other civil federal court proceeding, with full discovery and the right to a jury trial. Both the UDRP and the ACPA were developed in reaction to the large number of ingenious entrepreneurs who registered famous trademarks as domain names and held them "ransom" from their true owners beginning in the mid-1990s. UDRP actions in particular are designed to address such instances of cybersquatting quickly and at a low cost to the trademark owner.

Early UDRP actions often involved evidence of bad faith that consisted of copies of e-mails where the domain name registrant offered to sell the domain name to the trademark owner for significant amounts of money. In such cases, there was no questioning the intent of the domain name registrant and the domain names were nearly uniformly transferred to the trademark owners. Where the issues are not quite so straightforward, a trademark owner can attempt to recover the domain name and shut down the offending website by bringing an action for trademark infringement or dilution under the federal Lanham Act or state law.

In deciding whether there is bad faith use of a domain name sufficient to order a domain name to be transferred, the tribunal (either an arbitration panel for a UDRP action or a federal court for an ACPA action) will consider a number of factors, such as 1) whether the domain name registrant has a bona fide noncommercial or fair use of the mark, 2) whether the domain name registrant intends to divert customers from a trademark owner's online location, 3) whether the domain name registrant has sought to sell the domain name to the trademark owner without having used it, 4) whether the domain name registrant provided false or misleading contact information when applying for the domain name, 5) whether the domain name registrant has a pattern of registering domain names that are identical or confusingly similar to the marks of others, and 6) the strength of the trademark incorporated in the domain name. 15 U.S.C. § 1125(d)(1)(B)(i)(I)-(IX).

WHERE THE ISSUES ARE NOT QUITE SO STRAIGHTFORWARD, A TRADEMARK OWNER CAN ATTEMPT TO RECOVER THE DOMAIN NAME AND SHUT DOWN THE OFFENDING WEBSITE BY BRINGING AN ACTION FOR TRADEMARK INFRINGEMENT OR DILUTION UNDER THE FEDERAL LANHAM ACT OR STATE LAW.

Given the wide variety of factors that can be used to show bad faith, it is not surprising that the streamlined UDRP actions are the first line of attack when a trademark owner believes that its trademark has been unfairly registered as part of a domain name. Certainly, it was the first thing that Bank of America and Merrill Lynch did when they discovered that the "bofaml.com" and "mlbofa.com" domain names were registered by a

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cybersquatter the day their merger was announced in 2008. Not surprisingly, the arbitrator found that the domain names had been registered in bad faith and ordered them transferred. Somewhat surprisingly, the domain name registrar decided to fight the transfer order and filed an action in district court seeking to reverse it. Although he may have delayed the outcome, he did not reverse it; the district court finally ordered the transfer of the domain names earlier this year.

As domain name registrants develop new techniques to maximize their investments in domain names, trademark owners have been equally resourceful in using UDRP and ACPA actions to recover those domain names. For example, UDRP and ACPA actions have been used to recover domain names where the domain names are linked to "parked" websites, a form of cybersquatting where a domain name registrant registers a domain name incorporating a trademark and creates a website filled with links to revenue-generating third-party websites relevant to that trademark. The links can create a steady revenue stream because the domain name registrant will receive a small commission from a search engine, such as Google, each time a visitor clicks on a link from that website. When the domain name is a generic term or a misspelling of a generic term, such as www.aspirn.com, it does not raise any cybersquatting or trademark infringement issues, but when the domain name incorporates a third-party trademark or a misspelling of a third-party trademark, it is classic cybersquatting. In such cases, the trademark owner can prove bad faith because it can prove that by including revenue-generating links on the website, the domain name registrant intended to profit from the domain name and/or to divert customers from a trademark owner's online location. Domain names are routinely transferred in such cases.

On the other hand, UDRP and ACPA actions are not suitable to recover domain names when they are used with infringing websites, or to recover domain names when the domain names were registered prior to the trademark owner's first use or registration of the corresponding trademark. While Bank of America and Merrill Lynch were successful in recovering the "bofaml.com" and "mlbofa.com" domain names, their success can largely be attributed to the fact that the domain names incorporated the BofA trademark, which has been registered since 1968. Companies that announce new product or company names before they have filed trademark applications for them may not be as successful.

A COMMON SCENARIO WHERE TRADEMARK OWNERS HAVE HAD MIXED RESULTS INVOLVES GRIPE SITES, WHICH ARE WEBSITES SET UP BY THIRD PARTIES TO CRITICIZE THE OWNERS OF THE TRADEMARKS.

A common scenario where trademark owners have had mixed results involves gripe sites, which are websites set up by third parties to criticize the owners of the trademarks. They may be set up by a disgruntled customer, a former employee, or even an adversary in litigation. The domain names often, but not always, incorporate the owner's trademark and may include words such as "sucks" or "stinks." There is no secret formula for these domain names, but there is a general rule that gripe sites are protected by the First Amendment and that such domain names cannot be recovered and such websites cannot be shut down despite the fact that the domain name may incorporate the trademark of another. *See Career Agents Network Inc. v. careeragentsnetwork.biz*, ____ (E.D. Mich. Feb. 26, 2010) (domain name not recoverable under ACPA where it linked to a website warning readers against purchasing services from plaintiff).

However, the scenario changes entirely if the owner of the gripe site includes revenue-generating links because that converts an otherwise protected gripe site into a commercial speech. Unlike pure gripe sites, commercial speech is regulated under the Lanham Act and can be shut down whenever it is likely to cause confusion among consumers as to the source of the website. For example, in *Taubman Co. v. Webfeats*, 319 F.3d 770 (6th Cir. 2003), the Sixth Circuit upheld a ruling transferring a domain name where the offending website included two links that had generated very small revenues. But for the two links in that case, which rendered the website a commercial enterprise, the website would otherwise have been protected under the First Amendment as a legitimate "gripe site." As this gripe site owner discovered, such small variations in facts can be sufficient to make activity that would be acceptable in one case unacceptable in another.

When the issues are more complex than simple cybersquatting, trademark owners may still be able to shut down a website and/or recover a domain name by pursuing a trademark infringement or unfair competition claim under the Lanham Act. Such claims will be successful if the trademark owner can establish that consumers are likely to be confused as to the relationship between the problematic website and the trademark owner; however, as will be discussed in the next issue of IP Quarterly, whether confusion is likely is not always clear when a website involves a parody.

Opinion Creep: Recent Developments in the Law Regarding Opinions of Counsel

By Scott C. Moore

The law regarding opinions of counsel has been in flux since the Federal Circuit's *In re Seagate* decision (*Seagate*), which eliminated the duty of accused infringers to take affirmative steps to avoid infringement. In the wake of *Seagate*, many observers concluded that opinions of counsel had little remaining use. It is becoming increasingly clear that these observations were wrong.

While *Seagate* limited the usefulness of opinions of counsel in the willfulness context, they remain relevant to the willfulness inquiry. For example, opinions can be a factor in whether—and by how much—damages are increased if willfulness is found. Moreover, a recent line of Federal Circuit rulings created a new rationale for obtaining opinions of counsel—to defeat allegations of inducement of infringement. In some circumstances, the failure to obtain an opinion of counsel can even be used against those accused of inducement of infringement. Potential defendants need to understand these recent developments to make informed decisions about opinions of counsel.

Opinions of Counsel and Willful Infringement

The Federal Circuit was established in 1982, at a time when "widespread disregard of patent rights" was perceived to be undermining the patent system.[1] Almost immediately after it was founded, the Federal Circuit ruled that when a potential patent infringer received notice of another's patent rights, it was subject to an affirmative duty to avoid infringement, which included a duty to obtain competent legal advice before engaging in potentially-infringing activity.[2] In the event of a failure to satisfy this duty, a jury could presume that any infringement was willful, opening the door for treble damages. A few years later, the Federal Circuit held that an adverse inference could also arise when a party invoked the attorney-client privilege to avoid testifying about the advice it received from counsel.[3]

FOR MANY YEARS, IT WAS UNCLEAR WHAT LEVEL OF INTENT WAS REQUIRED FOR ONE TO BE HELD LIABLE FOR INDUCING INFRINGEMENT.

Two decades later, the pendulum was swinging in the other direction. The Federal Circuit responded to this climate by completely revamping the law of willful infringement. In 2003, the Federal Circuit reaffirmed the affirmative duty to avoid infringement, but held that an adverse inference would no longer arise just because a potential infringer failed to secure an opinion of counsel, or invoked privilege when questioned about the advice it received.[4] Four years later, the Federal Circuit released its *Seagate* decision, which completely eliminated the affirmative duty of care.[5] *Seagate* also announced a new, two-part test for willful infringement. Under this test, a patent holder is required to make a threshold showing—that the accused infringer acted despite an objectively high likelihood that its actions infringed a valid patent—before the accused infringer's intent becomes relevant.[6] If this threshold showing is made, the patent holder must then show that the accused infringer knew or should have known of this objectively high risk of infringement.[7]

Because the accused infringer's state of mind is irrelevant to threshold inquiry, opinions of counsel have little if any relevance to this portion of the willfulness analysis.[8] Further, while opinions remain relevant to the second portion of the willfulness inquiry,[9] a fact finder that has already found an objectively high likelihood of validity and infringement might be skeptical of a party's claim that it justifiably relied on an opinion that reached the opposite conclusion.

However, *Seagate* did not modify the factors that courts use to determine whether—and by how much—to enhance damages once willfulness is found.[10] Thus, courts may still consider whether the accused infringer "investigated the scope of the patent and formed a good-faith belief that it was invalid or that it was not infringed," when deciding what damages to assess for willful infringement.[11]

Opinions of Counsel and Induced Infringement

In the past few years, the Federal Circuit has issued a series of opinions that depending on one's point of view, either clarified or completely rewrote the law regarding the intent necessary for inducement of infringement under 35 U.S.C. § 271(b).

For many years, it was unclear what level of intent was required for one to be held liable for inducing infringement. Some decisions held that the only intent required was intent to cause the acts that resulted in infringement; and that an accused infringer need not have known of a patent, or intend

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to cause infringement. Other decisions held that inducement could not be found unless the accused infringer knew that it was inducing acts that would result in infringement of a patent.

In 2006, the Federal Circuit resolved this confusion by holding that an accused infringer could not be liable for inducement unless it: (i) knew of a patent, and (ii) knew or should have known that its actions would induce actual infringement of that patent.[12]

Two years later, the Federal Circuit considered an appeal of an inducement verdict in a case where the jury was told that it "may consider all of the circumstances, *including whether or not [the accused infringer] obtained the advice of a competent lawyer*," in deciding whether the accused infringer had the intent necessary to induce infringement.[13] The defendant in that case, which failed to introduce an opinion of counsel at trial,[14] cited *Seagate* to support the view that the failure to introduce an opinion of counsel could not be used to infer bad intent. The Federal Circuit disagreed, and held that opinions of counsel are "relevant to the second prong of the intent analysis" for inducement.[15] In the court's view, it would be "manifestly unfair to allow opinion-of–counsel evidence to serve an exculpatory function … and yet not permit patentees to identify failures to procure such advice as circumstantial evidence of intent to infringe."[16]

Earlier this year, the Federal Circuit issued another decision clarifying the standards for induced infringement. In that case, defendant copied aspects of a competitor's product and asked an attorney to conduct a right-to-use study.[17] However, the defendant failed to tell its opinion counsel that it copied a competitor's product.[18] Although the right-to-use study did not identify any patent issues, and there was no direct evidence that the defendant knew that the competitor's product was covered by a patent, the defendant was found liable for inducement of infringement.[19] The defendant appealed, arguing that the plaintiff had failed to prove the defendant "knew of the patent" (the first prong of the intent test for induced infringement).[20]

The Federal Circuit ruled that the "knowledge-of-the-patent requirement" for induced infringement *does no*t require direct evidence of actual knowledge, but can instead be satisfied by evidence that the accused infringer "deliberately disregarded a known risk" of infringement.[21] The Federal Circuit commented that allegations of deliberate indifference could be defeated if an accused infringer is able to establish "that he actually believed that a patent covering the accused product did not exist."[22] An accused infringer would presumably use a right-of-use opinion to make this type of showing.

Although the defendant in that case had obtained a right-of-use opinion, the Federal Circuit found that the defendant's failure to inform its opinion counsel that it had copied a competitor's product actually supported the plaintiff's argument that the defendant acted with deliberate indifference.[23] Thus, while right-of-use opinions can help defeat allegations of induced infringement, an inadequate opinion may also sometimes be used against an accused infringer.

Considerations for Potential Defendants

Although the Federal Circuit's decision to eliminate the affirmative duty of due care to avoid infringement did away with what was previously the primary reason for obtaining opinions of counsel, opinions can help defeat allegations of willful infringement. While opinions are probably not relevant to the objective threshold portion of the willfulness test, opinions can be used as evidence to negate the intent necessary for a finding of willfulness. Just as importantly, if willfulness is proven, a court can consider whether the accused infringer obtained an opinion, or whether it failed to obtain an opinion, in deciding whether—and by how much—to increase damages.

Opinions of counsel are particularly important in situations where a party is facing, or may face, allegations of inducing infringement. A right-to-use opinion can be used to demonstrate that the accused infringer was not deliberately indifferent to the existence of a patent, which is relevant to the first prong of the intent test for inducement. A non-infringement, invalidity, or unenforceability opinion can be used to counter allegations that an accused infringer knew or should have known that it was inducing infringement of a valid patent, the second prong of the intent test for inducement. And, if an opinion is not obtained, the accused infringer takes the risk that a patent holder may argue that the absence of an opinion is evidence that the accused infringer should have known it was inducing infringement.

Of course, a party that wishes to rely on an opinion must waive privilege concerning the subject matter of the opinion. However, *Seagate* makes clear that the scope of this waiver generally does not extend to trial counsel.[24] Thus, a party that might benefit from an opinion should not fail to obtain one because of worries that it might be required to disclose trial-related work product, or privileged communications with trial counsel.

In situations where a party does not know of any potentially-troublesome patents, and has no reason to suspect that it might be infringing a patent, an opinion of counsel may not be necessary. But if a party suspects that it is likely to face allegations of patent infringement—e.g., because its new product is similar to a competitor's product—it should consider obtaining a freedom-of-use opinion. This is especially true if allegations of inducement of infringement are likely.

If a party knows of a potentially-troublesome patent, it should seriously consider obtaining an opinion. If inducement claims appear unlikely, a party may still wish to obtain an opinion if the arguments for infringement

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seem strong, or if the potential damages are large. In these circumstances, the benefits of an opinion in reducing the likelihood of a willfulness finding, and combating arguments for a large enhancement of damages in the event willfulness is found, are likely to outweigh the costs of the opinion.

If claims of inducing infringement appear likely, a party should consider the potential benefits of an opinion in combating claims of inducement, and the danger that a patent holder might use the lack of an opinion as evidence of the intent necessary to establish inducement. If a patent holder is likely to raise claims of direct infringement and contributory infringement along with its inducement claims, a potential defendant may wish to analyze how important the inducement claims are likely to be to the patent holder's overall liability case. If a patent holder's liability case is likely to rest primarily on allegations of direct infringement or contributory infringement, eliminating the patent holder's inducement claims might do little to weaken its liability case. In this situation, the impact of an opinion on inducement claims may be less important, and the impact of an opinion on willfulness may be the driving factor in the analysis. If, on the other hand, inducement claims are likely to be the sole or primary basis of a patent holder's liability case, the arguments in favor of obtaining an opinion are very strong. In this situation, an opinion can do triple duty: it can help defeat claims of liability, demonstrate non-willfulness in the event liability is established, and reduce the amount of enhanced damages that are awarded in the event both liability and willfulness are found.

1. *See* <http://www.cafc.uscourts.gov/about.html>; *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.*, 383 F.3d 1337, 1343 (Fed. Cir. 2004) (*en banc*).
2. *Underwater Devices Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380, 1389-90 (Fed. Cir. 1983).

Parsing Your Prior Art: What Qualifies as a "Printed Publication" for Reexamination?

By Robert Saltzberg and Benno Guggenheimer

Recent statistics demonstrate the continued effectiveness of *inter partes* reexaminations, which allow third-party requesters to battle patent owners throughout the reexamination process. According to recent statistics, more than 76% of *inter partes* reexaminations result in some claims canceled or amended, and 11% result in patents with all challenged claims canceled.[1]

Nonetheless, the statute includes a limitation that chills the hearts of many potential *inter partes* requesters—estoppel. 35 U.S.C. § 315(c) prevents requesters from challenging the validity of a claim in subsequent civil litigation based on grounds that were or could have been raised during *inter partes* reexamination.[2] (For a more detailed discussion of managing the risk of estoppel see our previous article, "Should Estoppel Stop You from Requesting Inter Partes Reexamination?".)[3]

Whether a prior art reference is the type that can be raised during an *inter partes* proceeding is a critical determination. As in *ex parte* reexamination, the governing statute limits *inter partes* reexamination to challenges based on patents and printed publications.[4] Arguments based on other grounds, such as public use or prior sale under 35 U.S.C. § 102(b), may not be raised, even if they are evidenced by printed materials.[5]

Thus, if a particular reference qualifies as a "printed publication" for use in *inter partes* reexamination, then failure to raise it in reexamination could preclude its use in litigation. The effect likens to a self-imposed evidentiary sanction. Conversely, if a reference does not qualify, then it may be preserved for litigation.

Many reexamination practitioners have little or no experience with electronic media as prior art—e.g., video, screen shots, and software. For those practitioners, the authors intend this article to serve as a guide for determining whether such references qualify as "printed publications" for use in reexamination, whether *ex parte* or *inter partes*, and to potentially avoid an embarrassing oversight for failure to submit appropriate prior art during reexamination.

Over the years, the definition of "printed publication" has evolved to adapt to changes in the way we communicate. In general, courts have continued to rely on the Federal Circuit's reasoning in *Klopfenstein*[6] to expand the universe of prior art that can be used to invalidate a patent in reexamination.

Progression of Case Law to Klopfenstein

In the past, when brick-and-mortar libraries were a primary source of information, the analysis often turned on whether a printed copy of a document was properly indexed in a public library or otherwise made accessible to the public.[7] Today, the words "printed" and "publication" are broadly interpreted to reflect the realities of communication in the age of digital media.

In re Wyer[8] expanded the scope of "printed" to include microfilm copies of a document preserved in the Australian patent office. The court in *Wyer* acknowledged the need

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3. *Kloster Speedsteel AB v. Crucible Inc.*, 793 F.2d 1565, 1580 (Fed.Cir.1986); *Fromson v. Western Litho Plate & Supply Co.*, 853 F.2d 1568, 1572-73 (Fed.Cir.1988).
4. *Knorr-Bremse*, 383 F.3d at 1343-46.
5. *In re Seagate Tech., LLC*, 497 F.3d 1360, 1371 (Fed. Cir. 2007) (*en banc*).
6. *Id*.
7. *Id*.
8. The hearsay rule usually prevents parties from using opinions as evidence of whether infringement has occurred, or whether a patent is invalid and/or unenforceable.
9. *In re Seagate* states that opinions remain "crucial" to the willfulness inquiry. *Id*. at 1369.
10. *i4i L.P. v. Microsoft Corp.*, 589 F.3d 1246, 1274 (Fed. Cir. 2009) (*In re Seagate* did not modify the standard for deciding "whether—and by how much—to enhance damages" once willfulness found; the standard is set forth in *Read Corp. v. Portec, Inc.*, 970 F.2d 816 (Fed. Cir. 1992).)
11. *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 826-27 (Fed. Cir. 1992).
12. *DSU Medical Corp. v. JMS Co., LTD.*, 471 F.3d 1293, 1306 (Fed. Cir. 2006) (en banc in relevant part).
13. *Broadcom Corp. v. Qualcomm Inc.*, 543 F.3d 683, 698 (Fed. Cir. 2008) (emphasis modified from original).
14. The defendant obtained opinions of counsel regarding invalidity, but the trial court excluded this fact from evidence because the defendant refused to waive privilege with respect to these opinions. *Id*. at 700.
15. *Id*. at 699.
16. *Id*.
17. *SEB S.A. v. Montgomery Ward & Co., Inc.*, 594 F.3d 1360, 1365-66 (Fed. Cir. 2010).
18. *Id*.
19. *Id*. at 1377.
20. *Id*. at 1376, *quoting DSU Medical*, 471 F.3d at 1304.
21. *Id*. at 1377.
22. *Id*. at 1378.
23. *Id*. at 1377.
24. 497 F.3d at 1374, 1376.

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to adapt traditional notions of printing to be more inclusive of modern forms of media.

The traditional dichotomy between "printing" and "publication" is no longer valid. Given the state of technology in document duplication, data storage, and data-retrieval systems, the "probability of dissemination" of an item very often has little to do with whether or not it is "printed" in the sense of that word when it was introduced into the patent statutes in 1836. In any event, interpretation of the words "printed" and "publication" to mean "probability of dissemination" and "public accessibility," respectively, now seems to render their use in the phrase "printed publication" somewhat redundant.[9]

Since *Wyer*, "printed publication" has been interpreted to mean that the reference must have been sufficiently accessible to the public interested in the art, before the critical date of the challenged patent. Dissemination and public accessibility are key to the legal determination whether a prior art reference was "published."[10] A reference qualifies as publicly accessible prior art "upon a satisfactory showing that . . . [it] has been disseminated or otherwise made available to the extent that persons interested and ordinarily skilled in the subject matter or art exercising reasonable diligence, can locate it."[11]

Klopfenstein[12] further expanded the scope of "printed publication" to include several printed slides that were presented at a conference. The court's inquiry turned on public accessibility as determined using a four-factor test:

[1] the length of time the display was exhibited,

[2] the expertise of the target audience,

[3] the existence (or lack thereof) of reasonable expectations that the material displayed would not be copied, and

[4] the simplicity or ease with which the material displayed could have been copied.[13]

The court found that the slides had been made available over a three-day period and were directed to an audience familiar with the subject technology, without a reasonable expectation that the material would not be copied.[14] The court held that the presentation qualified as a printed publication, even though no copies of the presentation were actually distributed.

Internet-Accessible Electronic Documents

Since *Klopfenstein*, courts have used the four-factor test to further expand the scope of a "printed publication." In *Dow Jones & Co. v. Ablaise Ltd.*, a court held that a hyperlink to uncompiled source code posted in an Internet newsgroup was sufficiently accessible to qualify the code as a printed publication.[15]

Though [the author] could not recall the names of the newsgroups, he remembered that "various people downloaded [the source code] and contacted [him] with questions . . . [and] proposed changes." To corroborate Nierstrasz's testimony, Dow Jones provides three postings from newsgroup subscribers.[16]

Similarly, a district court in *CA, Inc.*[17] held that a publicly accessible web page (the "Meininger reference") qualified as a printed publication under the *Klopfenstein* rationale. The court found that the reference was not an obscure personal web page, but instead was accessible to the degree that one skilled in the art would be able to locate it using a variety of means.[18]

Indeed, the Meininger reference is analogous to a document made available to the general public in a library since one skilled in the art could find it by using an Internet search engine, learn about it via an email sent by Meininger to a user group of programmers interested in the WindowMaker program, or find a link to it on the Slashdot article making it easily accessible over an extended period of time.[19]

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Additionally, the court found that because users could "view source" (view the HTML source code) using an Internet browser, a user could readily understand, retain, and copy the subject matter of the reference.[20] Applying *Klopfenstein*, the court found that the factors overwhelmingly weighed in favor of finding that the reference was a printed publication.[21]

TODAY, THE WORDS "PRINTED" AND "PUBLICATION" ARE BROADLY INTERPRETED TO REFLECT THE REALITIES OF COMMUNICATION IN THE AGE OF DIGITAL MEDIA.

However, courts have also been willing to place limits on what may be considered a publication. For example, compare the holdings discussed above with *SRI International Inc., v. Internet Securities Systems*:[22] There, the court distinguished the facts from the poster presentation in *Klopfenstein*. In *SRI*, the publication in question was an electronic paper made available on an FTP site under an acronym file name. The specific path to the file was given to a single member of the public.[23]

The court likened these facts to that of a poster at a vacant and unpublicized conference that was only available to those who may have wandered into the conference by happenstance.[24] The court reasoned that it was doubtful that anyone interested in the subject matter of the paper would search a subfolder on the SRI FTP server.[25] This portion of the court's reasoning seems to agree with previous cases that measure publicly accessibility by determining the extent to which persons interested and ordinarily skilled in the subject matter, exercising reasonable diligence, can locate the information.[26]

However, a dissenting opinion emphasized that proper application of the *Klopfenstein* factors arrives at an opposite result. Specifically, several factors weigh in favor of public accessibility, including: the duration of display was longer than a week; the ease of capturing, processing, and retaining the subject matter; and the expertise of the audience.[27] For a more detailed discussion of the *SRI* case, see "Printed Publications in the Computer Age: the Federal Circuit Addresses FTP Servers in SRI."[28]

In light of these recent decisions, Internet web pages and online documents that were accessible before the critical date of a challenged patent may be a potentially rich source of prior art. In fact, the USPTO has suggested that examiners take advantage of Internet archive services, such as the Internet Achive's Wayback Machine (www.archive.org) when searching for relevant prior art.[29] Practically speaking, the USPTO will usually accept paper copies of archived web pages or electronic documents that are submitted with credible evidence of prior publication. A date stamp showing the date a page was archived and a declaration authenticating the pages may suffice as proof. In fact, the Internet Archive site itself provides an unsigned declaration that explains how files are acquired and archived. Additionally, for a fee, the company offers a signed declaration to authenticate a particular set of archived pages.

Similar to archived web pages, an email or other electronic message might be accepted by the USPTO if the requester could show that the message was broadcast to a significant portion of the interested public, and thus sufficiently accessible to be considered a "publication."

Video Media

As illustrated above, courts have used *Klopfenstein* to broaden the scope of "printed publication" to include various forms of electronic media. However, courts have so far refused to extend the scope to encompass video media. For example, in *Diomed, Inc., v. Angiodynamics, Inc.*, the court distinguished *Klopfenstein* and held that a video alone does not qualify as a printed publication.[30] The court in *Diomed* reasoned:

> *The definition of "printed" cannot be stretched to include a presentation which does not include a paper component or, at minimum, a substitute for paper such as the static presentation of slides.*
>
> . . .
>
> *In this case, defendants liken the Puglisi video to the presentation in the Klopfenstein case by reason of the video's dissemination to a large number of people over several years. That fact alone, however, does not cure the absence of any "print" component to the video, an element that was met by the print-out of slides described in the Klopfenstein case. Consequently, the video is not a "printed publication" under 35 U.S.C. § 102.*[31]

Following the logic of this distinction, the Federal Circuit, in *Massachusetts Institute of Technology v. AB Fortia*,[32] held that a paper delivered orally to the First International Cell Culture Congress was considered a "printed publication." In *MIT*, as many as 500 persons having ordinary skill in the art heard the presentation, and at least six copies of the paper were distributed. The key to the court's finding was that actual printed copies of the presentation were distributed on request.

Thus, it appears that *Klopfenstein* cannot be used to extend the definition

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Reexamination

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of "printed publication" to include video media. Under the reasoning of *Diomed*, a paper component or substitute for a paper component must be present to find a "printed publication." But what constitutes a paper substitute? Based on established case law, it includes at least microfilm and electronic documents. But what about "books on tape" or an electronic newspaper article that includes a video clip? Most likely, courts will continue to struggle with these issues as more multimedia objects become old enough to qualify as prior art.

Software

Courts have not specifically addressed whether software that has been distributed, e.g., via the Internet or a CD ROM, qualifies as a printed publication. Traditionally, software has been treated as a prior-art product in public use or on sale under 35 U.S.C. § 102(b). Submissions at trial have typically been corroborated by testimony of the author or developer. Unless the code could have been accessed using reasonable diligence (e.g., by selecting "view source" using an Internet browser), it is unlikely that the programming instructions themselves would be considered as having been described in a printed publication.

However, in some circumstances, a portion of a software distribution may be considered a printed publication, and thus available for use in reexamination. For example, fixed-screen shots, help files, and other static displays may qualify as printed publications if the *Klopfenstein* factors weigh in favor of such a finding. For example, were the screens available for display for a sufficient length of time? Was the software accessible by a relevant audience of those skilled in the art? Is the material easily retained or copied? Was there a restrictive license on the disclosure or use of the material? The facts may be analogized to those in *Dow Jones & Co.* or *CA Inc.*, where the court held that electronic publication made the references sufficiently accessible to qualify them as printed publications.

In contrast, functional screens that include data entered by a user after the challenged patent's critical date ("new data") are distinguishable from a fixed-screen display, and might not be considered prior art printed publications under 35 U.S.C. § 102. The user-entered data is not subject matter that was available to the interested public before the critical date of the challenged patent. For example, screen shots of an interface that includes text fields with new user-entered data might not qualify as a "prior" art printed publication. Similarly, screen shots that result from the processing of new user-entered data also do not contain subject matter available prior to the critical date.

* * *

Courts continue to take an increasingly broad view of what may be classified as a "printed publication" for purposes of 35 U.S.C. § 102. As a result, an accused infringer now has a wider array of "printed publication" evidence that can be used to attack a patent in reexamination. For a requester considering *inter partes* reexamination, a proper assessment of the prior art is critical to understanding what art could have been submitted and, therefore, subject to § 315 estoppel. Prior art that does not qualify as a printed publication may be preserved for litigation to give the accused infringer another chance at establishing invalidity.

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1. *See* www.uspto.gov/patents/stats/ep_quarterly_report_december_31_2009.pdf. In general, reexamination provides an attractive alternative for an accused infringer facing the threat of litigation. During reexamination, the examiner construes claim terms according to their broadest reasonable meaning. 37 CFR 1.555 (b). In contrast, a court may apply a potentially narrower claim construction, which would generally weaken any invalidity arguments.
2. 35 U.S.C. § 315(c).
3. Robert Saltzberg and Benno Guggenheimer, "Should Estoppel Stop You from Requesting Inter Partes Reexamination?" available online at www.mofo.com/Should-Estoppel-Stop-You-From-Requesting-Inter-Partes-Reexamination-08-04-2009.
4. 35 U.S.C. § 301; MPEP 2609. Of course, the determination whether a reference is a printed publication is important to *ex parte* proceedings, but this article focuses on the heightened importance of that determination in *inter partes* reexamination.
5. MPEP 2617.
6. *In re Klopfenstein*, 380 F.3d 1345 (Fed. Cir. 2004).
7. *See*, *e.g.*, *In re Hall*, 781 F.2d 897 (Fed. Cir. 1986).
8. *In re Wyer*, 655 F.2d 221 (CCPA 1981).
9. 655 F.2d at 226.
10. *In re Cronyn*, 890 F.2d 1158, 1160 (Fed. Cir. 1989).
11. *Bruckelmyer v. Ground Heaters, Inc.*, 445 F.3d 1374, 1378 (Fed. Cir. 2006).
12. 380 F.3d 1345.
13. *Id.* at 1350, bracketed text added.
14. *Id.* at 1351.
15. *Dow Jones & Co. v. Ablaise Ltd.*, 632 F. Supp. 2d 23 (D.D.C. 2009).
16. 632 F. Supp. 2d at 36-37.
17. *CA, Inc., v. Simple.com, Inc.*, No. 02 Civ. 2748, 2009 U.S. Dist Lexis 27092 (E.D.N.Y.Mar. 17, 2009).
18. *Id.* at 36.
19. *Id.* at 43.
20. *Id.* at 47.
21. *Id.*
22. *SRI International, Inc. v. Internet Security Systems, Inc.*, 511 F.3d 1186 (Fed. Cir. Jan 8, 2008).
23. *Id.* at 1197.
24. *Id.*
25. *Id.* at 1196.
26. 445 F.3d at 1378.
27. 511 F.3d at 1201-05.
28. Amy Dachtler, "Printed Publications in the Computer Age: the Federal Circuit Addresses FTP Servers in SRI" available online at www.mofo.com/pubs/xpqPublicationDetail.aspx?xpST=PubDetail&pub=8173.
29. Wynn W. Coggins, "Prior Art in the Field of Business Method Patents — When is an Electronic Document a Printed Publication for Prior Art Purposes?" presented at AIPLA, Fall 2002, available online at www.uspto.gov/patents/resources/methods/aiplafall02paper.jsp.
30. *Diomed, Inc., v. Angiodynamics, Inc.* 450 F. Supp. 2d 130 (D. Mass. 2009).
31. *Id.* at 141-42.
32. *Massachusetts Institute of Technology v. AB Fortia*, 774 F.2d 1104 (Fed. Cir. 1985)

Liability for Foreign Copyright Infringement

By Alistair Maughan and James E. Hough

Ask any business operating overseas to list its main risk concerns and "containing foreign liabilities" is likely to be on that list. U.S. companies operating in Europe, in particular, routinely use corporate structuring devices such as locally-incorporated subsidiaries to make certain that, while profits can be passed up the corporate chain, liabilities remain on the other side of the Atlantic. Allied to this, many U.S. companies take the structuring principle even further and use a subsidiary created under a perceived business-friendly and more predictable legal system such as the United Kingdom to manage all of their activities across Europe.

A further risk mitigation from international IP infringement liability is the "territoriality" principle of international law. This generally accepted principle in Europe and the United States is that a country's laws only have force within its boundaries.

So when it comes to IP, especially copyright infringement, you'd think that overseas businesses operating in the UK (and onward elsewhere into Europe) should be able to isolate themselves from infringement activities conducted outside U.S. borders, right?

Well, no not always. Sometimes, cracks appear in the corporate veil and, as a recent case in the English High Court illustrates, a U.S. business that doesn't take care can find itself taking on unexpected liabilities.

Absent but still Liable

In the case *CDV Software Entertainment v. Gamecock Media Europe, et al*,[1] a U.S. company in the media industry was surprised to find itself liable for copyright infringement in the UK, even though all activities in the UK had been conducted by its specifically incorporated UK subsidiary.

SouthPeak Interactive, a U.S. company ("SouthPeak U.S."), had established a UK subsidiary (SouthPeak Interactive Limited) to exploit the UK and European market for computer games. SouthPeak found itself sued in the UK based on breach of contract and copyright infringement because it had exploited certain computer games (in the belief that it was entitled to do so) that were in fact exclusively licensed to another company, CDV Software Entertainment.

STRUCTURING A PARENT-SUBSIDIARY RELATIONSHIP IN A WAY THAT AVOIDS – OR AT LEAST MINIMIZES – VICARIOUS LIABILITY IS ONE OF A NUMBER OF RELEVANT BUSINESS FACTORS THAT MUST BE ASSESSED.

CDV ("SouthPeak UK") – presumably following the money – didn't want to stop at the SouthPeak UK subsidiary; it wanted to establish that SouthPeak U.S., the ultimate parent, was also liable to pay damages for copyright infringement. SouthPeak U.S. did not deny that its UK subsidiary had marketed, licensed, distributed and sold the products in Europe but it did not accept that, merely because its subsidiary had done so, the U.S. parent also incurred the same liability.

Whether or not the U.S. parent was liable turned on the interpretation of the UK Copyright, Designs & Patents Act 1988 which said (in a provision common across Europe) that copyright infringement occurs by anyone who either does "or authorises another to do" any of the acts restricted by the copyright.

SouthPeak argued that the mere existence of a parent/subsidiary relationship is not sufficient to deem the parent to be authorising the subsidiary to undertake specific conduct which may turn out to constitute copyright infringement.

The High Court agreed that the mere existence of a parent/subsidiary relationship is not, on its own, enough for copyright infringement liability to accrue to the parent. But SouthPeak's misfortune was that the court found that, as a result of various actions by the U.S. parent, it not only authorised the infringing activities but it also participated in such actions itself.

Lessons to be Learned

Where SouthPeak went wrong was to create a separate UK structure but then behave in a way which destroyed the insulating effect of that structure.

The activities which were deemed sufficient to create copyright infringement liability included simply advertising the product on the SouthPeak European website as being published or released by "SouthPeak" as opposed to SouthPeak UK, and failing to distinguish clearly between SouthPeak UK and SouthPeak U.S. in marketing literature and distribution agreements. SouthPeak's on-line literature pointed to SouthPeak U.S., as the holding company of the international group. Even in the court proceedings, the key witnesses for SouthPeak used "SouthPeak" to refer interchangeably at times to both the U.S. and the UK companies.

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So, SouthPeak's error was to fail clearly to distinguish between parent and subsidiary both in the manner of distribution of the product and the way in which it was marketed. As a result, the court decided to look through the legal structure and examine the reality of the situation by which the products were marketed and the strategy for the promotion and distribution of the product. Having done so, the court found that the U.S. parent was indeed acting with the UK subsidiary in violation of the infringing act. In practice, SouthPeak U.S. failed to have a sufficiently arm's-length relationship between parent and subsidiary, and so, when things went wrong, it could not rely on the corporate structure to insulate itself from copyright infringement overseas.

Similar Result Likely Under U.S. Law

SouthPeak U.S. would probably have not fared any better if the case were decided under U.S. law. Like the High Court decision in SouthPeak, U.S. courts do not permit imposition of copyright infringement liability based solely on the legal relationship between a parent corporation and its subsidiary[2]. However, in general, U.S. law permits finding a parent corporation liable for copyright infringement by a subsidiary in situations where "there is a substantial and continuing connection between the two with respect to the infringing act."[3] SouthPeak U.S. seems to have had both a direct financial interest in the infringing activity of its UK subsidiary, and continuing connection to it, sufficient to trigger vicarious liability under U.S. law.

Conclusion

The case is a salutary lesson for U.S. businesses operating overseas, that simply establishing a particular series of local corporate vehicles may not be enough to

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From the Docket

Major Victory for the Open Source Movement

On March 30, 2010, a jury in federal district court in Salt Lake City, Utah returned a decisive verdict in favor of our client Novell in its seven-year dispute with The SCO Group involving the copyrights for the core UNIX computer operating system. After approximately seven hours of deliberation, the jury found that, contrary to SCO's claims, the UNIX copyrights were not transferred from Novell in a 1995 Asset Purchase Agreement. This factual determination was fatal to SCO's claim that Novell was liable to SCO for between $115 million and $200 million for Novell's alleged slander of SCO's claim to ownership of the UNIX copyrights. A team led by Morrison & Foerster's Michael Jacobs and Eric Acker, and Workman Nydegger's Sterling Brennan represented Novell in the trial and throughout the seven-year dispute.

The case began in 2003 when SCO filed suit against IBM, seeking billions in damages relating to alleged violations of SCO's rights in UNIX, and then sent demand letters to the Fortune 1000 companies alleging that any company's use of the Linux operating system infringed SCO's alleged rights to the UNIX copyrights. In response, Novell publicly challenged SCO's claims, insisting that Novell retained the UNIX copyrights as part of its 1995 deal to sell certain UNIX assets to the Santa Cruz Operation (that subsequently assigned its UNIX rights to SCO). In early 2004, SCO brought a "slander of title" action against Novell in Utah state court. Following removal to federal court, each side filed claims and counterclaims for slander of title, copyright infringement, unfair competition, and breach of contract. At the heart of all SCO's claims was its alleged ownership of the core UNIX copyrights. The dispute over ownership of the UNIX copyrights, and the *SCO v. Novell* lawsuit, attracted significant attention in the open source community and the software media, including spawning a website (Groklaw) devoted to covering the dispute.

In August 2007, the district court granted summary judgment for Novell, finding that Novell, not SCO, owns the UNIX copyrights. The Wall Street Journal described the ruling as a "boon to the open source software movement that has become an alternative to Microsoft Corporation's Windows operating system." The ruling caused SCO to seek Chapter 11 bankruptcy protection in September 2007.

A bench trial was then held in April 2008 on certain of Novell's counterclaims. In July 2008, the court issued an order in favor of Novell, ruling that SCO must pay Novell roughly $2.5 million (plus interest) in royalty revenue paid to SCO by Sun Microsystems. SCO then appealed to the 10th Circuit, which affirmed the district court's judgment with regard to royalties due Novell, but remanded for trial the question of the ownership of the UNIX copyrights. This resulted in the three-week trial that ended with the March 30, 2010, verdict.

The jury verdict confirms Novell's ownership of the UNIX copyrights and rejects SCO's claim to damages of hundreds of millions of dollars. Novell's press release says: "This decision is good news for Novell, for Linux, and for the open source community." The verdict could also spell the beginning of the end of SCO's effort to extract licensing fees from open source software developers such as IBM, Red Hat, and Sun Microsystems.

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insulate the U.S. parent from copyright infringement liability incurred overseas. The management and direction of the entire corporate family and the way that the local operations are held out to the public must be sufficient to back-up the parent/subsidiary relationship. An increase in hands-on involvement by the U.S. parent in local operations, which may sometimes be desired to meet business needs, brings with it a commensurate increase in potential exposure to local copyright infringement claims. Structuring a parent-subsidiary relationship in a way that avoids – or at least minimizes – vicarious liability is one of a number of relevant business factors that must be assessed. Unless an appropriate arm's-length relationship is established, the good and careful work done in setting up a particular corporate structure may be destroyed by insufficient care in operation.

1. *CDV Software Entertainment AG v Gamecock Media Europe Ltd & Ors* [2009] EWHC 2965 (Ch), Case No: HC09C00767, High Court of Justice, Chancery, Intellectual Property (20 November 2009).
2. *Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc., 886 F.2d 1545, 1553 (9th Cir. 1989).*
3. *Id. quoting Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc., 772 F.2d 50, 519-20 (9th Cir. 1985).*

IP News

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Awards & Recognitions

The 2010 awards season has started extremely well for our IP attorneys and our practice overall.

China Law & Practice ranked Morrison & Foerster's IP Practice as one of the top-tier international firms in the magazine's 2010 China IP Rankings.

The firm's intellectual property group achieved rankings in ten categories in the annual "World IP survey" by *Managing Intellectual Property* (*MIP*). The February 2010 issue, "2010 Patent Firms of the Year," includes the World IP Survey in which the firm is ranked in ten categories, and moved higher in two categories: ITC practice and Patent Contentious (West) for which the firm earned the highest Tier 1 ranking. Our group also received the Tier 1 ranking in Copyright (West). *MIP* also honored Harold McElhinny as one of five finalists for "Top IP Attorney in the U.S."

Mika Mayer, a partner in our Patent Practice, received two honors. *IPLaw360* publications listed her as one of the "Top 10 Under 40" IP attorneys in the U.S. She received a similar designation from the San Francisco and Los Angeles *Daily Journal*, which listed her as one of California's "Top 20 Under 40" attorneys.

David Doyle was recognized by *United States Lawyer Rankings* as one of the U.S.'s Top 10 Intellectual Property Lawyers.

In March, the San Francisco and Los Angeles *Daily Journal* published its 2010 list of Top 75 IP Litigators and Top 25 Patent Portfolio Managers. Michael Jacobs, Rachel Krevans, and Harold McElhinny were named to the top IP litigators list and Kate Murashige, Catherine Polizzi, and Michael Ward were named to the top patent portfolio managers list.

About Morrison & Foerster's Intellectual Property Practice

Morrison & Foerster maintains one of the largest and most active intellectual property practices in the world. The IP practice provides the full spectrum of IP services, including litigation and alternative dispute resolution, representation in patent and trademark prosecution, and business and licensing transactions. Morrison & Foerster's IP practice has the distinguishing ability to efficiently and effectively handle issues of any complexity involving any technology. For more information about the IP practice, please visit www.mofo.com.