



## INTELLECTUAL PROPERTY LITIGATION

## Expert Analysis

# Patent Claims, Lanham Act, Copyright Issues Online

**T**he fact that a chemist can make a compound and predict its activity does not mean that he can accurately describe its structure. The precise structure of a drug, for example, may not be known even if it can be reliably produced in the laboratory and safely used by patients. To account for that reality, for well over 100 years an applicant for a patent has been permitted to make “product by process” claims, which describe a claimed invention (at least in part) by specifying how to make it, rather than mapping out its detailed structure.

Last month, resolving a longstanding conflict between two of its prior opinions, the Federal Circuit, acting en banc, held that such “product by process” patents cover only products made by the described process. *Abbott Labs. v. Sandoz Inc.*, 2009 WL 1371410 (Fed. Cir. May 18, 2009). Therefore, one who succeeds in making the claimed compound through another process is free of liability for patent infringement.

In *Abbott*, Abbott Labs held a patent covering the antibiotic Omnicef. One claim in the patent claimed the compound by defining its unique “angle peaks” measured through powder X-ray diffraction

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(PXRD), a technique that produces a unique “fingerprint” for a crystalline compound. Two independent “product-by-process” claims, however, identified the drug merely by describing the process used to produce it. Affirming the trial court, the Court of Appeals held that those product-by-process claims could be infringed only when the particular process mentioned in the claim is used to make it.

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In considering this issue, the Federal Circuit was confronted with two conflicting panel opinions of its own, *Scripps Clinic & Research Foundation v. Genentech Inc.*, 927 F.2d 1565 (Fed. Cir. 1991), which held that product-by-process claims “are not limited to product prepared by the process set forth in the claims,” and *Atlantic Thermoplastics Co. Inc. v. Faytex Corp.*, 970 F.2d 834 (Fed. Cir. 1992), which held that they are. Over the years, some district courts found the decisions irreconcilable and decided

that the earlier of the two, *Scripps*, should govern as a matter of stare decisis. In order to resolve the issue, the Federal Circuit decided sua sponte to consider the issue en banc before issuing a panel opinion.

Writing for an eight-judge majority, Judge Randall R. Rader found that a restrictive rule limiting product-by-process claims to compounds produced through the claimed process had “extensive support” in Supreme Court cases going back to *Smith v. Goodyear Dental Vulcanite Co.*, 93 U.S. 486 (1876). When an inventor chooses “to claim the product in terms of its process, ...that definition also governs the enforcement of the bounds of the patent right.” Moreover, the Court of Appeals reasoned, the only way to determine whether an accused product infringes such a claim is to evaluate the process by which it was made. “What analytical tools can confirm that the alleged infringer's compound is in fact infringing, other than a comparison of the claimed and accused infringing processes?”

Three dissenting judges vigorously argued that the majority had overturned a longstanding rule that is “pragmatic, fair, and just, for it attuned patent law and practice to the realities of invention.” Product-by-process claims should not be limited to the claimed process, the dissent argued, where the product is “new and its structure is not fully or readily known, such that its definition as a product is aided by referring to how it was

made.” Holding otherwise, the dissent predicted, would impose a “new restraint on patents for new products, particularly today’s complex chemical and biological products whose structure may be difficult to analyze with precision.”

It is hard to know whether inventors will be significantly prejudiced by a rule limiting the scope of product-by-process claims. As analytical tools improve, it will become easier to define even complex inventions by describing structure rather than process—in *Abbott* itself, the compound was claimed using its unique PXRD signature. Whatever the answer to this policy question, barring an unlikely intervention by the Supreme Court, *Abbott* resolves the debate.

#### Copyright

*A.V. v. iParadigms, LLC*, 562 F.3d 630 (4th Cir. 2009), found that the activities of Turnitin, an online service that checks student papers against a database of preexisting work to detect plagiarism, are protected from copyright claims by the fair use doctrine. The plaintiffs were high school students required by their schools to submit papers to Turnitin. After submission, the papers were checked by Turnitin’s computers against student papers and other materials in a database and, at the request of the schools, were themselves made part of the Turnitin archive, so that they could be used to determine the originality of later-submitted work. The archived papers were not read by Turnitin personnel.

Under §107 of the Copyright Act, four factors are balanced in assessing fair use: the purpose and character of the use; the nature of the copyrighted work; how much of the work was used; and the effect of the use on the potential market for the work. Affirming summary judgment dismissing the copyright

claims, the Fourth Circuit stressed that Turnitin’s archiving of the works was transformative—rather than being used for their original purpose, the works were copied in order to prevent plagiarism. Moreover, archiving the papers had no demonstrable effect on their market value. While archiving would make it difficult to sell the papers to other students, plaintiffs disavowed any intention to participate in that market. And copyright law ordinarily does not protect against transformative use that harms market value only because it makes the work less attractive to consumers.

Social networking sites allow users to create online profiles, establish connections with friends and join networks. *Facebook Inc. v. Power Ventures Inc.*, 2009 WL 1299698 (N.D. Cal. May 11, 2009), sustained against a motion to dismiss copyright claims brought by Facebook, one of the most successful networking sites, against Power.com, a Web site that allows users to integrate their social networking pages and e-mail accounts into a single portal.

Power.com users authorize Power.com to log on to their social networking pages to gather (or “scrape”) personal information so that it can be displayed on a Power.com page. Facebook permits other Web sites to access Facebook user pages, but only through a designated Facebook application. When Power.com continued to “scrape” the Facebook pages of its users despite Facebook’s objections, Facebook brought suit. While recognizing that Facebook cannot claim copyright in user content placed on a Facebook page, the district court found that Power.com could be liable for direct and contributory infringement because it allegedly makes an unauthorized copy of a user’s entire Facebook profile, including content

created by Facebook, in order to collect user content. The court also sustained Facebook’s claim under the Digital Millennium Copyright Act based on allegations that Power.com had attempted to circumvent security measures designed to limit access to Facebook pages.

#### Patents

Last December, in *In re TS Tech USA Corp.*, 551 F.3d 1315 (Fed. Cir. 2008), the Federal Circuit took the extraordinary step of granting a writ of mandamus directing transfer of a patent case out of the Eastern District of Texas, a venue that has fast become a major center of patent litigation. TS Tech found that the trial court had abused its discretion by denying transfer although the parties and witnesses had no meaningful connection to the forum.

On May 22, the Court of Appeals stepped in again, issuing a writ in a case where the Eastern District of Texas had refused transfer even after the *TS Tech* decision. *In re Genentech Inc.*, 2009 WL 1425474 (Fed. Cir. May 22, 2009). Noting that no witnesses or parties were located in the forum, the *Genentech* decision rejected the trial court’s argument that Texas was nevertheless a central location for witnesses and parties from Europe, the Midwest or the East Coast. The Court of Appeals directed transfer to California, where both defendants and several third-party witnesses are located.

The Federal Circuit sustained venue in the Eastern District of Texas, however, in *In re Volkswagen of America Inc.*, 2009 WL 1425475 (Fed. Cir. May 22, 2009), where several lawsuits based on the same patents and involving dozens of parties were pending in the district. The pendency of those suits was a “paramount consideration” in determining convenient venue.

The Supreme Court's decision in *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007), revamped longstanding Federal Circuit law concerning obviousness—the doctrine that a patent is invalid when a claimed invention is not substantially different from prior art. Among other changes, *KSR* held that an invention combining prior art elements may be invalid when that combination was “obvious to try.”

*In re Kubin*, 561 F.3d 1351 (Fed. Cir. 2009), a Federal Circuit panel explained the meaning of “obvious to try” in post-*KSR* jurisprudence. A patent is not invalid as “obvious to try” merely because it would have been obvious to try “each of numerous possible choices” until arriving at a successful result, or where it would have been obvious to “explore a new technology or general approach” that was not spelled out in the prior art.

An invention is obvious, on the other hand, where the prior art includes a detailed enabling methodology, a suggestion to modify prior art to practice the invention and good reason to believe that the combination would be successful. Applying that test, the *Kubin* court found that a “classic biotechnology invention” claiming “the isolation and sequencing of a human gene that encodes a particular domain of a protein” was invalid as obvious.

A traditional patent license grants the licensee the right to “make, use and sell” the patented product. *In Corebrace LLC v. Star Seismic LLC*, 2009 WL 1424439 (Fed. Cir. May 22, 2009), the Federal Circuit held that such language gives the licensee the right to have the product made for it by a third party. The scope of patent license is ordinarily a question of state contract law, and in *Corebrace* Utah law governed. Finding no relevant Utah precedent, the Federal Circuit looked to decisions of the federal Court of Claims and the Califor-

nia Supreme Court. It concluded that the “right to ‘make, use and sell’ a product inherently includes the right to have it made by a third party, absent a clear indication of intent to the contrary.”

#### Trademarks

Under §2(e)(3) of the Lanham Act, 15 U.S.C. §1052(e)(3), a trademark that is “primarily geographically misdescriptive” may not be registered—a New York winery presumably may not use a mark including the phrase “Napa Valley.” Construing section 2(e)(3), *In re Spirits Int'l, N.V.*, 563 F.3d 1347 (Fed. Cir. 2009), reversed and remanded a decision of the Trademark Trial and Appeal Board to refuse registration of the mark MOSKOVSKAYA, which means “of or from Moscow,” for vodka. The Board had reasoned that, because there are more than 700,000 Russian speakers in the U.S. at the time of its decision, an “appreciable number” of American consumers could be misled into believing that the vodka was from Moscow, a place famous for its vodka.

Reversing, the Court of Appeals held that the test under the statute is whether “a substantial portion of the relevant consumers is likely to be deceived, not whether any absolute number or particular segment of the relevant consumers (such as foreign language speakers) is likely to be deceived.” For most products, the “relevant consuming public” is the entire U.S. population interested in purchasing the product. Where a product is aimed at a limited market or particular group, however, the relevant population may be limited to the “targeted community.” The case was remanded to the board for a determination under the correct test.

*Syler v. Woodward*, 2009 WL 1119370 (S.D.N.Y. April 23, 2009), illustrates the protection afforded to titles of literary

works under the Lanham Act. Rene Syler wrote a par

enting guide called “Good Enough Mother: The Perfectly Imperfect Book of Parenting” and registered the mark “Perfectly Imperfect” for various products. Lee Woodward wrote a memoir entitled “Perfectly Imperfect: A Life in Progress.”

Denying Syler's motion for injunctive relief, the district court held that, because of First Amendment concerns, even distinctive titles of literary works may receive trademark protection only if the title has acquired secondary meaning. A title has secondary meaning when consumers associate it with a particular author's work, rather than understanding it simply as the title of a literary work. Moreover, the use of a trademark in a literary title is an infringement only if the title either has no artistic relevance to the work or is explicitly misleading about the work's source or content. Syler failed to make these showings.