

Colorado Bar Association  
**INTELLECTUAL PROPERTY SECTION**  
**NEWSLETTER**

**October 2009**

**October IP Section Event**

**THE VALUE OF PATENTS IN EARLY STAGE COMPANIES**

Ted Sichelman

**October 29, 2009; 11: 45 a.m. – 1:15 p.m.**  
**Denver ChopHouse, Large Banquet Room**

Professor Sichelman and a team from the UC Berkeley Center for Law & Technology recently conducted the first comprehensive survey in the United States on patents and entrepreneurship. After six months of collecting data from nearly 1,500 start-up and early stage companies, the research team has now tabulated and analyzed the results. Professor Sichelman will present his groundbreaking research findings on why start-ups patent and the effects of the patent system on entrepreneurial companies.

In his presentation, Professor Sichelman will analyze the drivers of patenting by entrepreneurs. The presentation will also examine the role of patents in investment, financing, acquisition, and IPOs, with Professor Sichelman sharing his insight on the commercialization of inventions. He will also analyze the role of patents and patenting in collaborative innovation. This presentation will be of interest to IP attorneys, entrepreneurs, VCs, and others involved in early stage companies.

**PRESENTER:**

Before joining the faculty at USD, Professor Sichelman was a fellow at the University of California, Berkeley, Boalt Hall School of Law. Previously, Professor Sichelman practiced in the areas of intellectual property litigation and transactions, appellate litigation, and venture finance at the law firms of Heller Ehrman and Irell & Manella. Professor Sichelman also clerked for Judge A. Wallace Tashima of the U.S. Court of Appeals for the Ninth Circuit. Before practicing law, he founded and ran a venture-backed software company, Unified Dispatch. Professor Sichelman designed the company's software and is a named inventor on several filed patents.

Professor Sichelman earned his J.D. from Harvard Law School and an A.B. from Stanford University. His numerous publications include: "Commercializing Patents," in Stanford Law Review (forthcoming 2010); "Patenting by Entrepreneurs: An Empirical Study," in Michigan Telecommunications & Technology Law Review (forthcoming 2010); "High Technology

Entrepreneurs and the Patent System,” in Berkeley Technology Law Journal (forthcoming 2009); and “Why do Start-Ups Patent?” in 23 Berkeley Technology Law Journal 1063 (2008).

*Cost: \$35 for IP Section Members, \$45 for the general public, and CU/DU Law students are free. Includes a catered lunch. RSVP by calling (303) 860-1115 ext. 727 or by emailing lunches@cobar.org before Noon on Tuesday, October 27, 2009.*

*Cancellations after Tuesday, October 27, 2009 and no-shows will be billed for the cost of the program. Checks can be sent to the Colorado Bar Association, 1900 Grant St., Suite 900, Denver, CO 80203. Also, please call or e-mail your RSVP when sending a check. Checks should be made payable to the CBA. If leaving a message, please spell your name, specify that you are attending the Intellectual Property Section October Luncheon, leave your phone number, and specify if you would prefer a vegetarian lunch.*

## **Special October IP Section Event, co-sponsorship with Silicon Flatirons**

### **DIGITAL COPYRIGHT AND INNOVATION ONLINE: A LITTLE DOSE OF OPTIMISM**

**Fred von Lohmann, Electronic Frontier Foundation**

Tuesday, October 13, 2009; Noon – 1:30 p.m.

Wittemyer Courtroom, Wolf Law Building, University of Colorado

**1 CLE credit**

A number of court rulings have begun to create some clarity about the copyright rules that apply to Internet services that rely on "user generated content" (e.g., YouTube, Flickr, Blogger, Facebook, eBay). Those rules, founded on legislation passed by Congress in 1998, have made it possible for these online services to thrive. In response, members of the entertainment industry are howling about piracy and business model armageddon.

In his talk, Fred von Lohmann will provide an overview of the emerging copyright rules and argue that Congress, the courts, and the marketplace have struck a balance that is proving surprisingly successful in protecting copyright incentives, stimulating innovation, and encouraging private ordering in the marketplace.

#### **PRESENTER:**

Fred von Lohmann is a senior staff attorney with the Electronic Frontier Foundation, specializing in intellectual property matters. In that role, he has represented programmers, technology innovators, and individuals in a variety of copyright and trademark litigation, including *MGM v. Grokster*, decided by the Supreme Court in 2005. He is also involved in EFF's efforts to educate policy-makers regarding the proper balance between intellectual property protection and the public interest in fair use, free expression, and innovation. Before joining EFF, Fred was a visiting researcher with the Berkeley Center for Law and Technology and an associate with the international law firm of Morrison & Foerster LLP. He has appeared on CNN, CNBC, ABC's Good Morning America, and Fox News O'Reilly Factor and has been widely quoted in a variety of national publications. Fred has an A.B. from Stanford University and a J.D. from Stanford Law School.

*Cost: Free. Register at <http://www.silicon-flatirons.org/registration.php?id=762>*

## **Future IP Section Events**

### **November IP Section Event**

#### **THE INTERPLAY OF PATENTS AND STANDARDS**

Jud Cary, Vice President Video Technology Policy and Deputy General Counsel,  
CableLabs

Aaron Brodsky, Director, IP Law Group, Sun Microsystems

Lexy DeVane, General Counsel, MPEG-LA

David Rudin, Senior Attorney, Microsoft Corporation

**November 18, 2009; 11: 45 a.m. – 1:15 p.m.**

**CableLabs, Louisville, CO**

*Sign-up information is forthcoming shortly.*

### **December IP Section Event**

#### **TRENDS IN COVENANTS NOT TO COMPETE**

Victoria Cundiff, Partner, Paul Hastings, New York, NY

**December 9, 2009; 11: 45 a.m. – 1:15 p.m.**

**Denver ChopHouse, Large Banquet Room**

*Sign-up information is forthcoming shortly.*

## Report on Past IP Section Events

### Report on September 23, 2009 IP Section Luncheon: **EMERGING TRENDS AND STRATEGIES IN REEXAMINATION**

On September 23, 2009, Steve Kunin and Hal Wegner, two veterans of the United States Patent and Trademark Office and patent law generally, presented and debated about the direction of patent reexamination proceedings. Mr. Kunin presented statistics that reflect the dramatic increase of both *ex parte* and *inter partes* requests for reexaminations and that the PTO is accepting over 90% of such requests. One striking fact is that while historically, requests for reexamination were not associated with litigation, since 2007, 66% of requests for reexamination are associated with pending litigation – confirming that reexaminations have become a tool in the arsenal of patent litigators. Mr. Kunin also emphasized that reexaminations could be an effective tool for patent holders to clear existing patent claims over prior art, add dependent claims, and/or breathe new life by amending claims that would otherwise be invalid.

Mr. Wegner discussed reexamination in the context of legislative reform and cautioned that even if passed, the currently proposed reform legislation would unlikely apply to any pending reexaminations. He concurred with Mr. Kunin that reexaminations – particularly *inter partes* reexaminations – had been particularly effective for litigators in killing independent claims of issued patents and that the statistics suggested that examiners at the PTO felt pressured to reject claims in order to justify their work. However, Mr. Wegner challenged the audience of practitioners to consider whether such practices were appropriate (both from a litigant and examiner perspective) and recommended systemic changes to the *inter partes* reexamination process, including (1) limiting examination by the PTO to only issues specifically presented through the reexamination request (as opposed to considering any and all issues related to the claims as a whole); (2) eliminating the duty of disclosure on the part of the patentee during an *inter partes* reexamination; (3) increasing the control of the PTO Director both on pre- and post-appeal proceedings; and (4) increasing the number of examiners performing reexaminations.

Both Mr. Kunin and Mr. Wegner reflected the rich history of reexaminations before the PTO to discuss the path of reexaminations in the future. Their presentation materials are available to registered users of the IP Section Blog under the “Past Events” tab, and a video replay of the presentation is available through CBA/CLE.

## **ANNOUNCEMENTS:**

### **Free Program - Emerging Patent Landscape in China – October 20, 2009 11:00 am – 1:00 pm**

The Colorado Nanotechnology Alliance invites you to this event featuring Beijing IP Attorney Horace Lam, Partner, Lovells LLP, on Tuesday, October 20, 2009, 11:00 am to 1:00 pm, at the University of Denver Sturm College of Law. The program is free of charge and no rsvp is necessary. You are welcome to bring a brown bag lunch (food will not be served.) For more information, send an email to: [conano@coloradonanotechnology.org](mailto:conano@coloradonanotechnology.org).

### **Rocky Mountain Chapter of the Copyright Society CLE – October 23, 2009**

**12:00 p.m. -1:30 p.m.**

On October 23, the Rocky Mountain Chapter of the Copyright Society of the USA is co-hosting a CLE luncheon featuring Judy Saffer and Helene Blue on "What is the Music Industry Today? A Conversation." Judy Saffer is Assistant General Counsel at BMI, former president of the Copyright Society of the USA and of the AIPLA, and former counsel to the U.S. State Department on copyright issues and Helene Blue of Helene Blue Musique, an expert on music publishing, immediate past president of the Copyright Society of the USA, and on the board of directors of the National Music Publisher's Association.

One general CLE credit has been applied for. The cost for the luncheon is \$15 for Section Members, \$20 for Non-Section Members, \$10 for Students and \$30 for Non-CBA Members. Interested parties can RSVP to 303.860.1115, x727 or register by e-mail to <mailto:lunches@coabar.org>.

### **INTA Trademark Roundtable – October 27, 2009**

**12:00 p.m. – 2:00 p.m.**

INTA's Roundtable, "*Using Multi-Jurisdiction Filing Options*" will take place at Holme Roberts & Owen located at 1700 Lincoln Street, Suite 4400, Denver, Colorado and will cover such topics as:

#### **The Madrid System**

- Covers the types of Issues or strategies you take when filling through the Madrid System versus filing nationally.
- How have you learned to understand the terminology that WIPO uses?

#### **Community Trademarks**

- What issues do you consider when deciding whether to file a CTM versus filing nationally in the member states?
- How have you handled refusals to register from OHIM on absolute grounds due to descriptiveness or lack of acquired distinctiveness?

#### **Registered Community Designs**

- What issues do you consider when deciding whether to file a RCD versus a national (industrial) design registration?
- How have you handled the novelty time limit (1-year from first public disclosure) in order to have a valid RCD?

This Roundtable is the perfect vehicle to network and trade thoughts with your peers, compare and learn new strategies, and address common issues and challenges facing the trademark and intellectual property community.

You can get information about registration at [www.inta.org](http://www.inta.org).

## **Taped IP Section Luncheon Meetings**

CBA/CLE tapes the IP Section Luncheons for later access and CLE credit. The following IP Section meetings are now available online:

Global IP Strategy  
Reexamination

They can be found at:

<http://www.cobar.org/cle/onlineprograms.cfm?nextrow=1&majorcat=Intellectual%20Prop>.

In addition, the CBA/CLE Program “Life Cycle of Patent Litigation” can also be found at the same link.

## **Call for Suggestions or Ideas**

The IP Section Officers are also soliciting your suggestions and ideas for topics and speakers for our Luncheon programs for 2010. Please forward any comments you may have to Nina Wang at [nwang@faegre.com](mailto:nwang@faegre.com).

## **IP Newsletter**

Subject to editorial discretion and review, the IP Section newsletter is open to the submission of short articles and columns on IP topics of interest. If you are interested in contributing, please contact Nina Wang at [nwang@faegre.com](mailto:nwang@faegre.com).

## **IP Section Website**

Don't forget to check out the Colorado Bar Association website. Please refer to it often for updates on news and events.

<http://www.cobar.org/group/index.cfm?EntityID=PATENT>

The Colorado Bar Association has posted member directories for each practice section on-line. See ours at:

<http://www.cobar.org/directory/sections.cfm?section=PATENT>

Our contact at the Colorado Bar is Melissa Nicoletti, the Director of Sections and Committees. She can be reached at (303) 824-5321, or [melissan@cobar.org](mailto:melissan@cobar.org).

## **IP Section Blog**

The IP Section blog is at <http://www.ipsectioncolorado.org/>. You can find news from and links to other Colorado and national IP resources, connect with other IP Section members, provide input to Section Officers, and get up-to-date information about IP Section activities. Be sure to register to get the full benefit of the blog.

## Recently Filed U.S.D.C. Colorado Cases

CAPTION	TYPE	CASE NO.	JUDGE	FILING ATTORNEY(S)
Hildebrand v. Titan et al.	Patent	09cv2141	Robert E. Blackburn	Pro Se
Home Design Servies, Inc. v. Peters	Copyright	09cv2156	Richard P. Matsch	Anthony M. Lawhon Naples, FL
Heckler & Koch, Inc. v. Iron Ridge Arms Company	Trademark	09cv2176	Marcia S. Krieger	Marc David Flink Baker & Hostetler
Iwapi Inc. v. Maldonado	Patent	09cv2181	Philip A. Brimmer	Robert R. Brunelli Sheridan Ross
Otter Products, LLC v. Doe	Trademark	09cv2213	Chistine M. Arguello	Erik G. Fischer Erik G. Fischer, LLP
Kong Company, LLC v. The Petstages, Inc.	Patent	09cv2239	Wiley Y. Daniel	Todd P. Blakely Sheridan Ross
Warren Miller Entertainment, Inc. v. Level 1 Productions, Inc.	Trademark	09cv2254	Christine M. Arguello	K.C. Groves, Jr. Ireland Stapleton Pryor & Pascoe
Fusion Specialties, Inc. v. Banks	Patent	09cv2310	Robert E. Blackburn	William D. Meyer Hutchinson Black and Cook LLC
Metropolitan Homes, Inc. v. Metropolitan Homes Real Estate, Inc.	Trademark	09cv2377	Wiley Y. Daniel	Todd P. Blakely Sheridan Ross, P.C.

Please email Nina Wang at [nwang@faegre.com](mailto:nwang@faegre.com) with any interesting Colorado District Court IP decisions or IP news involving Colorado Companies.

# IP LAW DEVELOPMENTS FROM BNA

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## **Copyrights**

### **Court Struggles to Distinguish 'Mandatory' From 'Jurisdictional' in Interpreting §411(a)**

Argument before the U.S. Supreme Court on Oct. 7 in a case regarding whether a federal court can administer a settlement in a case involving unregistered works seemed to leave justices struggling to resolve a complex question of federal jurisdiction. Alternatively, some of the justices seemed to suggest that rather than reaching the jurisdictional question, the courts should simply apply the standards set forth in federal class action law to determine whether the proposed settlement is fair (*Reed Elsevier Inc. v. Muchnick*, U.S., No. 08-103, argued 10/7/09).

How this case comes out could reveal whether the Copyright Act as it is written is useful in resolving disputes in an age in which technology means that new uses of copyrighted works necessarily involves a multitude of copyright owners, many of whom will not have registered their works, one intellectual property law expert told BNA.

The implications seem particularly relevant to a controversial proposed settlement between copyright owners and Google Inc. over Google's mass scanning of the entire contents of several of the world's most respected libraries. That settlement process also implicates rights in numerous unregistered works as well as orphan works whose owners cannot be located.

If class actions cannot be settled by agreements that encompass the rights of owners of unregistered works as well as registered works, the feasibility of large online databases itself is called into question, according to J. Bennett Clark of Bryan Cave, St. Louis, who spoke to BNA after the argument.

"What does it mean for where we're at technologically?" Clark asked. "Do people need to pull down all their databases? Does the entire idea of databasing come down because a federal court can't consider a settlement" that includes unregistered works?

### **Tasini Contemplated Broad Settlement**

This proceeding has its origins in a 2001 decision by the Supreme Court that said that freelance authors had a right to negotiate separate licenses when their works were incorporated into online databases. Prior to 2001, freelance authors had initiated multiple actions against publishers, alleging that the republication of their works in electronic form without a separate license was infringing their rights. The lawsuits were suspended pending Supreme Court action on the issue. In 2001, the Supreme Court ruled that the revision privilege held by publishers of collective works under 17 U.S.C. §201(c) does not cover the republication of freelance authors' articles in electronic databases. *New York Times Co. v. Tasini*, 533 U.S. 483, 59 USPQ2d 1001 (2001) (122 PTD, 06/26/01).

The suspended class actions were then reactivated, and freelance authors and journalists sought compensation for the use of their works in large databases, alleging that their original freelance contracts had not authorized the publishers to reproduce their works electronically. The freelance authors sought certification for a class action. In 2005, following lengthy negotiations and mediation, the freelancers and publishers reached a settlement (64 PTD, 04/5/05).

A group of authors whose works had not been registered until after 2002 or had never been registered objected to the terms of the settlement, which offered them less money than was offered to other members of the class. The U.S. District Court for the Southern District of New York certified the class and approved the settlement. The objectors appealed to the U.S. Court of Appeals for the Second Circuit, arguing that the settlement was not fair, reasonable, and adequate, as required under class action law. They preferred a royalty system, through which any use of any work would result in compensation, regardless of its registration status in 2002.

However, the Second Circuit did not reach the question of fairness. Instead it raised sua sponte the question of whether the district court had any authority to entertain the settlement and concluded that it did not. In re Literary Works in Electronic Databases Copyright Litigation, 509 F.3d 116, 85 USPQ2d 1217 (2d Cir. 2007) (231 PTD, 12/3/07).

This conclusion was based on a provision of the Copyright Act, 17 U.S.C. §411(a), which states:

[N]o action for infringement of the copyright ... shall be instituted until ... registration of the copyright claim has been made .... In any case, however, where ... registration has been refused, the applicant is entitled to institute an action for infringement if notice thereof, with a copy of the complaint, is served on the Register of Copyrights. The Register may, at his or her option, become a party to the action with respect to the issue of registrability ..., but the Register's failure to become a party shall not deprive the court of jurisdiction to determine that issue.

The publishers petitioned the Supreme Court for a writ of certiorari and the court granted the petition, but given that none of the parties to the litigation supported the Second Circuit's jurisdictional ruling, the court appointed someone to argue for the appeals court's position.

### **Two Lines of Cases on Jurisdictional Limitations**

Over the course of the oral arguments Chief Justice John G. Roberts Jr. seemed to be probing the parties' attorneys to determine which of two lines of jurisprudence should be applicable in this case.

The first option is represented by *Arbaugh v. Y & H Corp.*, 546 U.S. 500 (2006), which set forth a bright-line rule that a statutory provision will be considered a jurisdictional limitation on a court's authority based on a clear statement by Congress; otherwise, the limitation should be read as non-jurisdictional.

The second line of cases is represented by *Bowles v. Russell*, 551 U.S. 205 (2007), which found a limitation to be jurisdictional based on precedential treatment of it as a jurisdictional limitation and because it was statutory rather than set forth in court rules.

Charles S. Sims of Proskauer Rose, New York, began his argument for the petitioners by noting the bright-line rule of *Arbaugh*.

Roberts interrupted him, stating "I think you are right that *Arbaugh* at least set forth a clear statement rule, but I think that's significant only going forward. I don't know that Congress, when it passed this provision, could have been aware of the clear statement rule that *Arbaugh* articulated."

Sims noted that *Rockwell International Corp. v. United States*, 549 U.S. 457 (2007), applied the bright-line rule to a statute enacted prior to the issuing of the *Arbaugh* decision.

Roberts later compared the language that in *Bowles* was held jurisdictional—"no appeal shall bring any ... proceeding of a civil nature before a court of appeals for review unless notice of appeal is filed, within thirty days after the entry of [a] judgment, order or decree"—to the language in Section 411(a)—"no action ... shall be instituted."

"[I]t does seem to me that the language here, 'no suit shall be instituted,' sounds an awful lot like 'suit shall be barred,' or the other language in ... *Bowles*," Roberts said.

### **Fairness of Class Action Settlement**

Justice John Paul Stevens and Justice Stephen G. Breyer pressed the lawyers arguing before them to explain why whatever public interest was being served by copyright registration would not be adequately addressed by permitting a district court to evaluate a settlement's fairness, reasonableness, and adequacy under the class action statute.

"I don't understand how it makes any difference whether you say the rule is mandatory or the rule is jurisdictional, in terms of the fairness of the settlement, at the end of the line," Stevens said.

Sims replied: "I don't think that has anything to do with the fairness of the settlement. I think we are here because the Second Circuit blew up the settlement and said we can't settle this case, and the only way it was settleable

was to give the publishers and the databases complete peace by clearing all” potential claims, even those over unregistered works.

Breyer also noted the difficulty posed to the maintenance of databases if a global settlement could not be reached.

If “there’s some [copyright owners] that can’t be found, we just can’t create our database,” Breyer said. “I mean, that’s the problem that’s underlying the fairness of this thing. In terms of if we take [the Second Circuit’s] approach, no matter how hard it is to find owners, you are just out of luck. That is to say, there will not be databases collected, because they cannot be complete because we cannot find the owner. If we take the position that [the registration issue] is sometimes waivable, that obstacle disappears and now it’s a question of the fairness of the situation.”

Deborah Jones Merritt, a law professor at Ohio State University, Columbus, Ohio, who was appointed by the court to argue for affirmation of the appeals court’s ruling, replied that the database companies were not unique in facing such a situation. She argued that the Copyright Act has struck the balance in this way “because Congress wants to protect the rights of copyright owners. Congress has more than 200 years’ experience balancing these two interests.”

Jones Merritt noted that there is currently orphan works legislation before Congress that, if enacted, would address the problem of use of works whose copyright owners cannot be found.

However, Breyer continued to suggest that the interests of copyright owners would be adequately taken into account in the fairness analysis conducted by a district court.

Jones Merritt replied: “This is ... the system that Congress put in play .... [E]ven without getting to the jurisdictional issue. Congress may change that disposition, and that is within Congress’s control. What they have been trying to do is to balance the interest of the copyright owner with the interest of the public in using works. ... Section 411(a) is actually a vital cog as part of that balance, because what Section 411(a) does is it says to the copyright owner, ‘Don’t worry about all this business of registering or anything else. You have your copyright .... If it ever becomes important to you to bring a lawsuit, then you can register at that time ....’ It’s a deal that Congress has offered to copyright owners in order to strike this particular balance between the public interest and the private interest.”

Stevens brought Jones Merritt back to the question again, restating his position that the fairness of the settlement seemed to be the key issue.

Jones Merritt noted that requiring the entire class to be subject to the settlement would extinguish any potential claim they could make without their participation. However, Breyer replied, that a district court could, in considering the fairness of a settlement, require that the claim rights of some members of the class be preserved.

### **Hybrid Rule Proposed**

In striking the balance between concluding whether registration was “mandatory” or whether it was “jurisdictional,” Justice Ruth J. Bader Ginsburg asked about a “hybrid” rule, incorporating waivability, under which a “district court should raise the failure to register on its own, but then the government says once you have a final judgment in district court, it’s no longer open for the court of appeals to raise on its own.”

Such a proposal was addressed by Ginger D. Anders of the Office of the U.S. Solicitor General, Washington, D.C., who spoke for the government as *amicus curiae*.

Anders said, “Section 411(a)’s registration requirement falls in the middle of those two extremes [of unwaivable and fully waivable]. It is not jurisdictional, but it should not be fully waivable. The provision does not speak to the power of the courts to decide cases and therefore it does not limit the court’s jurisdiction to adjudicate infringement suits. But, because of this phrase and mandatory language, the requirement should be strictly enforced whenever the defendant asserts it, and because the requirement serves important public interests that are independent of the concerns of the parties to any individual suit.”

In a "rare case" like the instant case, it did not violated the public interest to allow the court to consider the settlement, she said.

### **Jones Merritt: Plain Language Is Jurisdictional**

Jones Merritt argued that a reading of the plain language of the statute was unambiguously jurisdictional. She noted that even in a case such as *Hallstrom v. Tillamook County*, 493 U.S. 20 (1989), the jurisdictional issue trumped complex litigation. Furthermore, Merritt said, even if a hybrid approach were adopted, the result in the instant case should still be to affirm the Second Circuit.

"The parties raised Section 411(a) quite clearly to the district court," Merritt said. "They used this provision as their major defense of both the substance of the settlement's fairness and the representation."

Merritt also noted the explicit use of the word "jurisdiction" in the statutory provision.

"[A]ny plain reading of this section will show ... that Congress intended the entire provision to refer to the jurisdiction of the court," she said.

### **Far-Reaching Implications**

Reviewing the justices' remarks, Bryan Cave's Clark told BNA that it "would not be a shocker if ultimately the court opted not to take on the 411(a) jurisdiction versus mandatory question. ... We might wind up in an entirely different nonjurisdictional type of direction."

Clark noted the necessity of the court's appointing an advocate for the Second Circuit's position. "Between the parties and Sevens and Breyer all pointing more towards 'let's look at the fairness of the settlement and not the jurisdiction' and ... Roberts wondering aloud which of two different directions to go ... the only person fighting for the Second Circuit" being the appointed advocate "it's almost like 'Do we really need to take this jurisdictional stuff on here?'"

Ultimately, it would represent a setback for innovation if a class action mechanism could not be used to solve the electronic database problem because of the registration issue, he said.

"The issue is can wide bodies of issues be worked out if less than all alleged copyright owners disagreed?" Clark asked.

The court's newest justice, Sonia M. Sotomayor, did not participate in this case.

By Anandashankar Mazumdar

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***Other IP Cases in the Supreme Court***

### **Supreme Court Will Not Review Ruling Barring Webcasting in Tenenbaum Case**

The U.S. Supreme Court opened its new term by declining to hear a number of intellectual property cases. The court also sought a brief from the solicitor general expressing the government's views in a pending copyright case.

On Oct. 5, the court denied a petition for a writ of certiorari in *Tenenbaum v. Sony BMG Music Entertainment Inc.* (U.S., No. 09-1506, review denied 10/5/09), appealing the First Circuit's ruling that a federal district court exceeded its discretion in allowing streaming internet coverage of a hearing in a recording industry case against a university student alleged to have illegally downloaded and shared copyrighted music files over the World Wide Web. In *re Sony BMG Music Entertainment Inc.*, 564 F.3d 1, 9 USPQ2d 1481 (1st Cir. 2009) (77 PTCJ 700, 4/24/09). The petition argued that a ban on live broadcast of legal proceedings violated the First and Fifth Amendment rights of the public and litigants. The appeals court held that such webcasts were forbidden by the court's local rules and were contrary to a 1996 resolution adopted by the First Circuit Judicial Council. The petition was filed June 2 (78 PTCJ 263, 6/26/09).

The defendant in that case, Joel Tenenbaum, was barred from asserting fair use as a defense (78 PTCJ 407, 7/31/09) and he ultimately was found liable for \$675,000 in damages for copyright infringement (78 PTCJ 433, 8/7/09).

### **Government Brief Sought**

In other action, the court invited the solicitor general to submit a brief in *Costco Wholesale Corp. v. Omega S.A.* (U.S., No. 08-1423, brief invited 10/5/09), appealing the Ninth Circuit's ruling that a defendant accused of infringing copyrighted watch designs may not rely on the Copyright Act's first sale doctrine as a defense when the products were neither produced, nor first sold by the copyright owner within the United States. *Omega S.A. v. Costco Wholesale Corp.*, 541 F.3d 982, 88 USPQ2d 1102 (9th Cir. 2008) (76 PTCJ 658, 9/12/08). The petition was filed May 18 (78 PTCJ 156, 6/5/09).

Patent law commentator Harold Wegner said in an Oct. 6 listserv posting that, while the Costco case raises first sale issues in the context of copyright law, "there are obvious implications for patent law as well."

### **PTO Board Challenge, Other Cases Rejected**

The court also denied certiorari in several other cases:

- In *DBC LLC v. Patent and Trademark Office* (U.S., No. 08-1284, review denied 10/5/09), appealing the Federal Circuit's ruling that decisions by panels including purportedly "unconstitutionally appointed" patent administrative board judges are not subject to appellate review unless the issue was raised before the board initially. *In re DBC LLC*, 545 F.3d 1373, 89 USPQ2d 1123 (Fed. Cir. 2008) (77 PTCJ 14, 11/7/08). The petition was filed May 15 (78 PTCJ 32, 5/8/09).
- In *Alphapharm Pty. Ltd. v. Takeda Chemical Industries Ltd.* (U.S., No. 08-1463, review denied 10/5/09), appealing the Federal Circuit's ruling that a district court did not clearly err in determining that a lawsuit over a patent claiming the active ingredient in the diabetes drug Actos was an exceptional case warranting an attorneys' fee award because the invalidity assertions in the Paragraph IV certifications filed by the infringement defendant were indeed "baseless." *Takeda Chemical Industries Ltd. v. Mylan Laboratories Inc.*, 549 F.3d 1381, 89 USPQ2d 1218 (77 PTCJ 155, 12/12/08). The petition was filed May 26 (78 PTCJ 263, 6/26/09).
- In *Mylan Laboratories Inc. v. Takeda Chemical Industries Ltd.* (U.S., No. 08-1461, review denied 10/5/09), appealing the same ruling as the Alphapharm petition. The petition was filed May 26 (78 PTCJ 263, 6/26/09).
- In *Ritchie v. Vast Resources Inc.* (U.S., No. 09-97, review denied 10/5/09), appealing the Federal Circuit's ruling that the use of borosilicate glass—a material well-known for more than a century—to make sex toys that have already been made from other kinds of glass is obvious under the Supreme court's obviousness jurisprudence. *Ritchie v. Vast Resources Inc. d/b/a Topco Sales*, 563 F.3d 1334, 90 USPQ2d 1668 (Fed. Cir. 2009) (78 PTCJ 4, 5/1/09). The petition was filed July 22 (78 PTCJ 473, 8/14/09).
- In *Boston Scientific Scimed Inc. v. Cordis Corp.* (U.S., No. 09-103, review denied 10/5/09), appealing the Federal Circuit's ruling that a patent for a drug-eluting metallic stent that incorporated both a drug-eluting layer and a drug-free layer of coatings was obvious over a prior art patent that contained two embodiments of a stent that, when combined, contained all the limitations of the patent. *Boston Scientific Scimed Inc. v. Cordis Corp.*, 554 F.3d 982, 89 USPQ2d 1704 (Fed. Cir. 2009) (77 PTCJ 292, 1/23/09). The petition was filed July 22 (78 PTCJ 473, 8/14/09).
- In *Chrin v. Ibrix Inc.* (U.S., No. 08-1519, review denied 10/5/09), appealing the Third Circuit's unpublished ruling that a federal district court did not err in accepting an affidavit regarding the value of a patent by a party seeking to remove a case from state court to federal court. *Chrin v. Ibrix Inc.*, 293 Fed. App'x 125 (3d Cir. April 8, 2008). The petition was filed May 5 (78 PTCJ 263, 6/26/09).
- In *Milton H. Greene Archives Inc. v. BPI Communications Inc.* (U.S., No. 08-1577, review denied 10/5/09), appealing the Ninth Circuit's unpublished ruling that under the general publication doctrine photographs by Marilyn Monroe associate Milton H. Greene that in the 1950s were submitted to movie studios for promotional purposes were in the public domain, even if some works were not used at all. *Milton H. Greene Archives Inc. v.*

BPI Communications Inc., No. SA CV 04-635-GLT (MLGx) (9th Cir. June 7, 2005). The petition was filed June 22 (78 PTCJ 305, 7/10/09).

- In Briarpatch Ltd. v. Geisler Roberdeau Inc. (U.S., No. 09-78, review denied 10/5/09), appealing the Second Circuit's unpublished ruling that a plaintiff in a copyright infringement case did not hold copyright interest in the allegedly infringed works. Briarpatch Ltd. v. Phoenix Pictures Inc. 312 Fed. App'x 433 (2d Cir. 2009). The petition was filed July 20 (78 PTCJ 473, 8/14/09)

### **Petition Filed**

On Sept. 16, a petition for a writ of certiorari was filed in *Astellas Pharma Inc. v. Lupin Ltd.* (U.S., No. 09-335, review sought 9/16/09), appealing the Federal Circuit's ruling that infringement of a product-by-process patent claim requires a showing of equivalent processes used in making the alleged infringer's product. *Abbott Laboratories v. Sandoz Inc.*, 566 F.3d 1282, 90 USPQ2d 1769 (Fed. Cir. 2009) ( 78 PTCJ 106, 5/29/09). The petition argues that the appeals court's decision is contrary to Supreme Court precedent, such as in *Bonito Boats v. Thunder Craft Boats*, 489 U.S. 141, 148, 9 USPQ2d 1847(1989) (37 PTCJ 377, 391, 2/23/89).

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**Patents**

### **Federal Circuit Denies Stanford Standing To Sue for AIDS Therapy Patent Infringement**

Stanford University had no standing to bring a patent infringement lawsuit because one of the inventors had assigned his rights prior to conception of the invention, the U.S. Court of Appeals for the Federal Circuit ruled Sept. 30 (*Board of Trustees of the Leland Stanford Junior University v. Roche Molecular Systems Inc.*, Fed. Cir., No. 2008-1509, 9/30/09).

The inventor had assignment agreements with both the university and the predecessor in interest to the defendant in the case, Roche Molecular Systems Inc. While ruling that Roche could use its agreement with the inventor to prevent Stanford from bringing the case without the inventor, the court also denied Roche's ownership claim because the statute of limitations for that claim had lapsed.

The court also rejected Stanford's arguments based on the Bayh-Dole Act, saying that the government's interest in the ownership cannot override a prior assignment.

### **Court Declines to Resolve Ownership on Mandamus**

The patents at issue (5,968,730; 6,503,705; and 7,129,041), all titled "Polymerase Chain Reaction Assays for Monitoring Antiviral Therapy and Making Therapeutic Decisions in the Treatment of Acquired Immunodeficiency Syndrome," involve correlating measurements of HIV nucleic acids obtained through a PCR assay with determining whether a therapy is effective.

The inventors include a Stanford researcher, Mark Holodniy, who was part of a collaboration on related technology between the university and Cetus, a company where PCR techniques matured in the early 1980s. While Holodniy's agreement with Stanford included language that he would "agree to assign" patent rights to the university, his consulting agreement with Cetus recited that, "I will assign and do hereby assign" intellectual property rights.

Roche acquired Cetus's assets in 1991. The first patent application on the technology was filed in 1992. The parties negotiated possible licensing terms, but when those negotiations failed, Stanford filed a lawsuit alleging that Roche's HIV detection kits infringed the patents.

Judge Marilyn Hall Patel of the U.S. District Court for the Northern District of California first granted Stanford's motion for summary judgment, ruling that Roche was barred from asserting that it was the owner of the disputed patents, that it had a license, and that Stanford lacked standing.

The Federal Circuit in 2008 denied Roche's petition for a writ of mandamus. *In re Roche Molecular Systems Inc.*, 516 F.3d 1003, 85 USPQ2d 1843 (Fed. Cir. 2/1/08) (75 PTCJ 358, 2/8/08). But in dissent, Judge Pauline

Newman said, "It is as inappropriate as it is unnecessary to require trial to proceed on the issues of infringement, without resolving the threshold questions of ownership of the inventions."

The case did not go to trial, though, as Patel granted Roche's motion for summary judgment of invalidity, finding that an article in the prior art provided sufficient information such that it would be obvious to try the particular marker used in the claimed assay, and that no prior art references taught away from use of that marker. *Board of Trustees of the Leland Stanford Junior University v. Roche Molecular Systems Inc.*, 563 F. Supp. 2d 1016 (N.D. Cal. 2008) (76 PTCJ 222, 6/13/08).

Stanford appealed the invalidity ruling. Roche appealed the court's judgments as to the parties' respective ownership rights in the patents.

### **Ownership Interest Bars Standing**

Judge Richard Linn addressed the ownership issues only. Though he agreed with Patel that Roche's ownership's claims were barred by California's statute of limitation laws, he ruled that Holodniy's interest in the patents had been assigned.

The court first distinguished Roche's ownership argument as an affirmative defense to Stanford's standing from its assertion of ownership rights, and faulted the lower court for dismissing the former. Citing California law, the court said that "a defense may be raised at any time, even if the matter alleged would be barred by a statute of limitations if asserted as the basis for affirmative relief."

Linn also referenced his own court's jurisprudence in adding that "It is well settled that questions of standing can be raised at any time and are not foreclosed by, or subject to, statutes of limitation," citing *Pandrol USA LP v. Airboss Railway Products Inc.*, 320 F.3d 1354, 1367, 65 USPQ2d 1985 (Fed. Cir. 2003) (65 PTCJ 385, 2/28/03).

Refusing to give assignment effect to Holodniy's agreement with Stanford, Linn said "the contract language 'agree to assign' reflects a mere promise to assign rights in the future, not an immediate transfer of expectant interests," citing *IpVenture Inc. v. Prostar Computer Inc.*, 503 F.3d 1324, 1327, 84 USPQ2d 1853 (Fed. Cir. 2007).

In contrast, the "do hereby assign" language in the Cetus agreement meant that "Cetus's equitable title converted to legal title no later than the parent application's filing date," Linn said. When Holodniy finally, in 1995, executed an assignment of his rights in the 1992 application to Stanford, he no longer had such rights to assign, according to the court.

The court further rejected Stanford's argument that the Bayh-Dole Act negated Holodniy's assignment to Cetus since the invention proceeded from NIH-funded research, giving the government discretionary rights and Stanford the right to take complete title to the inventions as a "right of second refusal" under 35 U.S.C. §§200-212.

But "Bayh-Dole does not automatically void ab initio the inventors' rights in government-funded inventions," Linn said, citing *Central Admixture Pharmacy Services Inc. v. Advanced Cardiac Solutions P.C.*, 482 F.3d 1347, 1352-53, 82 USPQ2d 1293 (Fed. Cir. 2007) (73 PTCJ 703, 4/13/07), nor did that statute void Holodniy's rights, assigned to Cetus, in the instant case.

In a footnote, however, the court also made a point that it was not expressing an opinion "as to whether Holodniy's execution of the [agreement with Cetus] violated any provisions of the Bayh-Dole Act, or whether the Act provides the Government or Stanford some other legal recourse to recover Holodniy's rights."

### **But Roche Too Late to Claim Ownership**

But the court also affirmed the lower court's denial of Roche's counterclaim for a judgment for patent ownership pursuant to a running of California's four-year statute of limitations on contract claims and "all causes of action that do not fall under specific statutes of limitation."

A Stanford employee had made a presentation to Cetus in 2000, specifically noting the issuance of the first patent, so Roche was on notice as of that presentation, the court said. Since the other two patents were filed after that presentation, Roche argued that the cause of action for each did not accrue until issuance of each. But the

court disagreed, saying that “Roche had explicit notice that Stanford intended to secure additional patents to the same subject matter” no later than 2001.

Finally, the court distinguished its holding in *DDB Technologies LLC v. MLB Advanced Media LP*, 517 F.3d 1284, 85 USPQ2d 1942 (Fed. Cir. 2008) (75 PTCJ 443, 2/29/08), in which the court did not apply a Texas statute of limitation to patent ownership claims. In that case, a Texas statute barred an assignor from urging estoppel or waiver against an assignee, but Roche did not argue and the court could not identify any similar California law.

Therefore, the district court correctly dismissed Roche's ownership claim, the court said.

In any case, though, the court concluded, “While Roche's failure to timely seek a judgment of ownership defeats its counterclaim, it does not alter the fact that Stanford cannot establish ownership of Holodniy's interest and lacks standing to assert its claims of infringement against Roche.”

Consequently, the court also vacated the lower court's invalidity ruling and remanded with instructions to dismiss the case.

Judges Sharon Prost and Kimberly Ann Moore joined the opinion.

Ricardo Rodriguez of Cooley Godward Kronish, Palo Alto, Calif., represented Stanford. Roche was represented by Adrian R. Pruetz of El Segundo, Calif.

By Tony Dutra

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## **IP Section Officer Contact Information**

### Chair:

Michael Drapkin, Esq.  
Townsend and Townsend and Crew  
1400 Wewatta Street, Suite 600  
Denver, CO 80202  
303.571.4000  
mldrapkin@townsend.com

### Vice-Chair:

John Posthumus, Esq.  
Greenberg Traurig, LLP  
1200 17th Street, Suite 2400  
Denver, CO 80202  
303.572.6500  
posthumusj@gtlaw.com

### Secretary/Treasurer:

Nina Y. Wang, Esq.  
Faegre & Benson, LLP  
3200 Wells Fargo Center  
1700 Lincoln Street  
Denver, CO 80203  
303.607.3500  
nwang@faegre.com

All correspondence, phone calls, facsimiles and emails concerning this newsletter, as well as advertising submissions should be directed to Nina Y. Wang at [nwang@faegre.com](mailto:nwang@faegre.com).