

INTELLECTUAL PROPERTY

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The Federal Circuit En Banc Revisits the Written Description and Enablement Requirements

Attorneys Robert F. Kramer and Irene Yang of Howrey LLP discuss the arguments currently before the Federal Circuit in an *en banc* appeal in *Ariad Pharmaceuticals v. Eli Lilly & Co.* The authors wrote an *amicus* brief on behalf of RealNetworks Inc. in support of Eli Lilly's position that the court should maintain a written description requirement separate from the requirement of an enabling disclosure in a patent specification.

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TRADEMARK INFRINGEMENT

Judge Blocks Store From Using 'NYC Triathlon' Name

A federal judge has enjoined a New York sports retailer from using "NYC Triathlon Club" as its name because it confusingly similar to the name of the organization that puts on the race.

New York City Triathlon LLC v. NYC Triathlon Club Inc., No. 10-1464, 2010 WL 808885 (S.D.N.Y. Mar. 9, 2010).

U.S. District Judge Colleen McMahon of the Southern District of New York granted New York City Triathlon LLC's motion for a preliminary injunction.

The triathlon is a grueling race that has been run since 2001. It involves a 1,500-meter swim in the Hudson River and a 40-kilometer bike ride up the West Side Highway, followed by a 10-kilometer run through Central Park.

The race has a loyal following; this year, 20,000 people competed for 5,600 spots, which were sold out in under seven minutes, the opinion says.

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What Did You Invent?

The Federal Circuit En Banc Revisits the Written Description And Enablement Requirements

By Robert F. Kramer, Esq., and Irene Yang, Esq.

Suppose your company files for a patent on its core technology, fully describing how to make and use its inventions in “full, clear, concise and exact terms” sufficient to enable a person skilled in the art to make and use them. Does that meet the description requirements of the patent laws and allow you to receive a patent protecting your valuable technology? Or must you also provide a detailed description of the inventions to show that the inventor was actually in possession of the full scope of the claimed inventions? Exactly how much of your core technology must be described before you can receive a valid patent?

Now suppose a competitor or a non-practicing entity sues you accusing your products of infringing its skimpily described patent claims. Your engineers require costly, though not undue, experimentation to make and use the claimed invention. Further suppose that the patent owner is stretching the breadth of its claims to accuse your products of infringing the patent, but the specification does not show that the inventor actually understood that the claimed invention was broad enough to cover your products.

Does the patent owner receive an undeserved windfall if your products are nevertheless found to infringe?

What do you do in these situations, and are the ground rules governing these issues shifting under your feet? The answers to these questions likely will be decided by the U.S. Court of Appeals for the Federal Circuit in a key patent case, *Ariad Pharmaceuticals Inc. v. Eli Lilly & Co.*, sometime this year.¹

We begin with the language of 35 U.S.C. § 112, which sets forth the description requirements as a *quid pro quo*: adequate description of an invention in a patent specification in consideration for an inventor’s receipt of the right to exclude others from unauthorized

use of the invention during the patent term. Section 112, paragraph 1 provides:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

As one might expect from the scenarios described above, lack of adequate written description of a patented invention is and has been an important defense to patent infringement claims, and it has been generally accepted that written description

The Federal Circuit granted a rehearing *en banc* Aug. 21 to permit the full court to address this important issue. The court received briefing from parties and *amici* and held an oral argument Dec. 7, addressing two questions:

- Whether 35 U.S.C. § 112, paragraph 1, contains a written description requirement separate from an enablement requirement; and
- If a separate written description requirement is set forth in the statute, what is the scope and purpose of the requirement.²

Regardless of how the Federal Circuit decides these questions, however, the outcome will likely have significant impact on patent law, patentees’ patent procurement strategy and defendants’ patent litigation strategy.

Lack of adequate written description of a patented invention is and has been an important defense to patent infringement claims.

is a separate requirement from enablement. However, Federal Circuit case law has not been entirely consistent, and judges and commentators have engaged in vigorous discussion over whether, under Section 112, paragraph 1, written description is a separate requirement from enablement.

The Federal Circuit’s upcoming decision, an *en banc* rehearing of *Ariad v. Eli Lilly*, may help eliminate the current uncertainty. By way of background, a three-judge panel held in April 2009 that *Ariad*’s single-step biotechnology method claim was invalid for lack of written description. Judge Richard Linn remarked in a concurring opinion that the court should not impose a separate written description requirement on Section 112, beyond requiring that the specification enable a person skilled in the art to make and use the invention.

In response to the court’s invitation, dozens of *amici* spanning a variety of industries and technologies filed briefs in the case. They include the U.S. government, law professors who teach and research in areas of patent law,³ pharmaceutical and biotechnology companies that have found or may find themselves similarly situated to the parties in this case,⁴ software and Internet technology companies that would be affected by a change in the law,⁵ and law associations whose members include patent law practitioners.⁶

The trend among *amici* appears to be in line with Lilly’s position, namely, that enablement and written description are separate requirements in Section 112, paragraph 1. But depending on whose side they support

— Ariad’s or Eli Lilly’s, or perhaps an amalgamation of the two — the grammatical structure of Section 112, legislative history and case precedent, not to mention the policy considerations and predictions (dire and not so dire), provide plenty of room for debate.

There is some common ground among the viewpoints briefed. There is general agreement that the specification must provide a written description of the invention, and the claims must be directed thereto.⁷ The key question, then, is not whether a written description of the invention is required at all, but rather whether Section 112, paragraph 1, requires a written description of the invention that is separate from the enablement requirement, and if so, what is its measure.

STATUTORY INTERPRETATION AND LEGISLATIVE HISTORY

Ariad parses the statutory language of Section 112 to conclude that there is no written description requirement separate from enablement for the phrase “in such full, clear, concise, and exact terms as to enable,” arguing that it modifies the noun “a written description.”⁸

Eli Lilly and its *amici*, by contrast, argue that the “literal words of the statute still define two separate requirements, as demonstrated by the word ‘and’ between the description and enablement requirements of the statute.”⁹ The principle of statutory construction that Congress does not use superfluous words demonstrates that “the manner and process of making and using” would be superfluous under Ariad’s argument.¹⁰

Both sides argue that the legislative history of Section 112 indicates congressional support for their respective positions. Ariad argues that the Patent Acts of 1790 and 1793 required a written disclosure that distinguished the invention from the prior art and enabled one skilled in the art to make and use the invention.¹¹

But the Patent Act of 1836 eliminated the requirement of distinguishing the invention from the prior art, while adding a separate requirement for claims.¹² This, according to Ariad, means that the written description was meant solely for enablement purposes.¹³ Then the Patent Act of 1870 required an enabling written description, claims and a “best mode” requirement, but no written description separate from enablement.¹⁴

By contrast, Eli Lilly and several *amici* emphasize that Congress declined to redraft Section 112 to clearly require only an enablement requirement.¹⁵ Additionally, Congress has similarly declined to amend other Patent Act sections to eliminate a separate written description requirement.¹⁶ For example, in amending the 1793 Patent Act, Congress did not remove the language that the patentee “shall deliver a written description of [1] his invention or discovery, and [2] of the manner and process of making, constructing, using, and compounding the same.”¹⁷

DIFFERENT INTERPRETATIONS OF CASE LAW

Unsurprisingly, the two sides read the case law differently as well. The case of *Evans v. Eaton* is often pointed to as the earliest Supreme Court case recognizing a separate written description requirement.¹⁸ Eli Lilly and its *amici* interpret the Supreme Court’s decision as recognizing that the 1793 Patent Act established enablement and written description as separate requirements, while Ariad argues that *Evans* interpreted the 1793 Patent Act, which Ariad contends is different from subsequent patent statutes because it did require a separate written description.¹⁹

Indeed, the Supreme Court case of *O’Reilly v. Morse*, according to Eli Lilly, confirmed the separate written description requirement in the 1836 Patent Act, holding invalid a claim

separate from enablement. For example, Ariad argues that one commonly cited case, *In re Ruschig*, was decided on the ground that the specification did not identify a later-claimed compound as something invented by the applicant and that should be made by one of ordinary skill in the art, and that later commentators and court decisions have misread *Ruschig*.²²

However, Eli Lilly, in what appears to be consistent with the way the case law generally accepts this question, discusses a number of cases in which the CCPA indicated the separate nature of the requirements. Eli Lilly notes, for example, that in *Ruschig*, the court stated, “While we have no doubt a person so motivated would be enabled by the specification to make it, this is beside the point for the question is not whether he would be so enabled but whether the specification discloses the compound to him, specifically, as something appellants actually invented.”²³

The focus of the parties and *amici* then turns to the Federal Circuit’s sometimes apparently conflicting line of cases addressing Section 112, paragraph 1. Ariad says the court applied the written description requirement as a general disclosure requirement for the first time in 1997 in *Regents of the University of California v. Eli Lilly & Co.*²⁴

There the court held invalid claims to plasmids comprising cDNAs encoding vertebrate, mammalian or human insulin because the

It has been generally accepted that written description is a separate requirement from enablement.

of an inventor’s patent that did not cover what he had actually invented or described as his invention.²⁰ *Schriber-Schroth Co. v. Cleveland Trust Co.* is another Supreme Court case addressed by Eli Lilly and *amici*, holding invalid certain flexible web elements, where the specification only described extremely rigid web elements.²¹ Eli Lilly and its *amici* discuss numerous other Supreme Court cases in support of their position that written description is a requirement separate from enablement.

The U.S. Court of Customs and Patent Appeals and the Federal Circuit have likewise issued a string of opinions that have been the subject of vigorous debate over whether they recognize a written description requirement

specification only disclosed construction of a plasmid comprising a cDNA encoding rat insulin. Ariad argues that later cases ran with the 1997 *Eli Lilly* decision and invalidated claims under a “description-possession” test rather than enablement.²⁵ Eli Lilly, however, points to the plethora of cases recognizing a separate written description requirement.²⁶

One argument raised by several *amici* is that Section 112’s written description requirement has always been applied in the context of the new matter prohibition or in the priority context, though some argue that that is insufficient.²⁷ Moreover, a number of *amici* suggest that the Federal Circuit clarify or re-establish that written description is a question of law for the courts

to decide, in line with claim construction and other invalidity doctrines such as obviousness.²⁸ While the parties have taken no position on that recommendation, it remains to be seen whether the Federal Circuit will reach that issue.

POSSIBLE RESOLUTION: IMPORTANT PATENT LAW POLICIES IMPLICATED

The Federal Circuit has indicated that it intends to resolve the current uncertainty in the law through its *en banc* decision in *Ariad v. Eli Lilly*. At stake are important policy issues that go to the heart of the U.S. patent system and turn on whether a written description requirement is independent of an enablement requirement.

Two fundamental policies implicated are:

- The protection of legitimate inventions by preventing overreaching by patentees; and
- Encouraging further inventive activity by the patentee and others in the field of technology.

The *quid pro quo* of the patent system is inextricably linked with both.²⁹

First, there is the question of whether an independent written description requirement separate from enablement is necessary to prevent patentees from overreaching, thereby protecting legitimate inventions. The courts have repeatedly recognized the need to prevent this sort of overreaching.

It is long-established that the U.S. patent system is meant to “promote the progress of science and useful arts” by rewarding innovation with a temporary monopoly.³⁰ If a patentee is legitimately in possession of a broad invention, it is proper for that patentee to receive broad claims.³¹ However, an inventor is not entitled to receive claims that are broader than the description of the invention set forth in the specification.³²

Thus, the Federal Circuit has an opportunity here to clarify whether the written description requirement separate from an enabling disclosure is the vehicle with which to guard against inventors’ overreaching by insisting that they recount their inventions in such detail that their future claims can be determined to be encompassed within their original creation.³³

A related question the court may address is whether a detailed written description requirement serves a broader purpose than simply how to make and use a

claimed invention: conveying possession of the invention.³⁴ By requiring a detailed description of the claimed invention, as argued by some *amici*, the court may add more meaning to prior pronouncements that written description ensures that a patent is not viewed as “a hunting license,” or a reward for the search, but rather “compensation for its successful conclusion.”³⁵

This set of policies is particularly germane to technology companies that are often subjected to patent infringement lawsuits in which patentees claim that they conceived and are entitled to broad patent coverage, even though there is scant evidence in the specification showing that the inventor was actually in possession of the “invention” when the application was filed.

The Federal Circuit may address whether a detailed written description requirement serves a broader purpose than simply how to make and use a claimed invention.

The Federal Circuit should clarify whether a vigorous and separate written description requirement discourages such behavior, while still providing protection for those inventors who legitimately possess an invention and who claim what they are actually entitled to under the patent laws.

Second, the court may affirm that a related and equally important purpose of having an independent written description requirement may be to encourage inventive activity by the patentee and others in the field. As the Supreme Court has recognized:

The monopoly is a property right; and like any property right, its boundaries should be clear. This clarity is essential to promote progress, because it enables efficient investment in innovation. A patent holder should know what he owns, and the public should know what he does not. For this reason, the patent laws require inventors to describe their work in “full, clear, concise, and exact terms,” 35 U.S.C. § 112, as part of the delicate balance the law attempts to maintain between inventors, who rely on the promise of the law to bring the invention forth, and the public, which should be encouraged to pursue

innovations, creations, and new ideas beyond the inventor’s exclusive rights.³⁶

The Federal Circuit may confirm that requiring an adequate written description separate from enablement encourages innovation so that “the onward march of science” is not impeded by lack of clarity and by creating assurance that an inventor receives exclusivity only for that which he or she actually invented.³⁷

By providing clear boundaries of the patentee’s claimed invention and preventing unjustified overreaching, the patent system ensures that aspiring inventors in the same field know what they may use or manufacture without fear of suit for patent infringement.³⁸ Thus, others working in the field may freely

pursue inventive activity in those areas not belonging to the patentee and are, in fact, encouraged to do so in the name of scientific progress.

The Federal Circuit heard oral argument *en banc* in December, and a decision is expected in the coming months. The case of *Centocor Inc. v. Abbott Laboratories*, addressing the written description and enablement requirements, is also due to be heard by the Federal Circuit this year, with briefing this spring.³⁹ Stay tuned for the status of the requirements of Section 112, paragraph 1, following the *Ariad v. Eli Lilly* and *Centocor v. Abbott* decisions. **WJ**

NOTES

¹ *Ariad Pharms. v. Eli Lilly & Co.*, No. 2008-1248 (Fed. Cir.).

² *Id.*, 2009 WL 5874322 at 2 (Fed. Cir. Aug. 21, 2009).

³ See, e.g., Brief of *Amici Curiae* Mark D. Janis and Timothy R. Holbrook in Support of Neither Party, 2009 WL 3657814; Brief of *Amicus Curiae* Law Professor Christopher M. Holman in Support of Neither Party, 2009 WL 3711551; Brief for *Amicus Curiae* Roberta J. Morris, Esq., Ph.D., in Support of Neither Party, Urging Attention to the Grammatical Structure and Words of 35 U.S.C. § 112 ¶ 1, 2009 WL 3657815; Brief of *Amicus Curiae* Oskar Liivak in Support of Defendant-

Appellant, 2009 WL 4616152; Brief of *Amicus Curiae* Professor Christopher A. Cotropia in Support of Eli Lilly's Answers to the *En Banc* Questions, 2009 WL 4832135.

⁴ See, e.g., Brief of *Amicus Curiae* Novozymes A/S on *En Banc* Rehearing in Support of Neither Party, 2009 WL 3657816; Brief of *Amicus Curiae* Medtronic Inc. in Support of Eli Lilly, 2009 WL 4616155; Brief for Abbott Laboratories as *Amicus Curiae* in Support of Defendant-Appellant, 2009 WL 4832136; Brief of *Amicus Curiae* Amgen Inc. in Support of Affirmance of Judgment, 2009 WL 4616154; Brief of *Amicus Curiae* GlaxoSmithKline in Support of Eli Lilly, 2009 WL 4616153; Brief of *Amicus Curiae* Monsanto Co. in Support of Eli Lilly and Affirmance, 2009 WL 4832138; see also Brief of *Amicus Curiae* the Regents of the University of California et al. on *En Banc* Rehearing in Support of Affirmance of Judgment, 2009 WL 3657817.

⁵ See, e.g., Brief of *Amici Curiae* Google, Verizon Communications, Cisco Systems; Brief of Hynix Semiconductor and Samsung Electronics Co. as *Amici Curiae* in Support of Defendant-Appellant-Respondent and Reversal, 2009 WL 4832132; Brief of *Amicus Curiae* Microsoft Corp. in Support of Defendant-Appellant Eli Lilly on Rehearing *En Banc*, 2009 WL 4832139; Brief of *Amicus Curiae* RealNetworks Inc. in Support of Eli Lilly.

⁶ See, e.g., Brief of *Amicus Curiae* New York Intellectual Property Law Association on *En Banc* Rehearing in Support of Neither Party, 2009 WL 3657813; Brief of *Amicus Curiae* in Support of Neither Part Submitted on Behalf of University of Kentucky Intellectual Property Law Society; Brief of *Amicus Curiae* Intellectual Property Owners Association on *En Banc* Rehearing in Support of Eli Lilly; Brief of *Amicus Curiae* the American Intellectual Property Law Association in Support of Appellant on Rehearing *En Banc*, 2009 WL 4832134; Brief of *Amicus Curiae* Federal Circuit Bar Association in Support of Appellant, 2009 WL 4832133; Brief of *Amicus Curiae* Public Patent Foundation in Support of Defendant-Appellant, 2009 WL 4922508; Brief of Washington Legal Foundation as *Amicus Curiae* in Support of Defendant-Appellant Supporting Reversal, 2009 WL 4832131.

⁷ See Ariad Reply Brief, 2009 WL 4922511 at 1-2; *Amicus* Brief of Federal Circuit Bar Association at 6-8.

⁸ Ariad Principal Brief, 2009 WL 4832122 at 3.

⁹ Eli Lilly Principal Brief, 2009 WL 4248775 at 26-27; see, e.g., *Amicus* Brief of WLF at 9.

¹⁰ Eli Lilly Principal Brief at 26-27; see, e.g., *Amicus* Brief of WLF at 9.

¹¹ Ariad Principal Brief at 8.

¹² *Id.* at 11, 18.

¹³ *Id.* at 11.

¹⁴ *Id.* at 11-12.

¹⁵ Eli Lilly Principal Brief at 6, 10; see, e.g., *Amicus* Brief of Federal Circuit Bar Association at 19.

¹⁶ *Amicus* Brief of Federal Circuit Bar Association at 22.

¹⁷ See Eli Lilly Principal Brief at 6.

¹⁸ 20 U.S. 356 (1822).

¹⁹ Eli Lilly Principal Brief at 5-6; Ariad Principal Brief at 16; see, e.g., *Amicus* Brief of WLF at 14-15; *Amici* Brief of Google at 4.

²⁰ 56 U.S. 62 (1854); Eli Lilly Principal Brief at 7-9.

²¹ 305 U.S. 47 (1938); Eli Lilly Principal Brief at 11-14; see, e.g., *Amici* Brief of Google at 4.

²² 379 F.2d 990 (C.C.P.A. 1967); Ariad Principal Brief at 24-29.

²³ Eli Lilly Principal Brief at 17-23; 379 F.2d at 995.

²⁴ Ariad Principal Brief at 32-33; 119 F.3d 1559 (Fed. Cir. 1997)

²⁵ Ariad Principal Brief at 35.

²⁶ Eli Lilly Principal Brief at 23-24.

²⁷ See, e.g., *Amicus* Brief of the University of California at 12; *Amici* Brief of Janis at 15-17; *Amicus* Brief of Abbott at 15-20.

²⁸ See, e.g., *Amicus* Brief of Federal Circuit Bar Association at 26-27; *Amici* Brief of Hynix at 29-32; *Amicus* Brief of University of Kentucky at 19-25.

²⁹ See *In re Alonso*, 545 F.3d 1015, 1019 1015 (Fed. Cir. 2008) ("The requirement serves a teaching function, as a quid pro quo in which the public is given meaningful disclosure in exchange for being excluded from practicing the invention for a limited period of time.") (quoting *University of Rochester v. G.D. Searle & Co.*, 358 F.3d 916, 922 (Fed. Cir. 2004)) (internal quotations omitted).

³⁰ See *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 730-31 (2002) (citing U.S. Const., Art. I, § 8, cl. 8).

³¹ See *In re Sus*, 306 F.2d 494, 497 (C.C.P.A. 1962) (claims must be commensurate in scope with the invention disclosed in the written description).

³² *Id.*; see also *Morse*, 56 U.S. at 112-20 (claim 8 was invalid for overreaching).

³³ *Vas-Cath Inc. v. Mahurkar*, 935 F.2d 1555, 1561 (Fed. Cir. 1991).

³⁴ *Id.* at 1563-64; see *Capon v. Eshhar*, 418 F.3d 1349, 1357-58 (Fed. Cir. 2005) (written description requirement satisfies inventor's obligation to disclose knowledge upon which patent is based and also demonstrate possession of claimed invention); *Enzo Biochem Inc. v. Gen-Probe Inc.*, 323 F.3d 956, 972 (Fed. Cir. 2002) (Lourie, J., concurring) ("It is incorrect that the mere appearance of vague claim language in an original claim or as part of the specification necessarily satisfies the written description requirement or shows possession of a generic invention."); *Fiers v. Revel*, 984 F.2d 1164, 1171 (Fed. Cir. 1993) (prohibiting the patenting of merely a wish or plan as "an attempt to preempt the future before it has arrived").

³⁵ *Rochester*, 358 F.3d at 930 n.10 (quoting *Brenner v. Manson*, 383 U.S. 519, 536 (1966)).

³⁶ *Festo*, 535 U.S. at 730-31 (citing *Bonito Boats v. Thunder Craft Boats*, 489 U.S. 141, 150 (1989)).

³⁷ *Morse*, 56 U.S. at 113.

³⁸ See *Schriber-Schroth Co. v. Cleveland Trust Co.*, 305 U.S. 47, 57 (1938); *Henry v. Providence Tool Co.*, 11 F. Cas. 1182, 1185 (D.R.I. 1878).

³⁹ *Centocor Inc. v. Abbott Labs.*, No. 2010-1144 (Fed. Cir.).



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Infringement Just Not in the Cards

A federal judge did not err when she ruled that two patents related to trading cards were invalid due to obviousness, the U.S. Court of Appeals for the Federal Circuit has ruled.

Media Technologies Licensing LLC v. Upper Deck Co. et al., No. 2009-1022, 2010 WL 681347 (Fed. Cir. Mar. 1, 2010).

The appeals court affirmed the decision by Judge Alicemarie H. Stotler of the U.S. District Court for the Central District of California.

The decision invalidates two patents held by Media Technologies Licensing LLC, U.S. Patent Nos. 5,803,501 and 6,142,532.

Both patents are for a memorabilia card that provides an actual piece or portion of an item in combination with a photograph or similar representation of a famous figure having a relationship to the item.

An example of a memorabilia card is a picture of Elvis Presley along with a lock of his hair or a scrap of one of his costumes.

In 2001 Media Technologies sued Upper Deck Co., alleging the defendant's sports trading cards infringed the two patents.

The case remained pending during a re-examination proceeding before the U.S. Patent and Trademark Office requested by Upper Deck.

In October 2008 Judge Stotler granted Upper Deck's motion for summary judgment that the patents were obvious.

Under federal patent law, 35 U.S.C. §103(a), a patent may not be obtained "if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains."

The Federal Circuit explained that in order to determine obviousness, the court must

Prior Art Cited By the Court

- A trading card with a picture of Marilyn Monroe and a diamond attached to the card.
- A piece of a sheet purportedly slept on by one of the Beatles, attached to a copy of a letter on Whittier Hotel stationery declaring its authenticity.
- A greeting card fashioned to look like a novelty item that ostensibly includes a piece of jeans material belonging to James Dean

examine the scope and content of the prior art, the differences between the prior art and the claims at issue, and the level of ordinary skill in the pertinent art.

Media Technologies contended that none of the prior-art references addressed a "sports trading card."

The Federal Circuit said Upper Deck met its burden of showing that a person of ordinary skill would apply the teachings of the prior art, which involved memorabilia of famous non-sports-related personalities, to a sports trading card.

One judge dissented, saying that up until the '501 patent application was filed, no prior art disclosed attaching a cut-up piece of memorabilia to a baseball card. WJ

Related Court Document:
Opinion: 2010 WL 681347

See Document Section A (P. 21) for the opinion.



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Triathlon

CONTINUED FROM PAGE 1

One of the triathlon's sponsors was SBR Multisports Inc. In January SBR announced that it was changing its name to NYC Triathlon Club.

After SBR owner Christophe Vandaele failed to respond to Triathlon's cease-and-desist letter, Triathlon filed suit seeking injunctive relief and alleging trademark infringement, dilution and cybersquatting.

"Defendant's clear intention was and is to capitalize on plaintiff's reputation and good will by fostering confusion between his club and plaintiff's triathlon services," the judge said.

Judge McMahon examined a number of factors and concluded that Triathlon was entitled to the relief it sought.

She said its mark was strong, evidenced by its popularity and vast media coverage.

Factors for Assessing Likelihood of Confusion

- The strength of the mark
- The degree of similarity between the two marks
- The competitive proximity of the products
- The likelihood that the prior owner will bridge the gap between the products
- Actual confusion
- The defendant's good faith in adopting its own mark
- The quality of defendant's product
- The sophistication of the buyers

The similarity between the marks was obvious, another factor in Triathlon's favor, Judge McMahon said.

Triathlon also established that actual confusion has also already arisen.

Vandaele's bad faith in changing its name was apparent, she said.

"Defendant's clear intention was and is to capitalize on plaintiff's reputation and goodwill by fostering confusion between his club and plaintiff's triathlon services," the judge said.

Triathlon established that it was likely to succeed on the merits of its three trademark claims, she concluded.

The balance of hardships easily tipped in Triathlon's favor, given the time and resources it had spent establishing its brand, according to the judge.

By contrast, she said, Vandaele had only just adopted the new name for his club and could easily select another one. **WJ**

Attorneys:

Plaintiff: Peter A. Bicks, Lisa T. Sampson and Aaron G.R. Rubin, New York

Defendant: Christopher Vandaele, New York

Related Court Document:

Opinion: 2010 WL 808885

See Document Section B (P. 29) for the opinion.

WESTLAW JOURNAL **BANKRUPTCY**



This reporter offers comprehensive coverage of significant issues in both business and consumer bankruptcy proceedings. The editors track dockets, summarizing recent developments and their implications for the debtor, its creditors, officers and directors, employees, and other parties. This reporter covers a wide range of topics regarding business and consumer bankruptcies and includes analysis of the most noteworthy case law and legislation. Important litigation documents are also included.

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What's In a Name? Lindsay Lohan Says \$100 Million

Actress Lindsay Lohan has filed a \$100 million lawsuit against E-Trade Securities and E-Trade Bank, alleging they unlawfully used her name and likeness in a popular Super Bowl commercial.



Actress Lindsay Lohan

REUTERS/Danny Moloshok

Lohan v. E-Trade Securities LLC et al., No. 10-4579, complaint filed (N.Y. Sup. Ct., Nassau County Mar. 8, 2010).

Lohan seeks to enjoin E-Trade's use of the "milkaholic Lindsay" portrayed in the ad.

Filed in the Nassau County Supreme Court, the complaint alleges the company used Lohan's name and characterization without her consent. In the ad, the "E-Trade baby" apologizes to his jealous girlfriend for not calling her the night before. The girlfriend responds, "And that milkaholic Lindsay wasn't over?"

Since its first airing during the Super Bowl Feb. 7, the ad has appeared on the Internet and blogs, Lohan says.

In addition to using her name and likeness without permission, the defendants are accused of violating Lohan's right to privacy. She seeks \$50 million in compensatory damages and \$50 million in exemplary damages. [WJ](#)

Attorneys:

Plaintiff: Stephanie G. Ovadia, East Meadow, NY

Related Court Document:

Complaint: 2010 WL 816682

TRADE DRESS INFRINGEMENT

Band on Dixie Cup Is Not Trade Dress

A white band at the bottom of an insulated drinking cup manufactured by Dixie Consumer Products is not protectable trade dress, a federal judge in Atlanta has ruled

Dixie Consumer Products LLC v. Huhtamaki Americas Inc. et al., No. 08-3125, 2010 WL 784905 (N.D. Ga., Atlanta Div. Mar. 8, 2010).

The band serves a functional purpose, U.S. District Judge Timothy C. Batten Sr. of the Northern District of Georgia decided.

He granted the summary judgment motion by defendant Huhtamaki Americas Inc.

Dixie and Huhtamaki compete in the disposable-tableware industry.

Dixie introduced its Insulair cup in 1997. It consists of an inner cup layer, a middle insulating layer and a paper outer layer.

The positioning of the three layers creates a white band at the bottom of the cup. Claiming that the white band constitutes protectable trade dress, Dixie filed suit alleging that Huhtamaki's Comfort Cup infringed the trade dress.

Judge Batten agreed with Huhtamaki that the white band was not protectable trade dress.

He explained that trade dress refers to the appearance of a product when that appearance is used to identify the producer.

Functional features of a product are not protectable as trade dress because they are likely to be shared by different manufacturers and, therefore, are unlikely to identify a particular producer.

A product feature is functional if it is essential to the use or purpose of the product or if it affects the item's cost or quality.

Judge Batten said it was significant that Dixie had several utility patents for the Insulair cup because the patents were strong evidence that the features claimed in the patent were functional.

Dixie asserted that Huhtamaki could have selected numerous alternative non-infringing

Functional features of a product are likely to be shared by different manufacturers and are unlikely to identify a particular producer, the judge explained.

designs for its Comfort Cup by changing the dimensions of the different layers.

Judge Batten agreed with Huhtamaki that doing so would affect the quality of the product and would increase the company's costs.

"If Dixie were allowed to exclusively manufacture insulated cups with a band of the interior cup showing beneath the insulating sleeve, it would stifle competition in the market for insulated cups, which is exactly what the functionality doctrine seeks to prevent," he said. [WJ](#)

Attorneys:

Plaintiff: Charles Hollingsworth Hooker II, Judith Ann Powell and Richard Charles Henn Jr., Kilpatrick Stockton, Atlanta

Defendant: Louis Norwood Jameson and Stephanie Anne Hansen, Duane Morris, Atlanta

Related Court Document:

Opinion: 2010 WL 784905

Film Industry to Appeal Ruling for ISP In Online Piracy Case

Several movie studios have appealed an Australian federal court ruling exonerating an Internet service provider from vicarious liability for unauthorized downloads of their copyrighted content.

Roadshow Films Pty Ltd v. iiNet Ltd., No. NSD 179 of 2010, appeal filed (Austl. Fed. Ct., New South Wales Dist. Registry Feb. 25, 2010).

Last month's ruling in favor of iiNet Ltd., the country's third-largest ISP, was seen as a major setback for copyright holders, including major U.S. film studios, in a nation that once seemed poised to be at the forefront and intellectual property rights enforcement. *Roadshow Films Pty Ltd. v. iiNet Ltd.*, NSD 1802 of 2008, [2010] FCA 24 (Austl. Fed. Ct. Feb. 4, 2010).

In a statement iiNet blasted the appeal and called on the movie industry to adapt to the new technological realities and develop modern, consumer-friendly ways of distributing its content.

"It is more than disappointing and frustrating that the studios have chosen this unproductive path," CEO Michael Malone said in the statement. "This legal case has not stopped one illegal download and further legal appeals will not stop piracy."

The dispute began when the Australian Federation Against Copyright Theft, a consortium of more than 30 movie studios,

sued iiNet for "authorizing" copyright infringement by its users.

AFACT hired a firm called DtecNet to monitor BitTorrent file-sharing networks for downloads of infringing content by iiNet users. DtecNet then would identify the users' unique Internet Protocol addresses and notify iiNet.

The suit came when iiNet rejected AFACT's demands that it implement a "three strikes and you're out" system of dealing with accused copyright infringers.

AFACT also demanded that iiNet impede or block certain file-sharing applications such as BitTorrent and block access to file-sharing Web sites.

In a 200-plus-page decision, Mr. Justice Dennis Cowdroy of the Federal Court found that because iiNet only provided access to the Internet, it did not aid copyright infringement by its users. He noted that the BitTorrent system, which iiNet has no control over, was responsible for the infringement.

AFACT has raised 15 grounds for reversal in its notice of appeal. Among them are claims that Mr. Justice Cowdroy failed to apply Section 101(1A) of Australia's Copyright Act in reaching his decision.



REUTERS/Lucy Pemoni

The law says judges should consider three factors when deciding whether a person has authorized copyright infringement:

- The extent (if any) of the defendant's power to stop the infringement;
- The nature of any relationship between the defendant and the infringer; and
- Whether the defendant took any other reasonable steps to prevent or avoid the infringement, including whether the defendant complied with any relevant industry codes of practice.

The appeal is expected to be heard later this year, according to published reports. [WI](#)

Factors to be considered under Australia's Copyright Act in deciding whether a person has authorized copyright infringement:

- The extent (if any) of the defendant's power to stop the infringement;
- The nature of any relationship between the defendant and the infringer; and
- Whether the defendant took any other reasonable steps to prevent or avoid the infringement, including whether the defendant complied with any relevant industry codes of practice.

Settlement Scratches Sales of RealNetworks' DVD Copying Software

RealNetworks Inc. has agreed to stop selling its RealDVD software for decoding and copying DVDs to settle a lawsuit against it by the motion picture industry and the DVD encryption licensing organization, according to a consent judgment filed in the case.

RealNetworks Inc. et al. v. DVD Copy Control Association Inc. et al., No. 08-CV-4719-MHP, consent judgment entered (N.D. Cal. Mar. 3, 2010).

The stipulation makes permanent U.S. District Judge Marilyn Hall Patel's September 2008 temporary injunction entered against sales of RealDVD.

At the time of the settlement, RealNetworks had appealed the Northern District of California judge's decision to the 9th U.S. Circuit Court of Appeals. The appeal will be withdrawn pursuant to the consent judgment.

In granting the injunction, Judge Patel found the plaintiffs were "substantially likely" to prevail on their claim that RealDVD is a device that circumvents DVD copy-protection technology.

The Digital Millennium Copyright Act, 17 U.S.C. § 1201, prohibits such circumvention devices.

RealDVD allowed users to copy DVDs to a computer for backup purposes and enabled the DVDs to be watched without having to use the disc itself.

The DVD Copy Control Association, which licenses the copy-protection scheme used on DVDs (the Content Scrambling System) hailed the ruling in a press release.

"Almost from the moment this product was introduced, it was clear RealDVD violated the CSS license," DVD CCA President Jacob Pak said in a statement. "This case demonstrates how important it is to uphold legal agreements that are essential to fostering and maintaining a vibrant, competitive industry."

The case began Sept. 30, 2008, the day RealDVD was released. That day RealNetworks sued DVD CCA in the U.S. District Court for the Northern District of California, seeking a declaration that RealDVD did not violate the DMCA.

Disney Enterprises, Paramount Pictures Corp., Sony Pictures Entertainment, Twentieth Century Fox Film Corp., NBC Universal, Warner Bros. and Viacom Inc. also were named defendants.

DVD CCA and the studios countersued for violation of the DMCA.

All DVDs sold by the movie studio defendants use CSS. DVD CCA maintains and licenses CSS to vendors of hardware and software DVD players.

CSS prevents DVDs from being viewed or played by anything other than a licensed player, be it hardware or software. It also is intended to inhibit DVD "ripping," or copying of DVD movies to computer hard drives.

The Settlement Terms

- No further sales or support of RealDVD Software.
- RealDVD customers get their \$30 purchase price refunded.
- \$4.5 million in litigation costs payable to the movie studios and DVD Copy Control Association.



Rob Glaser, founder and CEO of RealNetworks Inc.

REUTERS/Ho New

RealNetworks argued that its software does not violate the DMCA because the copies it made themselves were encrypted to prevent redistribution. Further, the company said, consumers have a fair-use right to make and view backup copies of DVDs they own.

Judge Patel ruled that although consumers may have a fair-use right to make copies of encrypted DVDs, the DMCA prohibits the sale of the tools used to make those copies.

"[W]hile it may well be fair use for an individual consumer to store a backup copy of a personally owned DVD on that individual's computer, a federal law has nonetheless made it illegal to manufacture or traffic in a device or tool that permits a consumer to make such copies," the judge ruled.

Under the terms of the settlement, which has received court approval, RealNetworks cannot sell the RealDVD software and must stop offering technical support for it.

According to published reports, RealNetworks also agreed to refund RealDVD customers the \$30 purchase price and to pay \$4.5 million in litigation costs to the DVD CCA and the movie studios. **WJ**

Google's 'Android' Phones Infringe 10 Patents, Apple Says

HTC Inc.'s line of Google Android-based smartphones infringe 10 key patents held by Apple Inc., the company charges in complaints filed in Delaware federal court and the U.S. International Trade Commission.

Apple Inc. v. High Tech Computer Corp., No. 10-CV-00167-UNA, complaint filed (D. Del. Mar. 2, 2010).

Apple filed suit against Taiwan-based HTC, two of its international subsidiaries and Exede Inc., HTC's importer, in the U.S. District Court for the District of Delaware. Industry observers see it as Apple's full broadside against the biggest perceived competitive threat to its wildly popular iPhone.

"We think competition is healthy, but competitors should create their own original technology, not steal ours," Apple CEO Steve Jobs said in a statement.

The patents at issue cover numerous aspects of the phones' hardware, software and user interface. They include U.S. Patent No. 7,657,849 for "unlocking a device by performing gestures on an unlock image" and U.S. Patent No. 7,469,381 for "list scrolling and document translation, scaling and rotation on a touch-screen display."

HTC is also alleged in the complaint to have infringed other Apple inventions related to power management, cameras and signal-strength optimization.

The suit seeks damages, costs, injunctive relief and attorney fees.

In addition to suing HTC in federal court, Apple is asking the International Trade



Apple CEO Steve Jobs REUTERS/Alessia Pierdomenico

"We can sit by and watch competitors steal our patented inventions, or we can do something about it."

Commission to bar the importation into the U.S. of 11 of the company's devices.

The request was filed pursuant to the Customs Duties Act, 19 U.S.C. § 337. The law allows intellectual property holders to request that the ITC to bar the importation of infringing goods. **WJ**

Attorneys:
Plaintiff: Richard K. Herrman, Morris James LLP, Wilmington, Del.; Kenneth H. Bridges, Michael T. Pieja and Brian C. Kwok, Wong Cabello Lutsch Rutherford & Brucculeri, Palo Alto, Calif.

Related Court Document:
 Complaint; 2010 WL 711393

Apple patents allegedly infringed by HTC

U.S. Patent No. 5,455,599: "Object-Oriented Graphic System"

U.S. Patent No. 5,848,105: "GMSK Signal Processors for Improved Communications Capacity And Quality"

U.S. Patent No. 5,920,726: "System and Method for Managing Power Conditions Within a Digital Camera Device"

U.S. Patent No. 6,424,354: "Object-Oriented Event Notification System With Listener Registration of Both Interests And Methods"

U.S. Patent No. 7,362,331: "Time-Based, Non-Constant Translation Of User Interface Objects Between States"

U.S. Patent No. 7,383,453: "Conserving Power By Reducing Voltage Supplied to an Instruction-Processing Portion of a Processor"

U.S. Patent No. 7,469,381: "List Scrolling and Document Translation, Scaling, and Rotation on a Touch-Screen Display"

U.S. Patent No. 7,479,949: "Touch Screen Device, Method, and Graphical User Interface for Determining Commands By Applying Heuristics"

U.S. Patent No. 7,633,076: "Automated Response to and Sensing of User Activity In Portable Devices"

U.S. Patent No. 7,657,849: "Unlocking A Device By Performing Gestures on an Unlock Image"

Court Upholds Contempt Ruling Against EchoStar in DVR Case

EchoStar Corp. was properly found in contempt of an injunction against use of TiVo Inc.'s patented software in its digital video recorders, the U.S. Court of Appeals for the Federal Circuit has ruled, affirming an award of more than \$300 million in sanctions and additional damages.

Tivo Inc. v. EchoStar Corp. et al., No. 2009-1374, 2010 WL 724807 (Fed. Cir. Mar. 4, 2010).

The dissenting member of the three-judge panel hearing the case, Circuit Judge Randall Rader, said EchoStar did not deserve to be held in contempt.

EchoStar is the parent company of satellite television provider Dish Network.

In a statement on its Web site, EchoStar vowed to seek rehearing by the full Federal Circuit in light of Judge Rader's dissent. The company also emphasized that the ruling does not affect its DVR customers at this time.

TRIAL COURT PROCEEDINGS

TiVo originally sued EchoStar and four of its subsidiaries in the U.S. District Court for the Eastern District of Texas in 2004. TiVo claimed two of the defendants' DVR models infringed U.S. Patent No. 6,233,389 related to "time-shifting" of television broadcasts.

"Compelling the parties to undertake a new trial ... would fail to serve the goals of judicial economy," the judge said.

In 2006 a jury sided with TiVo, awarding it \$74 million in lost profits and royalties for past use.

U.S. District Judge David J. Folsom also permanently enjoined EchoStar from using TiVo's technology and ordered it to disable the DVR functionality outright in an undetermined but likely significant number of its units. *TiVo Inc. v. EchoStar Commcn's Corp.*, 446 F. Supp. 2d 664 (E.D. Tex. Aug. 17, 2006).

THE FIRST APPEAL

The Federal Circuit upheld the jury's finding of liability and the damages award, rejecting EchoStar's argument that the judge misconstrued the patent's claims. *TiVo Inc. v. EchoStar Commcn's Corp.*, 516 F.3d 1290 (Fed. Cir. Jan. 31, 2008).

The U.S. Supreme Court denied EchoStar's petition for review in October 2008.

While the judge's injunction was stayed pending appeal, EchoStar accrued about \$26 million in damages and interest to the original award as it continued to use TiVo's technology. This pushed the total damages award to more than \$100 million, which EchoStar has paid.

CONTEMPT PROCEEDINGS

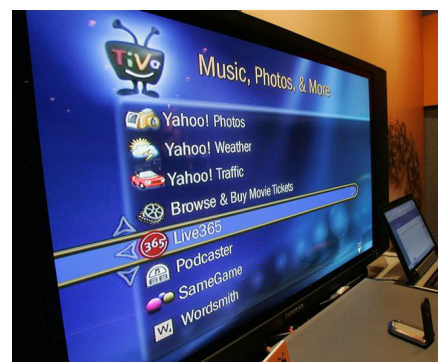
In a sealed motion for contempt sanctions filed in June 2008, TiVo argued that EchoStar

was still willfully infringing the patent despite claiming to have engineered around it.

The company also argued that EchoStar had ignored Judge Folsom's order to disable the DVR functionality where required.

EchoStar had argued that it relied in good faith on the advice of its lawyers and engineers and that any continued infringement was therefore not willful.

Judge Folsom ruled that while EchoStar did continue to infringe and thus should be held in contempt, the infringement was not willful. *TiVo Inc. v. Dish Network Corp.*, 640 F. Supp. 2d 853 (E.D. Tex. June 2, 2009).



REUTERS/Steve Marcus

Judge Folsom imposed about \$200 million in contempt sanctions, far less than the \$1 billion sought by TiVo.

He also ordered EchoStar to pay about \$103 million in additional damages and \$5 million in attorney fees for the continuing infringement and interest.

The judge also modified his injunction to require EchoStar to submit future work-around proposals to him for approval.

APPEAL FROM CONTEMPT RULING

On appeal, EchoStar argued that a contempt proceeding was not the appropriate way for TiVo to advance its claim that the work-arounds still infringed the patent. Rather, EchoStar said, TiVo should be required to pursue those claims in a separate lawsuit for patent infringement.

The Federal Circuit panel rejected this argument. It noted that Judge Folsom had found that EchoStar's modifications were actually quite trivial and still infringed the TiVo patent. A contempt proceeding, rather than a new lawsuit, was therefore the proper procedure, the panel ruled.

In a dissenting opinion, Judge Rader agreed with EchoStar that it should not have been found in contempt at all because it made a legitimate effort to make changes to comply with the injunction. **WJ**

Attorneys:

Plaintiff-appellee: Seth P. Waxman, Edward C. DuMont, Daniel S. Volchok and Thomas Saunders, Wilmer Cutler Pickering Hale & Dorr, Washington; Morgan Chu, Irell & Manella, Los Angeles

Defendants-appellants: E. Joshua Rosenkranz, Joseph Evall and Alex V. Chachkes, Orrick, Herrington & Sutcliffe, New York

Related Court Document:

Opinion: 2010 WL 724807



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This journal covers the most recent developments in asbestos personal-injury litigation. The coverage includes reports on significant pretrial proceedings, discovery, verdicts and appellate-level activity.

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TRADEMARKS

No Salad, No Stripping, Just Trademarks At Issue

A national restaurant chain with the playful-sounding name Lettuce Entertain You Enterprises, but deadly serious about protecting its “Lettuce” trademark, has won an injunction against a Chicago competitor.

***Lettuce Entertain You Enterprises Inc. v. Leila Sophia AR LLC et al.*, No. 09-2582, 2010 WL 748169 (N.D. Ill., E. Div. Feb. 26, 2010).**

U.S. District Judge Joan Humphrey Lefkow of the Northern District of Illinois has enjoined defendant Leila Sophia AR LLC from using the name “Lettuce mix” for one of its restaurants.

Lettuce Entertain You owns more than 70 restaurants around the country. In Chicago, they include Big Bowl, Everest, L20, R.J. Grunts, Mon Ami Gabi, Shaw’s Crabhouse and Wildfire.

None of the restaurants uses the word “lettuce,” although R.J. Grunts is known for its salad bar.

When Tehrani refused Lettuce Entertain You’s requests to stop operating under the “Lettuce mix” name, the company filed suit and moved for an injunction.

Judge Lefkow concluded that Tehrani’s use of “Lettuce mix” was likely to cause confusion with Lettuce Entertain You’s trademarks.

She rejected Tehrani’s “fair use” defense. To prevail on the defense, the defendants had to show that they were not using “Lettuce mix” as a service mark.

Judge Lefkow said, however, that the defendants clearly intended to use “Lettuce mix” as a service mark to designate to the public that it is a restaurant serving salads.

The balance of potential harms weighed in Lettuce Entertain You’s favor, the judge said.

The defendants knew the potential consequences of using an infringing mark, so any loss of goodwill must be attributed to their own actions, according to the judge.

According to Judge Lefkow’s opinion, Lettuce Entertain You owns several trademarks incorporating “lettuce” and operates a unified telephone reservation service for its restaurants using 1-888-LETTUCE.

In 2008 defendant Shahram Tehrani formed Leila Sophia AR. It opened “Lettuce mix” less than half a mile from an R.J. Grunts in Chicago.

The signage for Tehrani’s restaurant prominently features “Lettuce” in a distinctive font.

Since the defendants had full knowledge of Lettuce Entertain You’s mark and of the potential consequences of using an infringing mark, any loss of goodwill must be attributed to their own actions, she said. **WJ**

Related Court Document:
Opinion: 2010 WL 748169

See Document Section C (P. 40) for the opinion.

First Trial for 'Economic Espionage' Ends With 15-Year Prison Sentence

A former Boeing engineer convicted of stealing trade secrets about the space shuttle and military aircraft and turning it over to the Chinese government has been sentenced to nearly 16 years in prison.

United States v. Chung, No. 08-CR-24-CJC, defendant sentenced (C.D. Cal., S. Div. Feb. 8, 2010).

The sentence follows Dongfan "Greg" Chung's conviction in the U.S. District Court for the Central District of California on six counts under the rarely used Economic Espionage Act of 1996, 18 U.S.C. § 1832. The law makes it a crime to steal proprietary corporate information on behalf of foreign governments.

According to published reports, Chung's case is one of only eight to have been filed under the law and was the first to go to trial. One other such case went to trial later, resulting in a hung jury. The rest were resolved by way of plea bargain.

Chung, a native of China and a naturalized U.S. citizen, began working for Rockwell International in 1973. Boeing bought the company's defense and space divisions in 1996.

He worked at Boeing until his 2002 retirement and later returned to work for the company as a contractor until September 2006, prosecutors said.

During this time, he accumulated more than 300,000 pages of proprietary information belonging to Boeing and other U.S. defense contractors and kept them in his home. The documents related to the space shuttle, the B-52 bomber and the F-15 fighter.

Around the time Chung began working in the U.S., the Chinese government undertook an ambitious program of "four modernizations" in the areas of agriculture, defense, industry and technology. Federal prosecutors said the Chinese sought secrets from the West in furtherance of this program.

According to a February 2008 indictment, federal agents found correspondence between Chung and Chinese military officials, including briefings and task orders. They



Convicted spy Dongfan "Greg" Chung REUTERS/Ho New

also found letters written by Chung in which he said he was "excited to be able to make contributions to the four modernizations of the motherland."

Following a 10-day bench trial last July, U.S. District Judge Cormac J. Carney found Chung guilty on six charges but acquitted him on an obstruction-of-justice count.

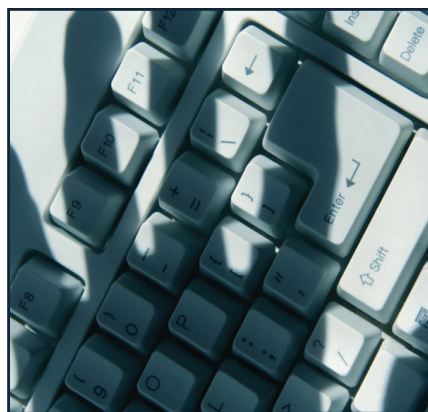
Judge Carney turned aside as "ludicrous" Chung's contention that he brought the documents home because he intended to write a book.

"Mr. Chung has been an agent of the People's Republic of China for over 30 years," Judge Carney wrote in his opinion. "The court now must hold Mr. Chung accountable for his crimes." **WJ**

Attorneys:

Plaintiff: Assistant U.S. Attorneys Gregory W. Staples and Ivy A. Wang, Santa Ana, Calif.

Defendant: Ariana Seldman Hawbecker, Kenneth M. Miller and Thomas H. Bienert Jr., Bienert Miller & Katzman, San Clemente, Calif.



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INSURANCE BAD FAITH

This publication brings you detailed, timely and comprehensive coverage of developments in bad faith litigation around the country.

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UPPER DECK, MLB SETTLE TRADEMARK SUIT

Trading card maker Upper Deck Co. has settled a trademark infringement suit filed against it by Major League Baseball in February. The suit accused Upper Deck of selling unauthorized trading cards that showed certain MLB players in their proprietary uniforms, featuring well-known trademarks of the respective clubs. According to Upper Deck, it has agreed not to use MLB trademarks on its trading cards going forward. However, it may continue to sell three collections currently on store shelves. Announcing the settlement, Upper Deck CEO Richard McWilliam said, "We'll just have to see how innovative and creative we can become now."

Major League Baseball Properties Inc. v. Upper Deck Co., No. 10-732, settlement announced (S.D.N.Y. Mar. 3, 2010).

RANBAXY SETTLES ACTOS PATENT SUIT

New Delhi-based Ranbaxy Laboratories announced March 15 that it has settled patent litigation with Takeda Pharmaceutical Co., allowing it to launch a generic equivalent of Takeda's diabetes drug Actos. Takeda sued Ranbaxy in 2003, seeking to block the launch of the generic equivalent. In its announcement, Ranbaxy said it obtained a non-exclusive royalty-free license allowing it to sell its generic drug in the United States starting August 2012.

SPANISH JUDGE OKS P2P POSTINGS BY BAR OWNER

A Spanish judge has thrown out a copyright infringement suit against a Barcelona bar owner by the Spanish General Society of Authors and Editors because of links he placed on his blog to peer-to-peer programs such as Bit Torrent and eMule. The links allowed users to download music. According to *Diario el Pais*, Judge Ral N. Garca ruled that it was legal for the defendant, Jess Guerra, to put the links for the downloads on his personal Web site, as long as the material was not distributed or reproduced for profit.

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