Intellectual Property

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I. INTRODUCTION

This Article surveys caselaw developments in the area of intellectual property, including patents, copyrights, and trademarks, relevant to Georgia during the period from January 1, 2007 to December 31, 2007. Intellectual property law comprises several discrete yet overlapping areas of law. The four primary areas of intellectual property law are patent law, trademark law, copyright law, and trade secret law. Because patent law and copyright law are provided for in the United States Constitution, these cases are based in federal law and are

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^{1.} Some secondary areas that will not be surveyed in this Article include trade dress and know-how. Further, as most precedential decisions are under federal law, this Article will not include cases from the state courts.

^{2.} Article 1, Section 8, Clause 8 of the United States Constitution provides that "The Congress shall have Power . . . [t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. CONST. art. I, § 8, cl. 8. The terms "Authors" and "Writings" refer to copyright, and "Inventors" and "Discoveries" refer to patent.

litigated in federal courts. Trademark law and trade secret law have both federal³ and state aspects, and the cases regarding these areas are based on federal or state law. However, the more interesting cases often are litigated in the federal courts.

The Authors have not attempted to include all cases that touch upon intellectual property but instead have selected decisions that are of more significance or interest, or that may indicate a particular direction in these areas of law. While the cited cases often have multiple issues, the Authors have reported only on the more relevant or interesting intellectual property issues. As such, this Article will focus on developments selected from the federal courts that are controlling or binding on federal courts in Georgia.

II. PATENT CASES

A. Claim Construction

Patent claims, at least in the United States, are usually in the form of a series of numbered expressions that follow the description of the invention in a patent or patent application. Patent claims define, in technical or scientific terms coupled with legal terms, the protection conferred by a patent and are often paramount both in examination proceedings in the United States Patent and Trademark Office ("USPTO") and in litigation. In cases involving patent infringement, the claims first must be construed to determine the metes and bounds of the patent, or in other words, the scope of coverage or protection of the patent.⁴

In *SafeTCare Manufacturing, Inc. v. Tele-Made, Inc.*,⁵ the United States Court of Appeals for the Federal Circuit, the circuit court that hears all appeals relating to interpretations of patent law irrespective of the district, applied its *Phillips v. AWH Corp.*⁶ precedent in construing the claims of a patent.⁷ The claim at issue recited a "pushing force" that caused a section of a hospital bed to rotate upwards. The alleged infringing hospital bed utilized a motor that exerted a *pulling* force that

^{3.} Article 1, Section 8, Clause 3 of the United States Constitution is the Commerce Clause, which forms the constitutional basis for federal trademark and unfair competition legislation, and provides that "[t]he Congress shall have power . . . [t]o regulate Commerce with foreign Nations, and among the several States." U.S. CONST. art. I, § 8, cl. 3.

^{4.} Markman v. Westview Instruments, Inc., 517 U.S. 370, 373 (1996).

^{5. 497} F.3d 1262 (Fed. Cir. 2007).

^{6. 415} F.3d 1303 (Fed. Cir. 2005).

^{7.} SafeTCare Mfg., 497 F.3d at 1269.

caused a similar upward rotation.⁸ The pulling force on one part of the hospital bed resulted in a pushing force on another part of the hospital bed.⁹ The Federal Circuit held that the product did not infringe the patent because the specification of the patent repeatedly described pushing forces.¹⁰ Citing its precedent in *Phillips*, the Federal Circuit wrote: "[W]e rely on the specification merely to understand what the patentee has claimed and disclaimed."¹¹

In *Dippin' Dots, Inc. v. Mosey*, ¹² the Federal Circuit held that the transitional phrase "comprising the steps of" did not render open-ended the words and phrases of a claim directed to the production of spherical ice cream pellets. ¹³ The patent-in-suit involved a method having six steps for freezing, storing, and serving "beads" of ice cream. ¹⁴ Dippin' Dots, Inc., the owner of the patent, sued various distributors after they stopped buying ice cream from Dippin' Dots and started competing with Dippin' Dots using products from other manufacturers. ¹⁵ The distributors argued that they did not infringe the step of "freezing said dripping alimentary composition into beads" because they were freezing the alimentary composition into both beads and irregular pellets. ¹⁶ The court held the transitional term "comprising" did not render the element open-ended to both beads and irregular pellets, noting that comprising "is not a weasel word with which to abrogate claim limitations." ¹⁷

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8. Id. at 1265-66.
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Id. at 1340.

^{9.} Id. at 1268-69.

^{10.} *Id.* at 1269–71.

^{11.} Id. at 1270 (citing Phillips, 415 F.3d at 1316).

^{12. 476} F.3d 1337 (Fed Cir. 2007).

^{13.} Id. at 1340, 1343.

[&]quot;A method of preparing and storing a free-flowing, frozen alimentary dairy product, comprising the steps of:

^[(1)] preparing an alimentary composition for freezing;

^[(2)] dripping said alimentary composition into a freezing chamber;

^[(3)] freezing said dripping alimentary composition into beads;

^[(4)] storing said beads at a temperature at least as low as -20° F. so as to maintain said beads free-flowing for an extended period of time;

^[(5)] bringing said beads to a temperature between substantially -10° F. and -20° F. prior to serving: and

^[(6)] serving said beads for consumption at a temperature between substantially -10° F. and -20° F. so that said beads are free flowing when served."

^{15.} Id. at 1341.

^{16.} Id. at 1340, 1342-43.

 $^{17. \;\; \}textit{Id.}$ at 1343 (quoting Spectrum Int'l, Inc. v. Sterilite Corp., 164 F.3d 1372, 1380 (Fed. Cir. 1998)).

These decisions build on a trend by the United States Supreme Court and the Federal Circuit to interpret patents, and especially patent claims, more narrowly and to give greater weight to the wording chosen by the inventors.

B. Territoriality of Patents

Under strictly provincial notions of territoriality, patents remain discrete, national instruments, a classification which has been challenged in today's globally oriented economy. During 2007 the United States Supreme Court examined the territorial aspects of patent infringement in the context of 35 U.S.C. § 271(f). ¹⁸

In *Microsoft Corp. v. A T & T Corp.*, ¹⁹ the Supreme Court held that § 271(f) of the Patent Act does not expand the territorial scope of United States patent protection²⁰ by creating liability for exporting one or more "components" of a patented invention so that the components may be copied and the whole invention may be practiced abroad.²¹ A T & T was the assignee of the patent-in-suit covering a computer for encoding and compressing recorded speech. Microsoft's Windows® software contained code that enabled computers to compress speech in the manner covered by the patent.²² In order to avoid paying royalties to A T & T for sales abroad, Microsoft sent master versions of its Windows® software to foreign computer manufacturers who would arrange for the reproduction of the Windows® software and install the copied

Id.

^{18. 35} U.S.C. § 271(f) (2000). Section 271(f) provides that:

⁽¹⁾ 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.

⁽²⁾ Whoever without authority supplies or 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 noninfringing use, where such component is uncombined in whole or in part, knowing that such component is so made or adapted and intending that such component will be combined 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.

^{19. 127} S. Ct. 1746 (2007).

^{20.} There is no such thing as a worldwide patent. Rather, patent law is territorial. A United States patent covers infringing acts that occur in the United States but generally disregards extraterritorial activity.

^{21. 127} S. Ct. at 1760.

^{22.} Id. at 1750.

versions of the software onto their machines. Microsoft conceded that a computer with Microsoft Windows® software that also has the ability to encode and compress recorded speech, if installed on a computer in the United States, would infringe the patent-in-suit in the United States. As such, the question before the Supreme Court was whether a foreign-installed copy of software that was developed in the United States is, for patent purposes, a "component" that is "supplied" from the United States under § 271(f). 24

In holding that the copied software was not a "component" under § 271(f), the Supreme Court interpreted the word "component" narrowly to refer only to concrete copies of a computer program, rather than to the "abstract" computer code that composes the program in some ideal sense. The Supreme Court also relied on *Deepsouth Packing Co. v. Laitram Corp.* to emphasize the territorial nature of patents and to determine that Congress would have used more expansive language if it had intended the section to operate outside the territorial limits of the United States. After concluding that the "very components supplied from the United States, and not copies thereof, trigger § 271(f) liability when combined abroad to form the patented invention at issue . . . [and because] the copies of Windows actually installed on the foreign computers were not themselves supplied from the United States," the Supreme Court held that Microsoft did not infringe the patent-in-suit. 28

C. Nonobviousness

In KSR International Co. v. Teleflex Inc., ²⁹ one of the most important decisions relating to patent law in recent years, the Supreme Court rejected the Federal Circuit's strict application of the "teaching, suggestion, or motivation" test ("TSM test") for finding a combination of elements to be patentable over the prior art. ³⁰ The patent-in-suit included a claim for a pedal mechanism in which an adjustable vehicle control pedal was connected to an electronic throttle control, both of which are known elements in the art. KSR, the alleged infringer, argued

^{23.} Id. at 1753.

^{24.} *Id.* at 1750-51. "The question before us: Does Microsoft's liability extend to computers made in another country when loaded with Windows software copied abroad from a master disk or electronic transmission dispatched by Microsoft from the United States? Our answer is 'No.'" *Id.*

^{25.} Id. at 1753-56.

^{26. 406} U.S. 518 (1972).

^{27.} Microsoft Corp., 127 S. Ct. at 1759-60.

^{28.} Id. at 1757, 1759.

^{29. 127} S. Ct. 1727 (2007).

^{30.} Id. at 1734.

that this combination was not patentable because merely combining these two elements was obvious. KSR won at the district court level, but the district court decision was overturned by the Federal Circuit in January 2005. Applying the TSM test, the Federal Circuit held that the combination was nonobvious because the prior art did not disclose a teaching, suggestion, or motivation to combine the various parts together.³¹

In a unanimous decision, the Supreme Court rejected any notion that the concept of obviousness in patent law can be rigidly or narrowly defined, holding that "[t]he obviousness analysis cannot be confined by a formalistic conception." The Supreme Court looked with disfavor on the Federal Circuit's rigid application of the TSM test and reaffirmed Supreme Court precedent regarding the obviousness of patents "based on the combination of elements found in the prior art" when the combination "does no more than yield predictable results." The Supreme Court noted that "[t]here is no necessary inconsistency between the idea underlying the TSM test and the [Court's general] analysis. But when a court transforms the general principle into a rigid rule that limits the obviousness inquiry . . ., it errs."

In Aventis Pharma Deutschland GmbH v. Lupin, Ltd.,³⁵ which was decided soon after KSR, the Federal Circuit held that a purified component was obvious over a known mixture containing the component.³⁶ The patent-in-suit³⁷ claimed the pharmaceutical compound ramipril formulated "substantially free of other isomers," which was found nonobvious by the lower court prior to the Supreme Court's KSR decision.³⁸ In reversing the district court, the Federal Circuit held that the purified form of a compound from a known mixture is prima facie obvious because a person of ordinary skill in the art would have reasoned that the mixture derived properties from the purified ingredient.³⁹ However, the court did note in dicta that a purified isomer is "not always prima facie obvious over the mixture; for example, it may not be known that the purified compound is present in or an active ingredient of the mixture."

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31. Id. at 1734-39.
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^{32.} Id. at 1741.

^{33.} Id. at 1739.

^{34.} Id. at 1741.

^{35. 499} F.3d 1293 (Fed. Cir. 2007).

^{36.} Id. at 1301-03.

^{37.} U.S. Patent No. 5,061,722 (filed Jan. 12, 1989).

^{38.} Aventis Pharma Deutschland, 499 F.3d at 1300.

^{39.} Id. at 1301-02.

^{40.} Id. at 1301.

The Federal Circuit, in In re ICON Health & Fitness, Inc., 41 reiterated that references outside the patentee's field of endeavor can be used to render a patent obvious. 42 ICON Health and Fitness ("Icon") owned a patent on a treadmill with a folding base that allowed the base to fold up for easy storage. During a reexamination proceeding before the USPTO, the examiner concluded that Icon's patent claims were invalid because they were obvious in light of two prior art references. Icon argued that one of the references (the "Teague" reference), which described a dual-action spring for folding beds, was from a different field of endeavor than its treadmill invention and, therefore, should not be used in an obviousness analysis under 35 U.S.C. § 103(a).⁴³ Federal Circuit disagreed, stating that "'[a] reference is reasonably pertinent if, even though it may be in a different field from that of the inventor's endeavor, it is one which, because of the matter with which it deals, logically would have commended itself to an inventor's attention in considering his problem."44 Thus, while the Teague reference may have come from a different field of endeavor, it addressed the same problem that the patentee was trying to solve and therefore could be used in a § 103(a) obviousness analysis. 45

In *Daiichi Sankyo Co. v. Apotex, Inc.*, ⁴⁶ the Federal Circuit ruled that the district court had used an improper standard in determining the "level of ordinary skill in the art" when evaluating the nonobviousness or validity of an issued patent. ⁴⁷ Apotex sought to invalidate the patent-in-suit, owned by Daiichi Sankyo Co. ("Daiichi") and directed to a pharmaceutical compound useful for treating ear infections on the ground that the invention was "obvious" at the time it was invented. ⁴⁸ In finding the patent valid, the district court ruled that a person having ordinary skill in the art was a "pediatrician or general practitioner—those doctors who are often the "first line of defense" in treating

^{41. 496} F.3d 1374 (Fed. Cir. 2007).

^{42.} *Id.* at 1379-80. Section 103(a) prohibits the granting of a patent on an invention that "would have been obvious at the time the invention was made to a person having ordinary skill in the art." 35 U.S.C. § 103(a) (2000).

^{43.} In re ICON Health & Fitness, Inc., 496 F.3d at 1377-78; 35 U.S.C. § 103(a) (2000). Longstanding case law has held that only references that are "pertinent" and represent "analogous art" in comparison to the invention at issue can be used in a § 103(a) obviousness analysis. See Dann v. Johnston, 425 U.S. 219, 225-26 (1976); Graham v. John Deere Co., 383 U.S. 1, 14, 35 (1966).

^{44.} In re ICON Health & Fitness, Inc., 496 F.3d at 1379-80 (quoting In re Clay, 966 F.2d 656, 659 (Fed. Cir. 1992)).

^{45.} *Id*. at 1379.

^{46. 501} F.3d 1254 (Fed. Cir. 2007).

^{47.} Id. at 1257.

^{48.} Id. at 1255-57.

ear infections and who, by virtue of their medical training, possess basic pharmacological knowledge."⁴⁹

The Federal Circuit reversed, ruling instead that "the level of ordinary skill in the art . . . is that of a person engaged in developing pharmaceutical formulations and treatment methods for the ear or a specialist in ear treatments."50 The Federal Circuit listed several factors courts consider in determining the level of ordinary skill in the art, which included: "'(1) the educational level of the inventor; (2) type of problems encountered in the art; (3) prior art solutions to those problems; (4) rapidity with which innovations are made; (5) sophistication of the technology; and (6) educational level of active workers in the field."51 Because the Daiichi patent inventors were "specialists in drug and ear treatments-not general practitioners or pediatricians" and because general practitioners or pediatricians "would not have the training or knowledge to develop" pharmaceutical products, the Federal Circuit held the district court had used an improper standard in its invalidity analysis.⁵² Therefore, the Federal Circuit held Daiichi's patent was obvious at the time it was invented and thus invalid. 53

D. Priority

In Boston Scientific Scimed, Inc. v. Medtronic Vascular, Inc.,⁵⁴ the Federal Circuit held that a foreign patent application may only form the basis for priority under 35 U.S.C. § 119(a)⁵⁵ when that foreign application was filed either by the actual United States applicant, or by someone acting on his or her behalf at the time the foreign application

^{49.} *Id.* at 1256 (quoting Daiichi Pharm. Co. v. Apotex, Inc., 380 F. Supp. 2d 478, 485 (D.N.J. 2005)).

^{50.} Id. at 1257.

^{51.} *Id.* at 1256 (quoting Envtl. Designs, Ltd. v. Union Oil Co. of Cal., 713 F.2d 693, 696 (Fed. Cir. 1983)).

^{52.} Id. at 1257.

^{53.} Id. at 1259.

^{54. 497} F.3d 1293 (Fed. Cir. 2007).

^{55. 35} U.S.C. § 119(a) (2000). Section 119(a) states in relevant part:

An application for patent for an invention filed in this country by any person who has, or whose legal representatives or assigns have, previously regularly filed an application for a patent for the same invention in a foreign country which affords similar privileges in the case of applications filed in the United States or to citizens of the United States, or in a WTO member country, shall have the same effect as the same application would have if filed in this country on the date on which the application for patent for the same invention was first filed in such foreign country, if the application in this country is filed within twelve months from the earliest date on which such foreign application was filed

was filed.⁵⁶ In order to resolve the inventorship issues and, ultimately, ownership of the patent rights, the USPTO's Board of Patent Appeals and Interferences ("BPAI") declared an interference proceeding between the Scimed application and the Medtronic application. In this case, the Scimed patent application was originally filed by a European company (MinTec) as a European Patent Application. When MinTec's application was filed, the inventors had not yet assigned their rights to MinTec. The BPAI ultimately denied priority to Scimed on the grounds that the owner of the Scimed application was not entitled to priority under 35 U.S.C. § 119(a). The district court affirmed the BPAI's decision.⁵⁷

In reversing the district court, the Federal Circuit held that 35 U.S.C. § 119(a) does not permit an applicant for a United States patent to benefit from the priority of an application filed in a foreign country by a party who was not acting on behalf of the United States applicant at the time of the foreign filing.⁵⁸ The Federal Circuit, citing a case from its predecessor court, the United States Court of Customs and Patent Appeals, held that priority rights under § 119(a) are personal to United States applicants and that U.S. applicants may only benefit from the priority of a foreign application if the application was actually filed by the U.S. applicant or filed on the applicant's behalf.⁵⁹ The court noted that whether "the foreign application [was] filed in accordance with the laws of the country in which it was filed has no bearing here."60 The Federal Circuit held that § 119(a) "requires that a nexus exist between the inventor and the foreign applicant at the time the foreign application was filed."61 Accordingly, a foreign application may only form the basis for priority under 35 U.S.C. § 119(a) when that foreign "application was filed by either the U.S. applicant himself, or by someone acting on his behalf at the time the foreign application was filed."62

E. Coordinated Infringement Actions

In BMC Resources, Inc. v. Paymentech, L.P., 63 the Federal Circuit held that direct infringement did not occur when multiple parties performed different parts of a single claimed method without a single

^{56.} Boston Scientific Scimed, Inc., 497 F.3d at 1298.

^{57.} Id. at 1295-96.

^{58.} Id. at 1296-97.

^{59.} Id. at 1297-98 (citing Vogel v. Jones, 486 F.2d 1068 (C.C.P.A. 1973)).

^{60.} *Id.* at 1297.

^{61.} Id.

^{62.} Id. at 1298.

^{63. 498} F.3d 1373 (Fed. Cir. 2007).

actor controlling or directing the parties' behavior. BMC's patents claimed a method for processing a debit transaction without using a PIN, a PIN-less debit bill payment ("PDBP"), which required participation of three actors: a payee's agent, a debit network, and a financial institution. As the three actors were at "arms length" rather than a single entity, the Federal Circuit held that Paymentech could not have directed or controlled the actions of the three actors. As such, the court held that Paymentech did not infringe the patent-in-suit and acknowledged that "the standard requiring control or direction for a finding of joint infringement may in some circumstances allow parties to enter into arms-length agreements to avoid infringement."

In ACCO Brands, Inc. v. ABA Locks Manufacturing Co., ⁶⁸ the Federal Circuit reiterated that a device manufacturer or distributor can be found liable for "willful induced infringement" only if the patent holder can prove "direct infringement" either through specific instances of direct infringement or because the allegedly infringing device necessarily infringes. The defendant, Belkin Components ("Belkin"), was the United States distributor for a computer locking device that allegedly infringed a patent owned by ACCO Brands ("ACCO"). The allegedly infringing device was capable of operating in both an infringing and noninfringing manner. Belkin's instruction manual instructed users how

- 64. Id. at 1375.
- 65. Id. at 1375-76. Paymentech processes a PDBP transaction according to the following sequence, which together includes the elements of the claim of the patent-in-suit:
 - 1. [T]he customer calls the merchant to pay a bill using an IVR;
 - 2. [T]he merchant collects payment information from the customer and sends it to Paymentech;
 - 3. Paymentech routes the information to a participating debit network;
 - 4. [T]he debit network forwards the information to an affiliated financial institution;
 - 5. [T]he financial institution authorizes or declines the transaction, and if authorized, charges the customer's account according to the payment information collected by the merchant; and
 - 6. [I]nformation regarding the status of the transaction moves from the financial institution to the debit network and then, through Paymentech, to the merchant who informs the customer of the status of the transaction.

Id.

- 66. Id. at 1378-82.
- 67. Id. at 1381.
- 68. 501 F.3d 1307 (Fed. Cir. 2007).
- 69. Section 271(b) states that "[w]hoever actively induces infringement of a patent shall be liable as an infringer." 35 U.S.C. \S 271(b). This is known as "willful induced infringement." Id.
- 70. 501 F.3d at 1313 (citing Dynacore Holdings Corp. v. U.S. Philips Corp., 363 F.3d 1263, 1275-76 (Fed. Cir. 2004)).

to operate the device in the noninfringing manner.⁷¹ At trial, ACCO presented no evidence of specific instances of direct infringement by customers who had purchased the device.⁷² Because the device could be used in a noninfringing manner and because ACCO had not presented evidence of any instances of direct infringement by actual customers, the court held that ACCO had not met the burden of proving that Belkin had willfully induced its customers to infringe.⁷³

F. Standing

Because federal courts cannot grant advisory opinions under Article III of the United States Constitution, ⁷⁴ an actual case or controversy, or standing, must exist to obtain a declaratory judgment. ⁷⁵ Over the last year, the Federal Circuit and the Supreme Court have been examining cases concerning standing for issuing a declaratory judgment in the patent context.

In *MedImmune, Inc. v. Genentech, Inc.*, ⁷⁶ the Supreme Court addressed whether a patent licensee must terminate or breach its license agreement in order to bring a declaratory judgment action challenging the validity of the licensed patent. ⁷⁷ Both the United States District Court for the Central District of California and the Federal Circuit held that the licensee must terminate the license under the Declaratory Judgment Act's ⁷⁸ requirement that there be a "case of actual controversy" to establish jurisdiction for a declaratory judgment action. ⁷⁹ The Supreme Court reversed, holding that a patent licensee is not required to terminate or breach its license prior to seeking declaratory judgment of the licensed patent's invalidity (or that the patent was unenforceable or not infringed). ⁸⁰ As the Supreme Court concluded, the rule that a plaintiff must breach or terminate its license—at the risk of incurring

^{71.} Id. at 1310-11.

^{72.} Id. at 1313.

^{73.} Id. at 1313-14.

^{74.} See U.S. CONST. art. III. § 2, cl. 3.

^{75.} See id.

^{76. 127} S. Ct. 764 (2007).

^{77.} Id. at 767.

^{78. 28} U.S.C. §§ 2201-2202 (2000).

^{79.} *Id.* at 768; 28 U.S.C. § 2201(a). There was a time when the Supreme Court doubted whether declaratory judgment actions were compatible with Article III's case-or-controversy requirement. *See, e.g.*, Willing v. Chi. Auditorium Ass'n, 277 U.S. 274, 289 (1928). But after its passage in 1934, the constitutionality of the federal Declaratory Judgment Act was upheld because the phrase "cases of actual controversy" was deemed to refer to the type of cases and controversies justiciable under Article III. Aetna Life Ins. Co. of Hartford v. Haworth, 300 U.S. 227, 239-40 (1937).

^{80.} MedImmune, 127 S. Ct. at 777.

treble damages or losing the bulk of its business—before seeking a declaration of its actively contested legal rights finds "no support" in Article III.⁸¹ In so holding, the Supreme Court abrogated the earlier Federal Circuit decision in *Gen-Probe Inc. v. Vysis, Inc.*⁸²

G. Sovereign Immunity

The Eleventh Amendment to the United States Constitution⁸³ grants states and state entities immunity from suit in federal court without their consent.⁸⁴ Several cases in 2007 dealt with claims of sovereign immunity in patent infringement actions.

In Baum Research & Development Co. v. University of Massachusetts at Lowell, ⁸⁵ the Federal Circuit held that a state university's inclusion of a clause consenting to jurisdiction in federal courts in a patent license agreement constituted a waiver of the state university's sovereign immunity for a suit thereon. ⁸⁶ In so holding, the Federal Circuit affirmed the district court's rejection of the university's asserted sovereign immunity defense, reasoning that because the license provision at issue contained a clear and unambiguous consent to the jurisdiction of a Michigan federal court for disagreements arising from the license agreement, the university had contractually waived its sovereign immunity. ⁸⁷

The Federal Circuit also rejected the university's argument that the plaintiff had not shown that the university signatory enjoyed the authority to waive sovereign immunity, which the university claimed was only enjoyed by the state legislature of Massachusetts. First, the court held that the relevant question was not whether the university signatory possessed the authority to waive the university's sovereign immunity, but whether the signatory possessed the authority to enter into the license agreement, which she clearly did under Massachusetts law. Second, the court held that the burden was not on the plaintiff

^{81.} Id. at 775.

^{82. 359} F.3d 1376 (Fed. Cir. 2004).

^{83.} U.S. CONST. amend. XI.

^{84.} Hans v. Louisiana, 134 U.S. 1, 10 (1890).

^{85. 503} F.3d 1367 (Fed. Cir. 2007).

^{86.} *Id.* at 1372. The clause in question provided: "This Agreement will be construed, interpreted and applied according to the laws of the State of Michigan and all parties agree to proper venue and hereby submit to jurisdiction in the appropriate State or Federal Courts of Record sitting in the State of Michigan." *Id.* at 1368-69 (internal quotation marks omitted).

^{87.} Id. at 1371.

^{88.} Id.

^{89.} Id.

to prove that the university had acted legally in signing the licensing agreement; the burden was on the university to prove that it had not acted legally.⁹⁰

In Biomedical Patent Management Corp. v. California, Department of Health Services, 91 the Federal Circuit upheld a state entity's claim of sovereign immunity from a suit for patent infringement. 92 The Federal Circuit held that a state entity will not be deemed to have waived its sovereign immunity in a particular suit simply because it waived its sovereign immunity in an earlier suit concerning the same subject matter and the same parties. 93 The Federal Circuit also reaffirmed that a state does not waive its sovereign immunity for patent infringement simply by virtue of litigating its own patents. 94

H. Miscellaneous

In *Monsanto Co. v. McFarling*, 95 the Federal Circuit held that a "reasonable royalty" can be greater than the purchase price of the product. 96 Monsanto sued a farmer (McFarling) who saved Monsanto's genetically modified soybean seeds in violation of a point-of-sale agreement. 97 After a jury awarded Monsanto a damages royalty of \$40 per seed bag, the farmer appealed arguing that the royalty was unreasonable because Monsanto customarily sold its seed for \$22 per seed bag with a \$6.50 "Technology Fee." 98 In dismissing the argument that the \$6.50 "Technology Fee" was the reasonable royalty, the court held that the \$40 per seed bag royalty was reasonable as it accounted for the harm Monsanto felt as a result of the infringement as well as the additional benefits garnered by the farmer. 99 The court also noted that the farmer's yield increase of up to \$61 per acre supported the fact that "it was reasonable for the jury to suppose that, in a hypothetical negotiation, a purchaser would pay a royalty of \$40 per bag." 100

^{90.} Id. at 1372.

^{91. 505} F.3d 1328 (Fed. Cir. 2007).

^{92.} Id. at 1343.

^{93.} Id. at 1339.

^{94.} Id. at 1343 (citing Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd., 527 U.S. 666, 680 (1999)).

^{95. 488} F.3d 973 (Fed. Cir. 2007).

^{96.} Id. at 980.

^{97.} *Id.* at 976.

^{98.} Id. at 977-79.

^{99.} Id. at 979-80.

^{100.} Id. at 981.

In Fuji Photo Film Co. v. International Trade Commission, ¹⁰¹ the Federal Circuit upheld the United States International Trade Commission's ("USITC") imposition of a civil monetary penalty on a corporate officer who had violated a cease-and-desist order issued by the USITC. ¹⁰² Jack Benun was a principal consultant and later Chief Operating Officer of Jazz Photo Corp. ("Jazz"). The USITC, which has the authority to investigate the importation of goods that allegedly infringe United States patents, issued a cease-and-desist order barring Jazz and its officers from importing certain disposable cameras that infringed Fuji's patents. An Administrative Law Judge ("ALJ") with the USITC later found that Jazz had violated the cease-and-desist order and imposed a \$13 million civil penalty on Jazz. Further, the ALJ held Benun jointly and severally liable for the penalty. ¹⁰³

On appeal, Benun argued that the USITC lacked the authority to impose a civil monetary penalty on him because it also lacked the authority to issue a cease-and-desist order against him. The Federal Circuit rejected Benun's argument, citing Wilson v. United States, therein the United States Supreme Court held that officers of a corporation who willfully cause the corporation to violate an order may be held personally liable for contempt. The Federal Circuit also cited a similar holding in FTC v. Standard Education Society, which, like the case against Jazz and Benun, concerned an administrative complaint before a quasi-judicial agency.

In *GP Industries, Inc. v. Eran Industries, Inc.*, ¹⁰⁹ the Federal Circuit ruled that a patent owner may only be enjoined from communicating with potential patent infringers if it can be shown that the patent owner has acted in "bad faith" and that its allegations of infringement are "objectively baseless." ¹¹⁰ Eran Industries ("Eran") was the assignee of a patent relating to rain gutter covers. Several recently terminated employees of Eran formed a rival company, GP Industries ("GPI"), and began manufacturing and selling competing products. Eran then sent letters to several distributors and contractors informing them of Eran's patent and warning them not to distribute any of GPI's allegedly

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101. 474 F.3d 1281 (Fed. Cir. 2007).
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^{102.} Id. at 1298.

^{103.} Id. at 1285-89.

^{104.} Id. at 1291.

^{105. 221} U.S. 361 (1911).

^{106.} Fuji Photo Film Co., 474 F.3d at 1291 (citing Wilson, 221 U.S. at 376).

^{107. 302} U.S. 112 (1937).

^{108.} Fuji Photo Film Co., 474 F.3d at 1291-92.

^{109. 500} F.3d 1369 (Fed. Cir. 2007).

^{110.} Id. at 1375-76.

infringing products. GPI then sought and obtained a preliminary injunction enjoining Eran from sending such letters to its potential customers or distributors. The Federal Circuit reversed the injunction, noting that patent owners have a right under 35 U.S.C. § 287¹¹² to inform others of their patent rights. The court further noted that injunctions preventing such communications should only be granted if the patent owner acted in bad faith. Only infringement allegations that are "objectively baseless in the sense that no reasonable litigant could realistically expect success on the merits' rise to this level of bad faith. Because the lower court had found that it was unknown which party would prevail on the merits, the Federal Circuit held that Eran had not demonstrated bad faith. Only infringement allegations

III. TRADEMARK CASES AND UNFAIR COMPETITION CASES

In 2007 the United States Court of Appeals for the Eleventh Circuit and the Georgia federal district courts analyzed various questions of trademark and unfair competition law. These included questions pertaining to the extent to which inclusion of a disclaimer can dispel the likelihood of confusion between two trademarks and the extent to which a distributor can be held liable for the comingling of trademarked goods by third-party retailers.

Patentees, and persons making, offering for sale, or selling within the United States any patented article for or under them, or importing any patented article into the United States, may give notice to the public that the same is patented, either by fixing thereon the word "patent" or the abbreviation "pat.", together with the number of the patent, or when, from the character of the article, this can not be done, by fixing to it, or to the package wherein one or more of them is contained, a label containing a like notice. In the event of failure so to mark, no damages shall be recovered by the patentee in any action for infringement, except on proof that the infringer was notified of the infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring after such notice. Filing of an action for infringement shall constitute such notice.

^{111.} Id. at 1371.

^{112. 35} U.S.C. § 287 (2000).

^{113.} GP Indus., Inc., 500 F.3d at 1374. Section 287(a) provides:

³⁵ U.S.C. § 287(a).

^{114.} *GP Indus.*, *Inc.*, 500 F.3d at 1373 (citing Mikohn Gaming Corp. v. Acres Gaming, Inc., 165 F.3d 891, 898 (Fed. Cir. 1998)).

^{115.} Id. at 1374 (quoting Profl Real Estate Investors, Inc. v. Columbia Pictures Indus., Inc., 508 U.S. 49, 60 (1993)).

^{116.} Id. at 1375.

In Optimum Technologies, Inc. v. Henkel Consumer Adhesives, Inc., 117 the Eleventh Circuit considered the liability of one party for trademark infringement based on the actions of another. 118 Optimum Technologies sued its former distributor, Henkel Consumer Adhesives, for a series of claims, including trademark infringement and unfair These claims arose out of Henkel's decision to stop distributing Optimum's rug adhesives to home improvement retailers such as Home Depot and Lowe's and instead to start supplying those retailers with Henkel's own rug adhesive. After Henkel switched to its own rug adhesive, some of the third-party retailers in question mistakenly continued to sell Henkel's new product under Optimum's The issue for the Eleventh Circuit, in relevant part, was whether this comingling by Home Depot and other home improvement retailers could be attributed to Henkel for purposes of Optimum's trademark infringement claim against Henkel. 120 The Eleventh Circuit held that comingling could not be attributable to Henkel because the comingling in question was only attributable to the retailers. 121 Nor could Optimum change its claim against Henkel from direct infringement to contributory infringement because Optimum had not pled the elements of a contributory infringement claim and because there was no evidence in the record of Henkel's "knowing participation" in the alleged comingling at the retail level. 122

The United States District Court for the Northern District of Georgia outlined the contours of a false celebrity endorsement claim under 15 U.S.C. § 1125(a)(1)(A)¹²³ in *Unique Sports Products, Inc. v. Wilson Sporting Goods Co.*¹²⁴ The dispute in *Unique Sports Products* arose when the plaintiff, Unique Sports Products, who was the exclusive licensee of tennis legend Pete Sampras's name and likeness for tennis ball hoppers, sued the defendant, Wilson Sporting Goods, for selling a tennis ball hopper in packaging that contained Sampras's photograph.¹²⁵ The district court, in relevant part, rejected Wilson's motion

^{117. 496} F.3d 1231 (11th Cir. 2007).

^{118.} Id. at 1243.

^{119.} Id. at 1236-38.

^{120.} Id. at 1243.

^{121.} Id.

^{122.} Id. at 1246.

^{123. 15} U.S.C. § 1125(a)(1)(A) (2000).

^{124. 512} F. Supp. 2d 1318 (N.D. Ga. 2007).

^{125.} *Id.* at 1320. Wilson had previously had a license to use Sampras's image on certain tennis accessories, but that license had expired on December 31, 2002, so Wilson's continued use of Sampras's image on its ball hopper in 2005 was unauthorized.

for summary judgment on Unique Sports' false endorsement claims. 126 As the district court noted,

[F]alse endorsement occurs when a defendant uses the name or likeness of a celebrity in a manner that is "likely to cause confusion among consumers as to the affiliation, connection, or association between the celebrity and the defendant's goods" or as to the celebrity's "sponsorship or approval" of [the] defendant's goods.¹²⁷

The district court then found that there was sufficient evidence in the record to raise a question of fact on Unique Sports' false endorsement claim because "[c]ommon sense" suggested that consumers were likely to be confused by Wilson's unauthorized use about whether Sampras endorsed Wilson's product. 128

In Freeway Ford, Inc. v. Freeway Motors, Inc., 129 the United States District Court for the Middle District of Georgia found that the owner of the mark "Freeway Ford" had shown a sufficient likelihood of success on the merits of its various trademark infringement and unfair competition claims to prevail on a motion for a preliminary injunction against a competing car dealership's use of the mark "Freeway Auto Credit." 130 After determining that the Freeway Ford mark was descriptive but enjoyed secondary meaning based on, inter alia, twenty-six years of continuous use, the district court analyzed each of the seven factors used to determine the likelihood of confusion between two marks. 131 Of particular note, on the second factor, concerning the similarity of the marks, the district court found that the plaintiff's Freeway Ford mark and the defendant's Freeway Auto Credit mark were "very similar" because: 1) both marks used large, bold, blue, block letters for the word "Freeway"; 2) the fonts used for the word "Freeway" were almost exactly the same in each mark; 3) both marks included a depiction of the American Flag; 4) both marks displayed their secondary words ("Ford" and "Auto Credit," respectively) in smaller font and below the word "Freeway"; and 5) the defendant's inclusion of a disclaimer of affiliation with the plaintiff on its Freeway Auto Credit sign was insufficient to dispel any likelihood of confusion, given that it was so small and virtually unreadable unless a person was physically on the defendant's

^{126.} Id. at 1324-25.

^{127.} *Id.* at 1324 (internal quotation marks omitted) (quoting Parks v. LaFace Records, 329 F.3d 437, 446 (6th Cir. 2003)).

^{128.} Id.

^{129. 512} F. Supp. 2d 1353 (M.D. Ga. 2007).

^{130.} Id. at 1365.

^{131.} Id. at 1361-65.

car lot. 132 After concluding that the other factors also supported a finding of likelihood of confusion, the district court found that the plaintiff had met its burden of establishing a substantial likelihood of success on the merits for its federal and state trademark claims regarding its Freeway Ford mark. 133

IV. COPYRIGHT CASES

In 2007 the Eleventh Circuit and the Georgia federal district courts also analyzed various questions of copyright law, including questions pertaining to the idea/expression dichotomy, the corollary merger doctrine, and what conduct, absent a written agreement, will suffice to create a nonexclusive license to use a copyrighted work.

In *BUC International Corp. v. International Yacht Council Ltd.*, ¹³⁴ the Eleventh Circuit considered whether a factual compilation of boat listings, comparable to real estate listings, was protectable by copyright. ¹³⁵ In holding that the compilation was protectable, the court made two relevant findings: (1) that the "merger doctrine" ¹³⁶ did not preclude copyright protection for the compilation of listings and (2) that the question of whether the organization, selection, and arrangement of data in the listings was sufficiently original for purposes of copyright protection ¹³⁷ was a question for the jury, not the court, to decide. ¹³⁸ On the merger issue, the court rejected the argument that the idea of presenting brokers with information about boats could only be expressed in a few ways, using the specific selection of section headings that BUC—the company that compiled the boat listings—had used. ¹³⁹ To

^{132.} Id. at 1362-63.

^{133.} Id. at 1365.

^{134. 489} F.3d 1129 (11th Cir. 2007).

^{135.} Id. at 1133.

^{136.} There is a dichotomy in copyright law between "facts" or "ideas" on the one hand and their "expression" on the other: the former are not subject to copyright protection, but the latter can be. See, e.g., 17 U.S.C. § 102(b) (2000). However, the "merger doctrine" operates as an exception to this basic dichotomy and provides that even expression is not protected in those instances when there is only one or so few ways of expressing an idea that such protection of the expression would effectively accord protection to the idea itself. See, e.g., BellSouth Adver. & Publ'g Corp. v. Donnelley Info. Publ'g, Inc., 999 F.2d 1436, 1442 (11th Cir. 1993) (en banc) (citing Kregos v. Associated Press, 937 F.2d 700, 705 (2d Cir. 1991)).

^{137.} In Feist Publications, Inc. v. Rural Telephone Service Co., 499 U.S. 340 (1991), the Supreme Court held that while facts are not copyrightable, compilations of facts may be copyrightable, if the compiler's selection, arrangement, and coordination of the facts possesses at least some minimal degree of creativity. *Id.* at 344-45.

^{138.} BUC Int'l Corp., 489 F.3d at 1143-45.

^{139.} Id. at 1144.

the contrary, the court noted that the testimony at trial showed that there had been no uniformity in listings before BUC had introduced its listings and that there were in fact a number of potential expressive options and section headings that could be used to list a boat. Likewise, on the question of the "creativity" that had gone into the selection and arrangement of facts in BUC's boat listings, the court held that there was conflicting testimony at trial concerning the originality of the selection and arrangement, and therefore judgment on the issue was precluded as a matter of law. 141

In Corwin v. Walt Disney Co., 142 the Eleventh Circuit reiterated the idea/expression dichotomy. The plaintiff-appellant, Orrin Monroe Corwin, as the sole heir to the estate of Mark Waters II, sued Walt Disney World for copyright infringement, alleging that Disney's Experimental Prototype City of Tomorrow ("EPCOT") theme park had been based on a painting by Waters of a concept for an international theme park. 144 During discovery, Corwin submitted four reports from expert witnesses. 145 Disney filed a motion to exclude portions of the reports, which the district court granted because, among other things, the portions "impermissibly compar[ed] ideas . . . and fail[ed] to compare expressive or protectable elements."146 The Eleventh Circuit agreed and upheld the district court's exclusion because the reports had focused "on the concepts and ideas behind the Painting and EPCOT rather than on the expression of those concepts and ideas."147 Thus, as the court stated, "[b]ecause neither the ideas nor the placement of stock elements are copyright protectable absent a showing that they thereby constituted expression of ideas, the district court did not abuse its discretion in excluding all portions of the reports based thereon."148

In Wilchcombe v. Teevee Toons, Inc., 149 the United States District Court for the Northern District of Georgia addressed the question of what conduct, absent a written agreement, will suffice to create a

^{140.} Id.

^{141.} Id. at 1145.

^{142. 475} F.3d 1239 (11th Cir. 2007).

 $^{143.\} Id.$ at $1251.\ For$ a general description of the idea/expression dichotomy, see supra note 136.

^{144.} Corwin, 475 F.3d at 1243-44.

^{145.} Id. at 1245-47.

^{146.} Id. at 1247.

^{147.} Id. at 1251

^{148.} *Id.*; see also Rice v. Fox Broad. Co., 330 F.3d 1170, 1180 (9th Cir. 2003) (holding that if an expert's report relies on uncopyrightable ideas rather than on the expression of those ideas in analyzing alleged copyright infringement, the report is excludable).

^{149. 515} F. Supp. 2d 1297 (N.D. Ga. 2007).

nonexclusive license to use a copyrighted work. 150 The dispute in Wilchcombe centered on a song first written and recorded by the plaintiff, Redwin Wilchcombe, but included on an album from the musicians Lil' John and the East Side Boyz ("LJESB") without attribution or payment to Wilchcombe. 151 When Wilchcombe sued for copyright infringement, the defendants (the artists comprising LJESB and their record company) argued that Wilchcombe had granted them an oral or implied license to use the work. 152 The district court agreed, noting that in contrast to an exclusive license (which must be in writing), a nonexclusive license to use a copyright may be granted orally or may be implied when: "(1) a person requests the creation of a work . . .; (2) the creator makes the particular work and delivers it to the requestor; and (3) the creator intends that the requestor copy and distribute the work."153 With respect to the requisite "intent," the district court noted that the appropriate focus is not on the subjective intent of the parties, but on an objective inquiry into the facts that manifest intent.¹⁵⁴ Applying these principles, the district court held that Wilchcombe had granted an implied nonexclusive license to the defendants because: (1) Lil' John had requested creation of the work in question; (2) at Lil' John's request, Wilchcombe had created the work and instructed that it be sent to Lil' John; (3) Wilchcombe had testified that it was his understanding that once Lil' John had the work it would end up on LJESB's "Kings of Crunk" album; and (4) upon delivering the work to Lil' John, Wilchcombe had not mentioned that using the work would constitute copyright infringement. 155

V. FINAL NOTES

January 1, 2007 through December 31, 2007 was another interesting and relatively active period in the field of intellectual property. As expected, the courts decided cases interpreting some of the more precedent-setting cases handed down over the previous few years. Many of the cases provide insight into the direction the courts appear to be headed, such as stricter interpretation of the rights granted under the intellectual property laws and the corollary that intellectual property practitioners may have to be even more careful in the drafting of patents, licenses, and contracts.

^{150.} Id. at 1304.

^{151.} Id. at 1298-1301.

^{152.} Id. at 1303.

^{153.} Id.

^{154.} Id.

^{155.} Id. at 1304.