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Are Registrars the Modern Cybersquatters?: Investigating Contributory Liability Under the ACPA

By Jane W. Wise*

I. Introduction

In January 2012, The Internet Corporation For Assigned Names and Numbers (ICANN) opened the application process for registration of new generic top-level domain names (gTLDs). When it announced the planned expansion, the launch was met with mixed anticipation and approbation. The increase in online use made growth necessary, but rightsholders in particular were uneasy about the means that ICANN might use to implement the expansion. As a result, ICANN held open forums for public input, which resulted in the creation of a trademark clearinghouse (TMCH), among other safeguards for rightsholders. The TMCH principally protects rightsholders against innocent registrants, who might not have performed a trademark search. The TMCH also provides services for registered trademark owners to help prevent cybersquatters from registering domain names that would infringe their rights. In protecting against cybersquatters, the best that can be said of the TMCH's email notification system is that it provides evidence of notice to the cybersquatter that any registration would be a violation of trademark law. As these new gTLDs launch, rights owners are faced with a dilemma similar to the one they faced when Congress passed the Anticybersquatting Consumer Protection Act (ACPA) in 1999.

This article examines whether the ACPA is adequately positioned to handle the increased potential for cyberpiracy that comes with online expansion and how the modern role of registrars should alter how courts analyze cybersquatting. Part II discusses the passage of the ACPA, and how the roles of registrars, registrants, and online auctions have changed the nature of Internet use. Additionally, this part describes the services offered by modern registrars and how these services allow cybersquatters to flourish. Part III analyzes three interconnected issues. First, it examines a split in authority created by the recent holding in *Petroliam Nasional Berhad ["Petronas"] v. GoDaddy.com, Inc.*,[1] which expressly rejected contributory liability as a cause of action under the ACPA. Second, Part III argues that an earlier California decision, *Academy of Motion Picture Arts & Sciences v. GoDaddy.com, Inc.*,[2] treats the concept of

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PRESIDENT'S CORNER

November 2014

With the midterm elections behind us and the upcoming change from Democratic to Republican control of the U.S. Senate, it is widely anticipated that patent reform legislation will again move to the forefront when the 114th Congress takes office in January of next year. Because any such legislation would be of paramount importance to the Association's members, we will be taking an active role in monitoring, understanding, communicating about, and potentially influencing that legislation. Toward that end, the Association has engaged a government relations firm to assist us in navigating the halls of Congress. Check this space for developments.

Also on the legislative front, the Senate will soon be holding hearings on President Obama's nomination of Michelle Lee to be the permanent Director of the U.S. Patent and Trademark Office. We will be monitoring these hearings as well.

Continuing the theme of seeking to influence events of importance to Association members, the Amicus Brief Committee has spearheaded the preparation and filing of five amicus briefs with the Supreme Court over the past 12 months. These briefs—in *Alice Corp. Pty. Ltd. v. CLS Bank International*; *Highmark Inc. v. Allcare Health Management Systems, Inc.*; *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*; *American Broadcasting Companies, Inc. v. Aereo, Inc.*; and *B&B Hardware, Inc. v. Hargis Industries, Inc.*—expressed the Association's viewpoints and hopefully have made an impact on the judges and justices to whom they were directed. The Committee continues to monitor significant developments in IP litigation and to recommend to the Board the preparation of amicus briefs as warranted.

On another subject, the Association has been contacted by the Secretary General of WIPO to offer its ideas on WIPO operations. WIPO administers the Patent Cooperation Treaty, the Madrid Protocol for trademarks, and the Hague System for the International Registration of Industrial Designs and is the leading provider of dispute resolution services for Uniform Domain-Name Dispute-Resolution Policy proceedings. We will certainly take this opportunity to engage an entity with such an important influence on intellectual property issues throughout the world.

The Association has maintained its commitment to promote and sponsor a wide variety of events for the benefit of its members. In October alone, the Association conducted a program on Diverse Careers in IP Law and Strategies for Achieving Success, the Young Lawyers Committee sponsored a program on taking and defending depositions, and the Patent Litigation Committee was able to host four former clerks from active patent venues (the Eastern District of Texas and the Eastern District of Virginia) to present their unique perspectives on patent litigation.

In November the Association continued to hold valuable professional events. We sponsored a program on The Nuts and Bolts of Starting and Running an IP Practice. Moreover, on November 20 we held our signature One-Day Patent CLE Seminar. We are pleased that we secured Chief Judge Jerome B. Simandle of the District of New Jersey as the keynote speaker for the CLE Seminar.

Another event of a more social nature was the Past Presidents Dinner in October, at which the Board hosted past presidents of the Association. This event, which has been an annual fixture for many years, provides an opportunity for us to continue to thank past presidents for their invaluable service to the Association.

As President, I certainly look forward to the continued participation of all Association members as we move forward in these interesting and challenging times for intellectual property lawyers.

Anthony Lo Cicero

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"bad faith" more appropriately. Finally, Part III analyzes how the pressure of the gTLD expansion creates a need to modernize the ACPA by further amendment to protect the rights of trademark owners. Finally, this article recommends amending the ACPA to provide a cause of action for contributory liability in cases where the registrar knew or should have known that the registrant intended to leverage the domain for sale or to confuse the public by suggesting an affiliation with the trademark owner.

II. The ACPA

Congress passed the ACPA in 1999 in response to the registration of domains for the purpose of offering the domain for sale.[3] At that time, Congress was disturbed by the growing industry of cyberpiracy designed to deceive the public.[4] Additionally, much of the testimony given by trademark owners when Congress passed the ACPA indicated that well-known and famous mark owners were especially vulnerable.[5] Although Congress had already passed the Trademark Dilution Act of 1995 to prevent the subtle chipping away of the uniqueness of a famous brand, well-known brands were particularly susceptible to attack online because the dilution law did not provide enough deterrence to prevent cyberpiracy.[6] Often the identity of the registrant was difficult to determine, and foreign cybersquatters created problems with establishing *in personam* jurisdiction.[7] Consequently, claims for dilution by a domain name were particularly difficult because the dilution law did not provide for *in rem* jurisdiction.[8] The ACPA filled this gap by allowing rightsholders to sue *in rem*, i.e., against a group of domain names rather than the registrant.[9]

The purpose of the ACPA was to allow the growth of the Internet in a way that would safeguard consumers.[10] Consequently, Congress specifically limited the liability of registrars.[11] The limitation on liability, in part, derives from the fact that registrars historically served a single purpose: to register domain names. The ACPA codified the holdings in existing case law that had held registrars not liable for the bad-faith actions of their registrants.[12] The ACPA marked a giant leap forward in the treatment of an ethereal domain name as a property interest.[13]

Fast-forward fifteen years, and the terrain of the Internet has been dramatically transformed.[14] Recent trends in "domain name monetization" have changed the role of registrars. When the ACPA was enacted, registrars only registered domain names to registrants. Registrars no longer play the singular role of maintenance provider. Modern registrars have moved out of the IT department and now share territory with the marketing department.[15] For example, the ICANN Registrar Accreditation Agreement requires registrars to maintain a WHOIS database that records accurate information on individuals who register domain names.[16] As part of the marketing services that domain registrars offer, modern registrars offer privacy services to help protect the identity of their clients by placing pseudonymous information in the WHOIS database.[17] Registrars' privacy services exacerbate the problem of the limited control that ICANN is able to assert over the actions of registrants.[18]

In addition to the privacy services, many registrars have adopted alternate strategies to augment their revenue streams. The first strategy is to combine an auction function with the registrar services. By becoming an auction site, registrars allow registrants to sell domain names without oversight or policing from the registrar, despite the fact that both the seller and the purchaser may have illegitimate plans for the domain. In a recent search through online domain auctions hosted by registrars, one can find the same famous marks available at auction that Congress initially cited as flagrant trademark violations in 1999 (see the Table below).[19] Registrars do not profit directly from these sales, but do generate revenue through fees.

Registrar's Auction	Registered Mark	Domain Name	Listed Sale Price
GoDaddy.com	Google	googlerepairs.com	$85,000
GoDaddy.com	Porsche	porscheluv.com	$50,000
Sedo.com	General Motors	Generalmotors.net	$599
Sedo.com	Burger King	Burgersking.com	"Make an Offer"
Network Solutions	Volvo	Volvosqe.com	$2,433
Network Solutions	McDonald's	Mcdonaldsrejects.com	$4,750

Similarly, registrars work in concert with online advertisers to monetize blank webpages. Advertising services, known as "parked pages," generally create revenues on a pay-per-click basis.[20] When Internet users mistype a domain name, they often land on parked pages. Clever cyberpirates purchase domain names that will optimize those typos to ensure that the site generates the most revenue.[21] Parked pages create problems for trademark owners, in part, because

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the privacy services offered by registrars make the owner difficult to identify.

Where registrars of the early 2000s generated their revenue principally by selling domain names, the modern registrar uses marketing services, fees for privacy safeguards, and advertising to create a more diversified business model. The exponential growth of the Internet since 1999, the launch of gTLDs, and the change in the nature of the role that registrars play in the profitability of cybersquatting create an impetus to re-evaluate the effectiveness of the ACPA.

III. Analysis

There are three ways to find liability under the ACPA: (1) register a domain name; (2) use a domain name; or (3) traffic in domain names. As a threshold matter, 15 U.S.C. § 1125(d)(1)(D) imposes liability "only if that person is the domain name registrant or that registrant's authorized licensee." When a registrar merely sells a domain name to a registrant, the registrar is not acting as an owner or registrant of that domain name. Additionally, the ACPA exempts registrars from liability for registering a domain name "absent a showing of bad-faith intent to profit from such registration."[22] To prove bad faith, a plaintiff must demonstrate that the registrar did not have a reasonable belief that a registration was made lawfully or as a fair use.[23] Although courts are hesitant to adopt an absolute bar to direct infringement claims against registrars, registrars often argue that these provisions create an absolute safe harbor from liability. Additionally, because a plaintiff must demonstrate that the registrar had a bad-faith intention to profit from the use or trafficking of the mark, a plaintiff carries a heavy burden to prove that a registrar intended to use a mark in a way that was likely to confuse the public.[24]

A. Judicially Created Contributory Liability for Registrars for Registering Infringing Domain Names by Third Parties

Over the past 10 years, plaintiffs in several cases successfully argued that a registrar could be liable for contributory infringement when the registrar knew or should have known that an infringing domain name was registered to a cybersquatter.[25] These decisions stretch the bounds of the ACPA in cases in which registrars have taken an extraordinary step that indicates that they should be held liable for the actions of their registrants.[26] However, a recent Ninth Circuit decision, *Petronas v. GoDaddy.com, Inc.*,[27] creates a split in authority that shifts the momentum away from judicial decisions that patch the holes in the ACPA.

Early case law analogized the role of a registrar to a flea-market owner.[28] The court in *Solid Host, NL v. NameCheap, Inc*.[29] stated that the registrar played the role of a cyber-landlord that provided access and services for a fee such that providing registrars with blanket immunity from the ACPA would obviate the purpose of the law. It explained that although merely providing a registrant with the ability to purchase an infringing domain name would not make the registrar liable, willful blindness or knowledge that a registrant has illegally registered a domain name is sufficient to state a claim for contributory infringement. The court was persuaded by evidence that Namecheap's privacy service provided cybersquatters with an incentive to continue infringing by making it harder for trademark owners to locate the infringer. Although the privacy service alone would not have supported a claim for contributory liability, the court stated that Namecheap ignored convincing evidence that a cybersquatter had stolen a domain name and continued to safeguard the cybersquatter's identity.[30]

Similarly, in *Verizon California, Inc. v. Above.com Pty Ltd*.,[31] the court considered the additional services offered by the registrar as evidence of a bad-faith intent to allow cybersquatting. In this case, Verizon offered evidence of "hundreds of thousands of domain names" that were confusingly similar to well-known trademarks to support its allegation that Above.com was a serial cybersquatter. Verizon further demonstrated that many of these domain names were common misspellings of well-known trademarks, meant to lure users to defendant's websites and generate fees from advertising once the user had erroneously landed on defendant's sites. Through privacy services and monetization schemes, Verizon alleged that Above.com both profited from third-party cybersquatting and shielded registrants from liability.

The *Verizon* court adopted the test from *Ford Motor Co. v. GreatDomains.com, Inc.*,[32] which required a plaintiff to demonstrate that the registrar knew or should have known "that its [registrants] had no legitimate reason for having registered the disputed domain names in the first place,"[33] and that exceptional circumstances existed for the court to find contributory liability. Above.com argued that recognizing this form of liability would impose a heavy burden on "innocent registrars" to police registrants and monitor whether domain names were registered in good faith. The court rejected this argument, stating that because contributory liability would only be imposed under exceptional circumstances, the rule alleviated concerns regarding an overly-broad scope of liability.

The *Verizon* court next analyzed whether Verizon sufficiently established the elements of contributory liability. It determined that Verizon met its burden to prove registrants had no legitimate right to register the listed domains by offering evidence of 183 potentially infringing domain names, including several clear misspellings of the famous VERIZON mark (e.g., ver9izon.com).[34] Further, Verizon alleged "a myriad of facts" to support exceptional circumstances that favored recognizing contributory liability. The court stated:

> [T]he vast scope of the contributory cybersquatting aided by Defendants' privacy and monetization services reasonably suggests that Defendants should have been aware that those services were being used for cybersquatting on Verizon's famous marks. The domain names at issue are among potentially thousands of domain names that potentially infringe many famous trademarks, and Defendants' privacy service has been subject to nearly 200 UDRP complaints of cybersquatting. Coupled with the allegations that Defendants controlled and monitored cybersquatters' use of the privacy and monetization services to cybersquat on Verizon's famous marks, this widespread pattern of cybersquatting could plausibly create the "exceptional circumstances" to support contributory liability here.[35]

Under this test, the fact that the registrar offered extensive monitoring and advertising services to registrants demonstrated control over domain names and knowledge of cybersquatting activities. Additionally, the Court found that because of the repeated notification by trademark owners to Above.com, it must have been aware of the cybersquatting.[36]

In contrast, the *Petronas* court looked to the canons of construction to examine contributory liability.[37] The court stated that the restrictive language defining cybersquatting and the absence of an express provision on contributory liability indicates that Congress expressly intended to exclude contributory liability as a form of relief under the Act.[38] Further, the court cited the legislative history as evidence that Congress meant to shield registrars from liability in favor of encouraging progress.[39] With this holding, the *Petronas* court explicitly overturned several California district court decisions, which had previously granted limited exceptions where the registrar had been complicit in the cyberpiracy.

In *Petronas*, the Ninth Circuit put improper emphasis on the ACPA definition of cyberpirate. The court emphasized the importance of the canons of construction and the fact that Congress had an opportunity to explicitly include contributory liability,[40] rather than considering the circumstances surrounding that legislative history.

Although the court correctly states that Congress had the opportunity and the impetus to include contributory liability explicitly in the ACPA given the availability of the cause of action under traditional trademark law, this explanation ignores the purpose of the ACPA when it was passed in 1999. At that point, registrars performed a very limited function, and Congress feared abuse more from registrants than from the registrars. As a result, Congress declined to expressly recognize contributory liability for fear that registrars would be placed in jeopardy if exposed to the same financial liability as cyberpirates.

For modern registrars, the same concerns do not exist. Modern registrars can seek shelter in the ACPA safe harbor for those duties that they perform in registering domain names.[41] The *Petronas* court could have resolved the case by finding that this safe harbor applied to GoDaddy's conduct, as the forwarding services at issue in the case do not rise to the level of knowledge implicated in other forms of domain name monetization. Instead, the court unnecessarily dispensed with the judicially created form of contributory liability that had been adopted by the district courts. But, because the Ninth Circuit *Petronas* decision does not disrupt the district court holdings in sister circuits—*Ford Motor Co. v. GreatDomains.com, Inc.*,[42] a Michigan case, and *Vulcan Golf, LLC v. Google Inc. ["Vulcan I"]*, an Illinois case[43]—the *Petronas* decision also created discord among the circuits. Instead of ruling as it did, the *Petronas* court should have focused on the statute's emphasis on "bad-faith intent to profit."

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B. A Case Study in Registrar Liability in Which the Registrar Shows Bad Faith

Two similar cases have considered registrar liability under the ACPA when the registrar profited as a result of domain name monetization strategies. These courts struggled with the concept of how the registrar was able to profit from the bad-faith use of its registrants, while simultaneously protected from liability by the ACPA safe harbor provision. The decisions illustrate the importance of recognizing the danger of honoring a statutory safe harbor in situations where a registrar has a financial stake in the continued success of its registrant's cybersquatting activities.

The first case was decided in California several months prior to the *Petronas* decision. The court in *Academy of Motion Picture Arts & Sciences v. GoDaddy.com, Inc*. took a fresh look at contributory liability for registrar liability under the ACPA.[44] Rather than applying the "exceptional circumstances" test from *GreatDomains*, the court in *Academy* focused on the role played by the registrar. When assessing potential liability of a registrar under the ACPA, the court must first determine whether a registrar was acting in the capacity of a registrar when analyzing the allegedly infringing conduct.[45]

In *Academy*, the court emphasized that domain name monetization services fall outside of the traditional conduct of a registrar. As a result, it denied GoDaddy's motion for summary judgment and held that the safe harbor provision of the ACPA did not shield a registrar from liability for offering such services.[46]

The court in *Academy* considered whether a registrar's non-registration conduct could create liability under the ACPA, and in particular it looked at whether the registrar was the "registrant's authorized licensee." Academy claimed that GoDaddy's Parked Pages program violated the ACPA by "using" or "trafficking in" domain names. In response, GoDaddy asserted that the ACPA's safe harbor provision shielded registrars like itself from liability. Both parties moved for summary judgment on the issue of liability.

The *Academy* court first looked at GoDaddy's Parked Pages program, and determined that it was a distinct service from any registration or registration maintenance services that it performed as a registrar. The court's determination hinged in part on the terms of GoDaddy's "Domain Name Registration Agreement" ("Agreement"), which binds all registrants. The Agreement stated that GoDaddy could place advertising on a registrant's page and "collect and retain all revenue obtained from such advertising."[47] GoDaddy also allowed registrants to participate in the Parked Pages program and to receive a portion of the revenue from the advertisements. The court concluded GoDaddy was not entitled to the ACPA's safe harbor provision because GoDaddy's advertising efforts were non-registration activities.[48]

Having determined that GoDaddy was acting outside the role of a registrar, the *Academy* court next considered whether GoDaddy could be considered a licensee of the registrant. It interpreted the Agreement as a license because registrants must authorize GoDaddy's right to place advertising content on websites connecting to their domains.[49] It further noted that because Academy is a third party to the Agreement, any ambiguity about whether a license existed should be construed against GoDaddy. Finding that GoDaddy was a licensee of *all* its registrants in the Parked Pages program allowed the case to go forward as to whether GoDaddy was liable under the ACPA.

Similarly, in *Vulcan I*,[50] the court considered whether Google's advertising services rendered under its Parked Pages program made Google liable under the ACPA. There, the court found that, although Google was not a registrant of the contested domain names, its agreement to provide advertising on parked pages could create liability for a "licensed" use under the ACPA.[51] Notably, in *Vulcan I,* Vulcan Golf settled with the registrars, Sedo and Oversee, leaving the court to address only direct infringement of an independent advertiser without having to decide registrar liability.

Finding that registrars can be licensees of registrants, the next question is whether the registrar's conduct qualifies as an infringing "use" or "trafficking."[52] The ACPA defines trafficking as "transactions that include, but are not limited to, sales, purchases, loans, pledges, licenses, exchanges of currency, and any other transfer for consideration or receipt in exchange for consideration."[53]

In *Academy*, the court again reviewed GoDaddy's Parked Pages program to determine whether GoDaddy's hosting a webpage functioned as a "use" under the ACPA. The court emphasized that each time a consumer accessed a registrant's domain name and clicked on one of GoDaddy's advertisements, GoDaddy generated revenue. In response, GoDaddy argued that not all Parked Pages generated revenue, and thus any liability should be limited to only those domains where Academy demonstrated that a domain was routed to the Parked Pages server (as opposed to an error page). The court rejected this argument, stating that "by placing domain names in the Parked Pages Program, GoDaddy has acted affirmatively and done something with the domain names other than mere passive registration or routing: GoDaddy placed the domain names in a program that it designed to make revenue. This is sufficient to establish 'use' even absent actual monetization."[54]

The decision in *Petronas* marks a uniquely important step in addressing the gaps of the ACPA. The fundamental flaw in deciding *Petronas* arose from the particular facts of the case. The registrar, GoDaddy, inherited a transferred domain name. The registrant then used GoDaddy's domain name forwarding service to redirect Internet users to a pornographic site.[55] Unlike the previous cases, GoDaddy did not profit from the advertising or mask the identity of a cybersquatter. Here, it merely forwarded to a new website, which was not hosted by GoDaddy.[56] As GoDaddy argued, the UDRP (Uniform Domain-Name Dispute-Resolution Policy) is the best form of resolution for this type of dispute, because the registrar is not in the best position to determine who has the lawful right to use a particular domain name.[57] Registrars register domain names for registrants, but do not perform the role of ensuring that registrants have a lawful purpose for the domain name. Under these facts, GoDaddy appears to be the semi-innocent third party. However, the holding in *Petronas* has the effect of unraveling a cause of action where registrars play a more dubious role.

The decision in *Academy* stretched the bounds of the traditional license by finding an implied license based on the terms of service.[58] Leaning on the terms of the Agreement, the court created a deeper relationship than the mere registrar/registrant agreement, finding that GoDaddy could be a licensee of GoDaddy's registrants. The court in *Academy* emphasized that to fall within the definition of trafficking, the ACPA required only a transaction including a license and consideration. Within this definition, it held that even without evidence of actual monetization, Academy demonstrated that GoDaddy received consideration for a license to place advertisements on registrant's websites for domains registered through GoDaddy. Although the court only needed to find that a licensed user either used or trafficked under the ACPA to impose liability, it held that GoDaddy's actions here constituted both use and trafficking.

The difference between *Petronas* and *Academy* is the treatment of the central element of the ACPA: bad-faith intent. The *Academy* court placed the appropriate emphasis on the symbiotic relationship between registrars and cybersquatters. Although the *Petronas* court dismissed the registrar's role in cybersquatting as "aiding," the *Academy* court characterized the role of registrars as integral to the success of modern cybersquatting. The *Petronas* decision ignored the reality that although registrars perform a service function in registering domains, they have built an industry on the nefarious actions of cybersquatters. By holding that a registrar can act outside of its primary registration role, the *Academy* court embraced the reality that registrars have become more complex entities, and that the law ought to view the facts holistically to determine whether the registrar acted in bad faith. Using that rule, both the registrar in *Petronas* and the registrar in *Academy* would receive appropriate treatment. Especially as the expansion of gTLDs changes the landscape of the Internet, the emphasis on legal realism in the *Academy* decision creates an opportunity to curb the potentially exponential upsurge in cybersquatting.

Contrasting the *Petronas* and *Academy* decisions, one sees the struggle between the various levels of culpability that registrars demonstrate. The court's ruling in *Petronas* refused to create an unnecessary burden on registrars by exposing them to potential liability in cases in which the evidence of bad faith would likely be minimal. Alternatively, the *Academy* decision examined the burden on trademark owners, forced to resort to the UDRP system, which can only enforce the transfer of domain names and does not offer monetary damages if the ACPA does not provide relief.[59] The court in *Academy* recognized that registrars have begun exploiting the narrow safe harbor as a form of blanket immunity. Although the interpretation of a license could be seen as judicial activism, the alternative forces the court to ignore the intent of the law – to prevent and punish cybersquatting.

C. The gTLD Expansion Heightens the Need for a Change in the ACPA

The same surrounding factors that were present at the time the ACPA was passed have resurfaced. Congress was moved by the stories of famous mark holders held hostage by cybersquatters in 1999.[60] The legislative history records stories of cybersquatters taunting trademark owners because the economics of litigation expense allowed squatters to ransom domains for less than the cost of pursuing legal remedies.[61] Initially, the ACPA

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raised the stakes for cyberpiracy by setting clearly defined remedies, which – unlike the UDRP – could provide monetary damages. However, the holding in *Petronas* prevents trademark owners in the Ninth Circuit from arguing contributory liability. The holding effectively undercuts the power of the ACPA in that circuit. Although trademark owners can still attack individual domains, the *Petronas* decision prevents trademark owners from reaching the source of the problem. Attacking individual domains unnecessarily drains the resources of trademark owners who must continually monitor and pursue cybersquatters. Additionally, gTLDs' expansion intensifies the burden on trademark owners to monitor cybersquatters across more than a thousand new top-level domains. Meanwhile, the registrars have created a cloak of anonymity for cybersquatters, allowed themselves to gain additional revenue streams through advertising, and reaped the rewards of the cybersquatter's nefarious registrations.

As the new gTLDs launch, the trademark owners sit on the precipice of an unprecedented land grab for new online domains. Already rights owners have raised concerns about the increased burden of monitoring new cybersquatters.[62] The *Petronas* decision creates inconsistencies between the circuits in how to deal with registrars under the ACPA. The decision gives registrars a motivation to continue fostering cybersquatting, while trademark owners are more likely to pursue a settlement negotiation with new cybersquatters rather than risk other circuits following the *Petronas* rule. Similarly, the *Academy* decision rested on the language of the service agreement that GoDaddy had with its registrars. Registrars watching the decision are alerted to the danger that the strong language in the agreement could create an implied license, and will likely revisit the agreement language as a defensive safeguard against similar court decisions.

In addition to the necessary changes in the role of registrants, the legal definition of domain name needs to be adjusted. Currently, the ACPA applies to "any alphanumeric designation which is registered with or assigned by any domain name registrar, domain name registry, or other domain name registration authority as part of an electronic address on the Internet."[63] This does not include the top-level domain that a registrar maintains. While trademark owners can register in the Trademark Clearinghouse, owners of identical/similar marks (e.g., Delta Faucets and Delta Airlines) may encounter particular challenges depending on who ultimately maintains the gTLD.[64] The gTLD expansion creates a need to amend the ACPA to remedy the technical defect in the law. This creates an opportunity for Congress to reconsider the legal terrain under the new conditions.

IV. Recommendations

Given the great risk to the public if cyberpiracy is allowed to flourish under the gTLD expansion, Congress has an obligation to update the law to match the current trends in cyberpiracy. Additionally, modernization of the ACPA would resolve the conflicting judicial decisions in *Vulcan I*, *Petronas*, and *GreatDomains*. Congress should amend the ACPA to include explicitly a cause of action for contributory liability. The standard should follow the analysis in the *Academy* decision, and address acts of contributory liability where the registrar demonstrates a bad-faith intent to profit from acts of direct cybersquatting. This amendment would address the current concerns posed by domain name monetization services. The amended provision should apply the same "bad-faith" factors that apply to registrants' "use" and "trafficking" to domain registrars.

Additionally, the amendment should clarify that the safe harbor protection under the Act applies only when registrars perform registration or maintenance services. Supplementary privacy services, parked pages, or other advertising should not be protected by a safe harbor provision, as it denudes the effectiveness of the law by creating inappropriate incentives for both cybersquatters and registrars. Such an amended provision will achieve the desired result of promoting continued progress as the Internet expands, while providing trademark owners with the additional protection they need.

V. Conclusion

In 2014, as many as 1400 new gTLDs will have launched, including new country code and foreign language domains. The vast expansion of the Internet has unprecedented potential for altering the way consumers use the Internet. Unfortunately, the U.S. legal system is ill-equipped to navigate the potential for cyberpiracy that will accompany the race to procure new domains. Although the ACPA was a great step forward in protecting against cybersquatting by establishing *in rem* jurisdiction, the economics of cybersquatting have adapted since the passage of the Act. Modern cybersquatters benefit from the advertising and privacy services offered by registrars. Additionally, registrars directly profit from the advertising posted on parked pages. The discrepancy between evidence of bad faith by registrars and the unavailability of a clear cause of action for contributory liability under the ACPA has caused courts to reach radically different conclusions about the remedies available under the Act. To resolve differences in the treatment of registrars, the ACPA should be amended to include an express cause of action for contributory liability.

(Endnotes)

[*] Jane W. Wise is a first-year associate at Kelly IP, LLP, in Washington, D.C. Jane focuses her practice on counseling and enforcement matters related to trademark, false advertising, unfair competition, and copyright litigation.

[1] 737 F.3d 546, 549 (9th Cir. 2013).

[2] Order [on Motions for Summary Judgment] at 11-13, *Acad. of Motion Pictures Arts & Sci. v. GoDaddy.com, Inc.*, No. 2:10-cv-03738 (C.D. Cal. June 21, 2013), Doc. No. 491 ("*Academy* Order") (holding that registrars could be liable as licensees of registrants under the ACPA).

[3] *See* S. Rep. No. 106-140, at 4 (1999) ("Trademark owners are facing a new form of piracy on the Internet caused by acts of 'cybersquatting,' which refers to the deliberate, bad-faith, and abusive registration of Internet domain names in violation of the rights of trademark owners."); *see also* Gregory B. Blasbalg, *Masters of Their Domains: Trademark Holders Now Have New Ways to Control Their Marks in Cyberspace*, 5 Roger Williams U. L. Rev. 563, 565 (2000) ("Typically, when the company contacts the registrant they are informed by the cybersquatter that the company can purchase the domain name for $10,000, which the cybersquatter is quick to point out, is far less than the cost of litigating the matter.").

[4] *See* S. Rep No. 106-140, at 6 (explaining the danger to companies online where clear misspellings can have a dilutive effect when a consumer encounters unintended content: "Committee was informed of a parent whose child mistakenly typed in the domain name for 'dosney.com,' expecting to access the family-oriented content of the Walt Disney home page, only to end up staring at a screen of hardcore pornography because a cybersquatter had registered that domain name in anticipation that consumers would make that exact mistake.").

[5] *See id.* at 6 (stating that cybersquatters target well-known marks for their resale value, for the ability to sell counterfeit goods, and to convince consumers that an association exists with a respected brand); World Intellectual Property Organization, *Management of Internet Names and Addresses: Intellectual Property Issues* 8 (Apr. 30, 1999), available at http://www.wipo.int/amc/en/processes/process1/report/finalreport.html (recommending that countries provide protection against cybersquatting, WIPO explained: "Famous and well-known marks have been the special target of predatory and parasitical practices on the part of a small, but active, minority of domain name registrants.").

[6] *See* S. Rep. No. 106-140, at 7 (indicating that although the Trademark Dilution Act initially helped create a deterrent against cyberpiracy, subsequent case law created clear guidelines that allowed more sophisticated cyberpirates to easily evade liability).

[7] *See* Blasbalg, *supra* note 3, at 566.

[8] *See Porsche Cars N. Am., Inc. v. PORSCH.COM*, 51 F. Supp. 2d 707, 712 (E.D. Va. 1999), *vacated and remanded sub nom.*, *Porsche Cars N. Am., Inc. v. ALLPORSCHE.COM*, 215 F.3d 1320 (4th Cir. 2000) (holding that because the Trademark Dilution Act did not support *in rem* jurisdiction, the court did not have jurisdiction to decide whether 128 domains were dilutive of Porsche's marks; later vacated and remanded after Congress passed the ACPA).

[9] *See* Blasbalg, *supra* note 3, at 566.

[10] *See* S. Rep. No. 106-140, at 8 (explaining the impetus behind limiting the scope of the law to protect legitimate interests and prevent bad-faith users from impeding progress).

[11] *See* 15 U.S.C. § 1114(2)(D)(iii) ("A domain name registrar, a domain name registry, or other domain name registration authority shall not be liable for damages under this section for the registration or maintenance of a domain name for another absent a showing of bad-faith intent to profit from such registration or maintenance of the domain name.").

[12] *See Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1318 (9th Cir. 1998) (holding that the registrar received a standard fee for registering domain names and did not make determinations about the right to use the domain name); *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949, 965 (C.D. Cal. 1997), *aff'd*, 194 F.3d 980 (9th Cir. 1999) (holding that the registrar lacked knowledge and therefore was not contributorily liable for the infringing conduct of its registrants); *Acad. of Motion Picture Arts & Sci. v. Network Solutions, Inc.*, 989 F. Supp. 1276 (C.D. Cal. 1997) (denying Academy a preliminary injunction because Academy could not cite a statutory provision granting *in rem* jurisdiction and therefore was unlikely to succeed on the merits).

[13] *See Porsche Cars N. Am., Inc. v. Porsche.net*, 302 F.3d 248, 260 (4th Cir. 2002) ("Congress plainly treated domain names as property in the ACPA.").

[14] *See* Pew Internet and American Life Project, *Internet Adoption, 1995 – 2013* (May 2013), http://pewinternet.org/Static-Pages/Trend-Data-(Adults)/Internet-Adoption.aspx (showing exponential growth in Internet adoption from 36% of adults (over 18 years of age) in 1999 to 85% of adults in 2013).

[15] *See, e.g.*, GoDaddy.com, *SEO Services*, http://www.GoDaddy.com/search-engine/seo-services.aspx (offering to help customers attract more customers); GoDaddy.com, *Website Builder*, http://www.GoDaddy.com/hosting/website-builder.aspx?ci=8975 (offering help building customer's website); Above.com, *Parking Manager,* http://www.above.com/parkingmanager.html (offering help with monetizing customer's website by including advertisements); Oversee.net, http://www.oversee.net/ (showing its current tagline "advertisers win| customers win").

[16] *See* Internet Corporation for Assigned Names and Numbers, *2013 ICANN Registrar Accreditation Agreement*, *available at* http://www.icann.org/en/resources/registrars/raa/approved-with-specs-27jun13-en.htm#whois-accuracy.

[17] *See, e.g.*, Network Solutions, *Network Solutions Service Agreement*, Schedule D, ¶ 1, https://www.networksolutions.com/legal/static-service-agreement.jsp#d ("When you subscribe to Network Solutions Private Registration Service, you authorize and direct Network Solutions to (a) display alternate contact information in the public WHOIS database for the Registrant, Administrative, and Technical Contacts for the applicable domain name registration, and (b) not display the fax number and NIC Handle associated with your account for the applicable domain name."); *see also* GoDaddy comparison of private and public registration, *available at* https://www.domainsbyproxy.com/popup/whoisexample.aspx?ci=5165&isc=gofd2001ag.

[18] *See* Lawrence V. Molnar, *Who Owns "Invisible.com," and "WHOIS" Disappearing? A Practitioner Looks for Answers*, 48 Res Gestae 26, 27 (2005) (indicating that accurate WHOIS data is critical to many forms of law enforcement, including preventing serious criminal activity like

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the dissemination of computer viruses).

[19] Sale prices listed in the Table in the text are based on a January 4, 2014 search. These prices compare to the average price to purchase a domain name directly from the registrant that is between $4.99 and $14.99.

[20] *See* Elizabeth M. Flanagan, *No Free Parking: Obtaining Relief from Trademark-Infringing Domain Name Parking*, 98 Trademark Rep. 1160, 1179 (2008) (discussing how pay-per-click advertising is integral to demonstrating use in commerce as an element of infringement against the registrant).

[21] *Id*. at 1177 (indicating that part of the harm to trademark owners is the diverted business from the trademark owner's legitimate website).

[22] 15 U.S.C. § 1114(2)(D)(iii).

[23] 15 U.S.C. § 1125(d)(1)(B)(ii).

[24] *See Solid Host, NL v. NameCheap, Inc*., 652 F. Supp. 2d 1092, 1110 (C.D. Cal. 2009) (noting that although the registrar might have had an illegitimate purpose, bad faith under the ACPA requires that the intent be directed towards the use of the mark).

[25] *See Verizon California, Inc. v. Above.com Pty, Ltd*., 881 F. Supp. 2d 1173 (C.D. Cal. 2011) (denying registrar Above.com's motion for summary judgment because Verizon demonstrated that Above.com profited from nearly 200 registrations for famous marks by cybersquatters); *Solid Host*, 652 F. Supp. 2d at 1115 (denying registrar Namecheap's motion to dismiss, the court found that control over the actions of the underlying infringer and knowledge of likely infringement was sufficient to support a claim for contributory infringement against the registrar).

[26] *See Ford Motor Co. v. GreatDomains.com, Inc*., 177 F. Supp. 2d 635 (E.D. Mich. 2001).

[27] 737 F.3d 546, 551 (9th Cir. 2013) (holding that the ACPA does not allow for secondary liability).

[28] *See Tiffany (NJ) Inc. v. eBay Inc*., 600 F.3d 93 (2d Cir. 2010) (online auction sites have generally been treated like online flea markets because they offer a forum for vendors to sell goods); *but see Bird v. Parsons*, 289 F.3d 865 (6th Cir. 2002) (holding that the ACPA does not impose liability to auction sites for trafficking even though domain names may be trafficked on the site).

[29] 652 F. Supp. 2d 1092 (C.D. Cal. 2009).

[30] *See Solid Host*, 652 F. Supp. 2d at 1115-16 (holding that the privacy services offered by the registrar were key to the cybersquatting business model's success).

[31] 881 F. Supp. 2d 1173 (C.D. Cal. 2011).

[32] *See* 177 F. Supp. 2d 635 (E.D. Mich. 2001) (holding that the ACPA applied to the individual sellers, but that the auction site was not liable for cybersquatting).

[33] *Id*. at 647.

[34] *See Verizon*, 881 F. Supp. 2d at 1175 n.1 (explaining that these domain names were registered as intentional misspellings to attract revenue from consumers that made common errors).

[35] *Id*. at 1180.

[36] *Id*. at 1180-81.

[37] *See Petroliam Nasional Berhad v. GoDaddy.com, Inc*., 737 F.3d 546, 550 (9th Cir. 2013) (explaining that the statute imposes liability only when a person registers, uses, or traffics in a domain name).

[38] *See id*.

[39] *See id*. at 551.

[40] *See id*. (citing *Cent. Bank of Denver, N.A. v. First Interstate Bank of Denver, N.A*., 511 U.S. 164, 184 (1994), a case discussing the Securities Act of 1994 and secondary liability under ERISA).

[41] *See* 15 U.S.C. § 1114(2)(D)(iii) (requiring evidence of bad-faith intent to profit as an element of liability).

[42] *Ford Motor Co. v. GreatDomains.com, Inc*., 177 F. Supp. 2d 635, 641 (E.D. Mich. 2001).

[43] 726 F. Supp. 2d 911, 920 (N.D. Ill. 2010).

[44] *Academy* Order, *supra* note 2, at 11-13.

[45] *See id*.

[46] *See id*. Similarly, in *Vulcan Golf, LLC v. Google Inc*., 552 F. Supp. 2d 752, 764 (N.D. Ill. 2008), the court indicated that parking pages contained advertising arguably constituting trafficking under the ACPA, and the court thus denied co-defendants/registrars Sedo's and Oversee's motions for summary judgment.

[47] *See Academy* Order, *supra* note 2, at 4.

[48] *See id*. at 11 (stating that "registrars are not immunized from liability for conduct that goes beyond mere registration and maintenance of domain names . . . with regard to its operation of the Parked Pages Program, GoDaddy does not function solely as a registrar").

[49] *See id*. (explaining that "[a]lthough this aspect of the agreement between GoDaddy and its registrants may not be identified in the agreement by the label 'license,' it is a license in function").

[50] 726 F. Supp. 2d 911 (N.D. Ill. 2010).

[51] *Id*. at 920 (denying Google's motion for summary judgment).

[52] 15 U.S.C. § 1125(d)(1)(A).

[53] 15 U.S.C. § 1125(d)(1)(E).

[54] *Academy* Order, *supra* note 2, at 16.

[55] *See Petronas*, 737 F.3d at 548.

[56] *See id*.

[57] *See id*. (stating that registrars should only be involved in domain name disputes to the extent that a court orders a transfer from one party to another).

[58] *See Academy* Order, *supra* note 2, at 13.

[59] *See, e.g*., *Advance Magazine Publishers, Inc. v. Premier Models Int'l, Inc*., No. D2013-0757 (WIPO July 5, 2013) (finding that Vogue magazine had no right to prevent a modeling agency from operating the website voguefashionmodels.com despite evidence of actual confusion); *see also* Sarah B. Deutsch, *Squatting the Cybersquatters – The Anticybersquatting Consumer Protection Act Helps Fight Cyberpiracy of Brand Names*, 4 No. 6 Elec. Banking L. & Com. Rep. 1 (1999) (indicating that a brand owner could easily lose a dispute in a UDRP arbitration case, if the cybersquatter offered even minimal evidence of a legitimate business purpose).

[60] *See* S. Rep. No. 106-140, at 5 (explaining that the cost of allowing cyberpiracy to continue without check exceeds the litigation costs associated with defending a trademark; the risk for consumer fraud in pharmaceuticals and financial transactions, and the devastation to brand confidence, erodes the public's sense of safety and burdens the judicial system).

[61] *Compare id*. at 5 (describing the plight of companies at the attempts of pirates to ransom their domain names: "The Committee also heard testimony that Warner Bros. was reportedly asked to pay $350,000 for the rights to the names 'warner-records.com,' 'warner-bros-records.com,' 'warner-pictures.com', 'warner-bros-pictures', and 'warnerpictures.com.'") *with* Table, *supra* (showing an online auction for famous marks including a reserve offer of $85,000).

[62] *See* ICANN, *Trademark Clearinghouse*, http://newgtlds.icann.org/en/about/trademark-clearinghouse (discussing the rights protection mechanisms available to trademark owners).

[63] 15 U.S.C. § 1127; *see also* S. Rep. No. 106-140, at 10 (describing the domain name as limited to second (or third or fourth) level domain names, but not including the top-level domain name).

[64] *See* ICANN, *Auctions*, http://newgtlds.icann.org/en/applicants/Auctions (discussing the process for resolving conflicts among applicants for the same gTLD).

NYIPLA Calendar www.nyipla.org

CLE Luncheon Program

Honorable Leonard D. Wexler

Judge of the United States District Court for the Eastern District of New York
and

Honorable Michael Tierney, *Patent Trial and Appeal Board*

➤ **THURSDAY, DECEMBER 11, 2014** ➤

The Union League Club, 38 East 37th Street, New York, New York 10016

NJIPLA & NYIPLA Joint Program: China IP from A-Z

➤ **THURSDAY, FEBRUARY 12, 2015** ➤

Hotel Woodbridge at Metropark, 120 Wood Ave. South, Iselin, New Jersey 08830

Day of Dinner CLE Luncheon

followed by

93rd Annual Dinner in Honor of the Federal Judiciary

➤ **FRIDAY, MARCH 27, 2015** ➤

The Waldorf Astoria New York Hotel, 301 Park Avenue, New York, New York 10022

Diverse Careers in IP Law and Strategies for Achieving Success

➤ **MONDAY, APRIL 13, 2015** ➤

Quinnipiac University School of Law, 275 Mt Carmel Avenue, Hamden, Connecticut 06518

Rensselaer Polytechnic Institute Joint Program: The Rapidly Changing Patent Law Landscape: What Entrepreneurs, Investors, Inventors, Lawyers and Judges Need To Know

➤ **WEDNESDAY, APRIL 15, 2015** ➤

Hilton Garden Inn Troy, 235 Hoosick Street, Troy, New York 12180

Joint Program with Accelerate, LIFT, and LISTnet

➤ **THURSDAY, APRIL 23, 2015** ➤

LaunchPad Huntington, 315 Main Street, 2nd Floor, Huntington, New York 11743

Reflections on One Woman's Legal Career and the Critical Role of Mentors

By Patricia A. Martone[*]

In 1973, when I graduated from law school, only three percent of practicing attorneys in the United States were women. In 1983, I became a partner in the law firm of Fish & Neave, thereby achieving two firsts—the first woman to become a partner in the firm's 105-year history and the first woman to become a partner in any major patent law firm in the United States. For thirty years thereafter I had an active patent litigation and patent licensing practice, first at Fish & Neave, then at Ropes & Gray LLP after its merger with Fish & Neave, and most recently at Morrison & Foerster LLP. I retired from Morrison & Foerster at the end of 2013, and now have a consulting practice that focuses on patent disputes and patent licensing.

As I was reflecting on my experiences while writing this article, I realized that while my career path was hindered by my gender, it was also positively affected by the help of mentors, all of whom were men. Whatever was going on in the larger world around me, it was my individual relationships that were key to my progress in and satisfaction with my career. Despite the differences in time and place, I am hopeful that recounting some of the problems I faced, how my mentors helped me, and how I tried to help others will be useful to attorneys practicing today.

I originally planned on becoming a chemistry professor. I received a B.A. in chemistry from NYU in 1968. That summer, I was lucky to get a job at a naval architecture firm in Manhattan that was famous for designing both ocean liners and military ships. Building on the computer programming skills I had acquired in college, I worked in the hull design section creating programs to calculate dimensions and other design characteristics of ships. My required reading was "Theoretical Naval Architecture." I quickly learned never to use the word "sink." The environment was definitely old school. We punched a time clock every time we came in or went out. There was one ten-minute coffee break, during which the Andrews sisters' recordings were played over the loudspeaker. What a contrast this was to all that was going on in the United States in 1968! It was very controversial for me to wear my Eugene McCarthy for President campaign button, but I did it. (I realize that some readers will not know who Mr. McCarthy was. I recommend that they research the events at the Democratic National Convention in Chicago in 1968.)

I believe that I was one of the first women to work in this company in an engineering/architecture position. The first day on the job, I was shown to my desk on a vast open floor filled with engineers and architects, all men. You could have heard a pin drop as scores of men dressed in white shirts and ties stared at me for a long minute or two. But, before long, some of these men became my teachers and my friends. And, a few weeks into the job, I was called to the desk of the executive in charge of my floor. He told me that my salary was going to be increased. He had learned that I was being paid less than men working for the summer, and he had decided that this difference was not fair. He increased my pay so that I would make the same salary as the men. The original decision to pay me less than the men was made by the women in the personnel department. I learned an important lesson, which was not to make assumptions about management's support for women professionals based upon the gender of the decision-maker. In my case, throughout my career, the only available mentors were men, and I was lucky that some of them stepped up to this key role.

After my summer job, I went on to a doctoral program in theoretical chemistry at Johns Hopkins University in Baltimore, Maryland. It was remarkable in itself that I was accepted to Johns Hopkins and received a fellowship — women were rarely admitted to science programs in top schools then. But all of that began to change with the Vietnam War, and the ending of the draft deferment for graduate and law students. The then-President of Harvard University complained that graduate school classes would now consist of "the lame, the blind, the halt and the female." You can tell he was not enthused about this prospect.

Even with this change, in 1968, there were very few women in the graduate school at Johns Hopkins, and the undergraduate school was all male. I will not forget the number of times I was refused entry to the university library when I had forgotten my student I.D. and the gatekeepers assumed I was a student at the local women's college looking to sneak into the library in the hopes of meeting my future husband.

It soon became apparent that graduate school in science and living in Baltimore were not to my liking, and I left after getting an M.A. in chemistry. I decided to go to law school, and worked for a year doing computer programming and tech support to earn the money to do so. I entered the NYU Law School in 1970. When I graduated in 1973, about 17 percent of my class were women. But even this number of women graduates was only recently achieved. Only three percent of the practicing lawyers in the United States were women. In the major New York law firms, there were, in total, only a handful of women partners, and the women associates were typically very junior.

Gender was only one of the issues women faced. In my case, I was also partly of Italian-American ancestry and a Roman Catholic. Although things were improving, New York law firms were reported to be wary of hiring and promoting Italian-American lawyers because of the incredible assumption that all Italian-Americans had connections to the Mafia. And although the big New York law firms were moving towards becoming meritocracies, many firms were still divided along religious lines. There were the so-called "WASP" firms and "Jewish" firms. The "WASP" firms were also referred to as "white-shoe" firms. Many partners in the "WASP" firms were included in the Social Register, which listed the families and individuals considered part of the social elite. There were also a handful of "Catholic" firms. While there were exceptions to the hiring practices of each of these firms, it was clear that hiring decisions were frequently affected by religious identity.

I have always enjoyed doing what my spouse calls the "nearly impossible." Getting a job as a summer associate with a great New York firm became my goal, even though I did not make law review. Why did I want to work in that environment, about which I knew nothing other than what I read in Louis Auchincloss novels and heard about in law school? It was because I wanted to do the highest quality legal work available and work with smart people. The comfortable lifestyle of the lawyers in these firms was obviously also a factor, although before I became a partner, I did not realize just how nice it was. It was not until the 1980s that the financial statistics of law firms, such as profits per partner, began to be published. In the 1970s partners (wisely in my opinion) valued their privacy and were happy not to disclose their incomes.

In the summer of 1972, I was fortunate to land a summer associate position at Fish & Neave, a New York firm renowned for its patent litigation and trial practice. The firm, founded in 1878, had represented many famous American inventors, including Alexander Graham Bell, Thomas Edison, and the Wright Brothers. In a 1983 article, "Princes of the Patent Bar," The American Lawyer described the firm as the "epitome of the old-line firm," with a long history, partners with Ivy League educations, clients who were leaders in American business, and a litigation practice composed of "large cases where the stakes are enormous."

During my interview with Fish & Neave, I had been told that the firm liked to hire lawyers who participated in competitive sports like football. Despite my non-football playing status, I got the job. That summer, there were no women attorneys at the firm, and I was the only woman summer associate. Nonetheless, I felt very comfortable at the firm, where so many of the lawyers had switched career goals from science to law. The pride in the firm's history was palpable. In the summer of 1972, we also occasionally got a glimpse of the legendary partner Stephen Philbin, who was still coming to the office at the age of 85. At Yale, he was an All-American football player, captain of the baseball team, and a member of Skull and Bones. He went on to Harvard Law School, military service in Europe during World War I, and a fine career as a patent trial lawyer.

And, of course, if one could relive the same day over and over again, like in the movie "Groundhog Day," choosing to spend that one day as a summer associate in a prestigious New York law firm, in the days before budget constraints, would be a good choice. There were only three summer associates, and we were regularly taken out to lunch at private clubs and entertained by partners in their homes. The work was very interesting, the lawyers were very smart and fun to be around, we did not have to work long hours, and the staff support was top-notch. We did not have to worry about winning cases or dealing with clients. The whole experience was, to use a phrase popular then, "top-drawer." It was the proverbial calm before the storm.

Interestingly, my gender became an issue only on a few occasions. The first was when a partner invited me to lunch at his club, forgetting that his club did not allow women in the main dining room. We were quickly thrown out. The partner was more embarrassed than I was. Indeed, I realized early in my career that I needed a very thick skin to survive. Between the overt acts of discrimination and the merely clueless insults, it was a tough world. I found that the less I internalized the negative views of others, the more comfortable I was being in this world of men, and the more comfortable they were with me.

The firm outing that year was a personal success for me. The firm tradition was that the lawyers spent the day at the Piping Rock Country Club on Long Island without spouses or guests. That meant me and 42 men at the outing. My mother was truly scandalized that I would attend such an event with no other women present. But I resisted her very stern lecture and went anyway. I had a great day, playing tennis on grass courts (I loved to play tennis), swimming in a nice pool, and enjoying the company of my colleagues. There was

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no inappropriate or embarrassing conduct on anyone's part. We all had a good time and got to know each other better. So, while a summer is too short to establish a real mentor relationship with anyone, in a sense many of the Fish & Neave partners and associates were my mentors. They wanted me to succeed. They introduced me to law firm life, showed me the ropes, and encouraged me to be a part of the firm both professionally and socially.

While I enjoyed working at Fish & Neave very much, I ultimately decided that it was too early in my career to pursue a specialty practice. So, when I graduated in 1973, I joined the general practice firm of Kelley, Drye, Warren, Clark, Carr & Ellis. Kelley Drye was both a "Catholic" firm (it had many Catholic lawyers and represented Catholic institutions including the Archdiocese of New York) and a "white-shoe" firm. Its roots lay in a predecessor firm founded in 1836.

At my first firm outing, I sat at the same table as senior partner Louis B. Warren, whom I found to be very charming and witty. I noticed that he was wearing a plaid sport jacket but also black pumps, which I later learned were shoes specifically made for dancing. Very elegant. In addition to his sophisticated work for top firm clients such as Chrysler, he had already achieved an extraordinary collection of international honors, including the French Légion d'Honneur, the Order of the British Empire, and appointment as a Knight Commander of the Vatican's Order of St. Gregory the Great. Unlike current-day partners, partners like Warren were not captive to their billable hours or book of business. Partners were made for life. They had the time to cultivate other interests. Although this was possible because of their privileged position, they frequently gave back to society by serving in key charitable or public interest roles. I admired such partners then for their balanced approach to life and their public service activities.

There were other women associates at Kelley Drye, and I valued their company. They were smart and managed to be very good lawyers while maintaining an interesting life outside the law. But none were in the litigation department where I was assigned. There were no women partners in the firm. In contrast to the white-shoe atmosphere prevailing in departments like corporate, tax, real estate, and trusts and estates, the ethos of the litigation department was hard-nosed, hard-fought litigation and trial work. The firm's litigation clients included the New York Giants football team, Chrysler, and many banks. This was my first direct experience with clients, and I have to say they did not always take me seriously. One client thanked a senior partner for whom I worked for "sending that pretty little Patricia over to get my affidavit signed."

In the 1970s, associates did not get to fill out satisfaction surveys. We did not receive formal training. We were thrown into the thick of things, and it was strictly social Darwinism after that. As a woman starting out as a trial lawyer, I needed to be thrown into the water in order to have a career, and the firm did that for me. But the waters were turbulent. I initially found the adversarial system and the constant conflict between opposing sides to be disturbing, particularly after one opposing client sent his representative to my office to tell me that if I continued to pursue the case, things would get difficult for me, because "when people make me bleed, I bleed all over them." At depositions, if there were a group of lawyers, the men tried to push me off of the deposition table. But within a year, I passed through some psychic door, and what I had seen as uncomfortable conflict simply became strategic decision making. By the time that I was a mid-level associate, I was going to court all of the time and had tried at least four commercial and securities cases, two as lead counsel.

I had also received my first key lesson about practicing law — the importance of credibility. I had begun to handle a considerable amount of banking litigation and worked frequently with banking partner Albert J. Walker. At some point we had entered into a litigation stipulation that the other side was taking advantage of, and I suggested to Mr. Walker that we find a way to back out of the stipulation. He looked me straight in the eye and said, "we never go back on our word, Ms. Martone." I have thought about this advice many times. I realized early on that this did not mean that you did not bring up with the other side conduct that you found objectionable. What it did mean is that you wanted to be the kind of lawyer that judges knew would give a truthful answer to a question they asked, and that opposing counsel could rely on in making agreements governing the course of litigation. As a young partner at Fish & Neave, I learned another lesson about credibility when I asserted a novel defense in a trademark case. The judge said, in effect, that if Fish & Neave asserted this defense, he would have to take it seriously. This kind of credibility is priceless, both hard won and easy to lose.

After three and a half years at Kelley Drye, I began to specialize in banking litigation. I decided that if it was time to specialize, I would prefer to specialize in patent litigation, for which I was uniquely well qualified. So, in 1977 I returned to Fish & Neave. This time, there was one other woman associate. For six years, I had the opportunity to work on a series of great cases, culminating in the liability trial in *Polaroid v. Kodak***.** Representing Polaroid in such an important case was one of the honors of my career. I also developed close working relationships with partners, all of whom I count as my mentors. These included W. Philip Churchill, William K. Kerr, Herbert Schwartz, John Tramontine, and William Gilbreth. Each of them gave me the benefit of their great experience. And because each of their strengths was different, working with all of them made me a more well-rounded lawyer.

W. Philip Churchill taught me the ins and outs of complex chemical patent litigation. Even at his senior level, he studied and understood the technical facts in great detail. Bill Gilbreth taught me what he had learned as a trial lawyer in the U.S. Attorney's office, and the importance of preparing an "order of proof" of your case at trial early in the case, and then building on that as the case went forward. He also was very helpful in that he "second-chaired" me at depositions. When opposing counsel gave me a hard time, he did not intervene in the deposition. Instead he took me aside at a break and gave me suggestions about how to deal with opposing counsel's tactics. Our discussions helped me to be more effective.

John Tramontine was an able trial lawyer. He taught independent thinking and self-reliance by not reviewing with associates in advance what documents he wanted you to bring to an out-of-town deposition. This was in the day before email, fax machines, and Federal Express. Documents were packed in rolling metal cases and brought to the airport. If it was the night before the deposition in Florida, and you did not have the documents he wanted, there was no way to get them in time. John Tramontine was also a shrewd judge of human nature, a vital skill for a trial lawyer. And last but not least, he was a very entertaining travel companion.

In the late 1970s Bill Kerr was considered the leading patent trial lawyer in the United States. I worked closely with him on the "big picture" of the *Polaroid* liability trial. I loved his elegant writing style. And perhaps because he had majored in French in college, he was particularly insistent on describing technology in simple enough terms that a finder of fact could understand the issues in the case. His oratorical skills were legendary. I was thrilled to help him with his opening statement.

But the biggest impact on my career came from my relationship with Herb Schwartz. In all of my years of practice, both before and after I became a partner, I count Herb as my greatest teacher and mentor. I was very sad when he passed away in July of this year.

I began working with Herb on my first day back at Fish & Neave in 1977. He gave me great roles in great cases, most significantly in the *Polaroid* case, but in other matters as well. Herb had a formidable intellect. I always thought his biggest strength was as a strategist. He taught me that how the stage was set for court in advance of an argument or trial was as important as your performance in court. In other words, the way an issue was framed had a lot to do with the outcome.

When I returned to Fish & Neave, I had my heart set on becoming a partner. Even now, I can't imagine how I would have been happy with any career other than the one I was fortunate to have had. I did more trial work and was ultimately assigned to the *Polaroid v. Kodak* case. I was both glad to work on such an important case and apprehensive about having to spend months away from home on trial in Boston. Fortunately, the trial turned out to be a great professional experience and towards the close of the trial, I even got to argue in court and examine a couple of witnesses. And as a truly special experience, I joined Herb and others at one of their regular lunches with Dr. Edwin Land, the highly regarded and brilliant founder of Polaroid and inventor of a number of patents at issue in the case. I was doing much of the brief writing on the case. Dr. Land liked my briefs and invited me to lunch. It was an unusual experience. Dr. Land was focused on his trial testimony about his "symmetrical support" patent. He spent the entire lunch talking about cellulose acetate. It was only at the end of the lunch that he turned towards me and said "nice to see you."

I was thrilled when the firm made me a partner, effective January 1, 1983. I will never forget when the firm announced internally my election to the partnership in October of 1982. Streams of women lawyers, secretaries, and other staff came to my office to congratulate me. It was a very moving experience. At the partners' annual dinner that December (another no spouses or guests event), I gave a speech about what it meant to be the shortest partner in Fish & Neave history. My predecessors were mostly at least six-feet tall.

While Herb and other partners continued to assign me good roles in great cases, it was clear that some clients preferred to be represented by male partners at my level of experience. And it was pretty lonely being the sole woman partner in the firm. I had an entire restroom to myself during breaks in partner meetings. After a few years, following some concerns expressed by me and the support of influential more senior partners, other talented woman joined the partnership. By the time of the 2005 combination between Fish & Neave and Ropes & Gray, women comprised a significant portion of Fish & Neave's attorneys, both partners and associates, and the firm was among the most diverse in the country.

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In my corner of the world, I enjoyed my trial practice very much. I was also able to spread my wings in other ways. The firm supported my pro bono efforts, and I tried and won, as lead counsel, a prisoner's rights case in the Southern District of New York. I was very interested in teaching IP law as an adjunct professor. I finally got my chance when Herb, who was teaching trademark law at the University of Pennsylvania, injured his back in the middle of the semester and asked me to take over the course. I went to Philadelphia by train, and the trip was well worth it. I really enjoyed teaching. Moreover, this experience gave me the credential I needed to be invited to join the Adjunct Faculty at the NYU Law School, where I have taught patent courses since 1990.

But as the years went by, I began to see the proverbial glass ceiling that separated me from the role of lead trial counsel that I wanted so badly. By the summer of 1996, I had enjoyed successful trial experiences in important cases. These included a leading role in the examination of witnesses in the damages trial of *Polaroid v. Kodak*, where I won on the marketing issues for which I was responsible; handling almost all of the witnesses and closing argument in the famous *NBA v. Motorola* trial involving the NBA's assertion of rights in the scores and statistics of basketball games, where we won in the district court on all but one issue, and in the Second Circuit Court of Appeals on the remaining issue; and serving as lead trial counsel in a patent interference trial for Allied-Signal. Nevertheless, in that summer, a Silicon Valley client of Herb's decided that despite all of the good work I had done on their case, they were not comfortable with me examining witnesses at the trial and wanted one of my partners, a man, to take my place.

Later on, Herb sat me down for one of the most important conversations of my career. He told me that my efforts at becoming lead trial counsel were being frustrated because clients in the United States were simply not ready to accept a woman as lead trial counsel. Herb pointed out that women were Prime Ministers in countries like Great Britain and India, but that the United States was not ready for such leadership by women. He suggested that what I needed to do was to focus on internationally-based clients, who would be more open-minded on the subject of lead trial counsel. In particular, he thought that Japanese clients would be a good fit for my personality. And to get me started, he did a very nice thing for me. He asked me to take over two very interesting matters of his that were previously run by a male partner more senior than me.

I had a complex emotional reaction to all of this. I was, of course, frustrated and disappointed with the difficulty in my being accepted as lead trial counsel. Like other partners at my level, I hoped to be able to attract my own clients. Although I liked international travel and learning about other cultures, a Japanese practice was something I had never contemplated before. But I did what Herb asked me to do, and I am forever grateful for the door he opened that led to wonderful opportunities and experiences for me.

The two matters Herb asked me to handle were a patent infringement litigation brought by one of the firm's first Japanese clients and a licensing program for Plasma Physics and Solar Physics, who were preparing to license the patents of John Coleman to a wide range of semiconductor companies believed to be using the patents. These matters laid the foundation for my development of my own practice. The case for the Japanese client was against another Japanese company, likely the first of its kind in the United States, and a rarity in any jurisdiction. Not only did I learn about working with and against Japanese companies, but because there was litigation in Japan as well as the United States, I also learned about managing multi-jurisdictional litigation, which has become increasingly more common in recent years.

The Plasma Physics and Solar Physics matter led to my leading a high profile series of multiple litigations and licensing negotiations against the largest semiconductor and flat panel display manufacturers in the world, including U.S., Japanese, and Korean manufacturers. By the time it was over, I had handled 22 litigations and licensed more than 20 companies for substantial royalties. I went to Japan regularly for more than five years, and to Korea on several occasions.

During all of these matters, Herb was always available to discuss whatever issues I wanted to discuss. I asked a lot of questions and paid attention to the answers. I loved strategy discussions with him. After a ten- or fifteen-minute vigorous conversation, it was pretty clear to me whether I was going in the right direction or needed to change course. Of course, you don't need to be working together on an actual matter to get advice from a mentor. But there is no substitute for on-the-job experience. Trial advocacy and other formal CLE is valuable, but nothing beats on-the-job training.

Using these experiences, I went on to build a successful Japanese and international litigation and trial practice in patent infringement cases, developed a client base for plaintiffs' cases as well as my licensing and negotiation work, and developed a related litigation specialty in patent licensing disputes. I was very pleased that I was able to attract interesting and high quality work. I liked my clients very much, both personally and professionally. I loved the time I spent abroad, particularly in Japan. The combination of my experience, ability, client-relationship skills, a lot of hard work, and focus, and a growing greater acceptance of women in lead roles, enabled me to get the practice I wanted.

But I would not have gotten nearly as far without the opportunities that I was given by my mentors. Before you can get your own clients, you need a track record in significant matters — in matters that have been generated by other partners. This is where the role of the mentor is critical. While mentorship takes many forms, being given the opportunity to handle significant matters is, in my view, the single most important benefit a mentor can pass on. And for more experienced litigation associates, that means regular courtroom appearances handling witnesses and arguments at trial and significant motion arguments. For junior associates, it means letting them be "first chair" at depositions.

When I began to have my own cases, I had the opportunity to give back by giving good work to associates and young partners, both women and men. I found that with few exceptions, the lawyers performed at least as well, if not better, than I expected them to. Junior lawyers hungry for experience will make the most of it. Teaching them can be fully integrated into the case work, so it becomes natural and continuous. For younger associates, I tried to do what others did for me — for example, having them second-chair my deposition, and reversing roles at the next deposition. In major litigation, I had weekly team meetings to discuss both the work being done at that time as well as overall case strategy, so that everyone understood how their piece of the case fit into the case strategy as a whole.

I sought to find speaking roles in court for promising associates and junior partners. If I could not find courtroom roles, I asked them to help teach one of my law school classes or substitute for me in giving a speech. I helped groom associates to become eligible for partnership by providing them with the experiences that would show they were able and ready to become partners.

Sometimes, my staffing and assignments required discussions with clients. On occasion, I would have to advocate for a particular associate, explaining why she or he was qualified to take on the task. I had to practice effective case management, so that clients truly saved money by having the work delegated to the qualified person with the lowest billing rate. And I agreed with the clients that they should not have to pay for associate training. That meant write-offs of bills, which I tried to keep to a minimum by giving clear instructions and providing close supervision. On some occasions, I was happy to hear clients say that they were initially skeptical, but ended up happy with an associate's work.

I found working with associates and young partners to be very gratifying. I respected the ones who, even after I became a senior partner, came to my office to tell me that they disagreed with a strategic decision I had made, or to make sure that I knew of a problem that had developed. They were able to disagree without being disrespectful. I listened to them. Sometimes they were right.

I also found teaching at law school to be very worthwhile. Besides keeping me up-to-date on the law, it was another great mentoring experience. For a long time I taught beginning and advanced patent law. But about three years ago, I began to teach a patent litigation course at the NYU Law School. The circumstances that brought this about led to my final work with Herb Schwartz. Herb had instituted a patent litigation course at the NYU Law School. At the time, I was no longer teaching a course at NYU because I had such a heavy travel schedule that teaching was impossible. But in 2011, Herb, who was suffering with his final illness, had a health setback and could not complete his course. The law school asked me to take it over and I did. I enjoyed our brief but final work together. I taught the course again in 2012 and 2013, preserving some of the materials Herb had developed. I am only sorry that we could not stand side by side in the classroom, as we did in court so many times.

By and large, clients become comfortable with both women and men on their trial teams. I was particularly proud when my Japanese clients began including women on the staff of their intellectual property departments, and asked me to meet with and work with these women. In recent years, some American clients have even set a requirement for outside counsel to field diverse teams.

However, issues concerning the advancement of women lawyers continue to exist. In my experience, the biggest problems continue to affect senior women partners and working mothers. Women who are lead trial counsel in significant cases or have very senior managerial positions in a law firm continue to be small in number. Despite the major efforts made by firms to retain women lawyers who have children, through flextime arrangements, the challenges are great. Most women associates cannot afford around-the-clock live-in help and do not have spouses who take the main responsibility for child care. That means that such women have an inflexible end-of-the-day deadline by which they need to return home. Based on personal experience in integrating these associates into my cases, my preferred approach was to make sure that they were not the only associate working on the case and that there were other team members who could cover in a crisis. It worked for me, but not for the lawyers in question.

Being responsible and ambitious professionals, these women did not like having other people cover for them but simply could not keep up with the fast pace of litigation. With babies and young children, health and

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child care crises pop up all of the time and have to take priority. And if the lawyer had to take a subsidiary role in her work, she suffered in terms of the level of experience she gained. The one instance in my experience, in which a woman associate with young children and a flextime arrangement worked as the only associate on my and other cases, ended with the woman leaving law practice and becoming part of the firm's marketing department. The profession lost a fine lawyer.

From my perspective, dealing with the issue of flextime for working mothers requires taking a longer view of one's career. I am not a mother, but in the course of my law firm career, I needed to take a step back from my career on other occasions. These were the final illnesses and deaths of my parents and when I had major surgery. It is the rare lawyer, male or female, who does not need a break from practice at some point in his or her career. There are too many uncertainties in life.

Law firms are intensely competitive environments these days. But unless we find a way for lawyers to continue to practice while "stepping back" for a time to deal with motherhood, elder care, and other life issues, we are going to lose many talented and dedicated professionals.

Finally, the economic pressures of recent years have brought new challenges to the training of young lawyers. Some partners in law firms have told me that their clients do not want to see any associates working on their matters. These client views were based upon a combination of resistance to paying for associate training and risk aversion.

Even in matters I have handled in which clients are willing to work with associates, the team "head counts" on matters have been dramatically reduced due to budget constraints. Clients are much more comfortable paying a high billing rate for experienced partners than the much lower rates of younger lawyers. At the same time, partners' own billable hour requirements make them less likely to delegate their work, and firm resistance to write-offs makes training more difficult.

Moreover, given the magnitude of the stakes in a patent infringement trial, clients have become more risk averse. It has become particularly difficult to find a courtroom role for associates or even junior and mid-level partners in major trials. My courtroom experience as an associate in the *Polaroid* liability trial would be a truly exceptional event these days. This has not gone unnoticed by the bench. Just last year, I appeared in the Southern District of New York at a case management conference in a major case where there were several motions and issues to be argued. At the end of the conference, the Judge "congratulated" me and adverse lead counsel for letting more junior members of our teams argue some of the points.

Partners are justifiably reluctant to "push back" on these issues with clients or firm management. But if these forces continue for many more years, the profession, as well as the clients, will suffer. Clients are willing to pay large firms very substantial fees to get high-quality experienced lawyers to solve their legal problems. Current trends will result in far fewer well-trained lawyers to meet the demand. There are some who might say that this is a positive trend, because there are too many legal service providers. But if taken too far over the long term, it will negatively affect the overall quality of legal services.

Unfortunately, it appears that the impact of these trends is falling disproportionately on women. In 2011, I attended a program at the New York City Bar Association entitled, "Where are the Women Litigators?" Justices of the First Department Appellate Division of the State of New York presented a fact sheet showing that out of 98 commercial cases argued from September 2010 to January 2011, only 12 cases had a woman in the lead role or arguing the case. On many occasions, no women even sat at the counsel table. I understand that there has been little improvement in this statistic.

My conclusion from all of this is that having good mentors, and being a good one when your turn comes, continues to be of critical importance to the advancement of all lawyers, and particularly women lawyers. I am grateful for the mentors I had, and for the opportunity to mentor others.

(Endnotes)

* Patricia A. Martone retired last year from Morrison & Foerster LLP after a distinguished career as lead trial counsel for more than 55 complex and often global patent litigation and licensing matters. As the principal of the Law Office of Patricia A. Martone, P.C., she currently consults with and advises clients about every stage of prospective and pending patent disputes and patent licensing issues, including settlement, mediation, *inter partes* review in the USPTO, and trial.

An Appeal-ing Proposition: Federal Circuit Standards of Review for Decisions of the Patent Trial and Appeal Board

By Kenneth R. Adamo, David W. Higer, Eugene Goryunov, and *Ryan M. Hubbard*[1]

The number of petitions requesting review of issued United States patents under the America Invents Act ("AIA")—including *inter partes* review ("IPR"), covered business method review ("CBMR"), and post-grant review ("PGR")—continues to increase. So too does the number of appeals docketed with the Court of Appeals for the Federal Circuit ("Federal Circuit") from those proceedings. At the time this article was written, eighteen such appeals at varying stages were pending with the Federal Circuit. The Federal Circuit has exclusive jurisdiction to hear appeals from decisions of the Patent Trial and Appeal Board ("PTAB"), a unit of the United States Patent and Trademark Office ("USPTO").[2] In these appeals, the Federal Circuit has jurisdiction over many—but **not** all—issues that may occur in a post-grant patent review proceeding at the PTAB.[3]

An important consideration in each appeal of a PTAB decision to the Federal Circuit is the applicable standard of review, which the appellant must identify in its opening brief.[4] As an initial matter, this article discusses Federal Circuit precedent as to what entities may (or may not) have standing to appeal final written decisions of the PTAB to the Federal Circuit. Assuming the appellant has proper standing to launch an appeal, three questions related to the potentially applicable standard of review are addressed:[5] (1) what are the applicable standards of review in appeals from final written decisions of the PTAB; (2) what issues may (and may not) be appealed; and (3) what are the potentially appropriate standards of review for those issues that may be appealed.

I. Who Has Standing to Appeal the PTAB's Final Written Decision?

The Patent Act permits a "party dissatisfied with the final written decision" of the PTAB to appeal to the Federal Circuit.[6] Recently, however, the Federal Circuit reminded the patent bar that an appellant must have standing to maintain its appeal. Consumer Watchdog, a nonprofit appellant in *Consumer Watchdog v. Wisconsin Alumni Research Foundation*, filed a request for *inter partes* reexamination with the USPTO.[7] The USPTO instituted reexamination proceedings but ultimately confirmed the patentability of the challenged claims. Consumer Watchdog appealed to the Federal Circuit following an unsuccessful appeal to the Board of Patent Appeals and Interferences ("BPAI"), the predecessor of the PTAB.[8] The Federal Circuit, however, dismissed the appeal, finding that Consumer Watchdog lacked standing to appeal to the federal court.

Article III of the U.S. Constitution limits federal court jurisdiction, including that of the Federal Circuit, to cases or controversies, a requirement that is met by demonstrating an "injury in fact."[9] A party need not have Article III standing to appear at the USPTO (an administrative agency), but "the constitutional requirement that it have standing kicks in" when the party seeks review in a federal court.[10] The Federal Circuit explained that while Congress may create the procedural right for a party to appeal the outcome of a USPTO proceeding, the "requirement of injury in fact is a hard floor of Article III jurisdiction that cannot be removed by statute."[11]

Consumer Watchdog argued that it had sustained a concrete and particularized injury when the BPAI denied its request to cancel certain claims of the challenged patent. The Federal Circuit, however, disagreed. It reasoned that the statute authorizing requests for reexamination "did not guarantee a particular outcome favorable to the requestor;" and the BPAI, thus, "did not invade any legal right conferred upon Consumer Watchdog."[12] The Federal Circuit further concluded that statutory provisions authorizing an appeal to the Federal Circuit did not confer standing: "A statutory grant of a procedural right, e.g., right to appeal, does not eliminate the requirements of Article III."[13] The Federal Circuit left for another day whether under different circumstances the preclusive effect of the estoppel provisions implicated by a final decision of the BPAI or the PTAB could constitute an injury in fact.[14]

The result of the Federal Circuit's holding in *Consumer Watchdog* is that certain non-profit, non-practicing patent challengers may not be able to appeal PTAB decisions that confirm patentability of the challenged patent.

II. What Are the Applicable Standards of Review at the Federal Circuit?

Assuming an appellant has proper standing to launch an appeal, the first question in any appeal from a decision of the PTAB is: what are the potentially applicable standards of review?

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The standards of review for a decision from a federal administrative agency in the United States, such as the USPTO, are specified in the Administrative Procedure Act ("APA"). Under the APA, a "reviewing court shall decide all relevant questions of law."[15] A reviewing court, on the other hand, *must* set aside any agency action, findings, and conclusions found to be "arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law" *or* "unsupported by substantial evidence in a case subject to sections 556 and 557 of this title or otherwise reviewed on the record of an agency hearing provided by statute."[16] As a result:

- Legal conclusions of the PTAB are reviewed ***de novo***.[17]
- Factual findings of the PTAB are reviewed under the **substantial evidence** standard of review.[18]

Legal conclusions are those reached by the application of the law to a given set of facts. Under a *de novo* standard of review, the Federal Circuit gives no deference to legal conclusions of the PTAB.[19]

Questions of fact, on the other hand, are those whose resolution is "based ultimately on the application of the fact-finding tribunal's experience with the mainsprings of human conduct."[20] The Federal Circuit has determined that it will review the PTAB's factual findings under the substantial evidence standard of review.[21] Evidence is substantial "if a reasonable mind might accept it as adequate to support the finding."[22]

Initially, the Federal Circuit applied the clearly erroneous standard of review to the PTAB's factual findings. In *Dickinson v. Zurko*, however, the U.S. Supreme Court held that—because the PTAB is an administrative agency—the APA mandates that the PTAB's factual findings be given deference unless those findings are unsupported by substantial evidence, or are arbitrary and capricious.[23] The clearly erroneous standard of review—applied by the Federal Circuit to district court factual findings under Rule 52(a)—does **not** apply to agency fact-findings.[24] Justice Breyer, speaking for the Court in *Dickinson v. Zurko*, stated:

> The court/agency standard, as we have said, is somewhat less strict than the court/court standard. But the difference is a subtle one—so fine that (apart from the present case) we have failed to uncover a single instance in which a reviewing court conceded that use of one standard rather than the other would in fact have produced a different outcome.[25]

Identifying the appropriate standard of review does not end the Federal Circuit's analysis; it merely establishes the likelihood that a PTAB error will be corrected. The

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APA further mandates that all Federal Circuit reviews account for "harmless error" by instructing that "due account shall be taken of the rule of prejudicial error."[26] The "harmless error" rule applies equally to appeals from the PTAB and to appeals from final decisions of U.S. district courts.[27] The result is straightforward: to prevail, the "appellant must not only show the existence of error, but also show that the error was in fact harmful because it affected the decision below."[28] The U.S. Supreme Court has recently confirmed that "review of ordinary administrative proceedings" is like "review of civil cases in this respect. Consequently, the burden of showing that an error is harmful normally falls upon the party attacking the agency's determination."[29]

III. What Issues May/May Not Be Appealed to the Federal Circuit?

The second question in any appeal from a decision of the PTAB is: what issues may be appealed and what issues may not?

The Patent Act provides that an appeal from the PTAB is appropriate only after the PTAB issues a final written decision on the merits.[30] Indeed, appeals are not permitted of the PTAB's initial determinations of whether or not to institute a PTAB trial.[31] The Federal Circuit has similarly concluded that a demand for a writ of *mandamus*—a demand that the Federal Circuit compel the PTAB to take certain action—is often an inappropriate means to seek appeal of the PTAB's initial or interlocutory decisions. Thus far, the Federal Circuit has denied *mandamus* petitions relating to the following initial/interlocutory issues:

- Decision Not to Institute an IPR Trial: The Federal Circuit held that "a challenger may not appeal the non-institution decision" of the PTAB to the Federal Circuit. A demand for a writ of *mandamus* is thus inappropriate because the petitioner "has no 'clear and indisputable' right to challenge a non-institution decision directly in this court."[32]

- Decision Instituting an IPR Trial: The Federal Circuit held that it lacks jurisdiction to hear "requests for immediate review of the [PTAB's] decision not to institute an inter partes review" as well as requests to review a "decision to institute such a review." A demand for a writ of *mandamus* "is not a proper vehicle for challenging the institution of inter partes review."[33]

- Application of the One-Year Statutory Bar in Decision to Institute IPR Proceedings: The Federal Circuit denied a patent owner's demand for *mandamus* review of a PTAB decision instituting an IPR trial over the patent owner's arguments that the IPR petitions were statutorily barred. The Federal Circuit explained that the patent owner failed to carry its heavy burden to receive the writ.[34]

- Decision on Request for Additional Discovery: The Federal Circuit denied a patent owner's demand for a writ of *mandamus* compelling the PTAB to grant the patent owner's request for additional discovery. The Federal Circuit explained that the patent owner did not carry its "heavy burden" to establish entitlement to the relief.[35]

- Decision on Request to Submit Supplemental Evidence: The Federal Circuit denied a petitioner's demand for a writ of *mandamus* compelling the PTAB to accept a submission of supplemental evidence. The Federal Circuit explained that "mandamus is rarely a proper means by which an appellate court should take up such evidentiary matters."[36]

Though these initial/interlocutory issues were not ripe for review, the Federal Circuit has left open the possibility that at least some may be raised on appeal from a final written decision of the PTAB. In the cases addressing the application of the one-year statutory bar, a request for additional discovery, and a request to submit supplemental evidence, the Federal Circuit denied writs of *mandamus* without prejudice to the appellant re-raising its arguments after a final written decision of the PTAB.[37]

IV. What Is the Potentially Applicable Standard of Review for Issues That May Be Appealed to the Federal Circuit?

The third question in any appeal from a decision of the PTAB is: what is the applicable standard of review for those issues that may be appealed?

After the PTAB issues a final written decision, one of the first steps in the appeal process is to identify what issues are being appealed. The issues—which may be procedural and/or substantive—may vary based on the type of PTAB post-grant review from which the appeal is taken. Once the issues are identified, the potentially applicable standard of review can be ascertained.

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The table below catalogues the various issues identified to date that may be addressed in the available PTAB post-grant review proceedings, the type of question presented by each issue, and supporting case law.

Section	Issue	Type of Question	Supporting Case
Section 101	Patentable Subject Matter	Question of Law	*In re Ferguson*, 558 F.3d 1359, 1363 (Fed. Cir. 2009) ("'Whether a claim is drawn to patent-eligible subject matter under § 101 is an issue of law that we review de novo.' (citation omitted).")
Section 101	Utility	Question of Fact	*In re Fisher*, 421 F.3d 1365, 1369 (Fed. Cir. 2005) ("Whether an application discloses a utility for a claimed invention is a question of fact. (citation omitted). We consequently review the Board's determination . . . for substantial evidence.")
Section 101	Statutory-type Double Patenting	Question of Law	*In re Fallaux*, 564 F.3d 1313, 1316 (Fed. Cir. 2009) ("Double patenting is a question of law that we review de novo.")
Section 102(a), (e), and (g)	Anticipation	Question of Fact	*In re Morsa*, 713 F.3d 104, 109 (Fed. Cir. 2013) ("Anticipation is a question of fact reviewed for substantial evidence.")
Section 102(b)	Public Use	Question of Law with Underlying Issues of Fact	*In re Epstein*, 32 F.3d 1559, 1564 (Fed. Cir. 1994) ("Whether something is 'in public use or on sale' within the meaning of section 102(b), and thus properly considered prior art, is a question of law with subsidiary issues of fact.")
Section 102(b)	Public Use; Experimental Use Exception	Question of Law with Underlying Issues of Fact	*In re Epstein*, 32 F.3d 1559, 1564 (Fed. Cir. 1994) ("Whether something is 'in public use or on sale' within the meaning of section 102(b), and thus properly considered prior art, is a question of law with subsidiary issues of fact.")
Section 102(b)	On Sale Bar	Question of Law with Underlying Issues of Fact	*In re Epstein*, 32 F.3d 1559, 1564 (Fed. Cir. 1994) ("Whether something is 'in public use or on sale' within the meaning of section 102(b), and thus properly considered prior art, is a question of law with subsidiary issues of fact.")
Section 102(f)	Inventorship	Question of Law with Underlying Issues of Fact	*Sewall v. Walters*, 21 F.3d 411, 415 (Fed. Cir. 1994) ("Conception, and consequently inventorship, are questions of law that this court reviews de novo.")
Section 102(g)	Priority, Conception, and Reduction to Practice	Question of Law with Underlying Issues of Fact	*Singh v. Brake*, 317 F.3d 1334, 1340 (Fed. Cir. 2003) ("Priority of invention and its constituent issues of conception and reduction to practice are questions of law predicated on subsidiary factual findings.")
Section 103	Obviousness	Question of Law with Underlying Issues of Fact	*Randall Mfg. v. Rea*, 733 F.3d 1355, 1362 (Fed. Cir. 2013) ("Whether a claimed invention would have been obvious is a question of law, based on factual determinations regarding the scope and content of the prior art, differences between the prior art and the claims at issue, the level of ordinary skill in the pertinent art, and any objective indicia of non-obviousness. (citation omitted). On appeal, we review the Board's compliance with governing legal standards *de novo* and its underlying factual determinations for substantial evidence.")
N/A	Obviousness-type Double Patenting	Question of Law	*In re Hubbell*, 709 F.3d 1140, 1145 (Fed. Cir. 2013) ("Obviousness-type double patenting is a question of law that we review *de novo*.")
Section 112	Written Description	Question of Fact	*In re Owens*, 710 F.3d 1362, 1366 (Fed. Cir. 2013) ("Whether a claimed invention is supported by an adequate written description under § 112, ¶ 1, is a question of fact that we review for substantial evidence.")
Section 112	Enablement	Question of Law with Underlying Issues of Fact	*In re Morsa*, 713 F.3d 104, 109 (Fed. Cir. 2013) ("Enablement is a question of law based on underlying factual findings.")

V. Conclusion

There are two generally applicable standards of review in appeals of PTAB decisions: (1) *de novo*; and (2) substantial evidence. Although seemingly routine, application of the correct standard of review is critical to the proper disposition of an appeal. Consequently, it is important to identify all of the issues involved in an appeal. Once the issues are identified, the appropriate standard of review and appropriate level of deference that the Federal Circuit should give to the various issues resolved in the PTAB's decision should become clear. Armed with this information, an appellant or prospective appellant can better determine its likelihood of success on potential issues for appeal.

(Endnotes)

[1] Kenneth R. Adamo is a partner in the Intellectual Property group in Kirkland & Ellis LLP's Chicago and New York offices. His practice focuses on all areas of intellectual property law, particularly including patent, copyright, unfair competition, trade secrets, and related antitrust matters.

David W. Higer is an intellectual property litigation partner based in the Chicago office of Kirkland & Ellis LLP. He has a national practice focused on advising clients in all aspects of patents and copyrights, including trial litigation, appellate litigation, alternate dispute resolution, and the assessment of potential opportunities or risks for particular patents or copyrights.

Eugene Goryunov is an intellectual property litigation associate based in the Chicago office of Kirkland & Ellis LLP. He is an experienced attorney who represents clients in complex multi-patent, multi-party, patent litigation matters involving many diverse technologies.

Ryan M. Hubbard is an associate in Kirkland & Ellis LLP's Chicago office. He concentrates his practice on complex patent litigation in federal courts across the country.

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. § 1295(a)(4)(A); 35 U.S.C. § 141.

[3] *See, e.g.*, 35 U.S.C. § 314(d) ("The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.")

[4] Fed. R. App. P. 28(a)(8)(B).

[5] The Federal Circuit has not yet considered any of these questions in a precedential opinion directly addressing an appeal from a final written decision of the PTAB in an IPR or CBMR. This article is premised on the reasonable assumption that the Federal Circuit will treat appeals from a final written decision of the PTAB the same as appeals from other final decisions of the PTAB.

[6] 35 U.S.C. § 319 (IPR); 35 U.S.C. § 329 (CBMR and PGR).

[7] 753 F.3d 1258, 1260-63 (Fed. Cir. 2014).

[8] *Id.*; *see also* File History of Reexamination No. 95/000,154.

[9] *Consumer Watchdog*, 753 F.3d at 1260-61 (citing U.S. Const. art. III, § 2, cl. 1 and *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 560 (1992)).

[10] *Id.* at 1261 (citing *Sierra Club v. E.P.A.*, 292 F.3d 895, 899 (D.C. Cir. 2002)).

[11] *Id.* (citing *Summers v. Earth Island Inst.*, 555 U.S. 488, 497 (2009)).

[12] *Id.* at 1262.

[13] *Id.* (citing *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1386 (2014)).

[14] *Id.* at 1263.

[15] 5 U.S.C. § 706.

[16] 5 U.S.C. § 706(2).

[17] *In re Elsner*, 381 F.3d 1125, 1127 (Fed. Cir. 2004).

[18] *In re Gartside*, 203 F.3d 1305, 1316 (Fed. Cir. 2000).

[19] *Merck & Co. v. Kessler*, 80 F.3d 1543, 1550 (Fed. Cir. 1996) (refusing to give deference to statutory interpretation by the USPTO because "Congress has not vested the Commissioner with any general substantive rulemaking power.").

[20] *Comm'r v. Duberstein*, 363 U.S. 278, 289 (1960).

[21] *Gartside*, 203 F.3d at 1316.

[22] *In re Adler*, 723 F.3d 1322, 1325 (Fed. Cir. 2013). The substantial evidence standard of review is also applied by the Federal Circuit when reviewing the factual findings of a jury in a U.S. district court case.

[23] 527 U.S. 150, 164–65 (1999).

[24] *Id.* at 155.

[25] *Id.* at 162–63. In *Dickinson*, the Federal Circuit analyzed the USPTO's factual findings under a "clearly erroneous" standard of review, which generally governs appellate review of a district court judge's findings of fact (court/court review). *Id.* at 153 (citing Fed. R. Civ. P. 52(a)). Because the USPTO is a federal "agency," the U.S. Supreme Court held that a court reviewing the USPTO's decisions must apply the standards of review outlined in the APA (court/agency review), absent an exception. *Id.* at 154. The Court rejected the Federal Circuit's claim for an exception because it was not convinced that appellate review of the USPTO's decisions "demands a stricter fact-related review standard than is applicable to other agencies." *Id.* at 165.

[26] 5 U.S.C. § 706.

[27] *In re Watts*, 354 F.3d 1362, 1369 (Fed. Cir. 2004) ("the harmless error rule applies to appeals from the Board just as it does in cases originating from district courts")

[28] *In re Chapman*, 595 F.3d 1330, 1338 (Fed. Cir. 2010).

[29] *Shinseki v. Sanders*, 556 U.S. 396, 409 (2009).

[30] 35 U.S.C. § 319 (IPR); 35 U.S.C. § 329 (CBMR and PGR).

[31] 35 U.S.C. § 314(d) (IPR: "The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable."); 35 U.S.C. § 324(e) (CBMR and PGR: "The determination by the Director whether to institute a post-grant review under this section shall be final and nonappealable.").

[32] *In re Dominion Dealer Solutions, LLC*, 749 F.3d 1379, 1381 (Fed. Cir. 2014).

[33] *In re Procter & Gamble Co.*, 749 F.3d 1376, 1378-79 (Fed. Cir. 2014).

[34] *In re MCM Portfolio, LLC*, 554 Fed. App'x 944, 945 (Fed. Cir. 2014).

[35] *In re Telefonaktiebolaget LM Ericsson*, 564 Fed. App'x 585, 586 (Fed. Cir. 2014).

[36] *In re Redline Detection, LLC*, 547 Fed. App'x 994, 995 (Fed. Cir. 2013).

[37] *MCM Portfolio*, 554 Fed. App'x at 945; *LM Ericsson*, 564 Fed. App'x at 586; *Redline Detection*, 547 Fed. App'x at 995.

Aereo: An Adventure in the Cloud?

By Craig Whitney and Whitney McCollum[*]

I. Introduction

The anticipation caused by *American Broadcast Companies, Inc. v. Aereo, Inc.*[1] about whether cloud-based technology as we know it in the United States would change forever has subsided—for now. In its highly anticipated decision, the Supreme Court ruled in June 2014 that Aereo's cloud-based broadcast television streaming service violated U.S. copyright laws because it constituted an unauthorized public performance. In the face of fears that its decision would affect technology beyond Aereo's, however—particularly cloud computing and storage—the Court attempted to limit the reach of its decision by identifying specific technology and types of services to which the decision was not intended to apply. The Court's 6-3 decision likened Aereo's service to that of a traditional cable company, which Congress has long recognized as requiring a license to retransmit broadcast television programming to avoid violating the public performance right. But the Court's reasoning opens a new issue: whether Aereo and similar services are entitled to a compulsory license under Section 111 of the Copyright Act, which applies to traditional cable companies. Despite the Court's attempts to keep the cloud away from its holding, the impact of the Court's decision on other technology is still unfolding.

We examine below the background of the *Aereo* litigation, including the multiple lawsuits filed in various jurisdictions. We then explore the Supreme Court's decision, from the oral argument to the dissent. Finally, we look at the potential impact of the decision on cloud computing, other current cases, and Aereo itself.

II. Background

A. The Technology

Aereo's service allows subscribers to watch broadcast television programming on demand and on the go.[2] Specifically, Aereo's subscribers can select and watch over-the-air broadcast television programming on their Internet-connected devices, including televisions, mobile phones, and tablets.[3] An Aereo subscriber can watch this programming either live (subject to a brief time delay) or record a program for later viewing.[4]

In a sense, part of the Aereo service mimics a traditional cable service, inasmuch as traditional cable services retransmit broadcast television signals through their cable networks. But the technology behind Aereo's service is different from that of traditional cable television, or even satellite television. Aereo's subscribers can access broadcast television programming through a multistep process: (1) A subscriber selects the program he or she wishes to view from a list on Aereo's website or mobile app; (2) one of Aereo's servers selects one of thousands of "dime-sized antennas" to dedicate to that specific subscriber—no two subscribers share the same antenna at the same time; (3) the server tunes the antenna to the over-the-air broadcast that is transmitting the selected program; (4) the antenna receives the broadcast, and Aereo transcodes the signals into a form that can be transmitted over the Internet; (5) the server saves the data in a folder on Aereo's hard drive dedicated to that subscriber—each subscriber gets a unique copy of any given program; and (6) if the subscriber wishes to watch the program "live," Aereo's server begins to stream the program to the subscriber over the Internet (after several seconds of programming have been saved).[5] The subscriber can also choose to view the program at a later time.[6]

At issue in the case before the Supreme Court was Aereo's "live" streaming of the programming, not the later streaming of a recorded version. The broadcast television companies alleged that Aereo's "live" streaming constituted an unauthorized public performance of copyrighted television programming.[7] Aereo, on the other hand, claimed it only provided the equipment to do what individuals can do legally in their homes.[8]

B. The Lower Court Litigation

In 2012, various broadcasters[9] sued Aereo in the Southern District of New York for direct and secondary copyright infringement.[10] The broadcasters claimed that Aereo directly infringed their copyrights because its transmission of the broadcasters' copyrighted content to Aereo's subscribers violated the broadcasters' exclusive rights under the Copyright Act to publicly perform and to reproduce the works.[11] The broadcasters asserted secondary infringement theories of contributory, inducing, and vicarious copyright infringement based on Aereo's subscribers' reproductions of the copyrighted works. The broadcasters moved for a preliminary injunction on the claim of direct copyright infringement for violating the public performance right, claiming that Aereo's public performance of the copyrighted works caused the broadcasters irreparable harm.[12]

1. The Transmit Clause

The public performance right, as codified in the 1976 Copyright Act, includes (1) any performance at a place open to the public or any gathering with a substantial number of people outside the "normal circle of a family and its social acquaintances" and (2) the transmission of a performance to the public whether or not those members of the public receive it in the same location and at the same time.[13] This latter provision, commonly referred to as the Transmit Clause, was added to the Copyright Act by Congress in part to overturn the Supreme Court decisions in *Fortnightly Corp. v. United Artists Television, Inc.*[14] and *Teleprompter Corp. v. Columbia Broadcasting System, Inc.*[15] The appellants in those cases, Teleprompter and Fortnightly, were both cable companies that received, amplified, and transmitted to subscribers broadcast television programming.[16] Teleprompter went a step further than Fortnightly by offering its services to subscribers who would not always be able to receive the programming locally,[17] but neither Teleprompter nor Fortnightly selected television programming for its subscribers.[18] The Supreme Court drew a distinction between broadcasters, who were the ones "performing" the work, and viewers, who merely watched the performance.[19] Cable companies—which, according to the Court, were simply using equipment to amplify the available broadcast signals—fell on the viewer side of the equation.[20] Accordingly, the Court ruled in *Teleprompter* and *Fortnightly* that the cable companies did not infringe the public performance right in the copyrights to the broadcast television content, and therefore cable companies could retransmit broadcast television signals without compensating the broadcaster.[21]

In legislatively overruling the Supreme Court's *Teleprompter* and *Fortnightly* decisions, Congress clarified that there is no such distinction: broadcasters, viewers, and cable companies all "perform."[22] Further, under the Transmit Clause, a cable company that retransmits a broadcast television program performs "publicly."[23]

Notwithstanding the impact of the Transmit Clause, the Southern District of New York denied the broadcasters' preliminary injunction request against Aereo, finding that, based on the Second Circuit's decision in *Cartoon Network LP v. CSC Holdings, Inc.* ("*Cablevision*"),[24] Aereo's transmissions were unlikely to constitute public performances.[25]

2. The *Cablevision* Decision

In *Cablevision*, the technology at issue was a remote-storage DVR system, where individual subscribers could select television programs to record.[26] The recordings were saved for later viewing by the subscriber on a Cablevision-hosted server.[27] The relevant issue was whether Cablevision publicly performed the copyrighted program when a subscriber watched the recording because Cablevision was making the recording and storing it on its servers.[28] The Second Circuit found that the playback from Cablevision's remote-storage DVR system was not a performance "to the public" because each recording and subsequent transmission was unique to an individual subscriber and only the subscriber who authorized the recording could play it back.[29]

Aereo has publicly stated that its technology was designed to be non-infringing based on this existing law.[30] The broadcasters, nevertheless, appealed the district court's denial of the preliminary injunction motion to the Second Circuit. In a split decision, the Second Circuit agreed with Aereo that its service fell within the applicable non-infringing legal framework.[31] Like the defendant's system in *Cablevision*, Aereo's system made unique copies of every recording, and each transmission of a program to a subscriber was generated from that subscriber's unique copy. Further, like in *Cablevision*, the Second Circuit found that the subscriber decides which program to view. Judge Chin, in a dissenting opinion, disagreed with the majority's view. He was of the opinion that Aereo's service was designed to take advantage of a perceived loophole in the law and that its mini-antennae setup was a "Rube Goldberg-like contrivance."[32]

3. Other District Court Decisions

Concurrently with the New York litigation, other broadcasters sued Aereo in other jurisdictions, with mixed results. WCVB-TV brought suit against Aereo in the District of Massachusetts in 2013.[33] In addition to the public performance and reproduction claims asserted in the New York case, WCVB-TV added claims for direct copyright infringement based on the distribution of copyrighted programming and for direct and

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secondary copyright infringement for creating derivative works of the copyrighted programming. WCVB-TV moved for a preliminary injunction on the public performance and distribution claims. The court denied the preliminary injunction motion, finding that the broadcaster was unlikely to succeed on its public performance and unlawful distribution claims and rejecting the broadcaster's argument that it would suffer irreparable harm absent an injunction.[34]

The District of Utah was the first court to issue a preliminary injunction against Aereo, ruling—as the Supreme Court would later confirm—that the broadcasters were likely to show that Aereo performs the copyrighted works publicly.[35] The plaintiff, Community Television of Utah ("CTU"), brought claims against Aereo for infringement of its public performance, distribution, and reproduction rights. CTU moved for a preliminary injunction on its public performance claim, asserting that it would suffer irreparable harm absent an injunction in the form of loss of goodwill, loss of competitive market position, loss of control over the use and distribution of copyrighted work, and impaired business relationships.[36] The court agreed, relying on the plain language of the Transmit Clause and the intent of Congress as support for its conclusion that Aereo engages in a public performance.[37] In responding to Aereo's argument that the structure of its technology avoids copyright infringement, the court stated that "[t]his court finds no basis in the language of the Transmit Clause or the relevant legislative history suggesting that technical details take precedence over functionality."[38]

In related cases, both the D.C. District Court and the Central District of California issued preliminary injunctions against FilmOn X, a company that offers a service similar to Aereo's.[39] The courts' reasoning in those cases was similar to that of the District of Utah—finding that the broadcasters were likely to show that Aereo engages in a public performance.[40] FilmOn X took a proactive approach in Illinois, filing a declaratory judgment action in November 2013 against Window to the World Communications.[41] All of the FilmOn X cases were stayed pending the outcome of the Supreme Court's decision in *Aereo*.

Given the volume of pending cases and conflicting results, Aereo actually supported the Supreme Court's review of the Second Circuit's decision in Aereo's favor because it believed the broadcasters "have shown every intention of pursuing litigation in every circuit in the nation."[42] Aereo stated that the record coming from the Second Circuit provides an "appropriate vehicle for resolving" the question of law presented in all of the pending cases.[43]

III. Supreme Court

The issue before the Supreme Court was whether Aereo "publicly performs" copyrighted works through its retransmission of broadcast television content over the Internet.[44]

A. The Argument

The case was argued before the Court on April 22, 2014.[45] A recurring theme during the oral argument was the impact that the Court's decision would have on other technologies and industries.[46] The Justices' questions focused heavily on how their decision would affect other technologies (such as cloud computing and storage); how to balance technological innovation versus pure circumvention of copyright laws; and how a decision against Aereo, were the Court to make such a decision, could be squared with the Second Circuit's *Cablevision* opinion.

Justices Stephen Breyer and Sonia Sotomayor led the discussion regarding the anticipated impact of the Court's decision on other technologies. Justice Breyer plainly stated: "And then what disturbs me on the other side is I don't understand what a decision for [Aereo] or against [Aereo] when I write it is going to do to all kinds of other technologies."[47] Justice Samuel Alito echoed this sentiment when he remarked: "I need to know how far the rationale that you want us to accept will go, and I need to understand, I think, what effect it will have on these other technologies."[48] The Justices' concerns focused mainly on the cloud, although several other companies and technologies were identified by name, including Netflix®, Hulu®, and Roku®.[49]

Chief Justice John Roberts questioned Aereo as to the motive behind its multi-antenna setup stating: "I mean, there's no technological reason for you to have 10,000 dime-sized antenna[s], other than to get around copyright laws."[50] Justice Antonin Scalia followed up with "is there any reason you did it other than not to violate the copyright laws?"[51]

According to Aereo, "All Aereo is doing is providing antennas and DVRs that enable consumers to do exactly what this Court in *Sony* [*Corp. of America v. Universal City Studios, Inc.*] recognized they can do when they're in [their] home and they're moving the equipment . . . ."[52] Aereo distinguished itself from cable providers by the scope of content it provides (only content available over public airwaves) and how it is provided (upon a subscriber's initiation).

The Court also inquired as to how Aereo's service differs, if at all, from the remote-storage DVR service provided in *Cablevision*. Justice Anthony Kennedy, in particular, seemed reluctant to reach a decision that effectively overruled *Cablevision*, even asking the broadcasting companies to "assume that *Cablevision* is our precedent."[53] The broadcasting companies attempted to distinguish Aereo's service from the service in *Cablevision* by pointing out that the defendant in *Cablevision* paid royalties to carry programming in the first instance, whereas Aereo does not pay any royalties.

Justice Sotomayor shed light on the Court's ultimate decision, asking "why aren't they [Aereo] a cable company?" She explained that, to her, "a little antenna with a dime fits [the] definition" of a cable company, at least "[t]o subscribing members of the public" because it "[m]akes secondary transmissions by wires, cables, or other communication channels."[54]

B. The Majority Decision

The Supreme Court's June 25, 2014 opinion addressed two questions regarding the public performance right: (1) Does Aereo "perform" a copyrighted work and (2) if so, is that performance "public"?[55] The answer to both questions, according to the Court, is yes.

1. Performance

The Copyright Act defines "perform" as to "show [the audiovisual work's] images in any sequence or to make the sounds accompanying it audible."[56] Under this definition, "*both* the broadcaster *and* the viewer of a television program 'perform.'"[57] The majority of the Court (contrary to the dissent) disagreed with Aereo's argument that it was simply a supplier of equipment that allows users to perform content and that it did not itself perform such content. Instead, the Court determined that Aereo was essentially no different in substance than a traditional cable company, to which Congress expressly intended to have the public performance right apply.[58]

The technological difference between Aereo and traditional cable systems at issue when the Copyright Act was amended—that the latter systems transmitted content constantly while Aereo's system remains inert until subscribers indicate that they want to watch a program—was insignificant to the Court.

"Given Aereo's overwhelming likeness to the cable companies targeted by the 1976 amendments, this sole technological difference between Aereo and traditional cable companies does not make a critical difference here. . . . [T]he many similarities between Aereo and cable companies, considered in light of Congress' basic purposes in amending the Copyright Act, convince us that this difference is not critical here. We conclude that Aereo is not just an equipment supplier and that Aereo 'perform[s].'"[59]

2. To the Public

After concluding that Aereo performed a copyrighted work, the Court then had to determine if the performance was public. The Court held that Aereo transmits its performance of the copyrighted works to the public.[60]

An entity transmits a performance if it "communicate[s] by any device or process whereby images or sounds are received beyond the place from which they are sent."[61] The Court appeared to accept the definition—although initially only assumed for the purposes of evaluating Aereo's argument—that transmitting an audiovisual performance requires communicating "contemporaneously perceptible images and sounds of a work."[62]

Because Aereo's service satisfied this definition, the Court went on to note that the Transmit Clause of the Copyright Act contemplates that an entity can transmit a performance "through one or several transmissions, where the performance is of the same work."[63] Accordingly, the Court concluded that "when an entity communicates the same contemporaneously perceptible images and sounds to multiple people, it transmits a performance to them regardless of the number of discrete communications it makes."[64]

That transmission is public because "Aereo communicates the same contemporaneously perceptible images and sounds to a large number of people who are unrelated and unknown to each other."[65]

The fact that the Aereo service involves individual recordings for each subscriber and that it plays each recording only to its designated subscriber is, according to the Court, just the "behind-the-scenes way in which Aereo delivers television programming to its viewers' screens" but "do[es] not render Aereo's commercial objectives any different from that of cable companies" or

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"significantly alter the viewing experience of Aereo's subscribers."[66]

The Court again explained that Aereo was conceptually no different from a cable company. "In terms of the Act's purposes, these differences do not distinguish Aereo's system from cable systems, which do perform 'publicly.' Viewed in terms of Congress' regulatory objectives, why should any of these technological differences matter?"[67]

The Court ultimately held that: "Insofar as there are differences, those differences concern not the nature of the service that Aereo provides so much as the technological manner in which it provides the service. We conclude that those differences are not adequate to place Aereo's activities outside the scope of the Act."[68]

In reaching its conclusion, the Court did not address *Cablevision* at all, leaving *Cablevision* as good law but leaving open the question as to how it should apply to similar technology going forward.

Additionally—and somewhat unusually—the Court proactively addressed potential concerns that its decision would discourage the emergence or use of different kinds of technologies. In particular, the Court laid out areas that its decision did not reach, including "whether different kinds of providers in different contexts also 'perform'" and "whether the public performance right is infringed when the user of a service pays primarily for something other than the transmission of copyright works, such as the remote storage of content."[69] Ultimately, the Court noted that, to the extent that commercial actors were still concerned about the legality of certain developing technologies, "they are of course free to seek action from Congress."[70]

C. The Dissent

Justice Antonin Scalia wrote a dissenting opinion, which Justices Clarence Thomas and Samuel Alito joined. The dissent addressed only whether Aereo's content streaming constitutes a performance by Aereo.[71] In concluding that Aereo's streaming does not constitute a performance by Aereo, the dissent did not address whether it was public.

The dissent distinguished between direct and indirect copyright infringement. Because only claims of Aereo's alleged direct infringement were before the Supreme Court, the dissent noted that Aereo's conduct—not the conduct of its subscribers—must be considered a performance of the copyrighted work to support a finding of infringement.[72]

The dissent proffered that Aereo "does not 'perform' at all" and that the majority reached its conclusion only "by disregarding widely accepted rules for service-provider liability and adopting in their place an improvised standard ('looks-like-cable-TV') that will sow confusion for years to come."[73] What is important, according to the dissent, was "that subscribers call all the shots: Aereo's automated system does not relay any program, copyrighted or not, until a subscriber selects the program and tells Aereo to relay it.... In sum, Aereo does not 'perform' for the sole and simple reason that it does not make the choice of content. And because Aereo does not perform, it cannot be held directly liable for infringing the Networks' public-performance right."[74]

Of particular significance was Justice Scalia's discussion of volitional conduct, which was not addressed by the majority. The notion of a volitional conduct requirement typically arises in copyright infringement cases alleging unauthorized reproduction (rather than public performance)—that is, the infringer is the person who is actually pushing the "copy" or "download" button. The Supreme Court has never expressly decided that volitional conduct is a requirement for direct copyright infringement, although the Court's decision in *Sony Corp. of America v. Universal City Studios, Inc.*[75] probably comes the closest. But the dissent points out that volitional conduct "comes right to the fore when a direct-infringement claim is lodged against a defendant who does nothing more than operate an automated, user-controlled system."[76] To illustrate its point, the dissent compared a copy shop to a video-on-demand service. Because the copy shop simply provides equipment and its customers are making the choice of what to copy, the copy shop does not engage in volitional conduct.[77] In contrast, video-on-demand services, such as Netflix®, choose the content from which its users may ultimately select.[78] The "selection and arrangement" by video-on-demand services is thus a "volitional act directed to specific copyrighted works."[79]

The volitional act discussion is significant because, as the dissent points out, it steers the liability analysis onto a direct or secondary liability track; volitional conduct is analyzed as direct infringement, and non-volitional conduct is analyzed as secondary infringement.

Aereo, according to the dissent, is neither a copy shop nor a Netflix®. Rather, it is "akin to a copy shop that provides its patrons with a library card."[80] At the end of the day, "the subscribers call all the shots" when it comes to the selection of programming. Thus, under the dissent's analysis, Aereo does not engage in volitional conduct and cannot be liable for direct infringement.

But the dissent also noted that just because Aereo does not perform "does not necessarily mean that Aereo's service complies with the Copyright Act." The dissent points out that, while the claim of a direct public performance violation was the only issue before the Court, the networks have additional claims against Aereo for secondarily infringing the networks' performance rights and for infringing the networks' reproduction rights.[81]

If those additional claims against Aereo fall short, then, in the eyes of the dissent, "what we have before us must be considered a 'loophole' in the law."[82] According to Justice Scalia, "[i]t is not the role of this Court to identify and plug loopholes. It is the role of good lawyers to identify and exploit them, and the role of Congress to eliminate them if it wishes."[83] In wrapping up its theme that the majority failed to base its decision on law, the dissent concludes, "Congress can do that, I may add, in a much more targeted, better informed, and less disruptive fashion than the crude 'looks-like-cable-TV' solution the Court invents today."[84]

IV. The World After *Aereo*

A. Section 111 License

The effect of the *Aereo* decision on the future viability of "cable-esque" services, such as Aereo's, remains an open question, assuming those services want to continue to operate. In particular, will those services attempt to license from the copyright owners the content that they seek to distribute?

While the Supreme Court likened Aereo's service to a cable system, Aereo—and other technology comparable to Aereo's—has not been deemed a cable system under any other definition, including Section 111 of the Copyright Act that governs secondary transmissions of broadcast programming by cable systems.[85]

In fact, the Second Circuit previously addressed the issue of whether "a service that streams copyrighted television programming live and over the Internet, constitutes a cable system under § 111 of the Copyright Act" in *WPIX, Inc. v. ivi, Inc*.[86] In *ivi*, the court decided that Congress "did not intend for § 111's compulsory license to extend to Internet retransmissions."[87] Aereo contends, however, that the *Aereo* decision effectively (albeit tacitly) overruled *ivi*, and Aereo is therefore entitled to a Section 111 statutory license.

Aereo tendered $5,310.74 in royalty and filing fees for the January 1, 2012 to December 31, 2013 reporting periods to the U.S. Copyright Office in accordance with a Section 111 statutory license.[88] But the Copyright Office refused to process Aereo's filings, stating that Aereo is not entitled to a Section 111 license because Aereo is not regulated by the Federal Communications Commission and "internet retransmissions of broadcast television fall outside the scope of the Section 111 license."[89] The Copyright Office stated that it "do[es] not see anything in the Supreme Court's recent decision" that overrules *ivi*.[90] The Copyright Office did leave the ultimate decision to the courts, accepting Aereo's filings on a provisional basis.[91]

Aereo brought the statutory license issue to a head in the Southern District of New York in opposition to the broadcasters' renewed motion for a preliminary injunction on remand. Aereo argued that it is entitled to a statutory license under Section 111 of the Copyright Act because the Supreme Court found that Aereo is a "cable system" under the Copyright Act, relying in part on Justice Sotomayor's comments during oral argument.[92] The broadcasters argued that the Supreme Court did not make such a finding, that the law under *ivi* has not changed in light of the Court's decision, and that Aereo is therefore not entitled to a Section 111 license.[93] The broadcasters further claimed that allowing Aereo to be seen as a cable provider under Section 111 would lead to an open door on Section 111, allowing even the "proverbial Internet-savvy 'kid in the dorm room' [to] qualify for a Section 111 license."[94]

The district court agreed with the broadcasters' position, stating:

> the Supreme Court . . . did not imply, much less hold, that simply because an entity performs publicly in much the same way as a CATV system, it is necessarily a cable system entitled to a § 111 compulsory license. . . . Stated simply, while all cable systems may perform publicly, not all entities that perform publicly are necessarily cable systems, and nothing in the Supreme Court's opinion indicates otherwise.[95]

The district court granted the broadcasters' preliminary injunction motion barring Aereo from retransmitting programs to its subscribers while the programs are still being broadcast.[96]

B. Other Copyright Lawsuits

Notwithstanding the Supreme Court's attempt

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to limit the impact of its *Aereo* holding to the facts of the case, parties have already attempted to use the *Aereo* decision to influence other cases. In *Fox Broadcasting Company v. Dish Network*, for example, the Central District of California denied Fox's 2012 request for a preliminary injunction seeking to enjoin Dish Network from offering its subscribers two services—"PrimeTime Anytime" and "AutoHop"—that together enable subscribers to view recorded primetime programming in a commercial-free format.[97] Fox claimed that Dish's services constitute direct and secondary copyright infringement and also breach a contract between the parties.[98]

The court denied Fox's request and the Ninth Circuit affirmed, reasoning in part that "operating a system used to make copies at the user's command does not mean that the system operator, rather than the user, caused copies to be made."[99] In January 2013, Dish introduced two new services, Dish Anywhere and Hopper Transfers, which allow subscribers to view live and recorded shows on Internet-enabled devices, such as smartphones or tablets.[100] Fox filed a second motion for a preliminary injunction, which was also denied—this time exclusively on the basis of Fox's failure to meet its burden of showing irreparable harm—and Fox subsequently appealed.[101] The *Aereo* decision issued before the Ninth Circuit decided the second appeal, and Fox wrote a letter to the court arguing that *Aereo* supported Fox's injunction request.[102] The Ninth Circuit affirmed the district court's denial of Fox's second preliminary injunction request, but avoided any reference to the *Aereo* decision in its brief opinion.[103]

Both Fox and Dish have filed summary judgment motions before the district court, and both parties are arguing that *Aereo* supports their respective positions.[104] The district court's eventual decision may provide insight into how courts will interpret the public performance right following *Aereo* outside of the specific facts of that case—and, in particular, how close technology must come to looking like a traditional cable system to fall within the scope of the *Aereo* decision.

C. And Finally . . . the Cloud

As discussed above, the Court expressly sought to alleviate concerns over how its decision will affect other technologies and stated that it did not see the *Aereo* dispute as a cloud or remote-storage case but, rather, a cable company "equivalent" situation.

Indeed, the Court specifically stated that it did not believe its "limited holding" would "discourage" or "control the emergence or use of different kinds of technologies."[105] As discussed above, the Court even laid out areas of technology that its decision explicitly did not reach. Notably, however, the Court *did* hold that "an entity that transmits a performance to individuals in their capacities as owners or possessors does *not* perform to 'the public'"[106]—a seeming nod to the validity of cloud locker services (at least where users are storing authorized copies of works in their lockers). Moreover, the Court reiterated that "an entity does not transmit to the public if it does not transmit to a substantial number of people outside of a family and its social circle."[107]

Regardless of the Court's attempt to limit its holding, however, any evaluation of whether the transmission of content—whether by new or existing technology—violates the public performance right will have to be viewed under the language of the *Aereo* decision. For example, while the Second Circuit's *Cablevision* decision is not expressly overruled or even examined in the *Aereo* decision, any future determination as to whether remote-storage DVR technology violates the public performance right would likely first be analyzed under *Aereo*—not *Cablevision*—at least outside of the Second Circuit. And, within the Second Circuit, one envisions a lively, ongoing debate as to what extent *Cablevision* dealt with transmissions to individuals in their capacities as owners or possessors of the products at issue, which, as noted above, the Supreme Court viewed as a situation left unaffected by its *Aereo* ruling.

Nevertheless, with the frenzy surrounding the potential for the *Aereo* case to alter or stem the emergence or use of cloud-based technology, it appears the cloud will live to see another day.

(Endnotes)

[*] Craig Whitney is Of Counsel in Morrison & Foerster LLP's New York office and a member of the firm's Intellectual Property Group. Mr. Whitney's practice involves a broad range of complex intellectual property and other commercial litigation matters, focusing primarily on copyright and trademark infringement litigation. Whitney McCollum is a senior associate in Morrison & Foerster LLP's San Francisco office, where she focuses her practice on patent, trademark, copyright, and trade secret litigation matters.

[1] 134 S. Ct. 2498 (2014).

[2] *Id*. at 2503.

[3] *Id*.

[4] *Id*.

[5] *Id*.

[6] *Id*.

[7] *Id*. at 2504.

[8] *Id*. at 2503.

[9] The original plaintiff broadcast television companies were: American Broadcasting Companies, Inc.; Disney Enterprises, Inc.; CBS Broadcasting Inc.; CBS Studios Inc.; NBCUniversal Media LLC; NBC Studios, LLC; Universal Network Television, LLC; Telemundo Network Group LLC; WNJU-TV Broadcasting LLC; WNET; THIRTEEN; Fox Television Stations, Inc.; Twentieth Century Fox Film Corporation; WPIX, Inc.; Univision Television Group, Inc.; The Univision Network Limited Partnership; and Public Broadcasting Service.

[10] Complaint, *Am. Broad. Cos., Inc. v. Aereo, Inc*., No. 12-cv-1540 (S.D.N.Y. filed Mar. 1, 2012), Dkt. No. 1; Complaint, *WNET v. Aereo, Inc*., No. 12-cv-1543 (S.D.N.Y. filed Mar. 1, 2012), Dkt. No. 1.

[11] *Id*.

[12] *See Am. Broad. Cos., Inc. v. Aereo, Inc*., 874 F. Supp. 2d 373, 376 (S.D.N.Y. 2012), *aff'd sub nom*., *WNET, Thirteen v. Aereo, Inc*., 712 F.3d 676 (2d Cir. 2013), *rev'd and remanded*, 134 S. Ct. 2498 (2014).

[13] 17 U.S.C. § 101.

[14] 392 U.S. 390 (1968).

[15] 415 U.S. 394 (1974).

[16] *Fortnightly*, 392 U.S. at 391; *Teleprompter*, 415 U.S. at 399-401.

[17] *Id*.

[18] *Fortnightly*, 392 U.S. at 400; *Teleprompter*, 415 U.S. at 403.

[19] *Fortnightly*, 392 U.S. at 398-99; *Teleprompter*, 415 U.S. at 408.

[20] *Fortnightly*, 392 U.S. at 399-401; *Teleprompter*, 415 U.S. at 408-09.

[21] *Fortnightly*, 392 U.S. at 401; *Teleprompter*, 415 U.S. at 414-15.

[22] 17 U.S.C. § 101 ("To 'perform' a work means to recite, render, play, dance, or act it, either directly or by means of any device or process or, in the case of a motion picture or other audiovisual work, to show its images in any sequence or to make the sounds accompanying it audible.").

[23] *Id*. ("To perform or display a work 'publicly' means . . . to transmit or otherwise communicate a performance or display of the work . . . to the public, by means of any device or process, whether the members of the public capable of receiving the performance or display receive it in the same place or in separate places and at the same time or at different times.").

[24] 536 F.3d 121 (2d Cir. 2008).

[25] *See Am. Broad. Cos., Inc. v. Aereo, Inc*., 874 F. Supp. 2d 373, 385-86 (S.D.N.Y. 2012).

[26] *Cablevision*, 536 F.3d at 123-24.

[27] *Id*. at 124.

[28] *Id*. at 134.

[29] *Id*. at 134-35. Because the Second Circuit held that the performance was not "to the public," the court declined to address the issue of whether Cablevision "perform[ed]" in the first place. *Id*. at 134.

[30] *See, e.g*., Jordan Crook, "Aereo Founder Chet Kanojia On Expansion, New Content Deals, And Operating Within The Law," Techcrunch.com (Dec. 15, 2012), *available at* http://techcrunch.com/2012/12/15/aereo-founder-chet-kanojia-on-expansion-new-content-deals-and-operating-within-the-law/.

[31] *WNET, Thirteen v. Aereo, Inc*., 712 F.3d 676 (2d Cir. 2013), *cert. granted sub nom*., *Am. Broad. Cos., Inc. v. Aereo, Inc*., 134 S. Ct. 896 (2014) and *rev'd and remanded*, 134 S. Ct. 2498 (2014).

[32] *Id*. at 697 (Chin, J., dissenting).

[33] Complaint, *Hearst Stations Inc. v. Aereo, Inc*., No. 13-cv-11649 (D. Mass. filed July 9, 2013), Dkt. No. 1.

[34] *Hearst Stations Inc. v. Aereo, Inc*., 977 F. Supp. 2d 32 (D. Mass. 2013).

[35] *Cmty. Television of Utah, LLC v. Aereo, Inc*., 997 F. Supp. 2d 1191 (D. Utah 2014).

[36] *Id*. at 1197.

[37] *Id*. at 1201-02.

[38] *Id*. at 1202.

[39] *See Fox Television Stations, Inc. v. FilmOn X LLC*, 966 F. Supp. 2d 30 (D.D.C. 2013); *Fox Television Stations, Inc. v. BarryDriller Content Sys., PLC*, 915 F. Supp. 2d 1138 (C.D. Cal. 2012).

[40] *FilmOn X*, 966 F. Supp. 2d at 46-47; *BarryDriller*, 915 F. Supp. 2d at 1143.

[41] Complaint, *FilmOn X, LLC v. Window to the World Commc'ns, Inc*., No. 13-cv-8451 (N.D. Ill. filed Nov. 22, 2013), Dkt. No. 1.

[42] Brief for Respondent at 18, *Am. Broad. Cos., Inc. v. Aereo, Inc*., 134 S. Ct. 2498 (2014) (No. 13-461).

[43] *Id*. at 2.

[44] 134 S. Ct. at 2502-03.

[45] Transcript of Oral Argument, *Am. Broad. Cos., Inc. v. Aereo, Inc*., 134 S. Ct. 2498 (2014) (No. 13-461), *available at* http://www.supremecourt.gov/oral_arguments/argument_transcripts/13-461_o7jp.pdf.

[46] *See id*.

[47] *Id*. at 38:13-16.

[48] *Id*. at 15:14-17.

[49] *Id*. at 12:5-9; 47:14-18.

[50] *Id*. at 31:16-18.

[51] *Id*. at 32:7-8.

[52] *Id*. at 29:22-25.

[53] *Id*. at 15:19.

[54] *Id*. at 4:11-16.

[55] 134 S. Ct. at 2504.

[56] 17 U.S.C. § 101.

[57] 134 S. Ct. at 2505-06 (emphasis in original).

[58] *Id*. at 2501.

[59] *Id*. at 2507.

[60] *Id*. at 2510.

[61] 17 U.S.C. § 101.

[62] 134 S. Ct. at 2510.

[63] *Id*. at 2509.

[64] *Id*.

[65] *Id*. at 2509.

[66] *Id*. at 2508.

[67] *Id*.

[68] *Id*. at 2511.

[69] *Id*. at 2510-11.

[70] *Id*. at 2511.

[71] *Id*. at 2511-12 (Scalia, J., dissenting).

[72] *Id*. at 2512 (Scalia, J., dissenting).

[73] *Id*.

[74] *Id*. at 2514 (Scalia, J., dissenting).

[75] 464 U.S. 417 (1984) (analyzing Sony's Betamax VTR's potential infringement under secondary liability theories).

[76] 134 S. Ct. at 2513 (Scalia, J., dissenting).

[77] *Id*.

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[78] *Id*.
[79] *Id*.
[80] *Id*. at 2514 (Scalia, J., dissenting).
[81] *Id*.
[82] *Id*. at 2517 (Scalia, J., dissenting).
[83] *Id*.
[84] *Id*.
[85] A "cable system" is defined in 17 U.S.C. § 111(f)(3) as "a facility, located in any State, territory, trust territory, or possession of the United States, that in whole or in part receives signals transmitted or programs broadcast by one or more television broadcast stations licensed by the Federal Communications Commission, and makes secondary transmissions of such signals or programs by wires, cables, microwave, or other communications channels to subscribing members of the public who pay for such service. For purposes of determining the royalty fee under subsection (d)(1), two or more cable systems in contiguous communities under common ownership or control or operating from one headend shall be considered as one system."
[86] 691 F.3d 275, 279 (2d Cir. 2012).
[87] *Id*. at 282.
[88] Letter from Jacqueline C. Charlesworth, General Counsel and Associate Registrar of Copyrights at United States Copyright Office, to Matthew Calabro at Aereo, Inc., July 16, 2014, *available at* http://www.nab.org/documents/newsRoom/pdfs/071614_Aereo_Copyright_Office_letter.pdf (last visited Oct. 2, 2014).
[89] *Id*.
[90] *Id*.
[91] *Id*.
[92] Aereo Inc.'s Opposition to Plaintiffs' Mem. in Support of Preliminary Injunction at 6-7, *Am. Broad. Cos., Inc. v. Aereo, Inc*., No. 12-cv-1540 (S.D.N.Y. filed Aug. 29, 2014), Dkt. No. 325. FilmOn X likewise asked the court in its pending Northern District of Illinois suit for a license under Section 111. *See* Joint Report, *FilmOn X LLC v. Window to the World Commc'ns, Inc*., No. 13-cv-8451 (N.D. Ill. filed July 16, 2014), Dkt. No. 32.
[93] Mem. on Remand in Support of a Preliminary Injunction at 2-3, *Am. Broad. Cos., Inc. v. Aereo, Inc*., No. 12-cv-1540 (S.D.N.Y. filed Aug. 15, 2014), Dkt. No. 323.
[94] *Id*. at 3.
[95] Opinion and Order at 6, *Am. Broad. Cos., Inc. v. Aereo, Inc*., No. 12-cv-1540 (S.D.N.Y. filed Oct. 23, 2014), Dkt. No. 341.
[96] *Id*. at 16.
[97] *Fox Broad. Co. Inc. v. Dish Network, L.L.C*., 905 F. Supp. 2d 1088, 1094-96 (C.D. Cal. 2012), *aff'd*, 723 F.3d 1067 (9th Cir. 2013), *amended by* 747 F.3d 1060 (9th Cir. 2014).
[98] *Id*. at 1097.
[99] *Fox Broad. Co. Inc. v. Dish Network, L.L.C*., 747 F.3d 1060, 1067 (9th Cir. 2014).
[100] *See* Redacted Order re Plaintiffs' Motion for Preliminary Injunction re Dish's New 2013 Services, *Fox Broad. Co., Inc. v. Dish Network, L.L.C*., No. 12-cv-4529 (C.D. Cal. filed Sept. 23, 2013), Dkt. No. 201.
[101] *Id*.
[102] Letter to Clerk of Court – Appellants Citation of Supplemental Authorities, *Fox Broad. Co. v. Dish Network, L.L.C*., No. 13-56818 (9th Cir. filed June 25, 2014), Dkt. No. 47.
[103] *Fox Broad. Co. v. Dish Network, L.L.C*., No. 13-56818, 2014 WL 3398107 (9th Cir. July 14, 2014).
[104] Dish Mem. in Support of Mot. for Summary Judgment, *Fox Broad. Co. v. Dish Network, L.L.C*., No. 12-cv-4529 (C.D. Cal. filed Aug. 22, 2014), Dkt. No. 373; Fox Mem. in Support of Mot. for Partial Summary Judgment, *Fox Broad. Co. v. Dish Network, L.L.C*., No. 12-cv-4529 (C.D. Cal. filed Aug. 22, 2014), Dkt. No. 390.
[105] *Aereo*, 134 S. Ct. at 2510.
[106] *Id*. (emphasis added).
[107] *Id*. at 2511.

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SUPREME COURT 2014-2015 IP CASE PREVIEW

By Charles R. Macedo and Sandra A. Hudak[*]

INTRODUCTION

As the Supreme Court has already accepted the following three intellectual property cases for review this term (as of submission of this article), the Court appears to be continuing the heightened interest it has shown in the past few years in intellectual property matters. The Amicus Brief Committee has already filed a brief in one of these matters, and it will continue to monitor and propose amicus curiae submissions, where appropriate, to be made to the Court(s).

Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc., No. 13-854 (cert. granted Mar. 31, 2014, argued Oct. 15, 2014)

Issue: Patent Law – Standard of Appellate Review

Question Presented:

Whether a district court's factual finding in support of its construction of a patent claim term may be reviewed *de novo*, as the Federal Circuit requires (and as the panel explicitly did in this case), or only for clear error, as Rule 52(a) requires.

Under Fed. R. Civ. P. 52(a)(6), findings of fact made by a district court after a bench trial "must not be set aside unless clearly erroneous." On March 31, 2014, the Supreme Court granted certiorari in *Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.*, No. 13-854, to decide whether a district court's factual finding in support of its construction of a patent claim term may be reviewed *de novo* or only for clear error under Rule 52(a).

Informing this question, the Supreme Court, in *Markman v. Westview Instruments, Inc.*, held that "the construction of a patent, including terms of art within its claim[s], is exclusively within the province of the court" rather than the jury. 517 U.S. 370, 372 (1996). The Federal Circuit subsequently concluded that the Supreme Court's holding in *Markman* fully supported its later holding in *Cybor Corp.* v. *FAS Techs., Inc.* "that claim construction, as a purely legal issue, is subject to *de novo* review on appeal." 138 F.3d 1448, 1451 (Fed. Cir. 1998). Recently, an en banc panel of the Federal Circuit considered whether it should overrule *Cybor*, but ultimately "appl[ied] the principles of *stare decisis*" to "confirm the *Cybor* standard of *de novo* review of claim construction, whereby the scope of the patent grant is reviewed as a matter of law." *Lighting Ballast Control LLC* v. *Philips Elecs. N. Am. Corp.*, 744 F.3d 1272, 1276-77 (Fed. Cir. 2014).[1]

This patent infringement suit involves several patents covering Petitioner Teva's widely-sold drug Copaxone®, which is used to treat multiple sclerosis and has generated over $10 billion in sales since its introduction in 1997. Currently, there is only one asserted patent (U.S. Patent No. 5,800,808, "the '808 Patent") at issue, as the other asserted patents in the case expired earlier this year. The '808 Patent is set to expire in September 2015. Asserted Claim 1 of the '808 Patent requires the claimed agent to have a "molecular weight" between certain ranges. Defendants asserted that this use of the term "molecular weight" in the patent is "indefinite." The district court disagreed, first explaining that the term "molecular weight" would be an "average molecular weight" in this context as the claimed agent is produced as a non-uniform mixture. The parties agreed that there are several different types of average molecular weights depending on the calculation used. However, after looking to the specification, the prosecution history, and extrinsic evidence, the district court construed "average molecular weight" to mean "peak molecular weight detected using an appropriately calibrated suitable gel filtration column," and ultimately concluded that the asserted claims were not indefinite.

On appeal, the Federal Circuit reversed the district court's indefiniteness determination for the asserted claims, requiring the claimed agent to have an "average molecular weight" between certain ranges. The Federal Circuit explained that the plain language of these claims does not indicate which type of average molecular weight measure was to be used. Furthermore, the Court cited the prosecution histories of two patents related to the '808 Patent in which Teva had used two conflicting definitions to overcome corresponding rejections in the related applications. The Federal Circuit concluded that the testimony of Teva's expert regarding the specification does not save the claims from indefiniteness. Although Teva's expert testified that a skilled artisan would interpret the term "average molecular weight" to mean "peak molecular weight" by looking to Figure 1 and Example 1 of the specification, the Court determined that Figure 1 of the specification points away from "average molecular weight" meaning "peak molecular weight" rather than another type of average molecular weight measure.

After the Federal Circuit invalidated Teva's '808 Patent, Teva twice applied to the Supreme Court to recall and stay the Federal Circuit's mandate pending resolution of the case in the Supreme Court. Chief Justice Roberts denied both requests because Teva had not shown a likelihood of irreparable harm from denial of a stay.

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In its brief on the merits and in oral argument, Teva cited three facts found by the district court, based on expert testimony, for which it argued that the Federal Circuit should have applied the clearly erroneous standard of review: (i) a skilled artisan would presume from the specification that "average molecular weight" means "peak molecular weight"; (ii) Figure 1 shows that "average molecular weight" means "peak molecular weight"; and (iii) a skilled artisan would have recognized that the conflicting non-"peak molecular weight" definition used for "average molecular weight" in the prosecution history of one of the patents was made in error and therefore would not have relied on it. Teva argued that "[p]atents are not written primarily to be read by judges and lawyers. . . . Rather, they are scientific texts designed to be read and used by specialists in the relevant field. . . . Judges often need to take factual evidence, such as expert testimony, to enable them to understand patent claims." Brief for Petitioners at 25 (filed June 13, 2014) (internal citation omitted). It explained that although "[t]he ultimate scope of a patent's claims may be a legal question, . . . the answer to that legal question will often depend directly on resolving questions whose answers lie outside the four corners of the patent" and the prosecution history. *Id.* at 27.

Respondents argued in their brief that *Markman* supports complete *de novo* review of claim construction, which is consistent with the treatment of legal texts such as statutes as a pure legal question governed by public record. Still, Respondents cautioned that if the "Court concludes that claim construction includes both legal and factual components, it should both define and apply its standard for distinguishing the two to provide guidance to lower courts." Brief for Respondents at 15 (filed Aug. 11, 2014). In oral argument, Respondents reiterated these points, likening a patent to a statute that is interpreted as a question of law, more than to a deed. Respondents argued that there is no value added by treating claim construction as a mixed question of fact and law because there will rarely be a true disagreement over a scientific fact, which are the subsidiary facts in a claim construction determination, but there will be increased cost and uncertainty in patent litigation if claim construction is not subject to plenary appellate review.

The United States Solicitor General, Donald B. Verrilli, Jr., submitted an amicus curiae brief on behalf of the United States to argue that although claim construction is ultimately a question of law, it often involves subsidiary factual issues subject to deference under Rule 52(a)(6). Those factual findings would be evidence outside of the patent and its prosecution history, such as the type of data produced by a particular scientific technique, and would concern a matter that is distinct from the meaning or validity of a patent claim.

The United States' brief interestingly argued that applying clear-error review would likely not alter the Federal Circuit's holding that the patent is indefinite because its decision rested primarily on its rejection of the district court's legal inferences. The brief identified the Federal Circuit's analysis of Figure 1 as impermissible *de novo* fact-finding, but argued that the two remaining "factual findings" identified by Teva as impermissibly overturned were not in fact overturned by the Federal Circuit; instead, "the Federal Circuit's analysis [took] issue with the legal inferences drawn by the district court rather than with that court's factual findings."

Nine other amicus curiae briefs were submitted on the merits in this case. Two of the briefs were submitted by technology companies—headed by Google and Intel—in support of respondents and arguing that the Supreme Court correctly concluded in *Markman* that claim construction is a "purely legal" issue subject to *de novo* review due to concerns over forum shopping and increased costs of litigation and because the "public notice function" of patents would be thwarted by indefinite claims if a claim-construction dispute ultimately did boil down to a battle of experts on a genuinely factual dispute. An amicus curiae brief filed by Fresenius Kabi USA, LLC matched these arguments in support of plenary appellate review of claim construction, including any factual findings.

However, the other amicus curiae briefs, filed on behalf of intellectual property practitioners, academics, and the Intellectual Property Owners Association supported *de novo* review for the ultimate legal determination of claim construction, but advocated applying a clear error standard of review for underlying factual issues based on extrinsic evidence, such as expert witness testimony.

***Hana Financial, Inc. v. Hana Bank, et al.*, No. 13-1211 (cert. granted Jun. 23, 2014, argument scheduled for Dec. 3, 2014)**

Issue: Trademark Law – Trademark Tacking

Question Presented:

Whether the jury or the court determines whether use of an older mark may be tacked to a newer one?

A party claiming trademark ownership must establish that it was the first to use the mark in the sale of goods or services, or has "priority." *Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1047 (9th Cir. 1999). The trademark tacking doctrine allows a party to "tack" the date of the user's first use of a mark onto a subsequent mark to establish priority, and thus ownership, where the "two marks are so similar that consumers generally would regard them as essentially the same." *Id.* at 1048. In other words, the two marks must be "legal equivalents." *Id.* This tacking doctrine allows a trademark owner to make slight modifications to a mark over time without losing priority.

The Korean word "hana" means "number one," "first," "top," or "unity." The parties in this dispute both use the English word "Hana" in their names and offer financial services in the United States. Hana Bank began to extend its services to the United States in May 1994 under the name Hana Overseas Korean Club to provide financial services to Korean expatriates. In July 1994, Hana Bank published advertisements and distributed applications, which included the name "Hana Overseas Korean Club" in English, the names "Hana Overseas Korean Club" and "Hana Bank" in Korean, and the company's logo, called the "dancing man," which has not changed since that time. Hana Bank changed its operational name from "Hana Overseas Korean Club" to "Hana World Center" in 2000, and then to "Hana Bank" in 2002.

Hana Financial was formed August 1994 and began using its trademark the following spring. In 1996, it obtained a federal trademark registration for its pyramid logo with the words "Hana Financial" for use in financial services.

On March 8, 2007, Hana Financial filed a complaint alleging trademark infringement, arguing that Hana Bank's use of the word "Hana" in connection with financial services was likely to cause confusion. However, the jury found that Hana Bank had used its mark in commerce in the U.S. beginning prior to April 1, 1995, and continuously since that date, despite Hana Financial's argument that the use was inapplicable because "Hana Bank" and "Hana Overseas Korean Club" were completely different names.

Although the Ninth Circuit Court of Appeals expressly stated that "reasonable minds could disagree on whether the [marks "Hana Overseas Korean Club," "Hana World Center," and "Hana Bank"] were materially different," it upheld the jury's verdict, holding that tacking is a question of fact that must be upheld if it is supported by substantial evidence. The Court of Appeals explained that the jury received an instruction that correctly conveyed the narrowness of the tacking doctrine, and it reasonably could have concluded that the ordinary purchasers of the financial services at issue likely had a consistent, continuous commercial impression of the services the defendant offered and their origin, due in part to the advertisements that grouped the name "Hana Overseas Korean Club" in English next to its "Hana Bank" mark in Korean and its unchanged distinctive dancing man logo.

In its petition for certiorari, Hana Financial cited the circuit split between the Ninth Circuit—which views tacking as a question of fact for the jury—and the Sixth Circuit, Federal Circuit, and TTAB—which view tacking as a question of law for the judge—as a reason for the Supreme Court to take up the question presented. It also argued that the importance of the question was demonstrated by its high frequency of litigation. In its opposition, Hana Bank argued that the circuit split in tacking results from a circuit split in the likelihood of confusion question, which it argued cannot be remedied by the Supreme Court's certiorari review of this case.

In its brief on the merits, Hana Financial argues that trademark tacking should be treated as a question of law to be resolved by the courts, in part because of its "legal equivalents" standard. Hana Financial also argues that there are pragmatic reasons to decide tacking as a matter of law: predictability and judicial efficiency.

The AIPLA filed an amicus curiae brief in support of neither party, which argues that tacking should be treated as a question of fact because the test for tacking is grounded in consumer perception.

B&B Hardware, Inc. v. Hargis Industries, Inc., No. 13-552 (cert. granted Jul. 1, 2014, argument scheduled for Dec. 2, 2014)

Issue: Trademark Law – Lanham Act – Preclusive Effect Of Finding Of Likelihood Of Confusion By Trademark Trial And Appeal Board ("TTAB")

Questions Presented:

1. Whether the TTAB's finding of a likelihood of confusion precludes Hargis from relitigating that issue in infringement litigation, in which likelihood of confusion is an element.

2. Whether, if issue preclusion does not apply, the district court was obliged to defer to the TTAB's finding of a likelihood of confusion absent strong evidence to rebut it.

Under the Lanham Act, a person may not use or register a mark that "is "likely to cause confusion" with an existing mark. 15 U.S.C. § 1114(1); 15 U.S.C. § 1052(d).

Petitioner B&B Hardware, Inc. ("B&B") sells a specialty fastener under the registered mark SEALTIGHT for use in aerospace and high-tech industries. Respondent Hargis Industries, Inc. sells specialty fasteners under the name SEALTITE for use in the construction industry. Since 1998, these two companies have been involved in extensive litigation involving multiple TTAB and district court actions and attendant appeals. In 2007, the TTAB held that Hargis' mark created a likelihood of confusion with B&B's mark and sustained B&B's Opposition proceeding,

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canceling Hargis' SEALTITE mark from the Register. In 2010, in a trademark infringement action brought by B&B against Hargis, a jury returned a verdict fully in favor of Hargis, finding that there was no likelihood of confusion between the two marks. In that trial, B&B asserted that the TTAB's 2007 likelihood of confusion determination should be given preclusive effect, but the district court denied this collateral estoppel argument because the TTAB is not an Article III court, citing *Flavor Corp. of America v. Kemin Industries, Inc.*, 493 F.2d 275 (8th Cir. 1974). The district court further rejected B&B's attempt to admit the TTAB decision into evidence, concluding that to do so would be confusing and misleading to the jury.

On appeal the Eighth Circuit explained that even if "TTAB decisions may be entitled to preclusive effect, such application is not appropriate here" because the TTAB and Eighth Circuit use different likelihood of confusion analyses, with different factors weighted differently, and with different burdens of persuasion. *B&B Hardware, Inc. v. Hargis Indus.*, 716 F.3d 1020, 1024–26 (8th Cir. 2013) (explaining, *inter alia*, that the TTAB uses the 13-factor test from *In re E.I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1361 (CCPA 1973)), while the Eighth Circuit applies the six-factor test from *SquirtCo v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980)). The Court of Appeals also rejected B&B's argument that the TTAB's factual findings from a trademark registration case are entitled to deference by the district court and held that the district court did not abuse its discretion in refusing to admit the TTAB's decision into evidence in this case. *Id.* at 1026–27. One judge dissented from the majority opinion on collateral estoppel.

In its opening brief, after certiorari was granted, B&B again argued that the likelihood of confusion issue is the same, whether it is heard before the TTAB or a district court, and thus the TTAB's previous decision should have been afforded preclusive effect in the subsequent infringement litigation. It also argued that preclusion should not be limited to the factors actually considered by the TTAB decision, but should be applied to the entirety of the likelihood of confusion determination. The United States submitted an amicus curiae brief on the merits, arguing that the doctrine of issue preclusion applies to TTAB determinations in opposition proceedings, and that issue preclusion likely barred relitigation of the TTAB's likelihood of confusion determination in this case.

Three other amicus curiae filed briefs in this case that argue TTAB decisions are eligible to be given preclusive effect, but that preclusion should be applied only in limited circumstances, or not at all, for likelihood of confusion issues. This is because of the difference in the way the TTAB typically considers marks—by comparing the marks as they appear in the trademark applications and registrations at issue—versus the analysis typically used in trademark infringement lawsuits—by comparing the manner in which the marks appear as used in the marketplace.

The NYIPLA filed an amicus curiae brief in support of Respondents, in which it argues that a TTAB decision should not be entitled to preclusive effect as a matter of course. The NYIPLA argues that minimal evidentiary weight should be given to the TTAB decision on the rare occasion when the TTAB considered the marketplace context in a meaningful way, but only for the narrow issue of entitlement to registration and not for the issue of likelihood of confusion. The NYIPLA brief was a collaboration of the Trademark Law & Practice Committee and the Amicus Brief Committee. Dyan Finguerra-DuCharme (Pryor Cashman LLP) was counsel of record, and Kathleen M. Prystowsky (Pryor Cashman LLP), NYIPLA President Anthony F. Lo Cicero, Charles R. Macedo, Chester Rothstein, and David P. Goldberg (Amster, Rothstein & Ebenstein LLP) also participated in preparing the brief.

(Endnotes)

* Charles R. Macedo is Co-Chair of the Amicus Brief Committee for the New York Intellectual Property Law Association, and a Partner at Amster, Rothstein & Ebenstein LLP. Sandra A. Hudak is a member of the Amicus Brief Committee and an Associate at Amster, Rothstein & Ebenstein LLP. Their practice specializes in intellectual property issues, including litigating patent, trademark and other intellectual property disputes.

1 A petition for certiorari was filed by Lighting Ballast LLC on June 20, 2014, which was distributed for Conference by the Supreme Court on Sept. 29, 2014, but had not yet been disposed of as of the submission date of this publication.

I Like The Nightlife Baby!

*By Michael C. Cannata**

In its August 7, 2014 decision, *Cutino v. Nightlife Media, Inc.*, 575 Fed. App'x 888 (Fed. Cir.), the Federal Circuit moved past a procedural defect in a trademark opposer's filings with the Trademark Trial and Appeal Board ("TTAB") and remanded to have the TTAB adjudicate the trademark opposition on the merits. In particular, the Federal Circuit directed the TTAB to consider whether the registered federal trademark NIGHTLIFE (registration no.: 1,908,411), owned by Michael J. Cutino ("the Opposer"), precludes registration of the trademark NIGHTLIFE TELEVISION (application serial no.: 77/325,174).

In its original Notice of Opposition, the Opposer sought to prevent Nightlife Media, Inc. ("the Applicant") from securing a federal registration for its trademark NIGHTLIFE TELEVISION. *Nightlife Media*, 575 Fed. App'x at 888-89. The Opposer alleged that registration of the NIGHTLIFE TELEVISION mark would result in a likelihood of confusion with three federal trademark registrations owned by the Opposer: NEW YORK'S NIGHTLIFE (registration no.: 1,207,169); LONG ISLAND'S NIGHTLIFE (registration no.: 1,324,398); and NIGHTLIFE. *Id.* at 889.

The documents that were attached to the Notice of Opposition, however, reflected the required "current status" and "title" for only two of the marks—NEW YORK'S NIGHTLIFE and LONG ISLAND'S NIGHTLIFE—and not for the third mark, NIGHTLIFE. *Id.* Despite this defect, Applicant admitted in its Answer that the Opposer "is the owner of the three marks and that the pleaded registrations identify the goods and services alleged by [Opposer] in his opposition." *Id.* On a motion to strike the portion of the opposition based on NIGHTLIFE, the TTAB concluded that the Opposer's trademark registration was not in the record because the Opposer failed to provide the proper documentation that attested to the current status and title of the NIGHTLIFE mark. *Id.*

In addition, in response to the Opposer's untimely pretrial disclosures and his failure to take any testimony or introduce evidence, Applicant sought to strike the disclosures and dismiss the opposition proceeding altogether based on a failure to prosecute. *Id.* The TTAB granted the Applicant's request to strike the pretrial disclosures, but refused to dismiss the opposition proceeding because the opposition that was based on the Opposer's trademark registrations for NEW YORK'S NIGHTLIFE and LONG ISLAND'S NIGHTLIFE was "sufficient to make out a prima facie case with respect to standing and priority." *Id.*

After granting a second motion by the Applicant to strike other documents and evidence submitted by the Opposer, the TTAB entered its final order in April 2013, dismissing the opposition. *Id.* It concluded that:

- Proof of the registration of the NIGHTLIFE trademark was not in the record, and, thus, would not be considered in the TTAB's determination because the Opposer did not supply, as required by the TTAB rules, documentation to establish the current status and title of the trademark registration. *Id.* at 889-90.

- The Opposer's trademark registrations for NEW YORK'S NIGHTLIFE and LONG ISLAND'S NIGHTLIFE, together with the pleadings, the prosecution history for the NIGHTLIFE TELEVISION trademark application, and the deposition testimony of Applicant's owner, were insufficient to establish deceptiveness and false suggestion. *Id.* at 890.

- There was no likelihood of consumer confusion with respect to the NIGHTLIFE TELEVISION mark on the one hand, and the NEW YORK'S NIGHTLIFE and LONG ISLAND'S NIGHTLIFE trademarks on the other hand. *Id.*

In assessing likelihood of consumer confusion, the TTAB concluded that the NEW YORK'S and LONG ISLAND'S portions of the Opposer's registrations, although descriptive and disclaimed by the Opposer, nonetheless "still make [the Opposer's] marks look and sound significantly different than NIGHTLIFE TELEVISION." *Id.* Also, the Opposer's two registrations "cover monthly magazines focused on particular geographic areas, while Applicant sought to register its mark for television and other broadcasting services." *Id.* Thus, without additional evidence concerning any of the remaining factors of the likelihood of confusion analysis, the TTAB held that there was no likelihood of consumer confusion. *Id.*

The Opposer appealed to the Federal Circuit only the TTAB ruling regarding NIGHTLIFE. *Id.* at 891. The Federal Circuit concluded that the TTAB had "abused its discretion in disregarding" the Opposer's trademark

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registration for NIGHTLIFE. *Id.* The TTAB had failed to follow not only the TTAB's own procedures, but also Federal Circuit precedent. *Id.* (citing *Tiffany & Co. v. Columbia Indus., Inc.*, 455 F.2d 582, 585 (C.C.P.A. 1972), and Trademark Trial and Appeal Board Manual of Procedure § 704.03(b)(1)(A) Note). Specifically, the Federal Circuit reasoned that:

> an opposer's registration will be deemed to be of record if the applicant's answer contains admissions sufficient to establish the current status of the registration and the plaintiff's ownership of the registration.

Id. In its Answer, the Applicant had admitted that the Opposer owned the NIGHTLIFE mark. *Id.* The Applicant also did not deny—and thus, for pleading purposes, admitted—that the Opposer owned the corresponding federal trademark registration. *Id.* The court concluded that the Applicant's Answer was enough to satisfy the Opposer's current status and current title requirements. *Id.*

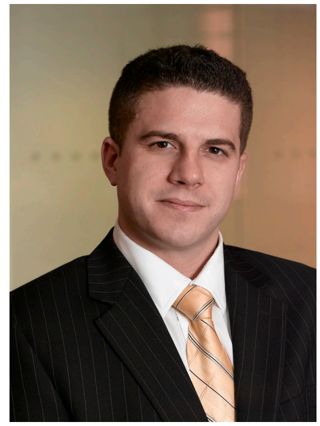
The TTAB, on remand, must now consider the potential for likelihood of consumer confusion between the Applicant's NIGHTLIFE TELEVISION mark and the Opposer's federally registered trademark for NIGHTLIFE. *Id.* But since it was not appealed, the TTAB's judgment of no likelihood of consumer confusion based upon the Opposer's NEW YORK'S NIGHTLIFE and LONG ISLAND'S NIGHTLIFE trademark registrations is final and will not be disturbed. *Id.*

The Federal Circuit's decision in *Nightlife Media* does not foreclose registration of NIGHTLIFE TELEVISION, but it does raise the question: would consumers be confused if NIGHTLIFE TELEVISION bumped up against NIGHTLIFE? In its April 2013 order, the TTAB was able to look to those elements of the Opposer's registrations that featured the phrases NEW YORK'S and LONG ISLAND'S to distinguish the overall appearance of the Applicant's NIGHTLIFE TELEVISION mark. The Opposer's registration for NIGHTLIFE, however, does not feature any such distinguishing elements. Thus, this prong of the TTAB's likelihood of confusion analysis will likely turn on whether the inclusion of the word TELEVISION in the Applicant's mark sufficiently distinguishes the overall appearance of the Applicant's unregistered mark from the Opposer's registered mark.

Likewise, the portion of the TTAB's likelihood of confusion analysis that compares the goods and services covered by the Opposer's registration and sought to be covered by the Applicant's mark must be revisited and carefully scrutinized. In its April 2013 order, the TTAB was able to distinguish the relevant goods and services by underscoring the fact that Opposer's registrations only covered monthly magazines, whereas Applicant sought registration in connection with television and broadcasting services. This distinction should be reconsidered because the Opposer's NIGHTLIFE registration also covers "television programming services."

(Endnotes)

* Michael C. Cannata is an associate in the intellectual property practice group at Rivkin Radler LLP and has extensive experience litigating complex intellectual property, commercial, and other business disputes in state and federal courts across the country. Mr. Cannata is a member of the NYIPLA's Trademark Law & Practice Committee.



October/November 2014 IP Media Links

*By Jayson Cohen**

The NFL in the District of Columbia – Due for a Name Change or Not?

Last June, the USPTO revoked the trademarks to the team name and logo of the Washington Redskins, in a 99-page decision that called these marks disparaging to Native Americans. (*See* http://www.washingtonpost.com/local/us-patent-office-cancels-redskins-trademark-registration-says-name-is-disparaging/2014/06/18/e7737bb8-f6ee-11e3-8aa9-dad2ec039789_story.html; http://www.npr.org/blogs/thetwo-way/2014/06/18/323205099/u-s-patent-office-cancels-washington-redskins-trademark-registration.)

Now, the legal controversy surrounding continued use of the NFL team name, Redskins, has expanded to the airwaves. The trademark battle has crossed over into a potential First Amendment battle about whether the FCC should impose penalties for use of the word "Redskins" in broadcasting. A professor at George Washington University, John Banzhaf, has petitioned the FCC to revoke a Washington D.C.'s radio station's license to broadcast—for repeated on-air use of the Washington team name. The sports station at issue, WWXX, is licensed to Red Zebra, which is owned by Redskins' owner Dan Snyder. Three Native Americans have also filed their own petitions, backing John Banzhaf's view. And FCC chairman Tom Wheeler may come down on the side opposed to continued use of the Redskins name in broadcasting. But attempting to label "Redskins" as an obscenity in an effort to ban the word from the airwaves raises direct First Amendment concerns about viewpoint discrimination and about attempting to expand the type of speech normally deemed to be outside the protection of the First Amendment. (*See, e.g.*, http://www.si.com/nfl/2014/09/30/washington-redskins-name-change-fcc-punishment; http://www.wusa9.com/story/news/local/dc/2014/10/18/redskins-name-controversy-gw-professor-fcc/17480717/;http://www.politico.com/story/2014/10/washington-redskins-name-fcc-111862.html;http://www.politico.com/story/2014/10/redskins-name-ban-an-fcc-reach-111529.html.)

Injunction Against Aereo Granted on Remand

After the Supreme Court ruled that Aereo's video streaming service violates the public performance copyrights of broadcasters who own those rights, the case was remanded to the trial court in the Southern District of New York. In light of the Supreme Court's decision, the broadcasters renewed their motion for a preliminary injunction to halt Aereo's service. On October 23, 2014, news outlets such as Reuters and CNET reported that Judge Alison Nathan granted the broadcasters' motion. The Judge's opinion and order are posted on the website of the National Association of Broadcasters.

In ruling against Aereo, the Judge found that "Aereo cannot claim harm from its inability to continue infringing plaintiffs' copyrights." She compared the hardships on the parties of an adverse ruling and found that Aereo "cannot claim significant hardship if an injunction issues, while Plaintiffs can still claim harm if an injunction does not issue." The injunction that Judge Nathan issued bars Aereo from "retransmitting programs to its subscribers" anywhere in the United States "while the programs are still being broadcast." (*See, e.g.*, http://www.reuters.com/article/2014/10/23/aereo-decision-idUSL2N0SI2OE20141023; http://www.cnet.com/news/aereo-prohibited-from-retransmitting-tv-broadcasters-programs/; http://www.nab.org/documents/newsRoom/pdfs/102314_Aereo_injunction.pdf.)

Disney / Stan Lee v. Stan Lee Media in Super Hero Showdown

Sadie Gurman of the Associated Press, in an October 28, 2014 article entitled, "Court Battle Continues Over Marvel Superheroes," reported on the continuing (now decade-plus old) saga over rights to Marvel super heroes created by Stan Lee. Disney, who bought Marvel in 2009, has won its suits at the district court level against Stan Lee Media Inc. ("SLM"), confirming its

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rights to characters such as Spiderman and the X-Men. (*See* http://abcnews.go.com/Entertainment/wireStory/companies-continue-battle-marvel-superheroes-26505910.)

The current dispute between Disney and SLM in federal court in Colorado centers around a 1998 agreement in which Lee originally gave rights to SLM (no longer associated with Mr. Lee himself). The agreement was alleged to be subsequently terminated, and the rights granted to Marvel, in a long story involving SLM's and Marvel's bankruptcies and an employment dispute and settlement between Lee and Marvel. Prior to September 2013, district courts in New York and California held that SLM owns no rights in Lee's iconic characters and that Lee lawfully transferred the copyrights to Marvel. These courts also ruled that SLM's claims to ownership based on the 1998 agreement are time-barred. Based on those rulings, in September 2013, the district court in Colorado refused to let SLM relitigate the ownership issue in its bid for billions of dollars in damages. The court therefore dismissed the case with prejudice based on SLM's lack of standing to bring a copyright infringement action against Disney. (*See, e.g.*, http://www.hollywoodreporter.com/thr-esq/disney-defeats-stan-lee-medias-622517.)

From October 28-30, 2014, as reported by Eriq Gardner of the Hollywood Reporter, three different courts weighed in. On October 28, a three-judge panel of the Tenth Circuit heard arguments in SLM's appeal of Disney's victory in Colorado on SLM's copyright claims. The appellate decision is now pending. On October 29, the Ninth Circuit issued a short opinion upholding Stan Lee's personal victory against SLM, based on a July 2012 ruling of the district court in Los Angeles. The district court in L.A. had found that res judicata barred SLM's suit against Lee for breach of contract, breach of fiduciary duty, declaratory relief, trademark infringement, and unjust enrichment. The Ninth Circuit affirmed on the basis of SLM's failure to establish any rights to the intellectual property in Lee's characters that underlay its claims. Finally, on October 30, Judge Jeffrey L. Schmehl of the Eastern District of Pennsylvania dismissed SML from a case in which SML claimed it properly licensed rights to use Spiderman to a theater in Lancaster, Pennsylvania, for a stage production that Disney alleges infringes Disney's copyrights in Spiderman. The Judge ruled that SML was trying to back-door a relitigation of the ownership of Spiderman, which is precluded by the prior decisions in Colorado and New York, and refused to let SML intervene in the case. (*See* http://www.hollywoodreporter.com/thr-esq/stan-lee-beats-namesake-company-744828; http://cdn.ca9.uscourts.gov/datastore/memoranda/ 2014/10/29/12-56733.pdf; http://www.hollywoodreporter.com/thr-esq/stan-lee-triumphs-stan-lee-media-lawsuit-347039; http://www.hollywood-reporter.com/thr-esq/stan-lee-media-preclud-ed-asserting-745175.)

* Jayson L. Cohen is an associate at Morrison & Foerster LLP, where his practice focuses on patent litigation and counseling. He is a member of the Publications Committee of the NYIPLA.

Notable Trademark Trial and Appeal Board Decisions

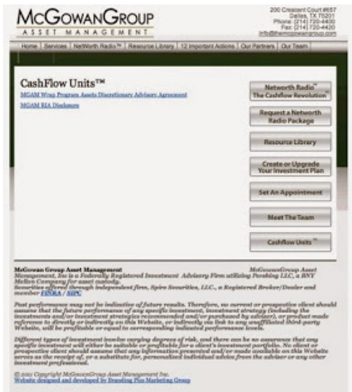
*By Stephen J. Quigley**

(All decisions are precedential.)

Web Page with Links Is a Valid Service Mark Specimen

The Board reversed the Examining Attorney's rejection of a web page as a specimen of the CASHFLOW UNITS service mark for investment products.

The Board found that links on the web page to documents used in providing the applicant's services established the required association between the mark and the services described in the application. One of the links is to an agreement that "functions as an offer to enter into an arrangement for the provision of 'Advisory' services relating to the client's assets. Thus the links to these documents create an association between the mark and the offered service activity."



In re McGowan Publ'g Co., 111 U.S.P.Q.2d 2000 (TTAB 2013).

Web Page Is Not a Valid Service Mark Specimen

Statements on the applicant's website (www.iobit.com) promoting the delivery of innovative system utilities, providing software and online services, and expressing the ambition to become one of the world's top utility producers and Windows system service providers on the Internet were not sufficient to show use of the mark in connection with the services in the application.

In upholding the Examining Attorney's refusal to accept the specimen, the Board stated:

> In fact, we cannot determine from this specimen whether the "online service" refers to a separate service, or is merely part of the free software product. Nor is applicant's stated ambition to be a Windows system service provider an indication that applicant is providing a service now, and this statement certainly does not show that applicant is offering any of the services specified in the application.

In re Chengdu AOBI Info. Tech. Co., Ltd., 111 U.S.P.Q.2d 2080 (TTAB 2011).

Applicant Found Liable for Fraud on the USPTO

Confronted with an opposition, the applicant amended his use-based application to an intent-to-use application. While the Board accepted the amendment, it ruled that the applicant had committed fraud in the application concerning the alleged use of its trademark and sustained the opposition. Proving fraud "in procuring a trademark registration" requires clear and convincing evidence that "an applicant knowingly ma[de] false, material representations of fact in connection with its application with intent to deceive the USPTO," such as "intent to mislead the USPTO into issuing a registration to which the applicant was not otherwise entitled." The Board found that the applicant's testimony in the opposition proceeding was not credible and concluded that the trademark was not being used for any of the services in the application prior to its filing.

Nationstar Mortgage LLC v. Mujahid Ahmad, 112 U.S.P.Q.2d 1361 (TTAB 2014).

MCSWEET Infringes and Dilutes McDonald's "MC" Trademarks

The Board found that MCSWEET for pickled vegetables infringes and dilutes McDonald's famous family of "MC" trademarks.

Finding a likelihood of confusion, the Board stated:

> Because Applicant's mark and Opposer's family of marks all start with the prefix "MC" and are followed by a term that is descriptive or generic for the goods, we find that the similarities in appearance, meaning and commercial impression between Applicant's mark MCSWEET and Opposer's family of "MC" formative marks are such that potential consumers would view Applicant's mark as a member of Opposer's family of marks.

With respect to dilution, McDonald's survey in which 67% of the respondents associated MCSWEET with McDonald's demonstrated an actual association between the MCSWEET mark and McDonald's "MC" marks. The MCSWEET mark "is likely to impair the distinctiveness of Opposer's family of 'MC' marks and is therefore likely to cause dilution by blurring within the meaning of Section 43(c)."

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McDonald's Corp. v. McSweet, LLC, 112 U.S.P.Q.2d 1268 (TTAB 2014).

HOLLYWOOD LAWYERS ONLINE Is Primarily Geographically Descriptive

The Board rejected the applicant's argument that HOLLYWOOD for attorney referral services pertained to the entertainment industry and not the actual geographic location.

The evidence showed that consumers have been exposed to the use of Hollywood in a geographic manner for lawyer referral services and that inserting ONLINE in the mark did not necessarily mean that the services are offered nationwide, only that the services are offered online. According to the Board, "nothing in the evidence of record demonstrates that relevant consumers would view applicant's mark or services as being in the Hollywood motion picture sense rather than as denoting a geographic connection because of the common practice of lawyers located in or near Hollywood, California to advertise online."

In re Hollywood Lawyers Online, 110 U.S.P.Q.2d 1852 (TTAB 2014).

(Endnotes)

* 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.

Moving UP & Moving ON

➤ Alfred R. Fabricant, Lawrence C. Drucker, Peter Lambrianakos, and Bryan N. DeMatteo, formerly of Winston & Strawn LLP, have joined Brown Rudnick LLP in the Intellectual Property Litigation group, the first three as partners and the latter as a senior associate.

➤ Brian Robinson, Daniel Margolis, Thomas Lavery, Linnea Cipriano, and Sarah Fink, formerly of Kenyon & Kenyon LLP, have joined Goodwin Procter LLP in the Intellectual Property Litigation Practice, the first two as counsel and the latter three as associates.

➤ Blaine Templeman, formerly of Sheppard Mullin Richter & Hampton LLP, has joined Arnold & Porter LLP as a partner in its corporate and intellectual property practice groups.

➤ Ethan Horwitz, formerly of King & Spalding LLP, has joined Carlton Fields Jorden Burt as a shareholder in its Intellectual Property and Technology practice group.

➤ John Boyd, formerly of Rimon, P.C., has joined FisherBroyles LLP as a partner in its Intellectual Property practice.

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).

As Time Goes By – Patently Certifiable

Newer members of our Association, particularly those who have been admitted to the patent bar for less than a decade, may not be aware of the USPTO's 21st Century Strategic Plan,[1] released in 2002, much less specific proposals in the plan. One proposal in particular was under the radar even back then. It raised the possibility of a periodic mandatory certification exam, a periodic optional exam, or a combination of both relating to practice and procedure before the USPTO.

Action Paper 44[2] of April 2, 2003 detailed the purpose of the plan, to wit: "To assure the public and malpractice insurers that registered practitioners maintain their competence and proficiency, the Office should create an assurance confirmation system that enables practitioners to demonstrate their currency of legal competencies related to the examination process."

Action Paper 44 noted that competency assurance confirmation would be provided via the Internet in the form of reading materials followed by short-form questions and answers. The idea was that each registered practitioner would have one year within which to answer all of the questions posed correctly, and could access the system repeatedly during the one-year period to ensure that the goal was met. The USPTO estimated that up to one percent of practitioners might not confirm assurance of competency within the requisite period.

The USPTO issued an update[3] on February 22, 2006, titled "Interim Adjustments to the 21st Century Strategic Plan." In its update, the USPTO noted that it was in the process of developing a pilot CLE program, to be launched later that year.

In fact, a pilot CLE program was launched, and I participated in it. As I recall, the program was web-based and included a series of questions followed by possible answers to click on. I found the pilot to provide an efficient and effective learning experience.

It is arguably unfortunate that the competency assurance program was not continued beyond the pilot stage. The underlying reasons for planning and implementing the program have not changed.

Indeed, suggestions in favor of a certification protocol for patent practitioners predated the 21st Century Strategic Plan. Back in 1994, one commentator, Frank S. Vaden III, pointed out shortcomings of the current registration system thusly: "There is no requirement that a patent practitioner actually spend a certain amount of time practicing as a 'patent attorney' to maintain a registration. Neither is there a requirement to take a given number of hours in continuing legal education pertaining to the practice or to be 're-registered' after a certain number of years. The only things that are required to maintain a registration is [sic: are] to abide by the disciplinary rules and answer a questionnaire every so often that maintenance of registration is desired."[4]

It is reasonably likely that patent practitioner certification will be revisited down the road. Statutory and judicially-created changes to patent law have been happening in recent years at lightning speed. The patent bar should have an interest in ensuring that its practitioners keep up with these changes, as certainly malpractice insurance carriers must.

Further reading on this subject is available in articles I co-authored in the Journal of the Patent & Trademark Office Society[5] and in the NYIPLA Bulletin.[6]

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.

(Endnotes)

1 21st Century Strategic Plan, available at www.uspto.gov/web/offices/com/strat21/index.htm.

2 21st Century Strategic Plan, Action Paper 44 (April 2, 2003), available at www.uspto.gov/web/offices/com/strat21/index.htm.

3 21st Century Strategic Plan, Interim Adjustments to the 21st Century Strategic Plan (Feb. 22, 2006), available at www.uspto.gov/web/offices/com/strat21/index.htm.

4 Frank S. Vaden III, State Bar Section News: Attorney Specialization, 3 Tex. Intell. Prop. L.J. 3 (1994). Mr. Vaden's article focuses upon patent attorneys and does not address patent agent practitioners.

5 Dale L. Carlson, William B. Slate, and Carolyn J. Vacchiano, *"Are We Certifiable?" Redux: A Strategic Plan for Maintaining Patent Practice Competence*, 85 J.P.T.O.S. 287 (April 2003).

6 Dale L. Carlson, William B. Slate, and Carolyn J. Vacchiano, NYIPLA Bulletin (August/September 2003).

NJIPLA & NYIPLA Joint CLE Program: Recent U.S. Supreme Court Decisions on Patent Law and the Influence on Current Patent Practice and Potential U.S. Patent Law Reform

By Colman Ragan

On September 18, 2014, the NYIPLA and NJIPLA held a joint breakfast CLE program entitled, "Recent U.S. Supreme Court Decisions on Patent Law and the Influence on Current Patent Practice and Potential U.S. Patent Law Reform." This program, which was hosted by McCarter & English, LLP, in Newark, New Jersey, was a joint effort between the NJIPLA and the Programs Committee of the NYIPLA. The program was well attended and will hopefully lead to future joint efforts between the two organizations.

The panel discussion was moderated by Hon. Garrett Brown, Jr. (Ret.), the former Chief Judge for the United States District Court for the District of New Jersey. The panelists were Charles Macedo of Amster, Rothstein & Ebenstein LLP, who is also Co-Chair of the NYIPLA Amicus Brief Committee, William M. Jay of Goodwin Procter LLP, and Erik Belt of McCarter & English, LLP.

Judge Brown started the panel off by discussing the statistical increase in patent cases at the Supreme Court and by posing the following question: "Why the heightened interest?" Charles Macedo discussed the recent spike in patent cases at the Supreme Court and the various potential reasons for the increase (including a desire to prevent the Federal Circuit from creating bright-line rules and reactions to Congressional initiatives to reform patent litigation). He also gave an in-depth analysis of the *Octane Fitness, LLC v. ICON Health & Fitness, Inc.* and *Highmark Inc. v. Allcare Health Management System, Inc.* cases, which addressed, respectively, the standards for determining whether a case should be deemed exceptional and when attorney fees should be awarded to the prevailing party. Erik Belt provided a detailed analysis of the *Alice Corp. Pty. Ltd. v. CLS Bank International* decision regarding the patent eligibility for computer-implemented inventions, including a comparison of the claims at issue in *Alice* to those at issue in the *Bilski v. Kappos* case. William Jay analyzed the *Limelight Networks, Inc. v. Akamai Technologies, Inc.* case, which discussed the issue of whether a party may be found liable for inducement of infringement when no single party commits an act of direct infringement, posing the question to the audience: Will the Court next revisit the Federal Circuit's single-actor rule, established in *Muniauction, Inc. v. Thomson Corp.*? Mr. Jay also analyzed the decision in *Nautilus, Inc. v. Biosig Instruments, Inc.*, which clarified that the standard for determining if a patent claim is indefinite is one of "reasonable certainty" as opposed to determining if a patent claim is "insolubly ambiguous."

After the lively panel discussion of the recent Supreme Court cases, Judge Brown opened the floor to the audience and the panel to ponder some of the following questions created and potentially left open by these cases:

- Why is the Supreme Court so interested in patent law?
- Why is Congress so interested in patent law?
- Is there disagreement about patent law between the courts and Congress?
- How will all of this affect me, my company, and my clients?

It seems that these questions could lead to yet another lively panel discussion in the near future.

Diverse Careers in IP Law and Strategies for Achieving Success

By Colman Ragan

On October 2, 2014, the Programs Committee hosted an event at St. John's University School of Law as part of its continuing series of networking events and panels aimed at addressing the variety of career options in intellectual property currently available in today's changing marketplace. The panel consisted of Robert Rando of The Rando Law Firm P.C. and Co-Chair of the Programs Committee, Jonathan Auerbach of Goodwin Procter LLP and Co-Chair of the Young Lawyers Committee, and Colman Ragan of Actavis, Inc. and also a Co-Chair of the Programs Committee. Jamie Lucia of Thomson Reuters moderated the panel discussion. The audience consisted largely of young lawyers and current law students.

The focus of the panel discussion was how young intellectual property lawyers can take charge of their careers and avoid the pitfalls that befall many young (and not so young) attorneys. Robert Rando provided perspective on how senior partners view young associates, what is expected of a young associate to succeed in the law firm dynamic, and how young associates can meet those expectations. Colman Ragan provided the perspective of someone who started in science, moved to working at major law firms, and then went in-house at a major pharmaceutical company. Jonathan Auerbach, who is active with the young lawyers in the NYIPLA, provided the much-needed perspective of someone much closer in age and experience to the audience and still growing into the practice of law while deciding his career path.

The format of the panel discussion was an open dialogue, with the audience participating in the discussion as it progressed. A common theme of the audience's questions, which was addressed by the panel, was how to start networking at an early stage, including the ever-challenging goal of learning to communicate with actual and potential clients. After the panel, pizza was served, and the panel members had a chance for lively one-on-one conversations with members of the audience. Plans are already in the works to reprise the panel in April 2015 at Quinnipiac University School of Law.

Young Lawyers Roundtable: Taking and Defending Depositions

By Gary Yen

On October 7, 2014, the NYIPLA Young Lawyers Committee continued its series of Young Lawyers Roundtables by hosting an engaging discussion about taking and defending depositions at Kenyon & Kenyon LLP. Michelle Mancino Marsh, a partner at Kenyon & Kenyon, led the participants in the roundtable discussion. The conversation included advice concerning all aspects of depositions, including witness preparation, deposition logistics, strategies for questioning and objecting, and troubleshooting during depositions. The participants enjoyed the informal nature of the conversation and appreciated discussing and acquiring practical skills for taking and defending depositions.

Patent Litigation From The Law Clerk's Perspective—Insights on New Patent Rules and Successful Litigation Strategies

By Randy C. Eisensmith

On Wednesday, October 15, 2014, the Patent Litigation Committee and Programs Committee held their second annual reception and presentation on the litigation perspectives of former law clerks from venues with heavy patent case dockets. The presentation was moderated by Randy Eisensmith of Fried, Frank, Harris, Shriver & Jacobson LLP.

Former recent law clerks, from the Eastern District of Texas (Jane Du of Fish & Richardson P.C. and Jenna Gillingham of Ropes & Gray LLP) and from the Eastern District of Virginia (Ebony Johnson of Kirkland & Ellis LLP and John Erbach of Spotts Fain PC), attended and presented valuable insights into the workings of their respective courts and the preferences of the judges for whom they clerked. The presentation explored various aspects of patent litigation, including the sufficiency of initial pleadings, motions to dismiss or transfer a case, motions to stay a case in view of parallel proceedings in the United States Patent and Trademark Office, and dispositive motions. The presentation was very well attended, and the audience actively asked questions of the panel.

Due to the continued success of the program, Committee leaders strongly favor that it be held on an annual basis, with future presentations involving clerks from different courts, who would discuss different topics of general interest to the NYIPLA's members.

The Nuts and Bolts of Starting and Running an IP Practice

By NYIPLA Law Firm Management Committee

Having just formed in spring 2014 as NYIPLA's newest committee, the Law Firm Management Committee ("the Committee") held its first public event on Thursday, November 13th, at the Park Avenue offices of Sills, Cummins, & Gross P.C.

Facilitators Rich Goldstein and Andrew Berks led a lively, interactive discussion to a packed house of members who were interested in learning from each other about the practical side of running an IP law office.

Over breakfast, the topics discussed included marketing, leadership, business development, and management systems. Exemplary documents that illustrate sample retainer letters and compensation strategies were distributed to the group by Jamie Lucia of Thomson Reuters.

With the clear success of this event, the Committee plans to hold another breakfast in the spring of 2015 on topics related to running an IP law office. The Committee also plans to hold a CLE on Alternative Fee Arrangements on February 24, 2015. Further details will be announced.

NYIPLA members are welcome to join the Law Firm Management Committee by logging in to NYIPLA.org.

NYIPLA
Nineteen Hundred and Twenty-two

BOARD MINUTES

MINUTES OF SEPTEMBER 9, 2014

Meeting of The Board of Directors of The New York Intellectual Property Law Association

The Board meeting was held at The Union League Club. President Anthony Lo Cicero called the meeting to order at 7:30 p.m. In attendance were:

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

Kevin Ecker participated by telephone. Feikje van Rein and Lisa Lu were in attendance from the Association's executive office. Jessica Copeland, Ray Farrell, Matthew McFarlane, and Wanli Wu were absent and excused from the meeting.

The Board approved the Minutes of the July 16, 2014 Board meeting.

Treasurer Kevin Ecker reported that the Association continues to be in good financial condition, with assets higher than last year. The Board discussed reallocation of surplus funds currently in Association checking accounts. Former Treasurer Denise Loring described her investigations last year into investment options. The goal of her investigation was to find investments that were both conservative and liquid. In order to maximize FDIC insurance coverage, new accounts at Chase Bank and Bank of America were opened using funds from Citibank checking accounts.

The Board agreed that surplus funds currently in Citibank checking and money market accounts would be moved into CDs.

Kevin Ecker reported that membership again increased over last year and that the increases represented all categories of members—students, IP professionals active less than three years, and more experienced attorneys.

Kevin Ecker also reported that the program planned in conjunction with the Federal Judicial Center—to present a training program for federal district court judges in 2015—will not proceed as planned. The Board discussed alternative programs, in which the Association would work directly with individual districts to create training programs for judges.

On behalf of Matt McFarlane, President Lo Cicero reported on the activities of the Amicus Brief Committee. A Petition for Certiorari has been filed in *MRC Innovations, Inc. v. Hunter Manufacturing LLP* concerning the applicability of *KSR* to design patents. The Committee intends to file a brief if the Supreme Court grants certiorari in that case. The Committee continues to monitor a number of other cases and will report back to the Board with recommendations as they come up.

Charles Hoffmann reported that the Past Presidents' Dinner will take place on October 8 at the Water Club, following the monthly Board meeting.

Peter Thurlow reported that there will be a reception in honor of a Chinese delegation on September 10, 2014. The delegation is to consist of about 30 individuals, most of whom are judges. Mr. Thurlow also reported that the PTO will hold a roadshow in New York on October 15, 2014. The PTO Roadshows are a result of President Obama's initiative to improve patent quality. The Board approved a motion to sponsor a reception and CLE event in connection with the PTO Roadshow.

Richard Parke reported on the progress of plans for the joint program with NJIPLA scheduled for September 18, 2014. Dorothy Auth reported on another event to be co-sponsored with the NJIPLA. Potential locations for the event were discussed. Ms. Auth also discussed plans for the next Presidents' Forum. Potential locations and topics were discussed. It was agreed that Ms. Auth would put together a proposal for the Board to consider.

Richard Parke discussed plans for a USPTO pro bono program in conjunction with the Volunteer Lawyers for the Arts.

Charles Hoffmann reported plans for a one-day program to be held at Rensselaer Polytechnic Institute. The program will take place on October 27, 2014. A search for speakers is ongoing.

President Lo Cicero reported on the search for a recipient of this year's Outstanding Public Service Award.

Denise Loring and Annemarie Hassett reported on initial activities of the new Legislative Action Committee and the search for a lobbyist to facilitate the Committee's goal of communicating to Congress and regulatory agencies the Association's views on proposed legislation and regulations of interest to Association members. The Board approved the Committee's request to continue its search and to recommend prospective candidates to the Board.

The meeting adjourned at 9 p.m.

The next Board meeting will take place on October 8, 2014 at 4:30 p.m.

Last Name	First Name	Firm/Company/School	Membership Type	State
Ando	Tatsuya	Columbia University	Student	New York
Basanta	Mark	Frommer Lawrence & Haug LLP	Student	New York
Berger	Eric P.	Mishcon de Reya New York LLP	Active 3+	New York
Birbach	Naomi	Goodwin Procter LLP	Active 3-	New York
Brown	Eric L.	Volunteer Lawyers for the Arts	Student	New York
Brownlee	Kerry B.	Benjamin N. Cardozo School of Law	Student	New York
Caine	Timothy H.	King & Spalding LLP	Student	New York
Carbo	Gregory	Chadbourne & Parke LLP	Active 3+	New York
Chavous	Eric	University of Pittsburgh School of Law	Student	Pennsylvania
Coccoma	Caitrin	Brooklyn Law School	Student	New York
Collins	Jennifer	Brooklyn Law School	Student	New York
D'Amato	David	Rutgers School of Law - Newark	Student	New Jersey
Drayton	Joseph M.	Cooley LLP	Active 3+	New York
Eddings	Brian	New York Law School	Student	New York
Ettinger	Heather	Troutman Sanders LLP	Active 3+	New York
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Georgek	Kevin	Frommer Lawrence & Haug LLP	Student	New York
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Heaton	Timothy	Troutman Sanders LLP	Active 3+	New York
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Huynh	Thomas	Seton Hall University School of Law	Student	New Jersey
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Jesus	Luana	Brooklyn Law School	Student	New York
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Kapadia	Vimal	Greenberg Traurig, LLP	Active 3-	New York
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Lieberstein	Eugene	Baker & Hostetler LLP	Active 3+	New York
Lin	Jessica	Pearl Cohen Zedek Latzer Baratz	Active 3-	New York
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Malyuchenko	Mariya	Brooklyn Law School	Student	New York
Mathew	John A.	Hofstra University School of Law	Student	New York
McClay	Patrick K.	Brooklyn Law School	Student	New York
Mok	Jeffrey	Fish & Richardson P.C.	Active 3-	New York
Niembro	Gloria	Benjamin N. Cardozo School of Law	Student	New York
Nobles	Khalil	Benjamin N. Cardozo School of Law	Student	New York
Nureldin	Majd	Fordham University School of Law	Student	New York
Pimentel	Mery Y.	Northeastern University School of Law	Student	Massachusetts
Riesenfeld	Lauren	New York Law School	Student	New York
Russo	Patrick	Hofstra University School of Law	Student	New York
Schuber	Jared	Frommer Lawrence & Haug LLP	Student	New York
Schultz	Jason	New York University School of Law	Active 3+	New York
Serrano	Ashley	New York Law School	Student	New York
Shin	Kyung J.	Fordham University School of Law	Student	New York
Spieler	Daria	Brooklyn Law School	Student	New York
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Ye	Janice	Frommer Lawrence & Haug LLP	Student	New York
Zimnicki	Thea	Ferdinand IP	Active 3-	Connecticut
Zonte	Sebastian	Frommer Lawrence & Haug LLP	Student	New York

The New York Intellectual Property Law Association, Inc.

Telephone (201) 461-6603 www.NYIPLA.org

The *Bulletin* is published bi-monthly for the members of The New York Intellectual Property Law Association.
Correspondence may be directed to Bulletin Editors,
Robert Greenfeld, rgreenfeld@steptoe.com, and Mary Richardson, mary.e.w.richardson@gmail.com

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