



# 2017 SPRING NEWSLETTER

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**SUPREME COURT*****Life Tech. Corp. v. Promega Corp.***

On February 22, 2017, the United States Supreme Court (“Supreme Court”) issued its opinion in *Life Tech. v. Promega*, holding that the export of a single component of a patented article does not give rise to infringement liability under 35 U.S.C. § 271 (f)(1). Instead, the Supreme Court held, that the text of that statutory provision necessarily requires, at minimum, the exporting of more than one component.

Promega Corporation (“Promega”) was the exclusive licensee of U.S. Reissue Patent No. RE 37,984 (“the Tautz patent”) covering a genetic testing tool kit comprised of five distinct components. Promega sublicensed the Tautz patent to Life Technology Corporation (“Life Tech”), subject to certain field of use restrictions. Life Tech manufactured and combined four of the five components of the tool kit in its United Kingdom (“U.K.”) facility. However, Life Tech manufactured the fifth component of the kit in the U.S., from which it was then exported to the U.K. to be combined with the kit.

During the term of the sublicense, Life Tech exceeded the field of use restrictions it originally agreed to. Promega therefore sued Life Tech for infringing its Tautz patent, claiming that Life Tech was liable under 35 U.S.C. §271(f)(1), which provides as follows:

“ Whoever without authority supplies or causes to be supplied in or from the United States all or a substantial portion of the components of a patented invention, where such components are uncombined in whole or in part, in such manner as to actively induce the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.”

At trial, the U.S. District Court granted Life Tech a judgment as a matter of law that it did not infringe under §271(f)(1) because it only supplied one component of the patented invention from the United States. On appeal, the United States Court of Appeals for the Federal Circuit (“Federal Circuit”) reversed, holding that exporting even a single component of a patented invention, could qualify as infringement under §271(f)(1), if the component was an especially important or essential element of the patented invention.

The Supreme Court reversed the Federal Circuit, holding that “a single component does not constitute a substantial portion of the components that can give rise to liability under §271(f)(1).” The Supreme Court began its analysis by interpreting the word “substantial” as used in the statute’s text “all or a substantial portion of the components.” First, the Supreme Court conceded that the ordinary meaning of the word “substantial” could encompass either a qualitative restriction, such as “a large number of components,” or a quantitative restriction, such as “the most essential portion of the components.” After looking to the context of the passage, the Supreme Court determined that the most natural reading of the statute was that “substantial” imposed a quantitative restriction. Specifically, the Supreme Court noted that the neighboring words “all” and “portion” in the statute imply reference to a quantity.

**SUPREME COURT**

***Life Tech. Corp. v. Promega Corp. (cont'd.)***



Additionally, the Supreme Court noted that “substantial” is modified by “the components of the patented invention.” If substantial was meant to convey a qualitative restriction, the Supreme Court reasoned, that statute would have been written such that “substantial” would be modified by “the invention.”

After determining that § 271(f)(1) imposes a quantitative requirement on the number of components exported to qualify for

infringement, the Supreme Court went on to hold that, as a matter of law, exporting one component of a multi-component product would never be sufficient to qualify for infringement under § 271(f)(1). In reaching this conclusion, the Supreme Court contrasted the language of § 271(f)(1) with § 271(f)(2) which provides that “Whoever... causes to be supplied in or from the United States any component of a patented invention that is especially made or especially adapted for use in the invention and not a staple article or commodity of commerce suitable for substantial non-infringing use... shall be liable as an infringer.” Thus, the Supreme Court noted, that whereas (f)(1) refers to “components” and (f)(2) refers to “any component,” the natural reading of this distinction must be that exporting a single component does not satisfy (§ 271(f)(1).

Additionally, Supreme Court Justice Alito filed a concurring opinion, joined by Justice Thomas, to stress that the Court’s opinion was not holding that exporting more than one component would be sufficient to satisfy § 271(f)(1). Instead the Justices noted that “today’s opinion establishes that more than one component is necessary, but does not address how much more.”

SUPREME COURT

***SCA Hygiene Products v. First Quality Baby Products***

On March 21, 2017, the United States Supreme Court (“Supreme Court”) issued its opinion in *SCA Hygiene Prods. V. First Quality Baby Prods.*, holding that laches, an equitable defense to infringement damages based upon unreasonable delay in commencing suit, cannot be a defense against infringement damages where the infringement occurred within the six year period established in 35 U.S.C. §286.

SCA Hygiene Products (“SCA”) manufactured adult diapers and obtained U.S. Patent No. 6,375,646 B1 (“the ‘646 patent”) directed toward a pair of absorbent pants. In 2003, SCA informed a competing firm, First Quality, that it believed one of First Quality’s products was infringing its ‘646 patent. First Quality responded that it believed that its own patent, U.S. Patent No. 5,415,649 (“the ‘649 patent”), which antedated the ‘646 patent, covered the same invention and that the ‘646 patent was therefore invalid. SCA did not further pursue the matter with First Quality, but instead filed an ex parte reexamination proceeding with the United States Patent and Trademark Office (“USPTO”) in 2004 to determine whether its ‘649 patent was still valid in light of the ‘649 patent. Three years later, in 2007, the USPTO issued a certificate confirming the validity of the ‘646 patent.

In 2010, SCA then sued First Quality for infringing its ‘646 patent. The U.S. District Court, however, granted First Quality’s motion for summary judgment based on laches and equitable estoppel. SCA appealed the decision to the United States Court of Appeals for the Federal Circuit (“Federal Circuit”). While the case was pending appeal, the Supreme Court issued its decision in *Petrella v. Metro Goldwyn-Mayer*, 134 S. Ct. 1962 (2014), which held that laches could not defeat a damages claim brought within the U.S. Copyright Act’s statute of limitations. Even though the U.S. Patent Act has a similar statute of limitations, the Federal Circuit nevertheless held on appeal that laches could be asserted within the Patent Act’s statute of limitations.

On appeal, the Supreme Court reversed the Federal Circuit, finding that laches could not be claimed as a defense to infringement for infringing activity that occurs within six years of the patentee filing suit. 35 U.S.C. §286 provides that “[e]xcept as otherwise provided by law, no recovery shall be had for any infringement committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action.” The Supreme Court first noted that, while the *Petrella* case was interpreting the U.S. Copyright statute, the rule that a statute of limitations bars a laches defense, also applies to patents. Thus, the Supreme Court interpreted § 286 as “a judgment by Congress that a patentee may recover damages for any infringement committed within six years of the filing of the claim.”

Supreme Court Justice Breyer dissented from the Court’s opinion, suggesting that the result of the Court’s holding might be to shield opportunistic behavior on the part of patentees. Specifically, Justice Breyer expressed concerns that, under the Court’s interpretation, patentees could wait for infringers to invest heavily in the development of infringing products before suing and still collect the previous six years worth of infringement damages.

Nevertheless, while the Supreme Court’s ruling removes laches as a defense for any acts of infringement that occurs within six years of the patentee filing suit, opportunistic behavior by patentees may still be used against them. Specifically, the Supreme Court noted that “the doctrine of equitable estoppel provides protection against ... unscrupulous patentees inducing potential targets of infringement suits to invest in the production of arguably infringing products.”

**FEDERAL CIRCUIT*****Secure Access, LLC v. PNC Bank National Association***

On February 21, 2017, the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”) issued its opinion in *Secure Access, LLC v. PNC Bank* (“PNC”), holding that, to be eligible for covered business method (“CBM”) review under the America Invents Act (“AIA”), a patent’s claims must contain some financial activity element.

Secure Access, LLC (“Secure Access”) owned U.S. Patent No. 7,631,191 (“the `191 patent”) covering a system for authenticating a web page. PNC, joined by other major financial institutions, petitioned the U.S. Patent Trial and Appeal Board (“PTAB”) to institute CBM review of the `191 patent. While the claim language of `191 patent was not limited exclusively to financial services, the patentee only sued financial service providers in enforcing the patent. Additionally, elements of the specification seemed to presume some financial service applications. Claim 1 of the `191 patent recited the following:

A method comprising:

transforming, at an authentication host computer, received data by inserting an authenticity key to create formatted data; and  
returning, from the authentication host computer, the formatted data to enable the authenticity key to be retrieved from the formatted data and to locate a preferences file, wherein an authenticity stamp is retrieved from the preferences file.

In order to be eligible for CBM review under the AIA, a patent must qualify as a CBM patent. § 18(d)(1) of the AIA defines a CBM patent as “a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service....” The PTAB instituted CBM review of the patent and eventually issued a final written decision holding all claims unpatentable under 35 U.S.C. § 103 as obvious over prior art.

The Federal Circuit however, reversed the PTAB decision, finding that the `191 patent fell outside of the CBM patent definition under the AIA. In its analysis, the Federal Circuit began by focusing on the language “a patent that claims” as it is used in the statute. This phrase in the definition, the Federal Circuit noted, requires that CBM patents must be identified by their claims. As a result, the Federal Circuit held that the PTAB erred in considering the litigation activity by the patentee as relevant.

The Federal Circuit also focused on the phrase “a financial product or service” as it is used in the AIA definition for a CBM patent. The PTAB had found that the legislative history of the AIA suggested that the definition was meant to encompass products or services “incidental or complementary” to financial activity. However, the Federal Circuit refused to accept this broadening of the definition, noting that such terms like “incidental to” or “complementary to” are “not a part of the statutory definition of what is a CBM patent, and... such a definition of a CBM patent is...not in accordance with the law.”

As a result, the Federal Circuit held that the AIA definition of a CBM patent requires that a patent’s claim include some “financial activity element.” The Federal Circuit then went on to hold that the `191 patent did not fall under the statutory definition for a CBM patent as a matter of law. While there was some contemplation of financial applications in the patent specification, because the claims themselves did not include a financial activity element, the Federal Circuit found that the PTAB erred in instituting the CBM review.

**FEDERAL CIRCUIT*****Icon Health and Fitness v. Strava***

On February 27, 2017, the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”) issued its opinion in *Icon Health and Fitness v. Strava*, holding that expert testimony in patent cases may include testimony as to a legal conclusion, such as obviousness, provided that other aspects of the expert’s testimony relate to factual findings.

Strava Incorporated (“Strava”), an operator of an athletic social network, requested U.S. Patent and Trademark Office (“USPTO”) inter partes reexamination of several claims of U.S. Patent No. 7,789,800 (the ‘800 patent) assigned to Icon Health and Fitness (“Icon”). During the inter partes reexam, Strava also submitted an expert declaration. The expert’s declaration included statements that certain claims in the ‘800 patent were “obvious.”

During reexamination, the USPTO examiner found several of the ‘800 patent’s claims obvious in view of prior art references. Icon objected to the decision, claiming that Strava’s expert inappropriately testified to questions of law and that these legal conclusions by the expert were inappropriately relied upon by the examiner. Icon appealed the examiner’s decision to the USPTO Patent Trial and Appeal Board (“PTAB”) which affirmed the examiner’s rejection.

Obviousness is a question of law under 35 U.S.C. §103. Additionally, the U.S. Federal Rules of Evidence Rule 702 provides that experts may only testify if “the expert’s scientific, technical, or other specialized knowledge will help the trier of fact to understand the evidence or to determine a fact in issue.” Thus, generally, experts are not permitted to testify as to legal conclusions.

Nevertheless, on appeal, the Federal Circuit affirmed the PTAB’s consideration of the expert’s testimony, noting that “there is no per se prohibition against relying on an expert’s declaration in support of factual findings underlying a legal conclusion of obviousness solely because the declaration states that something would have been obvious.” Instead, the Federal Circuit found that statements relevant to legal conclusions are generally allowed as long as the expert’s declaration contains at least some statements related to factual findings.

The Federal Circuit further provided that, in order to discern whether an expert’s testimony is directed to the legal conclusion of obviousness, courts should consider the legal statement of an expert within the context of the expert’s entire declaration. However, the Federal Circuit also noted that “the PTAB is permitted to weigh expert testimony and other record evidence and, in so doing, rely on certain portions of an expert’s declaration while disregarding others.”

**FEDERAL CIRCUIT*****Intellectual Ventures v. Capital One***

On March 7, 2017, the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”) issued its opinion in *Intellectual Ventures v. Capital One*, holding Intellectual Venture’s XML U.S. patent invalid under 35 U.S.C. § 101 as ineligible subject matter.

Intellectual Ventures LLC (“IV”) acquires patents and then licenses them out. As such, it was the assignee of U.S. Patent No. 7,984,081 (“’081 patent”). The ’081 patent’s claims were directed to computer systems designed to manipulate data in an extensible markup language (“XML”) document. The patent noted that the problem with XML documents was that many users often had their own unique XML formats and that these different formats were generally not compatible with one another. Thus, a user attempting to edit a document encoded in an incompatible XML format would be able to view that document but not make edits to it. Therefore, the ’801 patent claimed to provide a system to allow users of one XML format to make changes to an XML document using a different format. Specifically the claims recited a system for creating data structures to interrelate multiple XML documents by mapping “the data components of each data object to one of the plurality of primary record types” and organizing those record types into “a hierarchy to form a management record type.”

IV sued Capital One for infringement of its ’081 patent in the U.S. District Court for the District of Maryland (“District Court”). Capital One then filed a motion for summary judgment, arguing that the ’081 patent was invalid. The District Court granted Capital One’s motion, finding that all claims of IV’s ’081 patent were ineligible subject matter under §101 and were therefore invalid. IV appealed the decision to the Federal Circuit.

On appeal, the Federal Circuit first found that, under step 1 of the Alice framework, the ’081 patent’s claims were abstract since they were directed to the abstract idea of manipulating data. The Federal Circuit also rejected IV’s arguments that the limitation of the claims to XML documents did not remove the abstract issue, noting that “the patent’s recitation of XML documents specifically, does little more than restrict the invention’s field of use. Such limitations do not render an otherwise abstract concept any less abstract.”

The Federal Circuit then analyzed the ’081’s patent claims under step two of the Alice framework and concluded that there was no inventive concept in the claims that would transform them into patent eligible subject matter. While the claims themselves recited individual components, the Federal Circuit noted that the components claimed “merely describe the functions of the abstract idea itself.” Additionally the Federal Circuit concluded that the patent’s use of the terms “primary record types” and “management record type” were just terms coined by the inventor for generic data structures.

The Federal Circuit was also not persuaded by IV’s argument that the claims were directed at improving a technological process because the invention overcomes the problem of incompatibility amongst different XML formats. Instead, the Federal Circuit found that, while compatibility was the stated goal of the patent, the claims only provided a “result-oriented solution, with insufficient detail for how a computer accomplishes” that goal. Accordingly, the Federal Circuit affirmed the District Court’s ruling.



## FEDERAL CIRCUIT

***Trusted Knight Corp. v. International Business Machines Corp.***

On March 7, 2017, the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”) issued its opinion in *Trusted Knight Corp. v. Int’l Bus. Mach. Corp.*, affirming a U.S. District Court finding that Trusted Knight’s claims were indefinite under 35 U.S.C. §112.

Trusted Knight owned U.S. Patent No. 8,316,445 (“the `445 patent”), which covered programmable systems and methods for protecting against certain identity theft malware. The specification of the `445 patent recited that it improved on the prior art methods for protecting against these type of malware without “depend[ing] on the detection of malware at all.”

Trusted Knight sued International Business Manufacturing Corporation (“IBM”) for infringing its `445 patent. During a Markman proceeding in the litigation, the District Court granted a stipulated judgment of invalidity after finding that claims 1 and 22 of the `445 patent were indefinite under §112.

Claim 1 of the `445 patent recited a software program comprising certain software processes and recited that these processes would occur “in response to the software key logging through the API stack to an internet communication port.”

Claim 22 of the `445 patent also recited a software program comprising certain software processes, including “a process of passing the encrypted data to a 3-ring level where a hook inserted by a hook-based key logger.” The District Court found claims 1 and 22 indefinite.

On appeal, the Federal Circuit affirmed the District Court’s findings of indefiniteness. The Federal Circuit began by noting that, under the U.S. Supreme Court’s *Nautilus* decision, the key inquiry for indefiniteness is whether the claim when “viewed in light of the specification and prosecution history, inform those skilled in the art about the scope of the invention with reasonable certainty.” Thus, to satisfy §112, a patent’s claims must be “precise enough” to give the public “clear notice” of what is claimed and what is not claimed.

Trusted Knight argued on appeal that the “in response to the software key logging” claim language does not require that the malware be detected in order for the software to operate. Instead, Trusted Knight argued, that the limitation only required the detection of the threat of malware, citing support in the specification which stated that “[t]he solution of the present invention does not depend on detection of malware at all.” Nevertheless, the Federal Circuit found the claim indefinite, noting that the claim language “in response to key logging” refers to “key logging” without any qualifier such as “the threat of key logging” or “the potential presence of key logging.” Thus, the Federal Circuit reasoned that the clear implication of the phrasing was that it required the detection of actual key logging. However, because the specification explicitly disclosed as a feature of the invention the ability to operate without the condition that it first detect the malware, the Federal Circuit found the claim indefinite.

Trusted Knight additionally argued on appeal that the District Court erred in finding claim 22 indefinite. Trusted Knight acknowledged that the claim contained a typographical error (“typo”) in the phrase “where a hook inserted by a hook-based key logger.” However, Trusted Knight argued that this was a clear typo and that the claim was clearly meant to recite “where a hook [is] inserted by a hook-based key logger.”

The Federal Circuit acknowledged that, when a patent claim includes a typo, district courts may interpret the claim to correct the error where “the correction is not subject to reasonable debate based on consideration of the claim language.” However, the Federal Circuit noted that this claim construction “where a hook is inserted by a hook-based key logger” would require as a condition of the process’s operation, the detection of the malware, which the specification seemed to suggest, was not the case. Additionally, the Federal Circuit found that there were other plausible corrections to the claim, such as “where a hook [could be] inserted by a hook-based key logger.” Such a correction would result in an entirely different claim scope. As a result, the Federal Circuit found the claim indefinite.



**USPTO**

**Top Assignees of U.S. Granted Patents**

Recent rankings released by an independent patent data research organization show the top 25 assignees in the world of patents granted by the United States Patent and Trademark Office in 2016. For the 24th year in a row, IBM received the most U.S. patents of any assignee with a total 8,088 U.S. patent grants in 2016. Additionally, of the top 25 assignees, Amazon was one of the most improved, receiving 46.3% more patent grants in 2016 than it did the year prior.

*TOP 25 Assignees of 2016\**

Rank	Applicant	Granted Patents
1	International Business Machines Corp.	8,088
2	Samsung Electronics Co., Ltd.	5,518
3	Canon KK	3,665
4	Qualcomm Inc.	2,897
5	Google Inc.	2,835
6	Intel Corp.	2,784
7	LG Electronics Inc.	2,428
8	Microsoft Technology Licensing LLC	2,398
9	Taiwan Semiconductor Manufacturing Co.	2,288
10	Sony Corp.	2,181
11	Apple Inc.	2,102
12	Samsung Display Co., Ltd.	2,023
13	Toshiba Corp.	1,954
14	Amazon Technologies Inc.	1,662
15	Seiko Epson Corp.	1,647
16	General Electric Co.	1,646
17	Fujitsu Ltd.	1,568
18	Telefonaktiebolaget L M Ericsson	1,552
19	Ford Global Technologies LLC	1,524
20	Toyota Motor Corp.	1,417
21	Ricoh Co., Ltd.	1,412
22	GlobalFoundries Inc.	1,407
23	Panasonic Intellectual Property Management	1,400
24	Robert Bosch GmbH	1,207
25	Huawei Technologies Co., Ltd.	1,202

\* Rankings Data Comes from IFI Claims Patent Services



## USPTO

**CRISPR Patent Interference at the PTAB**

On February 15, 2017, the Patent Trial and Appeal Board (“PTAB”) of the United States Patent and Trademark Office (“USPTO”) issued a *per curium* opinion in the *Broad Institute Inc. v. Regents Univ. of California* interference proceeding after determining that there was no interference-in-fact between the parties’ claims, and terminated the proceeding.

CRISPR-Cas9 is a revolutionary process which allows for precision editing of genetic sequences using the specific Cas9 protein. On May 25, 2012, the University of California (“UC”) filed a U.S. provisional patent application with claims directed to CRISPR-Cas9 systems and methods of using them. Subsequently, MIT’s Broad Institute (“Broad”) filed an application with claims directed at using CRISPR-Cas9 specifically in eukaryotic cells, the type of cells found in higher life organisms, such as plants and animals. Broad’s patent issued first under accelerated examination, at which point, UC petitioned the USPTO for an interference proceeding.

Pre-AIA 35 U.S.C. § 102(g) provided that “A person shall be entitled to a patent unless...during the course of an interference...another inventor involved therein establishes... that before such person’s invention thereof the invention was made by such other inventor and not abandoned, suppressed, or concealed.” On, March 16, 2013, the America Invents Acts (“AIA”) went into effect for newly filed patents and the U.S. switched from a first-to-invent system to a first-to-file system. As a result, the potential for interference proceedings no longer exist for patents filed under the AIA. However, since the patents at issue in this case were filed under Pre-AIA 102, they were still subject to the first-to-invent provisions.

Nevertheless, after instituting the interference, the PTAB granted Broad’s motion of no interference-in-fact, which resulted in the termination of the proceeding. After reviewing the expert evidence of the parties, the PTAB was persuaded that Broad’s claims, which were directed to use of CRISPR-Cas9 in eukaryotic cells, constituted a patentably distinct invention from UC’s patent, which covered use of CRISPR-Cas9 without restrictions to a specific environment. In so finding, the PTAB noted that “one of ordinary skill in the art would not have reasonably expected a CRISPR-Cas9 system to be successful in an eukaryotic environment.” Specifically, the PTAB found persuasive public statements of UC inventors from around the time of their application filing in which they suggested that it was unclear whether or not the Cas9 system would function in eukaryotic cells.

**TRADEMARK/COPYRIGHT**

**HASBRO Files U.S. Trademark Application to Register Playdoh Smell**

On February 14, 2017, the popular toy maker Hasbro filed a non-visual trademark registration application with the United States Patent and Trademark Office (“USPTO”) for the smell of its Play-Doh products.

Specifically, the application described the smell as “A unique scent formed through the combination of a sweet, slightly musky, vanilla-like fragrance, with slight overtones of cherry, and the natural smell of a salted, wheat-based dough.”

Scents, are just one example of “nontraditional” trademark subject matter that may be registered in the United States under the Lanham Act. The Lanham Act defines “trademark” as including “any word, name, symbol, or device, or any combination thereof used by a person... to identify and distinguish his or her goods.” The U.S. Supreme Court has interpreted this definition broadly, noting that “human beings might use as a ‘symbol’ or ‘device’ almost anything at all that is capable of carrying meaning.”



*Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159 (1995). Thus, where other non-functional sensory cues such as a color, sound, or scent become distinctive in the mind of the consumers as carrying

an association with a particular source, they may qualify for U.S. trademark registration.

Nevertheless, showing acquired distinctiveness in a scent is very difficult. The scent must be nonfunctional in relation to the good. Additionally, applicant must submit a sample of the product to be smelled by the USPTO examining attorney. Some smells that have made it to registration include the scent of bubble gum for footwear (U.S. Registration No. 4754435) or a cherry scent for synthetic lubricants for

high performance racing and recreational vehicles (U.S. Registration No. 2463044).

Likewise popular examples of registered sound trademarks include the Metro-Goldwyn-Mayer lion roar (U.S. Registration No. 1395550), NBC’s three chimes (U.S. Registration No. 916522), or the AOL “You’ve got mail” tone (U.S. Registration No. 2821863).

**TRADEMARK****U.S. Copyrightable Subject Matter**

U.S. copyright protection is designed to cover the copying of original expressions by an author or designer. However, copyright protection is not limited exclusively to writings and artistic endeavors. On the contrary, software, sculptures, and designs embedded in functional articles may all be copyrighted. In this way, copyright protection can supplement patent or design patent protection, offering a cheaper alternative for the embodiment of a specific protection of the expressive elements contained in functional articles, such as clothing, or functional instructions, such as software.

**Copyright in Functional Articles**

On March 21, 2017, the United States Supreme Court (“Supreme Court”) issued its opinion in *Star Athletica, L.L.C. v. Varsity Brands, Inc.*, holding that designs for cheerleading uniforms were copyrightable subject matter under the U.S. Copyright Act.

17 U.S.C. §101 provides that designs of useful articles shall be copyrightable subject matter “only if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.”

Varsity Brands, a designer of cheerleading apparel, obtained U.S. copyright registration for the uniform designs pictured below.



Varsity Brands sued Star Athletica for infringing its registered copyrights in the above designs. The U.S. District Court granted summary judgment for Star Athletica however, finding that the designs were not protectable pictorial, graphic, or sculptural works since they served the utilitarian function of identifying the clothing as cheerleading uniforms. The U.S. Court of Appeals for the Sixth Circuit reversed, finding that the designs were separately identifiable and capable of existing independently from the utilitarian features of the uniform.

**TRADEMARK****U.S. Copyrightable Subject Matter (cont'd.)**

On appeal, the U.S. Supreme Court affirmed the Sixth Circuit, finding that the uniform designs were copyrightable. In so doing, the Supreme Court held that a “feature in the design of a useful article may only be copyrighted if the feature can be perceived as a two or three dimensional work of art separate from the useful article, and the feature would qualify as a protectable pictorial, graphic, or sculptural work —if it were imagined separately from the useful article into which it is incorporated.” Thus, the Supreme Court found that the designs features, including “the arrangement of colors, shapes, stripes, and chevrons on the surface of the cheerleading uniforms,” were separable from the uniforms because they could be identified and imagined as existing in another medium, such as a painter’s canvas, independent of the uniforms themselves. In other words, the Supreme Court found that the design features were protectable artistic designs that only happened to be on a useful article.

In dissent, Supreme Court Justice Breyer took issue with the majority’s holding that the design features of the uniforms were separable from the uniforms themselves. Specifically, Justice Breyer contended that even if the designs of the uniform were imagined on a painter’s canvas, “that painting would be of a cheerleader’s dress.”

**Copyright in Software**

U.S. copyright protection also extends to software. However, like copyright protection in functional articles, the scope of U.S. copyright protection in software is narrower than its U.S. patent counterpart. Instead, copyright protects the particular expression of the software in the form of its object code or source code, but does not extend to other code arrangements that may perform a similar functionality. See *Apple v. Franklin Computer Corp.*, 714 F.2d 1240 (3rd Cir. 1983).

To register software for U.S. copyright protection, an applicant need only submit an application form, a \$35 filing fee, and a segment of the source code being submitted for registration. For applications containing more than 50 pages of source code, applicants need only submit the first 25 pages and the last 25 pages of the code. Additionally, applicants may block out any trade secret information contained in those pages of the source code so long as the blocked out portions are proportionately less than the material remaining.

While U.S. copyright protection technically vests without registration, 17 U.S.C. §411 provides that “no civil action for infringement of the copyright in any United States work shall be instituted until preregistration or registration of the copyright claim has been made.” As a result, registration actually remains a prerequisite to initiating a U.S. copyright infringement lawsuit. Further, if the work is not registered before the infringement started, copyright holders may not obtain statutory damages or attorney’s fees from infringers. Therefore, any company or independent developer that publishes its software should first seriously consider obtaining U.S. copyright registration.



## MISC.

### U.S. Patent Litigation Statistics

Recent U.S. patent litigation statistics compiled by legal analysis firms showed a shifting landscape for patent litigation in 2016. Only 4,351 cases were filed in U.S. district courts in 2016. This represented a decrease of 1,198 cases, or 22% from 2015. Likewise, the United States Court of Appeals for the Federal Circuit (“Federal Circuit”) heard more appeals from the Patent Trial and Appeal Board (“PTAB”) than ever in 2016. At 190 PTAB appeals, nearly 46% of the patent appeals cases taken up by the Federal Circuit in 2016 were from the PTAB.

DISTRICT COURT, ITC AND FEDERAL CIRCUIT TRENDS\*:

Year	D.C. New Cases	ITC	Fed Circuit Appeals from D.C.	Fed Circuit Appeals from PTAB	Fed Circuit Appeals from ITC
2013	5,967	42	195	59	10
2014	4,839	39	240	67	7
2015	5,549	36	224	121	9
2016	4,351	54	222	190	4

This uptick in PTAB appeals taken by the Federal Circuit and the decreasing number of district court cases has been largely attributed to the popularity of the post grant review proceedings available under the America Invents Act, particularly Inter Partes Review (“IPR”). Although, as reported in the Winter Newsletter, the overall number of IPR filings actually decreased in 2016.

U.S. POST-GRANT PROCEEDING TRENDS<sup>†</sup>:

Inter Partes Review		
	2015	2016
Filed	1,737	1,565
Instituted	801	871
Joinders	116	77
Not Instituted	193	444
Covered Business Method		
	2015	2016
Filed	149	94
Instituted	91	51
Joinders	10	6
Not Instituted	43	45

\* All data comes from Law360’s Patent Litigation 2016 Report, available at [https://www.law360.com/ip/articles/896496-patent-litigation-2016-a-law360-special-report?nl\\_pk=99ae9935-dc35-44e7-a9f3-390b6b277f02&utm\\_source=newsletter&utm\\_medium=email&utm\\_campaign=ipf](https://www.law360.com/ip/articles/896496-patent-litigation-2016-a-law360-special-report?nl_pk=99ae9935-dc35-44e7-a9f3-390b6b277f02&utm_source=newsletter&utm_medium=email&utm_campaign=ipf)

† All data comes from USPTO Patent Trial and Appeal Statistics November 2016, available at [https://www.uspto.gov/sites/default/files/documents/aia\\_statistics\\_november2016.pdf](https://www.uspto.gov/sites/default/files/documents/aia_statistics_november2016.pdf)



MISC.

**U.S. Patent Litigation Statistics (cont'd.)**

Post Grant Review		
	2015	2016
Filed	11	24
Instituted	3	11
Not Instituted	0	7

Additionally, the U.S. District Court for the Eastern District of Texas remained the most popular district court for patent litigation, receiving over a third of all district court patent filings in 2016. However, the popularity of the district may soon be in jeopardy if, as reported in the firm’s Winter Newsletter, the United States Supreme Court in *TC Heartland v. Kraft Foods* decides to overrule Federal Circuit precedent on residence requirements for bringing suit in patent cases.

TOP DISTRICTS FOR PATENT LITIGATION‡ :

Districts	Number Cases Filed
Eastern District of Texas	1,647
District of Delaware	455
Central District of California	290
Northern District of Illinois	247
Northern District of California	188

‡ All data comes from Lex Machina 2016 Fourth Quarter Patent Litigation Update, available at <https://lexmachina.com/q4-litigation-update/>

**Staas & Halsey Attorneys Lecture at the 3rd Annual IP Strategy Summit in Seattle, Washington**



**Richard A. Gollhofer**  
Partner



**Mehdi D. Sheikerz**  
Partner



**Stephen G. McClure**  
Senior Associate

Staas & Halsey LLP partners Richard A. Gollhofer and Mehdi D. Sheikerz and senior associate Stephen G. McClure presented “Drafting Patent Claims to Avoid 101 Rejections” at the 3rd Annual IP Strategy Summit in Seattle, Washington on May 3, 2017, in our firm’s ongoing efforts to inform Applicants about developments in patent subject matter eligibility. The presentation at [www.staasandhalsey.com/richard-a-gollhofer](http://www.staasandhalsey.com/richard-a-gollhofer), includes a brief review of *Alice Corp. v. CLS Bank* and the eight subsequent Federal Circuit decisions that found patent eligibility through March 2017, plus the two discussed in USPTO memoranda that found no claims to be patent eligible. This provided the background for a discussion of several examples of possible claim amendments deemed by USPTO examiners to overcome rejections under 35 U.S.C. §101. For further information, please contact Staas & Halsey attorneys at [info@s-n-h.com](mailto:info@s-n-h.com).



**Attorney Spotlight**

**Mr. Alexander H. Butterman** has been an attorney with the Washington, D.C. law firm of Staas & Halsey LLP since 2005 and a trademark attorney since 1995. Mr. Butterman was an Attorney Advisor in the trademark examining operations of the U.S. Patent and Trademark Office (USPTO) for three years where he worked in one of the Law Offices that specialized in cosmetics, toiletries and cleaning preparations, publications and office supplies, toys and sporting goods, and all types of services. Both before and after his experience at the USPTO, Mr. Butterman worked in several intellectual property specialty law firms and in the in-house legal department of a major international hospitality industry corporation. Mr. Butterman has counseled a diverse group of large and small businesses in a variety of industries and sectors of commerce in both domestic and international trademark selection, prosecution, maintenance, protection and enforcement, as well as in IP transactional matters, copyright protection, unfair competition and anti-counterfeiting. During law school, Mr. Butterman interned in the copyright administration department of EMI Music Publishing. Mr. Butterman's



law school endeavors featured an appointment as the Executive Notes and Comments editor of the New York International Law Review and the publication of his article entitled, "Baseball's Anti-trust Exemption and an Owner-Imposed Salary Cap: Can They Coexist?" in an entertainment and sports law journal of the American Bar Association. Mr. Butterman's latest publication was his article in the June 2010 issue of Intellectual Property Today entitled, "Has Bose Blown Away the Trademark Fraud Cancellation Crusade at the USPTO?"

Mr. Butterman has a degree in psychology (B.A.) from Lehigh University and a law degree (J.D.) from St. John's University School of Law in New York City. He is admitted to the bars of the States of New York, New Jersey, Virginia and the District of Columbia. In both the American Intellectual Property Law Association and the International Trademark Association, Mr. Butterman has been an active member, participating in committees for both the organizations, including several INTA committees for the past decade.

**STAAS & HALSEY LLP ATTENDS THE INTA ANNUAL MEETING 2017**

Mr. Alexander Butterman will be attending the 139th INTA Annual Meeting. This year the meeting will be held from May 20 to May 24, 2017 and will be located in the beautiful Catalonia city of Barcelona, Spain. The INTA Annual Meeting has become the premier event for networking, continuing education, and committee and client meetings. Mr. Butterman looks forward to attending this event and taking full advantage of all the meeting's opportunities this year. Please contact Mr. Butterman at either [trademarks@s-n-h.com](mailto:trademarks@s-n-h.com) or at [abutterman@s-n-h.com](mailto:abutterman@s-n-h.com) if you would like to meet with him.



## FIRM NEWS

### Staas & Halsey's Video Conferencing Capabilities



In a world of evolving business practices, visual communications have become a necessity not a nicety. Everyday, the business community looks for communication developments that will enhance and increase efficiency, productivity, management communications, and opportunities across the globe. And with the globalization of its business, Staas and Halsey LLP offers to its clients an array of video communication alternatives. Below are our communications capabilities.

#### Software capabilities:

##### Meetings, Webinars and Trainings\*

- o Allow screen sharing, recording, and HD video conferencing including built-in VOIP or international toll-free phone options.
- o Meetings are designed for collaboration on documents and applications, and video conferencing. It can be integrated into Outlook. It supports up to one hundred attendees.
- o Webinars are designed for online events, in which a presenter can address up to two thousand attendees. The presenter can also invite guest speakers, or use tools such as surveys and Q&A.
- o Educational Training is intended to allow a firm member to present and link up to two hundred attendees worldwide and in different locations. It allows a firm member to manage registration, course materials, and small group "breakout collaboration."

##### Skype for Business

- o Host meetings that can be joined by users with Skype or Skype for Business.
- o It can be integrated into Outlook.
- o Screen sharing, document collaboration, video conferencing, file sharing.

##### Phone Conferencing

- o We can host and moderate conference calls between up to five phones calling in from anywhere.
- o We can host up to four conference calls simultaneously.
- o Conference Hub has number 202-454-1502.
- o After calling the Conference Hub, callers will enter the bridge number and password they have been given to join the conference call.

##### Polycom RealPresence Group 500 video conferencing system:

- o High performance video quality for HD video conferencing with up to six participants.
- o Facial tracking to focus on the current conferencing speaker.
- o Able to share applications between Polycom video conferencing systems.

\* Citrix Systems, Inc. "GoTo" Products

## Washington, D.C. in the Spring



Washington, D.C.'s Tidal Basin in all its glory.

This year, the weather in Washington, D.C. has been rather muddled. We have had gloriously warm days followed by blistering cold snow. Unfortunately, the city's beautiful and historic Cherry Blossoms which frame the Tidal Basin and attract thousands of tourists, have not blossomed as they should have and tourists are seeing mostly pale pink Cherry Blossoms. However, this has not stopped Washingtonians from celebrating the Cherry Blossom festival. This year, the Opening Ceremony was held at the Warner Theatre with performances from the U.S. and Japan. The next event held was the Blossom Kite Festival located on the grounds of the Washington Monument. The kite festival is known for its variety of events including the Rokkaku Battles and the Hot Tricks Showdown. Many kite makers and kite enthusiasts come from around the world to showcase their kites and their talents. During this event, you can see everyone from a Rokkaku expert to a child with his homemade kite. And as its final and greatest event, Washington, D.C. saw the National Cherry Blossom Festival Parade whose route went down Constitution Avenue from 7th Street to 17th Street. Marching in the festival were themed floats, giant character helium balloons, marching bands, community groups, dancing performers, and celebrity entertainers. This is truly one of the best parades that Washington, D.C. has to offer.

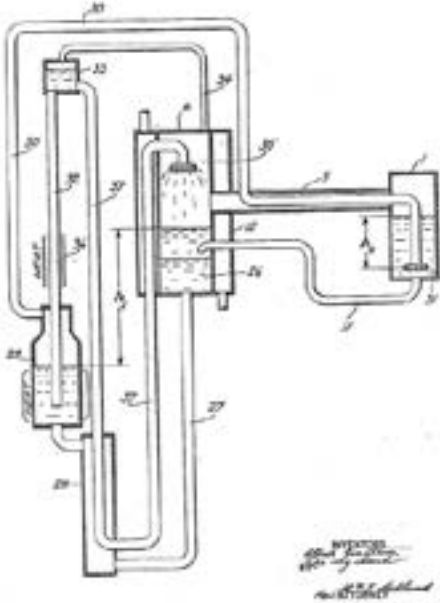


## FIRM NEWS

### Celebrity Patent Inventor: Albert Einstein

$E=mc^2$ , the theory of special relativity was invented, but not patented, by a German patent agent who revolutionized the world. As significant and valuable as this theory is, Albert Einstein, a patent agent for the Swiss Patent Office and a theoretical physicist, could not patent his idea because under European patent laws, scientific discoveries are not patentable. However, Albert Einstein would be granted over 50 patents during his lifetime. Ironically, his most famous patent is as far from  $E=mc^2$  as he could get. On November 11, 1930, Albert Einstein and his friend Leo Szilard were granted from the U.S. Patent and Trademark Office, U.S. Patent 1,781,541 (the Einstein Refrigerator). Einstein and Szilard were motivated by the tragic story of a family dying from toxic fumes expelled from a broken seal. They decided to invent a green technology refrigerator that would not be harmful to its users. Today many researchers including Oxford University are looking into his electromagnetic pump as a source for eco-friendly technology. In 2008, Time Magazine listed the Einstein Refrigerator in its top 50 inventions.

Nov. 11, 1930. A. EINSTEIN ET AL.  
REFRIGERATION. 1,781,541  
Filed Dec. 28, 1927



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