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RESOLVING CONTRACT AMBIGUITY NOT APPROPRIATE FOR SUMMARY JUDGMENT

By [Michael McComas](#)

[Core Optical Technologies, LLC v. Nokia Corp.](#), Appeal No. 2023-1001

(Fed. Cir., May 21, 2024, Dyk, Mayer, [Taranto](#), precedential)

- Resolution of an ambiguous term in an employment-based invention agreement requires a determination of mutual intention of the parties under applicable contract law, a factual inquiry that could be inappropriate for summary judgment.
- 解决职务发明协议中的模糊条款需要根据适用的合同法确定双方的共同意图，而这种事实调查可能不适合通过简易判决来进行。
- 職務発明合意書における不明瞭な用語の解決には、適用される契約法下で当事者間の相互の共通意思、すなわち略式判決に際し不適切となり得る事実に関する疑問点、の明確化が要求される。
- 직무발명 합의서의 불명확한 조항을 명확히 하기 위해서는 적용 가능한 계약법에 따라 당사자 간의 상호 공통된 의사를 명확히 해야 합니다. 이것은 사실에 관한 문제이며 약식 판결로는 해결하기 어려울 수 있습니다.

Background:

From 1990-2000, Mark Core was employed at TRW Inc., earning his PhD as a TRW fellow between 1993 and 1999. Dr. Core's PhD dissertation, directed to techniques to improve fiber optic signaling, was the basis for a non-provisional patent application filed in November, 1998, which eventually yielded U.S. Patent No. 6,782,211 ("the '211 patent") issued in August of 2004. In August of 2011, Dr. Core executed, and subsequently recorded with the USPTO, an assignment of the '211 patent to Core Optical.

In 1990, Dr. Core had signed TRW's invention agreement in which he agreed to assign all inventions related to his employment, with an exception for those "developed entirely on my own time" among other conditions. During the period of his fellowship, Dr. Core's work hours and wages were reduced from those of his prior full-time status, while TRW provided full benefits and paid his tuition, fees, certain expenses, and a monthly stipend conditioned on his continuing his employment for one year after earning his PhD.

After Core Optical filed complaints against three defendants (collectively "Nokia") alleging infringement of the '211 patent, Nokia moved for summary judgment, asserting a lack of standing based on Dr. Core having automatically assigned his rights to TRW under the invention agreement. The U.S. District Court for the Central District of California ("district court") considered whether the "developed entirely on my own time" exception in the TRW invention agreement applied to the invention of the '211 patent. The district court relied on two state-court decisions related to labor code provisions and workers' compensation to determine that at least some of the time Dr. Core spent on the '211 patent was not his own, as Nokia argued. The district court thus concluded that the exception did not apply as a matter of law. Core Optical appealed to the U.S. Court of Appeals for the Federal Circuit ("CAFC").

Holding:

The CAFC disagreed with the district court, holding instead that the two cases relied upon by the district court (and others cited by the parties) did not resolve the uncertainty in the exception language. The reviewing court vacated the district court's judgment, and remanded the case for further proceedings to determine the parties' mutual understanding of "developed entirely on my own time" under California contract law.

Discussion:

Core Optical had presented evidence to the district court, undisputed by Nokia, that Dr. Core had pursued his research while "off the clock" and did not use TRW equipment, facilities, or supplies, and argued that he had thereby restricted his activities to time that was solely under his control. Nokia argued on appeal that at least some of this time should be considered to belong to TRW based on the benefits that Dr. Core received outside of his "on the clock" activities. The CAFC described these conflicting interpretations of the contract language as representing an inherent ambiguity in the language that needed to be resolved through factual inquiries into the parties' mutual understating of that language at the time the contract was made.

Significantly, the CAFC observed that TRW (and its successor) had not asserted ownership of the '211 patent until 2016, despite Dr. Core's prior communications with TRW and his assignment of the '211 patent to Core Optical. The CAFC also noted a TRW supervisor's 2015 declaration in support of Dr. Core and a lack of evidence on the record of custom, usage, and practice related to the exception. The CAFC also suggested that the principle of *contra proferentem*, in which "ambiguities in written agreements are to be construed against their drafters," in this case TRW, should apply. Also, as a

threshold issue, the CAFC stated that the district court, on remand, should determine whether the fact-finding required to resolve the parties' mutual understanding is "inappropriate for summary judgment."

DAMAGES TESTIMONY NOT FATALY IMPRECISE

By [David Lynch](#)

[EcoFactor, Inc. v. Google LLC](#), Appeal No. 2023-1101

(Fed. Cir., June 3, 2024) (Lourie, Prost, [Reyna](#), precedential)

- A district court does not abuse its discretion in admitting damages opinion testimony having some degree of imprecision if the testimony is sufficiently tied to factual evidence.
- 如果损害赔偿意见证词与事实证据有足够的关联，地方法院在采纳该证词时不会滥用自由裁量权，即使该证词存在一定程度的不准确性。
- 証言が事実証拠に対して十分に審理された場合、地裁が、ある程度の不正確さを有するその証言を基に損害を認めることは、裁量権を乱用したことはない。
- 증언이 사실적 증거와 충분히 연계되어 있다면, 지방법원이 어느 정도 부정확한 손해 의견 증언 (damages opinion testimony)을 근거로 손해배상을 인정하는 것은 재량권을 남용한 것으로 볼 수 없습니다.

Background:

EcoFactor owns a patent directed to mitigating strain on the electricity grid by adjusting thermostat settings within HVAC systems. The patent describes a system in which thermostats collect internal temperature readings and use them alongside external temperatures to estimate and predict internal temperature change rates. EcoFactor sued Google alleging infringement based on Google's Nest smart thermostat products.

After discovery, Google sought summary judgment, arguing that claims of EcoFactor's patent were invalid as non-inventive abstract ideas under 35 U.S.C. § 101. The district court denied the motion as well as Google's motion to exclude the testimony of EcoFactor's damages expert. At trial, the jury found that Google infringed EcoFactor's patent and awarded damages. The district court denied Google's subsequent motions for judgment as a matter of law that Google did not infringe and for a new trial on damages. Google appealed.

On appeal Google raised three issues. First, Google appealed the district court's denial of summary judgment that the asserted claim was patent ineligible under § 101. Second, Google appealed the district court's denial of its motion for judgment as a matter of law that Google did not infringe on grounds that the jury's verdict lacked support of substantial evidence. Finally, Google appealed denial of its request for a new damages trial on grounds that the initial trial improperly admitted the testimony of EcoFactor's expert.

Holding:

Denial of a motion for summary judgment is not appealable after a trial on the merits because it is not a judgment of the district court. The jury verdict was supported at least by expert testimony corroborated by documentary evidence and testimony of Google’s expert. A new trial on damages was not warranted because the basis for calculating the royalty rate during the trial was sufficiently reliable based on evidence adduced at trial.

Discussion:

The Federal Circuit held that the denial of summary judgment “is not appealable.” The Federal Circuit explained that the district court held a trial on the merits of the § 101 patent eligibility issue, and that “a district court’s denial of summary judgment is not appealable after a trial on the merits.” Denial of summary judgment is not a judgment on the merits of the case. As the Supreme Court has explained, the trial record supersedes the record existing at the time summary judgment is considered.

Regarding the motion for judgment as a matter of law, the reviewing court observed that substantial evidence supports the jury verdict, including “expert testimony from both sides, documentary evidence, and source code information.” The verdict is supported by testimony of EcoFactor’s expert, and corroborating documentary evidence, and the substance of that evidence was conceded by Google’s experts on cross-examination.

On damages, the Federal Circuit affirmed the district court, observing that EcoFactor’s damages expert calculated a royalty rate based on evidence that included three license agreements, the testimony of EcoFactor’s CEO, and an e-mail chain between EcoFactor and a licensee. Google argued that the expert’s methodology lacked comparability and apportionment, and used capricious estimates, and was therefore inadmissible. The Federal Circuit disagreed, finding that the work of EcoFactor’s expert in estimating the reasonable royalty rate was grounded at least in text of the license agreements and testimony of EcoFactor’s CEO. The reviewing court further observed that the testimony was admissible because the expert had “accounted for [the] differences” in the portfolio licenses and had “separately grounded his apportionment opinion on underlying internal profit and survey data from Google.”

STANDING TO PETITION FOR TRADEMARK CANCELLATION

By [David Cain](#)

[Luca McDermott Catena Gift Trust v. Fructoso-Hobbs SL](#), Appeal No. 2023-1383

(Fed. Cir., May 23, 2024, [Lourie](#), Reyna, and Chen, precedential)

- To petition to cancel a trademark under 15 U.S.C. § 1064, a petitioner must show that it is within the zone of interests protected by the statute, and that the petitioner has its own individual commercial interest that is adversely affected by the challenged mark, not merely derivative of another party’s interest.
- 根据 15 U.S.C. § 1064 申请撤销商标，当事人必须证明其处于法规保护的利益范围内，且当事人自身的个人商业利益受到被质疑商标的不利影响，而不仅仅是源于另一方的利益。

- ▶ ある商標の米国商標法第 1064 条下でのキャンセルを上申する際、当事者が、単に他の当事者の利益から派生しているだけではなく、法律で保護されている域内に存していること、およびその当事者が、異議が申し立てられた商標によって不利益を被る独立した商業的利益を有していること、を証明しなければならない。
- ▶ 미국 상표법 제 1064 조에 따라 어떤 상표의 취소를 청원하는 경우, 당사자는 해당 상표가 단순히 다른 당사자의 이익에서 파생된 것이 아니라 법으로 보호되는 영역 내에 존재하고, 취소 청원의 대상이 되는 상표로 인해 불이익을 받는 자신의 독립적인 상업적 이익을 가지고 있음을 증명해야 합니다.

Background:

On November 17, 2022, Luca McDermott Catena Gift Trust (“the Trust”), along with two related family trusts, filed petitions to cancel the trademarks ALVAREDOS-HOBBS and HILLICK AND HOBBS owned by Fructuoso-Hobbs SL and Hillick & Hobbs Estate, LLC. The trademarks cover alcoholic beverages (wines) under International Class 33. The petitioners, who own a 21.6% partnership interest in Hobbs Winery (owner of the PAUL HOBBS mark), argued that the respondents' marks were likely to cause confusion with the PAUL HOBBS mark. They also alleged fraud by the respondents' attorney, who represented both the respondents' and the PAUL HOBBS marks.

The Trademark Trial and Appeal Board (TTAB) dismissed the petitions, concluding that the Trust lacked statutory entitlement under 15 U.S.C. § 1064 due to their minority ownership, and lack of direct use or possession, of the PAUL HOBBS mark. The TTAB also found the claims of likelihood of confusion and fraud insufficiently pled and denied leave to amend the petitions. The Trust appealed.

Holding:

The Federal Circuit affirmed, holding that the appellant had established Article III standing but lacked a right of action under 15 U.S.C. § 1064.

Discussion:

The Trust claimed a concrete injury due to the diminished value of their investment in Hobbs Winery, asserting that the injury was traceable, indeed directly linked, to market confusion created by the challenged marks. The Trust argued that cancelling the marks would prevent further confusion and restore the investment's value. The Trust also argued that they had a commercial interest in protecting the PAUL HOBBS mark as significant investors in Hobbs Winery.

The Federal Circuit found that the Trust alleged a concrete, particularized, and actual or imminent injury in fact despite some lingering questions about their actual stake in the winery. The Federal Circuit also found that the injury bears a causal connection with, and is thus fairly traceable to, the challenged marks, and that the court had the power to redress the injury by cancelling the challenged marks. The Federal Circuit thus found that the Trust had Article III standing in the case.

The Federal Circuit also observed, however, that the statute governing this case, 15 U.S.C. § 1064, has separate standing requirements of its own. Applying the Lexmark framework (*see Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 572 U.S. 118, 129 (2014)), the Federal Circuit concluded that the Trust did not fall within the zone of interests protected by 15 U.S.C. § 1064, as they lacked direct use or ownership rights in the PAUL HOBBS mark. Because the Trust did not have its own, individual, legitimate commercial interest affected by the challenged marks, the Trust did not fall within the zone of interest required to have a statutory right of action in this case. The Federal Circuit also observed that the injury alleged by the Trust was derivative of injury to the Hobbs Winery, and not proximate to the effect of the challenged marks. Because any injury to the Trust is only a consequence of injury suffered by Hobbs Winery itself, and that without injury to Hobbs Winery there is no injury to the Trust, the Federal Circuit found the injury suffered by the Trust too remote to satisfy the statutory requirement for standing.

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