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WHAT'S INSIDE

COPYRIGHTS

Flooring manufacturer challenges copyright decision on wood-look flooring

The 11th U.S. Circuit Court of Appeals misapplied copyright law when it ruled that a laminate wood-look flooring product was entitled to copyright protection, manufacturer Home Legend LLC argues in a *certiorari* petition to the U.S. Supreme Court.

Home Legend LLC v. Mannington Mills Inc., No. 14-117, petition for cert. filed (U.S. July 24, 2015).

Home Legend is asking the high court to review and reverse the appeals court's decision because it conferred copyright protection on a competitor's useful article that mimics a work of nature.

Copyright protection does not extend to useful articles, the petition argues. Design elements of a useful article, such as the laminate wood flooring at issue, are protected only to the extent that the design "incorporates pictorial, graphic or sculptural features that can be identified separately from" and can exist independently of the useful aspects of the article.

The 11th Circuit erred because its own recitation of the facts of the case demonstrated that the wood grain appearance of Mannington Mill Inc.'s laminate flooring was inseparable from its functional characteristics, Home Legend argues.

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COMMENTARY

New enemy challenging biopharma patents: Investment firms

Mayer Brown attorneys Brian Nolan and Michael Martinez discuss the challenge that investment firms may present to owners of biopharma patents.

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New enemy challenging biopharma patents: Investment firms

By Brian Nolan, Esq., and Michael Martinez, Esq.
Mayer Brown

The America Invents Act of 2011 created new weapons for competitors to challenge patents, including *inter partes* review and post-grant review proceedings.

Petitioners have had such success employing these proceedings that then-chief judge of the U.S. Court of Appeals for the Federal Circuit, Randall Rader, referred to the U.S. Patent and Trademark Office trial board responsible for reviewing these challenges as "death squads killing property rights."

The recent use of these proceedings by investment firms has caused some in the biopharma industry to seek new legislation from Congress limiting the parties that may challenge patents.

The speed at which members of the biopharma industry have sought legislation to prevent investment firms from challenging patents highlights the risk these proceedings may present to the companies.[1]

While IPR and PGR proceedings allow any party to challenge the validity of a patent, the AIA provides a weapon that patentees can wield against unsuccessful petitioners.

If a patentee succeeds in defending the challenge at the PTO, the petitioner loses certain defenses in any subsequent infringement action in district court.

Specifically, the petitioner and its agents are foreclosed from asserting the invalidity of claims based on any argument that the petitioner brought — or could have brought — in the post-grant proceeding. These provisions thus set a price that a potential challenger may be unwilling to risk to institute a post-grant proceeding.

Use of IPR and PGR proceedings by investment firms removes the "quid" from the "quid pro quo" that the statute seeks to impose.

COALITION BEGINS CHALLENGING PATENTS

A filing made by the Coalition for Affordable Drugs and Hayman Capital Management, two entities related to Kyle Bass, demonstrates the effect such filings may have on a company. Bass is a well-known hedge fund manager who made large sums of money in the mortgage debt market before its collapse in 2009-2010.

The speed at which members of the biopharma industry have sought legislation to prevent investment firms from challenging patents highlights the risk that IPR and post-grant review proceedings may present to the companies.

Because an investment firm does not commit infringing acts, limiting its available validity defenses in a subsequent district court case is meaningless. Therefore, the possible adverse consequences for an investment firm's use of IPR and PGR proceedings extend to the costs of drafting the papers and the payment of the PTO's fees.

Although these are not inconsequential, they pale in comparison to the potential effect a filing may have on the value of an investment that the investment firm holds. They also pale in comparison to the lost valuation that the patent owner and its shareholders may experience.

On Feb. 10, the Bass entities filed an IPR challenging the validity of one of five patents owned by Acorda Therapeutics for its multiple sclerosis drug Amprya.

Acorda's stock price dropped 10 percent that day, resulting in a loss of more than $150 million in the valuation of the company. The timing of the drop indicates that the mere filing of the petition — and not its underlying merits — caused the sell-off.

Considering that Acorda was already involved in multiple challenges from generic manufacturers regarding the Amprya franchise, it is curious that this IPR affected the stock price so dramatically. The Bass entities filed a second IPR on another Acorda patent Feb. 27, which resulted in another 5 percent drop in stock price. Acorda has not recovered from these drops, and through the end of April it was trading down almost 25 percent from pre-filing levels.

Those holding a short position on this stock surely welcomed the drop the filings appear to have precipitated, while Acorda Therapeutics and those holding a long position were likely blindsided by these events.

The Bass entities have not limited their petitions to Acorda. They have filed petitions against patents covering Shire's Lialda and Gattex, Jazz Pharmaceuticals' Xyrem,

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Pharmacyclics' Imbruvica, Biogen's Tecfidera, and Celgene's Revlimid, Pomalyst and Thalomid.

Investors' reactions to these filings appear mixed. At the approximate time of the filings, the stock price of some challenged companies rose while the price of other challenged companies fell. Investors holding short positions would not profit on the stocks that increased in price.

For companies that closed lower, the drops were less pronounced and long-lasting than those experienced by Acorda. With the potential exception of the April filings against the Shire patents, those holding short positions in the challenged companies may have found it difficult to profit from the IPR filings — especially when one considers the cost to obtain the short position.

More interesting is the filing against a patent covering Pharmacyclics' Imbruvica. The challenged patent covers the use of the compound ibrutinib to treat mantle cell lymphoma. It is set to expire in 2031. Pharmacyclics holds several other patents, set to expire in 2026, that cover this compound for its treatment of B-cell malignancies, lymphoma and leukemia.

Considering the recent approval of Imbruvica and the length remaining on patents that the Bass entities have not challenged, this filing does not seem likely to affect a current investment position. An additional fact could change the calculation, however.

A larger biopharma company has agreed to acquire Pharmacyclics in a transaction that values Pharmacyclics at about $21 billion. Presumably, the projected sales of Imbruvica are a driving force behind the proposed acquisition, and the potential to lose five years of exclusivity for treatment of mantle cell lymphoma may affect the rationale for, and the price of, pursuing the acquisition. However unlikely it may be, if the IPR filing derails the acquisition, Pharmacyclics' stock price will likely fall back to its pre-merger talk levels.

COUNTING ON SETTLEMENT

Investment firm Ferrum Ferro Capital LLC appears to be using an IPR filing for financial gain by challenging a patent that covers the glaucoma drug Combigan. The drug is owned by Allergan, which is now part of Actavis.

In this IPR, Ferrum Ferro seeks to exploit the different standards the USPTO applies when assessing patent claim validity. Statements by Kevin Barnes, a founder of Ferrum Ferro, suggest that the company seeks to address "monopolistic pricing for brand pharmaceuticals with low-quality patents" while availing itself of "multiple pathways to monetization" of the patent challenge.

Considering the size of Actavis, the challenge is not likely to drastically affect the company's stock price. But another mechanism may offer a financial reward: extracting a settlement from the patent owner.

> Entities seeking to monetize IPRs though settlements appear to be attempting to extract a payment based upon a threat to the value of the patent holder's constitutionally created property right.

The potential for investment firms to monetize these petitions through a settlement payment has caused some in the industry to label such filers "reverse patent trolls." Patent trolls are non-practicing patent holders. Entities seeking to monetize IPRs though settlements appear to be attempting to extract a payment based upon a threat to the value of the patent holder's constitutionally created property right.

One may question whether the point is truly to address a public policy concern relating to bad biopharma patents, considering that entities that are not subject to an infringement claim likely cannot pursue the case if they lose at the PTO.

The Federal Circuit has held that an entity that a patentee cannot threaten with infringement may not appeal an adverse ruling from the PTO. In an *inter partes* re-examination proceeding, the Federal Circuit dismissed an appeal by a watchdog group seeking to invalidate a patent covering stem cell technology.[2]

The Federal Circuit said that although "Article III standing is not necessarily a requirement to appear before an administrative agency, once a party seeks review in a federal court, 'the constitutional requirement for standing kicks in.'"

A federal court's inability to review whether the PTO trial board properly upheld a patent against a challenge filed by an investment firm cuts against the argument that the main motive for filing a petition is to rid the world of a bad patent.

ENFORCEMENT AGENCIES AS POTENTIAL WEAPON

Although the America Invents Act does not prohibit investment firms from using post-grant proceedings in this manner, prosecutors and enforcement agencies may not look kindly on what they perceive as a firm's attempt to manipulate the market.

The Securities and Exchange Commission and federal prosecutors have pursued enforcement actions and prosecutions when clear evidence established that the short seller disseminated false statements with the intent of depressing the shorted stock's price.[3]

Hedge fund manager Bill Ackman's recent public criticism of Herbalife illustrates the hazards facing investors who disseminate negative reports about a company in which they have taken a short position.

The U.S. attorney for the Southern District of New York issued subpoenas to investigate whether Ackman illegally sought to drive down Herbalife's stock price. Although such investigations should give investors pause before filing a post-grant patent proceeding that may lower the value of a company they have shorted, the investors may proceed with the filings as long as they have confirmed that the patent-invalidity claim is not frivolous.

A PLEA TO CONGRESS

The PTO cannot refuse petitions from financial firms, and it can be difficult for a regulatory agency to prove an investment firm violated security regulations. As a result the most likely path for the biopharma industry to address this new post-grant proceeding trend is to seek new legislation.[4]

Recent testimony by Hans Sauer, deputy general counsel for intellectual property for the Biotechnology Industry Organization, demonstrates this industry push. In March, Sauer testified before the Senate Judiciary Committee about what he perceives as a misuse of the patent system — and in particular, the misuse of the IPR process by investment firms seeking profits.

These efforts appear to have caught the attention of some members of Congress. Sens. Chris Coons, D-Del., Richard Durbin, D-Ill., and Mazie Hirono, D-Hawaii, introduced the Support Technology and Research for Our Nation's Growth Patents Act S. 632, known as the STRONG Patents Act, which proposes several changes to post-grant proceedings. These include allowing only those charged with infringement to file a proceeding, applying the same claim construction standard as district courts and requiring clear and convincing evidence to invalidate a claim.

> A federal court's inability to review whether the PTO trial board properly upheld a patent against a challenge filed by an investment firm cuts against the argument that the main motive for filing a petition is to rid the world of a bad patent.

Other senators have introduced the Protecting American Talent and Entrepreneurship Act, S. 1137, known as the PATENT Act. An alternative to the Innovation Act introduced in the House of Representatives, this bill largely seeks to raise the bar for non-practicing entities seeking to enforce their patents in federal district courts. The PATENT Act does not include the provisions reforming post-grant proceedings. The House's Innovation Act modifies the claim construction standard applied in post-grant proceedings.

The PATENT Act will probably need to include some of the STRONG Patents Act's provisions to garner support from the biopharma community. The main complaint about the bill articulated by the Biotechnology Industry Organization is that it lacks "critically needed reforms to prevent the continued exploitation and abuse of the PTO's *inter partes* review proceeding against patent owners."[5]

As the PATENT Act appears to have more support than the STRONG Patents Act, one would expect the sponsors of the STRONG Patents Act to try to include some provisions from their bill in the PATENT Act. While signaling disappointment with the PATENT Act for its failure to include "any support for patent-holders facing well-documented abuse in post-grant proceedings," Coons appears willing to "review … the details of the PATENT Act and work … with [his] colleagues to ensure that [Congress] end the abuse that is actively undermining our nation's ability to invest in high-risk ventures and break new ground in our fights against disease from Alzheimer's to multiple sclerosis."[6]

INCREASED DUE DILIGENCE NEEDED

The existence of a new group of potential challengers to biopharma patents will require further due diligence by companies highly dependent upon patents to protect a revenue stream or by investors reviewing a potential business transaction involving such companies.

In the past, companies could survey the landscape and identify other companies that may have an incentive to challenge key intellectual property. Companies could build their patent portfolios to best position themselves if a battle arose with competitors. This allowed some comfort for shareholders and investment firms that funded many small biopharma companies because they understood that a company's intellectual property assets could be used as leverage to resolve a dispute through a business arrangement.

In the current environment, the comfort level may have evaporated. This is because any person seeing an opportunity to profit from the devaluation of a biopharma company's patent has the means to challenge that asset. More importantly, a small biopharma company may have no choice but to fight the IPR to the end, because it cannot offer the investment firm access to patents that the investment firm needs. In other words, settlement may not be an option.

NOTES

[1] See *The Impact of Abusive Patent Litigation Practices on the American Economy*, U.S. S. Comm. on the Judiciary (2015) (testimony of Hans Sauer, Deputy General Counsel for Intellectual Property, Biotech. Indus. Org.), *available at* http://1.usa.gov/1HlnYHV.

[2] Consumer Watchdog v. Wis. Alumni Research Found., 753 F.3d 1258, 1261 (Fed. Cir. 2014).

[3] See, e.g., Press Release, U.S. Attorney's Office, Southern District of Florida, Barry Minkow Pleads Guilty to Conspiracy to Manipulate Common Stock of Lennar Corporation, (Mar. 30, 2011), available at http://1.usa.gov/1Ui0GMm; *In re Minkow*, File No. 3-14638, *order instituting administrative proceedings issued* (S.E.C. Nov. 22, 2011), *available at* http://1.usa.gov/1MHEzhc; *SEC v. Jakob*, Litigation Release No. 16671 (Aug. 31, 2000), *available at* http://1.usa.gov/1OKEl6x (announcing filing of civil complaint); *SEC v. Jakob*, Litigation Release No. 17079 (July 25, 2001), available at http://1.usa.gov/1MGCUY1 (announcing civil settlement); *SEC v. Jakob*, Litigation Release No. 17094 (Aug. 8, 2001), available at http://1.usa.gov/1M0zcYM htm (announcing criminal sentence).

[4] See *S. 1137, the "PATENT ACT" — Finding Effective Solutions to Address Abusive Patent Practices*, U.S. S. Comm. on the Judiciary (2015) (testimony of witnesses), available at http://1.usa.gov/1zMspPf.

[5] See Press Release, Biotech. Indus. Org., Statement Regarding the Introduction of Senate Patent Reform Legislation (Apr. 29, 2015), available at http://bit.ly/1leyYL8.

[6] See Press Release, Senator Coons' Statement on the PATENT Act (Apr. 29, 2015), available at http://1.usa.gov/1QL649Q.

Photography company accuses Florida realtor of infringing copyright

A Florida photography company whose work includes aerial pictures of estates owned by Donald Trump, Madonna and Bill Gates, is suing a realty company and its principals for infringing its copyrighted work.

Affordable Aerial Photography Inc. v. Virtual Global Realty LLC et al., No. 15-81037, complaint filed (S.D. Fla., Palm Beach Div. July 24, 2015).

Affordable Aerial Photography Inc. alleges that Virtual Global Realty LLC, some of its agents and broker Darren Goldstein copied several of its photographs for the realty company's listings.

Darren Goldstein said he had authorization to use the photos based on an email he received from the company. He said the reality company was not notified of any problems, but was simply served with the lawsuit.

According to the complaint, Robert Stevens, Affordable's principal photographer, founded the company in 2005. For the past eight years, he has photographed exclusive properties, many owned by celebrities, in Palm Beach, the Bahamas and New York.

Stevens says he has obtained copyright registrations or has pending applications for all his photographs. Those that have been copyrighted include the copyright symbol, the complaint says.

The defendants allegedly copied Stevens' photographs from other listings, removed the copyright symbols, and then distributed them through one or more multiple-listing services.

Affordable licenses digital copies of Stevens' photographs restricted to people and business that purchase the licenses at www.stockimagedepot.com, but the defendants have never been licensed to use the photographs for any purpose, the complaint says.

Affordable says it has been irreparably harmed by the defendants' conduct. The company seeks injunctive relief, unspecified actual or statutory damages, and attorney fees and costs. WJ

Attorney:
Plaintiff: Joel B. Rothman, Schneider Rothman Intellectual Property Law Group, Boca Raton, Fla.

Related Court Document:
Complaint: 2015 WL 4554709

See Document Section B (P. 32) for the complaint.

Courtesy of Robert Stevens

An aerial photograph of Florida properties by Robert Stevens.

Novartis blocked from selling Neupogen copycat until September

(Reuters) — Novartis AG must wait until Sept. 2 to sell the first biosimilar drug to be approved in the United States, a copycat version of Amgen Inc.'s $1.2 billion-a-year Neupogen, a U.S. appeals court said July 21.

Amgen Inc. et al. v. Sandoz Inc., No. 2015-1499, 2015 WL 4430108 (Fed. Cir. July 21, 2015).

The ruling stemmed from a lawsuit Amgen filed last October in federal court in San Francisco in which it accused Novartis' generic drugs unit Sandoz of infringing a patent for Neupogen, which boosts white blood cell counts to fight infections in cancer patients.

In a 2-1 decision, the U.S. Court of Appeals for the Federal Circuit, the nation's top patent court, said federal law governing close copies of biologic drugs required Sandoz to wait six months after the Food and Drug Administration approved the drug to begin to market it. FDA approval for the drug to be sold under the name Zarxio came in March.

"Sandoz, therefore, may not market Zarxio before 180 days from March 6, 2015, *i.e.*, Sept. 2, 2015," the appeals court said.

REUTERS/Arnd Wiegmann

The court said it would maintain the injunction it imposed on marketing Zarxio until that date.

"We look forward to launching Zarxio on Sept. 2 as the first U.S. biosimilar," Novartis spokesman Eric Althoff said in an emailed statement.

Amgen declined to comment on whether it planned to appeal the ruling or take further action on its patent infringement case.

While biosimilars aim to copy biologic products, which are made inside living cells, they are not considered exact duplicates, such as generic versions of more traditional pills. Insurers hope biosimilars will cost the public 40 percent to 50 percent less than the original brands.

Biosimilars, including a version of Neupogen, have been available in Europe since 2006. U.S. health insurers have said biotech drugs with expired patents should also face lower-cost competition in the United States.

Numerous drugmakers, including Amgen, are developing biosimilar versions of several multibillion-dollar medicines for rheumatoid arthritis and cancer, with some of those expected to reach the U.S. market by 2017.

The appeals court sent the case back down to the district court to consider Amgen's patent infringement allegations against Sandoz.

Evercore ISI analyst Mark Schoenebaum said in a note that he believes "that this ruling could be appealed to the U.S. Supreme Court." WJ

(*Reporting by Andrew Chung and Bill Berkrot; additional reporting by Bill Berkrot and Josh Franklin; editing by Chizu Nomiyama, Alexia Garamfalvi and Paul Simao*)

Related Court Document:
Opinion: 2015 WL 4430108

Single panel to hear Effexor, Lipitor appeals

By Elizabeth T. Brown, Esq., Managing Editor, Westlaw Daily Briefing

Pharmaceutical retailers, including Rite-Aid Corp. and Walgreen Co., have won their bid to have their appeals heard by a single panel in a series of related pay-to-delay cases against the makers of Lipitor and Effexor XR and would-be generic competitors.

In re Effexor XR Antitrust Litigation, Nos. 15-1184, 15-1185, 15-1186 and 15-1187, order issued (3d Cir. July 8, 2015).

In re Lipitor Antitrust Litigation, Nos. 14-4202, 14-4203, 14-4204 and 14-4205, order issued (3d Cir. July 8, 2015).

"Although some of the parties differ with respect to the two groups of appeals, the similarity of the reverse payment claims raised by the plaintiffs in both the Effexor and Lipitor litigation would promote judicial efficiency and therefore, warrants consideration of the cases by a single merits panel," a panel of the 3rd U.S. Circuit Court of Appeals wrote.

The cases will be consolidated for disposition but not for briefing, the order said.

The other plaintiff retailers are Meijer Inc., Meijer Distribution Inc. and Giant Eagle Inc.

The Lipitor litigation defendants are Pfizer Inc., Ranbaxy Inc. and their related entities.

The Effexor XR litigation defendants are Wyeth Corp., Teva Pharmaceuticals USA Inc. and their related entities.

NON-MONETARY SETTLEMENTS

Both appeals concern the appropriate pleading standards for alleging an unlawful reverse-payment settlement agreement under *Federal Trade Commission v. Actavis Inc.*, 133 S. Ct. 2223 (2013), the retailers said in their memo seeking consolidation.

In *Actavis* the Supreme Court held that settlements of Hatch-Waxman patent

REUTERS/Andrew Kelly

REUTERS/Ajay Verma

The suits claim Pfizer and Ranbaxy settled Pfizer's patent infringement challenge to Ranbaxy's bid for Food and Drug Administration approval to market a generic version of Lipitor by entering into an unlawful reverse-payment agreement.

litigation are subject to rule-of-reason scrutiny so long as they involved a large, unjustified reverse payment.

The retailers argue U.S. District Judge Peter G. Sheridan of the District of New Jersey, who presided over both actions, erred in ruling that the antitrust challenges to the settlements failed because the retailers could not show the cash value of the non-monetary agreements.

LIPITOR LITIGATION

The Lipitor litigation consolidated suits brought by retailers, direct purchasers and end-payers of the cholesterol drug.

The suits claim Pfizer and Ranbaxy settled Pfizer's patent infringement challenge to Ranbaxy's bid for Food and Drug Administration approval to market a generic version of Lipitor by entering into an unlawful reverse-payment agreement.

The agreement allowed Ranbaxy to enter the market five months after the expiration of Pfizer's follow-on patent for Lipitor, the plaintiffs claimed.

Pfizer released Ranbaxy from liability for infringing a patent for a Pfizer blood-pressure drug in exchange for $1 million and granted Ranbaxy the right to sell generic Lipitor "royalty free" in 11 countries, the suits say.

EFFEXOR XR LITIGATION

The Effexor XR litigation consolidated suits brought by retailers, direct purchasers and end-payors of the extended-release version of the depression and anxiety treatment Effexor claiming the defendants' settlement of Wyeth's challenge to Teva's request for FDA approval to market its generic version of the drug was unlawful.

Teva agreed to delay bringing its generic drug to market in exchange for Wyeth's promise not to launch an "authorized generic" version of Effexor XR during the 180-day generic exclusivity period afforded Teva under Section 505(j) of the Hatch-Waxman Act, 21 U.S.C.A. § 355(j), the suits said.

An authorized generic is a pharmaceutical product that was originally marketed and sold by a brand company but is relabeled and marketed under a generic product name.

SINGLE PANEL

The retailers argued that their appeals should be heard by a single panel because a "central legal issue in both sets of appeals — the degree of specificity with which plaintiffs must plead the value of the non-cash reverse payment in order to survive a motion to dismiss — is the same."

Many of the same parties and lawyers are involved in both cases, and Judge Sheridan "regularly held back-to-back status conferences in the two cases on the same day" with "only a handful of lawyers" leaving or entering the courtroom during the breaks between the two status conferences, the retailers said.

Pfizer and Wyeth opposed the retailers' motion, arguing the appeals stemmed from "separate district court opinions, involve different parties and substantially different facts ... and raise distinct and unique legal issues that are inseparably intertwined with the specific factual allegations of each case."

Teva also opposed the motion, saying it should not be should be "forced to litigate or defend an antitrust challenge to a patent litigation settlement to which it was not a party — which would be the effect of consolidating the Effexor case involving Teva with the Lipitor case."

The panel said Teva's concerns were unwarranted because its order does not require consolidated briefing by the parties and Teva would be required to respond only to briefs filed in the Effexor case. WJ

Judge won't block sale of generic drug for AIDS, cancer patients

(Reuters) – A Maryland judge on July 30 refused to block TWi Pharmaceuticals from marketing a generic version of Megace ES while brand-name manufacturer Par Pharmaceutical challenges a recent ruling that Par's patent is invalid.

Par Pharmaceutical Inc. et al. v. TWi Pharmaceuticals Inc., No. 11-2466, order entered (D. Md. July 30, 2015).

On July 28 U.S. District Judge Catherine Blake invalidated Par's patent for the drug, which is used to treat anorexia and weight loss in AIDS and cancer patients. Par immediately appealed to the U.S. Court of Appeals for the Federal Circuit seeking to block TWi from marketing its generic, megestrol, pending the appeal.

Also on July 28, however, Taiwan-based TWi and Par of New Jersey began selling megestrol, a move that Blake said undercut Par's claim that generic competition would be fatal to its Par Specialty division, which produces and markets Megace ES.

"By opting to begin selling an authorized generic version of Megace ES, Par — and not TWi — created the very risk of price erosion it fears," Judge Blake wrote in denying Par's injunction.

Don Mizerk, counsel for TWi at Husch Blackwell, said July 30 that Par waited too long to mention that it would seek a stay. "By the time they said anything, both generics were already on the market," he said.

Par can still seek an injunction from the Federal Circuit, where the case is now headed, Mizerk said. Par's attorney, James Ulwick of Kramon & Graham, declined to comment.

TWi applied to the Food and Drug Administration for approval to market megestrol in 2011, and the FDA approved it in August 2014.

TWi's application triggered a September 2011 patent infringement suit by Par, which has FDA approval to market brand-name Megace ES, and Alkermes Pharma Ireland, which holds the license on the patent.

TWi then challenged Par's patent. In February 2014 Blake found the patent impermissibly relied on obvious extensions of existing knowledge, or prior art. Judge Blake put her 2014 ruling on hold while Par appealed.

The Federal Circuit reversed in December 2014, sending the case back to Judge Blake with instructions to re-evaluate the novelty of one claim: that Megace ES' smaller particles worked better than prior formulations on patients who had not eaten recently, an important consideration for an appetite stimulant.

On July 28 Judge Blake ruled that the "food effect" was necessarily inherent in the prior art. She also found the patent omitted details required to obtain the stated results.

On the 30th, though, Judge Blake said her latest ruling did not worsen Par's chance of success on the merits, a requirement for injunctive relief. She acknowledged that the case "involves close calls" and that the Federal Circuit might reach a different conclusion.

Par announced in May that it is being acquired by Endo International. Endo is not a party to the current litigation. WJ

(*Reporting by Barbara Grzincic*)

3rd Circuit is first to extend *Actavis* beyond cash payments

By Michael Scott Leonard, Senior Legal Writer, Westlaw Journals

A landmark U.S. Supreme Court ruling applying antitrust scrutiny to "reverse payment" pharmaceutical deals, which drugmakers use to keep generic competitors out of the market, governs non-cash settlements as well as outright payoffs, a federal appeals court has decided for the first time.

King Drug Company of Florence Inc. et al. v. SmithKline Beecham Corp. et al., No. 14- 1243, 2015 WL 3967112 (3d Cir. June 26, 2015).

With its June 26 ruling, a unanimous three-judge panel of the 3rd U.S. Circuit Court of Appeals became the first high-level tribunal to hold that the justices' 2013 decision in *Federal Trade Commission v. Actavis Inc.*, 133 S. Ct. 2223, brought all kinds of "pay to delay" settlements — not just those directly involving cash — within the scope of federal antitrust laws.

Although the *Actavis* court did not expressly consider non-cash settlements, its reasoning applies with equal force to other types of incentives, the appellate panel found.

The 3rd Circuit ruling revives claims against GlaxoSmithKline and Teva Pharmaceuticals by a group of pharmacies over the companies' agreement to divide the market for Glaxo's $2 billion epilepsy drug Lamictal (lamotrigine).

"We do not believe *Actavis*' holding can be limited to reverse payments of cash," U.S. Circuit Judge Anthony J. Scirica wrote for the panel, overturning a New Jersey federal judge's decision to toss the case last year.

"The thrust of the [*Actavis*] court's reasoning is not that it is problematic that money is used to effect an end to the patent challenge, but rather that the patentee leverages some part of its patent power ... to cause anticompetitive harm," Judge Scirica added.

Under the Lamictal deal, Teva won the right to start selling a chewable-tablet version of generic lamotrigine three years early, and Glaxo agreed not to market its own generic chewable until the expiration of its patents threw the market wide open to competition.

In exchange for that monopoly on the $50 million market for lamotrigine chewables,

> "We do not believe *Actavis*' holding can be limited to reverse payments of cash," the panel said.

Teva dropped its larger patent challenge, abandoning the chance to crack into the much more lucrative market for non-chewable tablets, even though its litigation prospects looked good, according to the appeals court.

In its opinion remanding the case, the 3rd Circuit said the value of that settlement, combined with the strength of Teva's case in the underlying patent suit it dropped, gives rise to a fair inference that the agreement was intentionally anti-competitive.

"[A] brand's commitment not to produce an authorized generic means that it must give up the valuable right to capture profits in the new two-tiered market," Judge Scirica wrote.

"The [noncompete] agreement transfers the profits the patentee would have made ... to the settling generic — plus potentially more, in the form of higher prices, because there will now be a generic monopoly instead of a generic duopoly."

Regardless of whether cash changed hands, that is enough to trigger antitrust scrutiny under *Actavis*, the appeals court said.

REVERSE PAYMENTS

The Lamictal case is one of dozens that have been percolating in federal district courts since the 2013 *Actavis* ruling upended the analytic framework for reverse-payment claims.

Under a reverse-payment or pay-to-delay scheme, a name-brand drugmaker offers a generic competitor incentives not to challenge its patents. The settlements usually involve some sort of deal to share the drug market, as well as other inducements by the patent holder, such as cash up front or an agreement not to sell competing generics.

In its 5-3 decision, the high court in *Actavis* held for the first time that those "reverse" cash payments can implicate antitrust laws. Pay-to-delay deals violate the traditional "rule of reason" if they lead to an inference the patent holder was only trying to preserve its monopoly, the court said.

But reverse-payment schemes comply with the rule of reason — which tests whether a defendant's anti-competitive conduct is reasonable under all the circumstances — if they relate directly to litigation expenses or involve a legitimate exchange of services, such as a deal to market a drug jointly, the justices said.

The decision abandoned an earlier rule, called the "scope of the patent" test, that gave companies virtually unlimited discretion to strike anti-competitive deals within the lifetimes of their drug patents.

REUTERS/Toby Melville

REUTERS/Baz Ratner

The 3rd Circuit ruling revives claims against GlaxoSmithKline and Teva Pharmaceuticals by a group of pharmacies over the companies' agreement to divide the market for Glaxo's $2 billion epilepsy drug Lamictal.

'TRANSFER OF CONSIDERABLE VALUE'

Although *Actavis* did not expressly consider non-cash agreements, most of the federal courts that have taken up the issue in the past two years have found that its reasoning supports applying the rule broadly.

The Lamictal decision last November bucked that trend.

Dismissing the case, Senior U.S. District Judge William H. Walls of the District of New Jersey acknowledged "some very broad language" in *Actavis*, but he found that the justices had only actually applied antitrust scrutiny to reverse payments directly involving cash.

Even if the ruling applies more widely, the judge said, the settlement passes muster in light of five rule-of-reason factors the *Actavis* court articulated.

The pharmacy plaintiffs appealed.

Reversing the District Court, the 3rd Circuit said Judge Walls had construed *Actavis* too narrowly and misread the Supreme Court's rule-of-reason discussion.

After *Actavis*, the appeals court said, the threshold question in reverse-payment cases is whether the name-brand drugmaker leveraged its monopoly power into a settlement offer valuable enough to deter patent challenges that could benefit consumers.

The precise nature of that valuable offer — whether it involves cash or a too-good-to-refuse business deal — does not matter, the panel found.

The Lamictal agreement "may represent an unusual, unexplained reverse transfer of considerable value ... and may therefore give rise to the inference that it is a payment to eliminate the risk of competition," Judge Scirica wrote.

Moreover, the panel said, Judge Walls made too much of the five *Actavis* factors he relied on when he found that the deal would have survived rule-of-reason scrutiny even if he got the threshold issue wrong.

"[T]he District Court mistook the 'five sets of considerations' ... under the rule of reason as a redefinition of the 'rule of reason' itself," Judge Scirica wrote. "But the general contours of the rule of reason are well-mapped."

When the *Actavis* majority listed five factors, the justices were actually discussing the justifications underlying the rule of reason, not tinkering with the venerable doctrine, the appeals court said.

After *Actavis*, what matters in a pay-to-delay context — like any other — is whether a deal was unreasonably anti-competitive, the panel held, remanding the case to Judge Walls.

"On remand, we invite the District Court to proceed with the litigation under the traditional rule of reason, tailored, as necessary, to the circumstances of this case," Judge Scirica concluded. WJ

Related Court Document:
Opinion: 2015 WL 3967112

PATENTS

Congress considering patent reform legislation

Just a few years after the U.S. Congress enacted patent reform legislation, it is again considering patent reform measures to address issues not resolved by the earlier law.

Both the PATENT Act (S. 1137) and the Innovation Act (H.R. 9) address unintended consequences of 2011's America Invents Act, said **Christian E. Mammen**, an intellectual property partner with **Hogan Lovells** in San Francisco.

The PATENT Act, formally called the Protecting American Talent and Entrepreneurship Act, is wending its way through the Senate, while the Innovation Act is the House of Representatives' reform bill.

As an example of unintended consequences, Mammen cited an AIA provision that resulted in a spike in complaints by non-practicing entities, also known as patent trolls.

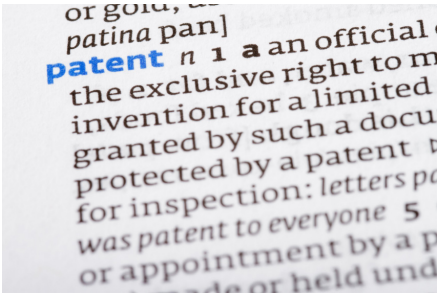
Patent trolls do not use their patents for a business purpose other than to file infringement suits and extract settlements from defendants.

Before the AIA, trolls could file one patent infringement lawsuit naming multiple defendants. The AIA requires separate lawsuits, so patent trolls are now filing more of them, Mammen said.

The goal of the proposed legislation is to level the playing field and reduce the ability of trolls to exploit litigation costs to extract settlements, according to Mammen.

The new bills seek to achieve that goal by making it harder to file a lawsuit, requiring more detailed pleadings and delaying discovery.

Discovery costs in particular can be burdensome for defendants, Mammen said, so the desire to avoid the time and expense of discovery creates an incentive for defendants to settle patent lawsuits filed by trolls.



The House bill would delay discovery, thus making it more difficult for trolls to achieve an early windfall, he said.

Both the House and Senate bills demand more detailed pleadings, requiring plaintiffs to include specific details about each claim of each patent allegedly infringed and each process, machine or composition of matter that is alleged to infringe the patent claim.

Because patent trolls do not practice a patent, this change would make it more difficult for them to meet the pleading requirements.

The reform legislation will also make it harder for trolls to forum shop, he said.

Currently, the U.S. District Court for the Eastern District of Texas is a favored forum for patent trolls, according to Mammen. Thirty-two percent of all patent cases are filed in the Eastern District of Texas, and 48 percent of those are initiated by patent trolls, he said.

The Texas venue is known as the "rocket docket" because cases there quickly proceed to juries that have a reputation for being plaintiff-friendly, Mammen said.

The new legislation will require that both an allegedly infringing act and a facility owned by the defendant be in the venue, narrowing the availability of the Eastern District of Texas as an option, he said.

Mammen said the House and Senate bills are getting closer together and thinks they will result in a final piece of legislation.

"There seems to be momentum in both houses to get something done," he said. WJ

PATENT INFRINGEMENT

Attorney fees denied even though circuits deemed unpatentable under *Alice*

By Patrick H.J. Hughes, Managing Editor, Westlaw Daily Briefing

Synopsys Inc. will not have to pay attorney fees to a company the Silicon Valley chipmaker sued for patent infringement, despite a California federal judge's finding that the patents for designing integrated circuits were invalid as abstract.

Synopsys Inc. v. Mentor Graphics Corp., No. C 12–6467, 2015 WL 4365494 (N.D. Cal. July 16, 2015).

Electronic design firm Mentor Graphics Corp. failed to convince U.S. District Judge Maxine M. Chesney of the Northern District of California that the case was "exceptional" enough to warrant an attorney fee award.

Mountain View, Calif.-based Synopsys filed suit in 2012, accusing Mentor of infringing four patents covering methods of designing integrated circuits: U.S. Patent Nos. 5,748,488; 5,530,841; 5,680,318; and 6,836,420.

The patents, which were granted in the mid-1990s, teach "logic synthesis," a way for "using a computer tool to interpret or 'synthesize' a human designer's descriptions of the operations of the integrated circuit," according to the opinion.

While the case was pending, the U.S. Supreme Court in June 2014 held that a method claim requiring generic computer implementation of an abstract idea does not transform the idea into a patent-eligible invention. *Alice Corp. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014).

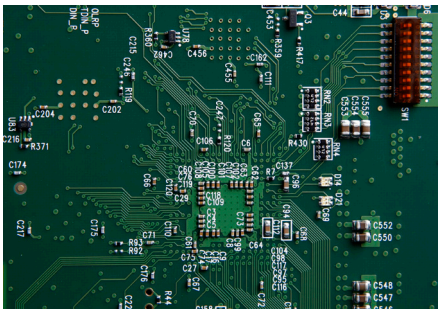
Mentor moved for summary judgment in October, arguing that the claims in the '488, '841 and '318 patents were ineligible under the *Alice* standard.

Judge Chesney agreed, granting Mentor's summary judgment motion Jan. 20. *Synopsys Inc. v. Mentor Graphics Corp.*, No. C 12-6467, 2015 WL 269116 (N.D. Cal. Jan. 20, 2015).

In May Mentor moved for attorney fees.

Section 285 of the Patent Act, 35 U.S.C. § 285, allows the award of attorney fees to the prevailing party if the case is "exceptional."

In its recent decision in *Octane Fitness v. Icon Health & Fitness Inc.*, 134 S. Ct. 1749 (2014), the Supreme Court held that a case is exceptional if it is uncommon, rare or unordinary, or stands out from others in terms of the substantive strength of a party's litigating position or the manner in which it litigated the case.



REUTERS/Mike Blake

> "The strength of [the petitioner's] position, in this complex and changing area of the law, was not in any manner weak enough to make the case exceptional," the judge said.

ON-SALE BAR

Mentor said the instant case was exceptional because Synopsys had been selling software incorporating the claimed invention for more than one year before the date it first applied for a patent — Dec. 21, 1990 — in violation of the on-sale bar under Section 102 of the Patent Act, 35 U.S.C. § 102.

Synopsys disagreed, offering evidence showing that as of Dec. 21, 1989, the inventors had only outlined a "possible approach" to the technologies and that nothing had been offered for sale prior to that critical date.

Judge Chesney sided with Synopsys, finding Mentor had, at best, shown a triable issue existed over whether the plaintiff had violated the on-sale bar. Accordingly, the case could not be found exceptional on that basis, she said.

NOT EXCEPTIONAL

Mentor also argued that attorney fees were warranted because Synopsys had "thwarted and delayed" discovery for the on-sale bar defense, should have conceded that the patents were invalid, and made willful infringement allegations that were "noncolorable."

Judge Chesney likewise rejected these arguments.

The parties' discovery was "run of the mill," and Mentor failed to show that Synopsys withheld evidence, she said.

While Judge Chesney found three of the patents invalid, she disagreed with Mentor's position that Synopsys should not have pursued its claims merely because they were directed to unpatentable subject matter.

During the trial, she had admitted the patentability issue was a "difficult" one, the judge noted.

The patents' ineligibility was not obvious, and "the strength of Synopsys' position, in this complex and changing area of the law, was not in any manner weak enough to make the case exceptional," Judge Chesney said.

While, in hindsight, the facts show that "Synopsys' position as to the strength of its case was overconfident," its pursuit of willful infringement claims was not so unwarranted as to rise to the level of being exceptional, she said.

Concluding that "neither Synopsys' litigating position nor the manner in which the case was litigated qualify the case as exceptional," Judge Chesney denied Mentor's motion for attorney fees. WJ

Attorneys:
Plaintiff: Bryan K. Anderson, Sidley Austin LLP, Palo Alto, Calif.

Defendant: George A. Riley, Mark E. Miller, Diana C. Rogosa and Luann L. Simmons, O'Melveny & Myers, San Francisco

Related Court Document:
Order: 2015 WL 4365494

TRADEMARKS

'BMF' logo confusion demands full bar and mark cancelation, 6th Circuit says

By Patrick H.J. Hughes, Managing Editor, Westlaw Daily Briefing

A car products company's registered "BMF" mark is entitled to protection that includes the cancelation of another company's subsequently registered "BMF Wheels" trademark, the 6th U.S. Circuit Court of Appeals said.

CFE Racing Products Inc. v. BMF Wheels Inc. et al., No. 14-1357, 2015 WL 4174649 (6th Cir. July 13, 2015).

Plaintiff CFE Racing Products Inc. is a Detroit-area maker of cylinder heads and valve covers for cars used for speed racing and drag-racing.

The defendant, Orange County, Calif.-based BMF Wheels Inc., makes aluminum wheels and wheel rims for sale through North American automotive supply stores and the company's catalog.

In January 2007 CFE Racing obtained federal registration for a "BMF" block-letter trademark in the category of cylinder heads, according to the opinion. CFE uses a black, red and white stylized version of the BMF mark in its online and print advertisements.

CFE's choice of the BMF moniker for its products was "apparently inspired by a wallet bearing a certain indelicate phrase featuring those initials ... featured in the movie Pulp Fiction," the opinion said.

In March 2008 BMF Wheels registered the standard trademark "BMF Wheels" in the category of land-vehicle wheels. BMF Wheels founder and co-defendant Brock Weld said he started his company in 2006 with the intention of making "some bad m------ing wheels."

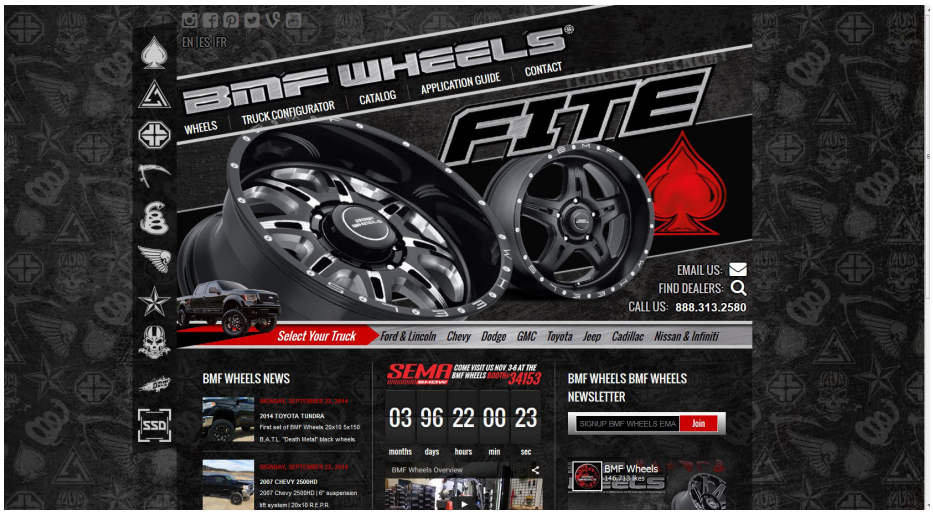
NARROWLY TAILORED INJUNCTION

In 2011 CFE sued BMF Wheels in the U.S. District Court for the Eastern District of Michigan.

CFE alleged the stylized logo displayed in BMF Wheel's catalog and website infringed and diluted CFE's unregistered BMF mark. Both stylized marks are black, red and white.

Following a three-day trial, a jury found that BMF Wheel's use of its mark in connection with the sale of its products created a likelihood of confusion with CFE's registered BMF trademark as well as its unregistered BMF logo trademark.

Although U.S. District Judge David Lawson found that BMF Wheel's logo bore a "striking resemblance" to CFE's BMF logo, he refused to cancel the BMF Wheels mark. *CFE Racing Prods. v. BMF Wheels et al.*, 2 F. Supp. 3d 1029 (E.D. Mich. Feb. 24, 2014).



Wheel and rim maker BMF Wheels Inc.'s "BMF" trademark was canceled as confusingly similar to a mark previously issued to speed racing products company CFE Racing Products Inc. BMF Wheels' website is shown here.

Judge Lawson instead enjoined BMF Wheels from using logos that "approximated the visual appearance" of CFE's logo.

He permitted BMF Wheels to use its logo in connection with the production, promotion, display and sale of automotive wheels and rims, but not other products, provided it use a disclaimer.

Both parties appealed.

NO NEW TRIAL

BMF Wheels argued it deserved a new trial because it was prejudiced by Judge Lawson having allowed into evidence the PTO's rejection of several of its registration applications.

The defendants also said some statements made by CFE's counsel were improper and other evidence should have been excluded as hearsay.

The 6th Circuit panel said it was within Judge Lawson's discretion to admit the registration refusals into evidence.

Although it agreed with the defendant that the judge had erroneously admitted conversations that a CFE executive had with his lawyer, the error was harmless, the appeals panel said.

Other evidence that BMF Wheels said was hearsay actually was admissible because it was not offered for the truth of the matter asserted, the panel added.

ENTITLED TO 'EFFECTIVE RELIEF'

Addressing CFE's appeal, the panel said the jury's likelihood-of-confusion determination was equivalent to finding the BMF Wheels' trademark registration invalid.

Courts have the power to narrowly tailor injunctions under Section 34(a) of the Lanham Act based on what seems reasonable, the panel noted.

However, the conclusion that confusion was caused by the similarities in the parties' logos is inconsistent with the jury's finding that BMF Wheels' logo created a likelihood of confusion with CFE's registered mark, the panel said.

> "Effective relief must address the harm to the plaintiff's interest in its registered trademark, not simply its logo," the 6th Circuit said.

Section 37 of the Lanham Act, 15 U.S.C.A. § 1119, permits courts to rule directly on the validity of a trademark's registration, the panel noted.

The registration of CFE's mark precluded registration of any mark that was likely to be confused with it, regardless of style, the appeals court said.

The panel said Judge David Lawson abused his discretion in issuing an injunction that permitted BMF Wheels to continue to use the letters "BMF" with its products.

With its registration of the BMF mark, CFE was entitled to an injunction barring any logos likely to be confused with the mark, the panel concluded.

"Effective relief must address the harm to the plaintiff's interest in its registered trademark, not simply its logo," the panel said. WJ

Related Court Document:
Opinion: 2015 WL 4174649

Constitution doesn't require government to register offensive trademarks, PTO says

(Reuters) – The U.S. Patent and Trademark Office has come out swinging against an Asian-American rock band that wants to trademark its stage name, the Slants, saying racial slurs cannot be used as "instruments of federal law."

In re Simon Shiao Tam, No. 14-1203, brief filed (Fed. Cir. July 17, 2015).

In a new brief unsealed July 17 in the U.S. Court of Appeals for the Federal Circuit, whose full slate of judges will consider the constitutionality of a controversial provision in U.S. trademark law, the PTO did not mince words.

"According to [The Slants], if Congress wishes to create a federal trademark recognition program at all, it must extend that program to the most vile racial epithets and images," the PTO said.

But the First Amendment, which protects freedom of expression, does not require Congress to help anyone do any such thing, the agency said.

The Slants, based in Portland, Ore., have tried to register a trademark on their name since 2010, but the PTO has refused registration on the grounds that the name is disparaging to Asians. Frontman Simon Tam said the band adopted the name as a way to reclaim a term some have considered a racial slur.

The dispute has blown up into a high-profile fight over free speech ever since the Federal Circuit upheld the rejection in April, but then a week later decided to rehear the case *en banc* to determine whether the Lanham Act provision banning disparaging marks is constitutional.

The case has progressed alongside another closely watched controversy involving the cancellation of the NFL's Washington Redskins trademarks. *Pro Football Inc. v. Blackhorse et al.*, No. 14-1043, 2015 WL 4096277 (E.D. Va., Alexandria Div. July 8, 2015).

U.S. District Judge Gerald Lee in Arlington, Va., upheld the provision's constitutionality July 8. The team has said it will appeal to the 4th U.S. Circuit Court of Appeals.

The Slants told the Federal Circuit in their brief for the rehearing that the disparagement provision amounts to censorship, and that trademarks, as commercial speech, are protected by the First Amendment.

In its new brief, the PTO said the band's speech is not impeded because trademarks can still exist without registration, and that registration is meant to facilitate their enforcement against infringement. The law as written simply does not underwrite certain marks for enforcement, it said.

"The First Amendment limits Congress' ability to restrict the expression of ideas, including the use of racial slurs," the agency said. "But it does not require Congress to assist those who seek to use racial epithets in interstate commerce."

In addition, the PTO cited the U.S. Supreme Court's decision from June in *Walker v. Texas Division, Sons of Confederate Veterans,* 135 S. Ct. 2239 (U.S. 2015), to uphold Texas' refusal to issue specialty vehicle license plates displaying the Confederate flag, which some consider a symbol of racism. Texas' actions were government speech, the high court said, allowing officials more leeway to determine the messages they want to approve.

In the same way, the Slants cannot force the government to register offensive marks. Doing so, the PTO said, "would convey to the public that the United States regards racial slurs as appropriate source identifiers for goods and services in commerce."

The PTO declined any further comment on the brief. A representative for the Slants could not be reached. WJ

(*Reporting by Andrew Chung*)

Related Court Document:
Brief: 2015 WL 4400893

Wood flooring

CONTINUED FROM PAGE 1

Copyright protection also does not extend to works of nature, the petition says.

According to the petition, the 11th Circuit acknowledged the "product of nature" prohibition, saying the shape of the wood grain was a product of nature rather than Mannington and was not eligible for copyright protection.

But it justified its decision by saying Mannington provided the bare minimum of creativity to justify copyright protection.

Home Legend counters that Mannington's intent was not to create an artistic representation of wood, but to exactly replicate actual wood by using actual wood and making alterations only to achieve the appearance of aged wood. At most, Mannington colored the wood grain to make it appear to be aged, the petition says.

> Copyright protection does not extend to works of nature, the petition says.

Mannington's admissions establish that the natural, authentic wood appearance of the artificial, non-wood flooring is an integral, inseparable part of the flooring that replicates real wood and has an intrinsic, utilitarian function, the petition argues.

THE DESIGN

Laminate wood flooring consists of three functional layers: a stabilizing layer, often made of water-resistant resin; a core board of wood fiber; and a transparent wear-resistant overlay.

Flooring manufacturers then insert a decorative layer called "décor paper" between the top two layers to resemble a typical flooring material like wood or stone.

Mannington Mills owns a copyright for the Glazed Maple décor paper design.

According to the appeals court's opinion, the company created the design through a process of selecting smooth-milled wood maple planks, adding gouges, dents, ripples and other surface imperfections to make the wood appear well-worn. Stain put on with brushes, rags and sponges was also added for effect.

The design team then photographed a combination of the planks and fed the photos into a digital scanner, where more details were added. The team selected 15 of the images and made a composite to create the Glazed Maple design, for which it obtained a federal copyright in November 2010.

COPYRIGHT FIGHT

In 2012 Mannington Mills discovered that Home Legend was selling a laminate flooring product that was virtually identical to its Glazed Maple design.

When Mannington Mills asked it to stop selling the allegedly infringing products, Home Legend filed suit in federal court, seeking a declaratory judgment that Mannington's copyright was invalid. Mannington Mills counterclaimed for copyright infringement.

Home Legend moved for summary judgment, and U.S. District Judge Harold Murphy of the Northern District of Georgia granted the motion.

He said the Glazed Maple design lacked the requisite originality to be eligible for copyright protection and was directed to an idea or process. Copyright protection does not extend to ideas, the judge said. *Home Legend LLC v. Mannington Mills Inc. et al.*, 32 F. Supp. 3d 1273 (N.D. Ga. 2014).

Mannington Mills appealed to the 11th Circuit.

In April the appellate panel rejected Judge Murphy's conclusion that the design was inseparable from the flooring it was applied to, and it said the design was also not merely a process or idea. *Home Legend LLC v. Mannington Mills Inc. et al.*, No. 14-13440, 2015 WL 1918254 (11th Cir. Apr. 29, 2015).

Although the three-judge appellate panel said photographs of a raw wood plank likely would not be sufficiently original to qualify for copyright protection, and Mannington Mills' idea of a distressed maple floor was not protectable, Mannington Mills offered testimony that showed the idea's expression in the Glazed Maple design was the product of creativity, not "a slavish copy of nature."

Mannington Mills did not try to copyright the process through which it produced the design, but sought protection only for the specific, two-dimensional digital artwork design it created by combining the digital images of the stained maple planks, the appeals court said. WJ

Attorneys:
Petitioner: W. Thad Adams III, Shumaker Loop, & Kendrick, Charlotte, N.C.; Edward Hine Jr., Rome, Ga.

Related Court Document:
Petition: 2015 WL 4537880

See Document Section A (P. 21) for the petition.

COURT REJECTS WINNING DEFENDANTS' ATTORNEY FEE REQUEST

A Manhattan federal judge has ruled that ACCO Brands Corp. and Staples Inc. are not entitled to an award of attorney fees after defeating accusations of patent infringement. U.S. District Judge P. Kevin Castel of the Southern District of New York granted the companies summary judgment in May and they moved for reasonable attorney fees under federal patent law. The defendants argued that plaintiff James S. Chizmar's claims that they infringed his patent on a binder "had no substantive strength," but Judge Castel said a fee award is not a penalty for failure to win an infringement suit. Chizmar's failure to conduct an in-depth pre-suit examination or secure expert testimony also did not render the case "exceptional," the standard for awarding fees, the judge said.

Chizmar v. ACCO Brands Corp. et al., No. 14-2181, 2015 WL 4388326 (S.D.N.Y. July 17, 2015).

Related Court Document:
Opinion: 2015 WL 4388326

INFRINGEMENT IS NO LAUGHING MATTER, COMEDY WRITER CLAIMS

Comedy writer Robert Kaseberg has alleged in a San Diego federal court lawsuit that talk show host Conan O'Brien used four of his jokes without permission. Kaseberg says he posted the jokes on his personal blog and shortly thereafter O'Brien allegedly featured the jokes in his monologues. Kaseberg says he has filed copyright applications for each of the jokes, which are pending. He says he has not received any compensation or screen credits from the defendants for using his works. The show's producers, writers and network are also named as defendants. The suit seeks more than $630,000 in actual or statutory damages, more than $150,000 in punitive damages for the defendants' alleged willful conduct, attorney fees and costs.

Kaseberg v. Conaco LLC et al., No. 15-1637, complaint filed (S.D. Cal. July 22, 2015).

Related Court Document:
Complaint: 2015 WL 4497791

COURT WASHES ITS HANDS OF TRADE DRESS SUIT OVER SOAP

A Los Angeles federal court has concluded that it lacked jurisdiction to hear a case by a California company alleging a New York woman infringed its trade dress for its "Element Periodic Table Soap." According to the court's order, Bubble Genius makes soap whose trade dress includes the chemical symbol, atomic number and name of a chemical element and other information. The company filed a trade dress infringement suit in January, alleging Mariann Smith, who lives in Queens, sells bath products, including a line of soaps called "It's Elementary," which display elements as they appear on the periodic table. U.S. District Judge Percy Anderson granted Smith's motion to dismiss the complaint, agreeing that the court lacked jurisdiction over her. Because the court lacked jurisdiction, the judge declined to address Smith's motion to dismiss on the merits of the complaint.

Bubble Genius LLC v. Smith et al., No. 15-0066, 2015 WL 4399483 (C.D. Cal. July 17, 2015).

Related Court Document:
Order: 2015 WL 4399483

RECENTLY FILED COMPLAINTS FROM WESTLAW COURT WIRE*

Westlaw Citation	2015 WL 4514686
Case Title	Winix Inc. v. Winix Solutions LLC, No. 15-2635 (N.D. Ga. July 24, 2015)
Case Description	Trademark
Factual Allegations	Winix a manufacturer of filtration products, owns U.S. trademark Nos. 3,594,760 and 3,594,853, which the defendant infringed by registering the domain name Winix.us, among other infringing activities.
Damages Synopsis	Order defendant to transfer similar domain names, injunction against further infringement, corrective advertising, disgorgement of profits, trebled damages, $100,000 per domain name infringement, attorney fees and costs

Westlaw Citation	2015 WL 4514687
Case Title	Bigface Entertainment Inc. v. Young Money Entertainment LLC, No. 15-5878 (S.D.N.Y. July 27, 2015)
Case Description	Other Contract
Factual Allegations	Defendant Young Money Entertainment, which is founded and owned by Lil Wayne, failed to pay all royalties and compensation due to David Banner's Bigface Entertainment after they had produced master recordings titled "La La," "Pussy Monster" and "Streets is Watchin."
Damages Synopsis	$138,787 and $15,392 in damages, interest, disbursements and costs.
Westlaw Citation	2015 WL 4313146
Case Title	Basile v. Warner Bros. Entertainment Inc., No. 15-5243 (C.D. Cal. July 13, 2015)
Case Description	Copyrights
Factual Allegations	Defendants infringed plaintiff's copyrighted work titled "The World of Jupiter/Crisis on Jupiter" by making motion pictures including "The Dark Night Rises," U.S. Copyright No. PAU3695779
Damages Synopsis	$250 million as actual damages, $250 million as speculative damages, $500 million as exemplary damages, $500 million as consequential damages.

Westlaw Court Wire is a Thomson Reuters news service that provides notice of new complaints filed in state and federal courts nationwide, sometimes within minutes of the filing.

CASE AND DOCUMENT INDEX