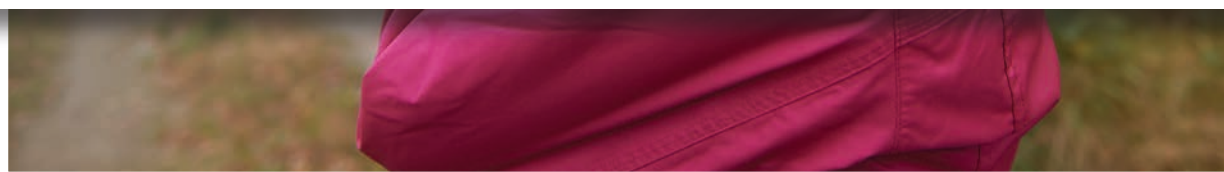




# IDEAS ON INTELLECTUAL PROPERTY LAW



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## **Can't you hear me?**

*Court turns deaf ear to wireless radio patent-holder*

## *Fair use doctrine*

**Comedy routine fails to get laughs from plaintiff — or court**

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**Cantor Colburn** LLP

# Can't you hear me?

## Court turns deaf ear to wireless radio patent-holder

Cases regarding the patent eligibility of abstract ideas continue to pile up at the Federal Circuit, which hears all patent-related appeals. In its recent ruling in *Affinity Labs of Texas, LLC, v. DIRECTV LLC*, the court found that two patented inventions failed both parts of the patent eligibility test.

### AIRING GRIEVANCES

Affinity Labs owned a patent covering a system for streaming regional broadcast signals to cell phones outside the region served by the broadcaster. A cell phone could be configured to wirelessly download an application for requesting and receiving network-based content from outside the broadcast region. The phone's display would allow the user to select particular content.

When DIRECTV began marketing a system that allows its customers to receive regional radio broadcasts on their cell phones when outside the broadcast regions, Affinity sued, alleging patent infringement. The trial court decided that Affinity's patent claims were patent-ineligible subject matter and entered judgment against the plaintiff. Affinity appealed to the Federal Circuit Court of Appeals.



### REVIEWING THE SUPREME COURT'S TEST

Under the U.S. Patent Act, patents may be obtained for "any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof." The U.S. Supreme Court has held that abstract ideas, laws of nature, and natural phenomena are *not* patentable subject matter.

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Courts have repeatedly ruled that merely limiting an abstract idea to a particular existing technological environment doesn't make the idea any less abstract.

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In *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, the Court established a two-part test for determining patent eligibility:

1. A court must determine whether the patent contains one of the nonpatentable subject matters.
2. If so, a court then considers whether the invention contains any additional elements — individually or in combination — that transform the invention into an inventive concept that would make it patentable. The court determines whether additional elements contained within the patent claims are "more than 'well-understood, routine conventional activity.'"

In *Alice Corp Pty. Ltd. v. CLS Bank Int'l*, the Court applied the test to challenge claims that contain only abstract ideas. It ruled that the patent failed the test as an abstract idea because it "merely required generic computer implementation."

### SCREENING OUT ABSTRACT IDEAS

The Federal Circuit applied the two-part test in *Affinity*. First, it determined that the concept of providing out-of-region access to regional broadcast content is an abstract idea. The court pointed

## ANOTHER PATENT, ANOTHER PATENT-INELIGIBLE IDEA

On the same day the Federal Circuit issued its opinion in the *DIRECTV* case (see main article), it also published its decision in a case Affinity had brought against Amazon.com. In that matter, Affinity alleged that Amazon's Music system infringed its patent for a method of targeted advertising in which advertisements are selected for delivery to portable device users "based on at least one piece of demographic information." The Amazon system allows users to stream music from a "customized library."

The court noted that little of the patent actually dealt with targeted advertising. Instead, most of it addressed media systems that stream content to a handheld wireless electronic device, similar to the patent in the *DIRECTV* case.

Applying the two-part *Mayo/Alice* patent eligibility test, the court determined that streaming and playing content on a portable device was an abstract idea. Additionally, the patent claims don't contain an inventive concept. Simply put, the interface's customization features weren't sufficiently transformative. As in the *DIRECTV* case, the court concluded that such systems weren't patent-eligible.

out that the practice of conveying regional content to out-of-region recipients has been used by nearly every form of media that has a local distribution. The practice takes several forms, ranging from mailing copies of a local newspaper to an out-of-state subscriber to using satellites to disseminate broadcasts of sporting events.

Affinity's patent covered the function of wirelessly communicating regional broadcast content to an out-of-region recipient — not a particular way of performing that function. The company's patent included nothing about *how* to implement such broadcasting on a cell phone, only addressing the idea itself. Furthermore, the patent wasn't related to the solution of a "technological problem" or an improvement in computer or network functionality.

The court conceded that the streaming system was limited to the delivery of out-of-region content to cell phones (as opposed to any electronic device). However, that didn't change the result. Both the Supreme Court and Federal Circuit have repeatedly ruled that merely limiting an abstract idea to a particular existing technological environment doesn't make the idea any less abstract.

### FREEZING THE PATENT

The appeals court next considered whether any additional features in Affinity's patented system

constituted an inventive concept that would make the system patent-eligible even though it related to an abstract idea. It found no such concept.

Affinity argued that the use of a downloadable application for presenting a graphical user interface capable of listing content for streaming on a cell phone was novel. The court disagreed, stating that the patent simply described the use of generic cell phone features (for example, a storage medium and graphical user interface), as well as routine functions (such as transmitting and receiving signals), to implement the underlying abstract idea.

As the court ruled in *Alice*, generic computer implementation is insufficient to transform a patent-ineligible abstract idea into a patent-eligible invention. Without further specification of a particular technology for displaying the defined content, Affinity's user-downloadable application didn't constitute a sufficiently inventive concept.

### DENYING ACCESS

The appeals court ultimately affirmed the trial court's judgment that Affinity's streaming system was a patent-ineligible abstract idea. In doing so, it emphasized that similar inventions that are "so result-focused, so functional, as to effectively cover any solution to an identified problem" are often found patent-ineligible. ■

## Fair use doctrine

# Comedy routine fails to get laughs from plaintiff — or court

Imitation is the sincerest form of flattery — or so the saying goes. However, when it comes to copyrighted material, imitation can also be unlawful infringement if use of the work isn't deemed a "fair use." What constitutes fair use was central to a recent Second Circuit Court of Appeals case involving the incorporation of an iconic comedy routine into a Broadway play.

### COMEDIANS' HEIRS CALL FOUL

*TCA Television Corp. v. McCollum* originated when the heirs of comedy legends Abbott and Costello sued the producers of a critically acclaimed play. The producers had used one minute and seven seconds of dialogue from Abbott and Costello's routine about a baseball team's oddly named roster, known as "Who's On First?" The play, a dark comedy, used the bit in a scene where the main character tries to impress a woman by performing the routine with his sock puppet and claiming that he wrote it. The sock puppet then calls him a liar.

The trial court dismissed the plaintiffs' copyright infringement claim. The plaintiffs appealed, challenging the court's finding that the defendants' use of the routine was a transformative fair use. A transformative use adds something new, with a further purpose or different character, to the original work. Transformative uses are more likely, but not guaranteed, to be considered fair.

### COURT FLIPS THE SCRIPT

The appeals court agreed with the plaintiffs that the defendants' "verbatim use" of the routine wasn't a fair use under the federal Copyright Act. In fact, it found that all four of the nonexclusive factors considered when determining whether the use of a copyrighted work qualifies as fair use weighed against the defendants.



Considering the first factor, the purpose and character of the use, the critical inquiry is whether the new work uses the copyrighted material for a purpose or imbues it with a character different from that for which it was created. The court determined that the defendants' commercial exploitation of the routine couldn't be deemed transformative. "There is nothing transformative about using an original work in the manner it was made to be used" — in this case, to get a laugh. The use of the routine in the play didn't convey a different message, meaning or expression. The court also noted that even a finding of transformative use isn't necessarily determinative of the first factor, let alone of fair use.



The second factor, the nature of the work, also weighed strongly in the plaintiffs' favor. That's because the creative nature of the routine "lies at the heart of copyright's intended protection."

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A transformative use adds something new, with a further purpose or different character, to the original work.

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The third factor, the amount and substantiality of work used, further weighed in favor of the plaintiffs. Although the defendants engaged in copying only approximately one minute of the routine, it copied the "qualitative value" by revealing the underlying

joke that "words understood by one person as a question can be understood by another as an answer."

Finally, the appeals court determined that the fourth factor — the effect of use on the potential market for the work — favored the plaintiffs. The plaintiffs alleged that there's demand for the licensing of the routine and that the defendants' use of it adversely affected its future licensing market.

### CURTAIN CALL

As counterintuitive as it may sound, the plaintiffs didn't get the happy ending they'd hoped for. It turns out that "Who's on First?" is in the public domain because its copyright wasn't renewed in 1968. Thus, the court decided that the defendants didn't meet the first element of copyright infringement. It affirmed the trial court's dismissal of the complaint for lack of a valid copyright. ■

## How the disavowal exception trashed a patent infringement claim

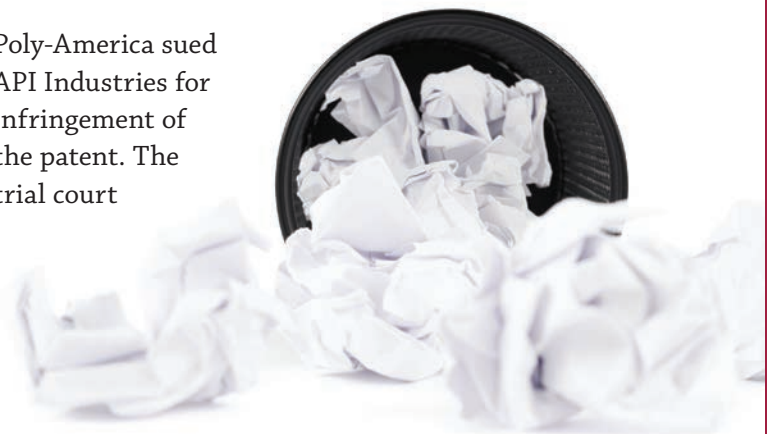
Courts in infringement cases construe terms in patent claims by their plain and ordinary meaning — *usually*. As the patentee in *Poly-America, L.P. v. API Industries, Inc.*, learned the hard way, the Federal Circuit doesn't take that approach when the disavowal of claim scope applies.

### TRIAL COURT TOSSES CASE

Poly-America owns a patent for "an improved construction of an elastic drawstring trash bag." A main feature of the invention is the use of inwardly extended "short seals" in the upper corners of the bag that reduce the width of the bag's upper opening. When coupled with elastic drawstrings, the

narrowed opening allows the drawstrings to wrap around the rim of a trash receptacle more securely than previous trash bags (or "prior art") that lack a narrowed upper opening.

Poly-America sued API Industries for infringement of the patent. The trial court



interpreted “short seal” to mean a seal for securing the elastic drawstring that extends inwardly from the interior edge of the bag’s side seal. Under this interpretation, API’s bag didn’t infringe the patent because its short seals didn’t extend inwardly.

After the trial court ruled in API’s favor, Poly-America appealed. It argued that the court erred by interpreting “short seal” to require the limitation of an inward extension that reduces the upper width of the trash bag.

### BOTTOM FALLS OUT

As the Federal Circuit noted, patent claim terms generally are given their ordinary and customary meaning — that is, the meaning they would have to a “person of ordinary skill” in the relevant area at the time of the invention. But courts depart from a patent’s plain and ordinary meaning when the inventor “disavows” the claim’s full scope by narrowing terms in the patent’s claims through



intrinsic evidence contained in the patent’s specification or during patent prosecution. The standard for disavowal, whether in the specification or during prosecution, requires “clear and unequivocal” evidence that the invention includes or doesn’t include a particular feature.

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Patent claim terms generally  
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of the invention.

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Although the disavowal must be clear and unequivocal, it doesn’t need to be explicit. For example, an inventor could disavow claims lacking a particular feature when the specification describes “the present invention” as having that feature.

In this case, Poly-America’s patent specification included just such language, stating that “one of the characteristics of the present invention is a reduction in upper width ... resulting from the extended short seals.” The court found this to be a clear statement describing a characteristic feature of the invention.

The court observed that a patentee also can disavow claims lacking a particular feature when the specification distinguishes or disparages prior art based on the absence of that feature. The patentee’s specification stated that prior art bags are difficult to secure over trash receptacle lips and that the extended short seals reduce the bag’s upper opening, making it easy to fit around a trashcan.

### OPEN AND SHUT

The appellate court’s decision provides an illustration of the importance of careful patent drafting. Unfortunately, Poly-America’s own patent language ended up sealing its fate. ■

# Court shoots down trademark infringement defendant

**T**wo firearms manufacturers came out shooting when a dispute arose over which one had the right to use the mark “SCAR” for guns and related items. The case, *FN Herstal SA v. Clyde Armory Inc.*, raised the common trademark issue of priority of use, as well as the less-common unlawful use doctrine.

## GUN MAKERS DUEL

In 2004, FN Herstal SA won a 10-year government contract to manufacture the “Special Operations Forces Combat Assault Rifle.” In its bid, FN branded its submission with the SCAR mark. In 2005, it began promoting its SCAR rifle (using a quarter of its advertising budget) to law enforcement and the public. From 2004 to 2006, the rifle received extensive media coverage. FN began selling a civilian version in November 2008 and obtained a trademark in June 2010 for SCAR for use in connection with firearms and related items that indicated a date of first use on November 1, 2008.

In 2005, Clyde Armory Inc. developed a replacement stock system sold under the marks SCAR-CQB-Stock or SCAR-Stock. It sold its first SCAR-Stock product in September 2006.

FN sued Clyde for trademark infringement. Clyde asserted affirmative defenses based on priority of its use of the SCAR-Stock mark and FN’s unlawful use of the SCAR mark. The trial court ruled in FN’s favor, and Clyde appealed.

## COURT TAKES AIM

The Eleventh Circuit Court of Appeals found that FN’s sales of SCAR rifles to the military alone established its date of first use in commerce as early as 2004. It also decided that FN’s marketing efforts



established priority in 2005 over Clyde’s use of the mark in 2006. Additionally, FN’s use of the mark was distinctive because, prior to 2006, FN was the only manufacturer producing and selling firearms products using the SCAR trademark.

Clyde argued that FN’s use of the mark was unlawful under the “unlawful use doctrine,” which states that trademark protection is awarded only to marks that comply with all applicable laws and regulations. It claimed that FN had violated a military regulation for contractors by associating itself with the military SCAR rifle in its promotional materials without government authorization.

However, the court declined to adopt the unlawful use doctrine, noting that it appears almost exclusively in administrative, rather than in judicial, settings. Clyde’s unlawful use defense was rejected.

## TO THE VICTOR

Clyde sustained traumatic injuries. It had to stop using the SCAR-Stock mark and destroy materials featuring it, abandon its trademark applications, and assign domain names with SCAR to FN. ▣



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