

INTELLECTUAL PROPERTY LAW

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U.S. SUPREME COURT

In *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*,¹ the U.S. Supreme Court with a 9-0 decision adopted a new “active inducement” theory for secondary liability in copyright matters. The *Grokster* decision addresses the question of when a

technology producer is liable for the infringing activities of third parties who use their products. *Grokster* and other respondent companies distribute free software that allows computer users to share electronic files through peer-to-peer (P2P) networks. In a typical P2P network, member computers communicate directly with each other with-

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out passing information through central servers. P2P networks can be used to share any type of digital file; however, the recipients of Grokster's free software allegedly primarily used the software to share copyrighted music and video files without authorization. A group of movie studios and other copyright holders, including MGM, sued Grokster and the other respondents for knowingly and intentionally distributing software to enable users to infringe copyrighted works in violation of the Copyright Act.²

The U.S. District Court in California acknowledged that Grokster's users had directly infringed MGM's copyrights. The district court nonetheless granted Grokster summary judgment as to liability arising from distribution of its software. The Ninth Circuit affirmed. The Ninth Circuit found that Grokster's activities fell within the *Sony Corporation* safe harbor.³ In the *Sony* case, the motion picture industry had sued the producers of the then new VCR/betamax technology, claiming that Sony and other similar defendants should be liable for the actions of end users who ultimately violated copyright by recording copyrighted video material. The Supreme Court found that Sony was not liable for the infringing activities of VCR-type recorder users because VCR and betamax machines were "capable of substantial non-infringing uses." The Ninth Circuit held that the P2P software distributed by Grokster was similarly capable of substantial non-infringing uses, such as swapping research information, public domain material, educational materials, and more.⁴

In the *Grokster* case, the Supreme Court found that even though the P2P software in question was capable of non-infringing uses, P2P product producers could still be liable under an "inducement" theory. The holding of the *Grokster* case is: "One who distributes a device with the object of promoting its use to infringe copyright, as shown by clear expression or other steps taken to foster infringement, going beyond mere distribution with knowledge of third party action, is liable for the resulting acts of infringement by third parties using the device, regardless of the device's lawful uses."⁵

The Court identified substantial evidence that supported Grokster's liability under the new inducement theory. The evidence included various internal memoranda and published advertisements. The Court relied heavily on Grokster's stated desire to become the next Napster. The Court concluded that Grokster's business model and the lack of filtering software to stop infringing content from being shared over the network all constituted

affirmative steps taken to foster infringement. The Court concluded that the new standard, which premises liability on purposeful, culpable expression and conduct, does nothing to compromise legitimate commerce or discourage innovation having a lawful premise.⁶

Unfortunately, the *Grokster* decision leaves the industry in a state of legal uncertainty. A determination of "clear expression or other affirmative steps taken to foster infringement" is necessarily quite fact sensitive. Similarly, the kind of evidence that will prove "purposeful, culpable expression and conduct" is somewhat open-ended. The Court unanimously found that these types of evidence were present under the facts of the *Grokster* case, and remarked that the facts of the *Grokster* case are "particularly notable for showing an 'unmistakable' unlawful objective."⁷ However, as many commentators have pointed out, the kind of evidence highlighted by the court could conceivably condemn many other popular and innovative software and hardware devices that might be used to share potentially copyrighted content.

In a second unanimous decision, the Supreme Court overturned the Federal Circuit in a matter of particular importance to the pharmaceutical research and development industry. In *Merck KGaA v. Integra Lifesciences I, Ltd.*,⁸ the Supreme Court addressed the issue of whether use of a patented drug invention in preclinical research, the results of which are not ultimately included in a submission to the Food and Drug Administration, are exempt from infringement by 35 U.S.C. § 271(e)(1). It is generally an act of patent infringement to make, use, offer to sell, or sell a patented invention. However, Congress enacted The Drug Price Competition and Patent Term Restoration Action of 1984 (commonly known as the Hatch-Waxman Act), which allows development of generic versions even when the reference product is still protected by patents. The statute provides: "It shall not be an act of infringement to make, use, offer to sell or sell within the United States or import into the United States a patented invention . . . solely for uses reasonably related to the development and submission of information under a federal law which regulates the manufacture use or sale of drugs"⁹ (the § 271(e)(1) safe harbor). The Hatch-Waxman Act has generally been considered a boon to the generic drug industry.

Beginning in 1988, Merck provided funding for angiogenesis research conducted by Dr. David Cheresh at the Scripps Research Institute. Angiogenesis is the process by which new blood vessels

develop from existing vessels. This process plays a critical role in many diseases, including solid tumor cancers.

Integra Lifesciences owned five patents related to a tripeptide sequence known as the “RGD peptide.” Dr. Cheresh used the RGD peptide in his research. In particular, Dr. Cheresh directed *in vitro* and *in vivo* experiments on RGD peptides to evaluate the suitability of the peptides as potential drug candidates. In 1996, Scripps initiated a formal project to guide one of the RGD peptides through the regulatory approval process in the United States and Europe. In 1998, Scripps and Dr. Cheresh shared the research on RGD peptides with the National Cancer Institute, which agreed to sponsor clinical trials.¹⁰

In July 1996, Integra filed a patent infringement suit against Merck, Scripps, and Dr. Cheresh in the Southern District of California. At the conclusion of the trial, the district court held that, with one exception, the pre-1995 actions relating to the RGD peptide were protected by the common law research exemption, but that a question of fact remained as to whether use of the RGD peptide after 1995 fell within the § 271(e)(1) safe harbor. The jury found that Merck, Scripps, and Dr. Cheresh infringed Integra’s patents and that Merck had failed to show that its actions were protected by the § 271(e)(1) safe harbor. In response to post-trial motions, the district court dismissed the suit against Scripps and Dr. Cheresh but affirmed with respect to Merck. Upon appeal, a divided panel of the Federal Circuit affirmed in part and reversed in part. In particular, the panel majority affirmed that the § 271(e)(1) safe harbor did not apply because “[t]he Scripps work sponsored by Merck was not clinical testing to supply information to the FDA, but only general biomedical research to identify new pharmaceutical compounds.”¹¹ Thus, the Federal Circuit narrowly construed the § 271(e)(1) safe harbor. The scope of the safe harbor was the critical question presented to the Supreme Court.

The Supreme Court reversed the Federal Circuit and remanded for further proceedings. The Supreme Court held that “[t]he use of patented compounds in preclinical studies is protected under § 271(e)(1) at least as long as there is a reasonable basis to believe that the compound tested could be

the subject of an FDA submission and the experiments will produce the types of information relevant to an investigational new drug application or new drug application.”¹² The Supreme Court reasoned that the statutory text of § 271(e)(1) provides a wide berth for the use of patented drugs in activities related to the federal regulatory process.

The ruling left in place certain upstream limitations on the § 271(e)(1) safe harbor. In particular, “Basic scientific research on a particular compound, performed without the intent to develop a particular drug or a reasonable belief that the compound will cause the sort of physiological effect the research intends to induce is surely not reasonably related to the development and submission of information to the FDA.”¹³ Accordingly, such activities will still be potentially infringing. The Court also noted, however, “It does not follow from this, however, that § 271(e)(1)’s exemption from infringement categorically excludes either (1) ex-

perimentation on drugs that are not ultimately the subject of an FDA submission or (2) use of patented compounds in experiments that are not ultimately submitted to the FDA. Under certain conditions, we think the assumption is sufficiently

broad to protect the use of patented compounds in both situations.”¹⁴ This is a broad expansion of the § 271(e)(1) safe harbor beyond the clinical testing exemption favored by the Federal Circuit.

The Court declined to address the applicability of the safe harbor on patented “research tools” used in development of information for the regulatory process.¹⁵ This issue will surely be the subject of a future lawsuit.

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FEDERAL CIRCUIT CASES

Claim Construction

Last year, we reported that the impending decision in *Phillips v. AWH Corp.*¹⁶ promised to be one of the most significant pronouncements on patent law in recent years, speculating that the court would tackle, head-on, the vexing and contradictory precedent governing claim construction. Although the court did clarify the approach to claim construction with regard to the specification versus dictionaries,¹⁷ our prediction may have been a bit optimistic.

In the *Phillips* order, the Federal Circuit requested *amicus curiae* briefs on seven questions ranging from the use of dictionaries and other extrinsic evidence, to the avoidance of invalidity through narrow claim construction, to the role of prosecution history and expert testimony, to the deference that should be given to a lower court's claim construction.¹⁸ After an extensive submission of briefs, a prominent buzz generated throughout the patent world, and a multitude of predictions by anyone with a U.S. Patent and Trademark Office (USPTO) registration number regarding the effects of the momentous decision, we are left primarily with the following rule: during claim construction, a term's usage within the claim and within the specification take precedence, while dictionaries, treatises, expert testimony, and other extrinsic evidence are useful as long as they are afforded the appropriate weight.¹⁹

The Court reaffirmed the approach to claim construction outlined in *Vitronics Corp. v. Conceptronic, Inc.*,²⁰ *Markman v. Westview Instruments, Inc.*,²¹ and *Innova/Pure Water, Inc. v. Safari Water Filtration Sys., Inc.*,²² while attenuating the impact of the adverse opinion in *Texas Digital Systems, Inc. v. Telegenix, Inc.*²³ *Vitronics, Markman*, and *Innova* purported the importance of the use of intrinsic evidence, most notably the claim language and the specification, as the primary source to determine the meaning of the disputed term.

Outlining considerations during claim construction, the Federal Circuit classified the various evidentiary sources and delineated the deliberation each was to be given. The Court declared that in some cases, the application of the widely accepted meaning of commonly understood words defined the ordinary meaning of claim language under the guise of a person of skill in the art.²⁴ However, in cases with more complex terminology, the inquiry must be more substantial. Ordinary meaning to a person skilled in the art should be gleaned from the claims themselves, providing substantial guidance as to the meaning of particular claim terms.²⁵ Additionally, other claims within the patent in question should be inspected to further elucidate the meaning of a claim term.²⁶ Finally, within the realm of intrinsic evidence, the terms should be viewed in light of the specification. The axiom that the patentee can be his or her own lexicographer

governs this approach.²⁷ Not only can the specification reveal a special definition or an intentional disclaimer that illuminates what the inventor actually sought to protect, but the specification circumscribes the meaning of a claim as understood by one of skill in the art at the time of the invention, the Federal Circuit noted,²⁸ citing *Moba, B.V. v. Diamond Automation*.²⁹

Moving away from the course prescribed in *Texas Digital Systems*, the Federal Circuit abated the presumption that a dictionary definition provides the ordinary meaning of a term by a person of skill in the art.³⁰ Rather, the Court affirmed the importance of interpreting the claims in view of the specification, limiting the role of extrinsic evidence such as dictionaries.

“In sum, extrinsic evidence may be useful to the court, but it is unlikely to result in a reliable interpretation of patent claim scope unless considered in the context of the intrinsic evidence.”³¹

The Federal Circuit reaffirms longstanding precedent as set forth in *Vitronics, Markman*, and *Innova*, that claim language and the specification substantially define the parameters for claim construction, limiting the reliance on extrinsic evidence, in particular dictionary definitions.

Judge Mayer authored a dissent, which Judge Newman joined, that questions the ultimate impact of the *Phillips* decision. In his dissent, he pointed out the absence of addressing the issue of deference to a lower court's claim construction. Judge Mayer pointed to issues involving fact rather than law. Claim construction is, or should be, made in context: a claim should be interpreted both from the perspective of one of ordinary skill in the art and in view of the state of the art at the time of invention. These questions, which are critical to the correct interpretation of a claim, are inherently factual. Judge Mayer calls for the Court to act as other appellant courts.³²

The impact of the *Phillips* decision was illustrated in *Nystrom v. Trex Company, Inc.*³³ In rehearing the *Nystrom* case, a Federal Circuit panel withdrew its earlier opinion and authored a new opinion with a new claim construction — resulting in a different outcome in the case.

In *Nystrom*, the issue was the meaning of the term “board.” Prior to the *Phillips* decision, the term was given its dictionary definition to include

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mediums of a “rigid material.” After *Phillips*, the construction was based (or limited) by the specification, which defined “board” as made of “wood cut from a log.” Because the specification did not support a board, other than a board made of wood, the court limited the claim construction of the term “board” to that made of wood.³⁴

Infringement

In December 2004, the Federal Circuit issued the opinion of *NTP, Inc. v. Research in Motion, Ltd.*³⁵ The U.S. District Court for the Eastern District of Virginia entered a verdict in favor of NTP, Inc. following a jury verdict that Research in Motion (RIM) infringed the NTP patents numbers: 5,436,960; 5,625,670; 5,819,172; 6,069,451; and 6,317,592. The Federal Circuit upheld the district court’s holding, finding that RIM’s BlackBerry product infringed the NTP patent; however, necessary elements of this infringement occurred in Canada — not in the United States. The main issue in the case revolved around how the court would define infringement in the United States.

The controlling statute is 35 U.S.C. § 271(a), which states, “Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefore, infringes the patent.”³⁶ The court developed a “control of beneficial use” test to find infringement of the NTP patent within the United States, disagreeing with RIM’s assertion that because the “Relay” component of the BlackBerry system was located in Canada, there was no infringement. The court stated that “even though one of the accused components in RIM’s BlackBerry system may not be physically located in the United States, it is beyond dispute that the location of the beneficial use and function of the whole operable system assembly is the United States.”³⁷ The case was then remanded.

RIM filed a motion for rehearing. The original panel, which included Judges Michel, Schall, and Linn, granted the petition. In the new opinion, the court maintained that infringement under § 271(a) does not require all elements of infringement to be located within the United States.³⁸

In another case that tends to expand the reach of infringement actions, *Eolas Technologies, Inc. v. Microsoft Corp.*,³⁹ the Federal Circuit upheld Microsoft’s liability for infringement under 35 U.S.C. § 271(f).⁴⁰ Regarding foreign sales, a component of a patented invention that is knowingly supplied

from the United States and is combined in an infringing manner outside the United States falls under § 271(f). Microsoft shipped a master copy of computer code for Internet Explorer to foreign suppliers, who then copied the disk and sold the copies outside the United States. Microsoft contends that there was no physical “component” supplied because the master copy of computer code was copied first. Microsoft’s petition for writs of certiorari was denied by the Supreme Court.⁴¹

Utility

In the case, *In re Fisher*,⁴² the Federal Circuit upheld the USPTO rejection of a patent for gene fragments expressed sequence tags, termed ESTs.⁴³ The court determined that a claim for ESTs encoding proteins and protein fragments in maize lacked a specific and substantial utility, required by 35 U.S.C. § 101, since the function of the underlying genes was unknown:

Essentially, the claimed ESTs act as no more than research intermediates that may help scientists to isolate the particular underlying protein-encoding genes and conduct further experimentation of those genes. The overall goal of such experimentation is presumably to understand the maize genome — the functions of the underlying genes, the identity of the encoded proteins, the role those proteins play during synthesis, whether polymorphisms exist, the identity of promoters that trigger protein expression, whether protein expression may be controlled, etc. Accordingly, the claimed ESTs are, in words of the Supreme Court, mere “objects of use-testing,” to wit, objects upon which scientific research performed with no assurance that anything useful will be discovered in the end.⁴⁴

In his dissent, Judge Rader opined that the utility requirement could be met for ESTs as research tools, agreeing with Fisher that the EST is similar to the microscope, in that it is a research tool used to generate data about a sample of unknown properties.⁴⁵

LOCAL CASES

In the prior year, a number of trademark and copyright issues were considered by the Colorado state courts, the U.S. District Court for the District

of Colorado, and the Tenth Circuit. Here, we review a selection of these cases.

The Copyright Act of 1976 requires authors to register their works with the federal Copyright Office in order to be entitled to the Act's protections against copyright infringement. In *La Resolana Architects v. Clay Realtors Angel Fire*,⁴⁶ the Tenth Circuit addressed the issue of when copyright registration occurs. In this case, the plaintiff, La Resolana Architects, sued Clay Realtors for copyright infringement after noticing that townhomes being sold by Clay Realtors were "strikingly similar" to drawings developed by La Resolana and disclosed to Clay Realtors in prior negotiations that did not result in the two companies doing business together. La Resolana brought suit after receiving confirmation from the Copyright Office that their applications to copyright the drawings had been received, but prior to receipt of a certificate of registration for copyright. Clay Realtors moved to dismiss the complaint, arguing that La Resolana could not sue for copyright infringement until it obtained a certificate of copyright registration. La Resolana took the position that since all the necessary materials for registration were received in the Copyright Office and that copyrights were approved for registration, the effective registration date was the date the applications were filed. The district court found that the letter stating that the copyrights were approved for registration was not admissible evidence and that the copyrights were not registered. The district court therefore concluded that the court lacked jurisdiction over the action, and dismissed the case. La Resolana appealed the dismissal.⁴⁷

The Tenth Circuit noted that there are two conflicting interpretations of the Copyright Act's requirement for registration that have been upheld by the circuit courts. The first interpretation holds that registration occurs when the copyright owner submits an application for registration to the copyright office, and the second interpretation holds that registration occurs when the copyright office actually approves the registration. The court reviewed the historical background of the Copyright Act, the registration process, and the remedies available for copyright infringement. The court then turned to an analysis of the jurisdictional requirements for an infringement action, starting with the plain language of the statutes. The court further explained the rationale behind the "registration approach" and the "application approach" interpretations. Concluding that the arguments supporting the "registration approach" were

stronger, the court held that actual registration by the Register of Copyrights is required in order to pursue a copyright infringement action in a federal court. The court then discussed what evidence would constitute proof of registration, and concluded that this could be accomplished in a variety of ways, including via an actual registration certificate.⁴⁸

Regarding La Resolana's letter from the Copyright Office, the lower court found that the letter was inadmissible hearsay. Since La Resolana did not challenge the evidentiary ruling on appeal, the Tenth Circuit could not consider the letter as evidence. As a result, the court held that because La Resolana's drawings were not registered at the time the suit was brought, the district court properly dismissed the complaint, and affirmed the lower court's judgment.⁴⁹

In *Donchez v. Coors Brewing Co.*,⁵⁰ the Tenth Circuit rejected Robert Donchez's claims that he had a protectable interest in the mark "beerman," and that Coors Brewing infringed the mark. (This case was published too late to be included in last year's *Annual Survey*.) Donchez, the first licensed beer vendor for the Colorado Rockies baseball team, acted as "Bob the Beerman" at baseball games and other sporting events, and provided entertainment services on TV, radio, and in live appearances. "Bob the Beerman" was registered as a service mark by Donchez in the State of Colorado. Donchez met with a company doing promotional work for Coors Brewing Company to discuss the use of the "Bob the Beerman" character in promotional appearances and an advertising campaign. Coors ultimately decided not to engage Donchez. Coors subsequently began a promotional campaign for Coors Light beer in which actors and actresses portraying beer vendors appeared. The vendors were referred to as "beerman" or "beerstud" in the ads. Donchez sued Coors and their promotional company, claiming service mark infringement at common law, under the Lanham Act, and under state law. The trial court granted summary judgment for the defendants on all claims.⁵¹

In order to prevail in an action for unfair competition under the Lanham Act and at common law, a plaintiff must establish as an initial matter that the mark is protectable, and that the defendant's use of an identical or similar mark is likely to cause confusion among consumers. To be protectable, a mark must be capable of distinguishing the products or services it marks from those of others. The five different categories of marks are generic, descriptive, suggestive, arbitrary, and fan-

ciful. These categories reflect both the eligibility for protection and the degree of protection accorded to a particular mark. If a term is generic, reciting only the common name for the product or service, it is ineligible for protection because the public has an inherent right to call a product or service by its generic name. A descriptive mark may be eligible for protection, but only if it has acquired a secondary meaning in the minds of the public. Suggestive marks (words that connote, rather than describe, some quality or characteristic of a product or service) are inherently distinctive, and thus receive greater protection against infringement. The categorization of a mark is a factual question, and so the court addressed the classification of the term “beerman.”⁵²

Donchez alleged that the term “beerman” was suggestive, or at least descriptive, and therefore protectable, since it was used not only for beer vending services, but also for his entertainment and promotional services. Coors countered with the argument that “beerman,” being a composite term made up of two generic words that are found in all dictionaries (“beer” and “man”) was nothing more than the sum of its parts. Donchez’s evidence included a telephone survey in which “beerman” was recognized as a common name less often than terms such as “popcorn,” “vendor,” and “mascot.” Additional evidence included affidavits from individuals who allegedly identified the term “beerman” with Donchez’s entertainment or promotional services. The court was not persuaded, however, that the evidence established that the mark was recognized by members of the public as the name of Donchez’s character or services, and therefore concluded that a reasonable jury did not have sufficient evidence to find the mark descriptive and having secondary meaning. The court concluded therefore, that Donchez had no protectable interest in the “beerman” mark, either under the Lanham Act or at common law.⁵³ Since Coors used only the term “beerman” in its advertisements, and not the registered Colorado service mark “Bob the Beerman,” the court upheld judgment for the defendants on this claim as well.⁵⁴

In *Western Diversified Services v. Hyundai Motor America*,⁵⁵ the Tenth Circuit established the definition of “willful” in the context of an award of profits and attorney fees. Plaintiff Western Diversified Services marketed and sold “extended” or

“aftermarket” automobile warranties that provided warranty protection beyond the terms of a standard manufacturer’s warranty. Western owns two federally registered service marks: THE ADVANTAGE[®] and THE ADVANTAGE PLUS[®] connected with the warranty services. The Western marks have been in use since 1983. In 1998, Hyundai Motor America adopted “THE HYUNDAI ADVANTAGE” in connection with their manufacturer’s warranty, and “ADVANTAGE” and “ADVANTAGE PLUS” as new names for updated versions of their “Hyundai Protection Plan” extended warranties. Western sued Hyundai for service mark infringement under the Lanham Act. The district court granted summary judgment in favor of Hyundai on the Lanham Act claims for lost profits and attorney fees. Western appealed.⁵⁶

The Lanham Act provides for a plaintiff to recover (1) defendant’s profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action, subject to the principles of equity.⁵⁷ The

rationale for an award of profits may be based on the theory of unjust enrichment or deterrence, even in the absence of a showing of actual damages. The court found, relying on the statute, that a showing of willfulness is

required to support an award of profits. In making this determination, the court noted that the circuit courts are split on the state of mind required to find willfulness, with the standard ranging from knowing to willful and fraudulent, depending on the court. Although the analysis must also include a weighing of the equities, the court noted that this weighing is inappropriate in a motion for summary judgment.⁵⁸

Turning to the issue of attorney fees, the court noted that the Lanham Act provides for the award of reasonable attorney fees in “exceptional cases,” but that the Act provides no definition of this term. Relying on prior decisions, the court noted that an “exceptional case” is one in which the infringement is malicious, fraudulent, deliberate, or willful, and therefore found that if a genuine factual issue was raised with regard to willfulness, a summary judgment motion would be defeated on a claim for an award of profits as well as a request for attorney fees.⁵⁹

As the court had not previously addressed the type of intent required for willfulness in this context, it looked to the analysis of willfulness in a

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likelihood of confusion claim, and adopted that standard, which was “whether the defendant had an intent to derive benefit from the reputation or goodwill of the plaintiff.”⁶⁰ Even in adopting this standard, the court noted that it did not preclude other situations from constituting willful infringement because an award of profits must ultimately be predicated on equitable concerns.⁶¹

Applying this standard to the instant facts, the court found a genuine factual issue regarding Hyundai’s knowledge of Western’s marks when it selected the new names for extended warranties and whether or not Hyundai intended to benefit from Western’s goodwill. Given this factual issue, the court found it was error to grant Hyundai summary judgment on the lost profits and attorney fees claims relating to the extended warranties. Accordingly, the summary judgment ruling on this issue was reversed.⁶²

In *Todd v. Montana Silversmiths*,⁶³ the U.S. District Court for the District of Colorado addressed the issue of copyright infringement where the copyrighted pieces were a bracelet and earrings that looked like barbed wire. While the court noted that the barbed-wire jewelry had artistic appeal and the artist, plaintiff Kathleen Todd, was skilled in jewelry making, it found that the arrangement of elements in the jewelry was no different than that of public domain barbed-wire, and was therefore not protectable under the copyright laws.⁶⁴ The court rejected the plaintiff’s contention that copyright can reside in a work’s “creative gestalt,” a term described as meaning having “a certain ineffable quality which is incapable of objective description.” This standard was found by the court to be too imprecise to maintain predictability in the law.⁶⁵ In reaching its conclusion that the barbed-wire style jewelry was not protectable by copyright, the court noted that it would be virtually impossible for other artists to create barbed-wire style jewelry without infringing Todd’s arrangement. Based on this finding, the court granted the defendant’s motion for summary judgment.⁶⁶

LEGISLATIVE DEVELOPMENTS

Regulatory Developments

Changes to Patent Regulations — Changes in the Handling of Patent Applications Filed Without Fees. The Consolidated Appropriations Act,⁶⁷ which became law on December 10, 2004, made a number of changes to procedures regarding patent applications. In a Final Rule that

became effective on July 1, 2005,⁶⁸ the Patent Office adopted a number of changes to implement the Appropriations legislation. Patent applications now require the payment of a basic filing (or basic national) fee, search fee, and examination fee. For applications filed without either the search or examination fee, a surcharge will be required. If the applicant does not pay the basic filing fee during the pendency of the application, the Office may dispose of the application.⁶⁹

The Office is also eliminating the processing and retention fee practice. The processing and retention fee practice permitted an applicant to file an application without the basic filing fee and pay only a processing and retention fee set forth in former § 1.21(l) in order for the application to be used as a basis for foreign filing and benefit claims. Under the revised patent fee structures, the Office will now require payment of the basic filing fee to retain the application.⁷⁰

Changes to Patent Regulations — Implementation of Obviousness Standards Under the CREATE Act. As reported in last year’s *Annual Survey* article, the CREATE Act⁷¹ established a “safe harbor” under 35 U.S.C. § 103(c) for patent applications that are joint inventions of collaborating institutions. Under the CREATE Act, subject matter that qualified as prior art will not preclude patentability of an invention if the claimed invention was made by or on behalf of parties to a joint research agreement that was in effect on or before the date the claimed invention was made; the claimed invention was made as a result of activities undertaken within the scope of the agreement; and the application for patent for the claimed invention discloses, or is amended to disclose, the names of the parties to the agreement. An interim rule implementing these new obviousness standards was issued in January 2005,⁷² and a final rule, with some revisions, became effective on September 14.⁷³

One of the provisions of the new rule includes a revised § 1.71(g). Section 1.71(g) specifically provides that the specification may provide the names of the parties to the joint research agreement (JRA) in order to meet that statutory requirement when invoking the “safe harbor” provision of 35 U.S.C. § 103(c).⁷⁴ The requirements for the execution date and a brief summary of the claimed invention, or the reel and frame number of the recorded JRA, were removed. Section 1.104(c)(4) has been amended for consistency with the amendment to 35 U.S.C. § 103(c) and to include the requirements for a statement to invoke the “safe

harbor” provision.⁷⁵ Section 1.109, which provided conditions under which the Patent Office would make a double patenting rejection in the interim rule, was deleted in the final rule. Instead, these guidelines will appear in The Manual of Patent Examining Procedure (MPEP), § 804.⁷⁶ Section 1.321(d) was amended to provide terminal disclaimer requirements for the double patenting situations that arise as a result of the CREATE Act. The final rule eliminated the following requirements: (1) that the owner of the disqualified patent or application must sign the terminal disclaimer; and (2) that there is a restriction on separately licensing the application or patent and the disqualified patent or application.⁷⁷

Changes to Patent Regulations — Foreign Language Provisional Application and Other Miscellaneous Matters. The rules of practice have been amended to require that a copy of the English translation of a foreign-language provisional application be filed in the provisional application if a nonprovisional application claims the benefit of the provisional application.⁷⁸ Previously, an English-language translation of the provisional application, accompanied by a statement that the translation is accurate, must have been filed in either: (1) the provisional application; or (2) each nonprovisional application that claimed the benefit of the provisional application. Certification of accurate translation is no longer required.⁷⁹

A number of “miscellaneous” amendments were also made in this final rule. For example, § 1.32(a)(1) was amended to set forth the definition of “patent practitioner” and to renumber as “a registered patent attorney or registered patent agent under § 11.6.”⁸⁰

Under revised § 3.73(b), the submission of documentary evidence to establish ownership must be accompanied by a statement affirming that the documentary evidence of the chain of title from the original owner to the assignee was, or concurrently is, submitted for recordation.⁸¹

As the result of a successful pilot program,⁸² examiner interviews will now be allowed “in any application if the examiner determines that such an interview would advance prosecution of the application.”⁸³ Thus, there will no longer be a prohibition on interviews before the first Office action in non-continuation cases under § 1.133.⁸⁴

Changes to Copyright Legislation — The Family Entertainment and Copyright Act of 2005. The Family Entertainment and Copyright Act of 2005⁸⁵ was enacted on April 27, 2005. Title I of the Act, the Artists’ Rights and Theft Prevention

Act of 2005, criminalizes the use of recording equipment to make copies of movies in movie theatres (“camcording”), as well as the pre-release of movies and records on a computer network accessible to members of the public.

Title II of the Act, the Family Movie Act, exempts devices and services that allow viewers to skip or mute “objectionable” scenes in pre-recorded DVDs from copyright infringement.

Titles III and IV of the Act include updates to the National Film Preservation Act, which implements the national film preservation plan; and the Preservation of Orphan Works Act, which allows libraries to engage in preservation, scholarship, and research of copyrighted works.

Changes to Copyright Regulations — Group Registration of Published Photographs. The Copyright Office has amended its final regulations concerning group registration of published photographs.⁸⁶ Prior to the amendment, an unlimited number of photographs taken by the same photographer within the same calendar year could be submitted in a single group registration. The amended rule limits to 750 the number of photographs that may be identified on continuation sheets submitted with a single application form and filing fee.⁸⁷

There is still no limit on the number of photographs that may be included in a single group registration when the applicant elects not to use continuation sheets and instead identifies the date of publication for each photograph on the deposited image and the applicant meets the other regulatory requirements for registration of group photographs.⁸⁸

The regulation encouraged applicants to use the latter option because the registration certificate, of which the continuation sheets are a part, serves as *prima facie* evidence of the date of publication of a work when it is registered within five years of first publication.⁸⁹

The regulation also clarifies that the date of publication for each photograph may be identified in a text file on the CD-ROM or DVD that contains the photographic images or on a list that accompanies the deposit and provides the publication date for each image.⁹⁰

Changes to Copyright Regulations — Preregistration of Unreleased Works. Pursuant to the Artists’ Rights and Theft Prevention Act of 2005,⁹¹ the Copyright Office published an interim regulation governing the preregistration of unpublished works that are being prepared for commercial distribution.⁹² Preregistration is a new

procedure in the Copyright Office, the effect of which is to permit infringement claims to be pursued based on unauthorized pre-release distributions. Preregistration is available for classes of works that the Register of Copyrights has determined have had a history of pre-release infringement. These are (1) motion pictures; (2) sound recordings; (3) musical compositions; (4) literary works being prepared for publication in book form; (5) computer programs (including videogames); and (6) advertising or marketing photographs.⁹³

An applicant for preregistration must certify that the work is, in fact, being prepared for commercial distribution and that the applicant has a reasonable expectation that the work will be commercially distributed to the public. Preregistration is only available through the Office's online preregistration system, which is accessible from the Copyright Office's home page.⁹⁴

Changes to Trademark Regulations — Fee Reductions. Two rules were implemented this year relating to fee reductions applicable to electronically filed trademark applications. The first rule was published on January 19, 2005.⁹⁵ The rule became effective January 31, 2005. The new rules provide for a reduced fee for certain trademark applications filed electronically through the Office's TEAS (Trademark Electronic Application System) website. A further rule published on July 6, 2005,⁹⁶ provides an additional discount for applications meeting certain additional requirements, called "TEAS Plus" applications.

NOTES

1. *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 125 S.Ct. 2764 (2005).
2. *Id.* at 2770–71.
3. *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417 (1984).
4. *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster Ltd.*, 380 F.3d 1154 (9th Cir. 2004)
5. *Grokster*, 125 S.Ct. at 2780.
6. *Id.*
7. *Id.* at 2781.
8. *Merck KGaA v. Integra Lifesciences I, Ltd.*, 125 S.Ct. 2372 (2005).
9. 35 U.S.C. § 271(e)(1).
10. *Merck*, 125 S.Ct. at 2379.
11. *Id.* at 2380 (citation omitted).
12. *Id.* at 2383.
13. *Id.* at 2382.
14. *Id.*
15. *Id.* at 2382, n.7.
16. *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005).
17. *Id.*
18. *Phillips v. AWH Corp.*, 376 F.3d 1382 (Fed. Cir. 2004).
19. *Phillips*, 415 F.3d at 1324.
20. *Vitronics Corp. v. Conceptoronic, Inc.*, 90 F.3d 1576, 1582 (Fed. Cir. 1996).
21. *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996).
22. *InnovalPure Water, Inc. v. Safari Water Filtration Sys., Inc.*, 381 F.3d 1111, 1115 (Fed. Cir. 2004).
23. *Texas Digital Systems, Inc. v. Telegenix, Inc.*, 308 F.3d 1193 (Fed. Cir. 2002).
24. *Phillips*, 415 F.3d at 1314.
25. *Id.*
26. *Id.*
27. *Id.* at 1316.
28. *Id.* at 1315.
29. *Moba, B.V. v. Diamond Automation, Inc.*, 325 F.3d 1359, 1315 (Fed. Cir. 2003).
30. *Texas Digital*, 308 F.3d at 1204.
31. *Phillips*, 415 F.3d at 1319.
32. *Id.* at 1321.
33. *Nystrom v. Trex Company, Inc.*, 424 F.3d 1136 (Fed. Cir. 2005).
34. *Id.*
35. *NTP, Inc. v. Research in Motion, Ltd.*, 392 F.3d 1336 (Fed. Cir., 2004).
36. 35 U.S.C. § 271(a) (2000).
37. *NTP, Inc.* at 1369.
38. *NTP, Inc. v. Research In Motion, Ltd.*, 418 F.3d 1282 (Fed. Cir. 2005).
39. *Eolas Techs., Inc. v. Microsoft Corp.*, 399 F.3d 1325 (Fed. Cir. 2005).
40. 35 U.S.C. § 271(f) (2000).
41. Supreme Court Docket Number 05-288, October 31, 2005.
42. *In re Fisher*, 421 F.3d 1365 (Fed. Cir. 2005).
43. 35 U.S.C. § 101 (2000).
44. *Fisher*, 421 F.3d at 1373.
45. *Id.* at 1379.
46. *La Resolana Architects v. Clay Realtors Angel Fire*, 416 F.3d 1195 (10th Cir. 2005).
47. *Id.* at 1197-98.
48. *Id.* at 1198-1205.
49. *Id.* at 1207-08.
50. *Donchez v. Coors Brewing Co.*, 392 F.3d 1211 (10th Cir. 2005).
51. *Id.* at 1213-1215.
52. *Id.* at 1216-1217.
53. *Id.* at 1217-1219.
54. *Id.* at 1219-1220.

55. *Western Diversified Services v. Hyundai Motor America*, 2005 U.S. App. LEXIS 23558 (10th Cir. 2005).
 56. *Id.* at *1-*5.
 57. 15 U.S.C. § 1117(a).
 58. *Western Diversified Services*, 2005 U.S. App. LEXIS 23558 at *7*-10.
 59. *Id.* at *10-*11.
 60. *Id.* at *11.
 61. *Id.* at *13.
 62. *Id.* at *23-*24.
 63. *Todd v. Montana Silversmiths*, 379 F. Supp.2d 1110 (D. Colo. 2005).
 64. *Id.* at 1110-1111.
 65. *Id.* at 1112-1113.
 66. *Id.* at 1114.
 67. Pub. L. No. 108-447.
 68. Changes to the Practice for Handling Patent Applications Filed Without the Appropriate Fees, 70 Fed. Reg. 30,360 (2005) (to be codified at 37 C.F.R. §§ 1.16, 1.21, 1.52, 1.53, 1.78, 1.492, and 1.495).
 69. *Id.* at 30,362.
 70. *Id.*
 71. Pub. L. No. 108-453.
 72. Changes To Implement the Cooperative Research and Technology Enhancement Act of 2004, 70 Fed. Reg. 1818 (2005).
 73. Changes To Implement the Cooperative Research and Technology Enhancement Act of 2004, 70 Fed. Reg. 54,259 (2005) (to be codified at 37 C.F.R. §§ 1.17, 1.52, 1.71, 1.76, 1.77, 1.96, and 1.104)
 74. *Id.* at 54,260.
 75. *Id.* at 54,261.
 76. *Id.*
 77. *Id.* at 54,262.
 78. Provisions for Claiming the Benefit of a Provisional Application With a Non-English Specification and Other Miscellaneous Matters, 70 Fed. Reg. 56,119 (2005).
 79. *Id.* at 56,121.
 80. *Id.* at 56,120.
 81. *Id.* at 56,121.
 82. “Notice of Pilot Program to Permit Pre-First Office Action Interview for Applications Assigned to Art Units 3624 and 3628 and Request for Comments on Pilot Programs,” 1281 *Off. Gaz. Pat. Office* 148 (Apr. 27, 2004).
 83. 70 Fed. Reg. at 56,121.

84. *Id.*
 85. Pub. L. No. 109-9 (2005).
 86. Registration of Claims to Copyright, Group Registration of Published Photographs, 70 Fed. Reg. 15,587 (2005)
 87. *Id.*
 88. *Id.* at 15,588-89.
 89. *Id.* at 15,588, n.1.
 90. *Id.* at 15,589.
 91. *See* n. 85, *supra*.
 92. Preregistration of Certain Unpublished Copyright Claims, 70 Fed. Reg. 61,905 (2005).
 93. *Id.* at 61,905-06.
 94. *Id.*
 95. Changes in Fees for Filing Applications for Trademark Registration, 70 Fed. Reg. 2952 (2005) (to be codified at 37 C.F.R. §§ 2.6, 2.86 and 2.87).
 96. Requirements To Receive a Reduced Fee for Filing an Application Through the Trademark Electronic Application System, 70 Fed. Reg. 38,768 (2005) (to be codified at 37 C.F.R. §§ 2.6, 2.22, 2.23, 2.53 and 7.25).

CASES

<i>Donchez v. Coors Brewing Co.</i>	INT-6
<i>Eolas Techs., Inc. v. Microsoft Corp.</i>	INT-5
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