

**RECENT DEVELOPMENTS IN  
INFORMATION TECHNOLOGY LAW**

**BY**

**DAVID R. SYROWIK**



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## U.S. SUPREME COURT

### Patents

As reported at 86 BNA's PTCJ 118, on May 13, 2013, the U.S. Supreme Court ruled that seeds harvested from one crop are "additional copies" of Monsanto Co.'s patented invention and thus are not subject to the patent exhaustion doctrine. The decision represents a victory for Monsanto, whose patents on Roundup Ready transgenic seeds have withstood attacks from farmers for more than a decade. *Bowman v. Monsanto*.

### Copyrights

As reported at 85 BNA's PTCJ 695, on March 19, 2013, the U.S. Supreme Court in a 6-3 ruling held that the first sale doctrine, as codified in the federal copyright statute, applies to copies of works legally made overseas and imported into the United States without the permission of the copyright holder. *Kirtsaeng d/b/a Bluechristine 99 v. John Wiley & Sons Inc.*

## U.S. COURTS OF APPEAL

### Patents

As reported at 85 BNA's PTCJ 545, on February 13, 2013, the U.S. Court of Appeals for the Federal Circuit ruled that Google does not infringe website advertising patents that implicates its AdWords and AdSense products. *Function Media v. Google*.

As reported at 85 BNA's PTCJ 676 on March 8, 2013, in a non-precedential ruling, the U.S. Court of Appeals for the Federal Circuit affirmed the rejection of claims under 35 U.S.C. § 112 to inventing the Internet. *In re Hartman*.

As reported at 86 BNA's PTCJ 13, on May 1, 2013, the U.S. Court of Appeals for the Federal Circuit ruled that the record supported a \$345 million award for software patent infringement by SAP America Inc. in an unusual situation in which a defendant succeeded in getting a second damages trial, but the second jury increased the award by more than \$200 million. *Versata Software v. SAP America*.

As reported at 86 BNA's PTCJ 18, on April 26, 2013, in a non-precedential opinion, the U.S. Court of Appeals for the Federal Circuit upheld the ruling that a patent on online airline and venue seat selection as anticipated by Expedia. *Ceats Inc. v. Continental Airlines Inc.*

As reported at 86 BNA's PTCJ 120, on May 10, 2013, an *en banc* U.S. Court of Appeals for the Federal Circuit ruled that computer method and computer-readable medium claims on the formulation and trading of risk management contracts are not eligible for patent protection under 35 U.S.C. § 101 as drawn to mere "abstract ideas." The court is divided 5-5 as to whether the computer system claims at issue are patent eligible. *CLS Bank International v. Alice Corp.*

As reported at 105 USPQ2d 1879, on February 20, 2013, the U.S. Court of Appeals for the Federal Circuit ruled that accused time interval analyzers, which detect timing errors in digital signals of high-speed microprocessors, do not literally infringe asserted claims; however, patentee's theory of infringement by equivalents does not vitiate requirement that "first current circuit" and "capacitor" recited in claims be separate elements, and genuine issue of material fact exists as to whether accused products infringe under doctrine of equivalents. *Brilliant Instruments Inc. v. GuideTech LLC*.

As reported at 105 USPQ2d 1948, on March 4, 2013, the U.S. Court of Appeals for the Federal Circuit ruled that accused system does not directly infringe claim for computerized method of locating real estate properties; however, liability for induced infringement may arise when steps of method claim are performed by more than one entity, and district court erred by not conducting indirect infringement analysis. *Move Inc. v. Real Estate Alliance Ltd.*

As reported at 106 USPQ2d 1442, on April 16, 2013, the U.S. Court of Appeals for the Federal Circuit in an unpublished opinion, ruled that district court, in action alleging infringement of patent for computer filing system in which data storage is linked to assigned categories, did not abuse its discretion in holding that defendant was not judicially estopped from arguing that disputed claim term "category description" cannot consist solely of numerical identifiers, despite seemingly contrary position taken by defendant in requesting reexamination by U.S. Patent and Trademark Office. *Speedtrack Inc. v. Endeca Technologies Inc.*

As reported at 86 BNA's PTCJ 342, on June 5, 2013, in an opinion designated as nonprecedential, the U.S. Court of Appeals for the Federal Circuit ruled that an Internet-based patent application on getting cash loan at an ATM when funds were insufficient was obvious. *In re Bayse*.

### **Copyrights**

As reported at 85 BNA's PTCJ 748, on March 21, 2013, the U.S. Court of Appeals for the Ninth Circuit held that a BitTorrent website operator's invitations to users to upload specific infringing content supplied the intent necessary to hold him culpable for users' infringements under an inducement of copyright infringement theory. *Columbia Pictures Industries Inc. v. Fung*.

As reported at 85 BNA's PTCJ 751, on March 25, 2013, the U.S. Court of Appeals for the Ninth Circuit held that AT&T, Verizon, Sprint Nextel, and T-Mobile not liable for copyright infringement based on their subscribers' alleged unauthorized sharing of copyrighted content on the carriers' multimedia messaging services. *Luvdarts v. AT&T Mobility*.

As reported at 85 BNA's PTCJ 799, on April 1, 2013, the U.S. Court of Appeals for the Second Circuit ruled that Aereo Inc.'s use of individual antennas allowing subscribers to watch television programs online at nearly the same time as they are being broadcast, does not constitute a public performance under *Cablevision*. *WNET v. Aereo Inc.*

### **Copyrights/DMCA**

As reported at 85 BNA's PTCJ 698, on March 14, 2013, the U.S. Court of Appeals for the Ninth Circuit ruled that actual knowledge and "red flag" knowledge of infringement by users of an online service are two ways that a service provider can lose protection of a safe harbor, but both require knowledge of specific instances of infringement, not a generalized awareness that infringement might be taking place, superseding a 2011 opinion for reconsideration in light of another federal appeals court's ruling on similar issues. *UMG Recordings Inc. v. Shelter Capital Partners L.L.C.*

### **Trade Secrets**

As reported at 106 USPQ2d 1796, on May 15, 2013, the U.S. Court of Appeals for the Fifth Circuit ruled that once plaintiff makes out *prima facie* case for existence of trade secret, burden is on defendant to show that patent covers same subject matter, and therefore discloses, claimed trade secret; in present case, in which plaintiff's patents were not introduced into record, plaintiff presented sufficient evidence to support jury's finding that plaintiff's software for estimating well construction costs in oil and gas industry contained trade secrets. *Wellogix Inc. v. Accenture LLP*.

### **Right of Publicity**

As reported at 86 BNA's PTCJ 183, on May 21, 2013, the U.S. Court of Appeals for the Third Circuit held that a video game maker's "realistic representation[]" of a Rutgers University quarterback is not transformative, and therefore the use of the player's likeness is not protectable expression under the First Amendment. *Hart v. Electronic Arts*.

## U.S. DISTRICT COURTS

### Patents

As reported at 85 BNA's PTCJ 585, on February 21, 2013, the U.S. District Court for the District of Delaware ruled that Skype is not compelled to disclose its source code in patent infringement litigation in Germany and Luxembourg. *Via Vadis Controlling G.m.b.H. v. Skype, Inc.*

As reported at 86 BNA's PTCJ 19, on April 25, 2013, the U.S. District Court for the Western District of Washington ruled that Motorola Inc.'s offer to Microsoft Corp. to license patents essential to two widespread computing standards is dramatically higher than the companies would have agreed to in a typical licensing negotiation. Consequently, the Court said that Motorola's patents were valued up to 76¢, not \$6.00. *Microsoft v. Motorola.*

### Copyrights

As reported at 106 USPQ2d 1931, on April 22, 2013, the U.S. District Court for the Northern District of California ruled plaintiff's claim for unfair business practices under California law is preempted by Copyright Act, since claim alleges that defendant company created and sold products that were substantially similar to plaintiff's copyrighted software, and that products included plaintiff's proprietary information by way of direct copies and derivative works acquired through alleged theft and copying of software, and since reproduction of copyrighted works, preparation of derivative works, and distribution of copies to public are all rights granted under Copyright Act. *Metabyte Inc. v. NVIDIA Corp.*

As reported at 85 BNA's PTCJ 802, on March 30, 2013, the U.S. District Court for the Southern District of New York held that the operators of an online music marketplace that allows users to buy and sell their legally downloaded music tracks are liable for direct and secondary copyright infringement. The court rejects ReDigi Inc.'s argument that the resale of the digital tracks is protected by the first-sale doctrine. *Capitol Records L.L.C. v. ReDigi Inc.*

As reported at 85 BNA's PTCJ 942, on April 16, 2013, the U.S. District Court for the Southern District of New York ruled that the Copyright Act preempts Yahoo! idea-stealing suit. *Faktor v. Yahoo! Inc.*

As reported at 86 BNA's PTCJ 165, on May 15, 2013, the U.S. District Court for the Southern District of New York stated that copyright claims are "poor candidates for class-action treatment," as it denies class certification to a worldwide group of plaintiffs claiming their works had been uploaded to YouTube Inc. without their consent. *Football Association Premier League v. YouTube.*

As reported at 106 USPQ2d 1773, on February 19, 2013, the U.S. District Court for the Central District of California denied plaintiff recording artists and copyright owners preliminary injunction in action alleging that defendants induced infringement of copyrights through use of peer-to-peer file sharing software, since there is no evidence of any ongoing distribution of any file-sharing software by defendants with object of promoting its use to infringe copyright, as shown by clear expression or other affirmative steps taken to foster infringement. *David v. CBS Interactive Inc.*

As reported at 105 USPQ2d 1718, on January 29, 2013, the U.S. District Court for the Northern District of California ruled that a claim for restitution under theory of breach of contract implied in law/quantum meruit, based on alleged unauthorized copying and use of plaintiff's copyrighted structural steel detailing software, is pre-empted by federal copyright law, since claim based on implied-in-law contract includes no "extra element" in addition to defendant's unauthorized use of copyrighted work, and is therefore equivalent to rights protected by Copyright Act. *Design Data Corp. v. Unigate Enterprise Inc.*

As reported at 105 USPQ2d 1723, on January 29, 2013, the U.S. District Court for the Southern District of California ruled that plaintiff's claim alleging that defendant was negligent in either failing to secure his internet connection or permitting someone to use his internet connection, resulting in infringement of copyright in plaintiff's video, is preempted by Copyright Act, since claim is equivalent to contributory infringement claim to extent it rests on theory of knowing facilitation of infringement; claim also fails to extent it is based on purported "duty" to properly secure internet connection or to monitor use of secured connection by others. *AF Holdings LLC v. Rogers*.

As reported at 106 USPQ2d 1509, on March 21, 2013, the U.S. District Court for the Southern District of New York ruled that purpose and character of use of copyrighted news articles weighs against finding of fair use by defendant online news monitoring service, which uses computer program to "scrape" articles and provide excerpts thereof to daily reports sent to subscribers, and plaintiff news cooperative is granted summary judgment on fair-use defense. *Associated Press v. Meltwater U.S. Holdings Inc.*

### **Copyrights/DMCA**

As reported at 105 USPQ2d 1635, on January 24, 2013, the U.S. District Court for the Northern District of California ruled that defendants copyright owners, in action alleging that they made material misrepresentations in issuing Digital Millennium Copyright Act "takedown" notice that caused plaintiff's home video to be removed from video-hosting website, have failed to establish that plaintiff is precluded from recovering any damages under 17 U.S.C. § 512(f), since plaintiff could potentially recover minimal expenses, such as costs of electricity used to power her computer while attempting to have her video reinstated, even though such costs are not substantial economic damages. *Lenz v. Universal Music Corp.*

As reported at 85 BNA's PTCJ 916, on April 10, 2013, the U.S. District Court for the District of Massachusetts ruled that a blogger's DMCA challenge to rival's posting of her gesture photo not actionable. *Tuteur v. Crosley-Curcuran*.

As reported at 85 BNA's PTCJ 975, on April 18, 2013, the U.S. District Court for the Southern District of New York held that an internet service provider only forfeits protection under the Digital Millennium Copyright Act if it "influence(s) or participate(s)" in infringement activities perpetrated by its users. The court says that YouTube Inc.'s general awareness of infringing clips on its servers does not impose upon the company an affirmative duty to search for and remove infringing material. *Viacom International Inc. v. YouTube Inc.*

As reported at 86 BNA's PTCJ 62, on May 7, 2013, the U.S. District Court for the Northern District of California ruled that DMCA takedown notices need not be in most convenient forms for a service provider in order to comply with Federal law. *Perfect 10 Inc. v. Yandex N.V.*

As reported at 86 BNA's PTCJ 114, on May 14, 2013, the U.S. District Court for the Southern District of New York "reluctantly" agrees to reconsider MP3tunes' red flag liability under DMCA. *Capitol Records, Inc. v. MP3tunes L.L.C.*

### **Copyrights/Criminal**

As reported at 85 BNA's PTCJ 918, on April 10, 2013, the U.S. District Court for the Eastern District of Virginia sentenced a member of a major movie piracy group to 23 months in prison. *United States v. Ferrer*.

### **Copyrights/Jurisdiction**

As reported at 85 BNA's PTCJ 662, on March 7, 2013, the U.S. District Court for the Southern District of New York ruled that failure to show "substantial revenue" dooms copyright infringement claim against website for lack of personal jurisdiction. *Penguin Group (USA) Inc. v. American Buddha*.

As reported at 85 BNA's PTCJ 671, on March 5, 2013, the U.S. District Court for the Southern District of Texas ruled that a company subject to jurisdiction in Texas for accessing server to evaluate program. *Rhapsody Solutions LLC v. Cryogenic Vessel Alternatives, Inc.*

### **Copyrights/Discovery**

As reported at 85 BNA's PTCJ 861, on March 21, 2013, the U.S. District Court for the Northern District of California ruled that a defendant in a copyright infringement proceeding may subpoena from Google Inc. nine months' worth of internet protocol address information linked to a plaintiff's Gmail account. *Obodai v. Indeed Inc.*

### **Trademarks**

As reported at 85 BNA's PTCJ 823, on April 1, 2013, the U.S. District Court for the Northern District of Illinois ruled that evidence that a social media company generically used the word "timeline" to drive traffic to its website and discontinued the practice after such gains were optimized does not amount to a showing of such repeated use of the term that the company renders its registered "TimeLines" trademarks generic through its own actions. *Timelines Inc. v. Facebook Inc.*

As reported at 85 BNA's PTCJ 938, on April 9, 2013, the U.S. District Court for the Eastern District of Michigan ruled that a company whose authorized distributors allegedly bought a competitor's registered trademark as a Google adword could be held contributorily liable for federal and state trademark infringement. *Elcometer Inc. v. TQC-USA Inc.*

As reported at 86 BNA's PTCJ 7, on April 30, 2013, the U.S. District Court for the Northern District of California ruled that Craigslist's trademark infringement, breach of contract, and Computer Fraud and Abuse Act claims against services that allegedly scraped user-generated content from Craigslist's local classified ads and redistributed the data through their own proprietary systems survive dismissal. *Craigslist v. 3Taps*.

As reported at 86 BNA's PTCJ 135, on May 8, 2013, the U.S. District Court for the Southern District of New York ruled that a group of publishing companies asserting unregistered trademark rights in the term "ibooks" against Apple Inc. fails to establish that it had any enforceable trademark rights or that Apple's use of "iBooks" for its e-reader software would create a likelihood of reverse confusion. *J.T. Colby & Co. d/b/a Brick Tower Press v. Apple*.

As reported at 86 BNA's PTCJ 188, on May 7, 2013, the U.S. District Court for the District of Colorado ruled that Armstrong Steel Corp.'s use of a competitor's trademarked term as a keyword in its Google AdWords campaign does not constitute trademark infringement because it was not likely to confuse consumers. *General Steel Domestic Sales v. Chumley*.

As reported at 105 USPQ2d 1899, on January 16, 2013, the U.S. District Court for the Northern District of Illinois granted a preliminary injunction to plaintiff alleging infringement of its "UGG" trademarks for footwear against defendant anonymous entities selling counterfeit products on internet; pursuant to TRO already in effect, defendants' "PayPal" and other accounts



associated with accused internet domain names will remain frozen. *Deckers Outdoor Corp. v. Does 1-100*.

As reported at 106 USPQ2d 1425, on March 11, 2013, the U.S. District Court for the District of Maryland ruled that plaintiffs have failed to allege facts demonstrating that they hold exclusive ownership of nine domain names at issue, since plaintiffs' registration of domain names in 2006 was not sufficient, by itself, to establish ownership over alleged marks, and plaintiffs have not alleged that they engaged in continuous commercial use of marks during months and years preceding initiation of instant action in 2011. *Kerodin v. ServiceMagic Inc.*

As reported at 106 USPQ2d 1405 on March 4, 2013, the U.S. District Court for the District of Massachusetts ruled that infringement plaintiff is not likely to succeed on merits of claim that defendant e-commerce lingerie retailer's use of term "True" infringes plaintiff's "Find Your True Fit," "True Fit," and "True to You" trademarks, and preliminary injunction that would prohibit defendant from using marks containing word "True" in connection with personalized fit-matching software and services is denied. *True Fit Corp. v. True & Co.*

As reported at 106 USPQ2d 1582, on March 19, 2013, the U.S. District Court for the Northern District of California denied summary judgment to plaintiffs that defendant has not satisfied Lanham Act's use-in-commerce requirement for service marks that are subject of defendant's infringement counterclaim, even though defendant has created website that describes its proposed retail business, but has not sold accessories, apparel, or other products, and has not opened boutiques or stores referenced on its site, since defendant owns federal registrations for marks, and there are disputed issues of material fact as to whether defendant's sales- and nonsales-related activities suffice to meet use-in-commerce requirement. *Macy's Inc. v. Strategic Marks LLC.*

#### **International Trade Commission**

As reported at 86 BNA's PTCJ 277, on June 4, 2013, the International Trade Commission issued an exclusion order barring Apple from importing older iPhone and iPad models used on AT&T network. *In the Matter of Certain Electronic Devices, Including Wireless Communication Devices.*

## U.S. PATENT AND TRADEMARK OFFICE

### Patents

As reported at 86 BNA's PTCJ 335, on June 11, 2013, the Patent Trial and Appeal Board issued its first decision on a post-issuance patent challenge enabled by the America Invents Act. The board holds that the challenged claims of a "covered business method" patent were ineligible for a patent under 35 U.S.C. § 101. *SAP America Inc. v. Versata Development Group Inc.*

### Trademarks

As reported at 106 USPQ2d 1668, on April 26, 2013, the TTAB ruled that respondent management company, in cancellation proceeding, has failed to demonstrate that it has ever used disputed term "TreasuryNet" as mark in commerce in connection with recited services of providing financial information, since respondent claims that it provides financial information directly to its employees through "TreasuryNet" database on its intranet site, but primary beneficiary of such services is respondent itself, not employees who are accessing database in order to perform their jobs. *City National Bank v. OPGI Management GP Inc./Gestion OPGI Inc.*

As reported at 105 USPQ2d 1825, on February 14, 2013, the Trademark Trial and Appeal Board (TTAB) ruled that applicant facing claim of likelihood of confusion in opposition proceeding has established successful defense, under 15 U.S.C. § 1068, based on amended description of goods and services in its applications for registration of "RStudio" mark for software and related services. *Embarcadero Technologies Inc. v. RStudio Inc.*

As reported at 106 USPQ2d 1546, on March 20, 2013, the TTAB ruled that fact that parties' marketing efforts for their respective "3 Palms" hotels "overlap" on internet does not mean that relevant territory, for purposes of concurrent use proceeding, is entire United States, since hotel services are by definition rendered in particular geographic location, even if they are also offered, by same ultimate source, in other locations under same mark, since creation of internet has not rendered Lanham Act's concurrent-use provisions moot, and since fact that both parties' services are promoted and offered online is not sufficient to result in likelihood of confusion. *America's Best Franchising Inc. v. Abbott.*

## **STATE COURTS**

### **Wisconsin**

As reported at 85 BNA's PTCJ 570, on February 21, 2013, a Wisconsin state appeals court ruled that a law firm that purchased the names of rival law firm partners as invisible search advertising keywords did not "use" the individuals' names in violation of Wisconsin's invasion of privacy statute. *Habush v. Cannon*.

### **New York**

As reported at 86 BNA's PTCJ 9, on April 23, 2013, the New York Supreme Court, Appellate Division ruled that the Digital Millennium Copyright Act's safe harbor provision does not apply to internet service providers' user-directed infringement of sound recordings made before February 15, 1972. *UMG Recordings v. Escape Media Group*.

## **FOREIGN COURTS**

### **United Kingdom**

As reported at 85 BNA's PTCJ 915, on April 17, 2013, the UK Supreme Court, recognizing the transnational dimension and important implications of the matter for internet users, referred to the European Court of Justice a case exploring the copyright implications of viewing copyrighted material on a computer screen. *Public Relations Consultants Association Limited v. Newspaper Licensing Agency Limited*.