The IP Legal Browser

The Newsletter of the FBA's Intellectual Property Law Section Winter 2018

Message From the Chair

By Michael Zussman

It is my privilege to serve as your Intellectual Property Law Section chair for the 2018 term.

The IPLS is unique because it provides the opportunity to explore traditional areas of the law that are the bedrock for protecting the rights of authors, inventors and creators, and because it has – for decades – the challenge of being subject to laws that lag behind the pace of technology.

In the 1980's we asked whether recording television shows for individual use was copyright infringement. In the 1990s we learned the extent to which a model could use her former employer's trademarks to identify herself, her titles and accomplishments on a website, and in the 2000s students seemed shocked to realize that downloading and sharing music with friends could have legal consequences.

Now, we wonder how the square pegs of intellectual property laws will fit into the round holes of virtual and augmented reality, blockchain and cryptocurrencies, and artificial intelligence.

We will explore these traditional and new issues in our events, newsletters, meetings and social media, and we look forward to your participation.

Michael Zussman
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In This Issue

Letter from the Editor: Call For Articles

By Wendy R. Stein

Dear IPLS Colleagues –

We hope you enjoy the Winter Issue of "The IP Legal Browser." In this issue, Benjamin Stern of Holland & Knight teaches us about seeking disgorgement damages in copyright cases, Joseph Saphia and Bonnie Gaudette of Haug Partners provide an update on how courts are addressing software inventions since *Alice Corp. Pty. Ltd. v. CLS Bank, Int'l*, and Ira Cohen of Henkel & Cohen takes us on a journey to Iceland to learn about the Icelandic government's attempt to cancel a trademark registered in the country's name.

We invite you, members of the IPLS, to contribute articles for the Spring 2018 edition of "The IP Legal Browser." I serve as editor along with board member Cori McGinn. We are currently accepting article submissions for the Spring edition. If you are interested in contributing an article, please email your proposed article along with a copy of all materials cited therein to wstein@gibbonslaw.com by April 15, 2018.

We encourage you to submit a piece highlighting your knowledge of a particular area of the law or a significant development in IP law. Included below are some general pointers as to style:

Length: Articles must be 1200 to 1400 words (5 or 6 double-spaced pages). An article can be shorter or longer, but please reach out to me if you expect to significantly diverge from this general guideline.

Style: Articles must be written in third person. Please try to keep footnotes brief. Provide authority for specific factual and legal points. Do not provide parallel citations.

Approach: The article should contain an even-handed analysis rather than an argument, opinion or op-ed. You may speculate as to why a court ruled the way it did, address questions that remain unanswered, and say who might be affected, but please avoid advocating a particular position. An article can address recent developments but it can also provide practical advice in a specific area of the law or have a more casual "Top 10" tone (e.g. Top 10 Pitfalls of E-Discovery).

We look forward to reading your submissions, and if you have any questions, please do not hesitate to reach out to Michael Zussman, Chair of the IPLS, at mzussman@olenderfeldman.com or me at wstein@gibbonslaw.com.

Best regards,
Wendy Stein
Director, Gibbons P.C.

IP Section Sponsored Art Law and Litigation Seminar

The Intellectual Property Law Section sponsored the FBA's recent Art Law and Litigation Seminar on December 6, 2017. The Seminar took place in Miami, Florida for the second year in a row, in the days leading up to the various art events and shows that take place in Miami in December. Attendees from all over the country enjoyed several presentations that relate to art law and litigation, including with respect to issues pertaining to museum administration, art fairs, art auctions, and damage to artworks. The luncheon keynote address was provided by Nicholas D. Lowry, a well-known auctioneer and a Director at Swann Auction Galleries. The IP Section presented the closing keynote address, featuring a discussion of the intersection of art law and intellectual property, and emerging issues related to augmented reality and copyright law.

Questioning the Conventional Wisdom on Disgorgement Damages in Copyright Cases

By Benjamin M. Stern

A common issue in copyright infringement cases under the Copyright Act of 1976 (the "Act") is whether the plaintiff can recover disgorgement of the defendant's profits that are "attributable to" the alleged infringement.[1] Under the pertinent statutory section codified at 17 U.S.C. § 504(b), the copyright owner is merely required to identify a defendant's "gross revenue" that results, at least in part, from the alleged infringement.[2] It then falls to the defendant to prove all "deductible expenses and elements of profit attributable to factors other than the copyrighted work."[3] This burden shifting paradigm means that plaintiffs can introduce a gross revenue number into evidence – which can be quite large – and leave it to defendants to whittle that number down to an amount that is "attributable to" the alleged infringement. But, as the Federal Circuit has observed in the patent context, once a plaintiff puts a revenue number before a jury, it is difficult to put it "back into the bag," because "the disclosure that a company has made [billions of dollars] in revenue from an infringing product cannot help but skew the damages horizon for the jury, regardless of the contribution of the patented component to this revenue."[4]

Longstanding conventional wisdom amongst many experienced copyright practitioners – and several courts – is that disgorgement of a defendant's profits in copyright cases is an issue for the jury (rather than the court) to decide.[5] Surprisingly, however, there is little case law analysis or statutory support for that widely-held belief. This gives litigants, particularly defendants, a potentially powerful weapon to level the playing field of § 504(b)'s burden shifting framework by removing this issue from the purview of the jury and having it decided by the court.

Courts first look to the pertinent statute to determine if it confers a right to a jury trial. The Act, however, makes no mention of a right to jury trial with respect to disgorgement under § 504(b). In fact, the Act's legislative history implies that disgorgement should be an issue for the court: "where some of the defendant's profits result from the infringement and other profits are caused by different factors, it will be necessary for *the court* to make an apportionment."[6] Though this legislative history is instructive, it is not dispositive. At minimum, there is no explicit statutory right to a jury for § 504(b) disgorgement damages.

Because the Act does not explicitly create a right to a jury trial, courts then determine whether the Seventh Amendment contains a constitutional right to have a jury decide damages awards under § 504(b). To do so, courts "(1) must compare the statutory action to the 18th century actions brought in the courts of England prior to [the] merger or the courts of law and equity, and (2) must examine the remedy sought and determine whether it is legal or equitable in nature. The second inquiry is more important."[7] Judges determine issues equitable in nature; legal issues are for determination by a jury.

First, prior to the merger of the courts of law and equity, copyright holders brought disgorgement claims in the courts of equity.[8] After the merger, but prior to the Copyright Act of 1909,[9] which first provided statutory damages, "recovery [of all profits] had been allowed in equity both in copyright and patent cases… in accordance with the principles governing equity jurisdiction."[10] No copyright statute or Supreme Court case has ever explicitly provided for a jury trial for disgorgement damages. Therefore, the prior (pre-merger) rule of disgorgement damages sounding in equity arguably applies.

Second, although monetary damages are generally considered legal in nature,[11] the Supreme Court has explained that monetary damages are considered equitable "where they are restitutionary, such as in 'actions for disgorgement of improper profits.'"[12] As one court has explained, the operative questions are whether: "(1) substantive liability is based on defendant's unjust enrichment; (2) the measure of recovery is based on defendant's gain instead of plaintiff's loss; or (3) the court restores to plaintiff his lost property or its proceeds, in kind."[13] Because an award of a defendant's profits under 17 U.S.C. § 504(b) meets this criteria and such damages "are awarded to prevent the infringer from unfairly benefiting from a wrongful act,"[14] they appear to be equitable in nature.

Although there is a strong argument that no constitutional right to a jury trial for disgorgement of a defendant's profits exists under § 504(b), the Supreme Court has not provided conclusive guidance on this issue. In a 1998 case, *Feltner v. Columbus Pictures Television*, the Court held that a copyright owner has a right to a jury trial on all issues relating to statutory damages under § 504(c), mentioning § 504(b) only in passing to note that "awards of actual damages and profits, see § 504(b), [] generally are thought to constitute legal relief [i.e., to be decided by a jury]."[15] Somewhat contradictorily (perhaps unintentionally), the Court also noted that it has "characterized as equitable… actions for disgorgement of improper profits,"[16] which suggests the issue with respect to § 504(b) was not settled. Sixteen years later (in 2014) the Court, in *Petrella v. Metro-Goldwyn-Mayer, Inc.*, addressed an issue regarding laches in the copyright context, but in doing so also stated "[l]ike other restitutional remedies, recovery of profits 'is not easily characterized as legal or equitable,' for it is an 'amalgamation of rights and remedies drawn from both systems.'"[17] The *Petrella* court then stated that "[g]iven the 'protean character' of the profits-recovery remedy, we regard as appropriate its treatment as 'equitable' in this case."[18] According to what many consider the authoritative treatise on copyright law, "[n]o standards emerge from the face of the [*Petrella*] opinion itself," but "[a]bsent development of appropriate case law, [] it seems best to follow the Supreme Court majority's lead by presumptively treating profits [under § 504(b)] as equitable in nature."[19]

Following *Petrella*, several recent district court decisions acknowledged that it is not entirely clear whether disgorgement damages under § 504(b) is an issue for the jury.

In *Fahmy v. Jay-Z*, the Central District of California recognized that, following Petrella, there was "ambiguity regarding whether disgorgement of profits is properly considered an equitable or a legal remedy,"but decided that "the appropriate course [was]

to treat the award of profits as an equitable remedy." [20] Despite this, and presumably out of an abundance of caution, the district court decided to allow profits evidence to be presented to the jury so that the jury could render an advisory verdict that might be helpful to the court in determining the appropriate measure of profits.[21] Because this case was later dismissed on unrelated grounds, the jury never considered the issue of disgorgement damages.[22]

Courts in two more recent cases, *Oracle Am. Inc. v. Google Inc.* and *Cisco Sys. Inc. v. Arista Networks, Inc.*, came to similar conclusions.Those courts decided to reserve the question of whether damages under § 504(b) were equitable for post-verdict motions, which suggests that the parties were also allowed to present relevant evidence to the jury.[23] Because both of the juries found for the defendants on liability, however, neither court had to rule on whether disgorgement under § 504(b) is equitable or legal in nature.

The Supreme Court's statements in Petrella, combined with the foregoing analysis, suggests that, at minimum, litigants should pay careful attention to this issue. That the conventional wisdom and past practice has been to let the jury decide disgorgement damages is hardly sufficient justification to continue to do so; "[q]uestions which merely lurk in the record, neither brought to the attention of the court nor ruled upon, are not to be considered as having been so decided as to constitute precedents."[24] This issue is one that defendants can deploy to their advantage in copyright litigation and that plaintiffs can ignore at their peril.

Benjamin M. Stern is a partner in the Boston, MA office of Holland & Knight LLP, where he practices in the firm's intellectual property group. Special thanks to Yasmin Ghassab, an associate at DLA Piper who previously worked with Mr. Stern at Holland & Knight LLP. This article originally appeared in Law360 dated Mar. 10, 2017.

Endnotes:

[1]*See* 17 U.S.C. § 504(b).

[2]*Id.*

[3]*Id.*

[4]*Uniloc USA, Inc. v. Microsoft Corp.*, 632 F.3d 1292, 1329 5(Fed. Cir. 2011).

[5]Numerous trial courts have submitted profits issues to a jury. *See, e.g.*., No. LA CV13-06004 JAK (AGRx), 2015 WL 4479500, at **24-26 (C.D. Cal. July 14, 2015); *Looney Ricks Kiss Architects, Inc. v. Bryan*, No. 07-0572, 2014 U.S. Dist. LEXIS 35562, at *7 (W.D. La. Mar. 18, 2014); *Bergt v. McDougal Littell*, 661 F. Supp. 2d 916, 927 (N.D. Ill. 2009). Appellate decisions regarding defendant's profit awards under § 504(b) resulted from jury findings on the issue. *See, e,g., Bouchat v. Balt. Ravens Football Club, Inc.*, 346 F.3d 514, 516 (4th Cir. 2003); *Bonner v. Dawson*, 404 F.3d 290, 295 (4th Cir. 2005); *Polar Bear Prods. v. Timex Corp.*, 384 F.3d 700, 707-08 (9th Cir. 2004); *Andreas v. Volkswagen of Am., Inc.*, 336 F.3d 789, 791 (8th Cir. 2003); *Three Boys Music Corp. v. Bolton*, 212 F.3d 477, 487 (9th Cir. 2000). All three circuit court model jury instructions that address copyright infringement – the Seventh, Ninth, and Eleventh Circuits – leave for the jury to award disgorgement damages under §504(b). The Ninth and the Seventh Circuit instructions do so explicitly, while the Eleventh Circuit instructions do so by implication. See Manual of Model Civil Jury Instructions for the District Courts of the Ninth Circuit 17.34, at 422-24 (2007 Edition, last updated January 2017); Federal Civil Jury Instruction of the Seventh Circuit 12.8.3, at 302 (2015); Eleventh Circuit, Civil Pattern Jury Instructions 9.31, at 639-41 (2013).

[6]*See* House Rep. 94-1476 (emphasis added).

[7]*Fifty-Six Hope Road Music, Ltd. v. A.V.E.L.A., Inc.* 778 F.3d 1059, 1075 (9th Cir. 2015).

[8]*See* H. Tomás Gómez-Arostegui, Equitable Infringement Remedies Before 1800, in RESEARCH HANDBOOK ON THE HISTORY OF COPYRIGHT LAW (2016).

[9]The Copyright Act of 1909, which is the predecessor to the Act, repealed and superseded the Copyright Act of 1790.

[10]*See Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U.S. 390, 399-400 (1940).

[11]A jury determines issues that are legal in nature, while a judge determines issues that are equitable in nature.

[12]*Chauffeurs, Teamsters and Helpers, Local No. 391 v. Terry*, 494 U.S. 558, 570 (1990) (citation and alterations omitted); *see also In re Hechinger Inv. Co. of Del.*, 327 B.R. 537, 546 n.12 (D. Del. 2005), *aff'd*, 278 F. App'x 125 (3d Cir. 2008) ("disgorgement has traditionally been recognized as an equitable remedy"); *S.E.C. v. Rind*, 991 F.2d 1486, 1493 (9th Cir. 1993) ("[T]he Supreme Court has observed that actions for disgorgement of improper profits are equitable in nature."); *Swan Brewery Co. v. U.S. Trust Co. of N.Y.*, 143 F.R.D. 36, 41 (S.D.N.Y.), *on reargument*, 145 F.R.D. 40 (S.D.N.Y.1992) (similar).

[13]*United States v. Philip Morris, Inc.*, 273 F. Supp. 2d 3, 8 (D.D.C. 2002).

[14]House Rep. 94-1476.

[15]523 U.S. 340, 346 (1998).

[16]*Id.* at 352.

[17]134 S.Ct. 1962, 1967 n.1 (2014).

[18]*Id.*

[19]3-12 Nimmer on Copyright § 12.06 (2015).

[20]*Fahmy v. Jay-Z,* No. 2:07-cv-05715-CAS, 2015 U.S. Dist. LEXIS 139298, at * 1-*3 (C.D. Cal. Oct. 9, 2015).

[21]*Id.*

[22]*See Fahmy v. Jay-Z*, No. 2:07-cv-05715-CAS, Docket No. 729 at 10 (C.D. Cal. Feb. 1, 2016) (dismissing the copyright claims with prejudice). \

[23]*See Oracle Am., Inc. v. Google Inc.*, No. 3:10-cv-03561-WHA, Docket No. 1781 at 1 (N.D. Cal. May 3, 2016) ("The disgorgement issue will remain with the jury for decision and post-verdict, the Court will rule on the *Petrella* issue and at the very least treat the disgorgement verdict as advisory, if not conclusive") and *Cisco Sys. Inc. v. Arista Networks, Inc.*, No. 14-cv-05344-BLF, Docket No. 661 at 12-13, n. 1 (N.D. Cal. Nov. 16, 2016) ("In light of how other courts have approached the unsettled issue of the right to trial by jury on disgorgement of profits claim, this Court will submit the disgorgement of profits claim to the jury and treat the disgorgement verdict as advisory, if not conclusive. The *Petrella* issue may be addressed by the parties post-verdict, if necessary.").

Current Trends in Software Patentability[1]

By Joseph Saphia and Bonnie Gaudette

In June 2014, the United States Supreme Court set forth a two-step analytical framework for determining patent eligibility of computer software patents pursuant to 35 U.S.C. § 101, commonly known among patent practitioners as the "*Alice* two-step analysis."[2] This landmark decision attempted to establish a workable paradigm for courts to determine patent eligibility for the ever-growing field of computer software inventions—but has *Alice* achieved its aimed intent? This article addresses that question by briefly describing the evolution of U.S. patent law; the patentability analysis of software inventions pre-*Alice*; and the continuing evolution of that law post-*Alice*.

Overview of United States Patent Law

A patent is "a property right granted by the Government of the United States of America to an inventor to exclude others from making, using, offering for sale, or selling the invention throughout the United States or importing the invention into the United States for a limited time in exchange for public disclosure of the invention when the patent is granted."[3] The concept of protecting intellectual property rights is set forth in our country's Constitution, which grants Congress the power "to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. CONST. art I, § 8, cl. 8. The first federal patent statute was enacted in 1790 and has been amended several times, including the provisioning of Title 35 of the United States Code in July 1952. Title 35, which currently governs all aspects of patent law in the United States, contains thirty-seven chapters. Section 101 of Chapter 10 sets forth the threshold for patent eligibility and performs a gatekeeper function. Section 101 states, "[w]hoever 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." 35 U.S.C. § 101 (2012). Importantly, only processes, machines, or manufactures are explicitly patent eligible. While Congress contemplated that the patent laws would be given wide scope, § 101 is not without limits as "laws of nature, physical phenomena, and abstract ideas" are not patentable. *Diamond v. Chakrabarty*, 447 U.S. 303, 309 (1980).

During the mid-1990s until 2014 (the pre-Alice era), there was a proliferation of computer hardware and software based inventions, and two prominent Federal Circuit decisions rendered those inventions generally patentable. *See In re Alappat*, 33 F.3d 1526 (Fed. Cir. 1994); *State St. Bank & Trust Co. v. Signature Fin. Grp.*, 149 F.3d 1368 (Fed. Cir. 1998). The *Alappat* court held that a rasterizer, a device used in a digital oscilloscope to create a smooth waveform upon a display screen, qualified as patent-eligible subject matter because the claimed invention is directed to a "combination of elements constituting a machine." In re *Alappat*, 33 F.3d at 1544. The *Alappat* holding stood for the proposition that a general purpose computer programmed to perform a specific task was a "specialized machine." Similarly, the *State St.* court held that the "transformation of data . . . by a machine through a series of mathematical calculations" is patent-eligible because it "constitutes a practical application of a mathematical algorithm" and "produces a useful, concrete and tangible result." *State St.*, 149 F.3d at 1373. The combined holdings of *Alappat* and *State St.* opened the gates of § 101, and an overwhelming number of computer-related patents that appeared to be no more than abstract ideas applied to computer systems. That change coincided with a software revolution in the United States. However, after more than a decade of little patent eligibility gatekeeping with respect to software patents and the rise of non-practicing entity patent infringement plaintiffs, the Supreme Court intervened. In June 2014, the Court revisited § 101 of the patent act specifically focusing on the patent eligibility for inventions directed to software processes that do little more than "computerize" abstract ideas. *See Alice Corp. Pty. Ltd. v. CLS Bank Int'l., 134 S. Ct. 2347 (2014).*

The Alice Two-Step Framework

The *Alice* case decided whether patent claims directed to the idea of mitigating settlement risk in financial-trading transactions using a computer system were patent eligible. Alice, 134 S. Ct. at 2352. On appeal from the Federal Circuit's decision that invalided the patent claims-at-issue, the Supreme Court affirmed and applied the same two-step framework previously established for distinguishing patentable claims from abstract ideas. *See Mayo Collaborative Services v. Prometheus Laboratories, Inc., 566 U.S. 66 (2012).* The Court stated, "[f]irst, we determine whether the claims at issue are directed to one of those patent-ineligible concepts. If so, we then ask, what else is there in the claims before us?" *Alice*, 134 S. Ct. at 2355 (internal citation and quotation omitted). To answer this question, the court concluded, "we consider the elements of each claim both individually and as an ordered combination to determine whether the additional elements transform the nature of the claim into a patent-eligible application." *Id.* (internal quotation omitted). The court noted that step two of the analysis constitutes "a search for an inventive concept—i.e., an element or combination of elements that is sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself." *Id.* (internal quotation omitted).

Under step one, the *Alice* Court concluded that the claims-at-issue were indeed directed to an abstract idea, analogous to the concept of risk hedging—"a fundamental economic practice long prevalent in our system of commerce." *Id.* at 2356 (internal quotation omitted). Under step two, the Court concluded that the claims-at-issue simply instruct the practitioner to electronically implement the abstract idea of intermediated settlement and perform "electronic recordkeeping—one of the most basic functions of a computer." *Id.* at 2359. The

Court held that the patent claims were ineligible under § 101 because they amounted to "nothing significantly more" than an instruction to apply an abstract idea using a generic computer. *Id.* at 2360 (internal quotation omitted).

The *Alice* decision also discussed pre-emption, the concept that a patent claim broadly covers an entire field of activity. *Id.* at 2354. The Court cautioned that upholding the validity of a patent directed to an abstract idea would run the risk of creating a monopoly on that abstract idea, thus impeding, not promoting, innovation. *Id.* On the other hand, the Court also expressed concern that broad application of the § 101 exclusionary principle may "swallow all of patent law" because "[a]t some level, all inventions . . . embody, use, reflect, rest upon, or apply laws of nature, natural phenomenon, or abstract ideas." *Id.* (internal quotation omitted). Thus, courts should distinguish patents that claim the "building blocks of human ingenuity [abstract ideas] from those that integrate the building blocks into something more [patent eligible inventions]." *Id.* (internal quotation omitted).

Federal Circuit Opinions Post-Alice

Since *Alice*, the United States Court of Appeals for the Federal Circuit has applied the two-step framework to a plethora of computer software patents, and the decisions suggest that the application has proven to be challenging. For example, the Federal Circuit held patent claims, directed to an improved device profile for digital cameras, TVs and printers, patent-ineligible under § 101 because a process of organizing information through mathematical correlations that is not tied to a specific structure or machine is "so abstract and sweeping as to cover any and all uses of a device profile." *Digitech Image Techs., LLC v. Electronics for Imaging, Inc.*, 758 F.3d 1344, 1351 (Fed. Cir. 2014). Similarly, the court has invalidated computer software patents directed to physical components that merely provide a "generic environment in which to carry out the abstract idea of classifying and storing digital images in an organized manner" (*TLI Communs. LLC Patent Litig.*, 823 F.3d 607, 611 (Fed. Cir. 2016)) and patent claims that collect information, analyze it, and display certain results, or in essence, perform routine functions of a computer. *Clarilogic Inc. v. FormFree Holdings Corp.*, No. 2016-1781, 2017 U.S. App. LEXIS 4769, at *5 (Fed. Cir. Mar. 15, 2017). The court has further determined that patents directed to data collection, recognition, and storage are "undisputedly well-known" and no limitations, when considered alone or in an ordered combination, transform such claims into a patent-eligible application. *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat'l Ass'n,* 776 F.3d 1343, 1347-48 (Fed. Cir. 2014).

Six-months post-*Alice*, the Federal Circuit upheld its first computer software patent. *See DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014). The court held that claims, directed to preventing internet merchants from being directed away from webpages upon clicking advertisement icons, are distinctive from those in prior cases because the "claimed solution is necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks." *Id.* at 1257. The court emphasized that when the limitations of the patent's claims are "taken together as an ordered combination, the claims recite an invention that is not merely the routine or conventional use of the Internet." *Id.* at 1259. The court later upheld patent claims directed to a customizable system that filters Internet content and controls access to Internet web-sites because an "inventive concept can be found in the ordered combination of claim limitations that transform the abstract idea of filtering content into a particular, practical application of that abstract idea." *BASCOM Global Internet Servs. v. AT&T Mobility LLC*, 827 F.3d 1341, 1352 (Fed. Cir. 2016).

The court has also upheld patents whose claims are plainly focused on an improvement in computer functionality versus being directed to an abstract idea. *See Enfish, LLC v. Microsoft Corp., 822 F.3d 1327 (Fed. Cir. 2016).* Patent specifications that teach additional benefits over the prior art, such as faster searching and more effective storage, bolstered the court's conclusion that some claims are patent-eligible. Id. at 1337; see also *Visual Memory LLC v. NVIDIA Corp.*, No. 2016-2254, 2017 U.S. App. LEXIS 15187, at *15 (Fed. Cir. Aug. 15, 2017) (an enhanced computer memory system that is "new, improved, and more efficient" is patent-eligible). Yet, the Federal Circuit has cautioned that courts "must be careful to avoid oversimplifying the claims by looking at them generally and failing to account for the specific requirements of the claims." *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1313 (Fed. Cir. 2016) (internal quotation omitted). Claims that are limited to rules with specific characteristics, set forth meaningful requirements, and constitute an improvement over the prior art, such as a computer that performs functions previously performed only by humans, are patent-eligible. *Id.* at 1314. Furthermore, claims may withstand preemption concerns if they describe "a specific, unconventional technological solution . . . to a technological problem." *Amdocs (Isr.) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1306 (Fed. Cir. 2016).

Conclusion

Despite the difficulties in applying the Alice paradigm, the evolving post-Alice case law is maturing and a clearer articulation of patent eligibility for software inventions is apparent. Patent eligible computer software claims should contain specific limitations, recite meaningful requirements, serve as a critical advancement over the prior art, or embody an inventive concept contained within the ordered combination of claim limitations that provide "something more" than an abstract concept.

Joseph V. Saphia *is an Intellectual Property Partner in the New York City office of Haug Partners LLP. Joseph's practice has a particular emphasis on patent and trademark procurement and litigation. Joseph leads the Trademark and Unfair Practice Group, is a member of the Hatch-Waxman and Litigation Practice Groups, and serves on Haug Partners' Executive Committee.*

Current Trends continued pg.9

Trademark Saga in the Land of Fire and Ice[1]

By Ira Cohen Esq., B.A., J.D., L.L.M.

ICELAND v. ICELAND

On our most recent family trip to Iceland, we took a short breather from a walking tour of Reykjavik and found ourselves in a bustling local, Iceland® supermarket. As most tourists, we were curious about what the inhabitants of the place eat. Little did we realize, on the occasion of that particular food foray, that this particular grocery was locked in a momentous trademark battle with the country of Iceland. We later learned that we had been standing at ground zero of *"ICELAND v. ICELAND®"*!

Introduction

Iceland, a Nordic island paradise situated near the Arctic Circle, home of unsurpassed natural beauty and scenic splendor. A patch-quilt and variegated dramatic landscape, ranging from black volcanic beaches to sleepy, yet living volcanoes, grumbling geysers, and bubbling hot springs, where green pastures laden with cattle and sheep, eventually give way to majestic mountains and wondrous waterfalls. Apart from the exploding tourist trade, Iceland's most important industries are fish processing, geo-thermal power, and hydro-power; there also are significant exports of woolen goods. This is **ICELAND**, the charming country.

Iceland, a private, UK-based (and South African owned) supermarket chain, with a marked emphasis on frozen foods, was founded in 1970, in Deeside, Wales, U.K. Over the span of time, Iceland Foods Ltd., which trades and does business under the name "Iceland," glacially spread across Europe (*e.g.*, Ireland, Spain, and Portugal) to become a £160 Million food enterprise with about eight hundred stores and over twenty thousand employees. Since 2012, like the Viking raiders of old, it has invaded the island nation, opening a host of Iceland market locations in Iceland, including the capital, Reykjavik. This is **ICELAND**, the grocery giant.

Iceland Foods Ltd. (d/b/a "Iceland"), after a years-long battle dating back to 2002, finally became the proud – and, some would argue, predatory – proprietor of a European-wide mark for the name "ICELAND®" in 2014.[2] To add insult to injury, the food-store, mark-holder has instituted various legal actions against a number of Icelandic companies which use the word "Iceland" as part of their commercial names, such as "ICELAND GOLD," an Icelandic fish company and "CLEAN ICELAND," a seller of Icelandic specialty products. This is **ICELAND**, the troublesome trademark.

The trademark adversaries supposedly attempted to settle the dispute before the Icelandic government[3] lodged, in November of 2016, a legal challenge at the European Union Intellectual Property Office ("EUIPO"),[4] seeking to invalidate the grocer's "ICELAND®" trademark on the ground that the term "Iceland" is exceptionally broad and ambiguous, resulting in the nation's merchants being unable to fairly and accurately describe their products as being "Icelandic."[5] The issue raised in this country versus company dispute is whether a commercial establishment can claim the name of a sovereign country as a trademark. This is **ICELAND v. ICELAND®; Trademark Saga in the Land of Fire and Ice.**

Historical Setting

The settlement of Iceland[6] dates back over eleven hundred years before the filing of the Cancellation Proceeding which is the focus of this article.[7] While it may be a comparatively small country, Iceland is a major exporter of fish and frozen fish, as well as other seafood products (*e.g.*, Icelandic Salmon, Haddock, and Char) to the EU. Iceland, apart from having the smallest population of any NATO member, is also the only member with no standing army.

Iceland Foods Limited, in contrast, is no newcomer to the food industry. Having been in the grocery business for almost 50 years, the company also owns Iceland Fairies, Iceland Chopsticks, Iceland Autowerks, Iceland Chicks and Iceland Snowland as wholly-owned subsidiaries.

Why would the grocer pick such a mark? Notably, the ICELAND mark was first used by the grocer in the United Kingdom in 1970 but only for frozen foods. Over the years, the grocer secured multiple UK marks for its "ICELAND" mark.[8] Many have asked why the grocer did not just select another name such as "Eyjafjallajokull," the name of an iconic (and very much alive) volcano in the South of Iceland.[9] Whatever the reason, over time, the grocer grew, and after opening stores in different countries in Europe, eventually opened stores on Icelandic soil with eight (8) stores opened to date.[10]

The Iceland v. Iceland® Dispute

The U.K. grocer filed an application with the EUIPO for its ICELAND® mark in 2002. The application languished at EUIPO for no less than a dozen years[11] until it was, finally, granted in 2014. The mark was registered in a host of Niche Classifications, *to wit*: Class 7 (dishwashers, washing machines, etc.); Class 11 (cooking apparatus, refrigerators, freezers, ovens, etc.); Class 16 (paper goods, periodicals); Class 29 (meat, poultry, game, dried fruit and vegetables, jams, jellies eggs, oils, and milk); Class 30 (coffee, teas, sugar, flour, honey, spices, sauces, condiments, etc.); Class 31 (agricultural, horticultural, and forestry products, grains, fresh fruits and vegetables, etc.); Class 32 (beers, mineral waters, carbonated drinks, non-alcoholic drinks, fruit drinks and juices, etc.); and Class 35 (supermarket and internet offering of goods and services including a diverse range of foodstuffs, household products, etc.).[12]

EUIPO records reveal over one hundred instances of other trademark (or service mark) applications or registrations including words such as "Iceland" or "Icelandic." Some marks contain other words, some have design elements, and some have both. Examples include: ICELANDAIR®

(for airline services);[13] 66° NORTH ICELAND® (for apparel);[14] ICELANDIC SEAFOOD® (for fresh and frozen seafood products);[15] and BLUE LAGOON ICELAND® (for recreational and spa services, as well as cosmetic products).[16] During or after the pendency of the U.K. grocer's ICELAND® application, however, other applicant's whose marks included the word "ICELAND" did not fare as well; *see, e.g.*: IG ICELAND GOLD, Classes 32, 33;[17] ICELAND GOLD, TM No. 0901775, Classes 29, 31 (Opposition Proceeding Lodged);[18] and CLEAN ICELAND, TM No. 1214870, Classes 5, 29, 33, and 43.[19]

Moreover, during the protracted prosecution of and multiple oppositions[20] against the grocer's trademark application, the grocer's mark was rejected only for fish and canned fish goods, on the ground that as to such goods, the mark would be descriptive.[21] The EUIPO did not claim any conflicts with meat and dairy goods. During prosecution, Iceland the country complained about the grocer's attempt to register the mark. (*Id.*) Regrettably, Iceland's objections made no lasting impression in Spain at EUIPO. (*Id.*)[22]

Is Iceland's position unreasonable? The country wants to ensure that the grocer cannot stop Icelandic companies from using the name of their own homeland. On the other hand, whether any actual confusion exists is debatable and Iceland the country is not a member of the EU. While Iceland the country claims that it is not seeking to force the grocer to stop using its name as to the grocer's core business, Iceland the grocer states that it has been trading under its mark for almost fifty years.

One of the serious problems with the grocer's mark is that various Icelandic companies have run into virtual administrative icebergs at the EUIPO when using the Icelandic heritage/origin part of their name (*e.g.* Clean Iceland and Iceland Gold). Neither company was allowed to register their marks with the EUIPO. Therefore, the main thrust of Iceland's cancellation bid is to protect such native companies from the allegedly anti-competitive conduct by the grocer. It appears that, during the lengthy examination process, the EUIPO focused on the grocer and prior existing marks, but perhaps not on the potential long-term ramifications of granting such a mark.

The question next arises as to whether Iceland even has standing to bring a cancellation proceeding. For example, Iceland, the country, has no conflicting marks. On the other hand, the country's economy stands to be damaged by the grocer's onslaught against Icelandic companies. In the event Iceland was found to lack standing, one or more of the above-named private companies whose applications containing the word ICELAND were rejected, such as Iceland Gold, would be able to commence a cancellation proceeding.

In sum, it seems fairly settled that, under EU law, a country, or a region, can be a trademark IF the mark is used broadly and long enough to acquire distinctiveness. Thus, in the context of the ICELAND Cancellation Proceeding, in order to preserve its mark, the grocer will be tasked with presenting proof of acquired distinctiveness, if it can. This coupled with geographic disassociation, may win the day. Looking at the panoply of classes involved, however, it is possible that the EU will, at the very least, cut back on the wide array of classes of registration originally granted to ICELAND®, the grocer.

Conclusion

As Sean Connery's character in the film Highlander (1986), Juan Sanchez Villa-Lobos Ramirez, sagely observed, "in the end, there can only be one." Who shall prevail in this war of words? Icelandic tradition holds that "*Sá vinnur sitt mál, sem þráastur er.*" (Translation: He who is most stubborn will win).[23] If I were a betting man, I would wager my krónas[24] on the nation of Iceland.

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Endnotes:

[1]Modern day Ísland (Iceland) has been nicknamed "The Land of Fire and Ice." In the dark, dim past, Iceland's "official" name was "Snjóland" (Snowland) and, then, "Garðarshólmi" (Gardar's Islet).

[2]Trademark No. 002673374, filed April 19, 2002, in Classes 7, 11, 16, 29, 30, 31, and 32; (registered December 9, 2014).

[3]The three applicants seeking a declaration of invalidity are (i) Islandsstofa (Promote Iceland), (ii) The Icelandic Ministry of Foreign Affairs, and (iii) SA-Business Iceland, a service organization for Icelandic businesses, including about 2,000 businesses which account for approximately 70% of all salaried employees in the Icelandic labour market.

[4]The European Union Intellectual Property Office is located in Alicante, Spain.

[5]Two types of cancellation-type proceedings exist under the European Union Trade Mark Regulation ("EUTMR"). The rights of a trademark proprietor of an EU trademark can be revoked or, in the alternative, a mark can be declared invalid. The main difference is that revocation applies from the date of the petition, whereas a declaration of invalidity removes the registration from the EU trademark Register with retroactive force. Revocation generally occurs in cases of lack of genuine use (non-use), where the mark becomes a common name for a product or service (*i.e.*, genericness) or where the use of the mark has become misleading as to the nature, quality, or geographical origin of the goods and services for which it is registered. With respect to invalidity, there are two recognized forms: absolute and relative invalidity. An EU trademark may be declared invalid by invoking absolute grounds: a) Where

the EU trademark was registered in spite of the existence of an absolute ground for refusal (in particular, if it was non-distinctive or descriptive); b) Where the applicant acted in bad faith when filing the mark application (*e.g.*, illicit aims); c) For the same reasons as those for which notice of opposition may be filed; d) Where another earlier right exists in a Member State that permits the use of the trademark in question to be prohibited (*e.g.,* a right to a name, a right of personal portrayal, a copyright and an industrial property right such as an industrial design right.)

[6] Iceland was settled in 874 A.D., by the Norwegian Chieftain Ingólfr Arnarson, according to the ancient manuscript called Landnámabók.

[7]Cancellation Proceeding No. 000014030, lodged May 31, 2017; EUIPO records, generally, may be viewed at https://euipo.europa.eu/ohimportal/en.

[8]*See* UK Mark No. UK00002138613, filed July 9, 1997, registered February 14, 2003, in Classes 7 and 11; UK Mark No. UK00002298401, filed April 19, 2002, registered November 22, 2002, in Class 35; UK Mark No. UK00002341223, filed April 19, 2002, registered April 11, 2014, in Classes 3, 4, 5, 6, 7, 8, 9, 11, 16, 20, 21, 29, 30, 31, 32, 33, 34, 35, 41, 42, and 43; UK Mark No. UK00003054650, filed May 7, 2014, registered January 30, 2015, in Classes 29, 30, and 35; UK Mark No. UK0000200048A, filed October 31, 1994, registered July 14, 2014, in Classes 29, 30, 31, and 32; and UK Mark No. 0000200048B, filed October 31, 1994, registered August 10, 2001, in Class 35. The foregoing marks and their "file wrappers" (histories) can be viewed at the U.K. Intellectual Property Office Website at trademark.ipo.gov.uk.

[9]Eyjafjallajokull, a towering, 5,466 foot, glacier-capped, strato-volcano, situated in Suðurland, Iceland, may well be one of the most famous volcanoes in the world. The most recent eruption of this mammoth mountain of lava was in April of 2010.

[10] Iceland Foods Ltd. now has eight shops in Iceland located in Reykjavik, Hafndrfjordur, and Akureyri, among other cities. (See Iceland Int'l website at https://icelandbudir.is/verslanir.)

[11]"*Kemst þó hægt fari.*" (Translation: You will reach your destination even though you travel slowly; English equivalent: We ride slow, but we ride sure.): Íslands, Landsbókasafn (1980). Árbók. Bókasafnið, at p. 71.

[12]*See* Cancellation Proceeding TM # 002673374, filed 04/19/2002, by Iceland Foods Limited, Reg. Date 12/09/2014.)

[13]E.U. Mark No. 000943027, filed September 29, 1998, registered April 14, 2000, in Class 39.

[14]E.U. Mark No. 1233074, registered October 2, 2014.

[15]E.U. Mark No. 0837435, registered May 5, 2004.

[16] E.U. Mark No. 1144564, registered August 14, 2012.

[17]E.U. Mark No. W01169775 (IR refused December 15, 2014).

[18]Opposition Proceeding No. 001121336. Refusal affirmed. Now on appeal.

[19]EU Mark No. W01214870 (IR refused July 11, 2016).

[20]There were 5 in all, brought by different opposers, spanning over a decade, *to wit*, Opposition Proceedings No. 000800393, 000800419, 000801110, 000801896, and 000801904.

[21]*See* NLO, Lexology, Iceland vs. Iceland®: Why can a country's name also be a trademark? November 13, 2016, www.lexology.com/library retrieved January 11, 2018.

[22]When the country of MONACO itself filed an application to EUIPO, its application, for MONACO, in Class 20, was rejected. (Filing No. 015852361; filed September 22, 2016; refused May 7, 2017.) Further, about ten years ago, an application for the word "JAMAICA" in connection with alcoholic drinks and fruit juices was refused a Registration by the USPTO. (U.S. Appln. Serial No. 79037093, refused May 23, 2007.) On the other hand, the mark "JAMAICA" is on the Madrid Protocol Register in Classes 3 and 42, as well as on the EU register in Class 3. (Proctor & Gamble's Trademark No. 003620275, filed February 2, 2004, registered May 12, 2005.)

[23]English equivalent: persevere and never fear.) Strauss, Emanuel (1994). *Dictionary of European Proverbs.* I. Routledge, at p. 126.

[24]The national currency of Iceland is the Icelandic króna; at the present time, the value of this currency is such that there are approximately 103 króna to the U.S. Dollar.

Current Trends from pg.6

Bonnie Gaudette *is an associate in the Boston office of Haug Partners LLP, where she concentrates her practice on pharmaceutical patent litigations and antitrust matters. Prior to joining the firm, Bonnie served as Shire Pharmaceutical's Lead eDiscovery Legal Counsel establishing and developing comprehensive eDiscovery programs for Shire's Intellectual Property and Litigation groups, managing the EDRM spectrum of eDiscovery functions from preservation to production.*

Endnotes:

[1]This article was originally published in the Federal Bar Association Southern District of New York Chapter's New York Minutes in August 2017

[2]See *Alice Corp. Pty. Ltd. v. CLS Bank Int'l.*, 134 S. Ct. 2347 (2014).

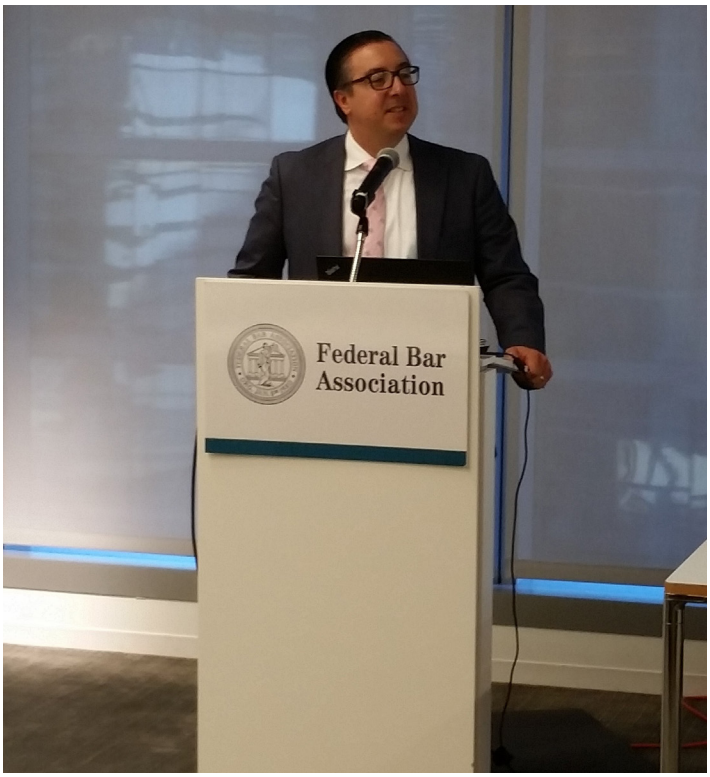
[3]United States Patent and Trade Office, Glossary, https://www.uspto.gov/patents-maintaining-patent/patent-litigation/glossary.

Mid Year Meeting 2018!

Midyear Meeting will take place on Saturday, March 24 in Arlington, VA. Registration is now open. A discounted block of rooms has been reserved for attendees at The Ritz-Carlton (1250 S Hayes Street, Arlington, VA 22202) at $195/night (plus state and local taxes). Reservations must be made by Wednesday, February 28, 2018. Any reservations received after the above date or until the block is full, whichever is sooner, will be accepted based on a room-type and rate-available basis.

Past National FBA President and Sustaining Charter Life Fellow Kent Hofmeister spins the FBA Prize wheel at Midyear Meeting 2017.

Upcoming IP Law Section Event



The FBA's IP and International Law Sections, in conjunction with the FBA's Washington DC Chapter, are teaming up to hold a luncheon CLE program in Washington in **April 2017** on a date TBD. This will be the first in a possible series of programs that explore cutting edge issues at the intersection of IP and International Law. We envision this program as serving practitioners in the D.C. area with the program conveniently located at Chinatown Garden Restaurant, 618 H. Street, NW, Washington, DC 20001. Ira Cohen, Michael Zussman, Mimi Tsankov, Brian Murphy, Prakash Khatry, and new FBA student member, Hannah Khier, are organizing the program. While the organizers have not settled on a topic yet, they are exploring ideas such as: "What do you do when you need to protect someone's IP in China?" and "How do IP violations affect a business' bottom line?" Further details will be forthcoming.

Save the Date!
FBA Annual Meeting and Convention

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September 13–15, 2018

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