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Social Networks Liable for Contributory Infringement?

A jury recently awarded Louis Vuitton over \$32 million in statutory damages, finding the defendants' web hosting companies liable for contributory trademark and copyright infringement. This case represents a warning to web hosting entities to create and implement policies that protect the rights of intellectual property holders. Once put on notice of potentially infringing activity, the hosts are obligated to take action to protect those rights. In the near future, social networks may be held liable for username squatting and/or trademark and copyright infringement on a contributory infringement liability theory, particularly if they continue to provide services to users they know or have reason to know are engaging in infringement. See [Louis Vuitton Malletier, S.A. v. Akanoc Solutions, Inc.](#), U.S.D.C., Northern District of California, Case No. C07-03952. See [complaint](#). See [verdict](#).

USPTO Proposes Changes to Examiner Count System

Recently, the USPTO revealed a series of proposals that could bring considerable change to the 30-year-old count system used to measure Examiner

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Under Secretary David Kappos Comments on Bose at AIPLA Annual Meeting

Under Bose, "a trademark is obtained fraudulently under the Lanham Act only if the applicant or registrant knowingly makes a false, material representation with the intent to deceive the PTO." In re Bose Corp., No. 2008-1448 (Fed. Cir. August 31, 2009). Kappos observed, "the CAFC decision in the Bose case ended what I think was a too aggressive and too broad interpretation of fraud on the TM office. The CAFC have given us good guidance in the Bose decision. Now we need to apply this guidance in the context of our use-based TM system." In practice, however, this may prove to be a difficult undertaking, particularly as applicants increasingly file trademark applications with extensive lists of goods and services, in both use-based and intent-to-use cases.

Kappos submits that "a use-based trademark system falls apart if the statements of use are unreliable." As a proposed solution that is mutually beneficial to the Office and applicants, perhaps the Office should require a specimen of use for every item listed in the identification of goods/services for use-based applications. See [D. Kappos' remarks](#).

USPTO Rescinds Controversial Rules Package

In August 2007, the USPTO sought to impose several restrictions on patent applicants. The restrictions limited the number of continuation applications, requests for continued

productivity. One area of change includes the amount of time an examiner has to complete certain stages of an examination. By increasing the amount of time an examiner has to complete a first action on the merits, the USPTO believes that Examiners will produce high-quality first actions and have more opportunities for examiner-initiated interviews. According to Deputy Commissioner for Patents Peggy Focarino, the proposed changes "will lead to earlier identification of patentable subject matter, which will benefit both the USPTO and applicants." See: [press release](#) and [proposal](#).

examination, and claims that an applicant could file. The purpose of the restrictions was to enhance the efficiency and quality of the examination process and reduce the current backlog. However, before the restrictions could be imposed, they became the center of a long, drawn-out court battle, Tafas v. Doll, that reached the Court of Appeals for the Federal Circuit. On October 8, 2009, while awaiting a rehearing en banc, USPTO Director David Kappos signed a new final rule withdrawing the proposed restrictions and announced the USPTO's intent to file a motion to dismiss. According to Kappos, "[t]hese regulations have been highly unpopular from the outset and were not well received by the applicant community. In taking the actions we are announcing today, we hope to engage the applicant community more effectively on improvements that will help make the USPTO more efficient, responsive, and transparent to the public." See [press release](#).

First Action Interview Pilot Program Expanded

On October 1, 2009, the USPTO announced that it was expanding its First Action Interview pilot program. As part of the original program, which was introduced in April 2008, examiners conducted a prior art search and provided applicants with a preview of proposed objections and rejections. Applicants could then choose to schedule a First Action Interview with the examiner. If the applicant chose to schedule the interview, the applicant was provided with an opportunity to discuss issues related to patentability with the examiner. If the applicant chose not to schedule an interview or if an agreement could not be reached during a scheduled interview, a First Action Interview office action was issued setting forth objections and rejections to the claims.

The original program was limited to two computer-related technologies and, according to the USPTO, "for the applications involved in the initial pilot, the First-Action Allowance rate increased six-fold when compared to applications from the same technology area not involved in the pilot." The USPTO has now made several improvements to the program, as well as, expanded it to encompass numerous other art units. See [details](#).

Patent Misuse: an equitable defense to infringement -

Companies drawing anticompetitive strength through the legal practices of a patent right could meet the equitable defense of patent misuse in an infringement suit. The key inquiry "is whether, by imposing conditions that derive their force from the patent, the patentee has impermissibly broadened the scope of the patent grant with anticompetitive effect." Princo Corp. v. International Trade Commission, 90 USPQ2d 1673, 1678 (Fed. Cir. 2009) (ITC).

In ITC, U.S. Philips Corp. (Philips) granted a license package to Princo Corp. (Princo) for the manufacture of compact discs. When Princo ceased paying royalties, Philips filed a complaint with the Trade Commission alleging that Princo was importing infringing compact discs. After admitting infringement, Princo asserted the patent misuse defense, arguing that since Philips mandated a license package that included non-essential patents, Philips improperly expanded the scope of the essential patents. On October 13, 2009, the U.S. Court of Appeals for the Federal Circuit ordered

the ITC opinion vacated and granted a rehearing en banc to address, among other issues, patent misuse. See U.S. [Court of Appeals Order, 2007-1386](#).

Capturing the 3G mobile market -

The U.S. International Trade Commission recently determined that Nokia Corp. did not violate U.S. Code § 1337, and did not commit unfair trade practices in importation in view of InterDigital Corp.'s four electronic patents. InterDigital's complaint and petition to the ITC hinged on whether an Administrative Law Judge's (ALJ) Initial Determination correctly constructed the terms "synchronize" and "access signal" in its electronic patents and whether Nokia violated those patents under § 1337.

In its final ruling, the Commission avoided stating that Nokia did not infringe InterDigital's patents, found no violation of § 1337, modified the ALJ's ruling on "access signal," but was silent as to the construction of "synchronize."

The most difficult element to prove in an alleged § 1337 violation - infringement - may hinge on successfully arguing your chosen claim construction. Note that the Commission found a valid patent; however, the patent's reach did not extend to Nokia's 3G mobile market share. In practical context, just like the electronic patents are InterDigital's tools for negotiating licenses, the Commission's ruling may favor Nokia's resistance to a license. This result could influence more than just InterDigital and Nokia's relationship, for example: other licensees might be less inclined to renew or adhere to current license agreements with InterDigital. See U.S. International Trade Commission, Investigation No. 337-TA-613 [here](#).

Other News -

- [US Second in Patents](#)
- [IP in China](#)

Firm News -

- **Thomas A. Hallin has joined Rader, Fishman & Grauer in Bloomfield Hills, Michigan.** Prior to joining Rader, Fishman & Grauer, Mr. Hallin was a Principal at Harness, Dickey & Pierce law firm and served as **Chief Litigation Counsel for the Intellectual Property Practice Group at Ford Motor Company.**
- **RFG Partner, Mary Margaret O'Donnell** was recently recognized by *Michigan Lawyers Weekly* as an **"UP & Coming Lawyer."**
- **RFG Partner, Charles Bieneman, will serve as Moderator** at the upcoming **ICLE 2nd Annual Information Technology Law Seminar** on October 29, 2009. See [link](#) for seminar information.
- On September 25, 2009, **RFG Partner, Mary Margaret O'Donnell**, presented the U.S. perspective on **Les Stratégies de Dépôt Gagnantes (Winning Filing Strategies)** in Paris before the French association APRAM (Association des Praticiens du Droit des Marques et

des Modèles).

- Rader, Fishman & Grauer is #35 on Patent Buddy TOP 100 Firm list! See [list](#)

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