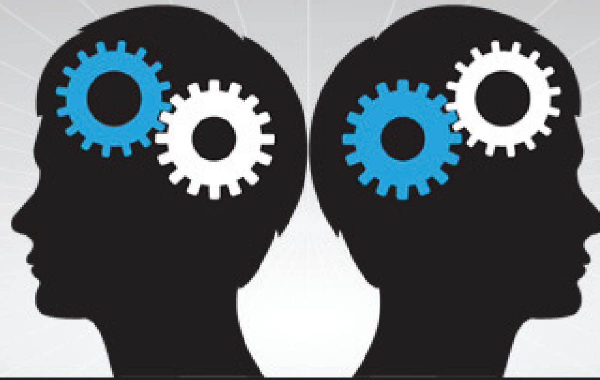

The GREAT DEBATE: The Changing Face of IP

IP Gone Wild?

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Panel

Speakers:

- Andrew Gasper – The Topps Company
- F. Kinsey Haffner – Raytheon Company
- Anne Sabourin – BASF Corporation
- J. Bruce Schelkopf – Cummins Inc.
- D. Travis Wilson – McCarthy Legal Services, LLC

Moderators:

- Andrew Baum – Foley & Lardner LLP
- Jeanne Gills – Foley & Lardner LLP

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Has the scope of patentable subject matter become too broad?

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In re Bilski

- May 8, 2008 Federal Circuit held *en banc* re-hearing
- At issue is extent to which “business methods” and “mental methods” are patentable
- Whether claim must require physical implementation or transformation
- Other potential unpatentable subject matter
  - Recording of data
  - Legal Methods
  - Tax methods
  - Physical sports moves
  - Methods of teaching
- Industry Specific (Software v. Pharma)

264 Fed. Appx 896, 2008 WL 417680 (Fed. Cir. 2008)

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The "Troll" Debate: Does reason for obtaining or enforcing the patent matter?

- Traditional – Patent covering patentee's product/process
- Project Based – Patent covering patentee's old product/process that is not used anymore
- Competitive – Patent covering competitor's product/process but not patentee's
- Non-Practicing – Patentee does not compete in the field

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Can IP rights be too easily used for anti-competitive purposes?

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Patents related to industry standards

- *In re Negotiated Data Solutions, LLC*
  - FTC focused on effect of patents reading on standards, where original patent owner participated in setting standard
  - Nat’l Semi promised to license patents relating to Ethernet for $1000 during IEEE standards-setting process
    - N-Data acquired patents from Nat’l Semi with knowledge
  - FTC found that it had jurisdiction under Section 5 of the FTC Act, without finding antitrust violation under Sherman Act (*e.g.*, “exclusionary conduct.”)

File No. 051 0094 (2008)

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Have IP rights been allowed to stifle innovation and creativity?

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Parody Cases

- BARBIE GIRL – *Mattel v. MCA*, 296 F.3d 894 (9th Cir. 1998)
  - No infringement or dilution found for rock song "Barbie Girl"
- BONDAGE BARBIE – *Mattel v. Waking Mountain Productions*, 353 F.3d 792 (9th Cir. 2003)
  - Artistic photos parodying Barbie doll found to be fair use, defeating copyright, trademark and trade dress claims
- STARBALLZ - *Lucasfilm Ltd. v. Media Market,* 182 F. Supp. 2d 897 (N.D. Cal. 2002)
  - Adult movie found to be fair use, defeating copyright and trademark claims to Star Wars
- CHEWY VUITON dog toys – *Louis Vuitton v. Haute Diggity Dog*, 507 F.3d 252 (4th Cir. 2007)
  - No trademark infringement or dilution found
- TIMMY HOLEDIGGER pet perfume – *Tommy Hilfiger Licensing v. Nature Labs*, 221 F. Supp. 2d 410 (SDNY 2002)
  - No trademark infringement or dilution found, no likelihood of confusion

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Post *KSR* Cases – Industry Specific

- *Pharma – McNeil-PPC v. Perrigo*, 516 F. Supp. 2d 238 (SDNY 2007) (Pepcid)
  - Patent for Pepcid Complete found obvious
    - Prior art: disclosed (a) the combination of famotidine and antacids, and (b) use of an impermeable coating for medications.
    - Citing *KSR*, the court stated that plaintiff's patent did "no more than combine the **predictable results** of [two groups of prior art references.]"
- *Leapfrog Enters. v. Fisher Price*, 485 F.3d 1157 (Fed. Cir. 2007)
  - Common sense demonstrates why some combinations would have been obvious where others would not
  - Obviousness found where combination of two references lacked a "reader", a reader is well known to simplify the use of a child's toy, and there was no evidence that the reader was uniquely challenging or difficult for one of ordinary skill in the art

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Impact of *KSR*

	Obviousness Decisions	*Patentee Prevailed*	*Accused Infringer Prevailed*
Pre-*KSR* 2000-2007 Q1	344	210 (61%)	134 (39%)
Post-*KSR* 2007 Q2-2008 Q1	94	36 (38%)	58 (62%)

- Litigation
  - Less rigid test for obviousness
  - Higher reliance on secondary considerations may increase costs (market studies, reliance on experts, etc)
- Prosecution
  - May need to increase disclosure to distinguish invention over prior art combinations
  - Need to track and argue secondary considerations during prosecution
  - Possible rejections based on *KSR* without explanation

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The Fair Use Doctrine: Too Broad or Too Narrow?

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Creative Works

- *Yoko Ono Lennon v. Premise Media Corp.*, 556 F. Supp. 2d 310 (SDNY 2008)

  25 Seconds of John Lennon song "Imagine" used without authorization in documentary "Expelled: No Intelligence Allowed" challenging Darwinian theories of evolution

  - TRO initially granted precluding distribution of film
  - Preliminary injunction denied as defense of fair use likely to succeed at trial

- *Dr. Seuss Enterprises v. Penguin Books USA*, 109 F.3d 1394 (9th Cir. 1997)

  Injunction granted against Seuss-like retelling of the OJ Simpson case

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Fair Use in New Media

- *Perfect 10, Inc. v. Amazon, Inc.*, 487 F.3d 701 (9th Cir. 2007)
  - Thumbnail reproductions of photos on search engine are "transformative"
  - Fair use found – no infringement
- *Clean Flicks of Colo. v. Soderbergh*, 433 F. Supp. 2d 1236 (D. Colo. 2007)

  Copying and editing motion pictures to create "clean" versions is not fair use
- Google's Book Digitizing Project: Massive Infringement or Fair Use?

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What role should government agencies play in balancing the rights of IP owners, competitors, and the public?

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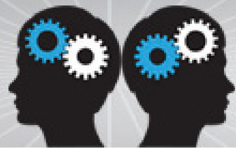

Patent Reform

- Damages
  - Economic value attributable to patent's specific contribution over the prior art
- Willful Infringement
  - Heightened standards
- First-to-File
  - Consistent with major patenting countries
- Post-Grant Opposition
  - 12 month window to raise any statutory requirements for validity
- Venue and Jurisdiction
  - No longer any district where defendant does business
- Interlocutory Appeals
  - Provide district court discretion to approve interlocutory appeals and corresponding stay regarding claim construction

HR 1908 / S 1145

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