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Towards a New Model for Social Media Newsgathering: *Agence France Presse v. Morel* and Digital Rights in the Age of Citizen Journalism

By Kristen G. Niven*

Introduction

Prior to the advent of digital media as a means of publishing news, the most compelling images that came to symbolize major events were produced by professional photographers and appeared on the front pages of newspapers and magazines. Nick Ut's famous photograph of children running from a napalm bombing in Vietnam not only earned him the Pulitzer Prize in 1972, it influenced public sentiment on the war.¹ Images today have as much power to tell a story and influence action as they did in the last century, but some of the most compelling and ubiquitous images of news events today come from social media, by citizens who participate in or are directly affected by the events. For example, during the protests in Iran in 2009 after the contentious re-election of Mahmoud Ahmadinejad, stills and footage of Neda, a dying girl, became some of the most widely circulated images, capturing the violence and tragedy of the event.² The footage was captured not by professional journalists, but by nearby protesters with mobile phones. As content created by citizen journalists becomes more relevant, widespread,

accessible, and timely, major news organizations have reconstructed their entire breaking news reporting model to incorporate more citizen contribution and aggregate raw information from those who both live and document the events. In the mass distribution of content created by citizens rather than professionals, the authors of images are often not credited, much less paid for the copying and distribution of their digital creations. This has created verification problems leading to situations such as the publishing of documentary images that are not matched to the news event, and wide acceptance of hoaxes as truth, while leaving the unverified image even more difficult to verify once it has been reproduced and has spread like a global rumor. Furthermore, images circulated through social media at unprecedented speed become orphaned from their source. This raises the issue of digital rights for the original authors. Until recently, the courts did not address these issues. In the aftermath of the earthquake in Haiti in 2010, however, the improper copying and distribution of photos that a Haitian photographer posted to a social media website led to a copyright infringement and Digital Millennium Copyright Act (“DMCA”) action that has dramatically altered the legal position of citizen journalists.

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PRESIDENT'S CORNER

This is my inaugural column as President of the NYIPLA. I look forward to an exciting and productive year as we seek to strengthen the NYIPLA and expand its influence. Already this year, we have conducted a very well-received moot court CLE program held in July at the Thurgood Marshall United States Courthouse under the auspices of the United States Court of Appeals for the Second Circuit. We also have organized CLE programs on patent legislative and Supreme Court developments and hot topics in trademarks, advertising, and copyrights. In September we held a joint breakfast program about recent Supreme Court decisions on patent law and their influence on patent practice and potential patent law reform with the NJIPLA. In the next two months alone we will be conducting a seminar on careers in IP law at St. John's University School of Law, and a joint program with Rensselaer Polytechnic Institute, which is discussed below.

The Association has adopted a strategic plan which has as its goals promoting the growth and diversity of the Association, enhancing services to our members, and promoting wider visibility and influence of the Association. To achieve these goals, we have begun to expand the reach of the Association. For example, for last year's Judges Dinner, we invited the chief judges of all U.S. district courts that participate in the Patent Pilot Program, and were pleased that Chief Judge Leonard Davis of the Eastern District of Texas and Chief Judge Ruben Castillo of the Northern District of Illinois were able to attend. We plan to continue this outreach in the coming year.

We are seeking to expand the focus of

our Association beyond the New York metropolitan area. This commitment to geographic diversity is best exemplified by the program that we will be conducting in October in Troy, New York with Rensselaer Polytechnic Institute (RPI). Past President Charles Hoffmann has championed this joint program with the administration and faculty of RPI, a leading engineering institution, which I believe is the first of its kind for the Association.

Another aspect of our strategic plan is to expand the legislative and judicial reach of the Association. To that end, we wrote to incoming Chief Judge Sharon Prost of the United States Court of Appeals for the Federal Circuit to congratulate her on her new position and to offer her the Association's assistance. Last year we wrote to the United States Senate Committee on the Judiciary expressing the Association's reservations regarding the then-pending patent reform legislation. We are also putting in place a program to timely comment on USPTO and other agency regulations affecting the interests of the Association's members.

Finally, we are seeking to expand the Association to attract more in-house counsel and young lawyers. We are relying on our Corporate and Young Lawyers Committees to spearhead that effort.

It has often been said, but it's certainly true, that we all stand on the shoulders of those who came before us. I have been privileged to serve with past Presidents like Charles Hoffmann, Tom Meloro, Terri Gillis, Mark Abate, and others. I hope to prove a worthy successor.

Anthony Lo Cicero



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In this case, *Agence France Presse v. Morel* (“*AFP v. Morel*”), the photojournalist Daniel Morel alleged infringement by major image distribution companies based on the misattribution and unauthorized proliferation of his work, which first appeared on Twitter, and won a favorable judgment that acknowledges that digital property rights inhere in social media users.

This article proposes that, in light of *AFP v. Morel*, news media should reform their practices to acknowledge the judicially recognized digital rights of the citizens whose content the media disseminate. Furthermore, social media platforms should revise their technological and contractual protections for user-created content in light of their recently elevated role as a platform for news distribution. Part I outlines the background and rise of citizen journalism to the level of publication by major news organizations. Part II analyzes *AFP v. Morel* and the implications of the disposition for citizen journalists’ intellectual property rights. Part III considers the effect of this case in applying pressure to news organizations and social media outlets to adapt their practices in light of their potential liability for infringement of the rights of citizen journalists.

I. Citizen Journalism: The Emergence of a Participatory Audience and a New Media Culture

The advent of Internet-based media has transformed the news media landscape, redistributing mass audiences increasingly toward news sources online. A 2011 FCC report, *The Information Needs of Communities: The Changing Media Landscape in a Broadband Age*, revealed that, in 2010, audiences between the ages of 18 and 29 got more of their news online than through any other source.³ Furthermore, while many traditional news organizations such as The New York Times and CNN have a large web presence and attract some of the largest online audiences,⁴ major blogs⁵ and news groups borne out of the Internet⁶ rank among the most-visited news sites online. Not only has the Internet attracted a larger news audience, but the emergence of social media has significantly changed the game, turning audiences from passive consumers into “creators, curators, and distributors” of news.⁷ In consuming online news sources, Internet users not only absorb, but also select and share the news they deem relevant through various social media platforms.⁸ Users can also create and publish content with ease and speed, at near-zero cost.⁹ Simultaneously with their consumption of the news online, a user can submit and publish an instantaneous critique, correction, or comment.¹⁰ Users also independently

publish content to social media that ranges from self-expression to reporting on a newsworthy event,¹¹ and its form encompasses text, graphics, photography and video. The FCC 2011 Report observes, “[W]e may one day conclude that, as remarkable as it is that most Americans now carry around a minicomputer, it is just as significant that most now carry a camera.”¹²

A. The Impact of a Participatory Media Culture on Informing a Democratic Society

The ability of consumers to participate in the creation and distribution of newsworthy content provides more than an opportunity to be heard; it provides content of value. The sheer volume, plurality, and geographic spread of voices now heard in the new media sphere, the Fifth Estate,¹³ allows for the coverage of subjects that have otherwise fallen outside of the “sphere of legitimate debate”¹⁴ for most audiences,¹⁵ the proliferation of viewpoints otherwise abandoned by “neutral” professional news sources,¹⁶ and the capture of events otherwise too ephemeral and/or remote to be reached by traditional Fourth Estate organizations. Indeed, throughout the various uprisings of recent years in the Middle East, digital media have helped inform the world about the oppressive responses occurring in the areas closed to international media.¹⁷ They have proved a vehicle for social change at critical moments.¹⁸ The Fifth Estate is furthermore considered a battleground for free expression,¹⁹ and it “reinvigorates” democracy.²⁰ Through access to un-editorialized data disseminated horizontally rather than vertically²¹ and a medium through which critics can speak directly to audiences,²² the public is better equipped to make more informed decisions.

Social media have been the source of documentation that has been critical to news coverage of current disasters and crises, as well as remarkable moments. They have made it possible to obtain unique photos of such once-in-a-lifetime events as the landing of Flight 1549 on the Hudson in 2009²³ and views of Earth from the perspective of an astronaut in orbit, in almost real time.²⁴ Within minutes of a terrorist attack in Mumbai in 2008, users of Flickr and Twitter provided photos and notes on the events.²⁵ During the week following the bombing at the Boston Marathon in April 2013, Twitter was the “prime information source” used by journalists and citizens, who were able to provide updates of what was happening outside their windows during the ensuing manhunt, which could then be geo-located to show a map of events.²⁶ As will be discussed further in Part II, from the disaster zone that was Haiti in the wake of the 2010 earthquake, local photojournalist Daniel Morel was able to provide on Twitter the first high-

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resolution photos of the destruction.²⁷ The variety of form, subject, and substance of user-generated content has in many instances provided new information, eyewitness accounts, and images so as to earn the label “citizen journalism.”²⁸

B. Convergence Culture and Citizen Journalism

Content distributed by users of social media has become so widespread that the recognition awarded to the most newsworthy content has led to a shift in the way traditional sources cover the news, particularly breaking news. The New York Times has The Lede blog²⁹ as a repository for contributions of content by readers concerning a particular news event. CNN has set up iReport to the same effect.³⁰ The news organizations scour and edit social media for breaking news reports, particularly in circumstances in which journalists have been either banned or put in danger,³¹ or in which access is limited during natural disasters with unstable communication and transportation lines. These novel media practices may best be described as an instance of “convergence culture.”³² The methods of converging media include editing citizen submissions, as on The Lede and iReport, and mining the Internet for local and up-to-date information from a breaking news event.³³ Major news organizations have even hired reputable citizen journalists themselves to become investigative reporters for news outlets.³⁴ These methods of convergence with old and new media have proven valuable, but in circumstances where major news organizations tap social media platforms for raw content, legal and ethics issues have arisen. The interaction between old and new has been complex, raising issues of copyright, crediting, and authentication surrounding the copying and publishing of content acquired from users who distribute their content on social media.

While the volume and diversity of citizen journalism contributions can be a benefit to a news organization, the aggregation of such submissions and social media content makes the task of triangulating the most reliable and best available content a daunting one.³⁵ Social media reports are difficult to authenticate, since they come from unfamiliar and sometimes anonymous sources. News spread during the course of a breaking event is vulnerable to misinformation, hoaxes, and improperly attributed content.³⁶ The urgency to get the news on the wire before competitors has led to some mishaps due to misinformation.³⁷

In the case discussed below, Daniel Morel’s photos were impermissibly taken from Twitter and re-posted by another user. Although the error was eventually spotted, in the course of a competitive, fast-paced news cycle, the infringing material had spread and the damage to Mr. Morel’s rights had been done.

II. *AFP v. Morel* and the Assertion of Social Media Users’ Rights to Their Content

Clarifying the digital rights of citizen journalists may help solve some of the problems of authenticity, trust, and confusion. Furthermore, such clarification and enforcement of citizen journalists’ digital rights would help spur a reconsideration of certain journalistic moral rights for the content creators in the Fifth Estate as well as in traditional news organizations. A recent case in the Southern District of New York, *AFP v. Morel*,³⁸ upholds the rights of social media journalists to their content. The interpretation of both the DMCA and the contractual terms between users and social media service providers in this case gives legal effect to the sensibilities and practices of how social media is actually used by citizen journalists.

The declaratory action by Agence France Presse (“AFP”) for non-infringement arose from a multi-party flurry of licensing for photos of the immediate aftermath of the devastating earthquake in Haiti on January 12, 2010.³⁹ Daniel Morel was a professional photojournalist⁴⁰ living in Port au Prince when the earthquake struck. He was uniquely positioned to document the devastation of his home country.⁴¹ He journeyed through the city for most of the day,⁴² finally returning to the still-intact hotel at which he was staying, and began editing and selecting photos. He was able to upload some of his edited, high-resolution⁴³ photos onto Twitpic⁴⁴ under the handle “photomorel” that afternoon, despite the disruption in communications caused by the earthquake.⁴⁵ He then linked the pictures to his Twitter page under the same handle, stating that he had “exclusive earthquake photos.”⁴⁶ Morel asserted in his counterclaim that in posting the pictures, he intended to “break the news of the earthquake, retain his copyrights, and receive credit and compensation for licensing his photos.”⁴⁷ Morel’s photos quickly became highly sought after by major news sources around the globe due to their quality and timeliness.⁴⁸ Morel’s photos captured the events with “gripping”⁴⁹ emotion, and eventually became the most iconic images of the disaster.⁵⁰

Immediately after Morel posted his photographs, a Twitter user named Lisando Suero copied and posted the photos to his own page without Morel’s permission, stating in a tweet that he had the exclusive photos available for copyright and credit, with no reference to Morel.⁵¹ A representative from AFP, who had initially linked on his Twitter page to Morel’s photos, inquired on Suero’s page about the photos he posted,⁵² and downloaded thirteen photos from Suero’s page before Morel replied.⁵³ AFP then posted the downloaded photos onto Image Forum, a database it runs for the purpose of marketing and distributing photographs.⁵⁴ It

then transmitted the photos to Getty Images, Inc., which holds the exclusive rights to market AFP images from North America.⁵⁵

The photos transmitted by AFP were labeled with the credit line “AFP/Getty/Lisandro Suero,” identifying Suero as the photographer, and AFP/Getty as the licensing agents.⁵⁶ Getty licensed the photos to various third-party news agencies, including CBS and CNN, which had initially asked Morel directly about his photos.⁵⁷ The next morning, AFP issued a new wire to Image Forum instructing the credits to include Morel’s name.⁵⁸ However, the caption correction did not clearly state that all photos previously credited to Lisandro Suero needed to be corrected to change the caption credit to Morel.⁵⁹ Although images on the AFP wire were automatically changed to reflect the misattribution, as were the photos received by Getty customers directly through their AFP feed, the photos that had been received by Getty and held in Getty’s internal database pending review for lack of data would not have been automatically changed.⁶⁰ The caption correction did not remove the misattributed photos from Getty’s system, but only re-sent corrected photos.⁶¹ Therefore, the photos at issue continued to be licensed to subscribers and distributed with bylines varyingly identifying either Morel or Suero. Furthermore, the photos continued to identify AFP/Getty as an authorized source, despite the fact that Morel was exclusively represented by Corbis, a competing licensing agent.⁶² After Corbis notified Getty of its exclusive rights over the photos, AFP issued a “kill”⁶³ for the eight images correctly attributed to Morel, but it did not cover duplicate photos attributed to Suero or the five photos never credited to Morel.⁶⁴ Once Morel had submitted his photographs for expedited copyright registration, he sent a cease and desist letter to AFP. However, many licensees of AFP/Getty⁶⁵ continued to publish the photos with varying credits.⁶⁶

In response to the declaratory judgment filing, Morel counterclaimed against AFP and third-party defendants for direct copyright infringement, and contributory and vicarious infringement under the DMCA.⁶⁷ AFP and the other defendants moved to dismiss the counterclaims, and the motion was granted as to the vicarious infringement claim against third-party defendant CBS.⁶⁸ The claims for direct and contributory copyright infringement against AFP, the direct infringement claim against third-party defendant and CNN operating company Turner Broadcasting System, and the DMCA violations against all parties were allowed to reach the merits.⁶⁹

1. Copyright Infringement

In a later hearing on cross-summary judgment motions, the court (Judge Alison Nathan) found that

the Twitter Terms of Service did not provide AFP with the affirmative defense of a license as a third-party beneficiary of the agreement between Morel and Twitter.⁷⁰ The terms notify the user that she licenses Twitter to “make such Content available”⁷¹ to others, and that Twitter “encourage[s] and permit[s] broad re-use”⁷² of a user’s posted content. The court found, drawing on Judge William Pauley’s analysis at the motion-to-dismiss stage, that the terms did not create an express license, or necessarily require a license in “the world-at-large,” since the contract as a whole did not evidence any intent to create a third-party beneficiary in AFP or in “other users” generally.⁷³ Furthermore, the court reasoned, the terms clearly contradict the interpretation that a third-party beneficiary license is created, since they expressly reserve the copyright in the original user with only the exception of Twitter and its partners. The guidelines to the terms also clarify that the encouraged “use of Twitter in broadcast” does not encourage disassociation of content, but rather the rebroadcast of an original tweet as a whole, with its credits and comments.⁷⁴ AFP distributed the photo without the original information contained in Morel’s post. As a contractual matter, therefore, the terms of use do not authorize or license anyone to copy or distribute the original content contained within the tweet. In sum, there are certain built-in protections of the copyrights of users on Twitter. As a result, AFP’s actions constituted direct copyright infringement. This plain-language interpretation of the terms in light of the way in which the services are actually used serves to encourage one of the most efficient forms of citizen journalism, without making the user vulnerable to exploitation by large media outlets.

2. DMCA Claims

The parties’ cross-motions for summary judgment on the DMCA copyright management information⁷⁵ (“CMI”) claim were denied,⁷⁶ but an important point was made at the motion-to-dismiss stage on this claim. Prior case law considering this provision of the DMCA interpreted CMI as only the sort of metadata or watermarking that is technologically attached to the digital media itself. In *IQ Group, Ltd. v. Wiesner Publishing, LLC*,⁷⁷ the District of New Jersey found that the broad definition of CMI required a look to the legislative history to interpret it. The court found that the stated purpose of DMCA Section 1202 in Senate Report 105-190,⁷⁸ combined with the House Report,⁷⁹ gave an example of digital watermarking as the kind of indicia covered by the definition. This led to the conclusion that CMI is limited to technological measures such as watermarking that would facilitate the monitoring rights to the content.⁸⁰

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Declining to follow *IQ Group*, Judge Pauley relied on the court's interpretation of DMCA Section 1202 in *Associated Press v. All Headline News Corp.* (“*AP v. AHN*”). *AP v. AHN* applied an analysis which considered the clear language of the statute over its legislative history,⁸¹ concluding that CMI is not limited to “technological measures of automated systems,” since such a term is nowhere explicit in the statute itself.⁸² *AP v. AHN* arose from AHN copying the text of news articles from the news source AP and removing AP as the original author or copyright holder of the news articles where the identifying information appeared.⁸³

Judge Nathan upheld this interpretation and emphasized that the labeling of the photos with a caption identifying AFP/Getty as a licensed distributor also constituted falsification of CMI.⁸⁴ The summary judgment opinion further indicated that although there was disagreement as to whether AFP acquired the photos at issue from Morel's Twitter page or Suero's, a jury could still find a violation of the DMCA CMI provision based on the knowing distribution of the photos that had been separated from their original CMI. “Regardless, even if this factual dispute [as to whether the photos were obtained by AFP and knowingly credited to Suero] were settled in AFP's favor, there is other evidence from which a jury could conclude AFP distributed the Photos-at-Issue with false, altered, or removed copyright management information and did so with the requisite intent.”⁸⁵ At the conclusion of the hearing, the court granted Morel's summary judgment motion on the issue of copyright infringement of the photos at issue, and left for the jury the issues relating to the volitional conduct, knowledge of the altered CMI, and the safe harbor defense to the DMCA claims, as well as the willfulness of the infringement, which could increase statutory damages.⁸⁶

The eligibility of the information identifying a social media user included in Twitter's “tweets” for DMCA protection as CMI was a new factual circumstance before the court. The nature of a Twitter post, as opposed to a news article, is that the content distributed by a user is not necessarily content of which they are the author, or to which they hold the copyright. In fact, as Twitter's terms of use demonstrate, users are encouraged to distribute the tweets of other users, externally through the Twitter application programming interface (“API”)⁸⁷ or, as many users in the Twitter ecosystem do, internally through a “retweet.” Many tweets are actually copies of other tweets, with a small symbol or “RT” denoting that the tweet is a copy, and its source.⁸⁸ Furthermore, a user may upload a file or tweet any content. Although the interpretation of DMCA Section 1202 had been clearly outlined in *AP v. AHN*, the facts in *AFP v. Morel* did not dictate

a finding that a Twitter user's identifying information constitutes CMI in *any* tweet. Section 1202 clearly states that copyright management information “does not include any personally identifying information about a user of a work or of a copy, phonorecord, performance, or display of a work.”⁸⁹ Since any given tweet could include identifying information for a mere “user” of the content contained therein, not necessarily the original author, the broad interpretation of Section 1202 may not apply uniformly to *every* tweet on the site.

Nevertheless, Judges Pauley and Nathan held that in this case, Daniel Morel's handle and caption constituted CMI for the photos he posted on Twitpic. This result suggests that a broad interpretation of the DMCA is not medium- or platform-specific. The statutory interpretation of Section 1202 is not limited to technologically stamped data, but can constitute any information relayed in connection with a digital, copyrightable work, whenever that information identifies the author or copyright holder, and regardless of whether that information *always* identifies the copyright holder. This disposition leaves unresolved the more pragmatic issue of how to ascertain whether a Twitter user's information in connection with a tweeted photo actually identifies the true author. The ruling does, however, make clear that where the information does identify the true author, that author has legal recourse against anyone who copies the photo content she publishes under her name on Twitter without her authorization. Thus, the court upheld Morel's claim for removal of CMI from his photos under a more expansive interpretation of the DMCA.

At the conclusion of the trial, the jury returned a verdict on November 22, 2013, awarding Morel statutory damages under both the Copyright Act and the DMCA, totaling \$1.22 million.⁹⁰ The jury found that the lack of caution used by the image distributors in failing to validate the photos, and later trying to make a license deal once they had already distributed them knowing the error, constituted willful infringement.⁹¹ It seems that members of the public strongly favored the right of the photographer to control the distribution of his work in the face of large news agencies seeking a scoop. Although the agencies tried to argue that Morel was at fault for exposing his work on social media in high resolution and trying to solicit higher offers without distributing through Corbis, the jury evidently thought that self-publishing online is the right of any content creator, and should not be considered a license for others to use the content without payment.⁹² Perhaps this sensibility reflects a more widespread understanding, since social media has solidified from an amorphous content cloud into a recognized platform for media and news distribution, that every Internet user is entitled to the same intellectual property rights as a professional.

III. The Effect of *AFP v. Morel* on Journalistic Standards and the Role of Social Media in the News Media Sphere

As a user of Twitter and Twitpic, Morel was party to the sites' terms of use, both of which clearly stated that he maintained the copyright ownership of his posted photos.⁹³ Although not every Twitter subscriber has the same financial interest in the content they post at the time they post it, the copyright ownership and right to license the content is common to amateur and professional users alike. The court's disposition of the case regarding the copyright notice and removal of the CMI is thus relevant equally to professional, freelance, amateur, and accidental social media journalists who all have a property right in their original posts as well as a right to license their work, should there be a market for it.

The result of this case should encourage stronger and more equitable journalistic standards for large news organizations dealing with citizen journalism. As Morel's Answer noted:

AFP willfully or with reckless disregard of Mr. Morel's rights, in its rush to receive credit for the news-breaking photographs to the world, failed to use due diligence to ascertain the identity of Mr. Suero, or to verify his authorship of the photographs. No standard or traditional good journalistic practices were followed, practices particularly necessary to assure the authenticity of the content and information when the source is a social networking site.⁹⁴

The liability for poor journalistic practices resulted in this case in massive damages for infringement of a social media user's intellectual property rights, not a mere gaffe. This provides additional incentive to afford to citizen journalists the credit and rights that have traditionally been enjoyed by traditional journalism professionals. *AFP v. Morel* thus levels the playing field in the new media game among amateur, accidental and professional journalists who use the same sites. Under copyright law and the DMCA, these journalists' intellectual property rights are protected equally.

Several organizations, including Storyful, a service run by professional journalists for filtering through the 'noise' to help news media outlets find valuable citizen journalism contributions, have called for a journalistic ethics practice that always credits the citizen journalist for a photo or video he or she contributes.⁹⁵ Not only does this support a moral right of the citizen journalist, it helps minimize error and misinformation by the news media since it functions to verify the authenticity of content as well. In fact, as the facts of the case show, media organizations have internal practice standards

that highlight the importance of verifying social media content. The trouble with how the practices are implemented is that the rush to be the first to break news encourages recklessness in verifying and correctly attributing photos to an obscure citizen journalist. *AFP v. Morel* gives a clear precedent for enforcing these citizen journalists' rights. The potential for multiple counts of infringement and DMCA violations should motivate the media to monitor these practices more carefully.⁹⁶

There remains the problem of fast verification in a competitive news cycle, risk notwithstanding. This issue may be helped by social media platforms such as Twitter itself. While *AFP v. Morel* has shown that distribution of full tweets is a permissible use under Twitter's terms of service, many news sources would likely prefer to publish a photo, not a tweet, on the cover of a magazine or on the main page of a news website. So far, Twitter, as an important distributor of citizen news content, has shielded itself from responsibility for misinformation and infringement.⁹⁷ While a justifiable protection of Twitter's interests, this avoidance of responsibility by the social media site is at odds with its prominence in the news media as a source for essential information during crucial events. It is time for social media, which has been so influential in shaping the landscape of news media, to assume a responsibility akin to that undertaken by traditional news organizations. One way in which a social media platform could live up to the responsibility would be to implement a content cross-check mechanism, such as the reference files used by YouTube.⁹⁸ Alternatively, although the DMCA does not require digital watermarking in order to create liability for altering CMI, it could help trace the origin of rogue social media posts if every photo downloaded from Twitter contained a digital trace of the user information and caption with which it was originally posted. This would clarify who the original photographer is in situations similar to that experienced by Morel.

Another issue to be considered by the news media industry in light of the decision is how to license citizen journalism content. The solution will depend on the contributing citizen, and will likely vary among categories of contributors. Storyful takes the position that citizen journalism content should provide a free public license⁹⁹ for open but fair distribution of the credited journalist's content. However, this model would not suit a photojournalist such as Daniel Morel whose content is his livelihood. It could therefore have a chilling effect on the creation of quality works in the moment they are most needed, which is not only counterproductive for news media, it is contrary to the

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policies underlying American copyright law.¹⁰⁰ Instead, a licensing structure could be built into a system for tracking content. In order to honor the terms on which they wish to license their content, social media platforms could build in tiers of licensing terms that a user could select.¹⁰¹ If the licensing information were built into the posts through a caption, profile information, and/or in a digital watermark, this would instantly notify a news outlet of the citizen journalist's individual license terms for use of their content. Although monetization is at odds with the notion of a public license for important news content,¹⁰² amateur citizen journalists would likely not charge for their photos.¹⁰³ A would-be accidental journalist would have little motivation to set a high rate for his photos, since news media would be unlikely to seek the person out. Even an amateur or freelance journalist may be motivated by civic mindedness to offer competitive or free licensing for his photos' content, especially since a credit byline would enhance his reputation. Finally, an established journalist could license his content from the same platform on which he self-publishes, and expect those who know his work to seek out his content to license.

As a response to the call for journalistic practice reform, the industry needs a system whereby the interests of the media and citizen journalists of every professional status are served. The room for improvement lies in the practices and policies of news media outlets and social media platforms for facilitating the free-flowing exchange of content between citizens and news sources, while avoiding inequity and liability for the violation of intellectual property rights.

Conclusion

AFP v. Morel represents a new paradigm of intellectual property and digital rights of social media content creators. The law has evidently caught up with how individuals and media outlets publish and distribute news content. The interpretation of the DMCA and social media licensing terms in *AFP v. Morel* reflects an awareness of how people actually use social media. Additionally, the courts as well as the platforms recognize and uphold an absolute copyright in the users to their content, which is not forfeited through their act of sharing. The mass proliferation of citizen journalism has created great opportunities for news media to converge with new media and offer even better and more timely coverage through almost instantaneous first-hand accounts, photos, videos, and data. However, as the public, the news, and the law now recognize, this feast of content could make reckless agencies or media companies liable for infringement

by their use of universally accessible content to break news. The events leading up to *AFP v. Morel* call for a re-thinking and re-structuring of social media and news media in order to adapt to the new model of reporting, while limiting liability and upholding the rights of an increasingly engaged public.

(Endnotes)

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¹ See Brady Priest, Shayla Schneider, Marty Whited, and Brian Coates, *Three Images: The Effects of Photojournalism on the Protest Movement during the Vietnam War*, Wellesley College (Fall 1997), available at <http://academics.wellesley.edu/Polisci/wj/Vietnam/ThreeImages/brady2.html>.

² "Neda" becomes rallying cry for Iranian protests, CNN (June 22, 2009), <http://www.cnn.com/2009/WORLD/meast/06/21/iran.woman.twitter/>.

³ Steven Waldman & the Working Group on Information Needs of Communities, Fed. Comm'n's Comm'n, *The Information Needs of Communities: The Changing Media Landscape in a Broadband Age*, 117 (July 2011), 2011 WL 2286864 (2011) [hereinafter "FCC 2011 Report"].

⁴ FCC 2011 Report at 118 (showing Nielsen's 2010 Top 25 News Website research results).

⁵ In 2010 Yahoo! News Websites were ranked number one and The Huffington Post blog, TheHuffingtonPost.com, was ranked number 8 on Nielsen Top 25 News Websites, which counts unique website visitors annually. *Id.*

⁶ The Slate Group was number 18 in 2010. *Id.* The Slate Group, a subsidiary of The Washington Post Company (now Graham Holdings Company), has as its mission to "develop and manage a family of web-only magazines." The Washington Post Company – Business Units, <http://www.washpostco.com/phoenix.zhtml?c=62487&p=irol-businessnewspapers> (last visited November 23, 2013).

⁷ FCC 2011 Report at 118.

⁸ Adam Cohen, *The Media That Need Citizens: The First Amendment and the Fifth Estate*, 85 S. Cal. L. Rev. 1, 17-18 (2011).

⁹ See FCC 2011 Report at 121-22.

¹⁰ *Id.* at 119.

¹¹ See Brian Stelter, *Journalism Rules Are Bent in News Coverage From Iran*, N.Y. Times (June 28, 2009), available at <http://www.nytimes.com/2009/06/29/business/media/29coverage.html> (quoting Bill Mitchell, a senior leader at the Poynter Institute).

¹² FCC 2011 Report at 120.

¹³ The "Fifth Estate" refers to the Internet-based media

sphere, which offers a platform for citizen participation, not mere consumption. *See* Cohen, *supra* note 8 at 5.

¹⁴ *Id.* (internal quotation marks omitted).

¹⁵ *See* FCC 2011 Report at 120-21 (observing that new media enables citizens to fill in the hyperlocal news gaps left open by the business models of large, national news sources).

¹⁶ Cohen, *supra* note 8.

¹⁷ *See* Stelter, *supra* note 11 (“[T]he government sharply curtailed the foreign press... In a news vacuum, amateur videos and eyewitness accounts became the de facto source for information.”). *See also* FCC 2011 Report.

¹⁸ In Iran in 2009, the majority of source information came from vast quantities of citizen journalism on social media. The information from citizens was so crucial to the unfolding events that the U.S. State Department urged Twitter to delay a planned upgrade in order to avoid interruptions in service in Iran. Sue Plemming, *U.S. State Department Speaks to Twitter Over Iran*, Reuters (Jun 16, 2009 3:26 PM), <http://www.reuters.com/article/2009/06/16/us-iran-election-twitter-usa-idUSWB01137420090616>.

¹⁹ Jeffrey Ghannam, *Digital Media in the Arab World One Year After the Revolutions: A Report to the Center for International Media Assistance*, 13 (Mar. 28, 2012); David M. Faris, *Digital Media and Revolutions: How new technologies are influencing revolutions around the world*, Insights On Law & Society (Spring 2012), available at http://www.americanbar.org/publications/insights_on_law_and_society/12/spring_2012/digital_med.

²⁰ Cohen, *supra* note 8, at 5.

²¹ *Id.* at 3 (“The old model was ‘one-to-many,’ a top-down system of media professionals producing and delivering news to a mass audience. The new model is ‘many-to-many,’ in which anyone with a computer and Internet access can produce and disseminate news.”).

²² *Id.* at 29-31.

²³ Paul Boutin, *If Twitpic’s New Deal Troubles You, Here Are Some Options*, The N.Y. Times Gadgetwise Blog (May 26, 2011, 6:32 PM), <http://gadgetwise.blogs.nytimes.com/2011/05/26/if-twitpics-new-deal-troubles-you-here-are-some-other-options/>; Twitpic Janis Krums Photo, <http://twitpic.com/135xa>.

²⁴ *Stunning Twitpics from space*, CBS News, <http://www.cbsnews.com/pictures/stunning-twitpics-from-space/16/> (Showing photos taken by Canadian astronaut, Commander Chris Hadfield uploaded to his Twitpic).

²⁵ Charles Arthur, *How Twitter and Flickr Recorded the Mumbai Terror Attacks*, The Guardian (November 27, 2008 09:42 AM), <http://www.theguardian.com/technology/2008/nov/27/mumbai-terror-attacks-twitter-flickr>.

²⁶ Simon Rogers, *The Boston Bombing: How Journalists Used Twitter to Tell the Story*, Twitter Blogs (July 10, 2013), <https://blog.twitter.com/2013/the-boston-bombing-how-journalists-used-twitter-to-tell-the-story>; Craig Kanalley, *Boston Marathon Bombing Timeline: The Week in 50 Tweets, 5 Videos*, The Huffington Post (April 21, 2013, 1:28 AM), http://www.huffingtonpost.com/craig-kanalley/boston-marathon-bombing-timeline_b_3125721.html.

²⁷ *See* Part III, *infra*.

²⁸ FCC 2011 Report at 120.

²⁹ The Lede, The N.Y. Times, <http://thelede.blogs.nytimes.com/about-the-lede/>.

³⁰ CNN iReport, <http://ireport.cnn.com/>.

³¹ In Syria, international news reporters were banned, threatened, or arrested. *See Authorities Threaten Foreign Media, Continue to Arrest Syrian Journalists and Bloggers*, Reporters

Without Borders (April 27, 2012), <http://en.rsfs.org/syria-authorities-threaten-foreign-media-13-03-2012%2C42099.html>.

³² Henry Jenkins, *Convergence Culture* 3 (New York University Press, 2006) (“If the digital revolution paradigm presumed that new media would displace old media, the emerging convergence paradigm assumes that old and new media will interact in ever more complex ways.”).

³³ *See* Stelter, *supra* note 11. *See also* The Economist, *Twitter – 1, CNN – 0; But the Real Winner Was an Unusual Hybrid of Old and New Media*, June 18, 2009, at 28, available at <http://www.economist.com/node/13856224>.

³⁴ *See* Digital Media in the Arab World One Year After the Revolutions, *supra* note 19, at 11; Thomas Friedman, *Postcard From Turkey*, The N.Y. Times, June 18, 2013, available at <http://www.nytimes.com/2013/06/19/opinion/friedman-postcard-from-turkey.html>.

³⁵ Stelter, *supra* note 11.

³⁶ Some content posted is not actually from the place or time as represented. *Id.* Other times, photos from other events or digitally altered photos circulate around social media as creative references or hoaxes and are mistaken for real documentation of unfolding events. *See Fake Hurricane Sandy Photos Fool Social Media Users*, Examiner.com (October 30, 2012), <http://www.examiner.com/article/fake-hurricane-sandy-photos-fool-social-media-users>.

³⁷ Adam Hochberg, *Twitpic, Flickr Use by Eyewitnesses Raises Questions for News Orgs About Image Rights, Compensation*, Poynter (April 11, 2011, 6:37 AM), <http://www.poynter.org/latest-news/making-sense-of-news/127036/twitpic-flickr-use-by-eyewitnesses-raise-questions-for-news-orgs-about-image-rights-compensation>.

³⁸ *Agence France Presse v. Morel*, 934 F. Supp. 2d 547 (S.D.N.Y. 2013) (“*AFP v. Morel I*”).

³⁹ *Agence France Presse v. Morel*, 769 F. Supp. 2d 295, 298 (S.D.N.Y. 2011) (“*AFP v. Morel I*”).

⁴⁰ Morel had worked as a staff photographer for Associated Press, had supplied photos to major news outlets, and had won awards for his photography. *Agence France Presse v. Morel*, No. 1:10-cv-02730-WHP, Document 29, Second Amended Answer ¶ 44 (S.D.N.Y. June 22, 2010) [hereinafter “Answer”]; *AFP v. Morel I*, 769 F. Supp. 2d at 298.

⁴¹ Answer ¶ 35.

⁴² Answer ¶ 69.

⁴³ The pictures were publication-ready, which the defense argued tended to be an indication that they were intended to be used by news sources, with implicit permission. *See Agence France Presse v. Morel*, No. 1:10-cv-02730-WHP, Complaint ¶ 12 (S.D.N.Y. Mar. 26, 2010); *AFP v. Morel I*, 769 F. Supp. 2d 295; *infra* note 91.

⁴⁴ Twitpic is an affiliated site of Twitter, incorporated under a different state’s laws, and with its own terms of service. Twitpic terms, <http://twitpic.com/terms.do>.

⁴⁵ *AFP v. Morel I*, 769 F. Supp. 2d at 298. The hotel at which Morel had been staying experienced intermittent blackout periods, since it received power only from a battery during the emergency. Answer ¶ 71.

⁴⁶ Answer ¶ 71.

⁴⁷ *AFP v. Morel I*, 769 F. Supp. 2d at 299; Answer ¶ 72.

⁴⁸ *Id.*

⁴⁹ Answer ¶ 70.

⁵⁰ *AFP v. Morel I*, 769 F. Supp. 2d at 299.

⁵¹ *Id.*; Answer ¶ 74.

⁵² Answer ¶¶ 82-83.

⁵³ *AFP v. Morel I*, 769 F. Supp. 2d at 299.

⁵⁴ *Id.* ImageForum allows subscribers to access photos either through a subscription or on a pay-per-image basis. *AFP v. Morel II*, 934 F. Supp. 2d at 552, reconsideration granted in part, 934 F. Supp. 2d 584.

⁵⁵ *AFP v. Morel I*, 769 F. Supp. 2d at 299.

⁵⁶ *Id.* at 300.

⁵⁷ *Id.* at 299-300.

⁵⁸ *Id.* at 300.

⁵⁹ *AFP v. Morel II*, 934 F. Supp. 2d at 553.

⁶⁰ *Id.* at 553-54.

⁶¹ *Id.* at 554.

⁶² *Id.*

⁶³ A mandatory “kill” is an order to remove the images subject to the kill on all wire and subscriber databases. *See AFP v. Morel I*, 769 F. Supp. 2d at 300.

⁶⁴ *Id.* at 301.

⁶⁵ Licensees who were original third-party defendants included the Washington Post, CNN, ABC, TBS. *Agence France Presse v. Morel*, No. 1:10-cv-02730, Docket.

⁶⁶ *AFP v. Morel I*, 769 F. Supp. 2d at 301. *See* Duckrabbit, “AFP, CNN, Getty, ABC, V Morel, Why This Case Matters to All Professional Photographers or Why Getty Could Be Selling Your Photos Without You Even Knowing . . .,” Duckrabbit Blog (October 4, 2010), available at <http://duckrabbit.info/blog/2010/10/afp-cnn-getty-abc-v-morel-why-this-case-matters-to-all-professional-photographers-or-why-getty-could-be-selling-your-photos-without-you-even-knowing/>, for a screen capture of Newsweek web page with one of Morel’s photos attributed to Suero.

⁶⁷ *Id.* Note that the dismissed Lanham Act claims are not mentioned, as irrelevant to the issue presented.

⁶⁸ *Id.* at 308.

⁶⁹ *Id.*

⁷⁰ *AFP v. Morel II*, 934 F. Supp. 2d at 561-563 (holding that Morel could not pursue damages from each defendant for each infringed work on the theory that he could elect to consider them either individual infringers or joint and several infringers. The court found that on the facts and under a correct interpretation of 17 U.S.C. § 504, Morel must consider AFP and Getty jointly and severally liable for infringement of each photo at issue, allowing only one statutory award per infringement).

⁷¹ Twitter Terms of Service, <https://twitter.com/tos>

⁷² *Id.*

⁷³ *AFP v. Morel II*, 934 F. Supp. 2d at 562-63.

⁷⁴ *Id.* at 563; Twitter Guidelines for Using Tweets in Broadcast, <https://support.twitter.com/articles/114233-guidelines-for-using-tweets-in-broadcast#>. Media usage of Tweets is permitted under the terms, but the terms require attribution to the Twitter users, and must include the full tweet and the username. *AFP v. Morel II*, 934 F. Supp. 2d at 561.

⁷⁵ 17 U.S.C. § 1202.

⁷⁶ The court found that there remained an issue of fact as to whether Getty and AFP willfully infringed Morel’s copyrights so as to preclude the safe harbor, § 512, if it applied, and which would also affect damages. *AFP v. Morel II*, 934 F. Supp. 2d at 567-68.

⁷⁷ 409 F. Supp. 2d 587 (D.N.J. 2006).

⁷⁸ “Copyright Management Information (CMI) is an important element in establishing an efficient Internet marketplace in copyrighted works free from governmental regulation. Such information will assist in tracking and monitoring uses of copyrighted works, as well as licensing of rights and indicating attribution, creation and ownership.” S. Rep. 105-190, 16.

⁷⁹ “[A] standard and accepted digital watermark or other copyright management information.” H.R. Rep. 105-551 at 25.

⁸⁰ 409 F. Supp. 2d 587 at 596.

⁸¹ *Associated Press v. All Headline News Corp.*, 608 F. Supp. 2d 454, 461-62 (S.D.N.Y. 2009) (“We ‘do not resort to legislative history to cloud a statutory text that is clear’ even if there are ‘contrary indications in the statute’s legislative history.’” (citations omitted)).

⁸² *Id.* at 462.

⁸³ *Id.* at 458.

⁸⁴ *AFP v. Morel II*, 934 F. Supp. 2d at 577.

⁸⁵ *Id.*

⁸⁶ *Id.* at 583-584; 17 U.S.C. § 504.

⁸⁷ Twitter Terms of Service, Restrictions on Content and Use of the Services, <https://twitter.com/tos>

⁸⁸ Twitter, FAQs about Retweets (RT), <https://support.twitter.com/articles/77606-faqs-about-retweets-rt#>.

⁸⁹ 17 U.S.C. § 1202(c).

⁹⁰ *Agence France Presse v. Morel*, No. 1:10-cv-02730-AJN, Order (S.D.N.Y. Dec. 6, 2013).

⁹¹ David Walker, *Morel v. AFP Copyright Verdict: Defense Strategy to Devalue Photos and Vilify Photographer Backfires*, Photo District News (November 26, 2013), <http://www.pdnonline.com/news/Morel-v-AFP-Copyrig-9598.shtml>.

⁹² A juror told Photo District News, “It doesn’t matter how he posted the images, or whether they were high resolution or not. That doesn’t give anybody the right to sell his images without permission. End of story.” *Id.*

⁹³ *AFP v. Morel I*, 769 F. Supp. 2d at 298-99.

⁹⁴ Answer ¶ 85.

⁹⁵ *See* Storyful, <http://blog.storyful.com/about-storyful/>.

⁹⁶ Lisa O’Carroll, *Twitter Pictures Put in Spotlight Following London Helicopter Crash*, The Guardian (January 16, 2013), <http://www.theguardian.com/technology/2013/jan/16/twitter-pictures-london-helicopter-crash-copyright>.

⁹⁷ “We do not endorse, support, represent or guarantee the completeness, truthfulness, accuracy, or reliability of any Content or communications posted via the Services... You understand that by using the Services, you may be exposed to Content that might be offensive, harmful, inaccurate or otherwise inappropriate, or in some cases, postings that have been mislabeled or are otherwise deceptive. Under no circumstances will Twitter be liable in any way for any Content, including, but not limited to, any errors or omissions in any Content, or any loss or damage of any kind incurred as a result of the use of any Content posted, emailed, transmitted or otherwise made available via the Services or broadcast elsewhere.” Twitter, Terms of Service, <https://twitter.com/tos>.

⁹⁸ YouTube Support, https://support.google.com/youtube/answer/107007?hl=en&ref_topic=3013248; Áine Kerr, *The Three Cs: Introducing a New Mantra for Viral Video*, Storyful Blog (May 13, 2013), <http://blog.storyful.com/2013/05/13/the-three-cs-introducing-a-new-mantra-for-viral-video/#.UpFaJY1Q0dm>.

⁹⁹ Storyful, *supra* note 95.

¹⁰⁰ U.S. Const. art. I, § 8, cl. 8.

¹⁰¹ A model tiered licensing structure is that of Creative Commons. *See* Creative Commons, <http://us.creativecommons.org/>.

¹⁰² Storyful, *supra* note 95.

¹⁰³ *See* Hochberg, *supra* note 37.

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Conversations with the New Members of the NYIPLA Board of Directors

In May 2014, three new members joined the NYIPLA Board of Directors: Garrett E. Brown from JAMS, Peter G. Thurlow from Jones Day, and Jeanna Wacker from Kirkland & Ellis LLP. In addition, Kevin C. Ecker from Philips Intellectual Property & Standards finished his term as a Director and became Treasurer of the NYIPLA. The *Bulletin* interviewed the new Board members to discuss their experiences with the NYIPLA.



Kevin C. Ecker

BULLETIN: How long have you been a member of the NYIPLA?

KE: I have been a member for almost 15 years.

BULLETIN: Why did you first join the Association?

KE: I was an associate at Morgan & Finnegan, LLP, a long-time member of the

Association, and every associate was asked to join and get involved. I thought that it would be a great way to make contacts and keep up-to-date with the CLE courses. In addition, the associates were invited to attend the Annual NYIPLA Dinner in Honor of the Federal Judiciary with their spouses.

BULLETIN: Has your membership in the Association benefited your practice and, if so, how?

KE: The benefits for me have been threefold: First, I have been involved with several committees and gained experience working with others in the committee setting. Second, I have been invited to speak on several panels and gained valuable public speaking experience. Finally, I have been fortunate enough to make many contacts at various firms and companies, which helps me as an in-house attorney when looking to discuss various issues that may arise. The contacts are beneficial for opening doors to other organizations as well.

BULLETIN: With which committees have you been involved during your membership?

KE: I worked on the Inventor of the Year Committee for many years as a member, Co-Chair and Board Liaison. I have been involved with the Corporate Committee as well as the Internet & Privacy Law Committee. In addition, I assisted the Membership and Continuing Legal Education Committees with various projects.

BULLETIN: How did you end up as the Treasurer?

KE: As my term on the Board of Directors was coming to a close, I was approached by members of the Nominating Committee to see if I would be able to fulfill the role of Treasurer if asked and nominated. Having recently moved to Pennsylvania, the question was all the

more important. I knew that I wanted to remain active and expressed my interest in the position. They asked, I accepted, and the vote went my way.

BULLETIN: Why did you want to be the Treasurer?

KE: I have been very active in the Association for the last 5 years and I wanted to remain active. I was already involved with several of the Committees and the Treasurer position offered me the opportunity to remain active in addition to my work on the Committees.

BULLETIN: What is your role as Treasurer?

KE: As Treasurer, I am the money man. I get the job of paying the Association's bills. Everything from a few dollars for copy charges to paying for the rooms at the Waldorf Astoria New York. Lots of checks and, fortunately for me, we can bank online. In addition, as an Officer, I participate in discussions that affect the Association and the members prior to discussing the issues with the Board.

BULLETIN: Are you active in any other bar associations and, if so, which ones and in what capacity?

KE: As an in-house attorney, I am involved with the Intellectual Property Owners Association (IPO), however, I am not as involved with the IPO as I am with the NYIPLA. In fact, I have dropped membership in several other organizations and focused mainly on my work with the NYIPLA.

BULLETIN: What are your goals for your time on the Board, that is, what do you hope to accomplish?

KE: The Association remains very strong financially. I think that in this economy, having savings put away for a rainy day is essential to withstand any adverse events. However, I would like to see some of the assets used to expand our pro bono work or used in conjunction with the NYIPLA Educational Foundation.

BULLETIN: Over the longer term, what do you see as the future of the Association?

KE: The NYIPLA has a bright future. I see the Association expanding its geographic reach and enlarging its membership to include more in-house counsel, younger associates, and students.

BULLETIN: Is there anything else that you wish to share or comment upon?

KE: I encourage members to take advantage of the Continuing Legal Education courses and offer your time

and talents to a Committee. If there is a topic you are interested in, speak up and offer your unique services. Speaking on a panel is a great way to boost confidence for younger associates and to get your name recognized in the industry for more seasoned attorneys.



Garrett E. Brown

BULLETIN: How long have you been a member of the NYIPLA?

GB: I recently joined the Association after I retired from the federal bench.

BULLETIN: Why did you first join the Association?

GB: As a new District Judge, I attended my first NYIPLA event, the annual Judges Dinner, over a quarter century ago. I enjoyed the fun and fellowship of the evening, and became a regular attendee. When the Day of the Dinner CLE program was begun, I found it very useful. Later, I was honored to speak at that event, as well as other NYIPLA CLE presentations. I am well aware of the value of the Association to IP practitioners and to the bench. Therefore, I looked forward to joining the Association when I returned to practice.

BULLETIN: Has your membership in the Association benefited your practice and, if so, how?

GB: The Association is a premier IP organization. Its CLE programs and materials were very helpful to me when I was on the bench, as was the opportunity to share ideas and concerns with Association members. The opportunity to listen and to learn will be equally beneficial to me in my new role as neutral arbitrator and mediator.

BULLETIN: With which committees have you been involved during your membership?

GB: I have been appointed Board Liaison to the Copyright Law & Practice Committee.

BULLETIN: How did you end up on the Board?

GB: I was contacted by former President Tom Meloro, then President Charles Hoffmann and incoming President Anthony Lo Cicero.

BULLETIN: Why did you want to be on the Board?

GB: Given my high regard for the Association, I was honored to be asked to join the Board.

BULLETIN: Are you active in any other bar associations and, if so, which ones and in what capacity?

GB: I am a member of the American Bar Association, the New Jersey State Bar Association, the District of Columbia Bar Association, and the Association of the Federal Bar of New Jersey.

BULLETIN: How does your involvement with the NYIPLA compare with your involvement with these other bar associations?

GB: While I have spoken at various bar events, I do not serve on the board of or hold office in any of these other bar associations that I belong to. While I do serve on other Boards, such as the Board of Visitors of Duke Law School, Seton Hall Law School's Gibbons Institute of Law and Technology, and the District of New Jersey Historical Society, these are not bar associations.

BULLETIN: What are your goals for your time on the Board, that is, what do you hope to accomplish?

GB: I hope that my past experience will be useful to the Association, especially in judicial events, such as the proposed Federal Judicial Center program and the Judges Dinner. I also hope to continue to assist in CLE programs and with the work of the Copyright Law & Practice Committee.

BULLETIN: Over the longer term, what do you see as the future of the Association?

GB: I see the future of the Association as very strong indeed. Over the years, intellectual property has become of even greater importance to our nation's economy and well-being. Our Association will continue to provide our members with fellowship, forums, and continuing education, and to provide legislators, judges, the PTO, and the Administration with the views, perspectives, and insights of the intellectual property bar. Given our large, diverse, and experienced membership, I believe that we are uniquely able to do so.



Peter G. Thurlow

BULLETIN: How long have you been a member of the NYIPLA?

PT: For 14 years, starting in spring 2000.

BULLETIN: Why did you first join the Association?

PT: I wanted to get more involved. I met Peter Saxon, former President of the NYIPLA. We spoke about ways to become more active in the patent area. He recommended that I join the NYIPLA, become active in the Committees, and enjoy myself. I became a member of the Meetings & Forums Committee, then Chair, and went on to chair several other Committees. My experiences with the NYIPLA have been very rewarding as it has allowed me to forge some long-lasting friendships inside and outside the NYIPLA.

BULLETIN: Has your membership in the Association benefited your practice and, if so, how?

PT: Yes, tremendously. The NYIPLA opened the door to so many opportunities to work with the U.S. Patent and Trademark Office, in-house counsel, and other attorneys in private practice. It has enriched my career, and really added a lot of fun and excitement to my career.

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BULLETIN: With which committees have you been involved during your membership?

PT: Meetings & Forums, Continuing Legal Education, Patent Law & Practice Committees, and the former U.S. Patent and Trademark Office Committee.

BULLETIN: How did you end up on the Board?

PT: I was an active member of all these committees for a long time. I had the good fortune to work with a number of NYIPLA Presidents, Officers, and Board members on various matters including patent reform and the USPTO's proposed rules involving patent reform, first-inventor-to-file, changes to USPTO fees, USPTO fee diversion, and related matters. As openings occurred on the Board, it was a natural fit for me to fill one of the openings as I had been active in the NYIPLA for such a long period of time.

BULLETIN: Why did you want to be on the Board?

PT: The Board provides an opportunity to provide insight on important intellectual property issues, and to meet and work with a diverse group of individuals on the Board.

BULLETIN: What is your role on the Board?

PT: I am the liaison to the Patent Law & Practice Committee. This Committee helped to coordinate the USPTO's Patent Trial and Appeal Board (PTAB) Roundtable in New York in April 2014 and is currently reviewing the PTAB Federal Register notice to provide recommendations to the USPTO to improve PTAB practices and procedures. Separately, we work with other Committees on important IP policy matters. For example, we worked with attorneys from the NYIPLA Corporate Committee on providing comments to the USPTO's proposed Attributable Ownership rules.

BULLETIN: Are you active in any other bar associations and, if so, which ones and in what capacity?

PT: I am not active in other IP bar associations. However, in 2013, I was appointed by the U.S. Secretary of Commerce to serve a three-year term on the U.S. Patent and Trademark Office's Patent Public Advisory Committee (PPAC). The PPAC is a nine-member advisory committee that includes senior patent counsel from law firms, corporate counsel, IP professors, and former USPTO representatives who advise the USPTO on important patent policy matters. I was given this appointment after representing the NYIPLA at the USPTO for many years.

BULLETIN: How does your involvement with the NYIPLA compare with your involvement with the USPTO's PPAC?

PT: There is a certain amount of overlap in the two positions as I help the USPTO coordinate various roundtables and events in New York City and serve as a liaison to the NYIPLA to make these events helpful to the NYIPLA members. However, the PPAC and NYIPLA include different individuals and personalities, with the

PPAC providing a more USPTO-focused perspective to patent practice and the NYIPLA providing a more practical perspective to changes proposed in Washington from experienced NYIPLA litigators and prosecutors.

BULLETIN: What are your goals for your time on the Board, that is, what do you hope to accomplish?

PT: Work with the other attorneys and staff on the NYIPLA Board and Officers to provide helpful information to NYIPLA members, and to provide helpful feedback to the USPTO, Judiciary, and Congress on patent law policy and procedures.

BULLETIN: Over the longer term, what do you see as the future of the Association?

PT: I hope to reach out to law school students and younger attorneys in our profession to make them aware of all the benefits of becoming an active member of the NYIPLA.



Jeanna Wacker

BULLETIN: How long have you been a member of the NYIPLA?

JW: I have been a member for about 10 years.

BULLETIN: Why did you first join the Association?

JW: I worked at Morgan & Finnegan when I first graduated from law school, and the firm encouraged all associates to become members of the association.

BULLETIN: Has your membership in the Association benefited your practice and, if so, how?

JW: I have been able to attend a number of the NYIPLA CLE programs over the past 10 years, which I have found to be useful to my practice. The NYIPLA also offers a number of social and networking events that have allowed me to get to know my New York IP colleagues better.

BULLETIN: With which committees have you been involved during your membership?

JW: I was the Co-Chair of the Women in IP Law Committee for a number of years before joining the Board.

BULLETIN: How did you end up on the Board?

JW: I received a call from Tom Meloro informing me I had been nominated to be on the Board.

BULLETIN: Why did you want to be on the Board?

JW: I wanted to be able to make more of a contribution to the NYIPLA.

BULLETIN: What is your role on the Board?

JW: I am the liaison to the Internet & Privacy Law Committee.

BULLETIN: Are you active in any other bar associations and, if so, which ones and in what capacity?

JW: I am also a member of the ABA.

BULLETIN: How does your involvement with the NYIPLA compare with your involvement with the ABA?

JW: I am the most active in the NYIPLA. Being the Co-Chair of the Women in IP Law Committee allowed me to plan and participate in a number of CLE and networking events.

BULLETIN: What are your goals for your time on the Board, that is, what do you hope to accomplish?

JW: I hope to continue to promote the NYIPLA and look for ways to attract new members, including young lawyers and in-house counsel.

BULLETIN: Over the longer term, what do you see as the future of the Association?

JW: The NYIPLA has been and, I believe, will continue to be an important organization for the New York IP law community. ■

Moving UP ▲ & Moving ON ►►►

- Dale Carlson, a retired partner at Wiggin and Dana, is now a “Distinguished Practitioner-in-Residence” at Quinnipiac University School of Law, where he will direct the intellectual property concentration and continue to teach patent courses.
- James W. Dabney and Stephen S. Rabinowitz, formerly of Fried, Frank, Harris, Shriver & Jacobson LLP, have joined Hughes Hubbard & Reed LLP as partners in the patent and intellectual property practice.
- Elizabeth J. Holland, Robert V. Cerwinski, Huiya Wu, and Cynthia Lambert Hardman, formerly of Kenyon & Kenyon LLP, have joined Goodwin Procter LLP as partners in the Intellectual Property Litigation Practice.
- Scott Warren, formerly of Goodwin Procter LLP, has joined Dechert LLP as a partner in the Intellectual Property practice.
- John Molenda, Robert Greenfeld, and Jeffrey Lee, formerly of Mayer Brown LLP, have joined Steptoe & Johnson LLP as partner, of counsel, and associate, respectively, in the firm’s Intellectual Property Practice.
- Karen Leyva-Drivin, formerly of Kenyon & Kenyon LLP, has joined Ropes & Gray LLP as an associate in the intellectual property practice.
- Evan Gourvitz, formerly of Diageo PLC, has joined Ropes & Gray LLP as counsel in the intellectual property litigation practice.
- Colleen Tracy James, formerly of Fitzpatrick, Cella, Harper & Scinto, has joined Mayer Brown LLP as a partner in the Intellectual Property practice.
- Robert Morris, formerly of Kramer Levin Naftalis & Frankel LLP, has joined Eckert Seamans Cherin & Mellott, LLC as a Member of the Intellectual Property practice.
- Mark Russell, formerly of Merck & Co., has joined Vedder Price as Counsel in the Intellectual Property group.

The Bulletin’s Moving Up and Moving On feature is for the Association’s members. If you have changed your firm or company, made partner, received professional recognition, or have some other significant event to share with the Association, please send it to the Bulletin editors: Mary Richardson (mary.e.w.richardson@gmail.com) or Robert Greenfeld (rgreenfeld@steptoe.com).

Sticker Shock: Prior Art Estoppel of Non-IPR Petitioners in District Court Stay Requests

By Kenneth R. Adamo, David W. Higer, Eugene Goryunov and Ryan M. Hubbard¹

An entity filing a petition requesting *inter partes* review (“IPR”) with the Patent Trial and Appeal Board (“PTAB”) will frequently also be involved in patent infringement litigation co-pending in a U.S. district court. The IPR petitioner may seek to stay the litigation pending resolution of the IPR proceedings.

A stay of the litigation carries a number of benefits for the IPR petitioner, including an opportunity to delay, or potentially eliminate, much of the high cost of litigation. The IPR petitioner also enjoys a lower burden to prove invalidity, “preponderance of the evidence,” in an IPR proceeding as opposed to the “clear and convincing evidence” standard applied in U.S. district courts. But these benefits come at a price: prior art estoppel. The IPR petitioner—and any real-party-in-interest or privy of the IPR petitioner—is estopped from arguing to the PTAB, in U.S. district court, or to the International Trade Commission that a challenged claim is invalid on any ground the IPR petitioner “raised or reasonably could have raised” during the IPR, after the PTAB issues a final written decision in an IPR proceeding.²

Patent infringement litigation is often much more complicated than the simple example above, frequently involving multiple defendants across multiple cases in multiple U.S. district courts. In any given case, some alleged infringers may decide to file an IPR petition to invalidate the patents-in-suit, but others may not. Once an IPR petition has been filed, alleged infringers who did not file their own IPR petition may nevertheless seek to stay their U.S. district court litigation pending resolution of the filed IPR petition. These non-IPR petitioners usually argue that granting a stay would conserve judicial resources and streamline the litigation regardless of the PTAB’s final disposition of the challenged patents.

Unlike an IPR petitioner, however, a non-IPR petitioner is not automatically subject to prior art estoppel. U.S. district courts must thus decide whether to grant the stay motion and, if so, whether to condition the stay on the non-IPR petitioner to some form of binding estoppel. Non-IPR petitioners are in turn faced with the decision of whether they are willing to pay the price and agree to be estopped (in one form or another) based on an IPR petition they did not draft and IPR proceedings they do not control.

This article briefly recounts the relevant factors considered by U.S. district courts deciding stay motions, identifies and discusses the different ways courts have dealt with the estoppel issue as it applies to non-IPR petitioners, and concludes by explaining why voluntary estoppel may not always be enough to warrant a stay pending resolution of IPR proceedings.

I. The Basics of Seeking a Stay Pending Resolution of an IPR Proceeding

U.S. district courts deciding stay motions pending resolution of IPR proceedings consider three factors:³

1. The stage of the litigation, including considerations of whether the case is at an early stage, the status of discovery, whether claim construction has been completed, and whether a trial date has been set;
2. Whether a stay will simplify the issues in the case; and
3. Whether a stay would unduly prejudice and/or present a clear tactical disadvantage to the nonmoving party.⁴

The analysis, however, is not limited to these three factors and must be based on “the totality of the circumstances.”⁵

When the IPR petitioner is the party filing the stay motion, statutory prior art estoppel applies and is generally found to “heavily tip[] the scale in favor of granting the stay” because the stay will simplify the issues in the case.⁶ On the other hand, when a non-IPR petitioner seeks a stay, the court’s analysis becomes more complicated and may turn on other stay factors, such as undue prejudice or clear tactical advantage.⁷ If the court ultimately decides to grant a non-IPR petitioner’s stay motion, the court must decide whether to condition the stay on imposing some form of estoppel on the non-IPR petitioner, and if so, the scope of the estoppel.

II. Four Lines of Cases Dealing with Estoppel Issues and Non-IPR Petitioners

To prepare this article, the authors reviewed all U.S. district court cases addressing stay motions filed by non-IPR petitioners. As it turns out, there are currently four lines of cases:

- The non-IPR petitioner agrees or offers to be bound by full statutory estoppel before being prompted by the court;⁸
- The court conditions a stay on the non-IPR petitioner agreeing to be bound to the full extent of statutory prior art estoppel, putting the non-IPR petitioner into the shoes of an IPR petitioner;⁹
- The court conditions a stay on the non-IPR petitioner agreeing to be estopped on the specific grounds and combinations of prior art raised in the IPR petition, a form of “limited estoppel”;¹⁰ and
- The court grants a stay without imposing any estoppel on the non-IPR petitioner.¹¹

The table below catalogues the reviewed cases in which stays were granted, demographic information

Case Name	Date	Court	Judge	Citation	Non-IPR Petitioner Estoppel
<i>Semiconductor Energy Lab. Co., Ltd. v. Chimei Innolux Corp.</i>	12/19/12	C.D. Cal.	Tucker, J.	2012 WL 7170593	Full Estoppel by Agreement
<i>Autoalert, Inc. v. Dominion Dealer Solutions, LLC</i>	05/22/13	C.D. Cal.	Tucker, J.	2013 WL 8014977	Full Estoppel by Agreement
<i>Pi-Net Int'l, Inc. v. Hertz Corp.</i>	06/05/13	C.D. Cal.	Gutierrez, J.	2013 WL 7158011	None
<i>Neste Oil OYJ v. Dynamic Fuels, LLC</i>	07/02/13	D. Del.	Sleet, J.	2013 WL 3353984	Full Estoppel by Agreement
<i>e-Watch, Inc. v. FLIR Sys., Inc.</i>	08/08/13	S.D. Tex.	Lake, J.	13-cv-638, Dkt. 28	Full Estoppel
<i>e-Watch, Inc. v. ACTi Corp.</i>	08/09/13	W.D. Tex.	Mathy, M.J.	2013 WL 6334372	None
<i>Pi-Net Int'l, Inc. v. Focus Bus. Bank</i>	08/16/13	N.D. Cal.	Grewal, M.J.	2013 WL 4475940	Full Estoppel
<i>Pi-Net Int'l, Inc. v. Focus Bus. Bank</i>	10/03/13	N.D. Cal.	Grewal, M.J.	2013 WL 5513333	Limited Estoppel (on rehearing)
<i>Softview LLC v. Apple Inc.</i>	09/04/13	D. Del.	Stark, J.	2013 WL 4757831	Limited Estoppel
<i>e-Watch, Inc. v. Lorex Can., Inc.</i>	09/26/13	S.D. Tex.	Miller, J.	2013 WL 5425298	Limited Estoppel
<i>Gen. Elec. Co. v. Vibrant Media, Inc.</i>	12/04/13	D. Del.	Stark, J.	2013 WL 6328063	Full Estoppel by Agreement
<i>e-Watch, Inc. v. Avigilon Corp.</i>	12/17/13	S.D. Tex.	Atlas, J.	2013 WL 6633936	Limited Estoppel
<i>Evolutionary Intelligence LLC v. Yelp Inc.</i>	12/18/13	N.D. Cal.	Ryu, M.J.	2013 WL 6672451	Full Estoppel by Agreement
<i>PersonalWeb Techs., LLC v. Facebook, Inc.</i>	01/13/14	N.D. Cal.	Davila, J.	2014 WL 116340	Full Estoppel
<i>Evolutionary Intelligence, LLC v. LivingSocial, Inc.</i>	01/17/14	N.D. Cal.	Orrick, J.	2014 WL 213179	None
<i>Evolutionary Intelligence, LLC v. Facebook, Inc.</i>	01/23/14	N.D. Cal.	Illston, J.	2014 WL 261837	None
<i>Overland Storage, Inc. v. BTG AG (Germany)</i>	02/11/14	S.D. Cal.	Sammartino, J.	10-cv-1700, Dkt. 66	Limited Estoppel
<i>Evolutionary Intelligence, LLC v. Sprint Nextel Corp.</i>	02/28/14	N.D. Cal.	Whyte, J.	2014 WL 819277	Limited Estoppel
<i>Canatelo, LLC v. AXIS Commc'ns AB</i>	05/14/14	D. Del.	Sleet, J.	13-cv-1227, Dkt. 57	None
<i>Canatelo, LLC v. Avigilon Corp.</i>	06/05/14	D. P.R.	Garcia-Gregory, J.	2014 WL 2533407	Limited Estoppel
<i>Intellectual Ventures II LLC v. Huntington Bancshares Inc.</i>	06/10/14	S.D. Ohio	Frost J.	13-cv-785, Dkt. 61	None

cont. on page 18

about them, and the type of estoppel imposed on the non-IPR petitioner filing a stay motion.

III. Full Estoppel by Offer or Agreement

Some non-IPR petitioners have attempted to preempt a plaintiff's opposition or a court's concerns over a simplification of the issues by offering or agreeing to be bound by the statutory prior art estoppel applied in IPR proceedings. For example, in *Autoalert, Inc. v. Dominion Dealer Solutions, LLC*, a non-IPR petitioner agreed to be bound by prior art estoppel.¹² The court gave "the estoppel effect of the [IPR] proceedings full weight" and then concluded that the issues involved in a case would be simplified, favoring a stay.¹³

IV. Court Conditioning Stay on Full Estoppel

Some U.S. district courts have granted stay motions filed by non-IPR petitioners but only after concluding that the full statutory prior art estoppel should apply to the non-IPR petitioner. In *e-Watch, Inc. v. FLIR Systems, Inc.*, for example, the non-IPR petitioner stated that it was willing to agree to a limited form of estoppel. The court disagreed, concluding that full statutory prior art estoppel must apply, putting the non-IPR petitioner into the shoes of an IPR petitioner. Full statutory prior art estoppel alleviates concerns that the stay may unduly prejudice the plaintiff or place it in a clear tactical disadvantage, the court held.¹⁴

Other courts—while initially finding that full statutory prior art estoppel must be imposed on a non-IPR petitioner—have later reconsidered their initial decisions. In particular, the court in *Pi-Net International, Inc. v. Focus Business Bank* was concerned that an IPR petition brought by a non-party might be a litigation tactic to allow various accused infringers to "take multiple bites at the invalidity apple while avoiding the estoppel provisions of 35 U.S.C. § 315(e)."¹⁵ The court therefore conditioned a stay on the non-IPR petitioners agreeing to be estopped to the full extent of the statute.¹⁶ Less than two months later, however, the court reconsidered its initial decision and revised its stay order to be conditioned on the non-IPR petitioners agreeing to a limited form of estoppel.¹⁷

V. Court Imposing Limited Estoppel

As can be seen in the table above, there is a recent trend in U.S. district courts to impose limited estoppel—narrower than that prescribed by the statute for IPR petitioners—on non-IPR petitioners. Generally, these courts recognize it to be unfair for a non-IPR petitioner to be estopped from presenting prior art arguments that *reasonably could* have been raised by the IPR petitioner. The court in *Pi-Net* acknowledged that non-IPR petitioners in that case "had no occasion to see [the IPR petitioner's] filing or provide any input on

the arguments that the [IPR petitioner] presented to the [US]PTO prior to [the IPR petitioner's] submission."¹⁸ As a result, the court modified its earlier decision and imposed only a limited estoppel on the non-IPR petitioners, estopping them "from raising any invalidity reference, or combination of references, that was already presented to the PTO... in IPR petitions, including those for which the PTO declined to institute review."¹⁹

The scope of limited estoppel varies from case to case, and has included being:

- estopped from asserting invalidity on any ground "raised and finally adjudicated in the IPR proceedings";²⁰
- estopped from presenting invalidity arguments "based on any prior art publication(s) on which the PTAB bases its Final Written Decision";²¹ and
- estopped from presenting "invalidity arguments addressed and rejected in the IPR process."²²

The specific determination appears to be court-specific and may potentially be influenced by a non-IPR petitioner's preemptive offer or agreement to be bound by limited estoppel.

VI. Court Imposing No Estoppel

Other courts have found it unnecessary to estop non-IPR petitioners seeking a stay pending resolution of IPR proceedings. In *e-Watch, Inc. v. ACTi Corp.*, the court held that statutory prior art estoppel did not—and, indeed, need not—apply to the non-IPR petitioner. The PTAB's final written decision would still have an effect on the issues involved in the case.²³ Similarly, the court in *Evolutionary Intelligence, LLC v. Facebook, Inc.* noted that an accused infringer's refusal to be bound by the outcome of certain pending IPR petitions reduced the likelihood that issues in the case would be simplified.²⁴ The court concluded that issues in the case would nevertheless be simplified: the PTAB affirming the validity of the claims "'is strong evidence that the court must consider in assessing whether the party asserting invalidity has met its burden of clear and convincing evidence'" if the litigation were to resume.²⁵

VII. Estoppel Does Not Guarantee a Stay

A non-IPR petitioner's offer or agreement to be bound to the full extent of statutory prior art estoppel or limited estoppel does not guarantee that the court will grant a stay motion. In *Unifi Scientific Batteries, LLC v. Sony Mobile Communications AB*, the IPR petitioner and four non-IPR petitioners filed a stay motion pending resolution of the IPR proceedings and in briefing agreed to be bound by a limited form of estoppel.²⁶ The

court found that each factor weighed against a stay. In particular, the court found the scope of the pending IPR petition was too narrow and the remaining asserted claims of invalidity were too many to truly simplify the issues involved in the case.²⁷ The court denied the stay motion without prejudice for the IPR petitioner to refile if warranted by developments in the PTO.

VIII. Conclusion

When a non-IPR petitioner is considering filing a stay motion, the non-IPR petitioner should determine whether it is willing to be estopped to some degree based on the arguments and outcome of the IPR proceedings. It must also consider whether it intends to offer or agree to that level of estoppel to the court before, during, or after briefing on the issue. The non-IPR petitioner will then know whether it can afford to pay the price the U.S. district court may ask for granting a stay.

(Endnotes)



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This article reflects only the present considerations and views of the authors, which should not be attributed to Kirkland & Ellis LLP, or to any of its or their former or present clients.

² 35 U.S.C. § 315(e).

³ Kenneth Adamo, David Higer, and Eugene Goryunov, *Survey of US Court Decisions to Stay: Part 1*, Intellectual Property Magazine, February 2014; Kenneth Adamo, David Higer, and Eugene Goryunov, *Survey of US Court Decisions to Stay Part 2: Where Stays Were Granted*, Intellectual Property Magazine, March 2014; Kenneth Adamo, David Higer, and Eugene Goryunov, *Survey of US Court Decisions to Stay Part 3: Opposing a Request to Stay*, Intellectual Property Magazine, April 2014. This three-part series describes in detail the current law and strategic considerations when moving for a stay of a district court action pending resolution of an IPR proceeding.

⁴ See, e.g., *Evolutionary Intelligence, LLC v. Sprint Nextel Corp.*, Civ. No. 13-4513, 2014 WL 819277, at *3 (N.D. Cal. Feb. 28, 2014); *Universal Elecs., Inc. v. Universal Remote Control, Inc.*, 943 F. Supp. 2d 1028, 1031 (C.D. Cal. 2013).

⁵ *Universal Elecs.*, 943 F. Supp. 2d at 1031.

⁶ See *Software Rights Archive, LLC v. Facebook, Inc.*, Civ. No. 12-3970, 2013 WL 5225522, at *4 (N.D. Cal. Sept. 17, 2013).

⁷ See, e.g., *Pi-Net Int'l, Inc. v. Focus Bus. Bank*, Civ. Nos. 12-4958, 12-4959, 12-4962, 2013 WL 4475940, at *4-5 (N.D. Cal. Aug. 16, 2013) ("*Pi-Net I*").

⁸ See, e.g., *Semiconductor Energy Lab. Co., Ltd. v. Chimei Innolux Corp.*, Civ. No. 12-0021, 2012 WL 7170593, at *2 (C.D. Cal. Dec. 19, 2012).

⁹ See, e.g., *e-Watch, Inc. v. FLIR Sys., Inc.*, Civ. No. 13-638, Dkt. 28, slip op. at 2 (S.D. Tex. Aug. 8, 2013).

¹⁰ *Evolutionary Intelligence*, 2014 WL 819277, at *5-6.

¹¹ *Pi-Net Int'l, Inc. v. Hertz Corp.*, Civ. No. 12-10012, 2013 WL 7158011, at *3-4 (C.D. Cal. June 5, 2013).

¹² Civ. No. 12-1661, 2013 WL 8014977, at *2 (C.D. Cal. May 22, 2013).

¹³ *Id.*

¹⁴ Civ. No. 13-638, Dkt. 28, at 2.

¹⁵ *Pi-Net I*, 2013 WL 4475940, at *5.

¹⁶ *Id.* at *4-5.

¹⁷ *Pi-Net Int'l, Inc. v. Focus Bus. Bank*, Civ. Nos. 12-4958, 12-4959, 12-4962, 2013 WL 5513333, at *2 (N.D. Cal. Oct. 3, 2013) ("*Pi-Net II*").

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ *Evolutionary Intelligence*, 2014 WL 819277, at *5-6.

²¹ *e-Watch, Inc. v. Avigilon Corp.*, Civ. No. H-13-0347, 2013 WL 6633936, at *3 (S.D. Tex. Dec. 17, 2013); see also *e-Watch, Inc. v. Lorex Can., Inc.*, Civ. No. H-12-3314, 2013 WL 5425298, at *5 (S.D. Tex. Sept. 26, 2013) (same); *Overland Storage, Inc. v. BTG AG (Germany)*, Civ. No. 3:10-1700, Dkt. 66, slip op. at 7 (S.D. Cal. Feb. 11, 2014) (same).

²² *Canatelo, LLC v. Avigilon Corp.*, Civ. No. 12-1431, 2014 WL 2533407, at *2 (D.P.R. June 5, 2014).

²³ 2013 WL 6334372, at *7 (W.D. Tex. Aug. 9, 2013).

²⁴ 2014 WL 261837, at *2 (N.D. Cal. Jan. 23, 2014).

²⁵ *Id.* (citation omitted).

²⁶ Civ. No. 6:12-224, Dkt. 81, slip op. at 5 (E.D. Tex. Jan. 14, 2014).

²⁷ *Id.* at 5-6.

A Return to Opinions of Counsel – a “Good-Faith Belief” as a Defense to Inducement: *Commil v. Cisco*

By Michael Kahn and Diana Santos*

Opinions of counsel in the context of willful infringement became less important after the Federal Circuit’s decision in *In re Seagate Technology, LLC*, 497 F.3d 1360 (Fed. Cir. 2007). That decision eliminated the affirmative duty of due care in favor of an “objective recklessness” standard. *Id.* at 1371. With the then-new objective standard, the subjective, good-faith beliefs of accused infringers were no longer at the forefront of the infringement analysis. A recent line of cases in the context of induced infringement under 35 U.S.C. § 271(b), however, has reinvigorated the subjective intent of potential infringers and suggests that opinions of counsel may once again play an active role in litigation.

This article examines the current state of the law for induced infringement, the history of the “good-faith” defense to willful infringement, and the petition for a writ of *certiorari* pending before the U.S. Supreme Court in *Commil USA, LLC v. Cisco Systems, Inc.*, No. 13-896.¹

A. Induced Infringement and the Evolution of the Intent Requirement

Liability for patent infringement arises directly or indirectly as specified by 35 U.S.C. § 271. Direct patent infringement occurs when an entity “makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent” without authority from the patent rights holder. 35 U.S.C. § 271(a). As a strict liability offense, intent is irrelevant to direct infringement. In contrast, induced infringement, a type of indirect infringement, is not a strict liability offense and includes an “active” step that has been interpreted to include an intent element: “[w]hoever *actively induces* infringement of a patent shall be liable as an infringer.” 35 U.S.C. § 271(b) (emphasis added).

Federal Circuit precedent established that “[a] person *induces* infringement under § 271(b) by actively and knowingly aiding and abetting another’s direct infringement.” *C.R. Bard, Inc. v. Advanced Cardiovascular Sys.*, 911 F.2d 670, 675 (Fed. Cir. 1990) (emphasis in original). In its 2006 *en banc* opinion in *DSU Medical Corp. v. JMS Co.*, 471 F.3d 1293 (Fed. Cir. 2006), the Federal Circuit clarified that inducement “requires evidence of culpable conduct, directed to encouraging another’s infringement, not merely that the inducer had knowledge of the direct infringer’s

activities.” *DSU Medical*, 471 F.3d at 1306. This ruling upheld the jury instruction that induced infringement requires that “the inducer possess specific intent to encourage another’s infringement, and not merely that the inducer had knowledge of the acts alleged to constitute infringement.” *Id.* at 1305. The Federal Circuit thereby brought subjective intent to the forefront of induced infringement: “‘mere knowledge of possible infringement by others does not amount to inducement; *specific intent* and action to induce infringement must be proven.’” *Id.* (citation omitted; emphasis added).

In *SEB S.A. v. Montgomery Ward & Co.*, 594 F.3d 1360, 1376 (Fed. Cir. 2010), *aff’d on other grounds sub nom. Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060 (2011), the accused infringer argued that it could not have induced infringement because *DSU Medical* required actual knowledge and did not create a “should have known” standard. The Federal Circuit disagreed and interpreted *DSU Medical* to allow for a claim of induced infringement in the absence of direct evidence that the accused infringer had actual knowledge of the patent. It held that the accused infringer’s “deliberate[] disregard [of] a known risk that [the plaintiff] had a protective patent,” i.e. “deliberate indifference,” could be sufficient to satisfy the knowledge requirement of induced infringement. *Id.* at 1377. The Federal Circuit affirmed the jury verdict of induced infringement and determined that the district court record showed that the accused induced infringer withheld material information from its attorney who was conducting a “freedom-to-operate” analysis and did not provide any evidence to justify its conduct. *Id.* at 1377-78.

On appeal, the Supreme Court rejected the Federal Circuit’s “deliberate indifference” standard, but nonetheless affirmed the jury’s verdict. *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2068 (2011). The Supreme Court held that actual knowledge of infringement was not required to satisfy the requirements of Section 271(b), but that “willful blindness” – not “deliberate indifference” – could satisfy the knowledge prong. *Id.* at 2069. Interpreting the Federal Circuit’s precedent regarding the doctrine of “willful blindness,” the Supreme Court stated that the doctrine had “two basic requirements: (1) the defendant must subjectively believe that there is a high probability that a fact exists and (2) the defendant must take deliberate actions to avoid learning of

that fact.” *Id.* at 2070. The Supreme Court further stated, “these requirements give willful blindness an appropriately limited scope that surpasses recklessness and negligence. Under this formulation, a willfully blind defendant is one who takes deliberate actions to avoid confirming a high probability of wrongdoing and who can almost be said to have actually known the critical facts.” *Id.* at 2070-71. Based on the record before the jury, the Supreme Court concluded that there was “more than sufficient” evidence that the accused inducing infringer “subjectively believed there was a high probability that [the item at issue] was patented, [and] that [it] took deliberate steps to avoid knowing that fact.” *Id.* at 2072.

B. *Commil I* and *Commil II*

In the wake of *DSU Medical* and *Global-Tech*, *Commil I* and *II* open up the possibility for alleged infringers to present evidence of a “good-faith belief of invalidity” to negate the intent element of inducement. *Commil USA, LLC v. Cisco Sys., Inc.*, 720 F.3d 1361, 1368 (Fed. Cir. 2013) (“*Commil I*”); see generally *Commil USA, LLC v. Cisco Sys., Inc.*, 737 F.3d 699 (Fed. Cir. 2013) (“*Commil II*”).

In *Commil I*, defendant Cisco Systems, Inc. (“Cisco”) appealed a jury verdict awarding \$63.7 million in damages for induced infringement and argued, *inter alia*, that “the district court erroneously precluded Cisco from presenting evidence of its good-faith belief of invalidity to show that it lacked the requisite intent to induce infringement of the asserted claims” concerning “a method of providing faster and more reliable handoffs of mobile devices from one base station to another as a mobile device moves throughout a network area.” *Commil I*, 720 F.3d at 1364-65. The Federal Circuit panel noted that it had not previously addressed “whether a good-faith belief of invalidity may negate the requisite intent for induced infringement.” *Id.* at 1367. The panel stated that its precedent made it “clear that a good-faith belief of non-infringement is relevant evidence” that can show that an accused induced infringer lacked the requisite intent for induced infringement liability. *Id.* at 1367-68. Then, by holding that “[i]t is axiomatic that one cannot infringe an invalid patent,” the panel concluded that an alleged induced infringer cannot intend to induce infringement if there is “a good-faith belief that the patent is not valid.” *Id.* at 1368.

Agreeing with defendant Cisco, the divided panel held that “evidence of an accused inducer’s good-faith belief of invalidity may negate the requisite intent for induced infringement.” *Id.* at 1368. Nonetheless, the panel cautioned that “such evidence [does not] preclude[] a finding of induced infringement[, but r]ather, it is evidence that should be considered by the

fact-finder in determining whether an accused party knew ‘that the induced acts constitute patent infringement.’” *Id.* at 1369 (citation omitted). Consequently, the jury’s verdict on induced infringement was vacated and a new trial was ordered to allow consideration of Cisco’s alleged good-faith belief of invalidity.

Judges Newman and O’Malley concurred in part and dissented in part to the panel’s opinion in *Commil I*. In her dissent, Judge Newman specifically denounced the induced infringement defense in *Commil I* as an “inappropriate” change in law. *Id.* at 1373 (Newman, J., dissenting). She argued that “a ‘good-faith belief’ in invalidity does not avoid liability for infringement when the patent is valid [because] [n]o rule eliminates infringement of a valid patent, whether the infringement is direct or indirect.” *Id.* Rather, “[t]he inducement statute is designed to allow remedy against an entity that provides an infringing product or method to direct infringers, but is not itself a direct infringer.” *Id.* To defend against liability for induced infringement, an accused infringer may use other defenses, such as invalidity and unenforceability. *Id.* at 1374. The introduction of an accused infringer’s good-faith belief regarding invalidity into the inquiry of induced infringement, in Judge Newman’s opinion, conflates validity and infringement, which are “distinct issues, bearing different burdens, different presumptions, and different evidence.” *Id.* at 1374-75. On the same topic, however, Judge O’Malley agreed that “an accused inducer’s good faith belief of invalidity of a patent claim is relevant to its intent to induce infringement of that claim and is, thus, admissible for that purpose.” *Id.* at 1375 (O’Malley, J., concurring).

Despite the issues raised by the panel dissenters in *Commil I*, the Federal Circuit, in a 6-5 split about four months later, denied the petition for an *en banc* rehearing. *Commil II*, 737 F.3d at 700. Judge Reyna, along with Judges Rader, Newman, Lourie, and Wallach, dissented from the denial of *en banc* review and argued that *Commil I* “established a substantive, precedential change in patent law by expressly ‘hold[ing] that evidence of an accused inducer’s good-faith belief of invalidity may negate the requisite intent for induced infringement.’” *Id.* at 700 (Reyna, J., joined by Rader, Newman, Lourie, Wallach, JJ., dissenting). The dissenters in *Commil II* argued that the two-Judge majority of *Commil I* established a new non-infringement defense that served as “an escape hatch from liability of infringement that is not now in the statute.” *Id.* at 703. Judges Newman, Rader, Reyna, and Wallach further dissented in a separate opinion, arguing that the panel’s holding that it is “axiomatic that one cannot infringe an invalid patent” is contrary to Federal Circuit precedent and that such law could only

cont. on page 22

be altered *en banc*. *Id.* at 703 (Newman, J., joined by Rader, Reyna, Wallach, JJ., dissenting).

C. Related Precedent – Subjective “Good-Faith” Belief in the Context of Willful Infringement

Prior to the Federal Circuit’s decision in *Seagate*, a potential infringer with “actual notice of another’s patent rights” had “an affirmative duty to exercise due care to determine whether or not he is infringing,” which includes, “*inter alia*, the duty to seek and obtain competent legal advice from counsel *before* the initiation of any possible infringing activity.” *Underwater Devices Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380, 1389-90 (Fed. Cir. 1983) (emphasis in original). “Competent legal advice,” in this context, refers to an opinion of counsel concerning non-infringement or invalidity – advice that ordinarily would be protected from discovery on the basis of the attorney-client privilege and/or the work-product doctrine.

In order to rely on an opinion of counsel, however, an accused infringer must waive the attorney-client privilege. A decision to waive the privilege subjects such opinion to close scrutiny and the author(s) of the opinion to deposition and potentially to cross-examination at trial. This increased scope of discovery, and the litigation in general, is expensive and complex because the party relying on its opinion of counsel must permit discovery concerning the opinion and guard against the disclosure of attorney-client or otherwise protected communications that extend beyond the scope of the opinion.

In *Seagate*, the Court established a new, two-pronged test for willful infringement. 497 F.3d at 1371. The first prong, the objective prong, requires a patent holder to “show by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent” (i.e., “objective recklessness”). *Id.* The second prong, the subjective prong, requires that after the objective threshold has been met, the patent holder must “also demonstrate that this objectively-defined risk . . . was either known or so obvious that it should have been known to the accused infringer.” *Id.* Explicitly overruling *Underwater Devices*, the Court held that there was no longer an affirmative duty of care or an obligation to obtain an opinion of counsel, and left it to the courts to develop law establishing the type of evidence relevant to the two-pronged willfulness inquiry. *Id.* While opinions of counsel may still be considered in the willfulness inquiry, they are no longer outcome determinative or at the forefront.

D. The Petition for a Writ of *Certiorari*

After the Federal Circuit denied the petition for *en banc* review, Plaintiff petitioned for a writ of *certiorari* concerning “Whether the Federal Circuit erred in holding that a defendant’s belief that a patent is invalid is a defense to induced infringement under 35 U.S.C. § 271(b).” Brief of Petitioner, *Commil USA, LLC v. Cisco Sys., Inc.*, No. 13-896 (U.S. Jan. 23, 2014), 2014 U.S. S. Ct. Briefs LEXIS 257, at *7. In support of its petition, Commil USA, LLC (“Commil”) argued that “[n]either the Patent Act, nor this Court’s precedent, nor Federal Circuit precedent justify[ed] the panel majority’s new invalidity-based defense to infringement.” *Id.* at *21. Commil further argued that Federal Circuit precedent established that the determinations of infringement and invalidity were separate and distinct for several reasons and requested that the Supreme Court “restore the import of the statutory presumption of validity.” *Id.* at *22, *30-31.

Commil cited Judge Newman’s dissent to the panel decision (*Commil I*) and argued that because patent infringement is a tort, “‘a mistake of law, even if made in good faith, [did] not absolve a tortfeasor.’” *Id.* at *25 (citation omitted). Following Judge Reyna’s dissent to the denial for *en banc* review, Commil argued that “‘whether the accused infringer held a good faith belief in invalidity . . . is wholly unrelated to the accused infringer’s conduct vis-a-vis the limitations of a presumptively valid patent claim.’” *Id.* at *27 (citation omitted). Commil also argued that there are fundamental differences between willful infringement, which expressly requires infringement to be “of a valid patent,” and inducement, which does not contemplate or address validity.² *Id.* at *28 (citation omitted). Moreover, unlike inducement, a finding of willful infringement requires a “higher level of culpability” and therefore justifies the availability of the good-faith defense of invalidity. *Id.* Commil also extrapolated the broader implications of a new defense based on a good-faith belief of invalidity and highlighted it as “an unwarranted and unnecessary escape hatch that will serve only to increase the expense of litigation and release defendants who are inducing infringement of valid patents from all liability.” *Id.* at *30.

In opposition to Commil’s petition for a writ of *certiorari*, respondent Cisco argued that the new defense did not “preclude[] a finding of induced infringement” and instead recognized that a “reasonable belief” of invalidity is “relevant in determining whether the accused infringer had the specific intent to induce infringement.” Brief of Respondent, *Commil USA, LLC v. Cisco Sys., Inc.*, No. 13-896 (U.S. Mar. 31, 2014), 2014 U.S. S. Ct. Briefs LEXIS 1262, at *13 (emphasis in original). Cisco further argued that “[n]othing in

Commil’s petition call[ed into question] the correctness of” the panel’s holding that there is “no principled distinction between a good-faith belief of invalidity and a good-faith belief of non-infringement for the purpose of whether a defendant possessed the specific intent to induce infringement of a patent.” *Id.* at *14 (citation omitted). According to Cisco, the panel correctly “recognize[d] that an accused inducer cannot know that its customers infringe a valid patent if it has a reasonable basis for thinking the patent invalid.” *Id.* at *16-17 (citations omitted).

Cisco also criticized Commil’s differentiation between willful direct infringement and induced infringement as ignoring the fact that direct infringement, unlike induced infringement, is a strict liability tort. *Id.* at *14-15. In response to Commil’s statements concerning the broader implications of what it refers to as a “new defense,” Cisco argued that there is no practical distinction between a good-faith belief of invalidity and a good-faith belief of non-infringement, which “the Federal Circuit has long recognized” as a defense to a claim of induced infringement. *Id.* at *17-20. Lastly, Cisco argued that “[a]n accused induced infringer must be allowed to present . . . any evidence that tends to negate that specific intent” because “a defendant should [not] be hamstrung in its ability to demonstrate that it did not possess whatever level of culpability is required.” *Id.* at *22-23.

On May 27, 2014, the Supreme Court invited the Solicitor General to express “the views of the United States” on this issue. *Commil USA, LLC v. Cisco Sys., Inc.*, 134 S. Ct. 2691, 2014 U.S. LEXIS 3722 (2014). As of the time the authors submitted this article, the Solicitor General had not filed a brief.

E. Conclusion

The outcome of this case has the potential to bring opinions of counsel back to the forefront of litigation and to force defendants to make the difficult decision whether to waive the attorney-client privilege. If the Federal Circuit’s decision stands, this arguably new defense will raise the cost and complexity of inducement cases and will expand the scope of the available “good-faith belief” defense to a charge of inducement.

The resolution of this question likely turns on whether it is possible to infringe an invalid claim. The panel majority in *Commil I* stated, “[i]t is axiomatic that one cannot infringe an invalid patent,” but Judge Newman’s dissenting opinion challenged this proposition as contrary to law and precedent. *Commil I*, 720 F.3d at 1368; *id.* at 1374 (Newman, J., dissenting). If the Court rejects this “axiom,” Cisco’s proposed good-faith belief of invalidity as a defense may prove difficult to sustain.

(Endnotes)



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¹ Cisco Systems, Inc. filed a Conditional Cross-Petition to seek review of the Federal Circuit’s order for a partial retrial on the issues of induced infringement, which excluded validity, if the Supreme Court grants Commil’s petition, No. 13-896. Brief for Petitioner, *Cisco Sys., Inc. v. Commil USA, LLC*, No. 13-1044 (U.S. Feb. 27, 2014), 2014 U.S. S. Ct. Briefs LEXIS 832. Cisco argued that the order violates the Seventh Amendment because invalidity is “not ‘distinct and separable’ from the question of Cisco’s good-faith belief of invalidity.” *Id.* at *9-10. This article does not address petition No. 13-1044.

² Comparing *Seagate*, “497 F.3d 1360, 1371 (Fed. Cir. 2007) (‘[T]o establish willful infringement, a patentee must show . . . that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent.’ (*en banc*; emphasis added)), with *DSU Medical*, 471 F.3d at 1306 (‘[I]nducement requires that an alleged infringer knowingly induced infringement and possessed specific intent to encourage another’s infringement.’) (*en banc*; emphasis added)).” Brief of Petitioner, *Commil USA, LLC v. Cisco Sys., Inc.*, No. 13-896 (U.S. Jan. 23, 2014), 2014 U.S. S. Ct. Briefs LEXIS 257, at *28 (emphasis in original).

Patent Office Begins Six-Month Glossary Pilot Program

*By David J. Kaplan**

In an effort to improve clarity of patent claims and to facilitate examination of applications, the U.S. Patent and Trademark Office (PTO) began the Glossary Pilot Program on June 2, 2014, whereby an application with a specification that includes a glossary can receive expedited processing.

Background

Impetus for the Glossary Pilot Program can be attributed to President Obama's continued attention to the U.S. patent system and his opinion that the America Invents Act "only went about halfway to where we need to go."¹ In June 2013, with the stated goal to "protect innovators from frivolous litigation and ensure the highest-quality patents in our system" the Obama administration announced its plan of further patent reform, which included several legislative recommendations and executive actions.² One of these executive actions, directed at tightening functional claiming, instructed the PTO to provide new targeted training to its examiners to better scrutinize functional claims and to develop strategies to improve claim clarity, such as through the use of glossaries in patent specifications.³ As a result, the PTO designed the Glossary Pilot Program to study whether the inclusion of a glossary section in a patent application improves claim clarity and facilitates patent examination.

Requirements

While participation in the Glossary Pilot Program is optional for patent applicants, it provides an accelerated examination track for patent applications that include a glossary section and are accepted into the program. In an effort to encourage and test the use of glossaries in an area where additional claim clarity is considered to be most needed, the program is limited to technology that the PTO considers "software-related."⁴ Specifically, the Glossary Pilot Program is limited to applications that are assigned to the PTO's Technology Centers 2100 (computer architecture, software, and information security), 2400 (computer networks, multiplex communication, video distribution, and security), 2600 (communications), and the business methods area of Technology Center 3600.⁵ Applicants who plan to file an application in one of these areas can participate in the program by: (1) including a formal glossary section as part of the patent application specification and (2) submitting a petition to make special using Form PTO/SB/436 (the PTO's \$130 petition fee is waived for the submission of Form 436).⁶

The glossary section of the application must be identified with a heading and be included at the beginning of the detailed description portion of an originally-filed specification. In order to provide the PTO examiner and the public with optimal clarity, the glossary must be self-contained, i.e., the definitions provided cannot rely on other parts of the specification or upon incorporation by reference of any other sources.⁷ A definition may include examples, synonyms, and exclusions, but it must also establish limits for a term by presenting a positive statement of what the defined term means.⁸ While the PTO suggests defining "substantive terms within the context of the invention, abbreviations, acronyms, evolving technological nomenclature, relative terms, terms of degree, and functional terminology including 35 U.S.C. 112(f) functional limitations," there are no requirements as to which terms in a patent application must be defined in the glossary.⁹ Instead, the program rules state that the glossary "should include definitions that will assist in clarifying the claimed invention and creating a clear application file wrapper record."¹⁰

In addition to the inclusion of a glossary and the submission of Form 436, to qualify for participation in the program, an application must be an original, non-reissue, non-provisional utility application filed under 35 U.S.C. § 111(a) that does not claim the benefit of a prior filed U.S. application, or a continuation-in-part application filed for the purpose of providing a glossary in accordance with the glossary program.¹¹ International applications, national stage applications filed under 35 U.S.C. § 371, design applications, and plant applications are not eligible for the program.¹² Further, to be accepted, an application must not include more than four independent claims or thirty total claims.¹³ Multiple dependent claims also are not permitted.¹⁴

The pilot program will continue until the earlier of six months after its inception or the acceptance of 200 grantable petitions, and may also be extended (with or without modification) an additional six months.¹⁵

Petition Decision and Examination of Application

For any application filed with a petition using Form 436, the PTO will issue a written grant or denial of the petition.¹⁶ If the petition is granted, the application will receive expedited processing until a first office action, after which the application will be placed on the examiner's regular amended docket.¹⁷ If the petition is denied, the applicant will receive a written decision

dismissing the petition and setting forth the reasons for the dismissal.¹⁸ In the event that a petition is denied because an applicant files an incomplete Form 436 or an application does not comply with all of the PTO's participation requirements, the applicant will be given one opportunity to correct within 30 days any deficiencies that are correctable.¹⁹ If the Form 436 petition is denied, an applicant may seek review by filing a petition (along with the requisite fee) under 37 C.F.R. 1.181.²⁰

Once an application is accepted into the Glossary Pilot Program, an applicant cannot amend (with the exception of typographical errors) or disavow the meaning of any term defined in the glossary section submitted when the application was filed.²¹ In addition, during prosecution the PTO examiner will consider the definition of any term defined in the glossary section as controlling.²²

Considerations for Attorneys and Applicants

There are short- and long-term implications that should be considered by applicants when deciding whether to participate in the Glossary Pilot Program. The most obvious benefit of participating in the program is a faster first office action without the payment of any extra PTO fees. For applicants to whom a shorter application pendency is important, this may be a particularly enticing advantage. While the PTO has made progress in reducing the first action pendency for non-expedited patent applications (since 2009 the average pendency to first action has been reduced from 25.8 months to 18.2 months),²³ the amount of time that an applicant spends waiting for a first office action still accounts for more than half of the average total pendency for a patent application.²⁴ Participation in the Glossary Pilot Program can reduce such pendency.

Another possible benefit to applicants may be realized after a patent issues with precise claim scope. While improving claim clarity has been raised as a solution for accused infringers to the perceived problems surrounding the assertion of patents by patent assertion entities,²⁵ claims with terms that are specifically defined in the patent specification may be advantageous to patent owners against potential infringers as well. In some cases, unambiguous claim terms and scope may provide less opportunity for a potential infringer to advance a claim interpretation that is detrimental to the patent owner. As a result, the likelihood of favorable and more predictable litigation outcomes or early settlement may increase while the amount of resources that a patent owner must expend to achieve such results may decrease. For example, if a patent asserted in a lawsuit includes a glossary that clearly defines claim terms, an accused infringer may decline to engage in a likely losing battle regarding construction of

those terms. This could streamline or eliminate costly claim construction hearings and may also encourage early settlement. Whether these potential benefits will actually encourage participation in the Glossary Pilot Program remains to be seen. Indeed, including a glossary in a patent specification is an option that few applicants utilized prior to the implementation of the Glossary Pilot Program.²⁶

The potential detriments of participating in the Glossary Pilot Program are readily apparent, and can affect the ability of an applicant to obtain a patent as well as to assert it. Because an applicant cannot amend or disavow the meaning of any defined term during the prosecution of any application accepted into the program, an applicant is bound throughout prosecution by the definitions provided in the application when it is first filed. An applicant will therefore be unable to argue that any defined term should be interpreted either more broadly or more narrowly than that term is defined in the glossary. While this may streamline the examination of applications, it does so at the expense of eliminating at least part of the customary negotiation that occurs during the patent examination process whereby applicants often first seek to obtain broadly, and sometimes even vaguely, worded claims. Then, in response to a PTO examiner's rejections, an applicant molds the claims via both argument and amendment into the broadest claims that the examiner is willing to allow. Accordingly, for any application slated for the Glossary Pilot Program, an applicant would be wise to study the prior art beforehand in order to gauge the broadest claim scope to which the applicant may be entitled, and then define the claim terms accordingly. Otherwise, the applicant may define terms too broadly, and thus reduce the likelihood of circumventing the prior art, or too narrowly, and forego the opportunity to obtain the broadest claim scope permissible vis-à-vis the prior art. Defining terms in a specification also reduces or eliminates the amount of maneuverability that a patentee may have when attempting to advance a particular claim meaning in an infringement proceeding because the patentee will be stuck with the meaning provided in the glossary. Thus, many applicants likely will view the disadvantages of participation in the Glossary Pilot Program as outweighing any advantages.

In the longer term, applicants should be cognizant that it is possible that the PTO eventually may require the inclusion of a glossary in every patent application. Indeed, during the public comment period for the Glossary Pilot Program, Google advocated that the PTO should use its authority to make the use of glossaries compulsory.²⁷ Thus, while there is currently no requirement that a glossary be provided by an applicant as part of a patent specification, it is possible that this

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may change in the future based on the Glossary Pilot Program's results and any related feedback.

In summary, it is important for both attorneys and patent applicants to understand the pertinent rules of the Glossary Pilot Program in order to assess whether participation could be beneficial, and to weigh whether the benefits of participation in the program outweigh the disadvantages. It also is worth following any future feedback on the program from the PTO to glean whether there is any likelihood that the program will become compulsory.

(Endnotes)



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¹ Fact Sheet: White House Task Force on High-Tech Patent Issues, June 4, 2013, available at www.whitehouse.gov/the-press-office/2013/06/04/fact-sheet-white-house-task-force-high-tech-patent-issues (accessed on August 2, 2014).

² *Id.*

³ *See id.*

⁴ 79 Fed. Reg. 17137 (II) (Mar. 27, 2014).

⁵ *Id.* A list of the specific art areas that are eligible for the Glossary Pilot Program is provided on the PTO's website at www.uspto.gov/patents/init_events/uspcclasses_table_03262014.pdf.

⁶ *Id.* Form PTO/SB/436 is available on the PTO's website at www.uspto.gov/forms/sb0436.pdf.

⁷ *Id.* at 17138 (III)(B)(1), (2).

⁸ *Id.* at 17138 (III)(B)(3), (5).

⁹ *Id.* at 17138 (III)(6).

¹⁰ *Id.*

¹¹ 79 Fed. Reg. at 17138 (III)(A)(1).

¹² *Id.*

¹³ *Id.* at 17138 (III)(A)(5).

¹⁴ *Id.*

¹⁵ *Id.* at 17137.

¹⁶ *See* 79 Fed. Reg. at 17139 (III)(C).

¹⁷ *See id.*

¹⁸ *See id.*

¹⁹ *See id.*

²⁰ *See* Glossary Pilot Program: Frequently Asked Questions, Question 17, available at www.uspto.gov/patents/init_events/faq_glossaryapplicant_07012014.pdf (accessed on August 2, 2014).

²¹ 79 Fed. Reg. at 17139 (III)(E).

²² *Id.*

²³ USPTO Performance & Accountability Report, Fiscal Year 2013, page 21, Table 3, available at www.uspto.gov/about/stratplan/ar/USPTOFY2013PAR.pdf (accessed on August 2, 2014).

²⁴ *See id.*, Tables 3 and 4.

²⁵ For example, President Obama has referred to patent assertion entities as entities that "don't actually produce anything themselves" and instead seek "to essentially leverage and hijack somebody else's idea and see if they can extort some money out of them." *See Fact Sheet, supra* note 1.

²⁶ *See, e.g., In re: Strategies for Improving Claim Clarity: Glossary Use in Defining Claim Terms, Comments of Google Inc.*, 10, submitted October 23, 2013, available at www.uspto.gov/patents/init_events/swglossary_e_google_2013oct23.pdf (accessed on August 2, 2014).

²⁷ *See id.* at 10-11.



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Supreme Court 2013-2014 IP Case Review

By Charles R. Macedo, David P. Goldberg, Sandra A. Hudak, and Michael Sebba*

INTRODUCTION

In the past term, the Supreme Court issued a historically high number of patent and other intellectual property opinions. The Amicus Brief Committee filed briefs in four of these cases.¹ Each of these briefs may have influenced the Court's decisions, which have changed the prevailing rule of law in the area addressed. Below, we summarize these cases in the order they were issued by the Court. It is likely that the Court will continue its heightened interest in intellectual property matters, as the Supreme Court has already accepted at least two intellectual property cases for next term.

***Medtronic, Inc. v. Mirowski Family Ventures, LLC*, No. 12-1128, 134 S. Ct. 843 (Jan. 22, 2014)**

Issue: Patent Law – Burden of Proof in Declaratory Judgment Actions

Question Presented:

The question presented is whether, in such a declaratory judgment action brought by a licensee under *MedImmune* [*MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007)], the licensee has the burden to prove that its products do not infringe the patent, or whether (as is the case in all other patent litigation, including other declaratory judgment actions), the patentee must prove infringement.

Medtronic, Inc. licensed a portfolio of patents from Mirowski Family Ventures, LLC. The license agreement provided that Medtronic should pay royalties when certain of its medical devices infringed the licensed patents. During the term of the license agreement, Mirowski sent Medtronic notice that it believed certain Medtronic products infringed its patents and that royalties were due. In response, Medtronic filed a declaratory judgment action to challenge whether royalties were due. Medtronic did not pay royalties during the pendency of the declaratory judgment action and instead, as permitted by the agreement, paid the royalties into an escrow account in case it lost.

The district court held that the patentee, Mirowski, had the burden of proving infringement and that Mirowski had not met that burden. *Medtronic, Inc. v. Boston Sci. Corp.*, 777 F. Supp. 2d 750, 764-70 (D. Del. 2011). However, the Federal Circuit reversed, holding that when a licensee files a declaratory judgment action, it has the burden of persuasion of proving non-infringement since the patentee could not file an infringement counterclaim. *Medtronic Inc. v. Boston Sci. Corp.*, 695 F.3d 1266, 1274 (Fed. Cir. 2012).

On *certiorari*, the Supreme Court reversed the Federal Circuit's decision and held that placing the burden of proof on the patentee, even when a licensee in good standing sues for declaratory judgment, was the

correct approach. *Medtronic, Inc. v. Mirowski Family Ventures, LLC*, 134 S. Ct. at 849 (January 22, 2014). The Supreme Court supported its decision with the following rationales:

1. A patentee ordinarily bears the burden of proving infringement. *Id.*;
2. The operation of the Declaratory Judgment Act is only procedural, leaving substantive issues like the burden of proof unchanged. *Id.*; and
3. The burden of proof is a substantive aspect of a claim. *Id.*

The Supreme Court also expressed concern that shifting the burden based on the form of the action could create uncertainty about a patent's scope. *Id.* at 849-50. It added that a licensee should not have to prove a negative—i.e., that it does not infringe. Finally, the Supreme Court indicated that if it were to shift the burden of proving non-infringement to the accused infringer when declaratory judgment actions were filed, this would create a disincentive to file declaratory judgment actions and would frustrate the purpose of the Declaratory Judgment Act: to give parties facing threats of litigation a way to proactively assert their rights and clear their risks. *Id.* at 850-51.

***Lexmark Int'l, Inc. v. Static Control Components, Inc.*, No. 12-873, 134 S. Ct. 1377 (Mar. 25, 2014)**

Issue: Trademark Law – Standing

Question Presented:

Whether the appropriate analytic framework for determining a party's standing to maintain an action for false advertising under the Lanham Act is (1) the factors set forth in *Associated Gen. Contractors of Cal., Inc. v. Cal. State Council of Carpenters*, 459 U.S. 519, 537-45 (1983), as adopted by the Third, Fifth, Eighth, and Eleventh Circuits; (2) the categorical test, permitting suits only by an actual competitor, employed by the Seventh, Ninth, and Tenth Circuits; or (3) a version of the more expansive "reasonable interest" test, either as applied by the Sixth Circuit in this case or as applied by the Second Circuit in prior cases.

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Lexmark and Static Control have been locked in litigation since 2002, when Lexmark accused Static Control of intellectual property infringement and violation of the Digital Millennium Copyright Act by selling microchips used to refill and renew Lexmark's toner cartridges. Static Control countersued Lexmark on claims, including false advertising, alleging that Lexmark falsely told customers that Static Control's products infringed Lexmark's intellectual property.

The trial court dismissed Static Control's counterclaims, concluding that Static Control lacked standing, but the Court of Appeals for the Sixth Circuit reinstated the Lanham Act claims. *See Static Control Components, Inc. v. Lexmark Int'l, Inc.*, Nos. 02-571, 04-84, 2006 U.S. Dist. LEXIS 73845, at *23 (E.D. Ky. Sept. 28, 2006), *rev'd*, 697 F.3d 387, 413 (6th Cir. 2012). The Supreme Court agreed with the Court of Appeals.

The Supreme Court rejected three different tests used by the circuit courts for standing, writing, "[w]hile none of those tests is wholly without merit, we decline to adopt any of them." *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1391 (2014). Instead, the Supreme Court found that "this case presents a straightforward question of statutory interpretation" and held "that a direct application of the zone-of-interests test and the proximate-cause requirement supplies the relevant limits on who may sue." *Id.* at 1388, 1391.

The Supreme Court simply held that "[t]o invoke the Lanham Act's cause of action for false advertising, a plaintiff must plead (and ultimately prove) an injury to a commercial interest in sales or business reputation proximately caused by the defendant's misrepresentations." *Id.* at 1395. The Supreme Court concluded that "Static Control ha[d] adequately pleaded both elements." *Id.*

***Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, No. 12-1184, 134 S. Ct. 1749 (Apr. 29, 2014); *Highmark Inc. v. Allcare Health Mgmt. Sys. Inc.*, No. 12-1163, 134 S. Ct. 1744 (Apr. 29, 2014)**

Issue: Patent Law – Attorney fees

Question Presented (*Octane*):

Does the Federal Circuit's promulgation of a rigid and exclusive two-part test for determining whether a case is "exceptional" under 35 U.S.C. § 285 improperly appropriate a district court's discretionary authority to award attorney fees to prevailing accused infringers in contravention of statutory intent and this Court's precedent, thereby raising the standard for accused infringers (but not patentees) to recoup fees and encouraging patent plaintiffs to bring spurious patent cases to cause competitive harm or coerce unwarranted settlements from defendants?

Question Presented (*Highmark*):

Whether a district court's exceptional-case finding under 35 U.S.C. § 285, based on its judgment that a suit is objectively baseless, is entitled to deference.

This pair of cases addressed the standard of review required to award attorney fees to the prevailing party in a patent litigation.

In April 2008, ICON Health & Fitness, Inc. filed suit against Octane Fitness, LLC in the U.S. District Court for the Central District of California. ICON alleged infringement of U.S. Patent No. 6,019,710. The case was later transferred to the District of Minnesota. Octane moved for summary judgment for noninfringement. The district court found noninfringement but refused to award attorney fees under Section 285, reasoning that Octane did not meet the standard set forth in *Brooks Furniture Mfg., Inc. v. Dutilier Int'l, Inc.*, 393 F.3d 1378, 1381 (Fed. Cir. 2005). The Federal Circuit affirmed.

In *Octane*, the Supreme Court rejected the standard established by the Federal Circuit in *Brooks Furniture* that, "[a]bsent misconduct in conduct of the litigation or in securing the patent, . . . fees 'may be imposed against the patentee only if both (1) the litigation is brought in subjective bad faith, and (2) the litigation is objectively baseless.'" *Octane*, 134 S. Ct. at 1754. The Supreme Court determined the *Brooks Furniture* standard to be "overly rigid." *Octane*, 134 S. Ct. at 1756. The Supreme Court reasoned that *Brooks Furniture* "appear[s] to render § 285 largely superfluous" because of its high standard, and rejected the requirement that entitlement to fees under Section 285 be demonstrated by "clear and convincing evidence." *Id.* at 1758.

To determine the circumstances where attorney fees should be awarded, the Supreme Court simply turned to the text of Section 285, which reads, "[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party." The Supreme Court reasoned that the ordinary meaning of "exceptional," both when Congress first enacted the statute and today, is "uncommon," "rare," or "not ordinary." *Id.* at 1756. Therefore, the Supreme Court held "that an 'exceptional' case is simply one that stands out from others with respect to the substantive strength of a party's litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated." *Id.* The "[d]istrict courts may determine whether a case is 'exceptional' in the case-by-case exercise of their discretion, considering the totality of the circumstances." *Id.*

The Supreme Court reversed the Federal Circuit's application of a two-part test to determine whether a case was "exceptional" under Section 285

and replaced it with a factor analysis. The factors to consider include “frivolousness, motivation, objective unreasonableness (both in the factual and legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence.” *Id.* at 1756 n.6.

In the other case, in 2003, Highmark, Inc. filed suit against Allcare Health Management System, Inc. in the U.S. District Court for the Northern District of Texas. Highmark sought a declaratory judgment that Allcare’s U.S. Patent No. 5,301,105 was invalid and not infringed. Allcare counterclaimed alleging infringement. The district court found noninfringement, and the Federal Circuit affirmed. The district court also granted attorney fees under Section 285. The Federal Circuit affirmed in part and reversed in part and, in doing so, applied a *de novo* standard of review.

In *Highmark*, the Supreme Court relied on and built upon its decision in *Octane* to find “that an appellate court should review all aspects of a district court’s § 285 determination for abuse of discretion,” which gives greater deference to the district court, instead of conducting a *de novo* review. *Highmark*, 134 S. Ct. at 1747.

The NYIPLA submitted identical amicus briefs in *Octane* and *Highmark*, in support of neither party. See <http://www.nyipla.org/images/nyipla/Documents/Amicus%20Briefs/HighmarkvAllcare12-1163.pdf>.

***Petrella v. Metro-Goldwyn-Mayer, Inc.*,
No. 12-1315, 134 S. Ct. 1962 (May 19, 2014)**

Issue: Copyright Law – Laches

Question Presented:

Whether the nonstatutory defense of laches is available without restriction to bar all remedies for civil copyright claims filed within the three-year statute of limitations prescribed by Congress, 17 U.S.C. § 507(b).

Frank Petrella wrote and registered the screenplay for *Raging Bull* in 1963. After MGM acquired the motion picture rights to the screenplay and released the movie in 1980, Mr. Petrella died, and his copyright renewal rights reverted to his daughter Paula Petrella. In 1991, Ms. Petrella renewed the copyright of the screenplay and, in 1998, contacted MGM regarding its alleged infringement.

In 2009, Ms. Petrella brought suit against MGM, alleging infringement of the copyrighted screenplay. Recognizing the three-year statute of limitations under the Copyright Act, Petrella sought damages only for acts of infringement occurring since the three-year window began in 2006. Under the theory of laches, the district court found Petrella to have unreasonably delayed in bringing her claims between 1991 and 2009,

thereby prejudicing MGM. Accordingly, the district court dismissed Petrella’s complaint on summary judgment, and the U.S. Court of Appeals for the Ninth Circuit affirmed. See *Petrella v. Metro-Goldwyn-Mayer, Inc.*, No. CV 09-72-GW, slip op. at 9 (C.D. Cal. Feb. 3, 2010), *aff’d*, 695 F.3d 946, 957 (9th Cir. 2012).

Justice Ginsburg, writing for the majority, held that laches cannot be used to prevent a claim for damages brought within the Copyright Act’s three-year window provided by the statute of limitations. Justice Ginsburg tempered her holding by stating that “[i]n extraordinary circumstances, however, the consequences of a delay in commencing suit may be of sufficient magnitude to warrant, at the very outset of the litigation, curtailment of the relief equitably awardable.” *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. at 1977. While “extraordinary circumstances” were not defined, the Supreme Court suggested that the applicability of laches should be evaluated in view of the reasonableness of delay and the equity of the relief sought. For support, Justice Ginsburg pointed out that the principal application of laches is for equitable claims in which the legislature has not created a statute of limitations. *Id.* at 1973. The Supreme Court has often cautioned against using laches to bar legal relief. *Id.* As the Supreme Court found that the defense of laches was invalid in this instance, it remanded the case for further proceedings to determine the length and reason for Petrella’s delay, and bases for MGM’s reliance upon it.

The Supreme Court notably distinguished the Copyright Act at issue in this case from other intellectual property legislation, including trademark and patent laws. *Id.* at 1974 n.15.

Significantly, three Justices dissented. Justice Breyer, writing for the dissent, deemed that the laches defense should be applied here when the plaintiff had waited eighteen years to bring suit. Furthermore, the dissent postulated that the majority’s ruling will allow a plaintiff to wait until a defendant’s profit turns positive, then bring suit “every three years thereafter until the copyright expires.” *Id.* at 1981. Justice Breyer explained that the doctrine of laches plays a small but important role in copyright law and should be applied when necessary to achieve more equitable results. *Id.* at 1985-86.

***Nautilus, Inc. v. Biosig Instruments, Inc.*, No.
13-369, 134 S. Ct. 2120 (June 2, 2014)**

Issue: Patent Law – Definiteness

Questions Presented:

1. Does the Federal Circuit’s acceptance of ambiguous patent claims with multiple reasonable interpretations—so long as the ambiguity is not “insoluble” by a court—defeat the statutory requirement of particular and distinct patent claiming?

cont. on page 30

2. Does the presumption of validity dilute the requirement of particular and distinct patent claiming?

This dispute originated when StairMaster Sports Medical Products, Inc., which was later acquired by Nautilus, Inc., began selling exercise machines containing technology concerning a heart-rate monitor allegedly covered by a patent that was assigned to Biosig Instruments, Inc.

In 2004, Biosig brought a patent infringement suit against Nautilus in the U.S. District Court for the Southern District of New York. In a subsequent reinstitution of this lawsuit, Nautilus moved for summary judgment and argued that the claim term at issue, “spaced relationship,” did not satisfy the definiteness requirement under Section 112, ¶ 2. This provision requires a patent specification to “conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as [the] invention.” 35 U.S.C. § 112, ¶ 2 (2011). The district court granted the motion and concluded that the term was indefinite because no information was provided to define the term. *Biosig Instruments, Inc. v. Nautilus Group, Inc.*, No. 10-cv-7722 (S.D.N.Y. Feb. 22, 2012), Dkt. No. 58, Summary Judgment Hearing Transcript at 51:21-52:2.

The Federal Circuit reversed the district court’s decision, stating “[a] claim is indefinite only when it is ‘not amenable to construction’ or ‘insolubly ambiguous.’” *Biosig Instruments, Inc. v. Nautilus, Inc.*, 715 F.3d 891, 898 (Fed. Cir. 2013) (citation omitted). The Federal Circuit looked at the intrinsic evidence surrounding the claim limitation and determined that, since there were inherent parameters that allowed a skilled artisan to understand the bounds of the “spaced relationship,” the claim was definite. *Id.* at 899.

The Supreme Court, in an opinion penned by Justice Ginsburg, held that the Federal Circuit’s “insolubly ambiguous” standard does not satisfy the Section 112, ¶ 2 definiteness requirement. *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. at 2124. The Supreme Court reasoned that the statutory requirement involves a “delicate balance” between accepting indefiniteness as an inherent limitation of language, and requiring precision in describing a patent’s boundaries. *Id.* at 2128-29. According to the Supreme Court, the Federal Circuit had set an impermissibly high bar for evaluating indefiniteness because, under the Federal Circuit standard, a claim is indefinite only when it is “insolubly ambiguous” and has no ascribable meaning. *Id.* at 2130. The application of this standard “would diminish the definiteness requirement’s public-notice function and foster the innovation-discouraging ‘zone of uncertainty.’” *Id.* (citation omitted).

In place of the “insolubly ambiguous” standard, the Supreme Court clarified that “a patent is invalid for indefiniteness if its claims, read in light of the specification delineating the patent, and the prosecution history, fail to inform, with **reasonable certainty**, those skilled in the art about the scope of the invention.” *Id.* at 2124 (emphasis added). Under this new requirement, a claim is vague if it does not inform those skilled in the art of the scope of the invention with “reasonable certainty.”

The Supreme Court remanded the case to the Federal Circuit for further proceedings consistent with its decision.

***Limelight Networks, Inc. v. Akamai Tech., Inc.*, No. 12-786, 134 S. Ct. 2111 (June 2, 2014)**

Issue: Patent Law – Divided Infringement

Question Presented:

Whether the Federal Circuit erred in holding that a defendant may be held liable for inducing patent infringement under 35 U.S.C. § 271(b) even though no one has committed direct infringement under § 271(a).

Akamai Technologies, Inc. is the sole licensee of U.S. Patent No. 6,108,703. The patent protects a method for delivering electronic data using a content delivery network. One step of the method includes designating components to be stored on specific servers or “tagging” the components. Limelight Networks, Inc. provides a similar service, also delivering electronic data via a content delivery network. Limelight requires its customers to tag the components they intend to store, rather than doing the tagging itself. Limelight does, however, perform the other steps required by the method claim.

In *Limelight Networks, Inc. v. Akamai Technologies, Inc.* (“*Limelight*”), a unanimous Court (per Justice Alito) ruled that a party cannot be held liable for inducing patent infringement when no direct infringement has occurred. *Limelight*, 134 S. Ct. at 2115. The Supreme Court began its opinion with the simple proposition that “our case law leaves no doubt that inducement liability may arise ‘if, but only if, [there is] . . . direct infringement.’” *Id.* at 2117 (quoting *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 341 (1961)). Thus, the Supreme Court in *Limelight* found that once the Federal Circuit concluded that there was no direct infringement, under its precedent, there could be no induced infringement under 35 U.S.C. § 271(b).

Significantly, the Supreme Court assumed for purposes of its analysis that the Federal Circuit’s ruling in *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318, 1329 (Fed. Cir. 2008), i.e., that a single party must perform all elements of the protected method, or exercise “control or direction” over the entire process

for there to be infringement, was applicable. However, the Supreme Court expressly did not address whether this rule of law was correct and left room for the Federal Circuit to reconsider the rule, if appropriate, on remand. *Limelight*, 134 S. Ct. at 2120. Akamai had requested that the Supreme Court review the Section 271(a) standard from *Muniauction*, both in a separate petition and in responding to *Limelight*'s petition, but the Supreme Court decided not to grant *certiorari* on that issue in its June 5, 2014 conference.

***POM Wonderful LLC v. Coca-Cola Co.*,
No. 12-761, 134 S. Ct. 2228 (June 12, 2014)**

Issue: Trademark Law – Preemption

Question Presented:

Whether the court of appeals erred in holding that a private party cannot bring a Lanham Act claim challenging a product label regulated under the Food, Drug, and Cosmetic Act.

In 2008, POM Wonderful LLC sued The Coca-Cola Company (“Coca-Cola”) under the Lanham Act, alleging that Coca-Cola misleadingly labeled its pomegranate-blueberry juice blend to trick consumers into thinking that the product consisted predominantly of pomegranate and blueberry juice when it consisted primarily of less expensive apple and grape juices. *POM Wonderful*, 134 S. Ct. at 2235. That confusion, POM complained, caused it to lose sales on its more expensive pomegranate juice products. Coca-Cola argued that it was in full compliance with the FDA labeling rules and that the Lanham Act claim was pre-empted by the labeling rules. *Id.* at 2239.

Justice Kennedy, writing for the Court, stated that the Coca-Cola blend contained a “minuscule amount of pomegranate and blueberry juice,” and specifically noted that the blend was made up of “99.4% apple and grape juices, 0.3% pomegranate juice, 0.2% blueberry juice, and 0.1% raspberry juice.” *Id.* at 2235.

However, the legal issue under consideration was not the misleading nature of the label, but rather the interplay between two federal laws—the Federal Food, Drug and Cosmetic Act (“FDCA”) and the Lanham Act. *Id.* at 2233. The FDCA forbids the misbranding of food by means of false or misleading labeling, while Section 43 of the Lanham Act allows one competitor to sue another if it alleges unfair competition arising from false or misleading product descriptions. *Id.* at 2233-35. Coca-Cola argued that an amendment to the FDCA preempted state and federal law, narrowed the scope of the Lanham Act, and barred competitors from bringing mislabeling claims. *Id.* at 2239-40. Previously, the Court of Appeals for the

Ninth Circuit found for Coca-Cola and held that no matter how misleading Coca-Cola’s marketing was, POM’s false advertising claims were pre-empted by the FDCA. See *POM Wonderful LLC v. Coca-Cola Co.*, 679 F.3d 1170, 1178 (9th Cir. 2012).

The Supreme Court, unconvinced by Coca-Cola’s argument that compliance with FDA labeling rules should somehow shield companies from federal mislabeling claims, held that the FDCA does not preclude a competitor from suing under the Lanham Act based on false or misleading claims. *Id.* at 2241. Justice Kennedy wrote that the FDCA and the Lanham Act complement each other in the regulation of misleading labels and “it would show disregard for the congressional design to hold that Congress nonetheless intended one federal statute to preclude the operation of the other.” *Id.* at 2238. He further wrote that the FDA “does not have the same perspective or expertise in assessing market dynamics that day-to-day competitors possess” and “Lanham Act suits draw upon this market expertise by empowering private parties to sue competitors to protect their interests on a case-by-case basis.” *Id.* “Their awareness of unfair competition practices may be far more immediate and accurate than that of agency rulemakers and regulators.” *Id.* As a result, the Supreme Court allowed POM to proceed with its case, reversing the judgment of the Court of Appeals for the Ninth Circuit and remanding the case for further proceedings consistent with its opinion. Justice Breyer did not participate in the case.

***Alice Corp Pty. Ltd. v. CLS Bank Int’l*,
No. 13-298, 134 S. Ct. 2347 (June 19, 2014)**

Issue: Patent Law – Subject Matter Eligibility

Question Presented:

Whether claims to computer-implemented inventions—including claims to systems and machines, processes, and items of manufacture—are directed to patent-eligible subject matter within the meaning of 35 U.S.C. § 101 as interpreted by this Court.

Alice Corporation Pty. Ltd. (“Alice”) owns patents on methods for risk analysis software. CLS Bank International was using programs that performed the same methods and sued for a declaratory judgment that Alice’s patent claims were unenforceable, not infringed, or ineligible because they were directed to the abstract idea of risk analysis. In light of the Supreme Court’s decision in *Bilski v. Kappos*, 561 U.S. 593 (2010), the parties filed cross-motions for summary judgment regarding the patent eligibility of the asserted claims. The district court held the claims to be patent ineligible. *CLS Bank Int’l v. Alice Corp. Pty. Ltd.*, 768

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F. Supp. 2d 221, 255-56 (D.D.C. 2011). The Court of Appeals for the Federal Circuit initially reversed the district court's ruling, but, in a sharply divided *en banc* rehearing, affirmed the district court's ruling. See *CLS Bank Int'l v. Alice Corp. Pty. Ltd.*, 685 F.3d 1341, 1356 (Fed. Cir. 2012), *rev'd en banc*, 717 F.3d 1269, 1292 (Fed. Cir. 2013).

In a unanimous decision written by Justice Thomas, the Supreme Court found the particular computer-implemented claims at issue to be invalid under Section 101 since they were merely drawn to a patent-ineligible abstract idea and did not contain enough "something" more to make them patent eligible. *Alice*, 134 S. Ct. at 2359-60. The Supreme Court found that the introduction of a computer into the claims did not by itself alter the abstract nature of the claims. As the Supreme Court summarized from its previous opinions on patent eligibility, "[t]he mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention." *Id.* at 2358.

The Court explained that in conducting a patent-eligibility analysis, a court "must distinguish between patents that claim the building blocks of human ingenuity and those that integrate the building blocks into something more" so that they **do not pre-empt** the use of the underlying abstract ideas. *Id.* at 2354 (internal citations, quotation marks, and brackets omitted). The Supreme Court described the patent-eligibility analysis under Section 101 as distinguishing between claims that seek to preempt fundamental principles, such as "laws of nature, natural phenomena, and abstract ideas" (which are not in and of themselves patent eligible), and claims that are "patent-eligible **applications** of those concepts." *Id.* at 2355 (emphasis added). In addressing this query, the Supreme Court adopted the two-step approach set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S. Ct. 1289 (2012), as follows:

First, we determine whether the claims at issue are directed to one of those patent-ineligible concepts. If so, we then ask, "[w]hat else is there in the claims before us?" To answer that question, we consider the elements of each claim both individually and "as an ordered combination" to determine whether the additional elements "transform the nature of the claim" into a patent-eligible application. We have described step two of this analysis as a search for an "inventive concept"—*i.e.*, an element or combination of elements that is "sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself."

Alice, 134 S. Ct. at 2355 (internal citations omitted).

As such, the Supreme Court recognized that the mere addition of a computer to a claim directed to an abstract idea is not enough by itself to make the claim patent eligible. Significantly, the Supreme Court did not adopt a view that all computer-implemented inventions or methods of doing business claims are *per se* not patent eligible. Of course, claims which do not pre-empt the abstract idea should continue to be patent eligible.

The NYIPLA submitted several amicus briefs in this case, including a brief to the Supreme Court on the merits in support of neither party. See http://www.nyipla.org/images/nyipla/Documents/Amicus%20Briefs/AliceCorpVCLNo13-298_251738.pdf.

***American Broadcasting Companies, Inc. v. Aereo, Inc.*, No. 13-461, 134 S. Ct. 2498 (June 25, 2014)**

Issue: Copyright Law – Public Performance

Question Presented:

Whether a company "publicly performs" a copyrighted television program when it retransmits a broadcast of that program to thousands of paid subscribers over the Internet.

Copyright holders sued Aereo, Inc. for infringing their exclusive right to "publicly perform" their copyrighted works, and sought a preliminary injunction. The U.S. District Court for the Southern District of New York denied the preliminary injunction, and the U.S. Court of Appeals for the Second Circuit affirmed, relying on its precedent set forth in *Cartoon Network LP v. CSC Holdings, Inc.*, 536 F.3d 121 (2d Cir. 2008) ("*Cablevision*"). See *WNET v. Aereo, Inc.*, 712 F.3d 676 (2d Cir. 2013). In *Cablevision*, the Second Circuit had held that *Cablevision's* remote storage digital video recorder system did not infringe copyright holders' public performance right. 536 F.3d at 140.

Aereo's competitor, FilmOnX, formerly known as "Aereokiller," and also formerly known as "Barry-Driller," was unable to replicate the success that Aereo found in the Second Circuit. The U.S. District Court for the Central District of California issued an injunction barring FilmOnX from using similar technology to re-broadcast copyrighted television programs throughout the Ninth Circuit. *Fox TV Stations, Inc. v. Aereokiller, LLC*, 915 F. Supp. 2d 1138, 1151 (C.D. Cal. 2012). The U.S. District Court for the District of Columbia similarly enjoined FilmOnX across the country *except* for the Second Circuit, where *Cablevision* is law. *Fox TV Stations, Inc. v. FilmOn X LLC*, 966 F. Supp. 2d 30, 52 (D.D.C. 2013).

Both the petitioners and the respondent, in light of the conflicting decisions, petitioned for a writ of *certiorari*, which the Supreme Court granted.

Before the Supreme Court heard oral arguments, however, the U.S. District Court for the District of Utah granted a preliminary injunction against Aereo itself, which extended to the Tenth Circuit. *Cnty. TV of Utah, LLC v. Aereo, Inc.*, No. 13-910, 2014 U.S. Dist. LEXIS 21434, at *29-30 (D. Utah Feb. 19, 2014).

In the decision penned by Justice Breyer, the majority of the Supreme Court found Aereo's service to be a "public performance" of copyrighted works in violation of the Copyright Act. *American Broadcasting Companies v. Aereo, Inc.*, 134 S. Ct. 2498, 2511 (2014) ("ABC"). The majority recognized that Aereo does more than merely supply equipment that allows others to "perform," rather Aereo itself "perform[s]." *Id.* at 2506. The majority analogized Aereo's activities to those of the cable companies in *Fortnightly* and *Teleprompter* in which it distinguished between broadcasters and viewers in regard to performing. *See Fortnightly Corp. v. United Artists Television, Inc.*, 392 U.S. 390 (1968); *Teleprompter Corp. v. Columbia Broadcasting System, Inc.*, 415 U.S. 394 (1974). Specifically, the majority stated that Aereo uses its own equipment, located outside of its subscribers' homes, to carry programs to viewers via private channels. *ABC*, 134 S. Ct. at 2506. The fact that subscribers "'selec[t] the copyrighted content' that is 'perform[ed]'" was of no consequence to the majority. *Id.* at 2507 (quoting dissent of Scalia, J.).

The majority further held that Aereo "performs" the copyrighted works "publicly" when it streams a program over the Internet to one of its subscribers. *Id.* at 2508-09. The majority considered the fact that each transmission is to only one subscriber, but found this to be no different from that of a cable system that does perform "publicly." *Id.* at 2508. Specifically, the majority held that "whether Aereo transmits from the same or separate copies, it performs the same work; it shows the same images and makes audible the same sounds. Therefore, when Aereo streams the same television program to multiple subscribers, it 'transmit[s] . . . a performance' to all of them." *Id.* at 2509.

In an apparent attempt to counter the concern that a ruling in the broadcasters' favor would hinder cloud computing, the majority concluded by stating its belief that its decision is limited and will not "discourage or . . . control the emergence or use of different kinds of technologies." *Id.* at 2510.

Justice Scalia dissented, joined by Justices Thomas and Alito, arguing that the "claim fails at the very outset because Aereo does not 'perform' at all." *Id.* at 2512 (Scalia, J., dissenting). According to Justice Scalia, Aereo does not "perform" copyrighted works and even if it did, it would not be directly liable for copyright infringement. He analogized Aereo to "a copy shop that provides patrons with a library card." *Id.* at 2514 (Scalia, J., dissenting). Just as a

customer at a copy shop may "duplicate a famous artist's copyrighted photographs," Justice Scalia believes that "[b]ecause the shop plays no role in selecting the content, it cannot be held directly liable when a customer makes an infringing copy." *Id.* at 2513.

Justice Scalia concluded by criticizing the majority's view of the limited nature of the holding, writing that "[t]he Court vows that its ruling will not affect cloud-storage providers and cable-television systems, . . . but it cannot deliver on that promise given the imprecision of its result-driven rule." *Id.* at 2517.

The NYIPLA submitted an amicus brief in this case in support of petitioners. *See* <http://www.nyipla.org/images/nyipla/Documents/Amicus%20Briefs/AmericanBroadcastingVAereo13-461.PDF>.

(Endnotes)

* Charles R. Macedo is Co-Chair of the Amicus Brief Committee of the New York Intellectual Property Law Association, and a partner at Amster, Rothstein & Ebenstein LLP.

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The authors' practice specializes in intellectual property issues, including litigating patent, trademark and other intellectual property disputes.

¹ The cases in which the NYIPLA submitted amicus briefs are *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*; *Highmark Inc. v. Allcare Health Mgmt. Sys. Inc.*; *Alice Corp Pty. Ltd. v. CLS Bank Int'l* (two amicus briefs submitted); and *American Broadcasting Companies, Inc. v. Aereo, Inc.* The Amicus Brief Committee will continue to monitor and propose amicus curiae submissions, where appropriate, to be made to the Court(s). If you would like to join the Amicus Brief Committee, please contact Co-Chairs, Charles Macedo (cmacedo@arelaw.com), Robert Isackson (rmisackson@orrick.com) and David Ryan (dfrehawley@optonline.net).



As Time Goes By – Teaching to Learn

Those who can, do. Those who can do more, teach.

[Author Unknown]

As lawyers, our career development depends heavily on learning by teaching, be it in the form of CLE presentations before the NYIPLA or other bar associations, or in the form of mentoring newer practitioners in a corporate or law firm setting.

Our Association was at the forefront of continuing legal education long before it became fashionable, much less mandatory. The Association's recent educational and social programs for law students, summer associates, and new lawyers rank among the best offered by any bar association in the nation. One example is the NYIPLA panel discussion on "Diverse Careers in IP Law and Strategies for Achieving Success," co-hosted by the Young Lawyers and the Meetings & Forums Committees at Fordham University School of Law this spring.

This summer marked the passing of one of our Association's most influential educational luminaries, Past President Herbert F. Schwartz [1999-2000].¹ Herb is co-author of the casebook entitled *Principles of Patent Law*, and he was an adjunct professor at both the University of Pennsylvania Law School and New York University School of Law. Another co-author of that casebook is Federal Circuit Judge Pauline Newman, a past Board member of our Association.

When the opportunity for me to teach intellectual property law arose a decade-and-a-half ago, I consulted with a mentor, Larry Kastriner, who was, at the time, chief

patent counsel at Praxair, Inc. and was also in the process of completing a twenty-year stint of teaching patent law at Pace University. Larry suggested that I jump at the chance because it likely wouldn't come again, and so I did.

Not long after I started teaching at Quinnipiac University School of Law, Evelyn Sommer finished her long tenure as an adjunct professor of patent law there. I knew and respected Evelyn from the time she was a Board Member of our Association, and was honored to have a chance to step into her shoes at the school.

This fall, Quinnipiac University School of Law relocated to a new campus in North Haven, Connecticut, a campus that also is home to Quinnipiac University's new medical school launched last year. The architecture of the new law library appears to reflect a modern-day rendition of Yale Law School's law library, replete with the latest technology throughout.

Also beginning this fall, I joined the full-time faculty at Quinnipiac University School of Law, and will direct the school's IP concentration. In this role, I hope to strengthen ties between the NYIPLA and the school through educational and social programs, and student-mentoring externships. In order to facilitate this, I'd welcome your ideas and support.

With kind regards,

Dale Carlson



Dale Carlson, a retired partner at Wiggin and Dana, is "distinguished practitioner-in-residence" at Quinnipiac University School of Law, NYIPLA historian, and a Past President. His email is dlcarlson007@gmail.com.

¹ <http://www.newyorklawjournal.com/id=1202663864899/Obituary-Herbert-F-Schwartz#ixzz3B2so0BsO>.

U.S. Bar - JPO Liaison Council Meets with JPO

*By John B. Pegram & Raymond E. Farrell**

The U.S. Bar – JPO Liaison Council met with JPO Commissioner Hideo Hato and seven other JPO representatives for an all-day meeting in Washington, D.C. on June 20, 2014. The Council has met annually with the JPO for 18 years to discuss topics of interest to U.S. users and international harmonization of patent law and practice. Seventeen delegates from U.S. IP organizations participated in this year's meeting. Raymond Farrell and John Pegram represented the NYIPLA. Also attending as guest speakers were Mark R. Powell, USPTO Deputy Commissioner for International Patent Cooperation, and Hans Sauer, Deputy General Counsel for IP for the Biotechnology Industry Organization.

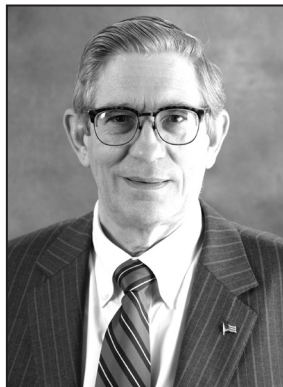
The importance of this meeting and U.S. users in the eyes of the JPO was made clear by the fact that Commissioner Hato and five of his colleagues travelled from Japan to attend. In his opening remarks, Mr. Hato described three main points for the future: (1) cost reduction for users, (2) creation of an IP strategy from a market viewpoint, and (3) collective examination of applications by the major offices. In his remarks and in response to questions, Mr. Hato explained that the JPO is taking steps to provide PCT International Search Reports to U.S. applicants at a cost comparable to the searches offered by the Korean IP Office. This initiative includes increased language training for Examiners so that applications can be examined in English. In addition to the attractive cost of the searching, the JPO examiners will have access to an ever-increasing database of Chinese and Korean prior art as well as the Japanese documents. Further, Mr. Hato noted with great pride that the JPO is ranked first in the world for the time in which it completes the searches.

Mr. Hato introduced Shintaro Takahara as the incoming Director of the International Policy Division. Mr. Takahara then presented the JPO status report. He described language barriers as the most significant challenge, and explained the steps the JPO is taking to train Examiners in English examination and to provide full-text searching of Chinese and Korean patent documents.

This includes assignment of Japanese F-term classifications to Chinese patents, and creation of dictionaries and improved accuracy of machine translation. Mr. Takahara also discussed the JPO's steps to improve the Patent Prosecution Highway systems and its proposal for formal integration of the PPH into the PCT.

Over two hours of the meeting were devoted to presentations by the JPO and U.S. delegates regarding developments relating to patentable subject matter, including software, business methods, and DNA sequences and biologics. Other presentations by the JPO included an explanation of its Quality Management System; an explanation of invalidity trials and the new opposition procedures; a discussion of the revised guidelines for written description, clarity, and sufficiency of disclosure; and an explanation of the steps being taken by the JPO in response to a high level of reversals by the IP High Court. Mr. Powell gave the lunchtime presentation apprising both delegations of the status of the Global Dossier project which the USPTO and the JPO were instrumental in initiating. The meeting concluded with a presentation on new cases before the Federal Circuit. Next year, the U.S. delegates will travel to Tokyo to meet with the JPO officials and continue the joint efforts towards evolving a more harmonious and efficient global patent system.

*John B. Pegram is a Senior Principal at Fish & Richardson P.C., a Past President of the NYIPLA, and a long-time NYIPLA delegate to the U.S. Bar – JPO Liaison Council. Raymond E. Farrell is a partner at Carter, DeLuca, Farrell & Schmidt, LLP and a member of the NYIPLA Board of Directors.



Notable Trademark Trial and Appeal Board Decisions

By Stephen J. Quigley*

(Unless noted otherwise, all decisions are precedential.)

REDSKINS is Disparaging



Six trademark registrations for REDSKINS were cancelled because the Board found at the time the registrations issued, “redskins” disparaged Native Americans.

In making this determination, the Board utilized a two-part test: 1) What is the meaning of “redskins” as it appears in the mark and as the mark is used in connection with the goods and services in the registrations? 2) Does the meaning of the mark disparage a “substantial composite” of Native Americans?

In a dissent, Judge Bergsman argued that the evidence failed to show that REDSKINS was disparaging when used in connection with football-related services at the time each of the registrations issued during the period from 1974 through 1990. This ruling, of course, does not end the controversy as an appeal to the Federal Circuit is expected.

Amanda Blackhorse, Marcus Briggs-Cloud, Philip Gover, Jillian Pappan, and Courtney Tsoitigh v. Pro-Football, Inc., 111 U.S.P.Q.2d 1080 (TTAB 2014).

Ownership Discrepancy Voids the Application

The applicant, a limited liability company with a single shareholder, was found not to be the sole owner of the FAIRWAY FOX trademark because the LLC shareholder’s business partner (the opposer in this action) had participated in all aspects of the LLC’s business, including designing the clothing and recruiting vendors. In addition, some of the documents used by the business referenced the two individuals as “founders” or “co-owners” of the business.

The Board stated that the applicant LLC and the opposer were “by any practical measure, partners, who jointly controlled the quality of FAIRWAY FOX products and who were both, together, perceived as the source of FAIRWAY FOX products.” Because the opposer was not included as an applicant, the application was void *ab initio*.

Kristin Marie Conolty d/b/a Fairway Fox Golf v. Conolty O’Connor NYC LLC, 111 U.S.P.Q.2d 1302 (TTAB 2014).

YOUR CLOUD is Merely Descriptive

Despite the existence of numerous third-party registrations for “YOUR _____” marks without

disclaimer of YOUR, the Board affirmed a Section 2(e)(1) mere descriptiveness refusal of YOUR CLOUD for cloud-computing related services.

As the common descriptive name for a computer network in which data or software is stored and accessed remotely, CLOUD is clearly descriptive. According to the Board, the applicant’s cloud storage services “provide customers with a viable alternative to capital expenditures for procuring new hardware - namely, providing, instead, infinitely scalable capacity at steadily decreasing prices.”

Even though there have been other two-word “YOUR” marks in which YOUR was not disclaimed, the Board found that the “stark immediacy” of YOUR when combined with CLOUD conveys information about applicant’s services.

In re Datapipe, Inc., 111 U.S.P.Q.2d 1330 (TTAB 2014).

A Notice of Reliance Must Specify the Corresponding *du Pont* Factor

The Board ruled that documents submitted in an opposition proceeding under a Notice of Reliance must indicate the relevance of each page by the pertinent *du Pont* factor.

In rejecting more than 600 pages, the Board stated that it “will not expend its resources guessing which pages the propounding party is relying upon, particularly when an exhibit comprises such a large number of pages. Opposer should have indicated which web page or group of web pages within each exhibit support each specific *du Pont* factor.”

The Board held that an applicant is entitled to know, prior to the testimony period, which documents allegedly support which likelihood of confusion factor. In this instance, because the defect could be remedied by the offering party as soon as it was raised by the applicant, the opposer was allowed to submit a revised Notice of Reliance.

Fujifilm SonoSite, Inc. v. Sonoscape Co., 111 U.S.P.Q.2d 1234 (TTAB 2014).

*Stephen J. Quigley is Of Counsel to Ostrolenk Faber LLP, where his practice focuses on trademark and copyright matters. He is also a member of the NYIPLA Board of Directors.



“Perspectives on Recent Patent Legislative and Supreme Court Developments” CLE Luncheon

By Jeanna Wacker

On May 20, 2014, the NYIPLA Women in IP Law Committee hosted a Continuing Legal Education (CLE) program at the Annual Meeting luncheon. The program was entitled “Perspectives on Recent Patent Legislative and Supreme Court Developments.” Jeanna Wacker from Kirkland & Ellis LLP and Sona De from Ropes & Gray LLP served as moderators. The panel of speakers included Kathryn Jones, IP Counsel at Ranbaxy Laboratories, Ltd., Betty Ryberg, Vice President of IP Litigation at Novartis Services, Inc., Marian Underweiser, IP Policy and Strategy Counsel at IBM, David Vickrey, Director of Licensing and IP litigation at Akzo



Nobel and Paula Wittmayer, Director & Senior Counsel, IP at Boehringer Ingelheim GmbH. The speakers covered a range of topics including a lengthy discussion of the then-pending patent reform legislation, how it would impact patent litigation and the impact recent Supreme Court decisions in *Octane Fitness, LLC v. ICON Health & Fitness, Inc.* and *Highmark v. Allcare Health Management System, Inc.* could have on the pending legislation. The speakers also discussed joint infringement and the potential impact of the Supreme Court decision in *Limelight Networks, Inc. v. Akamai Technologies, Inc.* Thank you to all of the panelists and attendees.

“Hard Issues in Soft IP - A Year in Review” CLE Workshop

By Pina Campagna and Joseph Farco

On May 20, 2014, the NYIPLA Trademark Law & Practice Committee and the NYIPLA Copyright Law & Practice Committee hosted a CLE workshop at the NYIPLA Annual Meeting which provided an update on trademark and copyright notable cases.

Pina Campagna of Carter, DeLuca, Farrell & Schmidt, LLP, Co-Chair of the NYIPLA Trademark Law & Practice Committee, introduced the trademark panelists. Anthony Fletcher and Kristen McCallion, principals of Fish & Richardson P.C., presented a summary of the U.S. Supreme Court case *POM Wonderful LLC v. Coca-Cola Company*. They also provided an update on the emerging trend in the Trademark Trial and Appeal Board (TTAB) to sustain oppositions based on lack of bona-fide intent to use the opposed mark in commerce and the TTAB requirements for documenting intent to use, as well as an update on United States Patent and Trademark Office requirements for specimens and post-registration filings.

Joseph Farco of Locke Lord LLP, Co-Chair of the NYIPLA Copyright Law &

Practice Committee, introduced the copyright panelists. Greg Allen, a Washington-based writer, filmmaker, author and exhibiting artist, and the creator of the blog greg.org, presented a summary of the landmark Second Circuit copyright case *Cariou v. Prince* (*certiorari* denied), and commented on the transformative fair use doctrine from those in the art industry. Britton Payne, an adjunct professor at Fordham University School of Law, presented a summary and comments on the U.S. Supreme Court case *American Broadcasting Cos. v. Aereo, Inc.*, and the implications of the decision on content providers.



“Mock Oral Argument Contemplating the Implications of the Revised Standard for Attorney Fees Under 35 U.S.C. § 285” CLE Workshop

By Charles R. Macedo, David P. Goldberg, and Sandra A. Hudak

On May 20, 2014, the Amicus Brief Committee sponsored a CLE presentation entitled, “Mock Oral Argument Contemplating the Implications of the Revised Standard for Attorney Fees Under 35 U.S.C. § 285,” at The Princeton Club in New York City.

Earlier in the year, the Amicus Brief Committee, with contribution from the Corporate Committee, submitted identical amicus briefs to the Supreme Court in two cases analyzing the standards for awarding attorney fees under 35 U.S.C. § 285: *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, and *Highmark Inc. v. Allcare Health Management Systems, Inc.* The briefs weighed in on the standard that should be used for deeming a case “exceptional” under that statute. The Supreme Court issued its opinions for these cases in April, changing the standard for awarding fees from a two-pronged test to a totality of the circumstances standard.

The panel enacted a mock oral argument using a hypothetical claim and two defendants: one who clearly did not infringe the claim, and another who blatantly and willfully infringed. The presentation covered the issues involved in awarding attorney fees under Section 285, under both the old and new standards.

Charles Macedo (Amster, Rothstein & Ebenstein LLP) presided over the mock argument as the judge and Sandra Hudak (Amster, Rothstein & Ebenstein LLP) served as the court clerk. The role of Plaintiff’s Counsel was split between David Leichtman (Robins, Kaplan, Miller & Ciresi LLP) and Ksenia Takhistova (Kenyon & Kenyon LLP), with David P. Goldberg (Amster, Rothstein & Ebenstein LLP) as the Plaintiff. Counsel for the noninfringing Defendant was played by Melvin C. Garner (Leason Ellis LLP), and the willfully infringing Defendant was played by Jason Grauch (LSI Corporation) with Counsel Robert M. Isackson (Orrick, Herrington & Sutcliffe LLP).



“Hot Topics in Trademark, Advertising, & Copyright” CLE Seminar

By Pina Campagna, Kathleen McCarthy, and Dyan Finguerra-DuCharme

On July 17, 2014, the NYIPLA Trademark Law & Practice Committee hosted the 2014 Half-Day CLE seminar, co-sponsored by the NYIPLA Continuing Legal Education (CLE) Committee. The program, which was held at The Princeton Club, is an annual event presented by the NYIPLA. This year’s program included advertising, privacy, publicity, and copyright topics, in addition to trademark topics.

NYIPLA President Anthony Lo Cicero provided the opening remarks with an update on upcoming programs.

Dr. John Tantillo, author, branding and marketing consultant, and former radio talk show host, delivered the keynote address. Pina Campagna of Carter, DeLuca, Farrell & Schmidt, LLP, Co-Chair of the NYIPLA Trademark Law & Practice Committee, introduced Dr. Tantillo. Dr. Tantillo spoke about the

adverse effects of “tweets and things” that go wrong in social media. Dr. Tantillo also stressed that people buy brands, not companies, and that it is important to think proactively and strategically when promoting and protecting brands.

NYIPLA Trademark Law & Practice Committee 2014-2015 Co-Chairs Pina Campagna and Dyan Finguerra-DuCharme of Pryor Cashman LLP, together with Trademark Law & Practice Committee member Siranya Rhuvattana served as moderators. In addition, CLE Committee Co-Chairs Mark H. Bloomberg of Zuber, Lawler & Del Duca LLP and Robert Rando of The Rando Law Firm together with Lisa Lu and Feikje van Rein of Robin Rolfe Resources were instrumental in developing the program.

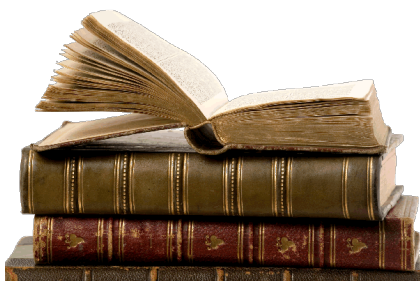
Demi Wang, Trademark Attorney and Director of the U.S. Liaison Office of NTD Patent & Trademark



Agency Ltd. (China), provided tips on advising clients on handling trademark enforcement issues in China as well as an update on how the new Chinese Trademark Law will improve IP enforcement in China.

Special Agents Erin Keegan and Jordan Brafman of Homeland Security Investigations, U.S. Immigration and Customs Enforcement, discussed how the agency conducts multi-national criminal enforcement of IP theft and violations particularly with respect to products and devices affecting consumer safety such as pharmaceuticals, defense industry products, and car parts.

ATTENTION: NYIPLA Members



If you have any NYIPLA historical records, specifically Bulletins (1967-1981), Greenbooks (prior to 1951), and Judges Dinner booklets (1973 & prior to 1971), please contact Bill Dippert at wdippert@eckertseamans.com or 1.914.286.2813.

Anthony Corleto of Wilson Elser Moskowitz Edelman & Dicker, LLP provided an update on the right of publicity laws. He discussed the nuances of federal and state claims, including California common law and statutory claims and New York statutory claims.

Boris Segalis of InfoLawGroup LLP gave an update on privacy law. Specifically, Mr. Segalis discussed behavioral advertising and big data and the present laws regulating these areas, including the first online privacy act enacted in California.

Lesley Fair of the Federal Trade Commission described recent advertising enforcement actions taken by the agency. Ms. Fair provided guidance to the audience on advising clients regarding required substantiation for ad claims, endorsement issues, green claims, dietary claims and a variety of other advertising issues. Ms. Fair's conclusion included an entertaining musical performance with interesting lyrics.

Thomas Kjellberg of Cowan Liebowitz & Latman, P.C., provided an update on copyright fair use cases, including the now settled *Cariou v. Prince* "appropriation art" case that the Second Circuit remanded to the Southern District of New York in 2013.

Robert Rando provided the closing remarks.

The NYIPLA would like to again express its gratitude to the speakers for their effort preparing and presenting their interesting and lively perspectives on some of today's hot topics, and to the attendees of the program. The NYIPLA Trademark Law & Practice Committee continues to welcome any and all comments, requests and recommendations regarding the content and timing of this annual program. In addition, the NYIPLA Trademark Law & Practice Committee will continue to accept members for the 2014-2015 year for those still interested in participating. Please contact Lisa Lu at admin@nypipla.org for Committee membership details.



Second Circuit Moot Court Argument CLE Program

By Robert Rando

The New York Intellectual Property Law Association ("NYIPLA") conducted its First Annual Moot Court Argument CLE Program for summer associates and young lawyers at the Second Circuit's Thurgood Marshall U.S. Courthouse, 40 Foley Square, New York on Thursday, July 24, 2014.

The event was kicked off by NYIPLA President-Elect, Dorothy Auth, and moderated by NYIPLA Programs Co-Chair, Robert Rando. It was a huge success. Attendees, including summer associates and practitioners from many of New York's law firms and companies, enjoyed an excellent program featuring four teams of young lawyers that were fielded by four participating law firms: Fish & Richardson P.C.; Fitzpatrick, Cella, Harper & Scinto; Goodwin Procter LLP; and Willkie Farr & Gallagher LLP.

Three outstanding Judges: The Honorable Debra A. Livingston (Circuit Judge for the U.S. Court of Appeals for the Second Circuit, Presiding); The Honorable Gerard E. Lynch (Circuit Judge for the U.S. Court of Appeals for the Second Circuit); and The Honorable Vernon S. Broderick (District Judge for the U.S. District Court for the Southern District of New York) graciously volunteered their time to sit as panel judges to hear the oral argument and share their wisdom and advice on appellate practice before the Second Circuit.

This NYIPLA event is part of Second Circuit Chief Judge Robert A. Katzmann's larger effort and goal, being spearheaded by Circuit Executive Karen Milton, to reach out to the community by hosting educational and informative programs at the Thurgood Marshall U.S. Courthouse.



2015 NYIPLA HONORABLE WILLIAM C. CONNER INTELLECTUAL PROPERTY LAW WRITING COMPETITION

Deadline: Wednesday, March 4, 2015



The Winner will receive a cash award of \$1,500.00
The Runner-up will receive a cash award of \$1,000.00

Awards to be presented on
May 19, 2015
NYIPLA Annual Meeting and Awards Dinner
at The Princeton Club of New York

The competition is open to students enrolled in a J.D. or LL.M. program (day or evening). The subject matter must be directed to one of the traditional subject areas of intellectual property, i.e., patents, trademarks, copyrights, trade secrets, unfair trade practices and antitrust. Entries must be submitted electronically by March 4, 2015 to the address provided below.

See the rules for details on
www.nyipla.org

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Minutes of May 20, 2014

MEETING OF THE BOARD OF DIRECTORS OF THE NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION

BOARD MINUTES

The Board meeting was held at The Princeton Club. President Anthony Lo Cicero called the meeting to order at 6:10 p.m. In attendance were:

Dorothy Auth	Charles Hoffmann
Garrett Brown	Denise Loring
Jessica Copeland	Matthew McFarlane
Kevin Ecker	Richard Parke
Raymond Farrell	Stephen Quigley
Walter Hanley	Peter Thurlow
Annemarie Hassett	Jeanna Wacker

Feikje van Rein was in attendance from the Association's executive office. Wanli Wu was absent and excused from the meeting. Past Association Presidents in attendance were Tom Meloro, Dale Carlson, Ed Filardi, Mel Garner, Bob Neuner and David Kane.

President Lo Cicero welcomed new Board members, (retired) Judge Garrett Brown, Peter Thurlow and Jeanna Wacker.

The Board approved the Minutes of the April 24, 2014 Board meeting.

President Lo Cicero presented the 2014/2015 Board of Directors book, which includes a calendar of events for the upcoming year. He also summarized the highlights of some of the Association's accomplishments and the creation of three new committees – the Strategic Planning Committee, Legislative Action Committee, and Law Firm Management Committee – and the merger of two existing committees, the Meetings & Forums Committee and the CLE Committee, into a single Programs Committee.

With respect to the Legislative Action Committee, Anne Hassett noted that Robert

Rando, who is involved with the Federal Bar Council, had expressed an interest in working with the Association in our efforts to provide feedback to Congress on pending legislation. The Board also discussed potential areas to be addressed by the Law Firm Management Committee, including education on law firm management, quality of life issues for lawyers, transition of lawyers from firm to corporate positions, and alternative fee structures.

Kevin Ecker reported on an April 16, 2014 meeting with the Federal Judicial Center (FJC) with respect to the Association's proposal to present a judges training program in 2015. The meeting was attended by Charles Hoffmann, Dorothy Auth and himself on behalf of the Association. The FJC representatives expressed excitement to work with us. A draft proposal has been submitted and we are awaiting approval and comments. The FJC representatives indicated that, because of its Congressional mandate, the FJC must have ultimate control over the program, although the representatives indicated that the FJC will give deference to the Association's suggested topics and input. The date for the program is yet to be determined. Dorothy Auth noted that the Association program will be at a higher level than existing patent programs, which will highlight the Association's expertise in the field.

The meeting was adjourned by President Anthony Lo Cicero at 6:32 p.m. The next Board meeting will take place on June 11, 2014 at 4:00 p.m. ■

Save the Date!
March 27, 2015

93rd Annual Dinner
in Honor of the Federal Judiciary

The Waldorf Astoria New York Hotel

Minutes of June 11, 2014

MEETING OF THE BOARD OF DIRECTORS OF THE NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION

The Board meeting was held at the offices of Amster, Rothstein & Ebenstein, LLP. President Anthony Lo Cicero called the meeting to order at 4:15 p.m. In attendance were:

Dorothy Auth	Denise Loring
Kevin Ecker	Matthew McFarlane
Walter Hanley	Richard Parke
Annemarie Hassett	Stephen Quigley
Charles Hoffmann	Jeanna Wacker

Feikje van Rein, Robin Rolfe and Lisa Lu were in attendance from the Association's executive office. Garrett Brown, Wanli Wu and Ray Farrell participated by telephone. Jessica Copeland and Peter Thurlow were absent and excused from the meeting.

The Board approved the Minutes of the May 20, 2014 Board meeting.

Treasurer Kevin Ecker reported that the Association continues to be in a strong financial position. New members have increased over last year, including students and corporate members.

President Lo Cicero reported on a request he received from Dale Carlson to be named a life member of the Association. The Board voted to approve his request. The Board also voted to make David Ryan a life member because of his substantial and continuing contributions to the Amicus Brief Committee.

Matt McFarlane reported on the activities of the Amicus Brief Committee and cases under consideration for new filings by the Association. President Lo Cicero complimented the Committee on its outstanding work.

Kevin Ecker reported on an April 16, 2014 meeting that he, Charles Hoffmann and Dorothy Auth attended with representatives of the Federal Judicial Center (FJC) with respect to the Association's proposal to present a judges training program in 2015. The program will be attended by 30 to 40 judges and will take place over a day and a half. The Association will have an opportunity to propose speakers and topics for the program, which the FJC will consider. A reception for NYIPLA members following the program is contemplated.

Richard Parke and Anne Hassett discussed a proposal by Robert Rando, Co-Chair of the Programs Committee, that the NYIPLA sponsor a moot court argument in conjunction with the Second Circuit. Four firms will be needed to provide lawyers to argue and help in preparation of a moot court argument based on *FTC v. Actavis*, involving settlement of ANDA litigation by reverse payments by a branded drug company to a generic company in exchange for agreement by the generic to stay off the market. The competition will be presided over by a panel of three Second Circuit judges. It was agreed that member firms would be encouraged to provide the needed support and attendance at the event by associates and summer clerks.

President Lo Cicero reported on correspondence he received about the creation of the new Programs Committee, which replaced the CLE and Meetings & Forums Committees. It was noted that the Association By-Laws should be considered before dissolution of the CLE and Meetings & Forums Committees, which are specifically named in the By-Laws. The Board approved motions to create the new Programs Committee, pursuant to Section 3 of the By-Laws, and to transfer duties of the CLE and Meetings & Forums Committees to the new Programs Committee, pursuant to Section 2 of the By-Laws.

President Lo Cicero noted the appointment of Judge Prost as Chief Judge of the Court of Appeals for the Federal Circuit. The Board approved preparation of a letter to Chief Judge Prost, congratulating her on her new position and offering her the assistance of the Association in the future.

The Board Committee liaisons reported on activities of various Association Committees.

The meeting was adjourned by President Lo Cicero at 5:40 p.m. The meeting was followed by a strategic planning session, attended by Strategic Planning Committee members Bruce Haas and John Moehring.

The next Board meeting will take place on July 16, 2014 at 12 noon.



NYIPLA Job Board

A perfect chance to submit job openings,
refer members to postings, and search for new opportunities
at www.nyipla.org

Minutes of July 16, 2014

MEETING OF THE BOARD OF DIRECTORS OF THE NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION

The Board meeting was held at the offices of Amster, Rothstein & Ebenstein, LLP. President Anthony Lo Cicero called the meeting to order at 12:30 p.m. In attendance were:

Dorothy Auth	Richard Parke
Garrett Brown	Stephen Quigley
Walter Hanley	Peter Thurlow
Annemarie Hassett	Jeanna Wacker
Charles Hoffmann	

Jessica Copeland, Kevin Ecker, Ray Farrell, Matthew McFarlane, and Wanli Wu participated by telephone. Denise Loring was absent and excused from the meeting. Feikje van Rein and Robin Rolfe were in attendance from the Association's executive office. Allan Blum and Anna Schaparova of Loeb & Troper attended during the auditor's report only.

The meeting began with the auditor's report for the period May 1, 2013–April 30, 2014. Allan Blum of Loeb & Troper advised that the Association's financial records are fairly stated, clear, and complete.

The Board approved the Minutes of the June 11, 2014 Board meeting.

Treasurer Kevin Ecker reported that the Association continues to be in a strong financial position and membership is increased over last year. The Board discussed the advisability of moving surplus funds from the Association's checking accounts into investment options. Dorothy Auth agreed to ask Secretary Denise Loring to recap at a future Board meeting the investigation into investment options that she made as Treasurer last year.

Richard Parke reported on the progress of plans and advance registration for the July 17 trademark program and the July 24 Second Circuit Moot Court program. Mr. Parke also discussed issues concerning a joint program with the NJIPLA and/or Seton Hall. Garrett Brown offered to reach out to contacts at Seton Hall, as provided by Ms. van Rein, to move this project forward.

Matt McFarlane reported on the activities of the Amicus Brief Committee ("ABC"). The ABC recommended, and the Board approved, that the Association prepare a brief in support of the Petition for a Writ of *Certiorari* in *MRC Innovations, Inc. v. Hunter Manufacturing, LLP*. In response to a general question from the ABC, the Board decided that the Association should not file a brief espousing a different position than the Association had taken in the past on the same issue, unless the law has changed in the interim.

The Board approved sending to the Federal Judicial Center the proposal prepared by Kevin Ecker to present a federal district court judges training program in 2015.

Charles Hoffmann reported on his meeting with representatives of Rensselaer Polytechnic Institute ("RPI") for the NYIPLA and RPI to host a joint program at RPI in late fall 2014. The proposal envisions a morning presentation geared to RPI faculty and students, and an afternoon presentation targeting the judiciary and practitioners. President Lo Cicero indicated that Amster Rothstein lawyers are interested in helping to develop the program. The Board approved Mr. Hoffmann's proposal.

Anne Hassett raised for discussion the possibility of developing a new membership category tailored to otherwise eligible persons who live and work in upstate or western New York State and cannot attend many NYIPLA functions in person.

Robin Rolfe presented a range of proposals aimed to expand associate-focused social events, networking, and programming in conjunction with the annual Judges Dinner. Anne Hassett offered to have the Young Lawyers Committee consider these proposals and provide a response.

Anne Hassett made a brief report on the beginning activities of the Legislative Action Committee.

Following a brief executive session, the meeting adjourned at 2:55 p.m.

The next Board meeting will take place on September 9, 2014 at 5:30 p.m.



NYIPLA

NEW MEMBERS

Last Name	First Name	Firm/Company/School	Membership Type	State
Albert	Julie Beth	Baker Botts LLP	Active 3-	New York
Allen	Andrew J.	Vinson and Elkins LLP	Active 3+	New York
Antar	Stacey	Ortho Clinical Diagnostics	Corporate	New Jersey
Apgar	Daniel Arthur	Fitzpatrick, Cella, Harper & Scinto	Active 3-	New York
Araj	Elana B.	Cooper & Dunham LLP	Active 3-	New York
Bayne	Laura	Fitzpatrick, Cella, Harper & Scinto	Active 3-	New York
Bernstein	Steven	Goodwin Procter LLP	Active 3-	New York
Breen	James	Fordham University School of Law	Student	Connecticut
Carlson	Alison	Dentons	Active 3+	New York
Carman	Derrick	IBM Corporation	Corporate	New York
Carrano	Cono A.	Akin Gump Strauss Hauer & Feld LLP	Active 3+	New York
Cevasco	Deanne	Ropes & Gray LLP	Active 3+	New York
Chacon	Megan A.	Fitzpatrick, Cella, Harper & Scinto	Active 3-	New York

cont. on page 44



NEW MEMBERS CONT.

Last Name	First Name	Firm/Company/School	Membership Type	State
Chaudry	Samia	Cadwalader, Wickersham & Taft LLP	Active 3-	New York
Chong	Siew Yen	Fitzpatrick, Cella, Harper & Scinto	Active 3+	New York
Cohen	Stephanie	McCarter & English, LLP	Active 3+	New York
Crudo	Richard	Wilmer Cutler Pickering Hale and Dorr LLP	Active 3+	New York
DeCarlo	James	Greenberg Traurig, LLP	Active 3+	New Jersey
Garrett	Zachary	Fitzpatrick, Cella, Harper & Scinto	Active 3-	New York
Ger	Victoria	Neil Weinrib & Associates	Active 3-	New York
Green	Reza	Novo Nordisk	Corporate	New Jersey
Hedvat	Shannon	Kramer Levin Naftalis & Frankel LLP	Active 3-	New York
Higgins	Christopher	Orrick Herrington & Sutcliffe LLP	Active 3+	New York
Hinkson	Jane	Orrick Herrington & Sutcliffe LLP	Active 3+	New York
Jain	Reena	Amster, Rothstein & Ebenstein LLP	Active 3+	New York
Jones	Kathryn Anne	Ranbaxy Inc.	Corporate	New Jersey
Keith	Jason A.	Cooper & Dunham LLP	Active 3-	New York
Keith	Lisa	Davis Wright Tremaine LLP	Active 3+	New York
Kenny	John R.	Kenyon & Kenyon LLP	Active 3+	New York
Kolcun	Michael	Robins, Kaplan, Miller & Ciresi LLP	Active 3-	New York
Lecomte	Linda Shudy	Kenyon & Kenyon LLP	Active 3+	New York
Lehr	Matthew	Davis Polk & Wardwell LLP	Associate	California
Lei	Alex	Kenyon & Kenyon LLP	Active 3+	New York
Lewis	Mord Michael	Stroock & Stroock & Lavan LLP	Active 3+	New York
LiCalsi	Paul	Robins, Kaplan, Miller & Ciresi LLP	Active 3+	New York
Llewellyn	Paul C.	Kaye Scholer LLP	Active 3+	New York
Lucas	Jan	Carter, DeLuca, Farrell & Schmidt LLP	Active 3-	New York
Martinez	Christina	Kramer Levin Naftalis & Frankel LLP	Active 3+	New York
McKinley	Danielle	John Marshall Law School	Student	Indiana
Monsen	Alyssa	Fitzpatrick, Cella, Harper & Scinto	Active 3-	New York
Nevins	Kristin Mazany	Offit Kurman	Associate	Pennsylvania
Nunez	Maria C.	Cooper & Dunham LLP	Active 3-	New York
Ovorkis	Taly	Greenberg Traurig, LLP	Active 3+	New York
Park	Eunhee	Scully, Scott, Murphy & Presser PC	Active 3+	New York
Rajan	Sonsy	Carter, DeLuca, Farrell & Schmidt LLP	Active 3-	New York
Rollor	Claire	Kenyon & Kenyon LLP	Active 3-	New York
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