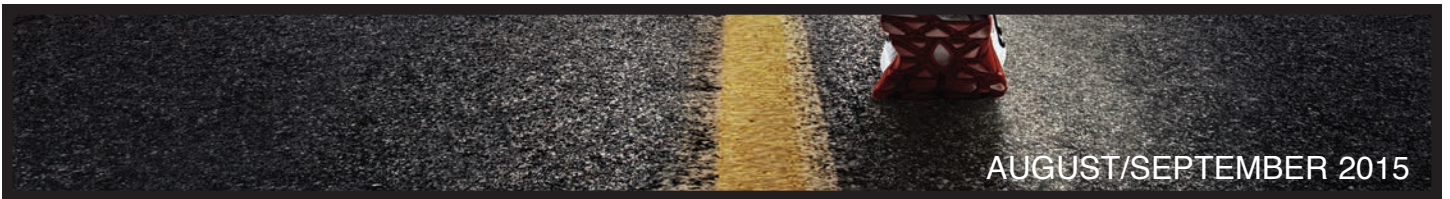




# IDEAS ON INTELLECTUAL PROPERTY LAW



AUGUST/SEPTEMBER 2015

## **Running on empty**

Decision highlights patent drafting danger

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## **Federal Circuit puts patent exhaustion doctrine on hold**

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# Running on empty

## *Decision highlights patent drafting danger*

Patent drafting is as much an art as it is a science. After all, while courts have general rules for interpreting patents — such as the rule that preamble language doesn't limit a patent's claims — exceptions exist. And these exceptions can lead to unwelcome results for patentees. Such was the situation in *Pacing Technologies, LLC v. Garmin Technologies, Inc.*

### **The starting line**

Pacing Technologies holds a patent that covers methods and systems for pacing users during activities that involve repeated motions, such as running. The patent's "preferred embodiment" for the invention describes a method for aiding pacing by providing the user with a tempo — for example, the beat of a song or flashes of light — that corresponds to the user's desired pace. The relevant patent claim refers to, among other components, a "playback device."

Pacing sued Garmin Technologies for infringement. Garmin's website allows users to design and transfer workouts to Garmin devices. Workouts consist of a series of intervals to which the user can assign a duration and target pace. The devices display the intervals for a particular workout during operation but don't play music or produce a beat corresponding to pace.

The infringement claim was dismissed. The trial court reasoned that, while Garmin's devices repeat back or display pace, the devices don't play the target tempo or pace information as audio, video or visible signals. Pacing appealed.

### **Claim held back**

On appeal, the parties disputed whether the patent language

required the claimed devices to play back the pacing information via a tempo. The U.S. Court of Appeals for the Federal Circuit determined that the dispute turned on whether the preamble to the relevant patent claim limited that claim's scope and on the meaning of the preamble term "repetitive motion pacing system."

The appeals court held that the preamble — "a repetitive motion pacing system for pacing a user" — did limit the claim. It acknowledged that preamble language that merely states the purpose or intended use of an invention generally isn't treated as limiting the claim's scope. But if the preamble language is necessary to understand the claims that follow, the language is considered limiting.

The court found that that was the case here. The terms "user" and "repetitive motion pacing system" in the preamble provided "antecedent basis" for the same terms as used in the body of the claim. In other words, the preamble terms were necessary to understand limitations in the body.



## What constitutes “disavowal”?

In *Pacing Technologies, LLC v. Garmin Technologies, Inc.* (see main article), the U.S. Court of Appeals for the Federal Circuit provided examples of circumstances where it had found disavowal or disclaimer that compelled departure from the plain meaning of claim terms. According to the court, it has found disavowal or disclaimer:

- Based on clear and unmistakable statements by the patentee that limits the claims, such as “the present invention includes,” “the present invention is,” or “all embodiments of the present invention are,”
- When the patent specification indicated that, for “successful manufacture,” a particular step was “required,”
- When the specification indicated that the invention operated by “pushing (as opposed to pulling) forces” and then characterized the “pushing forces” as “an important feature of the present invention,” and
- When the patent repeatedly disparaged an embodiment as “antiquated,” having “inherent inadequacies,” and then detailed the “deficiencies [that] make it difficult” to use.

As the court explained, when a patentee “describes the features of the ‘present invention’ as a whole,” he or she signals that the description limits the invention’s scope.

## Final results

The appellate court noted that the plain and ordinary meaning of the phrase “repetitive motion pacing system for pacing a user” doesn’t require the claimed invention to pace the user by playing back the pace information using a tempo. It pointed out, though, that claim terms are interpreted in light of the patent’s specification and prosecution history. Here, the history requires a departure from the plain meaning in two instances, known as lexicography and disavowal.

Lexicography occurs only when a patentee clearly sets forth a definition of the disputed claim term and expresses an intent to define the term. Disavowal requires that the specification or prosecution history make clear that the invention doesn’t include a particular feature.

The specification here listed 19 features of the invention, each preceded with a phrase indicating the feature was “another object of the present invention.” The court found that it contained a clear and unmistakable statement of disavowal or disclaimer

of the plain and ordinary meaning of the phrase “repetitive motion pacing system for pacing a user.” Although characterizing a feature as “an object,” “another object” or even “a principal object” won’t always rise to the level of a disclaimer, Pacing’s patent went further.

The patent stated that all of the features were accomplished by a “repetitive motion pacing system that includes ... [a] playback device adapted to producing the sensible tempo.” The court concluded that this clearly and unmistakably limited “the present invention” to a system capable of producing tempo to pace the user. Garmin’s didn’t produce pacing tempo and, thus, didn’t infringe.

## On the right track

As the appellate court observed, it’s common patent drafting practice to cast features as “an object of the present invention.” The court’s holding illustrates that such an approach could prove dangerous and lead to a finding of a disavowal that overrides a term’s intended meaning. ○

# Ain't that a shame: A musical copyright case

The popular musical “Jersey Boys,” which hit Broadway in 2005 and movie theaters in 2014, tells the story of the 1960s vocal group the Four Seasons. But some of the boys are writing a new, contentious chapter to the story. Namely, the U.S. Court of Appeals for the Ninth Circuit recently dealt them a blow in *Corbello v. DeVito* — a case that demonstrates some of the complexities that can arise from joint copyright ownership.

## Cast of characters

Donna Corbello is the heir of Rex Woodward, who had a written agreement to ghostwrite the autobiography of Thomas DeVito, an original member of the Four Seasons. Woodward and DeVito agreed to split

the proceeds from exploiting the manuscript. Woodward died in 1991, after completing the manuscript, but before publishing it.

## **A co-owner of a copyright can transfer the right to create a derivative work without permission from his or her co-owner.**

In 1999, DeVito and another band member executed an agreement granting two of their former bandmates, Frankie Valli and Bob Gaudio, the exclusive right to use aspects of their lives related to the band — including their biographies — in the development of “Jersey Boys.” After the musical opened, Corbello sued multiple parties involved, alleging that the musical constituted a derivative work of Woodward and DeVito’s autobiography. A trial court dismissed the case.

## Tell it to the court

The appellate court considered whether the 1999 agreement constituted a transfer of DeVito’s copyright interest in the autobiography, rather than, as the trial court had found, a license. If a transfer, Corbello would be entitled to a portion of the proceeds resulting from Valli and Gaudio’s exploitation of that ownership interest.

The appellate court concluded that the agreement was indeed a transfer of ownership of DeVito’s derivative-work interest in the manuscript to Valli and Gaudio. The trial court, therefore, shouldn’t have dismissed the infringement claims based on a license defense.



As the appellate court noted, a co-owner of a copyright *can* transfer the right to create a derivative work without permission from his or her co-owner. But copyright co-owners must account to each other for any profits earned by exploiting the copyright, so Corbello was entitled to an accounting from Valli and Gaudio.

### Working its way back

Even this particular chapter of the Four Seasons story isn't over. A co-owner of a copyright can't be liable to another co-owner for infringement, which would seemingly preclude Corbello's infringement claims against Valli and Gaudio.



But the question remains whether a clause in the 1999 agreement had terminated their ownership right, resulting in infringement. That issue goes back to the trial court for resolution. ○

## Federal Circuit puts patent exhaustion doctrine on hold

The patent exhaustion doctrine was created to limit the exclusive rights of patentees that license or authorize the sale of their inventions. But, in *Helferich Patent Licensing, LLC v. The New York Times Co.*, the U.S. Court of Appeals for the Federal Circuit put the doctrine on hold. A first sale, the court found, doesn't preclude a patentee from enforcing its rights in a related but nonetheless distinct invention.

### 2 kinds of claims

Helferich Patent Licensing owns seven patents related to systems and methods for handling information and providing it to wireless devices such as cell phones. Some of the patent claims cover devices and receiving and/or requesting certain content (handset claims). Other claims cover systems and methods for storing and updating various types of content and sending it to devices (content claims). For example, a mobile-device news service might send a subscriber a message with the headline of an article, along with a link to the complete article.

Helferich has licensed all cell phone manufacturers in the United States for the handset claims, expressly stating in most of the licenses that no license was granted to content providers as to the content claims. The company sued various content providers, including the New York Times Company, for infringing its content claims by storing and delivering content to their customers via phone applications.

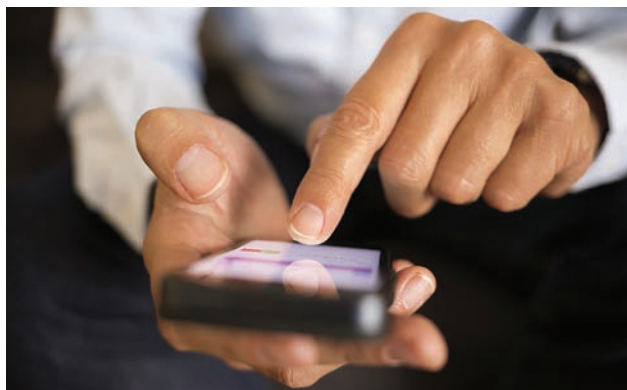
The trial court entered a judgment of noninfringement before trial. It found that, because Helferich had authorized the manufacturers to sell handsets, its ability to assert its claims had been exhausted against both handset acquirers and those content providers as third parties interacting with handsets. Helferich appealed.

### No sound basis

The appellate court disagreed with the trial court. It conceded that, under the doctrine of patent exhaustion, the licenses to the manufacturers eliminated any legal restriction on the sale or use of phones by

“authorized acquirers” who obtained their handsets from the manufacturers.

But, the court found, the exhaustion doctrine’s lifting of patent law restrictions on a licensed product has never been applied to terminate patent rights in complementary activities or goods — and it declined to do so here. The court saw “no sound basis” for expanding the exhaustion doctrine to hold that



authorized sales to persons using devices covered by the handset claims exhausted Helferich’s rights to enforce the content claims against different parties.

Finding exhaustion in the present case, the court added, would run counter to an earlier U.S. Supreme Court decision that patent exhaustion wouldn’t apply when the alleged infringement involved distinct, though related, validly patented inventions. The appellate court interpreted this to mean that exhaustion is inapplicable even when the acquirer of the first invention would also be using the complementary second invention.

### Full coverage

Licensees of patent portfolios with related claims should take heed of the court’s ruling about the limits of the patent exhaustion doctrine. Such parties need to ensure that the licenses cover both their intended uses and those of their customers. ○

## Trademark law

# Registration requires actual provision of services

Does simply offering a service, without actually providing it, trigger the federal “use in commerce” requirement to register a trademark? For the first time, the U.S. Court of Appeals for the Federal Circuit has addressed this common question in *Couture v. Playdom, Inc.* Its ruling had a major impact on a registration that dated back to 2009.

### Dueling marks

The plaintiff applied to register the mark PLAYDOM on May 30, 2008. As a specimen of the mark, he included a screenshot of his website offering entertainment services.

His site included only a single page that stated: “Welcome to PlaydomInc.com. We are proud to offer writing and production services for motion picture film, television, and new media.” The mark was registered by the U.S. Patent and Trademark Office on Jan. 13, 2009, but no services under the mark were provided until 2010.

On Feb. 9, 2009, Playdom, Inc., filed an application to register an identical mark, but the plaintiff’s registered mark was cited against the application. Later that year, to overcome the refusal to register its application, Playdom sought to cancel the plaintiff’s

registration. Playdom argued that it was void because he hadn't used the mark in commerce as of the date of application.

The Trademark Trial and Appeal Board (TTAB) granted the cancellation. It found that the plaintiff hadn't provided his services as of the filing date because he'd merely posted a website advertising his readiness, willingness and ability to provide the services. He appealed.

### Addressing the requirement

Under the federal Lanham Act, a mark must be used in commerce to qualify for registration. As the appellate court explained, the term "use in commerce" means the bona fide use of a mark in the ordinary course of trade — not merely a cursory effort to reserve a right in a mark. A mark for services is used in commerce only when it's used or displayed in the sale or advertising of services and the services are provided.

An applicant's preparations to use a mark in commerce, the court said, are insufficient to constitute use in commerce. The mark must actually be used in conjunction with the services described in the application for the mark.

## The U.S. Courts of Appeals for the Second, Fourth and Eighth Circuits have interpreted the Lanham Act as requiring actual provision of services.

The appellate court, however, had never before directly addressed whether merely offering a service satisfies the "use in commerce" requirement. In a 2009 case, *Aycock Engineering, Inc. v. Airflite, Inc.*, the court stated that, at the very least, "there must be an open and notorious public offering of the services to those for whom the services are intended." But, according to the court in *Couture*, the *Aycock* decision didn't suggest that an open and notorious public offering alone is sufficient to establish use in commerce.



The court also noted that the plaintiff had cited no prior TTAB decisions that found offering a service to be sufficient. Moreover, the U.S. Courts of Appeals for the Second, Fourth and Eighth Circuits have interpreted the Lanham Act as requiring actual provision of services. The leading legal treatise on trademarks, *McCarthy on Trademarks and Unfair Competition*, came to the same conclusion.

And so did the appellate court. Finding no evidence that the plaintiff had provided services to any customer before 2010, it upheld the TTAB's cancellation of his registration.

### Clarifying its words

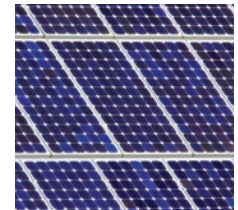
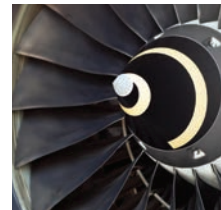
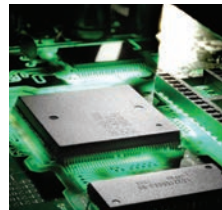
The court's clarification of its *Aycock* ruling provides some certainty for those seeking and challenging trademark registration. It's an important reminder that merely advertising or publicizing a service that the applicant intends to perform in the future won't support registration. The advertising must relate to an existing service that has already been provided to the public. ○



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