

# Latest Intellectual Property News



From Hauptman Ham, LLP

VOL. 6, NO. 8

SEPTEMBER 2015

Welcome to The Latest Intellectual Property News, a newsletter for updating you with recent information about Intellectual Property.

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## REGISTRATION OF A MARK REFUSED ABSENT A DISCLAIMER

By **Sam Araia, Esq.** ([saraia@ipfirm.com](mailto:saraia@ipfirm.com))

The United States Court of Appeals for the Federal Circuit affirmed the decision of the Trademark Trial and Appeal Board's (the "Board") refusal to register the mark LOUISIANA FISH FRY PRODUCTS BRING THE TASTE OF LOUISIANA HOME! without a disclaimer of "FISH FRY PRODUCTS." *In re Louisiana Fish Fry Products, Ltd.*, slip op. 13-1619 (Fed. Cir. Aug. 14, 2015)

Louisiana Fish Fry Products, Ltd. ("Louisiana Fish Fry") sought to register the mark "LOUISIANA FISH FRY PRODUCTS BRING THE TASTE OF LOUISIANA HOME!" in connection with "sauces, marinades and spices." The Trademark Examiner refused to register the mark absent a disclaimer of the phrase "FISH FRY PRODUCTS" stating that the phrase is generic or merely descriptive of the goods.

The Trademark Examiner asserted that the relevant public understands "fish fry products" to refer to sauces, marinades and spices used on or with fish fries or fried fish. When a term is the common descriptive or generic name of the goods, "evidence of secondary meaning cannot change the result." In the alternative, the trademark examiner noted that FISH FRY PRODUCTS is, at least, "highly descriptive," thus Louisiana Fish Fry had the burden of showing acquired distinctiveness.

On appeal to the Board, Louisiana Fish Fry argued that a disclaimer of "FISH FRY PRODUCTS" was not necessary, because the term is both not generic and it had acquired

distinctiveness. In support of this position, Louisiana Fish Fry:

- (a) submitted a declaration that Louisiana Fish Fry had been using LOUISIANA FISH FRY PRODUCTS for at least thirty years (and substantially exclusively and continuously for the last five years);
- (b) provided sales and advertising data for products bearing the mark LOUISIANA FISH FRY PRODUCTS (\$2.4 million in advertising); and
- (c) asserted that its other prior registrations containing LOUISIANA FISH FRY PRODUCTS also showed that “FISH FRY PRODUCTS” had acquired distinctiveness.

The Board dismissed the submissions and assertions. With regard to the issue of exclusive and continuous use for 5 years, the Board stated that although the Lanham Act provides that the USPTO may accept five years of “substantially exclusive and continuous” use as *prima facie* evidence of acquired distinctiveness, it does not require the USPTO to do so when/if the mark is highly descriptive.

With regard to the sales data, the Board stated that all of these data related to the mark LOUISIANA FISH FRY PRODUCTS, and not specifically to “FISH FRY PRODUCTS” and thus do not establish that “FISH FRY PRODUCTS” has acquired distinctiveness.

With regard to the assertion of prior registrations, the Board stated that none of the prior registered marks indicate/establish that the specific term at issue here, FISH FRY PRODUCTS, has acquired distinctiveness. Moreover, the phrase FISH FRY PRODUCTS was disclaimed in all of the prior registrations.

Because the Board’s determination that Louisiana Fish Fry did not carry its burden of showing that FISH FRY PRODUCTS had acquired distinctiveness and was supported by substantial evidence, the refusal to register the mark was affirmed by the Federal Circuit.

## **FEDERAL CIRCUIT’S NEW BOUNDARY OF DIRECT INFRINGEMENT**

*By Chih-Kuei (Alex) Hu, Esq. ([chu@ipfirm.com](mailto:chu@ipfirm.com))*

This case, *Akamai Technologies, Inc., v. Limelight Networks, Inc.*, slip ops. 2009-1372, 2009-1380, 2009-1416, 2009-1417 (Fed. Cir. Aug. 13, 2015), was returned to the United States Court of Appeals for the Federal Circuit by the United States Supreme Court in 2014. In the Supreme Court’s opinion, the induced infringement under §271 (b) requires a single direct infringer.

Here, the Federal Circuit makes more explanation about direct infringement of a method claim. To determine if a single entity directs or controls the acts of another, the Federal Circuit considers general principles of vicarious liability. In the past, an actor is liable for direct infringement under §271(a) if it acts through an agent or contracts with another to perform one or more steps of a claimed method. In this *en banc* decision, the Federal Court expands the scope of direct infringement and said an entity is responsible for others performance of method steps in two sets of circumstances: (1) where that entity directs or controls others performance, and (2) where the actors form a joint enterprise.

A joint enterprise requires proof of four elements: (1) an agreement, express or implied, among the members of the group; (2) a common purpose to be carried out by the group; (3) a

community of pecuniary interest in that purpose, among the members; and (4) an equal right to a voice in the direction of the enterprise, which gives an equal right of control.

The court found Limelight directs or controls its customers' performance of each remaining method step, such that all steps of the method are attributable to Limelight. Limelight requires all of its customers to sign a standard contract. The contract delineates the steps customers must perform if they use the Limelight service. These steps include tagging and serving content, and establishing the manner or timing of its customers' performance. Additionally, Limelight sends its customer a welcome letter providing step-by-step instructions.

Therefore, the Federal Court held that Limelight directly infringed the '703 patent.

### **KEYING A CAR IS IRRELEVANT**

***By Randy A. Noranbrock, Esq./Partner ([randy@ipfirm.com](mailto:randy@ipfirm.com))***

In *Circuit Check Inc. v. QXQ Inc.*, slip op. 2015-1155 (Fed. Cir. Jul. 28, 2015), a panel of the Federal Circuit reversed a judgment as a matter of law from the Eastern District of Wisconsin that claims of Circuit Check's U.S. Patents, specifically 7,592,796, 7,695,766, and 7,749,566, are invalid as obvious.

QXQ stipulated to infringement and that three references were prior art to the patents. QXQ moved for judgment as a matter of law that the claims were invalid as obvious notwithstanding the fact that Circuit Check presented testimony regarding the inapplicability of each of the three references. The district court granted the motion stating that even though one reference was not technically pertinent to the field and that another had not been used in the field, "any vandal who has 'keyed' a car knows that stripping the paint with a key will result in the underlying metal color showing through." None of the objective considerations of obviousness were held to have affected the conclusion.

The Federal Circuit found substantial evidence to support the jury's finding that the differences between the stipulated prior art and the claims were significant. The Federal Circuit also weighed in on the assertion of the district court stating that, "[j]ust because keying a car, for example, is within the common knowledge of humankind does not mean that keying a car is analogous art." The question, according to the panel, is "whether an inventor would look to this particular art to solve the particular problem at hand." In this case, the Federal Circuit held that an inventor would not have looked to the particular art in the form of the stipulated three references. Further, the Federal Circuit found that substantial evidence presented by Circuit Check, in the form of evidence of copying, long-felt need, commercial success, skepticism, and unexpected results further supported the finding regarding objective considerations supported by substantial evidence.

### **OVERTURNING ENHANCED DAMAGES AWARDS ON APPEAL**

***By David Beardall, Esq. ([dbeardall@ipfirm.com](mailto:dbeardall@ipfirm.com))***

*Carnegie Mellon Univ. v. Marvell Tech. Grp., LTD*, slip op. 2014-1492 (Fed. Cir. Aug. 4, 2015) resulted from a case in which Carnegie Mellon University (CMU) sued Marvell Technology Group, LTD. in 2009 over activities carried out between 2003 and 2012 that potentially infringed U.S. patents 6,201,839 and 6,438,180. CMU learned of Marvell's potentially infringing activities at least as early as 2003. The United States District Court for the Western District of Pennsylvania ruled in favor of CMU on the issues of claim validity, infringement, laches, and awarded damages and royalties of US\$1.17B, with an

order to pay ongoing royalty of 50¢/chip.

Marvell appealed all issues and the Federal Circuit upheld district court rulings on claim validity, infringement, and laches. The Federal Circuit reversed the enhanced damages (35 U.S.C. §282) ruling, because the district court improperly found that Marvell had willfully infringed. As relevant here “a district court may enhance damages only upon proof of willfulness, which we have held to require ‘clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent’ and ‘this objectively defined risk ... was either known or so obvious that it should have been known.’” *In re Seagate Tech., LLC* 497 F.3d 1360, 1371 (Fed. Cir. 2007) (*en banc*). A defendant may obviate a finding of willfulness if, whatever its state of mind at the time of its infringement, it presents in the litigation a defense ... that is objectively reasonable (though ultimately rejected).”

Marvell was able to present an objectively reasonable argument during litigation that the ‘839 and ‘180 patents were anticipated by U.S. patent 6,282,251, leading the Federal Circuit to reverse the willfulness finding of the district court and eliminate the enhanced damages finding.

The Federal Circuit also ruled that, for purposes of determining the size of the infringement and royalty monetary compensation to CMU, a partial new trial should be held in order to determine whether chips containing CMU’s patented subject matter that were manufactured and sold outside the U.S. should be included in the compensation calculation.

## **EMPLOYMENT AGREEMENT BREACH CLAIM IS TIME-BARRED**

***By Kien T. Le, Patent Agent ([kien@ipfirm.com](mailto:kien@ipfirm.com))***

In *Personalized User Model, LLP v. Google Inc.*, slip ops. 2014-1841, 2015-1022 (Fed. Cir. Aug. 18, 2015), the Federal Circuit affirmed the United States District Court for the District of Delaware finding that Google’s breach-of-contract claim was time-barred due to the statute of limitations.

The inventor, Konig, was employed by SRI from 1996 to August 1999. Konig signed an Employment Agreement which stated “I agree ... [t]o promptly disclose to SRI all ... inventions ... conceived or made by me during the period of my employment, and I agree to execute such documents ... in order to effect transfer of ownership ... to SRI.” Konig conceived the later patented and asserted invention in July 1999, while Konig was still at SRI. The patent was assigned to Personalized User Model (“PUM”) which sued Google. Google contacted SRI and acquired “any rights” that SRI had in the asserted patent, and brought a counterclaim for breach of contract in 2011. Google asserted that Konig breached the employment agreement by failing to assign his interest in the patent to SRI, and that Google (by way of SRI) was a rightful owner of the patent. PUM responded that the counterclaim was time-barred as it was filed (in 2011) more than three years (the statute of limitations period) after the claim first accrued (in 1999 when Konig allegedly breached the employment agreement). The district court found that Google did not infringe any asserted claim, that all asserted claims were invalid, and that Konig breached the employment agreement. However, the district court also found that Google’s breach-of-contract counterclaim was time-barred by the statute of limitations.

On appeal, Google argued that the statute of limitations should be extended beyond three years under the discovery rule in Delaware (where the lawsuit was brought) which provides that the statute of limitations period is tolled (i.e., suspended) while (i) “the injury is

inherently unknowable” and (ii) “the claimant is blamelessly ignorant of the wrongful act and the injury complained of.” The Federal Circuit held that Google failed to prove that (i) any breach of Konig’s employment agreement was inherently unknowable and that (ii) SRI was blamelessly ignorant of Konig’s alleged breach of contract. With respect to (i), the Federal Circuit stated that “SRI knew that Konig was leaving to immediately work at a start-up... Considering the competitiveness of companies and ... that the technology was related to Konig’s work at SRI, his departure and new venture ... should have generated an inquiry whether Konig had conceived an invention during his employment with SRI that he might intend to develop and commercialize with his new company.” With respect to (ii), the Federal Circuit noted that “[d]espite the opportunities for SRI to have inquired about Konig’s departure and his new venture ... the record is critically deficient on ... evidence ... show[ing] that SRI did anything to protect its interests.” The Federal Circuit affirmed the district court’s holding on Google’s breach-of-contract counterclaim.

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