

RECENT DEVELOPMENTS IN INTELLECTUAL PROPERTY LAW

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The following is a review of selected decisions rendered over the past year with particularly meaningful impact on U.S. patent, trademark, and copyright laws.

I. PATENT LAW

A. *Supreme Court Patent Cases*

The U.S. Supreme Court continued to shape patent law doctrines in 2015 although at a slower pace than in 2014. Through three major decisions in 2015, the Court addressed post-patent-expiration royalties, the role of a defendant's subjective belief in a patent's invalidity in induced infringement

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claims, and the review of factual matters in claim construction during appellate review.

In March, 2015, the Supreme Court decided *Kimble v. Marvel Enterprises, Inc.*,¹ in which it declined to overturn its 1964 decision in *Brulotte v. Thys Co.*,² holding that a patent owner cannot receive royalty payments that are calculated as “accruing” after a patent expires. The Court viewed such royalties as improperly extending the patent monopoly beyond the patent period.³ Under this ruling, the patent owner cannot receive royalties for a licensee’s sales or other activities covered by the patent that occur after patent expiration. In *Kimble*, the Supreme Court declined to overturn this rule, stating that the policy issues raised should be best left to Congress. The Court reasoned that although the *Brulotte* rule forecloses parties from entering into contracts having post-expiration royalties, contracts can allocate risk and reward in commercializing inventions in other ways.

In 1990, Stephen Kimble received a patent on a toy that releases pressurized foam string from the palm of a hand.⁴ Kimble approached Marvel’s corporate predecessor, seeking to license or sell his patent.⁵ Soon afterward, and without remunerating Kimble, Marvel’s predecessor began marketing an allegedly infringing toy.⁶ Kimble sued Marvel in 1997 for patent infringement.⁷ The parties ultimately entered into a settlement agreement, whereby Marvel agreed to purchase Kimble’s patent for a lump sum and a 3 percent royalty on Marvel’s future sales with no expiration date.⁸

During settlement negotiations, neither party knew of the *Brulotte* ruling. Later, however, upon discovering *Brulotte*, Marvel sought a declaratory judgment in federal district court to confirm that it could stop paying royalties once Kimble’s patent expired.⁹ The district court, following *Brulotte*, ruled in favor of Marvel, declaring the royalty provision unenforceable after the patent’s expiration.¹⁰ A federal appeals court affirmed.¹¹

In its decision, the Supreme Court first explained that under its interpretation of the patent law, an invention passes to the public upon expiration of the patent.¹² The Court further reasoned that this must be

1. 135 S. Ct. 2401, 2405 (2015).

2. 379 U.S. 29, 31 (1964).

3. *Id.* at 30, 32–33.

4. *Kimble*, 135 S. Ct. at 2405.

5. *Id.* at 2406.

6. *Id.*

7. *Id.*

8. *Id.*

9. *Id.*

10. *Id.*

11. *Id.*

12. *Id.* at 2407.

true for all inventions; otherwise there would be a conflict in policy.¹³ Kimble argued that *Brulotte* should be overturned in favor of a case-by-case approach and that their settlement arrangement was not anticompetitive.¹⁴ The Court stated that anticompetitive effects were not the basis for its decision, but rather the interpretation of the patent law, and that if a change in the law was Kimble's goal, then Congress was "his proper audience."¹⁵

Although refusing to overrule *Brulotte*, the Court did acknowledge that parties could potentially negotiate agreements without running afoul of this bright-line rule in a number of ways. For example, *Brulotte*, the Court explained, allows a licensee to defer payments for pre-expiration use of a patent into the post-expiration period.¹⁶ Further, under *Brulotte*, royalties may run until the latest-running patent covered by the parties' agreement expires.¹⁷ Moreover, post-expiration royalties are allowable as long as they are tied to a non-patent right, such as a trade secret, even if closely related to a patent.¹⁸ Finally, the Court noted, *Brulotte* restricts only royalties, leaving open all kinds of business arrangements, such as joint ventures, that may enable parties to share the risks and rewards of commercializing an invention.¹⁹

In another case, *Commil v. Cisco*,²⁰ the Court addressed the question of whether a defendant accused of induced infringement could avoid liability if it had a good-faith belief that the infringed patent was invalid. In June 2013, a split panel of the Federal Circuit held that a good-faith belief that an infringed patent was invalid could serve as a defense.²¹ In addition to a panel dissent, five judges subsequently dissented from the denial of the petition for rehearing en banc.²²

The patent statute states that whoever "actively induces" infringement of a patent shall be liable as an infringer.²³ This provision has been interpreted to mean that the inducer must have a "specific intent" to induce infringement.²⁴ Prior to *Commil*, the Federal Circuit established that a good-faith belief of non-infringement is relevant evidence because it tends to show that the accused inducer lacked the requisite intent to

13. *Id.*

14. *Id.* at 2408.

15. *Id.* at 2409–10, 2413–14.

16. *Id.* at 2408.

17. *Id.*

18. *Id.*

19. *Id.*

20. *Commil USA, LLC v. Cisco Sys., Inc.*, 135 S. Ct. 1920, 1925 (2015).

21. *Commil USA, LLC v. Cisco Sys., Inc.*, 720 F.3d 1361, 1368–69 (Fed. Cir. 2013), *reh'g denied* (Oct. 25, 2013).

22. *Commil USA, LLC v. Cisco Sys., Inc.*, 737 F.3d 699, 703–04 (Fed. Cir. 2013).

23. 35 U.S.C. § 271(b).

24. *See e.g.*, *DSU Med. Corp. v. JMS Co.*, 471 F.3d 1293, 1304 (Fed. Cir. 2006).

“actively induce” infringement. The Federal Circuit expanded this doctrine in *Commil*, holding for the first time that evidence of a good-faith belief of patent invalidity may also negate the requisite “specific intent” required to induce infringement. The panel majority stated that there is “no principled distinction” between a good-faith belief of invalidity and a good-faith belief of non-infringement for evaluating specific intent.²⁵ Because one cannot be found liable for infringing an invalid patent, a good-faith belief of invalidity was held to be relevant evidence that should be considered by the fact finder in assessing induced infringement.

The Supreme Court disagreed with the Federal Circuit in a six-to-two decision,²⁶ holding that a defendant’s good-faith but mistaken belief in the invalidity of a patent is not a defense against a charge of inducing infringement if the patent is found to be valid. The route to this decision requires consideration of the Supreme Court’s previous 2011 decision in *Global-Tech Appliances v. SEB S.A.*²⁷ In that opinion, the Court acknowledged that the statute provided no guidance about culpable intent required for liability, but found that an intent requirement was implicitly present. In so finding, the Court opined, “[W]e now hold that induced infringement . . . requires knowledge that the induced acts constitute patent infringement.”²⁸

The Court walked a fine line in reversing the Federal Circuit because only a valid patent can be infringed, and therefore, as by Justice Scalia bluntly pointed out, “to talk of infringing an invalid patent is to talk nonsense.”²⁹ Relying on the notion that validity and non-infringement are treated separately under the patent statute, the Court found separate scienter requirements applied to these different questions.³⁰ The Court reasoned that inducement involves bringing about intended acts that result in infringement. Invalidity, on the other hand, is a defense to liability and not a defense against infringement.³¹ The Court, perhaps recognizing the jurisprudential tenuousness of its opinion, spent considerable time explaining the practical reasons not to create a defense based on a good-faith belief in invalidity, including pointing out that various procedures for finding a patent invalid exist and could be pursued by the defendants.³²

25. *Commil*, 720 F.3d at 1368.

26. The opinion by Justice Kennedy issued on May 26, 2015. Justice Scalia filed a dissenting opinion, in which Chief Justice Roberts joined. Justice Breyer took no part in the consideration or decision of the case.

27. *Global-Tech Appliances v. SEB S.A.*, 131 S. Ct. 2060, 2068 (2011).

28. *Id.* at 2068.

29. *Commil*, 135 S. Ct. at 1931.

30. *Id.* at 1922–23.

31. *Id.* at 1929.

32. *Id.* at 1929–31.

In *Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.*,³³ the Court determined what standard of review the Federal Circuit should apply in considering a district court's findings of subsidiary factual matters related to its claim construction ruling. Reversing the Federal Circuit's application of a de novo standard of review, the Court held that the "clear error" standard of review applied.

The *Teva Pharmaceuticals* case began in the Southern District of New York, where Sandoz sought to invalidate Teva's patent on the multiple sclerosis drug Copaxone.³⁴ Sandoz argued during the *Markman* claim interpretation phase that the claims were indefinite.³⁵ The district court found, however, that the claims were definite, relying on expert-witness testimony to establish the perspective of one of ordinary skill in the art.³⁶ On appeal, the Federal Circuit decided that the claims were fatally indefinite under a de novo review and that the patent was therefore invalid.³⁷

Vacating and remanding, the Supreme Court reversed the Federal Circuit, holding that the Federal Circuit must review underlying factual findings concerning claim construction for clear error.³⁸ While the appeal was pending, the Supreme Court also issued its decision in *Nautilus Inc. v. Biosig Instruments, Inc.*,³⁹ replacing the "insolubly ambiguous" test for indefiniteness with a "reasonable certainty" standard.

On remand, the Federal Circuit held that certain of Teva's patent claims were invalid for indefiniteness under the "reasonable certainty" definiteness standard under the "clear error" standard of review.⁴⁰ While finding that the district court's factual findings were not clearly erroneous, the Federal Circuit stated that accepting those fact findings did not, as Teva suggested, mean there existed a presumption as to the meaning of this particular language in Teva's patent claims.⁴¹ Instead, looking to the claim language, specification, and prosecution history of Teva's patent, the Federal Circuit found that a skilled artisan "would still not be reasonably certain in light of the entire record as to which type of average [weight] was intended" in Teva's '008 patent claims.⁴²

33. 135 S. Ct. 831, 831–32 (2015).

34. *Id.* at 831–32.

35. 35 U.S.C. § 112 (1975).

36. *Teva Pharm. USA, Inc.*, 135 S. Ct. at 832–33.

37. *Id.* at 833.

38. *Id.* at 833–34.

39. 134 S. Ct. 2120, 2124 (2014). The unanimous opinion of the Court held that a patent is invalid for indefiniteness if its claims, read in light of the patent's specification and prosecution history, fail to inform with reasonable certainty those skilled in the art about the scope of the invention.

40. *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 789 F.3d 1335, 1342 (Fed. Cir. 2015).

41. *Id.* at 1342.

42. *Id.* at 1345.

In *Limelight v. Akamai*,⁴³ another case remanded to the Federal Circuit, the Supreme Court determined that a defendant is not liable for *inducing* infringement under 35 U.S.C. § 271(b) when no one has *directly* infringed under § 217(a) or any other statutory provision.

Akamai sued Limelight in 2006 for infringement of several patents, including one that claims methods of delivering content over the Internet.⁴⁴ The claimed methods require the steps of “tagging” the content with an identifier for use during delivery and “serving” the tagged content when requested.⁴⁵ Limelight performed each step of the method, but for the “tagging” and “serving” steps. Instead, Limelight required that its customers perform those steps in order to use its service.⁴⁶ Limelight also sent its customers a welcome letter instructing them how to use its service and provided step-by-step instructions for using its service; its engineers were continuously engaged with its customers’ activities.⁴⁷

At trial, the jury found Limelight liable for direct infringement of the ‘703 patent. The district court denied Limelight’s motion for judgment of noninfringement as a matter of law, ruling that Akamai had presented substantial evidence that Limelight directed or controlled its customers in performing the steps of the claimed methods that it did not perform.⁴⁸ Before the case closed, however, the Federal Circuit issued its opinion in *Muniauction, Inc. v. Thomson Corp.*,⁴⁹ which held that there can be no direct infringement of a method claim unless one party exercises control or direction over the entire process, such that every step is attributable to the controlling party. On a motion for reconsideration, the district court granted Limelight’s motion for judgment as a matter of law and reversed the jury’s verdict.⁵⁰

On appeal, the Federal Circuit affirmed that decision, finding that, even though Limelight provided instructions on how to tag, and “tagging” and “serving” were necessary steps in using Limelight’s services, nothing indicated that Limelight’s customers were acting as agents for Limelight.⁵¹ The panel further reasoned that Limelight’s customers choose which content, if any, to have delivered by Limelight’s process and performed the “tagging” and “serving” steps accordingly.⁵² Finally,

43. *Limelight Networks, Inc. v. Akamai Techs., Inc.*, 134 S. Ct. 2111, 2111 (2014).

44. *Id.* at 2111.

45. *Id.* at 2115.

46. *Id.* at 2115–16.

47. *Id.*

48. *Id.* at 2116.

49. 532 F.3d 1318, 1330 (Fed. Cir. 2008).

50. *Limelight Networks, Inc.*, 134 S. Ct. at 2116.

51. *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 629 F.3d 1311, 1320 (Fed. Cir. 2010).

52. *Id.* at 1321.

the panel stated that the standard contract did not obligate Limelight's customers to perform any of the steps.⁵³ Thus, finding insufficient evidence to show that Limelight exercised "control or direction" over the entire process, the panel affirmed the district court's decision as a matter of law based on *Muniauction*.⁵⁴

After granting en banc review, the Federal Circuit subsequently reversed the panel decision on different grounds, concluding there was evidence of infringement, albeit under a theory of § 271(b) indirect infringement (inducement) rather than direct infringement under § 271(a).⁵⁵ Limelight challenged this decision by seeking certiorari review in the Supreme Court.

The Supreme Court reversed the Federal Circuit's en banc decision on induced infringement.⁵⁶ First, the Supreme Court stated that inducement liability may arise "if, but only if" there is direct infringement.⁵⁷ Then, the Court stated, "Assuming without deciding that the Federal Circuit's holding in *Muniauction* is correct, there has simply been no infringement of [the claimed method], because the performance of all the patent's steps is not attributable to any one person."⁵⁸ The Supreme Court thus reversed the Federal Circuit's holding regarding inducement, but also stated "on remand, the Federal Circuit will have the opportunity to revisit the § 271(a) [direct] infringement question if it so chooses."⁵⁹

On remand, a preliminary panel review reaffirmed the original holding against Akamai.⁶⁰ However, the Federal Circuit en banc reconsidered the law of direct infringement and held that in a case of direct, but divided, infringement, one entity could be found liable under two circumstances: (1) where one entity directs or controls the other entity's performance or (2) where the entities form a joint enterprise.⁶¹

Regarding the first category, the Federal Circuit held that an actor would be liable if it acts through an agent or contracts with another to perform one or more steps of the claimed method.⁶² But the court held that such liability can also be found "when an alleged infringer conditions participation in an activity or receipt of a benefit upon performance of a step or steps of a patented method and establishes the

53. *Id.*

54. *Id.* at 1322.

55. *Id.* at 1319.

56. *Akamai*, 134 S. Ct. at 2111.

57. *Id.* at 2117.

58. *Id.*

59. *Id.* at 2021.

60. *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 786 F.3d 899, 903 (Fed. Cir. 2015).

61. *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 797 F.3d 1020, 1022 (Fed. Cir. 2015).

62. *Id.* at 1023.

manner or timing of that performance.”⁶³ In explaining a joint enterprise theory, the Federal Circuit analogized to the Second Restatement of Torts, which states, “The law . . . considers that each is the agent or servant of the others, and that the act of any one within the scope of the enterprise is to be charged vicariously against the rest.”⁶⁴ Thus, the Federal Circuit explained that in patent law two or more actors can each be liable for the steps performed by the other as if each were a single actor.⁶⁵ The Federal Circuit noted that joint enterprise required proof of four elements: (1) an expressed or implied agreement between the actors; (2) a common purpose to be carried out by the group; (3) a community of pecuniary interest in that purpose among the members; and (4) an equal right to a voice in the direction of the enterprise, which gives an equal right of control.⁶⁶

The Federal Circuit then reviewed the facts of the case and held that Limelight was liable for direct infringement because it directed or controlled its customers’ performance.⁶⁷ As noted above, the jury heard substantial evidence at trial that Limelight directed or controlled its customers to perform two method steps, namely “tagging” and “serving,” and Limelight’s standard contract, which customers were required to sign, conditioned the use of its service on the customers performing the tagging and serving steps.⁶⁸ In addition, the Federal Circuit held that Limelight established the manner and timing of its customers’ performance by, among other things, providing step-by-step instructions telling customers how to use its services and continuously engaging with its customers’ activities.⁶⁹ The court stated, “In sum, Limelight’s customers do not merely take Limelight’s guidance and act independently on their own. Rather, Limelight establishes the manner and timing of its customers’ performance so that customers can only avail themselves of the service upon their performance of the method steps.”⁷⁰

B. *Federal Circuit Patent Cases*

The Federal Circuit also issued this year notable decisions that were not on remand from the Supreme Court, addressing the new “*Alice* standard” for abstract ideas and means-plus-function claiming.

63. *Id.*

64. *Id.*

65. *Id.*

66. *Id.*

67. *Id.* at 1024–25.

68. *Id.*

69. *Id.*

70. *Id.* at 1025.

In *Ultramercial, Inc. v. Hulu, LLC*,⁷¹ the Federal Circuit applied the Supreme Court's reasoning in *Alice Corp. v. CLS Bank*⁷² to strike down software method claims under 35 U.S.C. § 101. The patent at issue claimed "a method for distributing copyrighted media products over the Internet where the consumer receives a copyrighted media product at no cost in exchange for viewing an advertisement" and where "the advertiser pays for the copyrighted content."⁷³ The Federal Circuit struck down the patent as being directed to the patent-ineligible abstract idea of using advertisements as currency.⁷⁴

The framework developed in *Alice* for evaluating a patent claim under 35 U.S.C. § 101 is a two-step test.⁷⁵ First, a court determines whether the claims at issue are directed to one of the patent-ineligible concepts: laws of nature, natural phenomena, and abstract ideas.⁷⁶ If the patent does not claim one of the patent-ineligible concepts, the patent meets the requirements of § 101.⁷⁷ If the claim is directed to a patent-ineligible concept, the analysis requires determining whether the claims include "an element or combination of elements that is 'sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.'"⁷⁸

In applying the second step of the analysis, the *Ultramercial* court looked at each of the eleven limitations of the representative claim on its own.⁷⁹ After rejecting the steps of "receiving copyrighted media, selecting an ad, offering the media in exchange for watching the selected ad, displaying the ad, allowing the consumer to access the media, and receiving payment from the sponsor of the ad" as describing "an abstract idea, devoid of a concrete or tangible application," the court turned to the remaining claim limitations.⁸⁰

The remaining claim limitations—updating an activity log, requiring a request from a consumer to view the ad, restricting public access, and using the Internet—are conventional, routine steps that fail to transform the abstract idea of using an advertisement as an exchange or currency into patentable subject matter.⁸¹ Specifically, the court found that consulting and updating an activity log constitute "insignificant 'data gather-

71. 772 F.3d 709 (Fed. Cir. 2014).

72. 134 S. Ct. 2347, 2355 (2014).

73. *Ultramercial, Inc.*, 772 F.3d at 712.

74. *Id.* at 714, 717.

75. *Id.* at 714 (citing *Alice*, 134 S. Ct. at 2355).

76. *Id.*

77. *Id.*

78. *Id.* (quoting *Alice*, 134 S. Ct. at 2355).

79. *Id.* 715–16.

80. *Id.* at 715.

81. *Id.* at 715–16.

ing steps.’”⁸² Restricting public access is “insignificant ‘[pre]-solution’ activity,” and the “invocation of the Internet” does not “save the otherwise abstract claim.”⁸³

In November 2014, a Federal Circuit panel decided *Williamson v. Citrix Online, LLC*,⁸⁴ overturning a district court claim construction that treated the term “distributed learning control module” as a means-plus-function expression under (Pre-AIA) 35 U.S.C. § 112, ¶ 6. The patent in suit describes methods and systems for distributed or distance learning, enabling presenters to connect to audiences via virtual classrooms.⁸⁵ The patent owner conceded that the district court’s construction rendered the relevant claims invalid as indefinite and stipulated to final judgment, followed by an appeal.⁸⁶

On appeal, the Federal Circuit panel held, in line with precedent existing since 2004, that because “distributed learning control module” did not use the word “means,” there existed a strong rebuttable presumption that 35 U.S.C. § 112, ¶ 6 did not apply.⁸⁷ To rebut the presumption, “it must be demonstrated that ‘skilled artisans, after reading the patent, would conclude that [the] claim limitation is so devoid of structure that the drafter constructively engaged in means-plus-function claiming.’”⁸⁸ In this case, the court found that the word “module” is not the equivalent of “means” because “module” is a structural term and that the district court did not consider and give weight to the language of the entire claim.⁸⁹

Accordingly, the Federal Circuit vacated the district court’s entry of final judgment against Williamson and remanded the case to the district court.⁹⁰ On June 16, 2015, the Federal Circuit withdrew its opinion and substituted a new one that included an en banc section (Part II.C.1) addressing the means-plus-function issue. The en banc court reversed the precedent creating a “strong” presumption based on the presence or absence of the word “means.” Instead, the court held that the standard is “whether the words of the claim are understood by person of ordinary skill in the art to have a sufficiently definite meaning as the name for structure.”⁹¹

82. *Id.* at 716 (quoting *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370 (Fed. Cir. 2011)).

83. *Id.*

84. 770 F.3d 1371, 1373–74 (Fed. Cir. 2014).

85. *Id.* at 1373–74.

86. *Id.* at 1376.

87. *Id.* at 1378.

88. *Id.* (quoting *Inventio AG v. ThyssenKrupp Elevator Ams. Corp.*, 649 F.3d 1350, 1357 (Fed. Cir. 2011)).

89. *Id.* at 1379–80.

90. *Id.* at 1380.

91. *Williamson v. Citrix Online, LLC*, No. 2013-1130, slip. op. at 16 (Fed. Cir. June 16, 2015) (en banc).

As before, if the claim language does not meet the standard, § 112, ¶ 6 (now § 112(f)) applies. Whereas previously the analysis appeared almost strictly literal, precedent nevertheless included the notion that the claims were to be analyzed by how they were understood by a person of skill in the art.⁹² The new standard removes the strong presumption and loosens the tethers of the means- and step-plus function analysis from the absence of the word “means” and relies only an understanding by a person of skill in the art by a preponderance of the evidence.⁹³

The Federal Circuit decision, authored by Judge Linn, is not coy about the court’s motivation for its reversal of precedent, stating:

Our consideration of this case has led us to conclude that such a heightened burden is unjustified and that we should abandon characterizing as “strong” the presumption that a limitation lacking the word “means” is not subject to § 112, para. 6. That characterization is unwarranted, is uncertain in meaning and application, and has the inappropriate practical effect of placing a thumb on what should otherwise be a balanced analytical scale. It has shifted the balance struck by Congress in passing § 112, para. 6 and has resulted in a proliferation of functional claim[s] untethered to § 112, para. 6 and free of the strictures set forth in the statute. Henceforth, we will apply the presumption . . . without requiring any heightened evidentiary showing and expressly overrule the characterization of that presumption as “strong.” We also overrule the strict requirement of “a showing that the limitation essentially is devoid of anything that can be construed as structure.”⁹⁴

Pre-AIA § 112, ¶ 6 and Post-AIA § 112(f) are identical and read as follows, with the strictures referred to by Judge Linn in italics:

An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim *shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof.*⁹⁵

Squarely in the crosshairs of the new paradigm⁹⁶ are recitations that do not use the word “means” but instead use “nonce” words, such as “module” in the case at hand. It is difficult to ignore the fact that the technology in the *Williamson* case is software, and the court’s objection to “black box” claim elements will likely hit hardest in the software and electronics classes. Modern electronics structures are often times quite secondary to their

92. See *Greenberg v. Ethicon Endo-Surgery, Inc.*, 91 F.3d 1580, 1583 (Fed. Cir. 1996).

93. *Williamson*, slip op. at 15–16.

94. *Id.*

95. 35 U.S.C. § 112, ¶ 6.

96. The “new” paradigm is essentially the state of the law before 2004, when the Federal Circuit established the “strong presumption” in a line of cases beginning with *Lighting World, Inc. v. Birchwood Lighting, Inc.*, 382 F.3d 1354, 1358 (Fed. Cir. 2004).

software coding for functionality and even exact disclosure of the structure of an electronic component performing a function, such as a “processor,” may not satisfy a court or a patent examiner that adequate structure has been disclosed. The term “processor” could indeed be a “nonce” word just as “module” was found to be.

Once § 112 is invoked, the Federal Circuit restated the governing case law that structure disclosed in the specification qualifies as “corresponding structure” if the intrinsic evidence clearly links or associates that structure to the function recited in the claim.⁹⁷ The court further restated that even if the specification discloses corresponding structure, the disclosure must be of “adequate” corresponding structure to achieve the claimed function.⁹⁸

This decision by the en banc court increases the burden on patent prosecutors. As Judge Newman noted in her dissent, invoking means-plus-function treatment of a claim limitation used to be under the control of the patent draftsman, resident in the choice to use the term “means for” (or “step for”). Moving forward, under 35 U.S.C. § 112, ¶¶ 2 and 6, if a person of ordinary skill in the art would be unable to recognize the structure in the specification and associate it with the corresponding function in the claim, a means-plus-function clause is indefinite.⁹⁹

II. TRADEMARK LAW

From tackling “tacking,” to determining the appropriate probability of confusion standards, to a mark that could disparage the mark’s owner himself, recent decisions have proved to be eventful for trademark litigation.

A. *Supreme Court Trademark Cases*

The probability of confusion test is a core consideration when registering a trademark or addressing an infringement claim. Ironically, it can be confusing to know which of the variations of these standards an examining attorney or a court should apply. The Supreme Court finally put an end to this uncertainty in *B&B Hardware, Inc. v. Hargis Industries, Inc.*¹⁰⁰ After almost two decades of feuds between companies that want to make it known that their products “seal tight,” Hargis tried to register the trademark for SEALTITE but B&B opposed the registration because it was too similar to its own trademark, SEALTIGHT.¹⁰¹ The Trade-

97. *Noah Sys., Inc. v. Intuit Inc.*, 675 F.3d 1302, 1311 (Fed. Cir. 2012) (citing *B. Braun Med., Inc. v. Abbott Labs.*, 124 F.3d 1419, 1424 (Fed. Cir. 1997)).

98. *Id.* at 1311–12 (citing *In re Donaldson Co.*, 16 F.3d 1189, 1195 (Fed. Cir. 1994) (en banc)).

99. *Id.* at 1312 (citing *AllVoice Computing PLC v. Nuance Commc’ns, Inc.*, 504 F.3d 1236, 1241 (Fed. Cir. 2007)).

100. 135 S. Ct. 1293, 1299 (2015).

101. *Id.* at 1299.

mark Trial and Appeal Board (TTAB) concluded that SEALTITE should not be registered and Hargis did not seek judicial review of that decision.¹⁰²

Nonetheless, in a parallel infringement lawsuit, B&B argued that Hargis was precluded from contesting the likelihood of confusion because of the TTAB decision.¹⁰³ The district court disagreed with B&B, holding that the preclusion did not apply because the TTAB is not an Article III court.¹⁰⁴

Although the Eight Circuit accepted, for the sake of argument, the district court's preclusion contention, it ultimately affirmed for other reasons—namely because the TTAB placed too much weight on the appearance and sound of the marks, the burden of proof had shifted from Hargis to B&B,¹⁰⁵ and the TTAB used some or all of the thirteen factors set out in *In re E. I. DuPont de Nemours & Co.*¹⁰⁶ Upon making its decision, the Eight Circuit took into account the factors set forth in *Squirt Co. v. Seven-Up Co.*¹⁰⁷ when testing probability of confusion.¹⁰⁸

Nevertheless, the Supreme Court reversed both decisions and held that the probability of confusion standards are essentially the same when registering a trademark or claiming infringement.¹⁰⁹ The Court stated that even though the TTAB used a slightly different set of factors than both the district and Eighth Circuit courts, they were substantially and materially the same test for probability of confusion.¹¹⁰

The Supreme Court also considered whether preclusion can apply to TTAB decisions in issues regarding probability of confusion even if the TTAB is not an Article III court.¹¹¹ The Court reiterated its previous determination in *Astoria Federal Savings & Loan Ass'n v. Solimino*¹¹² and stated that issue preclusion is available unless it is evident that Congress intended the contrary.¹¹³ The Supreme Court held that, as long as the ordinary elements of issue preclusion are met, and the usages adjudicated by the TTAB are essentially the same as those before the district court, courts should give preclusive effect to the TTAB's decisions, finding that there is no statutory bar in the Lanham Act.¹¹⁴

102. *Id.* at 1302.

103. *Id.*

104. *Id.*

105. *Id.*

106. 476 F. 2d 1357, 1361 (C.C.P.A 1973).

107. 628 F. 2d 1086, 1091 (8th Cir. 1980).

108. *B&B Hardware, Inc.*, 135 S. Ct. at 1306.

109. *Id.* at 1306.

110. *Id.*

111. *Id.* at 1302–05.

112. 501 U.S. 104, 107 (1991).

113. *B&B Hardware, Inc.*, 135 S. Ct. at 1306.

114. *Id.* at 1305.

Finally, as for the burden of proof, the Supreme Court also found that the Eighth Circuit had erred in determining Hargis bore the burden of proof before the TTAB because B&B was the party opposing registration and therefore bore the burden of persuasion.¹¹⁵

In another interesting case, the Supreme Court addressed the issue regarding “tacking,” which is the slight modification of a trademark through time that enables the trademark owner to preserve its mark even though the mark has changed since its registration, if consumers consider it to be the same mark.¹¹⁶ The question presented in *Hana Financial, Inc. v. Hana Bank*¹¹⁷ was whether that variation should be addressed by a judge or a jury. Hitherto, the circuits had been divided as to who should decide if tacking applies in any given case.¹¹⁸

The Supreme Court affirmed the Ninth Circuit decision that the question of whether the modification of the mark still constitutes the “legal equivalent” of the original mark should be determined by a jury because a jury operates from the perspective of an ordinary consumer or purchaser.¹¹⁹ Thus, the Court held that when a jury trial has been requested and the facts do not warrant entry for summary judgment or judgment as a matter of law, a jury must decide the tacking question.¹²⁰ Nevertheless, the Court made it clear that if the facts allow for it, judges are not prevented from ruling on tacking inquiries when no jury is demanded or on motions for summary judgment or judgment as a matter of law.¹²¹

B. Federal Circuit Trademark Cases

The year was notable for marks considered disparaging to particular ethnic groups. *In re Tam*¹²² is the first of two remarkable cases that revolve around the Lanham Act’s Section 2(a),¹²³ which explicitly prohibits the registration of this type of mark.

In *Tam*, the founding member of an all Asian American rock band appealed from the TTAB’s refusal to register THE SLANTS trademark.¹²⁴ The examining attorney for the registration refused the mark on account

115. *Id.* at 1309.

116. See *George & Co., LLC v. Imagination Entm’t Ltd.*, 575 F.3d 383, 402 (4th Cir. 2009); *Brookfield Commcn’s, Inc. v. West Coast Entm’t Corp.*, 174 F. 3d 1036, 1047–48 (9th Cir. 1999); *Data Concepts, Inc. v. Digital Consulting, Inc.*, 150 F.3d 620, 623 (6th Cir. 1998); *Van Dyne-Crotty, Inc. v. Wear-Guard Corp.*, 926 F.2d 1156, 1159 (Fed. Cir. 1991).

117. 135 S. Ct. 907 (2015).

118. *Id.* at 910 (citing *Hana Fin., Inc. v. Hana Bank*, 735 F.3d 1158 (9th Cir. 2013)).

119. *Id.* at 907.

120. *Id.* at 911.

121. *Id.*

122. 785 F.3d 567, 568 (Fed. Cir. 2015).

123. 15 U.S.C. § 1052(a).

124. *Tam*, 785 F.3d at 568.

of it being offensive to people of Asian descent.¹²⁵ The TTAB affirmed.¹²⁶ Simon Shiao Tam, who is Asian himself, challenged the decision arguing there was a lack of evidence that proved the term was offensive and also challenged the constitutionality of Section 2(a).¹²⁷

The Federal Circuit reaffirmed its two-part test when analyzing disparaging marks and affirmed the constitutionality of Section 2(a) as it had done in past cases, most notably in *Pro-Football v. Harjo*¹²⁸ (Washington Redskins trademarks).¹²⁹ It turns out the first time Tam had tried to register the mark he had included specimens with an Asian motif.¹³⁰ After being refused the first time, Tam appealed and later abandoned the mark.¹³¹ Six days after abandoning the application, Tam filed to register the same mark again, but this time he did not include any Asian references on the application.¹³² On reviewing the second request, the examining attorney took into consideration the materials contained in the first submission, which Tam also raised as a threshold matter on appeal.¹³³ The court, however, did not find this improper as this evidence was relevant in order to determine the mark's manner of use and allowed it to be used against Tam.¹³⁴ The court also rejected all other evidentiary issues raised by Tam and determined there was enough substantial evidence to support the TTAB's determination that the word "slant" in relation to Asians is disparaging.¹³⁵

Tam also attacked the constitutionality of Section 2(a) from four aspects: impediment to his free speech, vagueness, due process, and equal protection.¹³⁶ As for the constitutionality of Section 2(a), the Court reaffirmed its past precedent established in *In re McGinley*.¹³⁷ *McGinley* states that a refusal to register a mark does not affect one's right to use it; therefore it does not suppress free speech.¹³⁸ As to the vagueness assertion, the court found its two-part test to determine disparagement is sufficiently precise and well established.¹³⁹ Tam raised the issue of other marks that he considers to be disparaging (such as Dykes on Bikes¹⁴⁰), but the

125. *Id.*

126. *Id.*

127. *Id.* at 567.

128. 415 F.3d 44 (2005).

129. *Tam*, 785 F.3d at 568.

130. *Id.*

131. *Id.*

132. *Id.*

133. *Id.* at 569.

134. *Id.*

135. *Id.* at 571.

136. *Id.* at 571-73.

137. 660 F.2d 481, 484 (1981).

138. *Tam*, 785 F.3d at 571-72.

139. *Id.* at 572.

140. Dykes on Bikes, U.S. Registration No. 3323803 (Oct. 30, 2007).

court rejected the due process argument since each mark has to be considered on its own merits.¹⁴¹ Finally, regarding the equal protection claim, Tam argued that the examining attorney's analysis regarding disparagement hinged on the band's ethnic identities and thus, it violated the Equal Protection Clause.¹⁴² The court rejected this argument as well and stated that the TTAB denied registration for "THE SLANTS" because it considered Tam's use of the mark disparaging and not on account of his ethnic identity.¹⁴³

Nonetheless, after its decision was issued on April 20, 2015, the Federal Circuit vacated its own decision and ordered the case to be heard *en banc sua sponte* under 28 U.S.C. § 46 and Federal Rule of Appellate Procedure 35(a).¹⁴⁴ The parties were asked to file briefs on whether the disparaging mark bar on registration violates the First Amendment.¹⁴⁵ The case remained pending at the time this article was submitted for publication.

In *Fifty-Six Hope Road Music, Ltd. v. A.V.E.L.A., Inc.*,¹⁴⁶ the Ninth Circuit addressed a very interesting case revolving around the image of Bob Marley, one of music's most famous celebrities. Marley's children own Hope Road, a company dedicated to protecting the late musician's rights, assets, and commercial interests.¹⁴⁷ They had an exclusive license with another corporation, Zion, for the design, manufacture, and sales of merchandise with Marley's image.¹⁴⁸ In 2004, two other companies, both owned by Leo Valencia, acquired some Marley photographs and began licensing them for the manufacture of competing merchandise sold in large retail stores.¹⁴⁹ In 2008, Marley's children sued alleging: (1) trademark infringement, (2) false endorsement, (3) common law trademark infringement, (4) unauthorized commercial use of right to publicity, and (5) intentional interference with prospective economic advantage.¹⁵⁰ A summary judgment proceeding disposed of the first, third, and fourth allegations.¹⁵¹ The remaining claims were tried before a jury, which awarded \$300,000 in compensatory damages for interfering, but against only one of the defendants.¹⁵² As for the false endorsement claim, the jury returned a verdict

141. *Tam*, 785 F.3d at 572.

142. *Id.* at 573.

143. *Id.*

144. *In re Tam*, 600 F. App'x 775, 775 (Fed. Cir. 2015).

145. *Id.*

146. 778 F.3d 1059, 1066 (9th Cir. 2015).

147. *Id.* at 1066.

148. *Id.*

149. *Id.*

150. *Id.*

151. *Id.* at 1067.

152. *Id.*

in favor of Hope Road against all defendants and reopened discovery after trial to calculate their profits.¹⁵³ In 2012, the district court finally entered judgment in specific amounts to be paid by each defendant.¹⁵⁴ Appeals for almost all judgments were issued and consolidated.¹⁵⁵ The Ninth Circuit affirmed all of the district court decisions.¹⁵⁶ It found that the lower court's denial of the defendant's motion for judgment, as a matter of law, was proper because the jury's finding was entirely supported by the evidence.¹⁵⁷

Most notably, the case revised the probability of confusion in celebrity cases (Section 43(a))¹⁵⁸ in those exceptional cases where the celebrity is dead and there is confusion as to what constitutes an endorsement.¹⁵⁹ The Ninth Circuit reiterated that the Lanham Act recognizes celebrities have standing to sue under false endorsement claims.¹⁶⁰ The court stated that even though the statute does not contain the word "endorsement," Section 43(a) is commonly called "false endorsement claim" because the issue commonly involves a likelihood of confusion as to the plaintiff's approval or sponsorship of a particular product.¹⁶¹

To determine if the endorsement was likely to cause confusion among consumers, the court applied the eight-factor test from *Downing v. Abercrombie*.¹⁶² The court reviewed the evidence presented to the jury, which included, among other things, consumer surveys, and affirmed the lower court's determination.¹⁶³ Additionally, when the celebrity is not the plaintiff himself, there is an added factor found in *Cairns v. Franklin Mint Co.*:¹⁶⁴ "the strength of the association between the mark and the plaintiff."¹⁶⁵ In *Cairns II*, the court was not able to allow the false endorsement claim in favor of Princess Diana primarily because she, unlike Marley, knew her image was being widely used on products during her lifetime and did nothing to prevent such use.¹⁶⁶ In the court's opinion, Bob Marley's image, unlike Princess Diana's, "serves a source-identifying function."¹⁶⁷

153. *Id.*

154. *Id.*

155. *Id.*

156. *Id.* at 1083.

157. *Id.*

158. 15 U.S.C. § 1125.

159. *Fifty-Six Hope Rd. Music, Ltd.*, 778 F.3d at 1069.

160. *Id.* at 1068.

161. *Id.* at 1071.

162. 265 F.3d 994, 1007–08 (9th Cir. 2001).

163. *Fifty-Six Hope Rd. Music, Ltd.*, 778 F.3d at 1069–72.

164. 107 F. Supp. 2d 1212, 1217 (C.D. Cal. 2000) (hereinafter *Cairns II*).

165. *Fifty-Six Hope Rd. Music, Ltd.*, 778 F.3d at 1071.

166. *Id.*

167. *Id.*

Although the Ninth Circuit found Marley's children to be the prevailing party,¹⁶⁸ the court made it clear that the defendants raised some potentially "salient" defenses to the false endorsement claim on appeal. Nevertheless, because those defenses had not been raised properly and timely, they were not considered.¹⁶⁹

In *D.C. Comics v. Towle*,¹⁷⁰ the Ninth Circuit dealt with the laches defense in trademark litigation. The Batmobile is just one of many television and film cars that Towle re-creates and sells in his Gotham Garage.¹⁷¹ In 2011, DC Comics, the rightful owner of the Batmobile trademarks and copyrights in controversy, brought suit against Towle.¹⁷² Towle tried to raise a laches defense for the trademark claim.¹⁷³ The district court ruled as a matter of law that the laches defense does not apply "in cases of willful infringement."¹⁷⁴ The Ninth Circuit affirmed the lower court's decision as "the undisputed facts" established that Towle's use of the trademark was intended to exploit the advantage of the Batman trademark.¹⁷⁵

C. District Court Trademark Cases

Probably the most notable trademark case this year comes from one of the lower courts, the District Court for the Eastern District of Virginia. *Pro-Football, Inc. v. Amanda Blackhorse*¹⁷⁶ is the latest in the decades-long war between the Washington football team that bears the Redskins name and the group to which it may refer.¹⁷⁷ The first chapter of this saga began in 1992 with *Pro-Football, Inc. v. Harjo*, where a group of Native Americans sued the football franchise Pro-Football, Inc. (PFI) alleging the use of the term "Redskins" was disparaging to their particular ethnic group.¹⁷⁸ In 1999, the TTAB ordered the cancellation of the marks finding they "may be disparaging."¹⁷⁹ PFI appealed from this decision and was able to get it reversed on the grounds of insufficient evidence and preclusion due to laches.¹⁸⁰ Further attempts to reverse this final decision were put

168. *Id.* at 1078.

169. *Id.* at 1067-68.

170. 802 F.3d 1012 (9th Cir. 2015).

171. *Id.* at 6-8.

172. *Id.* at 7-8.

173. *Id.* at 32.

174. *Id.* at 32 (citing *Evergreen Safety Council v. RSA Network, Inc.*, 697 F.3d 1221, 1228 (9th Cir. 2012)).

175. *Id.* at 33.

176. 115 U.S.P.Q.2d 1524, 1530 (2015).

177. *Id.* at 1530.

178. 415 F.3d 44, 45 (D.C. Cir. 2005).

179. *Blackhorse*, 115 U.S.P.Q.2d at 1530.

180. *Id.*

to an end when the D.C. Circuit determined that Harjo was barred by laches.¹⁸¹

Finally, in 2006, while *Harjo* was still pending, another group of plaintiffs (the “Blackhorse defendants”) sought *cancellation* of the same six “Redskins” marks.¹⁸² Even though the TTAB suspended the action until the *Harjo* proceedings concluded, it determined that laches did not apply to the *Blackhorse* defendants because they did not unreasonably delay in seeking cancellation from the TTAB. Moreover, the TTAB noted that there was a significant public interest implicated in the matter.¹⁸³ Finally, in 2014, the TTAB cancelled the six marks in question after considering substantial evidence, including all the evidence presented in the *Harjo* case,¹⁸⁴ that demonstrated how the media and sports profession had been using the term disparagingly.¹⁸⁵

The district court reviewed this decision, along with several constitutionality issues that were raised by PFI, including free speech, vagueness, and due process.¹⁸⁶ The court sought to distinguish the concept of trademark registration from the trademarks themselves.¹⁸⁷ The court explained that while the TTAB has the power to cancel the statutory registration of the trademarks, it cannot cancel the trademarks themselves, and as a result PFI is still free to use the marks in commerce.¹⁸⁸ Further, the court cited *McGinley* to dismiss the free speech claim because it considered that speech was not being suppressed by the cancellation of the marks.¹⁸⁹ Thus, it found that the Lanham Act’s Section 2¹⁹⁰ prohibition does not infringe on the First Amendment.¹⁹¹ Moreover, it also found that the federal registration program is considered government speech, rather than commercial speech, and as such, is exempt from First Amendment scrutiny.¹⁹²

The court also rejected the vagueness argument and, in examining the language of Section 2, held that its text gives reasonable and fair warning to ordinary people regarding the conduct it prohibits.¹⁹³ The court further rejected the argument that the enforcement of the Section 2 prohibition of disparaging marks through the Patent and Trademark Office’s

181. *Id.*

182. *Id.*

183. *Id.* at 1557.

184. *Id.* at 1530.

185. *Id.* at 1530–31.

186. *Id.* at 1533–43.

187. *Id.* at 1532.

188. *Id.*

189. *Id.* at 1534.

190. 15 U.S.C. § 1052(a).

191. *Id.*

192. *Id.* at 1540.

193. *Id.* at 1542.

guidelines was inconsistent or arbitrary.¹⁹⁴ As for the due process claim, the court rejected PFI's contention that the cancellation of its trademark registrations was an unconstitutional taking because it stated that registrations were not considered property under the Fifth Amendment.¹⁹⁵

Finally, in finding that the marks consisted of matter that was disparaging to a substantial component of Native Americans, the court decided that Section 2 required the cancellation of PFI's marks and their removal from the registry. In the end, however, the court emphasized that PFI was not precluded from utilizing the marks in commerce or that sports fans were not prohibited from collecting, wearing, or displaying Redskins memorabilia.¹⁹⁶ The decision was appealed in August 2015 and remained pending on appeal at the time this article was submitted for publication.

III. COPYRIGHT CASES FROM THE FEDERAL CIRCUIT COURTS

In a departure from previous years, the Supreme Court did not address any issues impacting copyright law. The federal circuits, however, were active on the copyright front, addressing issues including the copyright eligibility of actor and director contributions to films, functional article designs and food recipes, and the application of the first sale doctrine and the recovery of attorney fees under fee-shifting provisions of a publishing agreement.

A. *Defining the Boundaries of Copyright Eligibility*

The extent of copyrights actors may have in their contributions to audiovisual works was examined by the Ninth Circuit in *Garcia v. Google, Inc.*¹⁹⁷ In *Garcia*, an actress who contributed to an unreleased film that was later modified and incorporated without her consent into an anti-Islamic video widely distributed through a video-hosting website, sued the website and video producers, alleging the posting violated her copyrights in the original, unreleased film. The actress sought a temporary restraining order and claimed ownership of a copyright interest in her contribution to the unreleased film.¹⁹⁸ The district court treated the application for a temporary restraining order as a motion for a preliminary injunction and denied the motion. The actress appealed.

The Ninth Circuit affirmed, holding that that the actress's five-second performance in the unreleased film could not be separately eligible for

194. *Id.*

195. *Id.* at 1542–43.

196. *Id.* at 1558.

197. *Garcia v. Google, Inc.*, 766 F.3d 929 (9th Cir. 2014), *rev'd en banc*, 786 F.3d 733 (9th Cir. 2015).

198. 786 F.3d at 736–37.

copyright protection because her brief contribution was not a separate “work of authorship”¹⁹⁹ from the audiovisual work of which it formed a part.²⁰⁰ Moreover, she had nothing to do with the fixation of the performance in a tangible medium.²⁰¹ The court further held that the actress failed to show a likelihood of irreparable harm in the defense’s failure to remove the anti-Muslim propaganda film from its website.²⁰² The court pointed out that copyright law does not function to protect privacy interests, and the Copyright Act provides no recovery for emotional distress damages.²⁰³ The actress’s claim for irreparable harm was further undercut by her delay in bringing suit after the film was uploaded to YouTube.²⁰⁴

In another case involving a contribution to an audiovisual work, *16 Casa Duse, LLC v. Merkin*,²⁰⁵ a movie director was sued by a film production company for, among other things, a declaratory judgment regarding copyright ownership of a film on which the director worked. The director filed a counterclaim seeking a declaration regarding his ownership of the film copyrights.²⁰⁶ The film’s raw footage was produced under the director’s supervision but in the absence of an executed, written agreement for his directing services because the parties were never able to reach a final agreement on a services agreement.²⁰⁷ Prior to the film company’s suit, the director registered copyrights in the raw footage and attempted to disrupt the film company’s attempts to publicize an edited version of the film.²⁰⁸ The lower district court granted the film company an injunction and summary judgment against the director on all claims and awarded damages.²⁰⁹ On the director’s appeal, the Second Circuit first noted that the parties agreed the director could not be considered a co-author because a co-author claimant must prove he intended to be a co-author and this was impossible under the facts.²¹⁰ Nor could the director be deemed a “work made for hire” because the director was not an employee of the film company and there was no written agreement between the parties.²¹¹ The court pointed out that, although the term “works of authorship” is undefined in the Copyright Act, examples in § 102 of the

199. 17 U.S.C. § 102(a).

200. 786 F.3d at 741–42.

201. *Id.* at 743–44.

202. *Id.* at 746.

203. *Id.* at 745–46.

204. *Id.* at 746.

205. *16 Casa Duse, LLC v. Merkin*, 791 F.3d 247, 253 (2d Cir. 2015).

206. *Id.* at 253.

207. *Id.* at 252–53.

208. *Id.*

209. *Id.* 254.

210. *Id.* at 255–56.

211. *Id.* at 256.

Copyright Act²¹² include “motion pictures and other audiovisual works.”²¹³ It further noted “the Act lists none of the constituent parts of any of these kinds of works as ‘works of authorship.’ This uniform absence of explicit protection suggests that non-freestanding contributions to works of authorship are not ordinarily themselves works of authorship.”²¹⁴

Citing with approval the Ninth Circuit’s recent en banc decision in *Garcia*, discussed above, the Second Circuit held that the director’s contribution to the audiovisual work was ineligible for copyright protection because such a contribution must be a free-standing work in order to create separate copyrights distinct from the film compilation.²¹⁵ The court further held that the director’s claim to own the copyrights in the raw film footage was defeated by the fact that the film production company, not the director, was the “dominant author” of the raw film footage. The film company exercised far more decision-making authority over the production of the raw film footage in comparison to the director, and thus the director could have no ownership interest in the copyrights in the raw film footage.²¹⁶

In a case involving decorative flooring product designs, *Home Legend, LLC v. Mannington Mills, Inc.*,²¹⁷ an alleged copyright infringer brought a declaratory judgment action seeking a judgment invalidating registered copyrights in a laminate flooring design asserted by the design’s owner.²¹⁸ The design owner counterclaimed for copyright infringement, and the district court granted the alleged infringer summary judgment against the design owner and its asserted infringement counterclaim.²¹⁹ On appeal by the design owner, the Eleventh Circuit reversed and remanded, holding that digitally retouched scans of wood plank were not slavish copies of nature, but were modified to look authentic and aged and expressed an idea with sufficient creativity to be protectable under the copyright laws.²²⁰ The design images also were held to be sufficiently separable from the useful article, the wood laminate flooring product, to be eligible for copyright protection.²²¹

In the area of copyright protection for clothing designs, the Sixth Circuit addressed copyright eligibility for cheerleading uniform designs. In *Varsity*

212. 17 U.S.C. § 102.

213. 17 U.S.C. § 102(a)(6).

214. *16 Casa Duse*, 791 F.3d at 257.

215. *Id.* at 258.

216. *Id.* at 260–61.

217. *Home Legend, LLC v. Mannington Mills, Inc.*, 784 F.3d 1404, 1408 (11th Cir. 2015), *cert. denied*, 136 S. Ct. 232 (2015).

218. 784 F.3d at 1408.

219. *Id.*

220. *Id.* at 1410.

221. *Id.* at 1413.

Brands, Inc. v. Star Athletica, LLC,²²² a manufacturer of cheerleading uniforms brought an action against a competitor, alleging violation of registered copyrights in two-dimensional cheerleading uniform designs, among other state law claims.²²³ The district court granted summary judgment for the competitor, finding that the graphic elements depicted in the designs of the uniforms were not separable from the utilitarian function of the uniforms, so that essentially the aesthetic features of the cheerleading uniform design merged with the functional purpose of the uniform.²²⁴ The manufacturer appealed.²²⁵ Addressing the threshold question of whether two-dimensional cheerleading uniform designs could be eligible for copyright protection, the Sixth Circuit held, in a two-to-one decision, that the Copyright Office's initial statutory interpretation and determination that the designs were eligible for copyright protection sufficient to be granted registrations, was entitled to deference under *Skidmore*.²²⁶ The court further held that the Copyright Act protects pictorial, graphic, or sculptural features of a design of a useful article (cheerleading uniforms, in this case), even if those features cannot be removed physically from the useful article, as long as those features are conceptually separable from the utilitarian aspects of the article.²²⁷ In adopting a hybrid approach, the court set forth a series of questions to be answered, in order to determine conceptual separability:

1. Is the design a pictorial, graphic, or sculptural work?
2. If the design is a pictorial, graphic, or sculptural work, then is it a design of a useful article—"an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information"?
3. What are the utilitarian aspects of the useful article?
4. Can the viewer of the design identify "pictorial, graphic, or sculptural features" "separately from . . . the utilitarian aspects of the [useful] article"?
5. Can "the pictorial, graphic, or sculptural features" of the design of the useful article "exist independently of the utilitarian aspects of the [useful] article?"²²⁸

222. 799 F.3d 468, 474–75 (6th Cir. 2015).

223. *Id.* at 474–75.

224. *Id.* at 475.

225. *Id.*

226. *Id.* at 477–78 (citing *Skidmore v. Swift & Co.*, 323 U.S. 134 (1944)).

227. *Id.* at 483.

228. *Id.* at 487–88 (quoting 17 U.S.C. §§ 101, 102).

In answering question #3, the court noted that:

“Portray[ing] the appearance of the [useful] article” and “convey[ing] information” are two utilitarian aspects that courts may not use to determine whether pictorial, graphic, or sculptural features are separable. 17 U.S.C. § 101 (defining ‘useful article’). We believe that considering these two functions’ “utilitarian aspects” in addition to an article’s other utilitarian functions for the purpose of determining the separability of a graphic design would be at odds with the Copyright Act’s definition of what makes an article a useful article.²²⁹

Because questions #4 and #5 were answered in the affirmative, the court reversed the district court and held that the graphic designs of cheerleading uniforms were copyrightable subject matter under § 101.²³⁰

B. *First Sale Doctrine*

In *Omega S.A. v. Costco Wholesale Corp.*,²³¹ a well-known watch purveyor sued Costco after Costco bought on the gray market several Omega Seamaster watches engraved with a globe design in which Omega held registered copyrights.²³² Costco purchased the watches from a third party who had purchased the watches from authorized Omega distributors outside of the United States.²³³ This purchase was made after Costco had failed to become an authorized Omega distributor.²³⁴ Costco then re-sold the watches to customers in the United States.²³⁵ Omega had authorized the initial distributor’s sales, but did not authorize the importation and subsequent sales in the United States. Omega sued Costco for copyright infringement in the importation of copyrighted work without the copyright holder’s permission.²³⁶ The lower court granted summary judgment to Costco, based upon the first sale doctrine under 17 U.S.C. § 109(a).²³⁷ The Ninth Circuit reversed the district court and remanded, in view of Ninth Circuit precedent holding the first sale doctrine did not apply to copies of copyrighted works produced abroad.²³⁸ The Supreme Court granted certiorari and, in an equally divided opinion, affirmed.²³⁹ On re-

229. *Id.* at 487.

230. *Id.* at 492.

231. 776 F.3d 692 (9th Cir. 2015).

232. *Id.* at 693–94 (citing *Omega S.A. v. Costco Wholesale Corp.*, 541 F.3d 982, 984 (9th Cir. 2008) (hereinafter *Omega I*), *abrogated by* *Kirtsaeng v. John Wiley & Sons, Inc.*, 133 S. Ct. 1351, 1359 (2013)).

233. *Id.* at 694.

234. *Id.*

235. *Id.*

236. *Id.*

237. *Id.* (citing *Omega I*, 541 F.3d at 984–85).

238. *Id.* (citing *Omega I*, 541 F.3d at 990).

239. *Id.* (citing *Costco Wholesale Corp. v. Omega, S.A.*, 562 U.S. 40 (2010) (per curiam)).

mand, the district court again granted summary judgment to Costco, but this time on the basis that Omega misused its copyright to expand its limited monopoly improperly, and granted Costco its attorney fees.²⁴⁰ Omega again appealed the district court's ruling.²⁴¹

In the latter appeal, the Ninth Circuit affirmed, holding that, under *Kirtseng*, Omega's right to control importation and distribution of its copyrighted Omega Globe logo expired after the authorized first sale in a foreign country.²⁴² Thus, Costco's subsequent sales of the watches in the United States could not be copyright infringement.²⁴³

C. Recovery of Attorney Fees

In a somewhat unusual twist regarding recovery of attorney fees, in *Ryan v. Editions Ltd. West, Inc.*,²⁴⁴ a visual artist brought a contributory copyright infringement action against a publisher of her work.²⁴⁵ After losing on summary judgment and having attorney fees awarded against it, the publisher appealed.²⁴⁶ The Ninth Circuit held, in a matter of first impression, that a state law-derived right to recover attorney fees under a fee-shifting clause in the publishing agreement between the parties would be enforced to allow the plaintiff in her copyright action to recover such fees. The Ninth Circuit reached this result even though the plaintiff normally would have been otherwise barred by the federal Copyright Act²⁴⁷ from recovering such fees, due to her failure to timely register her copyrights.²⁴⁸ The court reasoned that the federal prohibition on the recovery of attorney fees when a copyright registration was untimely, did not fall within the scope of the Copyright Act's express preemption provision,²⁴⁹ or otherwise conflict with the purposes of the Copyright Act. The court therefore held that the federal statute did not preempt the application of state law to enforce the fee-shifting provisions in the publishing agreement.²⁵⁰

240. *Id.*

241. *Id.*

242. *Omega S.A. v. Costco Wholesale Corp.*, 776 F.3d 695 (9th Cir. 2015).

243. *Id.* In concurrence, Ninth Circuit Judge Wardlaw asserted that the district court should have been affirmed instead on the basis that Omega's conduct constituted copyright misuse because the first sale doctrine was not at issue in the appeal. *Id.* at 696.

244. 786 F.3d 754, 757–58 (9th Cir. 2015).

245. *Id.* at 757–58.

246. *Id.* at 759.

247. 17 U.S.C. § 412.

248. *Ryan*, 786 F.3d at 760.

249. 17 U.S.C. § 301(a).

250. *Ryan*, 786 F.3d at 762.

