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Note from the Editors

After going “green” in our last [edition](#) (which contained companion pieces about Cleantech IP issues), we decided to focus this issue on a more traditional “green” in analyzing patent issues that will help decide the allocation of financial resources in the eternal struggle between patentees and alleged infringers. In this regard, we look at the issue of who, if anyone, is liable for damages when multiple actors perform different steps of a claimed invention (in “Knocking Infringement Out of Joint”). We also provide insight for patentees wishing to avoid damages for false patent marking (in “Don’t Be an Easy Mark”). Finally, we offer the latest installments of our continuing features on recent trends in reexaminations (“Reexamination Filings Continue Their Upward Trend”) and how courts are applying the *eBay* decision in deciding whether to enjoin adjudicated infringers (“*eBay* Scorecard”).

As always, we hope that you find this overview of IP issues enlightening. And stay tuned for instant MoFo updates when important decisions – such as the Supreme Court’s ruling on patent exhaustion in *Quanta v. LGE* and the Federal Circuit’s upcoming opinion in *In re Bilski* – are handed down. ■

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Knocking Infringement Out of Joint: Infringement Liability in the Wake of *BMC Resources, Inc. v. Paymentech, L.P.* and *Cross Medical Products, Inc. v. Medtronic Sofamor Danek, Inc.*

By Monica Scheetz

The Patent Act was not explicitly designed to address infringement claims that are based on the actions of multiple actors. For example, if a patent claims a method of performing steps A, B, and C, and each of these steps is performed by a separate actor, then the patent statutes provide no clear guidance as to whether any or all of the actors can be found liable under a theory of joint liability. Through the years, district courts struggled to develop their own jurisprudence on the subject¹ while the Federal Circuit largely remained silent. But two fairly recent Federal Circuit rulings indicate that a patentee whose claims depend on the actions of multiple actors will often be unable to prove any infringement of method claims and may be limited to attempting to prove indirect infringement for apparatus claims.

Last fall, the opinion in *BMC Resources, Inc. v. Paymentech, L.P.*² made a big splash in the area of joint infringement. In that case,

the Federal Circuit was faced with the question of whether an accused infringer could be held liable for directly infringing method claims that were written so as to require the participation of several different actors, all of whom were acting independently.³ Specifically, *BMC* involved two patents that were directed to methods of paying bills telephonically using a credit or debit card.⁴ The methods required, among other things, prompting a caller to enter certain payment information (including a debit or credit card number), having a remote payment network (such as an ATM network) verify the availability of credit or funds, and, if sufficient funds existed, charging the credit or debit card account, and reflecting the payment in the relevant billing account.⁵ Accordingly, the claims relied on the participation of a payee's agent, a remote payment network, the card-issuing financial institution, and a caller.⁶ *BMC Resources*, the owner of the patents, accused Paymentech, a payee's agent, of infringing its claims.⁷

In deciding *BMC*, the Federal Circuit articulated a new standard for direct infringement in the case of divided action: a finding of direct liability requires showing that the accused infringer had "direction or control" over the other actors.⁸ Applying that new rule, the Federal Circuit held that Paymentech was not liable for direct infringement because Paymentech did not perform all the steps of the claims itself, and the other actors whose actions were required to complete the steps were not acting under Paymentech's direction or control.⁹

The *BMC* ruling was actually foreshadowed by a similar case involving apparatus claims that the Federal Circuit had decided two years earlier. In *Cross Medical Products, Inc. v. Medtronic Sofamor Danek, Inc.*,¹⁰ the Federal Circuit held that a medical device company was not liable as a direct infringer because, among other reasons, the apparatus claim at issue required "operatively join[ing]" the medical devices to bone.¹¹ The medical device

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company did not implant the accused devices itself, and the surgeons who did implant the accused devices were not agents of the medical device company.¹² So despite the fact that personnel from the medical device company were present in the operating room at the time of surgery and identified the instruments the surgeon should use, the Federal Circuit reversed the district court's grant of summary judgment in favor of the patent holder.¹³

While *BMC* is important because its explicit language clarifies some of the circumstances under which a party can be held liable for direct infringement, *Cross* should not be forgotten. Its complementary holding establishes a corollary to *BMC* in the context of apparatus claims: an accused infringer cannot generally be found to directly infringe if it is not in possession of the entire patented apparatus unless the patentee can show that the accused infringer had "direction or control" over the actor possessing the rest of the invention.

In today's digital world, it is increasingly common to see patents claiming both methods and systems that depend on remote but interlinked technologies, the pieces of which are owned and operated by multiple actors. For example, a patent might claim both a system and a method involving a server owned by one party, a communications network owned by another, and an electronic device (such as a mobile phone) owned by an end user. The method claim would focus on the steps that each of the actors perform, whereas the parallel apparatus claim would focus on the tangible structures used to perform the acts.¹⁴ But whether the claim at issue is method- or system-based, "liability for [direct] infringement requires a party to make, use, sell, or offer to sell the patented invention, meaning the entire patented invention."¹⁵ Applying that principle from *BMC* as well as the holding of *Cross* to these hypothetical facts leads to the conclusion that neither the party who owns the server nor the party who owns the communication network makes, uses, sells, or offers to sell the entire patented invention. That leaves the infringement issue dependent on whether one party would be found

to direct or control the actions of the other or of the end user.

Parallel method and apparatus claims differ in that an end user who does not infringe the method claim may still infringe the apparatus claim because he uses the entire system, even though he himself does not perform every step of the method. Thus, the server and communications network owners who cannot be held liable for indirect infringement of the method claims (due to the fact that indirect infringement requires a predicate finding of direct infringement)¹⁶ can still be liable for indirectly infringing the apparatus claim. But indirect infringement is often harder to prove than direct infringement, so a patentee is generally worse off than it would be if all the accused actors could be deemed direct infringers.

There are two types of indirect infringement: (1) inducing another to infringe or (2) contributing to another's infringement by supplying a material component that has no substantial non-infringing uses and that the indirect infringer knows is especially made or especially adapted for use in the patented invention.¹⁷ Both types of indirect

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infringement require proving the existence of direct infringement.¹⁸ Furthermore, both require showing that the accused indirect infringer had knowledge of the patent.¹⁹ In contrast, direct infringement is a strict-liability offense; an accused infringer need not know of the patent in order to be held responsible.²⁰

In the case of contributory infringement, a patentee must also show that (1) the accused indirect infringer sold or supplied a component of the claimed invention, (2) the component was material to the patented invention, (3) the alleged infringer knew that the component was especially made for use in a manner that infringes the patent claims, (4) the component is not a staple or commodity article, and (5) the component was actually used in a manner that infringes the patent at issue.²¹ For inducement of infringement, the patentee must prove not merely that the accused indirect infringer was aware of the infringement, but rather, that the accused indirect infringer specifically intended to cause the infringement and acted accordingly.²²

In addition, a patentee generally cannot collect damages from an indirect infringer before the date on which the indirect infringer had knowledge of the patent.²³ Therefore, even in instances where liability for indirect infringement is found, damages may be limited. Often, accused infringers are unaware of the existence of the patent at issue until immediately before suit is filed, even though infringement may have been occurring for years.

In sum, after *BMC* and *Cross*, patentees whose claims were not artfully drafted to account for multiple actors may find themselves unable to show any infringement for method claims and facing an uphill battle with regard to apparatus claims. Accordingly, parties on either side of a patent dispute involving joint infringement issues are wise to remember both cases.²⁴ ■

¹ See, e.g., *Marley Mouldings Ltd. v. Mikron Indus., Inc.*, 2003 U.S. Dist. LEXIS 7211, No. 02 C 2855, 2003 WL 1989640, at *2 (N.D. Ill. Apr. 30, 2003) (collecting and analyzing cases on joint infringement); *Applied Interact, LLC v. Vt. Teddy Bear Co.*, No. 04 Civ. 8713 (HB), 2005 U.S. Dist. LEXIS 19070, at*12-13 (S.D.N.Y. Sept. 6, 2005) (same).

² 498 F.3d 1373 (Fed. Cir. 2007).

³ See *id.* at 1375.

⁴ *Id.* at 1377.

⁵ *Id.*

⁶ See *id.* at 1375, 1377.

⁷ *Id.* at 1375.

⁸ See *id.* at 1381.

⁹ See *id.* at 1380-81.

¹⁰ 424 F.3d 1293 (Fed. Cir. 2005).

¹¹ See *id.* at 1311.

¹² See *id.* at 1311-12.

¹³ See *id.*

¹⁴ See *In re Kollar*, 286 F.3d 1326, 1332 (Fed. Cir. 2002).

¹⁵ *BMC*, 498 F.3d at 1380.

¹⁶ See *Epcon Gas Sys., Inc. v. Bauer Compressors, Inc.*, 279 F.3d 1022, 1033 (Fed. Cir. 2002).

¹⁷ See 35 U.S.C. § 271(b-c).

¹⁸ See *supra* n.16.

¹⁹ See *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 488 (1964) (holding that contributory infringement requires knowledge that the combination for which a component was especially designed was both patented and infringing); *DSU Med. Corp. v. JMS Co.*, 471 F.3d 1293, 1304 (Fed. Cir. 2006) (en banc in relevant part) (holding that inducement of infringement requires knowledge of the patent).

²⁰ See *In re Seagate Tech., LLC*, 497 F.3d 1360, 1368 (Fed. Cir. 2007).

²¹ See *Aro*, 377 U.S. at 488; *Serrano v. Telular Corp.*, 111 F.3d 1578, 1583-84 (Fed. Cir. 1997); *Sage Prods. Inc. v. Devon Indus., Inc.*, 45 F.3d 1575, 1577 (Fed. Cir. 1995); *Conroy v. Reebok Int'l, Inc.*, 14 F.3d 1570, 1573 (Fed. Cir. 1994).

²² *DSU*, 471 F.3d at 1305.

²³ See *Trell v. Marlee Electronics Corp.*, 912 F.2d 1443, 1448 (Fed. Cir. 1990).

²⁴ As a postscript, the Federal Circuit very recently remembered *BMC* in applying its holding to reverse a judgment of infringement in *Muniauction, Inc. v. Thomson Corp.*, — F.3d —, 2008 U.S. App. LEXIS 14858 (Fed. Cir. July 14, 2008). In *Muniauction*, the Federal Circuit concluded that the alleged infringer “neither performed every step of the claimed methods nor had another party perform steps on its behalf,” and that the patentee had “identified no legal theory under which [the alleged infringer] might be vicariously liable for the actions of” others now that the theory of “joint infringement” has been removed as a legal possibility in the wake of *BMC*. *Id.* at *28.

Reexamination Filings Continue Their Upward Trend

By Robert Saltzberg and Hristo Vachovsky

News & Notes on Reexaminations is a recurring section of the Intellectual Property Quarterly Newsletter.

In the September 2007 issue of this newsletter, we reported on the latest reexamination statistics available at that time. In this issue, we provide an update on those figures based upon the USPTO's recent release of statistics for the first half of fiscal year 2008. Both *ex parte* and *inter partes* reexamination filings continue to increase, with *inter partes* reexaminations again scoring a sizeable increase.

The statistics cover the first half of the PTO's 2008 fiscal year beginning October 1, 2007, and ending March 31, 2008. During this period, the PTO received 330 *ex parte* reexamination requests. Using simple linear growth assumptions, this extrapolates to 660 expected *ex parte* filings by the end of fiscal year 2008, breaking last year's record 643 filings. Historically, *ex parte* reexamination filing numbers stayed more or less within the 300-400 range during the 1990s and the early part of this decade, but have shown

an unmistakable upward trend since 2003, which saw 392 filings.

The gains in *ex parte* filings, however, pale in comparison with the brisk pace of *inter partes* filings. The first half of fiscal 2008 saw 82 *inter partes* filings, which puts them on track to reach 164 by fiscal year's end. This would mark a 30% increase from last year's record 126 filings. Overall, *inter partes* filings have shown remarkable gains since their rather timid start in the beginning of this century. *Inter partes* reexaminations were first authorized by law in late 1999. The first filing did not come until 2001, and that year saw only the one filing.

Patent litigators and prosecutors carefully follow *inter partes* reexamination statistics to help assess the pros and cons of this relatively new procedure. As an advantage over *ex parte* reexamination, *inter partes* reexamination enables the requester to counter the patentee's arguments in the PTO. On the other hand, a third-party requester is estopped from seeking relief

in the courts in the face of a negative decision in an *inter partes* reexamination. See 35 U.S.C. 315(c). The dramatic rise in these filings indicates that more requesters are willing to take that risk.

Inter partes requesters are probably emboldened by statistics on PTO decisions that overwhelmingly favor the third-party requester. Since the initial authorization of *inter partes* reexaminations in 1999, the PTO has granted 95% of the 328 requests for *inter partes* reexamination, thus allowing those reexaminations to proceed.

During that same time period, only 17 cases have been brought to final Patent Office decision. Of these, thirteen reexaminations, or 76%, resulted in all claims cancelled – an encouraging figure for third party requesters. Three cases ended with some claim changes, and only one case resulted in all claims confirmed. Since the beginning of the current fiscal year, four proceedings have resulted in all claims cancelled, two in claim changes, and none in confirmation of all claims.

Ex parte reexaminations have also generally resulted in what many

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Type of Proceeding	Filings for FY2007	Filings for first half of FY2008	Projected filings for FY2008	Projected change
<i>Ex Parte</i>	643	330	660	+2.8%
<i>Inter Partes</i>	126	82	164	+30.2%

Reexamination Filings Continue Their Upward Trend

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would consider an advantage for the third-party requester. Since the implementation of the *ex parte* reexamination procedure in 1981, the PTO has granted 92% of all *ex parte* reexamination requests. The PTO granted the same percentage of requests at the end of last fiscal year.

Overall, since 1981 the PTO has rendered 3,386 decisions on *ex parte* reexaminations initiated by a third-party request. Of these, 13% have resulted in all claims cancelled, 59% in claim changes, and 28% in all claims confirmed. Since the beginning of

the fiscal year, 20% of third-party requested *ex parte* proceedings have resulted in all claims cancelled, 61% in claim changes, and 19% in all claims confirmed. It should be noted that since reexaminations in general do not allow for broadening the claims, decisions resulting in claim changes are generally viewed as favorable to the requester.¹

Given these statistics, it is not surprising that the use of reexamination as a strategic option in litigation seems to be picking up, or at least continuing, in popularity. Currently, 54% of *inter partes* reexamination proceedings are known to be associated with litigation (up from 50% last year), compared with 27% of *ex parte* proceedings (up from 26% last year).

In conclusion, both *ex parte* and (especially) *inter partes* reexamination filings continue to increase.

Meanwhile, PTO decisions for both types of filings continue to favor the third-party requester. We expect both *ex parte* and *inter partes* reexaminations to continue to gain in popularity as a low-cost alternative to patent litigation.² ■

¹ This need not be true in all cases. Narrowing amendments may strengthen a claim against invalidity attacks without helping a third-party requester avoid infringement. However, it is believed that, on average, claim changes favor the third-party requester.

² This assumes that other factors do not arise to outweigh the favorable PTO statistics, such as the potential for courts to refuse to stay litigation pending the outcome of reexamination.

eBay Scorecard

By Angela Rella

We began tracking application of the *eBay* decision in the Spring 2007 inaugural edition of our Intellectual Property Quarterly Newsletter, and this fifth installment of the “*eBay*

Scorecard” is current through March 31, 2008. In this quarter, courts denied injunctions in all six cases where the courts considered the issue. ■

	Plaintiff Practices Invention?		Infringing Use Limited to Minor Component?		Injunction Would Cause Public Harm?	
	Yes	No	Yes	No	Yes	No
Total (Jan. 1, 2008, through Mar. 31, 2008)						
Injunctions Granted (0)	0	0	0	0	0	0
Injunctions Denied (6)	2	1	1	0	0	0
Cumulative Total (May 15, 2006, through Mar. 31, 2008)						
Injunctions Granted (30)	19	1	0	5	0	20
Injunctions Denied (14)	3	6	3	2	4	1

Don't Be an Easy Mark: Steps to Avoid Substantial Damages for False Patent Marking

By Alex Merchant and Sunil Kulkarni

A recent district court decision on false patent marking shows how easy it is for a company to be exposed to expensive litigation and large statutory damages if it is not careful in monitoring how its products are marked. But as we discuss below, it is also easy to reduce this risk.

Patent marking is an effective method of providing notice to infringers of product patents, as required under 35 U.S.C. section 287(a) in order to collect damages for infringement. (Patent marking is not necessary for process patents.)

But a patentee must be cautious to avoid liability under the false marking statute, 35 U.S.C. section 292, which prohibits the use of a patent mark on an “unpatented article” with the intent to deceive. The penalty for false marking is statutory damages of up to \$500 per “offense.” The offense can, in theory, be defined as every article that is marked. Any person – not just someone with competing patent rights – can sue to collect damages and keep one half of the award (the other half goes to the federal government).

In the recent case of *Pequignot v. Solo Cup Co.*,¹ Judge Leonie Brinkema of the Eastern District of Virginia adopted a broad reading of “unpatented article,” holding that once a patent has expired, a product covered

by that patent is “unpatented” under section 292(a). Therefore, a marking that states, “This product is protected under U.S. Patent X,” where X has expired, can violate section 292(a). Judge Brinkema also held that using conditional language (“This product may be covered by a U.S. patent”) also can constitute a false marking.

Solo Cup, the defendant, now claims to face damages up to **\$100 billion** (\$500 for each false marking, with each lid, package of utensils, or package of cups being a potential “offense”)² if it is found to have acted with the intent to deceive. This ruling leaves Solo Cup with litigating the fact-intensive issue of intent, which can be difficult to win on summary judgment. A defendant facing such astronomical damages may well settle rather than gamble at trial.

Here are four simple tips to reduce the chance your company will be sued for false marking, especially by a serial plaintiff³:

First, **review your marking practices.**

A periodic review of your marks will ensure that you are not listing expired patents on your products.

Second, **do not use conditional language.** After *Pequignot*, using the conditional marking “This product may be subject to U.S. Pat. No. Y” will not insulate you from a false marking

lawsuit – unless the Federal Circuit says otherwise.

Third, **if you list multiple patents as part of your mark, make sure your product is covered by all patents listed.** While perhaps not surprising, the Federal Circuit confirmed (albeit in dictum) that to avoid a false marking claim, an article must be “covered by at least one claim of *each* patent with which the article is marked.”⁴

Fourth, **make sure you have a documented, good-faith basis for listing each patent.** Documenting the basis for including the patent in your mark will be valuable evidence if you later have to show a lack of intent to deceive.

Bottom line: it is easy to become a target for a false marking suit, but it is also easy to reduce your risk. ■

¹ 540 F. Supp. 2d 649 (E.D. Va. 2008).

² Courts sometimes reduce damages by finding that multiple markings were part of a single and continuous act constituting only one “offense.” See, e.g., *Icon Health & Fitness, Inc. v. The Nautilus Group, Inc.*, 2006 U.S. Dist. LEXIS 24153, at *21 (D. Utah Mar. 23, 2006).

³ The plaintiff in *Pequignot* recently has sued another large consumer goods maker for false marking. See *Pequignot v. Gillette*, 1:08-CV-49 (E.D. Va. Jan. 17, 2008).

⁴ *Clontech Labs., Inc. v. Invitrogen Corp.*, 406 F.3d 1347, 1352 (Fed. Cir. 2005) (emphasis added). *Accord Astec Am., Inc. v. Power-One, Inc.*, 2008 U.S. Dist. LEXIS 30365, at *31-32 (E.D. Tex. Apr. 11, 2008) (holding that the statement “These products are protected by one or more of the following US patents” may constitute false marking – even if the statement is literally true – if it was made with deceptive intent).

Intellectual Property Practice News

EAST COAST AND FAR EAST OFFICES ADD MAJOR IP TALENT

Morrison & Foerster's growing roster of IP clients continues to require the services of highly sophisticated legal and technical talent throughout the world. In its latest response to client demand, the firm brought in a surge of world-class IP lawyers to its offices in Washington, D.C., New York, Tokyo, and Shanghai. The Washington, D.C. office enjoyed the largest increase of lateral partners with the additions of Mark Ungerman, Alexander Hadjis, and Kristin Yohannan. Mr. Ungerman brings to the firm 20 years of cutting-edge IP litigation and transactional experience, particularly in the areas of computer technology, electronics, and telecommunications. Mr. Hadjis and Ms. Yohannan are highly accomplished trial lawyers with exceptional expertise in the International Trade Commission and the Federal Circuit. Partner Rudy Kim, who came with Mr. Hadjis and Ms. Yohannan, joined the firm's Palo Alto office. All four lateral partners have technical degrees and are licensed to practice before the USPTO. In addition, Mr. Hadjis, Ms. Yohannan, and Mr. Kim are all former Federal Circuit clerks.

The New York office's IP litigation and transactional capabilities expanded with the addition of Jacqueline Charlesworth. Ms. Charlesworth joins

In its latest response to client demand, the firm brought in a surge of world-class IP lawyers to its offices in Washington, D.C., New York, Tokyo, and Shanghai.

the firm as Of Counsel after spending the past seven years working in the music industry, most recently as Senior Vice President and General Counsel for the National Music Publishers' Association. Her litigation and transactional expertise add particular depth to the critically important areas of digital media and copyright law.

Morrison & Foerster long ago established itself as a premier law firm

in Japan. The firm's Tokyo office now boasts over 40 Litigators who represent some of Japan's largest and most innovative companies. Prominent Japan-based IP lawyer (bengoshi) Yukihiro Terazawa joined the firm's Tokyo office as a partner. Mr. Terazawa will greatly enhance the IP practice's strengths in Japan-based and multi-jurisdictional issues involving IP transactions. Notably, Mr. Terazawa was recently appointed to two advisory positions by the Japanese government. He is a special mediator on the Dispute Resolution Board for Telecommunication Business Entities within the Ministry of Internal Affairs and Communications and serves as a panelist at the Ministry of Economy, Trade, and Industry workshop to build a standard process system for animation.

Demand for Morrison & Foerster's IP expertise from Asian companies has gathered pace as the region's leading corporations become increasingly involved in U.S.-based IP litigation. This is particularly true for companies in Japan and China. To meet our clients' needs, IP partners Jack Londen and Michael Vella are relocating from their U.S. offices to the firm's Tokyo and Shanghai offices, respectively. Mr. Londen adds his almost 30 years of IP

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IP Law & Business published its annual rankings for 2007's **Most Active Patent Litigation** practices in the U.S. District Courts and International Trade Commission. Morrison & Foerster captured the #2 spot in the District Court rankings, leapfrogging nine positions from last year's ranking.

and litigation experience to the Tokyo office's expert group of IP lawyers. Mr. Vella adds to the Shanghai office essential on-the-ground IP and litigation expertise. Our clients

in greater China will benefit from his 20 years of experience handling IP matters and other international business disputes involving industries such as biotechnology, semiconductors, and consumer electronics.

RECENT AWARDS AND RANKINGS

As evidenced by the latest rankings in *IP Law & Business*, Morrison & Foerster's IP Litigation practice is soaring. *IP Law & Business* published its annual rankings for 2007's **Most Active Patent Litigation** practices in the **U.S. District Courts** and **International Trade Commission**. Morrison & Foerster captured the #2 spot in the District Court rankings, leapfrogging nine positions from last year's ranking. The firm ranked #4 in the ITC, after not making the list in prior years. The firm's Appellate practice also received significant recognition for its representations before the Federal Circuit.

For the third consecutive year, *Chambers USA* ranked the firm's IP practice at **Band 1**, the highest ranking by the leading research organization. Additionally, the firm's IP Litigation practice was named a finalist for the second year in a row in *Chambers USA's IP Litigation Department of the Year* contest. The awards are recognition for the IP practice's exceptional work in all areas of U.S. intellectual property law. [Click here to read about the awards.](#)

In its 2008 survey report, the *Legal 500* recognized Morrison & Foerster for its excellence in the major IP categories. The IP areas in which the firm received recognition are:

Patent Reexaminations
Technology Outsourcing
Technology Transactions
Trademark Litigation
Trade Secrets
Copyright
Patent Prosecution – Utility and Design Patents
Patent Prosecution – Plant Patents
Patent Licensing
Patent Litigation

FROM THE DOCKET

Novell Wins Counterclaims Trial in Seminal Software Copyrights Case *SCO v. Novell*

Once again, Novell emerged victorious in its high-profile dispute in *SCO v. Novell*. On July 16, 2008, the court issued an order in favor of Novell for its counterclaims against SCO, ruling that SCO must pay Novell roughly \$2.5 million (plus interest) in royalty revenue paid to SCO by Sun Microsystems. The trial for Novell's counterclaims against SCO proceeded in April 2008 in the Federal District Court in Utah. This phase of the high-profile case followed the August 2007 summary judgment ruling for **Novell** before Judge Dale Kimball that

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Novell, not SCO, is the owner of the UNIX and UnixWare copyrights, and that SCO was obligated to recognize Novell's waiver of SCO's claims against IBM. In 2003, SCO claimed that Linux was an illegal knockoff of the UNIX operating system, which SCO had purchased from Novell. The 2007 summary judgment ruling disposed of those claims. *The Wall Street Journal* described the ruling as "a boon to the 'open source' software movement . . . that has become an alternative to Microsoft Corp.'s Windows operating system." In the trial involving the counterclaims, Novell alleged SCO failed to comply with the asset purchase agreement, entered into UNIX

licensing agreements without Novell's permission, and owed royalties from those agreements. The team in the counterclaims trial was led by **Michael Jacobs** and **Kenneth Brakebill**, along with **Eric Acker**, **Marc Pernick**, **Adam Lewis**, **Grant Kim**, **David Melaugh**, and **James Gilfoil**.

ITC TEAM DELIVERS FOR TOSHIBA

In April 2008, on behalf of Toshiba Corporation and its subsidiary TACP, a team of Morrison & Foerster ITC litigators obtained an exclusion order preventing two defaulting respondents from importing infringing DVD products, as well as a consent order preventing another respondent from importing or selling infringing DVD products. These orders were obtained on the heels of negotiated settlements with more than a dozen

other respondents, who agreed to take licenses for future sales of their DVD products and pay royalties for past DVD product sales. The investigation (No. 337-TA-603) was filed on April 6, 2007, and ultimately named 17 companies as respondents in the case. The team of lawyers from our Washington, D.C., Tokyo, and Palo Alto offices was led by **Brian Busey**, **Taro Isshiki**, and **A.C. Johnston**, along with **John Kolakowski**, **Cynthia Beverage**, **Mike Anderson**, and **Jun Tsutsumi**. **Eric Walters** and **Dan Wan** assisted with the companion district court litigation filed in the Northern District of California. ■

About Morrison & Foerster's Intellectual Property Practice

Morrison & Foerster maintains one of the largest and most active intellectual property practices in the world. The IP practice provides the full spectrum of IP services, including litigation and alternative dispute resolution, representation in patent and trademark prosecution, and business and licensing transactions. Morrison & Foerster's IP practice has the distinguishing ability to efficiently and effectively handle issues of any complexity, in any venue, involving any technology. For more information about the IP practice, please visit www.mofo.com.

This newsletter addresses recent intellectual property updates. Because of its generality, the information provided herein may not be applicable in all situations and should not be acted upon without specific legal advice based on particular situations. If you wish to change an address, add a subscriber, or comment on this newsletter, please write to: Michael Zwerin at Morrison & Foerster LLP, 555 Market Street, San Francisco, California 94105, or e-mail mzwerin@mofo.com.

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