



IDEAS ON INTELLECTUAL PROPERTY LAW



APRIL/MAY
2019

Print still matters

Trade show catalog bars patent

Stairway back to court

Erroneous jury instructions trip up copyright verdict

How ranges described in prior art trigger obviousness presumption

Can you sue foreign corporations for trademark infringement?

PATTERSON |
THUENTE | IP

Print still matters

Trade show catalog bars patent

It's easy to get excited when you come up with a new invention. But the U.S. Patent and Trademark Office won't consider an invention novel enough to qualify for a patent if a publicly available printed publication "anticipated" it. With a recent ruling, the U.S. Court of Appeals for the Federal Circuit (which hears all appeals concerning patents) provided some guidance on how it determines whether a publication was publicly available on the relevant date.

ROOT OF THE PROBLEM

Nobel Biocare Services AG obtained a patent for a dental implant when it acquired Alpha Bio Tech Ltd. (ABT) in 2008. Ophir Fromovich, the founder and CEO of ABT, was listed as an inventor on the patent.

Instradent USA, Inc., sought *inter partes* review (IPR) of the patent from the Patent Trial and Appeal Board (PTAB) in 2015. Under IPR, the PTAB can reconsider and cancel an already-issued patent based on certain types of "prior art." The

Board's final decision is subject to review by the Federal Circuit.

Prior art includes printed publications showing that the invention was anticipated, or obvious, before the so-called "critical date." The critical date under the applicable law (prior to the America Invents Act) for this case was one year before the date of application filing, or May 23, 2003.

The PTAB found that several of Nobel's patent's claims were anticipated — and thus invalid — based on an ABT product catalog dated March 2003. Nobel appealed.

BRUSHED OFF

Nobel contended that the catalog didn't qualify as a printed publication because it wasn't publicly accessible. As the appeals court noted, public accessibility has been called the touchstone for determining whether a reference constitutes a printed publication. A reference is publicly accessible if it was disseminated or otherwise made available



PTAB'S INCOMPLETE IPR DOESN'T UNDERMINE COURT'S JURISDICTION

Before turning to the printed publication question in *Nobel Biocare Svcs. AG v. Intradent USA, Inc.* (see main article), the U.S. Court of Appeals for the Federal Circuit first considered the issue of jurisdiction in light of the U.S. Supreme Court's decision in *SAS Institute, Inc. v. Iancu*. The high court held there that the Patent Trial and Appeal Board (PTAB) must institute *inter partes* review (IPR) either on all of the claims a petitioner has challenged or none of them.

In *Nobel*, the PTAB didn't review all of the challenged claims. But, as the Federal Circuit noted, neither party requested a remand to the Board for consideration of other claims or any other relief based on the SAS ruling.

According to the court, it has encountered similar situations since that case, where no party has requested SAS-based relief. In those cases — and this one — the Federal Circuit has held that it had jurisdiction and any error committed by the PTAB by instituting only partial IPR was waivable by the parties. It saw no reason to remand for review of noninstituted claims solely of its own accord.

in a way that persons interested and “ordinarily skilled” in the subject could locate it by exercising reasonable diligence.

The court found that substantial evidence supported the PTAB's finding that the catalog was publicly accessible before the critical date. For example, in March 2003, ABT's Fromovich attended an annual industry trade show with about 1,000 attendees. ABT had a small booth at the show.

Prior art includes printed publications showing that the invention was anticipated, or obvious, before the so-called “critical date.”

A dental supply distributor who attended the show testified that he'd collected catalogs from competitors at the show, at the request of his partner, who wanted to learn about ABT's implant. The partner testified that he was certain the catalog was publicly available to the industry, including competitors, after the trade show. He also provided his copy of the catalog, which he had kept in his files. That copy and a copy

offered as prior art by Intradent in the IPR had identical pages.

Notably, the court highlighted the distributor's “habitual practice” in obtaining product literature at the annual trade show and cited an earlier case where evidence of a library's general practice was relied on to establish when a thesis became accessible. According to the appeals court, evidence of a person's habit can help prove that, on a particular occasion, that person acted in accordance with that routine practice.

Moreover, the catalog bore the date “March 2003” on its cover. The court conceded that this date wasn't determinative of the date of public accessibility but found it relevant evidence supporting a finding of public accessibility at the trade show. In addition, Fromovich testified that the catalog likely was labeled with that date because the trade show was normally held at the end of March. And Nobel didn't dispute that the catalog was the type of document typically intended for public dissemination.

CHEW THIS OVER

Although U.S. patent law has been substantially amended since the events in this case, the publicly accessible requirement remains. Thus, the court's ruling probably wouldn't be different under current law. ▣

Stairway back to court

Erroneous jury instructions trip up copyright verdict

The 2016 ruling by a trial court in a copyright infringement case over Led Zeppelin's classic rock anthem "Stairway to Heaven" garnered a lot of attention. The U.S. Court of Appeals for the Ninth Circuit has now sent the case back to the trial court (which ruled in the band's favor), shedding some valuable light on how to prove copyright infringement of music in the process.

ORIGINAL SCORE

The plaintiff in the case (Michael Skidmore, the trustee for a trust in the name of the late Randy Wolfe, a member of the band Spirit) alleged that Led Zeppelin copied "Stairway to Heaven" from Wolfe's song "Taurus," which was written in 1966. "Stairway to Heaven" was recorded between December 1970 and January 1971. Specifically, Skidmore claimed that the opening notes to the Zeppelin song are substantially similar to those in "Taurus."

A jury returned a verdict in favor of Led Zeppelin, finding that the two songs were not substantially similar under the extrinsic test. The plaintiff appealed on multiple grounds.

For unpublished musical works under the Copyright Act of 1909, the deposit copy defines the scope of the copyright.

THE REPRISE

The plaintiff asserted that the trial court's jury instructions included several errors that affected the outcome of the case. For example, he argued that the court had prejudicially erred in giving the jury instructions by failing to instruct them that the *selection and arrangement* of otherwise unprotectable musical elements (such as notes or a scale) are protectable. The appeals court agreed.



The court focused on the extrinsic test for determining whether an allegedly infringing work is substantially similar to the original work. The jury had cited this test in reaching its verdict. Under the test, which is intended to be an objective test, the works are broken down into their constituent elements, which are then compared. Only elements that are protected by copyright are considered in the analysis.

The appeals court found the trial court's failure to instruct the jury on protection for original combinations of unprotectable music elements "especially problematic" in light of testimony from Skidmore's expert musicologist. He testified that there was extrinsic substantial similarity based on the combination of five elements, some protectable and some not. Without a selection and arrangement instruction, the court said, "the jury instructions severely undermined Skidmore's argument for extrinsic similarity, which is exactly what the jury found lacking."

FURY OVER SOUND

The plaintiff also argued that, under the Copyright Act of 1909, the copy of an unpublished work submitted along with a copyright registration application (known as a deposit copy) is purely archival in nature and doesn't define the scope of the copyright. The 1909 Act was the applicable version of

the Copyright Act in 1967, when the copyright for “Taurus” issued.

At that time, copyright protection wasn’t available for sound recordings, and composers were required to submit sheet music as the deposit copy for musical compositions. But the plaintiff contended that copyright protection under the 1909 Act extended beyond sheet music to sound recordings, so that Spirit’s recordings also could be used to prove substantial similarity. As the court observed, no federal appellate court had previously addressed this issue.

The court concluded that, for unpublished musical works under the 1909 Act, the deposit copy defines the scope of the copyright. Because the Act makes the existence of copyright dependent on the deposit copy, the court reasoned, it makes sense that the deposit copy also defines the scope of protection. (Note that, under the 1909 Act, copyright didn’t

attach until a work was published or registered. Under current law, copyright attaches at creation, and sound recordings can be submitted as deposit copies.)

Moreover, the court pointed out, Congress and the Register of Copyrights have taken care to ensure the preservation of deposit copies — an indication of the importance of deposit copies for unpublished works. Even under later versions of the Copyright Act, the purpose of deposit copies has been described as providing a way “to identify the work in which the registrant claims a copyright.”

HEAVEN CAN WAIT

The court ultimately returned the case, first filed in 2014, to the trial court for a new trial. It remains to be seen whether another jury, operating under more complete instructions, will find substantial similarity between the songs. □

How ranges described in prior art trigger obviousness presumption

Some patents specify ranges to account for variability — for example, a range of temperatures in which a process occurs. These types of patents can run into obviousness issues that can invalidate them if the range overlaps with ranges detailed in so-called “prior art.” Patentees in such cases aren’t totally out of luck, though, as they have the opportunity to rebut the presumption of obviousness.

RELEVANT RANGES

Synvina C.V. holds a patent on a method for preparing a chemical that has attracted commercial interest because of its potential in the “green” chemical industry. The patent describes four reaction conditions, including a temperature range (between

140 and 200 degrees Celsius) and an oxygen partial pressure range (1 to 10 bars).

E.I. DuPont de Nemours & Co. petitioned the Patent Trial and Appeal Board (PTAB) to cancel Synvina’s patent because prior art showed that the method was obvious. On review, the PTAB found the patent claims not unpatentable as obvious. DuPont appealed to the U.S. Court of Appeals for the Federal Circuit, the court that hears PTAB appeals.

RANGE OF REBUTTALS

The prior art in question employed temperature and pressure ranges that encompassed the ranges described in Synvina’s patent and, in some cases, preferred ranges that included or approximated the ranges in the patent. For example, one publication



included a temperature range of 50 to 250 degrees for preparation of the chemical. Another publication describing the production of the chemical specified appropriate oxygen pressures in a range of 2.1 to 10.5 bars.

The Federal Circuit has long recognized that, where the general conditions of a patent claim are revealed in prior art, it's not inventive (or, therefore, patentable) to discover the optimum or workable ranges by routine experimentation. A presumption of obviousness arises when the ranges of a variable in a patent overlap the ranges revealed in the prior art.

A presumption of obviousness arises when the ranges of a variable in a patent overlap the ranges revealed in the prior art.

However, patentees can rebut the presumption if the:

- Modification of the variable produces a new and unexpected result that's different in kind, and not merely degree, from the results of the prior art,
- Prior art teaches away from — or discourages the use of — the patented range,

- Relevant variable isn't recognized as affecting the result, or
- Prior art reveals "very broad ranges" that might not motivate others to engage in routine optimization of the ranges.

DuPont claimed that the PTAB erred in holding that temperature and oxygen pressure weren't result-effective variables.

The court sided with DuPont, adding that "discovery of an optimum value of a result-effective variable in a known process" is something a person of ordinary skill in the relevant field would be motivated to pursue by adjusting those variables within the ranges identified in prior art. The court found that the PTAB didn't consider the normal desire of scientists and the like to improve on what's already generally known.

OBVIOUS RESULT

Once DuPont established that the prior art disclosed the patented reaction and conditions, the burden shifted to Synvina to demonstrate teaching away, unexpected results or some other evidence of nonobviousness. Because Synvina failed to present evidence that outweighed "the strong case of obviousness based on the prior art," the Federal Circuit reversed the PTAB's finding of nonobviousness. □

Can you sue foreign corporations for trademark infringement?

E-commerce has allowed foreign corporations to reach new customers far beyond their borders. Sales to U.S. customers, though, might open up a foreign company to litigation in the United States. The U.S. Court of Appeals for the First Circuit has shed light on how a foreign defendant can land in federal court for alleged trademark infringement.

CLOSER LOOK

Plixer International, Inc., a Maine-based corporation, owns the registered mark “Scrutinizer.” The mark covers computer software and hardware for fighting malware infections and application performance problems.

German corporation Scrutinizer GmbH runs a cloud-based self-service platform that helps customers build better software through an interactive, English-language website. Customers pay in euros. The company maintains no U.S. office, phone number or agent for service of process. It directs no advertising to the United States, and its employees don’t travel there on business.

Plixer sued Scrutinizer for trademark infringement. After the trial court found that it had jurisdiction over Scrutinizer based on the company’s contacts with the United States, Scrutinizer appealed.

SCRUTINIZING CONTACTS

Scrutinizer argued that the finding of jurisdiction violated the Due Process Clause of the U.S. Constitution. This requires a plaintiff to show that the defendant has adequate contacts with the United States to justify jurisdiction.

To determine whether contacts are adequate, the appeals court uses a three-pronged minimum contacts framework, which requires a plaintiff to show three things:

1. Its claim directly arises out of or relates to the defendant’s activities in the United States.
2. The defendant’s contacts show “purposeful availment,” meaning the defendant intentionally took advantage of the privilege of conducting activities in the United States, thereby invoking the benefits and protections of U.S. laws and making the defendant’s involuntary presence in U.S. courts foreseeable.
3. The exercise of jurisdiction is reasonable.

Scrutinizer conceded the first prong but challenged the second and third.

COURT’S EXAMINATION

On the question of purposeful availment, the appeals court found that the company could have reasonably anticipated jurisdiction based on its U.S. contacts. It noted that Scrutinizer had used its website to obtain U.S. customer contracts that yielded almost \$200,000 in business over 3½ years.

Turning to the reasonableness prong, the court found that the United States’ interest in adjudicating a dispute over U.S. trademark law, combined with the U.S. plaintiff’s interest in obtaining effective relief, outweighed any burden imposed on Scrutinizer by U.S. litigation. The company failed to show any travel burdens that were “special or unique,” and affidavits and video devices can resolve many of the logistical difficulties.

A CAVEAT

The U.S. Supreme Court has yet to provide clear guidance on how a defendant’s online activities translate into contacts for the minimum contacts analysis. Thus, as the court emphasized, its ruling here was specific to the facts of the case. If your business deals with foreign businesses, be sure to contact your intellectual property attorney to learn more. ▣

Patterson Thuentle IP

4800 IDS Center, 80 South 8th Street
Minneapolis, MN 55402

Attorneys

Tye Biasco, P.E.

Daniel L. Bruzzone

Daidre L. Burgess

Eric H. Chadwick

David R. Cleveland – *Of Counsel*

Thomas G. Dickson

Jay A. Erstling – *Of Counsel*

Mike P. Gates

Christian J. Girtz

Christian J. Hansen

J. Paul Haun

Jumi Kassim

Casey A. Kniser

Charlie A. Nelson

Paul C. Onderick, O.D.

James H. Patterson

Brad D. Pedersen

Kyle T. Peterson

Galen Rahmlow

James P. Rieke

Amy M. Salmela

Brian L. Stender

Sarah M. Stensland

Adam E. Szymanski

Bradley J. Thorson, P.E.

Chad J. Wickman

www.ptslaw.com
800.331.4537

SUPREME COURT DENIES PETITION TO DECIDE PATENT DAMAGES ISSUE ABOUT ENTIRE MARKET VALUE RULE

By Adam Szymanski

This week, the Supreme Court denied a petition from Power Integrations, Inc. to decide a question about patent damages, the “entire market value” rule, and what parties must prove to recover or avoid large damages awards in patent infringement lawsuits.¹ As an exception to the general rule, the entire market value rule allows a patent holder to recover damages on patented and unpatented features of an infringing product.² For the entire market value rule to apply, the patent holder must show that the patented feature drove customer demand of the infringing product or substantially created the product’s value.³ Suppose, for example, you owned a patent to a travel mug lid and sold mugs using the lid. Let’s say a competitor starts selling mugs with lids that infringe your patent. Without the entire market value rule, your damages would be limited to just the lid (the patented feature). But you might recover damages on the whole travel mug (the lid, mug, handle, etc.), if you could show that the patented lid drove demand for the mug. It is easy to see how the entire market value might be a boon to patent holders and a bane to alleged infringers. Here’s Power Integrations’ question to the Court: Does the patent holder not only have to show that the patented feature (the lid) drove demand but also that unpatented features (e.g., the mug or handle) *did not* drive demand for the entire market value rule to apply?⁴

This question arose from a patent infringement lawsuit in the United States District Court for the Northern District of California between Power Integrations and Fairchild Semiconductor International, Inc. and others (collectively, Fairchild), both of which manufacture power supply controllers.⁵ Power Integrations sued Fairchild for infringing two patents, U.S. Patent Nos. 6,212,079 and 6,538,908.⁶ The 079 patent covered switching regulators with a frequency reduction feature for use in a power supply controller; the 908 patent covered a power supply controller.⁷ The jury found that Fairchild literally infringed the 079 patent and infringed the 908 patent under the doctrine of equivalents.⁸ After a second damages trial, a jury awarded Power Integrations \$139.8 million in damages based on the entire market value rule.⁹ Fairchild appealed the infringement findings and the damages award to the Court of Appeals for the Federal Circuit.

Despite affirming infringement of the two patents, the Federal Circuit vacated the jury’s \$139.8 million damages award to Power Integrations.¹⁰ The Federal Circuit explained that the power supply controllers had other valuable features, like jittering, and noted that Power Integrations had even sued Fairchild for patent infringement over the jittering feature in another lawsuit.¹¹ So, it concluded that there was no proof that these other features, like jittering, did not affect consumer demand and that Power Integrations did not meet its burden for the entire market value rule.¹² In the wake of losing such a substantial jury verdict, Power Integrations petitioned the Supreme Court for review.

The Supreme Court’s denied Power Integrations’ petition on February 25, 2019, so it will not decide Power Integrations’ question. In view of this denial, one way to understand the Federal Circuit’s decision is that Power Integrations simply did not prove that the patented feature drove the demand in view of other evidence in the record—not that the patentee must prove a negative (*i.e.*, that unpatented features *did not* drive demand). But it is unclear how litigants will understand the Federal Circuit’s decision going forward.

1. *Power Integrations Inc. v. Fairchild Semiconductor Int’l, Inc.*, No. 18-779, 2019 WL 887884, at *1 (U.S. Feb. 25, 2019).

2. *LaserDynamics, Inc. v. Quanta Computer, Inc.*, 694 F.3d 51, 67 (Fed. Cir. 2012) (citing *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1549 (Fed. Cir. 1995) (en banc)).

3. *Id.*

4. *Power Integrations, Inc. v. Fairchild Semiconductor Intern. Inc.*, 2018 WL 6706073 (U.S.), ii.

5. *See Power Integrations, Inc. v. Fairchild Semiconductor Int’l, Inc.*, No. C 09-5235-MMC, 2017 WL 950992 (N.D. Cal. Mar. 10, 2017).

6. *Power Integrations, Inc. v. Fairchild Semiconductor Int’l, Inc.*, 904 F.3d 965, 969 (Fed. Cir. 2018).

7. *Id.*

8. *Id.*

9. *Id.*

10. *Id.* at 980.

11. *Id.* at 979.

12. *Id.*