Intellectual Property

by Laurence P. Colton*

I. INTRODUCTION

This Article surveys legal developments in the area of intellectual property relevant to the Eleventh Circuit during the 2011 calendar year. This year, the developments will be presented in a different manner. In recent years, national and state case law has been the primary driver of the developments. However, in 2011, the more interesting and more pertinent drivers have been statutory and practical in nature, both national and international, yet all equally pertinent to the practice of intellectual property law in the State of Georgia.

Intellectual property law comprises several discrete yet overlapping areas of law. The four primary areas of intellectual property law historically are patent law, trademark law, copyright law, and trade secret law.[1] As the basis for patent law and copyright law are provided for in the United States Constitution,[2] these statutes and cases are based in federal law and are for the most part litigated in federal courts. As trademark law and trade secret law have both federal[3] and state aspects, the statutes and cases regarding these areas are based on

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

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

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

federal or state law, and these statutes and cases are litigated in federal and state courts. All statutes, cases, and events that touch upon intellectual property are not included, but instead, selected drivers that are of more significance or interest or that may indicate a particular direction in the relevant areas of law are covered. While the drivers discussed often have multiple issues, only the more relevant or interesting intellectual property issues are discussed.

II. THE AMERICA INVENTS ACT

The America Invents Act (AIA)[4] contains the most comprehensive and significant changes made to Title 35 of the United States Code since 1952, and was the primary driver for intellectual property in 2011. Signed into law by President Barack Obama on September 16, 2011, the AIA has thirty-seven sections containing changes to many aspects of the U.S. Patent Laws, all of which are of great interest to patent practitioners, many of which have an interest to inventors, and about half a dozen of which should have an interest to the legal world in general.[5] The AIA contains a general effective date provision in Section 35, which states that except as otherwise provided, the provisions of the AIA "take effect upon the expiration of the 1-year period beginning on the date of the enactment of this Act[, September 16, 2011,] and apply to any patent issued on or after that effective date."[6]

The AIA includes significant changes to the U.S. Patent Laws, including bringing the U.S. Patent Laws more in line with the patent laws of other countries. The practice of patent law has long been international in nature, much more so than many other areas of law. However, the U.S. Patent Laws have remained relatively stagnant when compared to the patent laws of other countries, many or most of which have constantly evolved to cooperate with each other, if not parallel each other. Portions of the AIA help to bring the United States more into the international community of patent laws.[7]

Several of the most interesting changes include (a) changing from the first to invent to the first inventor to file, (b) broadening the scope of prior art, (c) broadening prior user rights, (d) changing the best mode requirement, (e) adding a post-grant opposition procedure, (f) eliminating some types of false marking lawsuits, and (g) prohibiting patents from

4. Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (to be codified at 35 U.S.C.).

5. *See generally id.*

6. *Id.* § 35, 125 Stat. at 341.

7. *See, e.g., id.* § 3(a), 125 Stat. at 285 (to be codified at 35 U.S.C. § 100).

issuing on a human organism.[8] Although there are many other changes to the U.S. Patent Laws in the AIA, most would likely be of interest only to the patent practitioner or to the academic.

A. Changing from the First to Invent to the First Inventor to File

Section 3 of the AIA changes the U.S. Patent Laws to allow the granting of a patent to the "first inventor to file" a patent application on an invention, rather than the historic "first to invent" the invention.[9] The AIA does not change the underlying definition of what an inventor is, in that one must still be an inventor in order to apply for and receive a U.S. patent. Therefore, the AIA does not change the U.S. to a "first to file" system, thus satisfying the language of the U.S. Constitution. In a "first to file" system, which a number of other countries have, the first person to file a patent application, whether or not the inventor, can obtain the patent.

Replacing the "first to invent" criteria with the "first inventor to file" criteria should have little to no practical effect on inventorship. Of all of the patent interferences[10] filed each year in the United States Patent and Trademark Office (USPTO), fewer than twenty are decided in favor of the second inventor to file.[11] To put this into perspective, over 200,000 patent applications now are filed each year with the USPTO, and over 100,000 patents are issued.[12] Thus for all practical purposes, this section of the AIA essentially codifies what already exists.

B. Broadening the Scope of Prior Art

Section 3 of the AIA also simplifies the definitions of what counts as prior art.[13] In effect, by eliminating several exceptions as to what

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8. *See* discussion *infra* Parts II.A.-II.G.

9. Leahy-Smith America Invents Act § 3(a), 125 Stat. at 285.

10. A patent interference is a process conducted by the Board of Patent Appeals and Interferences (BPAI or Board) of the United States Patent and Trademark Office (USPTO) to determine priority of inventorship when two different applicants have filed patent applications with conflicting (identical or patentably indistinct) claims. 35 U.S.C. § 135 (2006), *amended by* Leahy-Smith America Invents Act § 3(i), 125 Stat. at 289.

11. *See generally* James Yang, *First Inventor to File System Under the America Invents Act*, OC PATENT LAWYER (Oct. 21, 2011), http://ocpatentlawyer.com/first-inventor-to-file-system-under-the-america-invents-act/.

12. *See U.S. Patent Statistics Report*, USPTO.GOV, http://www.uspto.gov/web/offices/ac/ido/oeip/taf/us_stat.pdf (last visited Feb. 10, 2012).

13. *See* Leahy-Smith America Invents Act § 3(a)-(c), 125 Stat. 285-87 (to be codified at 35 U.S.C. §§ 102-03). "Prior art" is the body of knowledge currently in existence, and is applied by the USPTO examiners when examining a patent application for patentability. As two of the criteria for patentability are that the invention must be "new" and "non-

constitutes prior art, most prior art now will be a bar to patentability. For example, the AIA expands the scope of materials that may be considered prior art by eliminating from 35 U.S.C. § 102[14] the "in this country" limit on prior art, resulting in the ability to attack any patent or patent application by evidence of prior public use of the invention anywhere in the world.[15] As a practical matter, it will become increasingly important to conduct prior art searches, and to conduct broader prior art searches, by both the patent applicant and accused infringers as a result of this change.

Rather than having a number of exceptions to what constitutes prior art, the AIA has simplified this section of the U.S. Patent Laws: the effective filing date of a patent application now will include the filing date of any prior foreign application on which the applicant relies, any prior public disclosure of the invention more than one year before the effective filing date of a patent application will continue to be a statutory bar to obtaining a patent, and prior public use or sale anywhere in the world, rather than just in the United States, will be a statutory bar to obtaining a patent.[16]

However, there are two important exceptions to the prior art rule. First, prior art disclosures made publicly available one year or less before the effective filing date of the patent application can be overcome by a showing that the prior art disclosure was by a person who obtained the subject matter from the applicant,[17] or the applicant publicly disclosed the subject matter before the date of the prior art disclosure.[18] Also, applicants can now rely on common ownership or joint research agreement provisions to overcome prior art rejections.[19]

C. Broadening Prior User Rights

Section 5 of the AIA broadens prior user rights in defending patent infringement claims.[20] Historically, prior user rights have been a defense to patent infringement that prevents people who have previously used the patented invention from being liable for patent infringement. For example, people may have been using the patented invention as a

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obvious" in view of the prior art, *see id.* § 3(c), 285 Stat. at 287, what constitutes prior art obviously is important to the inventor.

14. 35 U.S.C. § 102 (2006), *amended by* Leahy-Smith America Invents Act § 3(b), 125 Stat. at 287.

15. *See* Leahy-Smith America Invents Act § 3, 125 Stat. at 287.

16. Leahy-Smith America Invents Act § 3(a)-(b), 125 Stat. at 285-86.

17. *Id.* § 3(b), 125 Stat. at 286 (to be codified at 35 U.S.C. § 102(b)(1)(A)).

18. *Id.* (to be codified at 35 U.S.C. § 102(b)(1)(B)).

19. *Id.* (to be codified at 35 U.S.C. § 102(c)).

20. *See id.* § 5(a), 125 Stat. at 297 (to be codified at 35 U.S.C. § 273).

trade secret process prior to the process being patented by another. Essentially, under the prior user rights defense, a patent owner cannot sue one who has prior user rights for patent infringement because they have been using the patented invention, even if secretly, prior to the invention being patented.[21] This provision of the AIA increases the value of trade secret protection instead of, or in addition to, patent protection for inventions that can be kept secret while being commercially exploited.

The AIA will allow the prior user rights defense to be raised if a person, acting in good faith, commercially used the subject matter in the United States and the commercial use occurred at least one year prior to either the filing of a patent application or a public disclosure, whichever is earlier.[22] The prior user rights defense is a personal defense that cannot be conveyed to others, unless it is acquired through a bona fide transfer of the entire business to which the defense relates.[23] The prior user rights defense also will only apply to those locations where the commercial use was prior to the later of the effective filing date of the invention or the date of the assignment or transfer of the business.[24] Practically speaking, the prior user rights defense only becomes an issue when the prior use is secret, as public prior use would be considered prior art and otherwise capable of invalidating the patent claim.

An important exception to the prior user rights defense is that the defense cannot be raised against inventions that were "at the time the invention was made, owned or subject to an obligation of assignment to either an institution of higher education . . ., or a technology transfer organization whose primary purpose is to facilitate the commercialization of technologies developed by one or more such institutions of higher education."[25] This exception likely has the potential for increasing the desire for institutions of higher education to engage in and protect research and development and to license patents owned by institutions of higher education.

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21. *See id.*

22. *Id.*

23. *See generally* Douglas Perry, *USPTO: Prior User Rights Essential to Support Innovation*, TOMSGUIDE (Jan. 25, 2011) http://www.tomsguide.com/us/law-government-congress-patent-uspto,news-13932.html.

24. Leahy-Smith America Invents Act § 5(a), 125 Stat. at 298 (to be codified at 35 U.S.C. § 273(e)(1)(C).

25. *Id.* § 5(a), 125 Stat. at 298 (to be codified at 35 U.S.C. § 273(e)(5)).

D. Changing the Best Mode Requirement

Section 15 of the AIA eliminates the best mode requirement as a basis for invalidating a patent in a patent validity or infringement proceeding.[26] However, this change does not affect the requirement to disclose the best mode during the patent examination process, which is an interesting paradox.[27] One requirement for obtaining a patent is the disclosure of the best mode of the invention known to the inventor at the time of the invention.[28] That requirement was extended to patent validity and infringement proceedings and, if absent or intentionally misleading, could result in the invalidation of the patent. The AIA eliminates the best mode invalidity defense by amending the list of defenses to patent infringement to exclude "failure to disclose the best mode."[29]

Practically speaking, as 35 U.S.C. § 112[30] continues to require that the best mode be included in the patent application, the AIA simply prevents an accused patent infringer from asserting a defense based on the failure to disclose the best mode.[31] USPTO examiners will still have the authority to reject patent claims for failure to disclose the best mode.[32] This change is favorable to the inventor and the patent practitioner in that while the patent still must include the best mode, if the patent issues without the best mode or with a mode that the inventor knew was not the best mode, the patent cannot be invalidated for this reason.

E. Adding a Post-Grant Review Procedure

Section 6 of the AIA introduces a post-grant review period.[33] Under the new post-grant review system, any third party may file a request to cancel patent claims as unpatentable by asserting an invalidity argument and providing evidence to support the assertion.[34] Currently,

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26. *Id.* § 15, 125 Stat. at 328 (to be codified at 35 U.S.C. § 282(a)(3)).
27. *See id*.
28. 35 U.S.C. § 112 (2006), *amended by* Leahy-Smith America Invents Act § 4(c), 125 Stat. at 296.
29. Leahy-Smith America Invents Act § 15, 125 Stat. at 328 (to be codified at 35 U.S.C. § 282(a)(3)(A)).
30. 35 U.S.C. § 112 (2006), *amended by* Leahy-Smith America Invents Act § 4(c), 125 Stat. at 296.
31. *See id.*; Leahy-Smith America Invents Act § 15, 125 Stat. at 328.
32. *See* 35 U.S.C. § 112.
33. Leahy-Smith America Invents Act § 6(d), 125 Stat. at 305 (to be codified at 35 U.S.C. § 321).
34. *Id.* § 6(d), 125 Stat. at 305-06 (to be codified at 35 U.S.C. §§ 321-22).

post-grant review of the patentability of patent claims only occurs in very limited and arguably archaic instances, and, under 35 U.S.C. §§ 102 and 103,[35] only based on prior art.[36] These limitations on third party involvement effectively prevent the public from challenging patents, except by way of an expensive and lengthy civil suit.

Under the new post-grant review proceeding, a petitioner may request to cancel as unpatentable one or more claims of a patent on any ground relating to invalidity, that is, under 35 U.S.C. §§ 101, 102, 103, or 112 (except for best mode).[37] Any person who is not the owner of the patent and who has not previously filed a civil action challenging the validity of a claim of the patent may file a post-grant review petition, which must be filed within nine months of the grant of the patent.[38] To prevent concurrent actions, the AIA includes provisions preventing a post-grant review if a civil action is already pending and for staying a civil action if a post-grant review has already commenced.[39] Further, after a post-grant review has concluded, the petitioner is estopped from raising grounds of invalidity in proceedings arising under 28 U.S.C. § 1338[40] (before the USPTO or the U.S. International Trade Commission (ITC)) that were not raised during the post-grant review proceeding.[41]

The new post-grant review process provides for two very important changes. First, the public now can be more easily involved in the patenting process to assist in preventing unpatentable devices or processes from being patented. Second, once the post-grant review has been carried out and a patent found to be valid, it is more difficult to get that proverbial second bite at the apple in trying to invalidate a patent.

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35. 35 U.S.C. §§ 102-03 (2006), *amended by* Leahy-Smith America Invents Act § 3, 125 Stat. at 285-88.

36. The instances are (1) when an applicant files an application to reissue a patent and requests correction of at least one error in the patent, (2) when an interference is declared between the patent and a pending application, and the applicant in the interference seeks judgment based on unpatentability of patent claims, (3) when a patent owner or a third-party requests reexamination of the patent, and (4) when the Director of the USPTO initiates reexamination of a patent on his or her own initiative. *See id.*

37. *See* Leahy-Smith America Invents Act §§ 3, 6(d), 125 Stat. at 285-88, 306.

38. *Id.* § 6(d), 125 Stat. at 306-307 (to be codified at 35 U.S.C. §§ 321, 325).

39. *Id.* § 6(d), 125 Stat. at 307 (to be codified at 35 U.S.C. § 325(a)(1)).

40. 28 U.S.C. § 1338 (2006).

41. Leahy-Smith America Invents Act § 6(d), 125 Stat. at 307 (to be codified at 35 U.S.C. § 325(e)(2)).

F. Eliminating Some Types of False Marking Lawsuits

Section 16 of the AIA changes the U.S. Patent Laws to eliminate certain false marking lawsuits.[42] Under the U.S. Patent Laws, a patent owner must mark the patented invention in order to collect damages in an infringement action.[43] This requirement provides notice to the public that the invention is covered by a U.S. patent. Prior to the AIA, any individual could bring a qui tam action under 35 U.S.C. § 292(a)[44] based on products that are mismarked as covered by a patent.[45] Section 292(a) provided for substantial statutory fines of $500 per "offense," which in some cases the courts have interpreted to mean per individual item,[46] and which could add up to hundreds of millions of dollars in fines for popular products.[47] Half of the fine would go to the U.S. Government, and the other half to the qui tam plaintiff.[48] This gave rise to a cottage industry of qui tam plaintiffs searching for any instance of a marking that possibly could be construed as a false marking.

Under the AIA, only the U.S. Government will be able to sue for statutory damages for false marking.[49] If a private party sues under the false marking provisions, the private party will be entitled only to compensatory damages based on "competitive injury" flowing from the false marking.[50] This will prevent qui tam actions by parties seeking only to collect half of the $500 fine.

G. No Patent May Issue on a Human Organism

Section 33 of the AIA codifies the provision that "no patent may issue on a claim directed to or encompassing a human organism."[51] Although this provision has support across the political spectrum, it can be argued that it is not a significant change and that it is inexact. First, the

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42. *See id*. § 16(b), 125 Stat. at 329 (to be codified at 35 U.S.C. § 292).

43. 35 U.S.C. § 287(a) (2006), *amended by* Leahy-Smith America Invents Act *passim*.

44. 35 U.S.C. § 292(a) (2006), *amended by* Leahy-Smith America Invents Act § 16(b), 125 Stat. at 329.

45. *Id.*

46. *See, e.g.*, Forest Group, Inc. v. Bond Tool Co., 590 F.3d 1295, 1302 (Fed. Cir. 2009).

47. *See* 35 U.S.C. § 292(a).

48. *Id.* § 292(b).

49. Leahy-Smith America Invents Act § 16(b), 125 Stat. at 329 (to be codified at 35 U.S.C. § 292(a)).

50. *Id.* (to be codified at 35 U.S.C. § 292(b)); 35 U.S.C. § 292(b).

51. Leahy-Smith America Invents Act § 33, 125 Stat. at 340 (to be codified at 35 U.S.C. § 101(a)).

USPTO already has a policy of not issuing patents on human organisms.[52] Second, "human organism" is not defined in the AIA.

Under current USPTO practice, one cannot patent a human. However, this does not prevent the patenting of, for example, cells, tissue, organs, or other bodily components if obtained from humans.[53] The purported patenting of gene sequences has been the topic of much press and seminars recently, although what is covered by the so-called "gene patent" may not cover the particular gene itself, but rather a method of sequencing the gene or of obtaining and handling the gene. However, even under the USPTO practice, the patenting of, for example, embryos and fetuses, is not allowed.[54]

It remains to be seen how the courts will interpret "human organism" and "a claim directed to or encompassing a human organism."[55] Such an interpretation could easily range from the current USPTO practice, to a narrower practice of not allowing the patenting of genes, stem cells, tissues, synthetic organs, embryos, fetuses, and humans, to a broader practice of allowing for significant patent rights to everything except for actual life itself. For the time being, and for practical purposes, the AIA prohibition on patenting human organisms is not a significant change in USPTO policy.

III. ANYONE WANT TO BUY A PATENT PORTFOLIO?

Google buys Motorola Mobility's patents. Google buys IBM patents. Apple, EMC, Ericsson, and RIM buy Nortel's patents. HTC buys S3 Graphics's patents. What is going on? Is the quest for patents greater than the quest to innovate? Is it true that "[e]verything that can be invented has been invented"?[56] While this technically may not be considered the subject matter of a survey article, procuring patent portfolios is becoming a more prevalent basis for allowing a company to bring or defend infringement actions and to avoid the necessity to innovate.

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52. *See* MANUAL OF PATENT EXAMINING PROCEDURE (MPEP) § 2105 (8th ed. rev. July 2010), *available at* http://www/uspto.gov/web/offices/pac/mpep/index.htm.

53. *See generally* Assoc. for Molecular Pathology v. U.S. Patent & Trademark Office, 653 F.3d 1329 (Fed. Cir. 2011).

54. *See id.*

55. Leahy-Smith America Invents Act § 33, 125 Stat. at 340 (to be codified at 35 U.S.C. § 101(a)).

56. Purportedly stated by Charles H. Duell, Commissioner of the U.S. Patent Office, in 1899. *See Rumor Has It*, IDEAFINDER.COM (June 23, 2000), http://www.ideafinder.com/guest/archives/wow-duell.htm.

The sharp uptick in both the buying and selling activity and the cost of patent portfolios highlights the growing significance of patents in 2011. Patents have always been a driver of commerce, and now patents appear to be becoming a new currency of commerce. The prices paid for patent portfolios indicates the current value of patents, which raises many questions, two of the most important of which are "why" and "how high?"

Why are companies suddenly so interested in obtaining patent portfolios? Companies have always had more than a passing interest in obtaining patents on their own innovations. For example, a perusal of the USPTO records shows that Google obtained around 1,200 patents of its own innovations.[57] But in 2011, companies have shown a strong interest in obtaining the patent portfolios both of competitors and the competitors of competitors. One reason is to leapfrog innovation. If someone has already invented a device or process, it is often simpler and less expensive to purchase the rights to the invention than to invent around or innovate.

However, another reason is a defense or hedge against lawsuits from competitors. In the case of Google's Android operating system, it has been called a "suit magnet."[58] By obtaining a significant patent portfolio from a competitor, a company can prevent the competitor from bringing patent infringement lawsuits against the company. Additionally, by having a larger patent portfolio of its own, a company is less attractive to another competitor to sue for patent infringement, as the company now has a larger cache of ammunition to retaliate with its own patent infringement lawsuits.

How high will the value of patent portfolios go? In 2011, Google purchased a portfolio of over 1,000 patents from IBM.[59] Why? To "bolster[] its strategy of defending against smartphone lawsuits" and "to counter a 'hostile, organized campaign' by companies including Apple Inc. and Microsoft Corp. against the Android operating system for mobile devices."[60] Later in 2011, Google obtained a portfolio of over 17,000

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57. *USPTO Patent Full-Text and Image Database*, USPTO.GOV, http://patft.uspto.gov (last visited May 1, 2012).

58. Philip Elmer-DeWitt, *Consortium Led by Apple Buys Nortel's Patents for $4.5 billion*, CNNMONEY (July 1, 2011), http://tech.fortune.cnn.com/2011/07/01/consortium-led-by-apple-buys-nortels-patents-for-4-5-billion/.

59. Susan Decker & Brian Womack, *Google Buys 1023 IBM Patents to Bolster Defense of Android*, BLOOMBERG (Sept. 14, 2011), http://www.bloomberg.com/news/2011-09-14/google-purchases-1-023-patents-from-ibm-to-bolster-portfolio.html.

60. *Id.*; *see also* Kat Asharya, *Google Buys 1,000 IBM Patents, Bosters Android Against Lawsuits*, MOBILEDIA (July 29, 2011), http://www.mobiledia.com/news/100593.html.

patents with the purchase of Motorola Mobility for $12.5 billion.[61] Google tried to purchase 6,500 patents from Nortel, but a consortium led by Apple and Microsoft offered more, over $4.5 billion.[62]

Companies are not hiding their reasons for purchasing patent portfolios. Google CEO Larry Page blogged:

> We recently explained how companies including Microsoft and Apple are banding together in anti-competitive patent attacks on Android. The U.S. Department of Justice had to intervene in the results of one recent patent auction to "protect competition and innovation in the open source software community" and it is currently looking into the results of the Nortel auction. Our acquisition of Motorola will increase competition by strengthening Google's patent portfolio, which will enable us to better protect Android from anti-competitive threats from Microsoft, Apple and other companies.[63]

In other words, Google spent $12.5 billion to acquire patents to help ensure that Android can survive the legal complaints Google currently faces and may face in the future. For these reasons, the price paid for a patent portfolio will rise as high as necessary to ensure that a company will be able to practice and protect its intellectual property.

Patent portfolio purchases and running lawsuits between and among competing companies indicate that 2011 was the year that protecting inventions became both a horizontal activity and a vertical activity. Obtaining patents both on internal innovation and on external patent purchases helps increase the size of a company's arsenal, while engaging in innovation and litigation helps increase the weapons in a company's arsenal.

IV. CASES

The year 2011 had several important case decisions in the intellectual property arena. Several of the more interesting case decisions in four of the primary areas of intellectual property are covered in this Article.

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61. Paul Sawers, *Motorola Acquisition Means Google Gets 17,000 Patents, 3 Times Nortel's, with 7,500 Pendings*, THENEXTWEB.COM (Aug. 15, 2011), http://thenextweb.com/google/2011/08/15/motorola-acquisition-means-google-gets-17000-patents-with-7500-pending/.

62. Evelyn M. Rusli, *Quest for Patents Brings New Focus in Tech Deals*, N.Y. TIMES (Aug. 16, 2011), http://dealbook.nytimes.com/2011/08/16/quest-for-patents-brings-in-tech-deals/.

63. Larry Page, *Supercharging Android: Google to Acquire Motorola Mobility*, THE OFFICIAL GOOGLE BLOG (Aug. 15, 2011, 4:35 AM), http://googleblog.blogspot.com/2011/08/supercharging-android-google-to-acquire.html.

A. Patent

Therasense, Inc. v. Becton, Dickinson & Co.[64] answered the question of what needs to be disclosed to the USPTO during the prosecution of a patent application. Under the U.S. Patent Rules,[65] although a patent applicant is not required to search to see if the invention is new and nonobvious, the applicant does have a duty to submit relevant information on the invention of which they are aware.[66] If the applicant fails to submit such relevant prior art, the patent may be held unenforceable.[67]

Therasense addressed the consequences of failing to disclose such relevant information. The inequitable conduct charge in *Therasense* arose from the fact that, to obtain allowance of claims in a patent application, the attorney and the applicant company's director of research and development distinguished the prior art patent at issue in the USPTO prosecution of the current patent application–the prior art patent being the applicant company's own, albeit different, patent–in a way that contradicted the arguments the attorney and the applicant company made to get the prior art patent allowed during the prosecution of the prior art patent application in the European Patent Office (EPO). Specifically, the attorney and the applicant company did not disclose to the USPTO examiner the arguments made in the EPO regarding the patentability of the prior art patent.[68] Keep in mind that even though the USPTO examiner was considering a different set of patent claims in a different patent application, the prior art patent was cited as reference against the patentability of the current patent application.[69]

Sitting en banc, the United States Court of Appeals for the Federal Circuit "tighten[ed] the standards for finding both intent and materiality in order to redirect a doctrine that has been overused to the detriment of the public."[70] The standard the Federal Circuit set for the applicant's state of mind was that "the accused infringer must prove that the patentee acted with the specific intent to deceive the PTO."[71] The standard the Federal Circuit set for the materiality of the nondisclosed material was that the USPTO "would not have allowed a claim had it

64. 649 F.3d 1276 (Fed Cir. 2011) (en banc).
65. 37 C.F.R. §§ 1.1-5.5 (2012).
66. 37 C.F.R. § 1.56.
67. *Id.*
68. *Therasense*, 649 F.3d at 1283-85.
69. *See id.* at 1283.
70. *Id.* at 1290.
71. *Id.*

been aware of the undisclosed prior art."[72] Both of these standards are high, and favor the patent applicant over the party attacking the patent for invalidity.

As a result of the decision in *Therasense*, inequitable conduct is now more difficult to prove and is now a much less promising defense to a patent infringement claim. In fact, in most cases, proving inequitable conduct to invalidate a patent will now require showing that the prior art would have invalidated the patent for lack of novelty or for obviousness. Practically speaking, the decision in *Therasense* eases the burden on the patent owner and increases the burden on the party attacking the patent in a patent invalidity action.

Sanofi-Aventis v. Apotex Inc.[73] answered the question of whether a parties' settlement agreement allowed for the imposition of prejudgment interest. Sanofi-Aventis is the patent owner and manufacturer of the Plavix®, a brand of clopidrogrel bisulfate tablets, which is a drug for helping to keep blood platelets from sticking together and forming clots. Apotex is a generic drug manufacturer that filed an abbreviated new drug application (ANDA) with the U.S. Food and Drug Administration (FDA) requesting that it be allowed to manufacture a generic version of the drug and alleging that Sanofi's patent was invalid.[74] Sanofi and Apotex entered into a limited settlement agreement that any actual damages for patent infringement would be limited to 50% of Apotex's net sales of the generic version of the drug if the litigation results in a judgment that Sanofi's patent is not invalid or unenforceable.[75]

Apotex received approval for and began selling its generic drug. Sanofi brought a patent infringement action, obtained a preliminary injunction, and subsequently won the patent infringement trial. The lower court set the damages at 50% of Apotex's net sales, plus interest, holding that the parties should be bound by their prior agreement, but that the agreement only limited damages and did not limit interest. On appeal, Apotex argued that Sanofi contractually limited its full recovery to 50% of Apotex's net sales.[76] Sanofi argued that because the agreement did not address prejudgment interest, the lower court correctly applied the general rule that prejudgment interest should be awarded as part of an actual damages calculation.[77]

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72. *Id.* at 1291.
73. 659 F.3d 1171 (Fed. Cir. 2011).
74. *Id.* at 1174.
75. *Id.* at 1176.
76. *Id.* at 1176-77.
77. *Id.* at 1178; *see also* Gen. Motors Corp. v. Devex Corp., 461 U.S. 648, 655 (1983).

The Federal Circuit relied both on the contractual language and on the history of compensatory damages. The traditional calculation of damages includes a reasonable royalty calculated at the time of infringement and interest charged for the delay in payment to fully compensate a patent holder for past infringement.[78] Additionally, the U.S. Patent Laws provide for the award of "damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court."[79] However, the Federal Circuit found "that the parties intended that the phrase 'actual damages' include all damages necessary to compensate Sanofi for Apotex's infringement," and excluded an award of prejudgment interest.[80] The decision in *Sanofi-Aventis* holds that parties can contractually limit damages in a potential patent infringement lawsuit, and gives the practitioner another option when negotiating a contract.[81]

Robert Bosch LLC v. Pylon Manufacturing Corp.[82] finally eliminated the presumption of irreparable harm in the context of injunctive relief. Historically, once a patent was adjudged infringed, courts would find irreparable harm and issue an injunction. This rule was recently contravened by the United States Supreme Court in *eBay Inc. v. MercExchange, L.L.C.*;[83] however, the *eBay* decision did not explicitly lay the issue to rest.[84] The Federal Circuit emphatically stated, "We take this opportunity to put the question to rest and confirm that *eBay* jettisoned the presumption of irreparable harm as it applies to determining the appropriateness of injunctive relief."[85]

In *Bosch*, the patents at issue were for a new technology in the field of windshield wiper blades. The United States District Court for the District of Delaware found certain patents both valid and infringed, but denied Bosch an injunction.[86] The Federal Circuit reversed, but not on the historical rule.[87] The Federal Circuit agreed with the lower court that a finding of infringement does not automatically justify an injunction, but found that under the four-factor test for determining whether an injunction should be awarded, Bosch was entitled to an

78. *Sanofi-Aventis*, 659 F.3d at 1179.
79. 35 U.S.C. § 284 (2006) (amended 2011).
80. *Sanofi-Aventis*, 659 F.3d at 1178.
81. *Id.* at 1183.
82. 659 F.3d 1142 (Fed. Cir. 2011).
83. 547 U.S. 388, 394 (2006).
84. *See generally id.*
85. *Bosch*, 659 F.3d at 1149.
86. *Id.* at 1145.
87. *Id.* at 1149.

injunction.[88] The decision in *Bosch* does not add much to the prior Supreme Court decision in *eBay*. However, it will tone down the amount of attorney and commentator time spent discussing whether the presumption of irreparable harm following judgment of infringement and validity survived *eBay*.

Association for Molecular Pathology v. U.S. Patent & Trademark Office[89] addressed the question of whether human genes are patentable. *Molecular Pathology* was filed on behalf of a number of different plaintiff groups, including researchers, patients, cancer survivors, and scientific associations, and involved the patentability of the genes BRCA1 and BRCA2–two mutations of human DNA linked to higher probability of breast and ovarian cancer. The lawsuit alleged that patents on human genes violate patent law because genes are products of nature that cannot be patented.[90] The Federal Circuit ruled that one can obtain a patent on the genes but cannot obtain a patent on a method to compare those gene sequences.[91]

The BRCA gene cases have received a lot of press lately, having become the poster child for the question of whether human genes can be patented.[92] Human genes make up the strands of DNA, the famous double helix that is the blueprint of life. The USPTO issued patents on isolated BRCA1 and BRCA2 strands of DNA, and process claims for methods of comparing or analyzing two gene sequences, but not on an entire human gene or DNA generally. The lower court held that the patents were invalid as the subject matter claimed was for unpatentable laws of nature.[93] However, the Federal Circuit reversed in part, holding that although genes are not patentable in the form in which they appear in the body, as these are an unpatentable product of nature, a patent may issue on genes that have been identified and isolated.[94]

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88. *Id.* at 1148, 1157. The court examined (1) plaintiff's irreparable injury; (2) whether remedies available at law, such as monetary damages, would be inadequate to compensate for that injury; (3) the balance of hardships; and (4) the public interest. *Id.* at 1148.

89. 653 F.3d 1329 (Fed. Cir. 2011).

90. *Id.* at 1333-34; *see also* 35 U.S.C. § 101 (2006) (amended 2011).

91. *Molecular Pathology*, 653 F.3d at 1334.

92. *See*, *e.g.*, Andrew Pollack, *Despite Gene Patent Victory, Myriad Genetics Faces Challenges*, N.Y. TIMES (Aug. 24, 2011), http://nytimes.com/2011/08/25/business/despite-gene-patent-victory-myriad-genetics-faces-challenges.html?pagewanted=all; Tiffany O'Callaghan, *Court Rules Against Patenting Human Genes*, TIME (Mar. 30, 2010), http://healthland.time.com/2010/03/30/court-rules-against-patenting-human-genes/.

93. *Molecular Pathology*, 653 F.3d at 1334.

94. *Id.* at 1351.

The decision in *Molecular Pathology* also considered process claims related to the genes.[95] The Federal Circuit held that claims on methods of comparing or analyzing two gene sequences were not patentable subject matter as they are abstract mental processes.[96] However, the Federal Circuit upheld a claim on a method for screening potential cancer therapeutics as this claim comprised actual steps for growing host cells and determining the growth rate of the host cells by manipulating the cells.[97]

The decision returned the state of the law to where it was prior to the lower court decision. In fact, the lower court decision was the more surprising decision, in that it was contrary to the Supreme Court decision in *Diamond v. Chakrabarty*,[98] which was the state of the law since 1980.[99] What will be interesting is the future of the *Molecular Pathology* decision in light of the AIA, which inserted a provision in the U.S. Patent Laws that "[n]otwithstanding any other provision of law, no patent may issue on a claim directed to or encompassing a human organism."[100] As discussed above, § 33 of the AIA,[101] read broadly, could apply to human genes because the terms "directed to" and "encompassing" in the AIA are not defined terms. It is likely that *Molecular Pathology* will be appealed to the Supreme Court, which may provide additional guidance as to the future of patents on human genes.

Board of Trustees of the Leland Stanford Junior University v. Roche Molecular Systems, Inc. (Stanford)[102] answered the narrow question of whether a university automatically owns the patent right of a university researcher.[103] Under the Bayh-Dole Act of 1980,[104] universities may elect to patent inventions made through federally-funded research, or may allow the researchers to seek patents on the inventions.[105] The Supreme Court held that Congress did not intend for the Bayh-Dole Act to overrule one of the original premises of the U.S. Patent Laws–that rights in an invention belong to the inventor.[106]

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95. *Id.*
96. *Id.* at 1355.
97. *Id.* at 1357.
98. 447 U.S. 303 (1980).
99. *Id.* at 309-10.
100. Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 33, 125 Stat. 284, 340 (to be codified at 35 U.S.C. § 101).
101. *Id.*
102. 131 S. Ct. 2188 (2011).
103. *Id.* at 2192.
104. 35 U.S.C. §§ 200-212 (2006 & Supp. 2010) (amended 2011).
105. *See* 35 U.S.C. § 200.
106. *Stanford*, 131 S. Ct. at 2198-99.

In *Stanford*, a scientist assigned, as part of his employment agreement with Stanford University, all federally-funded inventions. The scientist also performed research at Cetus Corporation and signed an agreement to assign any inventions to Cetus, which later was acquired by Roche Molecular Systems. Stanford obtained several patents on the scientist's inventions and sued Roche Molecular Systems for patent infringement.[107]

The Federal Circuit's decision turned on the language of the assignment.[108] The Stanford assignment contained the language "agree[s] to assign," while the Cetus assignment contained the language "will assign and do[es] hereby assign."[109] According to the Federal Circuit, the Stanford language was only a promise to assign inventions not yet made and, under contract law, was insufficient to divest Cetus of title to the inventions under the "will assign and do[es] hereby assign" language.[110] The Supreme Court did not pass on the Federal Circuit's interpretation of contract law, but decided the narrow issue of whether patent rights vest automatically in a university under the Bayh-Dole Act, or only after the researcher makes the required assignment of patent rights.[111] The Supreme Court maintained the general rule in the U.S. Patent Laws that an inventor initially has the right to patent, which passes only after an effective assignment has been made.[112] This decision clarifies the language necessary in a contract to transfer an invention. Specific active verbs are necessary that the inventor assigns the invention.

B. Copyright

As the *New York Times* reported on January 12, 2011, the Associated Press (AP) and the artist Shepard Fairey have settled a copyright battle over the unlicensed use by Fairey of an AP photograph of Barack Obama.[113] In 2008, Fairey created a poster entitled "Hope" that used a stylized version of an AP photograph of President Obama. The AP sued for copyright infringement, and Fairey asserted that he was entitled to the fair use exception[114] and that he had effectively trans-

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107. *Id.* at 2192-93.
108. *Id.* at 2194.
109. *Id.* at 2192 (second alteration in original).
110. *Id.* at 2192, 2194 (alteration in original).
111. *Id.* at 2196-97.
112. *Id.* at 2195.
113. David W. Dunlap, *Obama Image Copyright Case Is Settled*, N.Y. TIMES (Jan. 12, 2011), http://lens.blogs.nytimes.com/2011/01/12/obama-image-copyright-case-is-settled/.
114. *See* 17 U.S.C. § 107 (2006).

formed[115] the work into an idealized image "that created powerful new meaning and conveys a radically different message."[116] Under the settlement agreement, Fairey did not admit copyright infringement.[117] Although the settlement may have been advantageous for the parties, it leaves us in the dark as to whether Fairey's defenses of fair use and transformation apply in this situation in general or in the use of a photograph of a U.S. President specifically.

Kernal Records Oy v. Mosley,[118] held that first publication of a work of authorship over the Internet amounts to "simultaneous publication in the United States and other nations around the world having Internet service."[119] Timothy Mosley is the well-known singer "Timbaland." In *Kernal*, a song was originally published on an Australian magazine's website. U.S.-based Timbaland allegedly copied the work without authorization in making another song. The copyright owner then sued Timbaland in the United States.[120] The United States District Court for the Southern District of Florida held that the initial online posting was a publication in the U.S. and subject to the procedural requirements of U.S. law, which requires copyright registration in the U.S. Copyright Office prior to bringing an infringement lawsuit.[121]

The main issue in *Kernal* was where the work was first published.[122] Section 411(a) of the U.S. Copyright Act[123] provides that "no civil action for infringement of the copyright in any United States work shall be instituted until preregistration or registration of the copyright claim has been made."[124] A published work is a "United States work" if:

> (1) in the case of a published work, the work is first published—
> (A) in the United States;
> (B) simultaneously in the United States and another treaty [the Berne Convention] party or parties, whose law grants a term of copyright protection that is the same as or longer than the term provided in the United States;
> (C) simultaneously in the United States and a foreign nation that is not a treaty party; or

115. *See* Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 579 (1994).
116. Dunlap, *supra* note 114.
117. *Id.*
118. 794 F. Supp. 2d 1355 (S.D. Fla. 2011).
119. *Id.* at 1357.
120. *Id.* at 1358.
121. *Id.* at 1360; *see also* 17 U.S.C. § 411 (2006).
122. *Kernal*, 794 F. Supp. 2d at 1360.
123. 17 U.S.C. § 411(a) (Supp. II 2008).
124. *Id.*

> (D) in a foreign nation that is not a treaty party, and all of the authors of the work are nationals, domiciliaries, or habitual residents of, or in the case of an audiovisual work legal entities with headquarters in, the United States.[125]

The district court's decision in *Kernal* confuses what constitutes a "United States work." All authors, and especially foreign authors, should take the conservative approach of avoiding a first publication on the Internet if they want to avoid the presuit registration requirement of the U.S. Copyright Law. The *Kernal* decision also emphasizes why foreign authors should consider timely registration of their works with the U.S. Copyright Office if they have any desire to protect their works in the U.S. through the U.S. federal courts. Finally, although not binding in any other country, the *Kernal* decision could be used elsewhere by other courts as dicta that works of authorship published on the Internet are subject to the procedural requirements of each and every country.

C. Trademark

Georgia-Pacific Consumer Products L.P. v. Kimberly-Clark Corp.[126] answered the question of whether a functional design is also protectable by trademark.[127]

> Toilet paper. This case is about toilet paper. Are there many other things most people use every day but think very little about? We doubt it. But then again, only a select few of us work in the rarified air inhabited by top-rate intellectual property lawyers who specialize in presenting and defending claims of unfair competition and trademark infringement under the Lanham Act.[128]

Judge Terrence Evans went on to hold that even a distinctive symbol may not be a trademark, if it is functional.[129]

In *Georgia-Pacific*, the issue turned on whether a quilted design used on toilet paper is functional.[130] Under U.S. Trademark Law, functional features are not capable of trademark protection.[131] The court in *Georgia-Pacific* held that a "Quilted Diamond Design" used on toilet

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125. 17 U.S.C. § 101 (Supp. IV 2010).

126. 647 F.3d 723 (7th Cir. 2011).

127. *Id.* at 727. Although not strictly applicable in Georgia, as Georgia is in the Eleventh Circuit, this case involves two companies with strong presences in Georgia.

128. *Id.* at 725.

129. *Id.* at 731.

130. *Id.* at 727.

131. *Id.* at 731. Functional features are left to patent protection. *Id.*

paper was functional.[132] In reaching that decision, the court relied on several related patents held by Georgia-Pacific, which discussed the functional advantages of the design.[133] Specifically, the court found that one advantage of the design according to the related patents is that "embossing a quilt-like diamond lattice filled with signature designs . . . improves (perceived) softness and bulk, and reduces nesting and ridging."[134]

The *Georgia-Pacific* decision highlights a conflict between trademark law and patent law. A functional aspect of an item may be protectable via a patent, yet protecting that aspect through patent may preclude protection via trademark, even if that aspect originally was unique to a single company. Practically speaking, this decision emphasizes the necessity for a business decision to determine whether one may wish to protect intellectual property through the use of a trademark or through the use of a patent, and whether to promote an aspect of a product as ornamental or as functional.

In re XMH Corp.[135] answered the question of whether a trademark license is assignable in bankruptcy without the licensor's consent.[136] The United States Court of Appeals for the Seventh Circuit affirmed the district court's reversal order, thereby permitting the assignment of a trademark sublicense absent the licensor's consent.[137] Until now, the closest decision on this issue appears to have been in an unpublished affirmance of the district court's decision in *In re N.C.P. Marketing Group, Inc*.[138]

In *In re XMH Corp.*, a bankrupt clothing firm sold its assets to two buyers. The assets included an executory contract, which the bankrupt sought to assign to the purchasers. The executory contract included a license to a trademark. The licensor objected to the assignment of the executory contract, arguing that the executory contract could not be assigned because it was a sublicense to the bankrupt of a trademark licensed by the licensor from a third party. The U.S. Bankruptcy Court for the Seventh Circuit agreed with the licensor and the bankrupt appealed.[139] The district court reversed, effectively allowing the original contract to be assigned, and the appeals court affirmed the

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132. *Id.*
133. *Id.*
134. *Id.* at 729.
135. 647 F.3d 690 (7th Cir. 2011).
136. *Id.* at 692. This case is not strictly applicable in Georgia, as Georgia in in the Eleventh Circuit.
137. *Id.* at 692, 698.
138. 337 B.R. 230, 233-34 (D. Nev. 2005).
139. *In re XMH Corp.*, 647 F.3d at 692.

district court, holding that if the executory contract included a trademark sublicense when XMH attempted to assign the contract, it was not assignable.[140]

One argument raised in contravention to the assignment of the trademark license without the trademark owner's consent was that the executory contract constituted an implied trademark sublicense that could not be sold or assigned absent the consent of the trademark owner.[141] On appeal, the court ruled that a trademark license or sublicense is not assignable pursuant to 11 U.S.C. §§ 363 and 365(c)-(1)[142] because the U.S. Trademark Laws dictate that "the universal rule is that trademark licenses are not assignable in the absence of a clause expressly authorizing assignment."[143] The decision in *In re XMH Corp.* should be applauded by trademark owners, as it confirms the general idea that a trademark owner would not want a licensee to be allowed to assign the license without the trademark owner's consent because the trademark owner would not be able to ensure that the assignee would meet the quality standards dictated by the trademark owner.

D. Trade Secret

Atlantic Research Marketing Systems, Inc. v. Troy[144] discussed whether a patent and a trade secret can coexist. *Atlantic Research* involved both trade secret and patent issues–the patent issue being whether the patentee met the written disclosure and best mode requirements of the U.S. Patent Laws and the trade secret issue being whether trade secret could exist in light of the patent disclosure.[145] For the claims at issue, the Federal Circuit found that the written disclosure requirement was not met by Atlantic Research Marketing Systems (ARMS), and the patent claims were held to be invalid.[146] For the trade secret issue, the Federal Circuit was not able to say that no reasonable jury could have been persuaded that ARMS was in possession of its alleged trade secret.[147] However, the Federal Circuit never reached a final holding in the trade secret issue, as the Federal Circuit

140. *Id.* at 692, 698.
141. *Id.* at 697.
142. 11 U.S.C. §§ 363, 365(c)(1) (2006 & Supp. IV 2010).
143. *In re XMH Corp.*, 647 F.3d at 695.
144. 659 F.3d 1345 (Fed. Cir. 2011).
145. *Id.* at 1349-50; *see also* 35 U.S.C. § 112 (2006) (amended 2011).
146. *Atlantic Research*, 659 F.3d at 1353.
147. *Id.* at 1357.

reversed the district court and granted Troy's motion for a mistrial based on jury instructions.[148]

ARMS owns a patent for a rifle handguard device. Stephen P. Troy, Jr. initially had been a distributor for ARMS and later became an employee of ARMS. As a condition of his employment, Troy signed a nondisclosure agreement. During his employment with ARMS, Troy also operated his own company with ARMS's consent. Troy's employment with ARMS was terminated. Soon thereafter, Troy began to offer rifle handguard devices that ARMS alleged infringed on its patents. ARMS also alleged Troy had misappropriated ARMS's trade secrets relative to the rifle handguard device. However, it appears that ARMS argued both that the rifle handguard device was covered by its patent, which would mean that it was publicly disclosed, and covered by trade secret law, and secret based on the nondisclosure agreement with Troy.[149] As can be seen, these arguments appear to be logically inconsistent.

In an interesting twist of a decision, the Federal Circuit held that the invention was not sufficiently disclosed to be covered by the patent, and therefore could qualify as a trade secret.[150] Practically speaking, ARMS was left in the tenuous position of not disclosing enough of the invention to support the patent claims, but possibly disclosing too much of the invention to support a trade secret claim. The practical impact of the case is that it supports the use of both patent and trade secret protection for related technology.

Similar to the *Georgia-Pacific* decision discussed above, the *Atlantic Research* case highlights a conflict between trade secret law and patent law. "A trade secret is secret. A patent is not. That which is disclosed in a patent cannot be a trade secret."[151] To maintain a trade secret, the invention must be kept secret. To obtain a patent, the invention must be disclosed such that one of ordinary skill in the relevant technical field can practice the invention. This decision also emphasizes the necessity for a business decision to determine whether one may wish to try to protect intellectual property through the use of a trade secret or through the use of a patent, and whether to promote an aspect of a product as secret or as patented.

Tewari De-Ox Systems Inc. v. Mountain States/Rosen, L.L.C.[152] also

148. *Id.* at 1361-62.
149. *Id.* at 1348-50.
150. *Id.* at 1353.
151. *Id.* at 1357.
152. 637 F.3d 604 (5th Cir. 2011). The Eleventh Circuit, which includes Georgia, was carved out of the Fifth Circuit. Although Fifth Circuit decisions are not binding on the Eleventh Circuit, the Fifth Circuit is our ancestor and our neighbor, and its decisions are

addressed the inventor's common dilemma between whether to patent the invention, which requires disclosing the invention to the public, or keeping the invention as a trade secret, which requires maintaining the invention as a secret.[153] Tewari De-Ox Systems filed a patent application on a meat-packing method and disclosed knowledge about implementing the method to a potential partner subject to a nondisclosure agreement. The joint venture soured, and the potential partner used the information. Tewari De-Ox Systems sued for trade secret misappropriation and Mountain States countered that all of the information was contained in the published patent application.[154] The United States District Court for the Western District of Texas granted Mountain States's motion for summary judgment relating to the trade secret disclosure, and the United States Court of Appeals for the Fifth Circuit reversed this part of the district court's decision.[155]

Although, as discussed above, the written disclosure of an invention required in a patent generally destroys trade secret status, the Fifth Circuit held that a jury was entitled to decide whether the trade secret combinations alleged by Tewari De-Ox Systems were obvious, or whether they were secrets that conferred a competitive advantage by being known only to Tewari De-Ox Systems.[156] The Fifth Circuit held that the district court erred by entering judgment in favor of Mountain States on the trade secrets issue when the district court incorrectly defined Tewari De-Ox System's trade secrets and failed to consider that a unique combination of elements that individually may already be publicly disclosed or generally known to the public are protectable as trade secrets under the applicable state trade secrets law.[157] In this situation, the court held that an inventor may have it both ways, in that even if the individual elements were public information, the knowledge of how to combine those elements could remain a protected trade secret.[158]

TianRui Group Co. v. International Trade Commission[159] expanded the ability of U.S. companies to sue foreign parties for the misappropriation of trade secrets even though a substantial amount of the activity may have taken place in a foreign country. Generally, if a party uses trade secret information outside of the United States, that will not

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often of interest. Fifth Circuit decisions prior to the formation of the Eleventh Circuit are still binding precedent on the Eleventh Circuit.

153. *Id.* at 611.
154. *Id.* at 607-08.
155. *Id.* at 608, 611, 615.
156. *Id.* at 614.
157. *Id.* at 615.
158. *Id.*
159. 661 F.3d 1322 (Fed. Cir. 2011).

violate trade secret law in the United States.[160] However, under the decision in *TianRui Group,* a trade secret holder may be able to have the International Trade Commission (ITC) block importation of goods made using the trade secret.[161] The Federal Circuit held that the ITC has authority over "[u]nfair methods of competition and unfair acts in the importation of articles . . . into the United States."[162]

In *TianRui Group*, Amsted Industries, a U.S. manufacturer, licensed a manufacturing process for railway wheels to a third party. TianRui Group approached Amsted to negotiate a similar license, but the parties did not reach an agreement. TianRui Group then hired several of the third party's employees, all of whom had been notified that the Amsted process was confidential and most of whom had signed confidentiality agreements, to manufacture devices using the process. The TianRui Group devices were sold in the United States.[163] Amsted filed a complaint with the ITC, arguing that the importation of the wheels violated § 337 of the Tariff Act of 1930,[164] as the manufacturing process was developed in the U.S. and protected under U.S. trade secret law.[165] The ITC administrative judge found in favor of Amsted and issued a limited exclusion order.[166]

The Federal Circuit interpreted § 337 of the Tariff Act of 1930 to mean that the ITC "has authority to investigate and grant relief based in part on extraterritorial conduct insofar as it is necessary to protect domestic industries from injuries arising out of unfair competition in the domestic marketplace."[167] The decision does not enjoin continuing the manufacture of the devices because the manufacturing company and the manufacturing activities were outside of the U.S. Instead, the case holds that the ITC may block importation of goods into the U.S. that were manufactured using the trade secrets of a U.S. business.

V. A WATCH LIST FOR 2012

This section will mention cases and issues that are likely to arise or be decided in the coming year that may affect the intellectual property legal landscape.

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160. *Id.* at 1335.
161. *Id.* at 1326.
162. *Id.* at 1324 (alteration in original); *see also* 19 U.S.C. § 1337(a)(1)(A) (2006).
163. *TianRui Gp.*, 661 F.3d at 1324.
164. 19 U.S.C. § 1337 (2006).
165. *TianRui Gp.*, 661 F.3d at 1325.
166. *Id.* at 1326.
167. *Id.* at 1324.

A. SOPA/PIPA

The rise and fall of a bill. The U.S. House of Representatives' Stop Online Piracy Act (SOPA)[168] and the sister U.S. Senate Protect Intellectual Property Act (PIPA)[169] have had an apparent meteoric rise and fall in the beginning of 2012. If enacted into law, SOPA/PIPA would expand the ability under U.S. law to fight online trafficking in copyrighted intellectual property and counterfeit goods. Remedies under SOPA/PIPA include court orders barring violators from conducting business with infringing websites, barring search engines from linking to violators' websites, and requiring Internet search providers (ISPs) to block access to violators' websites. SOPA/PIPA also included criminal provisions imposing prison terms of up to five years for the unauthorized streaming of copyrighted material. Spoiler alert! An enormous public backlash against SOPA/PIPA, based in part on the public's belief that SOPA/PIPA would threaten free speech, would cause the censoring of the Internet, and includes egregious criminal penalties, caused the bills' sponsors to pull the bills in January 2012.

B. Golan v. Holder

Can the United States government constitutionally pull works out of the public domain and extend copyright protection? The United States Supreme Court agreed to hear an appeal of a decision of the United States Court of Appeals for the Tenth Circuit that in 2010 held the U.S. government, under the Copyright Term Extension Act,[170] could restore copyright protection to works that have entered the public domain.[171] Spoiler alert! In January 2012, the Supreme Court held that the U.S. government could restore such copyright protection.[172] The Court rejected contrary arguments based on the First Amendment and the U.S. Constitution's copyright clause,[173] holding that the public domain was not "a category of constitutional significance" and that copyright protections might be expanded even if they did not create incentives for new works to be created.[174]

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168. H.R. 3261, 112th Cong. (2011).

169. S. 968, 112th Cong. (2011).

170. Sonny Bono Copyright Term Extension Act, Pub. L. No. 105-298, 112 Stat. 2827 (codified in scattered sections of 17 U.S.C.).

171. Golan v. Holder, 609 F.3d 1076, 1080 (10th Cir. 2010); *see also* Golan v. Holder, 132 S. Ct. 873 (2012).

172. *Golan*, 132 S. Ct. at 878.

173. U.S. CONST. art. I, § 8, cl. 8.

174. *Golan*, 132 S. Ct. at 888 n.26.

C. Prometheus v. Mayo

What constitutes patentable subject matter under the U.S. Patent Laws? The Supreme Court agreed to hear an appeal of a decision of the Federal Circuit, which in 2010 held that personalized medicine patents covering drug dosage adjustment methods tied to a patient's individual metabolism do satisfy the requirements of the "machine or transformation" test in the Federal Circuit's decision in *In re Bilski*[175] because the claimed methods "transform an article into a different state or thing" in a way that is "central to the purpose of the claimed process."[176] The Supreme Court's decision to review *Prometheus v. Mayo*[177] could be of great interest to the intellectual property world, as the Supreme Court could choose to review and clarify basic questions of patentable subject matter, particularly in the area of medical/diagnostic method patents.

VI. FINAL NOTES

On the statutory side of intellectual property, the year 2012 was a banner year with the passage of the AIA. Additionally, the courts heard and decided cases interpreting some issues of practical importance to the intellectual property practitioner, such as *Therasense, Inc. v. Becton, Dickson & Co.*,[178] *Molecular Pathology v. U.S. Patent & Trademark Office*,[179] and *Kernal Records Oy v. Mosley*.[180] Many of the decided cases provide additional insight into the notion that intellectual property practitioners have to be even more careful in the drafting of patents, licenses, and contracts.

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175. 545 F.3d 943, 961-62 (Fed. Cir. 2008), *aff'd*, Bilski v. Kappos, 130 S. Ct. 3218 (2010).

176. Prometheus v. Mayo, 628 F.3d 1347, 1355-56 (Fed. Cir. 2010), *cert. granted*, 131 S. Ct. 3027 (U.S. June 20, 2011) (no. 10-1150).

177. 628 F.3d 1347 (Fed. Cir. 2010).

178. 649 F.3d 1276 (Fed. Cir. 2011).

179. 653 F.3d 1329 (Fed. Cir. 2011).

180. 794 F. Supp. 2d 1355 (S.D. Fla. 2011).