Essentials of Intellectual Property Law

hovey williams LLP
Where Ingenuity Thrives
Questions to Ponder with the Hypotheticals

• What are the most significant intellectual property concerns?
• What questions should be asked of your client/representative?
Hypothetical pt. 1

• A representative from your biggest client said that she has a great idea for a new techno-gizmo product for her company. She wants to work with others to refine the product idea so that the product can come to market.
H1 - Question #1

• With whom will your representative work on the refining of the idea—internal employees and/or contractors, external contractors, family members, crowdsourcing (random people on the Internet), or others?
H1 - Concern #1

• Does the company own intellectual property created by its employees?
H1 - Solution #1

- Differences in default IP ownership without agreements
- Employee IP assignment agreements
Differences in default IP ownership without agreements

- Copyrights
  - No Agreement?
  - IP Assignment Agreements

- Patents
  - No Agreement? Owned by inventor unless assignment or duty to assign
  - Statutes – Many states have such statutes
  - IP Assignment Agreements
Differences in default IP ownership without agreements

• Patents
  – In many states, an employee cannot be required to assign any of his or her rights in an invention he or she develops “entirely on his or her own time without using the employer’s equipment, supplies, facilities, or trade secret information” unless either of the following is true:
Differences in default IP ownership without agreements

• When the invention was conceived or “reduced to practice” (actually created or a patent application filed), it related to the employer’s business or actual or “demonstrably anticipated” research or development.

• The invention resulted from any work performed by the employee for the employer.
Differences in default IP ownership without agreements

- Trademarks
  - Use by employer, so not conveyed or acquired
  - Other affiliates using the trademark without agreement?
  - Licensing and Naked Licensing
Differences in default IP ownership without agreements

• Trade Secrets
  – Employment Agreements
  – Measures to Protect one’s Valuable Information
    • Security – as to outsiders
    • Confidentiality – as to insiders
  – Visitor Directed Procedures
H1 - Concern #2

• What agreements will be in place with third parties to ensure that the company has sufficient rights (e.g., owns the product)?
H1 - Solution #2

- Consider having agreements, including:
  - Confidentiality agreements
  - Third party development agreements
  - Crowdsourcing participation agreements
Confidentiality Agreements

• What information will be held confidential?
• Is the agreement one-way or mutual?
• Key items to watch:
  – Confidential materials marking requirements for materials
  – Length to preserve confidentiality
  – Ability to remember and use discussed information
Third Party Development Agreements

• Have the agreement in place before the work starts
• Determine whose paper will be used—the client’s or the vendor’s
• Establish what rights (if any) the vendor should have in its developments
• Determine vendor’s ability to incorporate third party works
Crowdsourcing is the act of taking a job traditionally performed by a designated agent (usually an employee) and outsourcing it to an undefined, generally large group of people in the form of an open call.”

Areas of focus include anonymity of participants, difficulties with ownership and protection, difficulties with clearance, having defined terms for participation and awards.
H1 - Question #2

• How defined is the product idea?
H1 - Concern #3

• Have others developed something similar and/or filed for or have patent protection on something similar?
H1 - Solution #3

• Consider having a patent search performed and/or obtaining a patentability opinion
Patent Search Timing

• When should a patent search be performed?
  – Prior to drafting an application?
  – Before filing an application?
  – During the drafting of an application?
  – After issuance; possible reexamination?
Why Perform a Patent Search

• Worthwhile investment
• Identify possible invention scope
• Draft around the art
• Limitations on the search – patent publication gap
Performing Patent Searches

- Where/how should the search be performed?
  - Performed online
  - Search patents and published patent applications
  - Search for other possible art
- Patent search companies
Types of Patent Searches

• Key word search
• Inventor search
• Assignee search
  – Limitation of listing without separate assignment search
• Classification Search
H1 - Concern #4

• Should patent protection be sought now (e.g., before working with others)?
H1 - Solution #4

- Consider having a provisional patent application filed on the product idea if/when the invention can be sufficiently enabled.
Patent Specification Requirements

35 U.S.C. §112 requires that the specification of a patent application must contain:

(A) A written description of the invention;
(B) The manner and process of making and using the invention (the enablement requirement); and
(C) The best mode contemplated by the inventor of carrying out the invention.

M.P.E.P. 2161
Enablement Requirement

• The specification must teach someone of skill in the art (1) how to make and (2) how to use the invention without undue experimentation.

• MPEP 2164
Amount of Experimentation Required

• “That some experimentation is necessary does not preclude enablement; the amount of experimentation, must not be unduly extensive. Determining enablement is a question of law.”

• Atlas Powder Co. v. E.I. Du Pont De Nemours & Co.
Provisional applications -- steps at PTO

- Application receives a filing date and serial number
- Application is considered only for identification of names and addresses of inventors, and for payment of fee
- Application will not be examined
- Application drawings may be informal
- Application need not include claims
- No substantive prosecution
Provisional versus Nonprovisional

Provisional
- Less preparation time
- Cannot amend
- No claims required
- Not examined
- Informal
- Valid for only 1 year; must timely file nonprovisional claiming priority

Nonprovisional
- More preparation time
- Amendments are possible
- Must have at least 1 claim
- Examined
- More formal
- Application valid until abandoned or patent issued
Hypothetical pt. 2

- The representative brings you the new techno-gizmo product. She said that her company loves the developed product and expects it to be a hot seller during the upcoming holiday season.
H2 - Question #1

• Does your product have a name?
H2 - Solution #1

- Trademark clearance
- Filing for trademark protection
What is a Trademark?

- A trademark is any word, name, symbol, or device, or any combination thereof used to identify and distinguish his or her goods from those manufactured or sold by others and to indicate the source of the goods.
- See 15 U.S.C. §1127
Other Types of Marks

• Service mark – “to identify and distinguish the services of one person ... from the services of others and to indicate the source of the services”

• Certification Mark – “to certify regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person's goods or services or that the work or labor on the goods or services was performed by members of a union or other organization.”

• Collective Mark - indicates membership in a union, an association, or other organization.
Devices for Trademarks

- **Words** – MICROSOFT for computer software
- **Symbol** – Nike SWOOSH
- **Device** – MacDonalds GOLDEN ARCHES, Levis Pocket
- **Sound** – Michael Buffer LET’S GET READY TO RUMBLE, NBC THREE CHIMES
Trademarks

• Helpful to first search to determine if the trademark is available for use

• Trademark owners should consider registering trademarks with the United States Patent and Trademark Office
  – Benefit of Federal Registration:
    (a) mark is in Patent and Trademark Office where others will find it in making search;
    (b) puts all others on constructive notice of your ownership of mark;
(c) gives rights to use the mark throughout the United States except as against prior users in their areas of use, regardless of owner-registrant’s actual area of use;

(d) after five years exclusive and continuous used mark and its registration are incontestable;

(e) gives basis for foreign registration; and

(f) can take advantage of domain name sunrise periods.
Use Required

To qualify for obtaining or preserving trademark rights, the person must:

(1) be using the trademark in commerce, or

(2) have a bona fide intention to use the trademark in commerce and apply to register on the principal register established by this Act.

“The term ‘use in commerce’ means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark.”
Specimens Showing Use

Acceptable specimens of use for goods
• Packaging for the goods
• Labels affixed to the goods
• Hang tags affixed to the goods
• Web page showing the mark and the goods, where consumer can purchase the goods on the website

Acceptable specimens of use for services
• Advertising or promotional materials that clearly reference the services
• Business cards/stationery (as long as it references the services)
• Web page that clearly shows the mark and describes the services
Symbols

- ® - Federally registered
- Circle T - State registered
- TM - trademark at common law
- SM – service mark at common law
Types of Searches

• Knock-out – exact mark
• Preliminary – identical and confusingly similar federal and state trademarks
• Comprehensive – preliminary plus common law and the Internet
Distinctiveness

• Classifications of trademarks are based upon the inherent distinctiveness of the mark
• Classifications include
  1) generic;
  2) descriptive;
  3) suggestive; and
  4) arbitrary or fanciful.
• Fanciful or arbitrary marks are eligible for protection without proof of secondary meaning and with ease of establishing infringement.
H2 - Question #2

• What is new about your product?
H2 - Solution #2

- Consider protecting novel aspects of the invention through one or more utility and/or design patent applications filed before product launch announcement
Anticipation

- An invention must be new at conception by an original inventor to be patentable.
- An invention is anticipated if someone else has already invented the invention.

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Evolution of Novelty

• As of 2013, the U.S. patent system operates under two parallel novelty standards
  – 1952 Act – Novelty defined from the date of invention
  – AIA – Novelty measured as of the date a patent is first filed
Utility Patents versus Design Patents

• Utility patents protect the way an article is used and works
• Design patents protect the way an article looks
• Both design and utility patents may be obtained on an article if invention resides both in its utility and ornamental appearance.
Utility Patents

- 35 USC §101 - “Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title”
Types of Design Patent Protection Available

1) Configuration of an article of manufacturer
   - Design of a scissors, a computer speaker, a bottle

2) Surface ornamentation for an article of manufacturer
   - Design included on surface of bottle

3) Configuration and surface ornamentation
Protection of GUI

- Graphical user interfaces (GUIs) may be protected as design patents so long as properly presented and claimed.
- Icons must be shown as part of a three-dimensional article of manufacture (e.g., a computer display)
- The structure of form of the article of manufacturer (i.e., a computer) does not have to be claimed, but must be disclosed
- Thus, the claim should be directed to a computer screen, monitor, display plan, or a portion thereof to comply with 35 U.S.C. 171
Transitional Computer Generated Icons

- Design patent protection is not limited to protecting an icon in a static state
- Images that change in appearance during viewing may be the subject of a design claim
H2 - Question #3

• Is there anything else like the product?
H2 - Solution #3

• Consider what type of patent clearance activities should be performed
Patentability Opinions

- Patent search performed by outside counsel
- Preliminary analysis of invention including identification of points of novelty
- Opinion as to patentability of the invention
Infringement and Invalidity Opinions

• Types of opinions
  – (Non)infringement, (in)validity
  – For owner or for alleged infringer

• By outside or in-house counsel

• Well reasoned
  – Discuss law, claim interpretation, facts, application of interpretation to facts
  – (Non-infringement) Consider literal and doctrine of equivalents
  – Address all claims
Are Opinions a Must?

• “We now hold that no adverse inference that an opinion of counsel was or would have been unfavorable flows from an alleged infringer’s failure to obtain or produce an exculpatory opinion of counsel.”

• Knorr-Bremse Systeme v. Dana Corp.
Hypothetical pt. 3

• The representative tells you that you that the new techno-gizmo product will be featured on a new to-be-developed website.
H3 - Question #1

• Have you registered a domain name for your new product?
H3 - Solution #1

- Determine domain name availability
- Domain name registrations in light of new TLDs
THE NUMBER OF TOP-LEVEL DOMAINS ARE EXPANDING

- Now there are more than 2000 domain extensions available or are coming available
• Restricted vs. Unrestricted

• Restricted would be .xxx or .bank
  – voluntary online home for the adult entertainment industry

• Unrestricted would be .dog or .com
HOW DO TRADEMARK OWNERS PROTECT THEIR TRADEMARK RIGHTS?

• Trademark Clearinghouse
  – Verifies trademark registrations
  – Provides sunrise registrations for trademark owners

• Sunrise Period given to at least national trademark owners

• Premium Period
  – including auctions between multiple applicants of identical domain names

• Land Rush Period
• **Uniform Dispute Resolution Policy**

  – Governs disputes about use of domain name by domain name registrants

  – Used by all accredited registrars (e.g., GoDaddy.com) required to secure agreements with registrants that bind registrants to an ICANN arbitration proceeding
Arbitration through approved dispute-resolution service providers

- World Intellectual Property Organization (WIPO)
- The National Arbitration Forum
- Asian Domain Name Dispute Resolution Centre
- The Czech Arbitration Court (.eu)
Complainant must show:

(1) that they own a trademark (registered or unregistered) that is the same or confusingly similar to the registered domain name
(2) that the party registered the domain name has no legitimate right or interest in the domain name:

• use or preparations to use the domain name in connection with a bona fide offering of goods or services prior to any notice of the dispute;

• that the domain name owner has been commonly known by the level domain name; or

• that the domain name owner is making legitimate noncommercial or fair use of the domain name, without intent of (i) commercial gain, (ii) misleadingly diverting consumers, or (iii) tarnishing the trademark at issue.
(3) that the domain name was registered and used in bad faith

• registered the name primarily for the purpose of selling or transferring the domain name to the trademark owner or a competitor of the trademark owner for a price greater than out of pocket costs;

• engaged in a pattern of registering trademarks of others to prevent the use of the domain name by the trademark owner;
(3) that the domain name was registered and used in bad faith (cont.)

• registered the domain name primarily to disrupt the business of a competitor; or

• is attempting to attract users to a web site for commercial gain by creating a likelihood of confusion with the trademark owner's trademark
• Anticybersquatting Consumer Protection Act
  (also known as Truth in Domain Names Act)
• Trademark owner must show:
  (1) the trademark owner’s mark is distinctive or famous;
  (2) the domain name owner acted in bad faith to profit from the mark; and
  (3) the domain name and the trademark are either identical or confusingly similar (or dilutive for famous trademarks).
UDRP v. ACPA

UDRP
• Remedies limited to transfer or cancellation of the domain name
• Relatively inexpensive
• Short duration of the proceeding

ACPA
• Remedies include transfer or cancellation of the domain name, monetary damages, and injunctive relief
  – Compensatory damages
  – Statutory damages between $1000 and $100,000
• Can be very expensive
• Lawsuits can be lengthy
UDRP v. ACPA (cont.)

UDRP

- If no response from registrant, and “in the absence of exceptional circumstances, the Panel shall decide the dispute based upon the complaint”
  - Not the same as default judgment
  - Panel may draw inferences it considers appropriate

ACPA

- If no response from defendant, Courts usually enter default judgment
<table>
<thead>
<tr>
<th><strong>UDRP v. ACPA (cont.)</strong></th>
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<tbody>
<tr>
<td><strong>UDRP</strong></td>
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<tr>
<td>• Avoid jurisdictional disputes</td>
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<tr>
<td>• Only addresses the domain name at issue, not other trademark issues</td>
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<tr>
<td>• No in-person hearings unless exceptional matter and in panel’s discretion</td>
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<tr>
<td><strong>ACPA</strong></td>
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<tr>
<td>• Limited to jurisdictional restrictions</td>
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<tr>
<td>• Can resolve trademark issues comprehensively</td>
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<td>• In-person hearings more often available</td>
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H3 - Question #2

• Will your website be developed internally or externally?
H3 - Solution #2

• Ensure that your client owns the website (e.g., through a website development agreement if with an external vendor)
• Make sure that the domain name is registered in the name of your client and not an individual or a vendor
Value of Copyright Ownership

• By owning the copyright, you are provided with certain rights under the statute
• Without copyright ownership, you have explicit licenses contained in agreement(s) and a limited number of implicit licenses
  – For example, certain modifications and unauthorized use may violate one or more of the copyright owner’s exclusive rights
EXCLUSIVE RIGHTS IN COPYRIGHTED WORKS

• Right to Reproduce or copy
• Right to Distribute
• Right to Display
• Right to Perform
• Right to Make Derivative Works
Protection

• Unregistered Copyright
  – Author owns immediately

• Registered Copyright
  Author or owner may register copyright to avail itself of statutory rights
  - Ability to sue for infringement
  - Statutory Damages (Requires Timely Registration)
    • Up to $30,000/infringing work
    • Up to $150,000 for willful infringement of work
    • Attorneys’ fees/legal expenses
Why Register?

- Proof of ownership
- Access to courts
- Statutory damages
  - Must register within 3 months of publication or before infringement
Ownership

• Author is the presumptive owner

Transfer of Work
  – Work for hire

• Employer owns copyrights of employees if work was prepared “within the scope of employment”
• Employer does not automatically own copyrights for work created by independent contractors, even if employer paid for the work
• If not employer/employee relationship, must obtain a written “Work for Hire Agreement” and must fall within statutorily enumerated categories

• Commissioning Party is considered the author
  – Assignment (in writing)
WORKS MADE FOR HIRE (17 USC § 101)

• Works made by an employee within the course of employment; or
• Works specially ordered pursuant to a signed written work for hire agreement AND if the works are in eligible categories
WORKS FOR HIRE CATEGORIES

• contribution to a collective work
• part of a motion picture or other
• audiovisual work
• a translation
• a supplementary work
• a compilation
• an instructional text
• a test or answer material for a test
• an atlas
WEBSITE DEVELOPMENT/CONTENT

• Reflect appropriate trademark indicators in the website content.
• Include appropriate trademark attribution at the bottom of corresponding web pages.
• Disclaimers
Hypothetical pt. 4

• The representative shows you the website and asks what kind of legal language she needs at the bottom of the website.
H4 - Question #1

• What entity is claiming ownership of the website?
H4 - Solution #1

• Have a copyright notice that reflects appropriate ownership and development of the website
H4 - Question #2

- Are any third party trademarks included in the website content?
H4 - Solution #2

• Reflect appropriate trademark indicators in the website content.
• Include appropriate trademark attribution at the bottom of corresponding web pages.
H4 - Question #3

• How will information be collected through the website, and used and shared internally and with others?
H4 - Solution #3

• Develop terms of use and a privacy policy reflecting such collection and usage
Terms of Use

• A website should contain, in a prominent location, a hyperlink to the Terms and Conditions of Use, to which a user must agree in order to access or use the site.

• The provisions vary depending on the type of website, for example whether the site is “passive” or “active,” whether the site accepts user submissions, and whether the site collects personal information from users.
Enforceability

• “Courts have also been more willing to find the requisite notice for constructive assent where the browswrap agreement resembles a clickwrap agreement— that is, where the user is required to affirmatively acknowledge the agreement before proceeding with use of the website.”

• Nguyen v. Barnes & Noble Inc.
Constructive Notice

• “[W]e therefore hold that where a website makes its terms of use available via a conspicuous hyperlink on every page of the website but otherwise provides no notice to users nor prompts them to take any affirmative action to demonstrate assent, even close proximity of the hyperlink to relevant buttons users must click on—without more—is insufficient to give rise to constructive notice.”

• Nguyen v. Barnes & Noble Inc.
Privacy Policy

• Website policy defining how personal information is collected, used, shared, and protected
• State and Federal law compliance issues
• FTC can sue companies that violate their posted privacy policies
Children under COPPA

- A child under COPPA is a person under the age of 13
  - COPPA is not applicable to children over the age of 13
Do You Collect Personal Information from a Child?

• Website is directed to a Child and you collect PI from them (or let others collect PI from them)
• Website is directed to a general audience, but you have actual knowledge you collect PI from Children
• Ad network or plugin and you have actual knowledge you collect PI from Children
Must Post a COPPA compliant Privacy Policy

• Link privacy policy on homepage
• Include
  – List of all operators collecting PI
  – Description of the PI collected and how its used
  – Description of parental rights
Hypothetical pt. 5

• The representative wants to know based on what she has shown you so far with the product and website what other intellectual property questions and concerns you have.
H5 - Question #1

• What are the source(s) of the images used on the website?
H5 - Solution #1

• Understand terms of applicable stock photography licenses
• Confirm appropriate rights secured from internal and external photographers to utilize the images
• Determine whether permission is necessary for images taken from the Internet to be used, whether permission should be sought, or whether such images should be excluded
H5 - Question #2

• Was any third party content used on the website or within the product?
H5 - Solution #2

• Review licensed content terms
• Discuss fair use
• Discuss utilizing ideas contained in other’s content
FAIR USE AND PUBLIC CONTENT

Certain works are NOT protected by copyright law

- Works that are in the public domain, unoriginal reprints of public domain works
- U.S. Government Works
  - 17 U.S.C.§ 105: Copyright protection under this title is not available for any work of the United States Government, but the United States Government is not precluded from receiving and holding copyrights transferred to it by assignment, bequest, or otherwise.
• Facts and ideas
  • While the protection does cover the particular, distinctive words a writer uses to present ideas or facts, control over the underlying concepts or truths cannot be owned. Thus, a biography about a famous athlete qualifies for copyright, but the events and facts of his life do not.

• Data is not protected by copyright.

• Selection and arrangement of data can be protected by copyright
  - However, must have “modicum of creativity”
Unprotectable Works (Examples)

- Works which have not been fixed in a tangible form of expression
- Titles, names, short phrases, and slogans
- Mere listings of ingredients or contents
- Works consisting entirely of information that is common property and which contains no original authorship (e.g. height & weight charts, tape measures, calendars, etc.)
FAIR USE and PUBLIC CONTENT

Fair Use – Consider All 4 Factors
1. What is the character of the use?
2. What is the nature of the work to be used?
3. How much of the work will you use?
4. What effect would this use have on the market for the original or for permissions if the use were widespread?

** key question: is the use transformative or is it a derivative?
i.e. use of thumbnail images online Perfect10 v. Google
WHAT IS THE CHARACTER OF USE?

Fair Use
- Nonprofit
- Educational
- Personal
- Criticism
- Commentary
- News reporting
- Parody

Commercial
- To Sell Books
- To Sell Courses
- Advertising
- Parody
WHAT IS THE NATURE OF THE WORK TO BE USED?

Fair Use

Fact
Published

Not Fair Use

Imaginative
Unpublished
HOW MUCH OF THE WORK WILL YOU USE?

Small Amount

Not a Small Amount
WHAT EFFECT WOULD THIS USE HAVE ON THE MARKET FOR THE ORIGINAL OR FOR PERMISSIONS IF THE USE WERE WIDESPREAD

- Consider how first three factors are tipping
- Original is out of print or otherwise unavailable
- No ready market for permission
- Copyright owner is unidentifiable
- Competes with (takes away sales from) the original work
- Avoids payment for permission (royalties) in an established market (i.e. music)
DIGITAL MILLENIUM COPYRIGHT ACT

• Register a DMCA agent
  – Designation of Interim Agent
• Comply with safe harbor requirements for use contributed content
• Appropriate handle red flagged content
H5 - Question #2

• Will the website have endorsements?
H5 - Solution #2

- Comply with FTC advertising concerns
- Secure license to utilize someone’s right of publicity
Commercial Blogging

- FTC Guidelines
  - FTC Act - “material connections” (sometimes payments or free products) between advertisers and endorsers
  - Applies to bloggers or other “word-of-mouth” marketers
Commercial Blogging

• While decisions will be reached on a case-by-case basis, the post of a blogger who receives cash or in-kind payment to review a product is considered an endorsement. Bloggers who make an endorsement must disclose the material connections they share with the seller of the product or service.
Commercial Blogging

• If a company refers in an advertisement to the findings of a research organization that conducted research sponsored by the company, the advertisement must disclose the connection between the advertiser and the research organization.
H5 - Question #3

• Is the new gizmo product a software product?
H5 - Solution #3

- Discuss patentability concern after Alice decision
- Discuss open source software concerns
Former Patent Eligibility Test

• “A claimed process is surely patent-eligible under § 101 if: (1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing.”

• Sole test for determining patent eligibility of a process under 101…

• In re Bilski (Fed. Cir.)
Prior to evaluating a claim for patentability, establish the broadest reasonable interpretation of the claim. Analyze the claim as a whole when evaluating for patentability.

1. Step 1:
   Is the claim to a process, machine, manufacture or composition of matter?
   - Yes
   - No

2. Step 2A:
   Part 1: Mayo test
   Is the claim directed to a law of nature, a natural phenomenon, or an abstract idea (judicially recognized exceptions)?
   - Yes
   - No

3. Step 2B:
   Part 2: Mayo test
   Does the claim recite additional elements that amount to significantly more than the judicial exception?
   - Yes
   - No

Claim qualifies as eligible subject matter under 35 USC 101
Claim is not eligible subject matter under 35 USC 101

In accordance with compact prosecution, along with determining eligibility, all claims are to be fully examined under each of the other patentability requirements: 35 USC §§ 102, 103, 112, and 101 (utility, inventorship, double patenting) and non-statutory double patenting.

Notable changes from prior guidance:
- All claims (product and process) with a judicial exception (any type) are subject to the same steps.
- Claims including a nature-based product are analyzed in Step 2A to identify whether the claim is directed to (recites) a "product of nature" exception. This analysis compares the nature-based product in the claim to its naturally occurring counterpart to identify markedly different characteristics based on structure, function, and/or properties. The analysis proceeds to Step 2B only when the claim is directed to an exception (when no markedly different characteristics are shown).
2014 Patent Eligibility Guidance and Abstract Idea Examples

1. Determine What the Claim Is “‘Directed to’”
   - A claim is directed to a judicial exception when a law of nature, a natural phenomenon, or an abstract idea is recited (i.e., set forth or described) in the claim. Such a claim requires closer scrutiny for eligibility because of the risk that it will ‘tie up’ the excepted subject matter and pre-empt others from using the law of nature, natural phenomenon, or abstract idea.”
2014 Patent Eligibility Guidance and Abstract Idea Examples

• 2. Identify the Judicial Exception Recited in the Claim
  – abstract ideas, laws of nature, and natural phenomena
  – “Abstract ideas have been identified by the courts ... including fundamental economic practices, certain methods of organizing human activities, an idea ‘of itself,’ and mathematical relationships/formulas.”
2014 Patent Eligibility Guidance and Abstract Idea Examples

• B. Flowchart Step 2B (Part 2 Mayo test)
  – Determine whether any element, or combination of elements, in the claim is sufficient to ensure that the claim amounts to significantly more than the judicial exception.
  – a search for an “inventive concept.”
2014 Patent Eligibility Guidance and Abstract Idea Examples

• 1. “Significantly More”
  – Improvements to another technology or technical field;
  – Improvements to the functioning of the computer itself;
  – Applying the judicial exception with, or by use of, a particular machine;
  – Effecting a transformation or reduction of a particular article to a different state or thing;
  – Adding a specific limitation other than what is well-understood, routine and conventional in the field, or adding unconventional steps that confine the claim to a particular useful application; or
  – Other meaningful limitations beyond generally linking the use of the judicial exception to a particular technological environment.
• “If the claim as a whole does recite significantly more than the exception itself, the claim is eligible (Step 2B: YES), and the eligibility analysis is complete. If there are no meaningful limitations in the claim that transform the exception into a patent-eligible application, such that the claim does not amount to significantly more than the exception itself, the claim is not patent-eligible (Step 2B: NO) and should be rejected under 35 U.S.C. 101.”
Open Source

• “Manufactures that distribute modified versions of the software are required by the GPL to provide both the full text of the GPL license itself, as well as the source code to the modified software they are distributing.”
Major Concerns

• Concerns typically arise when:
  – Selling the company
  – Distributing/selling software

• Are there any requirements to:
  – Release the software
  – Disclose or otherwise make available improvements
  – Acknowledge open source usage
H5 - Question #4

• Will search engine marketing be used to advertise the website?
H5 - Solution #4

- Consider what keywords can be used to promote and advertise the product in search engines
Sponsored Advertising

• **Pay per click (PPC)** is used on websites, where advertisers pay their host only when the ad is clicked. With search engines, advertisers typically bid on keyword phrases relevant to their target market. Content sites commonly charge a fixed price per click rather than use a bidding system.

• **Cost per click (CPC)** is the sum paid by an advertiser to search engines and other internet publishers for a single click on their advertisement, which directs one visitor to the advertiser's website.
• In the United States, **Registered** trademark owners may object to use of registered trademarks in the title or text of sponsored advertising

• Search engines will largely reject complaints for unregistered marks
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• Can trademark owners preclude competitors from using their trademarks only as a keyword? Maybe…..

The purchase of keyword-triggered advertising through Google's AdWords program caused actual confusion when internet users who had conducted a search of a trademarked term believed that they were being led to the website of the trademark holder. Damages were awarded in the amount of $300,000 + legal fees/costs (Binder v. Disability Group Inc., C.D. Cal., No. 2:07-cv-02760-GHK, 1/25/11).

Additionally, Second Circuit affirmed the district court’s judgment concluding that eBay did not engage in trademark infringement or dilution, and remanded on issue of false advertising. eBay was purchasing sponsored-link advertisements on various search engines to promote Tiffany items on its own auction website.

- Considered it nominative fair use *Tiffany v. eBay*, 600 F.3d 93 (2d Cir. 2010)
- Tiffany’s claim failed on remand
- Also see *Rescuecom Corp. v. Google Inc.*, 562 F.3d 123 (2d Cir. 2009), finding in favor of Google because keyword searching was not “use in commerce.”
- *take away:* May vary depending on the circuit and may be headed to the U.S. Supreme Court.
H5 - Question #5

• Will music be used on the website?
H5 - Solution #5

• Comply with music licensing requirements
Two Copyrights in Digital Music

- Copyright in the underlying musical work
  - Notes and lyrics
- Copyright in the sound recording
  - A particular recording
  - Source recording/master recording
Compulsory Licensing

Compulsory Licenses:
1) Cable television rebroadcast
2) Public broadcasting system
3) Jukeboxes
4) Digital performance of records
5) Digital distribution of records
6) Mechanical license
Mechanical License

- Right to reproduce a song in a record
- Once a song has been recorded and distributed, anyone can make a re-recording of the song so long as a license is obtained.
- Allows for making of an arrangement of the work
Copyright Act

• Under Section 115, a compulsory mechanical license is required when:
  1) Primary purposes is to make a record for distribution to the public for private use
  2) The record is of a nondramatic work
  3) The record has been previously recorded and distributed to the public
Organization for Licensing Song Recording

- Harry Fox Agency, Inc.
- http://www.harryfox.com/
Synchronization License

• A license to use music in timed synchronization with visual images
• Compositions used in movies and television shows
• Licensed by the music publisher
Master Use

• The right to reproduce and distribute a song
• Song recordings used in movies and television shows
Public Performance

• Public performance by radio, TV, and the internet; in night clubs, amusement parks, and live concerts

• “Whether your music is live, broadcast, transmitted or played via CD's or videos, your ASCAP license covers your performances.”
• “If you want to make copies of, or re-record an existing record, tape or CD, you will probably need the permission of both the music publisher and the record label. A music publisher owns the song (that is, the words and music) and a record company owns the "sound recording" (that is, what you hear... the artist singing, the musicians playing, the entire production).

• “If you plan to hire your own musicians and singers and create an original recording of a copyrighted song, then you need the permission of only the music publisher.

• “ASCAP does not license recording rights. Recording rights for most publishers are represented by the Harry Fox Agency”
Organizations for Licensing Song Performance

• ASCAP

• BMI
  – http://www.bmi.com/licensing/

• SESAC
  – http://www.sesac.com/Licensing/Licensing.aspx
H5 - Question #6

• How will the company communicate with existing clients and potential clients regarding the new product offering and website?
H5 - Solution #6

- Comply with SPAM laws, TCPA laws, texting laws, etc. for various types of electronic communications
- Address obtaining and having proper consents for electronic communications
CAN SPAM Act

• Who is subject to the law?
  – Mail service senders
  – Persons provided content to be sent to mail service providers
  – Persons performing their own mailings
  – More than one person can be subject to the law for the sending of a particular email
Commercial Mail Messages

• Is the message a commercial electronic mail message?
  – A “commercial electronic mail message” is any electronic mail message the primary purpose of which is the commercial advertisement or promotion of a commercial product or service (including content on an Internet website operated for a commercial purpose).
  – Does not include transactional or relationship messages
Transactional/Relationship Qualifications

- Is the message a transactional or relationship message?
  - The primary purpose of the e-mail must meet a defined category
  - Effectuate a transaction, product/service related information for the already purchased product/service, notification of changes, account information (on a regular basis), employment relationship/benefit information, or deliver agreed upon goods/services
TCPA and Texting Laws

- More restrictive than CAN SPAM
- Focuses on obtaining prior consent
- Subject to potential class action liability for violations
H5 - Question #7

- Will you have user contributed content on the website?
H5 - Solution #7

• Register a DMCA agent
• Comply with safe harbor requirements for use contributed content
• Appropriately handle red flagged content
H5 - Question #8

• What kinds of insurance coverage does the company have?
H5 - Solution #8

• Consider whether website and product are covered by existing insurance policies
  – Advertising injury
  – False advertising
  – Disparagement

• Consider whether further insurance coverage should be obtained
QUESTIONS?
THANK YOU
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