

KING & SPALDING

2010 Federal Case Law Update

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Bilski v. Kappos, 129 S.Ct. 2735 (2010)

Background

- Requirements for patentable subject matter:
 - new
 - useful
 - 1 of 4 categories - process, machine, a manufacture, or a composition

Bilski v. Kappos

Background

- 3 exclusions:
 - abstract ideas
 - physical phenomenon
 - law of nature

Bilski v. Kappos

Background

- Prior to 1998:
 - general belief business methods not patentable
- 1998: State Street decision
 - business methods patentable if provides “useful, concrete and tangible result”

Bilski v. Kappos

Bilski's patent application:

- method for hedging risk in commodities trading
- USPTO rejected the patent application

Bilski v. Kappos

2008 - Federal Circuit's decision in *In re Bilski*

- affirms rejection of Bilski's application
- narrower "machine or transformation" test for process patent claims

Bilski v. Kappos

U.S. Supreme Court:

- affirmed rejection of Bilski's application as an abstract idea
- rejects "machine or transformation test" as the sole test for patentability
- the test can be a useful guide
- patent law must seek to strike a balance

Bilski v. Kappos

- USPTO and courts will continue to use “machine or transformation” test as a guide
- Another example of the Supreme Court pushing back on a “bright line” rule set forth by the Federal Circuit

In re Bose, 580 F.3d 1240 (Fed. Cir. 2009)

Background

In Medinol (TTAB 2003) - trademark applicant commits fraud when knows or should know representations are false.

Result: any material misstatement could cause TM registration to be cancelled

In re Bose

- Bose filed an Opposition to Hexawave's trademark application based on confusion
- Hexawave counterclaimed for cancellation of Bose's WAVE mark alleging fraud in renewal because Bose had stopped using the mark for some goods

In re Bose

- Bose responded: at time of renewal, it was still repairing the previously sold tape recorders and players
- Bose asserted the repair activities were sufficient for renewal

In re Bose

TTAB:

- Bose's repair activities insufficient use for renewal
- Relying on Medinol's "should have known" standard, misstatements were fraudulent
> cancelled Bose's registration

In re Bose

Federal Circuit:

- Reverses TTAB
 - fraud must be proven “to the hilt”
 - “no room for speculation, inference”
 - clear and convincing evidentiary standard
 - Medinol’s “should have known” test erroneously lowers the fraud standard to simple negligence

In re Bose

The Federal Circuit's decision removes one of the strongest weapons available to a party in an opposition or cancellation

Viacom Int'l Inc. v. YouTube, Inc.

- In 2007, Viacom sued YouTube for contributory copyright infringement
- Viacom asserted that YouTube had generalized knowledge of pervasive copyright infringement on its site.

Viacom v. YouTube

- Central Issue:

Should the copyright owner or the Internet service provider bear responsibility for policing material for copyright infringement?

Viacom v. YouTube

- On June 23, 2010, the district court granted summary judgment in favor of YouTube
- Court relied on the safe harbor provisions of the DMCA

Viacom v. YouTube

- DMCA safe harbor provisions designed to protect Internet service providers in order to encourage growth of services via the Internet
- DMCA protects service providers, unless actual knowledge of an infringement and failure to remove promptly

Viacom v. YouTube

- Although YouTube and Google had generalized knowledge of infringing activity, placing “investigative duties” on YouTube would have a chilling effect on service providers
- YouTube had an effective take down procedure

Viacom v. YouTube

- Court distinguished Grokster by pointing to YouTube's variety of valid services
- Court found YouTube is not receiving a direct financial benefit because must be tied to specific knowledge of an infringement

Thank you for your time!