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# Intellectual Property

by Laurence P. Colton\*  
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## I. INTRODUCTION

This Article surveys case law developments relevant to Georgia in the area of intellectual property during the period from January 1, 2006 to December 31, 2006. Intellectual property law comprises several discrete yet overlapping areas of law. The four primary areas of intellectual property law are patent law, trademark law, copyright law, and trade secret law.<sup>1</sup> Because patent law and copyright law are provided for in the United States Constitution,<sup>2</sup> these decisions are based in federal law and are litigated in federal courts. Trademark law and trade secret law have both federal<sup>3</sup> and state aspects, and the cases regarding these

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1. Some secondary areas that will not be surveyed in this Article include trade dress and know-how.

2. Article 1, Section 8, Clause 8 of the United States Constitution affords Congress the power “[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries” U.S. CONST. art. I, § 8, cl. 8. The terms “Authors” and “Writings” refer to copyright, and the terms “Inventors” and “Discoveries” refer to patent.

3. Article 1, Section 8, Clause 3 of the United States Constitution is the Commerce Clause, which forms the constitutional basis for federal trademark and unfair competition legislation and provides Congress with the power “[t]o regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes.” U.S. CONST. art. I,

areas are based on federal or state law. However, the more intricate cases are often litigated in the United States federal courts.

The Authors have not attempted to include all cases that touch upon intellectual property but instead have selected decisions that are of more significance or interest or that may indicate a particular direction in these areas of law. Although the cited cases often have multiple issues, the Authors have reported only on the more relevant or interesting intellectual property issues. As such, this Article will focus on developments selected primarily from the federal courts that are controlling or binding on federal courts in Georgia.

## II. PATENT CASES

### A. *Claim Construction*

Patent claims are usually in the form of a series of numbered expressions that follow the description of the invention in a patent or patent application. Patent claims define, in technical or scientific terms coupled with legal terms, the protection conferred by a patent, and they are often paramount both in patent application examination proceedings in the United States Patent and Trademark Office ("USPTO") and in litigation in the courts.

In cases involving patent infringement, the claims must be first construed to determine the metes and bounds of the patent, that is, the scope of coverage or protection of the patent.<sup>4</sup> Patent claims are construed using a number of factors, and patent applicants can be their own lexicographers by defining terms in the patent or during the prosecution of the patent application in the USPTO. As will be seen, claims construction has been a dynamic area over the last year.

In *Curtiss-Wright Flow Control Corp. v. Velan, Inc.*,<sup>5</sup> the Federal Circuit Court of Appeals ("Federal Circuit")<sup>6</sup> overturned the grant of a preliminary injunction and held that the lower court had misapplied claim differentiation<sup>7</sup> by interpreting the word "adjustable" too broad-

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§ 8, cl. 3.

4. See *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 373 (1996).

5. 438 F.3d 1374 (Fed. Cir. 2006).

6. This appeals court hears all appeals from all federal district courts related to patent law.

7. Under the doctrine of claim differentiation, each claim in a patent is presumed to cover a different aspect of the invention than each of the other claims. This doctrine can be used to help assert a broad claim scope in the case where a claim standing alone might be construed as having either a broad or a narrow interpretation. If a dependent claim is added that depends on a "previous" claim but is specifically drawn to the narrower

ly.<sup>8</sup> The lower court granted a preliminary injunction in part over the use of the term “adjustable”<sup>9</sup> in two independent claims and its absence in a third independent claim, which the lower court interpreted to mean that all ranges of adjustability were covered by the patent.<sup>10</sup> Noting that “(1) claim differentiation takes on relevance in the context of a claim construction that would render additional, or different, language in another independent claim superfluous; and (2) claim differentiation ‘can not broaden claims beyond their correct scope,’” the Federal Circuit vacated the preliminary injunction.<sup>11</sup>

In *Conoco, Inc. v. Energy & Environmental International, L.C. (“EEI”),*<sup>12</sup> the Federal Circuit held that a typical percentage composition range in a solution’s preferred embodiment should not be read to narrow the claim.<sup>13</sup> In a patent relating to gas lines, Conoco used the closed-ended term “consisting of” instead of the more open-ended transition term “comprising” in the claim language, and EEI argued that the closed term did not permit the inclusion of impurities.<sup>14</sup> The court noted that the use of “consisting of” in the claim language did not exclude additional components that were unrelated to the invention, similar to the way that “impurities that a person of ordinary skill in the relevant art would ordinarily associate with a component” do not exclude infringement.<sup>15</sup> Specifically, although impurities were not part of the invention as claimed by Conoco, the court held that the presence of ordinary impurities would not preclude infringement of the patent.<sup>16</sup>

In *Energizer Holdings, Inc. v. International Trade Commission,*<sup>17</sup> the Federal Circuit held that a patent claim that fails to provide a proper antecedent basis to an element may not necessarily be indefinite and invalid.<sup>18</sup> In a case before the International Trade Commission (“ITC”), Energizer alleged that various importers infringed a patent for an electrolytic alkaline battery cell by importing batteries into the United

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interpretation, then the “previous” claim is construed to be different.

8. *Curtiss-Wright*, 438 F.3d at 1380-81.

9. The claim limitation recited “an adjustable dynamic, live loaded seat coupled to said main body.” *Id.* at 1377.

10. *Id.* at 1380.

11. *Id.* at 1381 (quoting *Fantasy Sports Props. v. Sportsline.com*, 278 F.3d 1108, 1115-16 (Fed. Cir. 2002)).

12. 460 F.3d 1349 (Fed. Cir. 2006).

13. *Id.* at 1358.

14. *Id.* at 1359-60.

15. *Id.* at 1360.

16. *Id.* at 1360-61.

17. 435 F.3d 1366 (Fed. Cir. 2006).

18. *Id.* at 1370.

States. The ITC found that the patent was invalid for indefiniteness under 35 U.S.C. § 112, paragraph 2<sup>19</sup> because the patent claims referenced an element ("said zinc anode")<sup>20</sup> that lacked an antecedent basis.<sup>21</sup> In reversing the ITC's finding, the Federal Circuit held that while the claim did not conform to accepted claim drafting practices, the claim was not indefinite as a person of ordinary skill in the art would have understood the scope of the claim.<sup>22</sup>

From these representative cases, the Federal Circuit appears to be relying more on the patent specification to interpret the breadth and scope of the claims. As such, it is becoming even more imperative for the patent practitioner to use care to avoid limiting language when drafting a patent application.

### B. Standing

As federal courts cannot grant advisory opinions under Article III of the U.S. Constitution, an actual case or controversy—standing—must exist to obtain a declaratory judgment.<sup>23</sup> Over the last year, several cases have examined standing for issuing a declaratory judgment in patent cases. Not surprisingly, the Federal Circuit examined cases involving standing.

In *Aspex Eyewear, Inc. v. Miracle Optics, Inc.*,<sup>24</sup> the Federal Circuit held that a patentee retains standing even when the patent has been exclusively licensed for a limited period.<sup>25</sup> Aspex Eyewear appealed a decision dismissing an action against Miracle Optics and Viva Optique on the ground that Aspex lacked standing to sue for infringement of a patent that had been exclusively licensed<sup>26</sup> to Chic Optic for a limited

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19. "The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention." 35 U.S.C. § 112 (2000).

20. *Energizer Holdings*, 435 F.3d at 1368. According to conventional or accepted claim drafting practices, a single element should be introduced with an "a" or "an." In this case, the claim should have included the element as "a zinc anode."

21. *Id.*

22. *Id.* at 1371.

23. U.S. CONST. art. III, § 2, cl. 1.

24. 434 F.3d 1336 (Fed. Cir. 2006).

25. *Id.* at 1342-43.

26. The agreement with Chic conveyed

(1) the exclusive right to make, use, and sell in the United States products covered by the patent, (2) the first right to commence legal action against third parties for infringement of the patent and the right to retain any award of damages from actions initiated by Chic, and (3) a virtually unfettered right to sublicense all of its rights to a third party.

*Id.* at 1338.

period.<sup>27</sup> While an exclusive licensing agreement can be tantamount to an assignment if it substantially conveys all of the rights in a patent (which negates standing),<sup>28</sup> the court held that the limited duration of the license agreement allowed Aspex to retain rights in the patent sufficient to have standing for a patent infringement lawsuit against a party other than the exclusive licensee.<sup>29</sup>

In *Microchip Technology, Inc. v. Chamberlain Group, Inc.*,<sup>30</sup> the Federal Circuit held that Microchip's threats against Chamberlain's customers did not create an actual controversy for seeking a declaratory judgment.<sup>31</sup> Chamberlain had threatened one of Microchip's customers with litigation but subsequently settled the matter before this litigation arose.<sup>32</sup> The court rejected efforts to impute legal threats to one of Microchip's customers as a basis for establishing a claim for Chamberlain, who was otherwise at "patent peace" with the patentee.<sup>33</sup>

### C. Preliminary Injunction

In *eBay, Inc. v. MercExchange, LLC*,<sup>34</sup> the U.S. Supreme Court held that traditional equity principles must be applied in deciding whether to grant permanent injunctive relief in patent infringement cases.<sup>35</sup> In that case, the plaintiff, MercExchange, held a business method patent directed to "establishing a central authority to promote trust among participants" in an electronic marketplace.<sup>36</sup> Half.com, which later became a wholly-owned subsidiary of eBay, infringed on this patent.<sup>37</sup> The Court held that the standard for granting a permanent injunction in a patent infringement case should follow well-established principles of equity in that a plaintiff must demonstrate:

- (1) that it has suffered an irreparable injury;
- (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury;
- (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is

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27. *Id.*

28. *Id.* at 1340.

29. *Id.* at 1341.

30. 441 F.3d 936 (Fed. Cir. 2006).

31. *Id.* at 945.

32. *Id.* at 941.

33. *Id.* at 942-43.

34. 126 S. Ct. 1837 (2006).

35. *Id.* at 1838-39.

36. *Id.* at 1839.

37. *Id.*

warranted; and (4) that the public interest would not be disserved by a permanent injunction.<sup>38</sup>

The Court noted that in the context of copyright infringement, it has “consistently rejected invitations to replace traditional equitable considerations with a rule that an injunction automatically follows a determination that a copyright has been infringed.”<sup>39</sup>

Accordingly, the Supreme Court held that the lower courts, including the Federal Circuit, had erred by imposing additional criteria that cut against having these factors.<sup>40</sup> Specifically in this case, the Federal Circuit had imposed a general rule that a permanent injunction should follow a finding of patent infringement.<sup>41</sup> Furthermore, the Federal Circuit had incorrectly suggested that an inventor’s willingness to license the patented product should weigh against granting a permanent injunction on the inventor’s behalf.<sup>42</sup> Nonetheless, the Court noted that a patent was a grant of the right to exclude.<sup>43</sup> The Court modified the longstanding policy of granting a permanent injunction as a remedy to infringing on those rights; it opined that a permanent injunction should be enforced only to the extent necessary to maintain those rights and is not always necessary when monetary damages are adequate to address the infringement.<sup>44</sup>

In *PHG Technologies, LLC v. St. John Companies*,<sup>45</sup> the Federal Circuit vacated a preliminary injunction where the district court failed to make any “explicit finding” regarding the utility of the invention in a design patent.<sup>46</sup> The district court granted a preliminary injunction against St. John and found that PHG was likely to succeed in proving patent infringement of two design patents covering certain ornamental designs for medical label sheets.<sup>47</sup> St. John initially alleged that the patents at issue were invalid because the invention was functional,<sup>48</sup> but on appeal, St. John challenged only the likelihood of success on the merits factor in the district court analysis because a party seeking a

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38. *Id.* (citations omitted).

39. *Id.* at 1840 (citations omitted).

40. *Id.* at 1841.

41. *Id.*

42. *Id.* at 1840.

43. *Id.*

44. *Id.* at 1841.

45. 469 F.3d 1361 (Fed. Cir. 2006).

46. *Id.* at 1367.

47. *Id.* at 1364.

48. 35 U.S.C. § 171 (2000) requires that a design patent cover only the ornamental aspect of an invention. A design patent covering designs that are functional or have utility are invalid. 35 U.S.C. § 171.

preliminary injunction must show this factor to obtain relief.<sup>49</sup> Although the district court found a “multitude of alternative designs” for PHG’s medical labels, the district court failed to make any findings as to whether these alternative designs were as equally useful as the medical sheets.<sup>50</sup> Without this finding, the Federal Circuit held that a “substantial question of invalidity” existed and vacated the preliminary injunction.<sup>51</sup>

#### D. Invalidation

Patent invalidity is a powerful counterclaim or defense to patent infringement. A patent may be invalid for numerous technical and substantive reasons. In three instructive cases in 2006, the Federal Circuit addressed several of these reasons, including the scope of correction available for reissued patents, indefiniteness<sup>52</sup> of a claim containing informalities, and issues related to patentability.

In *Medrad, Inc. v. Tyco Healthcare Group LP*,<sup>53</sup> the Federal Circuit held that 35 U.S.C. § 251<sup>54</sup> should be construed liberally to allow a patentee to correct any error that would result in invalid claims or an invalid patent.<sup>55</sup> During prosecution, the patentee failed to file supplemental declarations<sup>56</sup> with regard to a prior reissue patent,

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49. *PHG Technologies*, 469 F.3d at 1364-65.

50. *Id.* at 1367.

51. *Id.*

52. A claim that is indefinite under 35 U.S.C. § 112 is invalid.

53. 466 F.3d 1047 (2006).

54. 35 U.S.C. § 251 (2000 & Supp. III 2003) reads as follows:

Whenever any patent is, through error without any deceptive intention, deemed wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Director shall, on the surrender of such patent and the payment of the fee required by law, reissue the patent for the invention disclosed in the original patent, and in accordance with a new and amended application, for the unexpired part of the term of the original patent. No new matter shall be introduced into the application for reissue.

55. *Medrad*, 466 F.3d at 1051.

56. The patent reissue regulations, 37 C.F.R. §§ 1.171-1.179, require an applicant to file an oath or declaration with an application for reissue. The declaration must state that:

- (1) [t]he applicant believes the original patent to be wholly or partly inoperative or invalid by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than the patentee had the right to claim in the patent, stating at least one error being relied upon as the basis for reissue; and
- (2) All errors being corrected in the reissue application up to the time of filing of the oath or declaration under [37 C.F.R. § 1.175(a)] arose without any deceptive intention on the part of the applicant.



which corrected overclaiming and inventorship errors, and the assignee later procured a subsequent reissue patent to remedy the patentee's failure to file the declarations.<sup>57</sup> As these errors are procedural errors rather than relating to the scope of the claims, the lower court found that these corrections did not fall within the guidelines of § 251 and held that the patent was invalid.<sup>58</sup> In reversing the decision, the Federal Circuit interpreted the language of § 251 as expressly including procedural errors as well as substantive errors.<sup>59</sup> The court noted that the statute was remedial in nature, based on fundamental principles of equity and fairness, and should be construed liberally.<sup>60</sup> By correcting overclaiming and inventorship errors in the prior reissue patent without the required supplemental declarations, the patent applicant was not claiming more than it was entitled to claim and the reissue was valid under § 251.<sup>61</sup>

In *Abbott Laboratories & Central Glass Co. v. Baxter Pharmaceutical Products, Inc.*,<sup>62</sup> the Federal Circuit held that a claim directed to newly discovered properties of the prior art is not patentable.<sup>63</sup> In response to health problems associated with Lewis acid developing in patients taking Abbott's inhalation anesthetic sevoflurane, Abbott recognized that mixing water with the anesthetic would stabilize the product and deactivate the Lewis acids, and Abbott eventually patented this modified product.<sup>64</sup> While acknowledging that this property was not known, the Federal Circuit noted that cases have consistently held that a prior reference anticipates an invention even when the relevant properties of the thing disclosed were not appreciated at the time.<sup>65</sup> Because the prior art disclosed that water could be combined with sevoflurane, Abbott's patent was invalid.<sup>66</sup>

In *Bruckelmyer v. Ground Heaters, Inc.*,<sup>67</sup> the Federal Circuit held that cancelled drawings not published with the priority Canadian patent application on which the U.S. patent application at issue was based

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37 C.F.R. § 1.175(b)(1) (2006). A failure to submit a supplemental declaration, if required, renders a reissue patent invalid. *Id.*

57. *Medrad*, 466 F.3d at 1049.

58. *Id.* at 1050.

59. *Id.* at 1051.

60. *Id.*

61. *Id.* at 1053.

62. 471 F.3d 1363 (Fed. Cir. 2006).

63. *Id.* at 1368.

64. *Id.* at 1365.

65. *Id.* at 1367.

66. *Id.* at 1369.

67. 445 F.3d 1374 (Fed. Cir. 2006).

nonetheless satisfied the statutory bar of 35 U.S.C. § 102(b)<sup>68</sup> as a printed publication and invalidated the patent-in-suit.<sup>69</sup> In this case, the relevant drawings were merely included in the file wrapper.<sup>70</sup> In holding that the file wrapper was a printed publication, the court noted that a person of ordinary skill in the art interested in the subject matter of the patents-in-suit and exercising reasonable diligence would have been able to locate the Canadian patent application.<sup>71</sup> As such, this file wrapper was publicly accessible, and the published portion served as a “roadmap” leading to the relevant drawings.<sup>72</sup>

In *SmithKline Beecham Corp. v. Apotex Corp.*,<sup>73</sup> the Federal Circuit held that a product-by-process claim<sup>74</sup> is invalid when the product is in the public domain even if the process through which the product is made is allegedly novel.<sup>75</sup> SmithKline had identified and patented a new means of making a known pharmaceutical drug paroxetine, better known under the trade name PAXIL®.<sup>76</sup> In affirming the lower court’s invalidation of the patent, the court noted that “once a product is fully disclosed in the art, future claims to that same product are precluded.”<sup>77</sup>

#### *E. Inequitable Conduct*

A party asserting that a patent is unenforceable due to inequitable conduct for failure to submit information to the USPTO must prove “materiality” and “intent” by clear and convincing evidence. Once threshold findings of the materiality of the information relative to the invention and the intent of the applicant (and the lawyer) are established, a court must weigh the two elements to determine whether the equities warrant a conclusion of inequitable conduct.

In *Ferring B.V. v. Barr Laboratories, Inc.*,<sup>78</sup> the Federal Circuit held that the materiality and intent requirements of inequitable conduct were

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68. 35 U.S.C. § 102(b) (2000).

69. *Bruckelmyer*, 445 F.3d at 1378.

70. *Id.* at 1376.

71. *Id.* at 1378, 1379.

72. *Id.* at 1379. *But see id.* at 1380 (arguing that the patent as published did not contain such a suggestion) (Linn, J., dissenting).

73. 439 F.3d 1312 (Fed. Cir. 2006).

74. A product-by-process claim is a claim to a product made by or through a particular series of steps. These claims are generally useful for claiming compounds that are new and difficult to otherwise define.

75. *SmithKline*, 439 F.3d at 1319.

76. *Id.* at 1314.

77. *Id.* at 1315.

78. 437 F.3d 1181 (Fed. Cir. 2006).

sufficiently satisfied to deny patent rights to the patentee.<sup>79</sup> The patent applicant submitted five declarations to the USPTO in an attempt to obtain the patent-in-suit but failed to inform the USPTO that four of the declarants received some funding or were employed by the inventor.<sup>80</sup> Although the court found this information to be material because it would affect the credibility given to it by the examiner,<sup>81</sup> no allegation was made that the information was incorrect or inaccurate.<sup>82</sup> However, the court held that deceptive intent could be inferred from the circumstances and concluded the conduct was inequitable.<sup>83</sup>

In *Digital Control, Inc. v. Charles Machine Works*,<sup>84</sup> the Federal Circuit reiterated that materiality in an inequitable conduct determination requires a showing that “a reasonable examiner would have considered such prior art important in deciding whether to allow the parent application.”<sup>85</sup> The inventor, who sought a patent for his horizontal directional drilling process, had failed to disclose prior art that he had disclosed in an unrelated patent application.<sup>86</sup> In reversing the lower court’s finding of inequitable conduct that would have rendered the patent unenforceable, the panel concluded that although no material issues of fact existed as to whether misstatements had been made in declarations to the USPTO in an attempt to obtain a patent, a genuine issue remained as to whether the inventor’s failure to disclose the prior art was material.<sup>87</sup>

In *Purdue Pharma LP v. Endo Pharmaceuticals Inc.*,<sup>88</sup> the Federal Circuit vacated a finding of inequitable conduct by the patentee and remanded the case for reconsideration.<sup>89</sup> The patentee held a patent in the painkiller oxycodone.<sup>90</sup> In obtaining this patent, the patentee alleged that it had “surprisingly discovered” that the drug worked in narrower ranges than previous similar opioid drugs.<sup>91</sup> The court held that although an applicant does not need to state whether a surprising

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79. *Id.* at 1194.

80. *Id.* at 1185.

81. *Id.* at 1187.

82. *Id.* at 1199 (Newman, J., dissenting).

83. *Id.* at 1194 (majority opinion).

84. 437 F.3d 1309 (Fed. Cir. 2006).

85. *Id.* at 1314.

86. *Id.* at 1313. The court also noted that “what a reference teaches is a question of fact.” *Id.* at 1317.

87. *Id.* at 1319.

88. 438 F.3d 1123 (Fed. Cir. 2006).

89. *Id.* at 1135.

90. *Id.* at 1125.

91. *Id.* at 1127.

discovery is based on insight or experimental data, in this case the applicant's implying that the discovery was based on experimental data to obtain a patent made it material, though weakly so.<sup>92</sup> Nonetheless, the Federal Circuit held that the lower court had erred when it based its finding of intent on internal memoranda in which the patentee's employees expressed concern that obtaining a patent would be difficult.<sup>93</sup> The court also held that the level of intent must be considered in light of the level of materiality.<sup>94</sup>

In *Agfa Corp. v. Creo Products, Inc.*,<sup>95</sup> the Federal Circuit held that no jury trial right exists for claims of inequitable conduct.<sup>96</sup> Before a jury sat to consider the main infringement issues of the case, the lower court conducted a bench trial on the issue of inequitable conduct and found the patent-in-suit unenforceable.<sup>97</sup> The Federal Circuit held that the Seventh Amendment does not extend to issues of inequitable conduct or patent enforceability.<sup>98</sup>

#### F. Procedures

Aside from substantive issues of patent law, in 2006 the Federal Circuit also resolved several procedural issues that directly affect patent enforcement. Often, the Federal Circuit decides patent cases that bind the district courts throughout the country on procedural issues.

In *Thompson v. Microsoft Corp.*,<sup>99</sup> the Federal Circuit held that the federal courts do not have subject matter jurisdiction to hear claims of unjust enrichment for stealing ideas.<sup>100</sup> Thompson, a computer programmer, sued Microsoft for unjust enrichment under Michigan law alleging that Microsoft had stolen his idea and patented it. Thompson further asserted that his unjust enrichment claim involved a substantial question of patent law and therefore could be heard in federal court.<sup>101</sup> The district court granted Microsoft's motion for summary judgment, finding that Thompson's state unjust enrichment claim was preempted by federal patent law.<sup>102</sup> The Federal Circuit dismissed the case for lack of jurisdiction, reasoning that it did not arise under federal patent

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92. *Id.* at 1133.

93. *Id.* at 1134.

94. *Id.*

95. 451 F.3d 1366 (Fed. Cir. 2006).

96. *Id.* at 1375.

97. *Id.* at 1369.

98. *Id.* at 1375.

99. 471 F.3d 1288 (Fed. Cir. 2006).

100. *Id.* at 1292.

101. *Id.* at 1289-90.

102. *Id.* at 1291.

laws as required by *Christianson & Holmes v. Vornado*<sup>103</sup> and that the right to relief did not depend on resolution of a substantial question of federal patent law.<sup>104</sup> The court noted that Thompson could have pursued a claim of misappropriation without involving elements of patent law.<sup>105</sup>

In *Aero Products International, Inc. v. Intex Recreation Corp.*,<sup>106</sup> the Federal Circuit reversed an award of damages for both patent infringement and trademark infringement because such an award constituted an impermissible double recovery.<sup>107</sup> After a jury found that Intex was infringing both the patent and the trademark used in connection with the patented device, the jury awarded both patent damages, including willful damages, and trademark damages.<sup>108</sup> The court noted that "even though damages are claimed based upon separate statutes or causes of action, when the claims arise out of the same set of operative facts, as is the case here, there may be only one recovery."<sup>109</sup>

### G. Sovereign Immunity

The U.S. Supreme Court has held that the Eleventh Amendment grants states sovereign immunity that immunizes them from suit in federal court without their consent.<sup>110</sup> This immunity also applies to patent infringement suits.<sup>111</sup>

In *Tegic Communications Corp. v. Board of Regents of University of Texas System*,<sup>112</sup> the Federal Circuit held that the Eleventh Amendment protected the University of Texas System (the "University") from a lawsuit seeking a declaratory judgment that the University's patent was invalid.<sup>113</sup> The University, as an arm of the State of Texas, fell within the Eleventh Amendment's sovereign immunity protection.<sup>114</sup> The University had sued thirty-nine customers of Tegic's software system for patent infringement.<sup>115</sup> Although the University had conceivably waived its immunity as to counterclaims filed by the

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103. 486 U.S. 800 (1988).

104. *Thompson*, 471 F.3d at 1292.

105. *Id.* at 1291.

106. 466 F.3d 1000 (Fed. Cir. 2006).

107. *Id.* at 1020.

108. *Id.* at 1008-09.

109. *Id.* at 1020.

110. *See Hans v. Louisiana*, 134 U.S. 1, 10 (1890).

111. *See id.* at 11.

112. 458 F.3d 1335 (Fed. Cir. 2006).

113. *Id.* at 1344-45.

114. *Id.* at 1340.

115. *Id.* at 1337.

University, it had not waived immunity as to “a new action, by a new party, in a new forum.”<sup>116</sup> The court noted that Tegic could intervene in the pending action filed by the University to preserve Tegic’s rights.<sup>117</sup>

In *Intel Corp. v. Commonwealth Scientific & Industrial Research Organisation*,<sup>118</sup> the Federal Circuit upheld the denial of sovereign immunity to Australia’s national science agency because its conduct fell within the commercial activities exception to the Foreign Sovereign Immunities Act (“FSIA”).<sup>119</sup> The Australian science agency had attempted to negotiate patent licenses with major U.S. companies, but when those negotiations broke down, the U.S. companies moved for declaratory judgment as to noninfringement and invalidity.<sup>120</sup> The FSIA contained an exception that permitted suits against foreign governments engaged in commercial activities.<sup>121</sup> Although the Australian science agency argued that the negotiations were not commercial activities because no contracts were formed, this argument did not persuade the court.<sup>122</sup> The court concluded that the suit was based on the Australian science agency’s obtaining and subsequently asserting U.S. patent rights.<sup>123</sup>

#### H. Patent and Antitrust

In *Illinois Tool Works Inc. v. Independent Ink, Inc.*,<sup>124</sup> the U.S. Supreme Court held that possession of a patent used in a tying agreement between the patented product and an unpatented product is not per se illegal.<sup>125</sup> Illinois Tool Works, Inc., (“ITW”) was sued by an ink manufacturer on the allegation that ITW engaged in an illegal tying and monopolization violation under the Sherman Act<sup>126</sup> by licensing its patented printheads only when used in combination with ink and ink supply systems supplied by its subsidiary Trident.<sup>127</sup> Following a “long history” of U.S. Supreme Court precedents (and noting that maybe the law should be changed), the Federal Circuit held that a patent presump-

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116. *Id.* at 1342.

117. *Id.* at 1344.

118. 455 F.3d 1364 (Fed. Cir. 2006).

119. *Id.* at 1371; 28 U.S.C. §§ 1602-1611 (2000).

120. *Intel Corp.*, 455 F.3d at 1366, 1367.

121. *Id.* at 1369 (quoting 28 U.S.C. § 1605(a)(2) (2000)).

122. *Id.* at 1369-70.

123. *Id.* at 1371.

124. 547 U.S. 28 (2006).

125. *Id.* at 41.

126. 15 U.S.C. §§ 1-7 (2000 & Supp. IV 2004).

127. *Ill. Tool Works*, 547 U.S. at 32-33.

tively defined the relevant market as the nationwide market for the patented product itself, that is, the print heads, and created a presumption of market power within this market.<sup>128</sup>

In reversing the long history of precedents, the U.S. Supreme Court recognized the reality that tying patents to nonpatented items can be fully consistent with a free, competitive market.<sup>129</sup> The mere possession of a patent will not prove the presumption of market power.<sup>130</sup> Instead, an opposing party must demonstrate power in the relevant market.<sup>131</sup> Accordingly, the U.S. Supreme Court rejected arguments that the patentee's licensing requirements did not run afoul of antitrust laws.<sup>132</sup>

### I. *Design Patent*

A design patent is a patent granted on the ornamental design of a functional item. Examples of ornamental designs protectable by design patents include athletic shoe uppers, computer cases, jewelry, furniture, and beverage containers. Defining the ornamental design can be a difficult task.

In *Lawman Armor Corp. v. Winner International, LLC*,<sup>133</sup> the Federal Circuit rejected a patent licensee's attempt to redefine part of the test for infringement of a design patent.<sup>134</sup> The license pertained to a design patent for an "ornamental design for a sliding hook portion of a vehicle steering wheel lock assembly" that includes multiple known elements.<sup>135</sup> The district court held that infringement could not be shown because each of the alleged elements of the design was disclosed in the prior art.<sup>136</sup>

In affirming the district court, the Federal Circuit restated that two separate tests must be proven to establish infringement of a design patent: (a) the "ordinary observer" test and (b) the "point of novelty" test.<sup>137</sup> Of these tests, the patentee attempted to redefine the "point of novelty" test, which considers "whether the accused device . . . appropriates the novelty in the patented device which distinguishes it

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128. *Indep. Ink, Inc. v. Ill. Tool Works Inc.*, 396 F.3d 1342, 1348-49 (Fed. Cir. 2005).

129. *Ill. Tool Works*, 547 U.S. at 41.

130. *Id.* at 39.

131. *Id.* at 39-40.

132. *Id.* at 41.

133. 437 F.3d 1383 (Fed. Cir. 2006).

134. *Id.* at 1385-86.

135. *Id.* at 1384.

136. *Id.*

137. *Id.*

from the prior art."<sup>138</sup> The licensee did so by claiming that the court should collectively consider the eight points of alleged novelty.<sup>139</sup> The court held that such an approach would have permitted patent rights to a device that offered no new novelty over the prior art.<sup>140</sup>

### *J. Miscellaneous*

In *LG Electronics, Inc. v. Bizcom Electronics, Inc.*,<sup>141</sup> the Federal Circuit concluded that patent exhaustion<sup>142</sup> did not occur with respect to a patentee's claims.<sup>143</sup> LG sued several of Intel Corporation's<sup>144</sup> customers, including Bizcom, for infringing its patents for a certain chipset by combining the chipset with non-Intel products.<sup>145</sup> The Federal Circuit found that patent exhaustion was not triggered because LG set express conditions in the license that required its customers not to combine the products in a manner that would infringe Intel's rights.<sup>146</sup> Further, the court noted that method patents could not be exhausted in the same manner as device patents because the "sale of a device does not exhaust a patentee's rights in its method claims."<sup>147</sup>

In *Abraxis Bioscience, Inc. v. Mayne Pharma (USA), Inc.*,<sup>148</sup> the Federal Circuit held that Mayne infringed Abraxis's patent on Abraxis's anesthetic formulation patent covering DIPRIVAN® by substituting calcium trisodium DTPA ("DTPA") for EDTA ("edetate").<sup>149</sup> Interestingly, Abraxis received a patent on this substitution but did not assert the patent against Mayne.<sup>150</sup> In affirming that DTPA was equivalent

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138. *Id.* at 1384-85 (quoting *Litton Sys., Inc. v. Whirlpool Corp.*, 728 F.2d 1423, 1444 (Fed. Cir. 1984)).

139. *Id.* at 1385.

140. *Id.* at 1386.

141. 453 F.3d 1364 (Fed. Cir. 2006).

142. The patent exhaustion doctrine, or "first sale doctrine," is an affirmative defense under which the unrestricted sale of a patented product, by or with the patentee's authority, exhausts the patentee's right to control further sale and use of that product by asserting the patent. The main theory of the doctrine is that the patent right is exhausted when the patentee is rewarded for disclosing the invention in the market by selling the patented product and should not be allowed to reap profit twice from the same product. *Id.* at 1369-70.

143. *Id.* at 1370.

144. Intel, Inc. was not a defendant as Intel was a licensee.

145. *LG Electronics*, 453 F.3d at 1368.

146. *Id.* at 1370.

147. *Id.*

148. 467 F.3d 1370 (Fed. Cir. 2006).

149. *Id.* at 1382.

150. *Id.* at 1373.



(under the doctrine of equivalents)<sup>151</sup> to edetate, the Federal Circuit concluded that DTPA performed substantially the same function in substantially the same way to achieve the same results as edetate.<sup>152</sup> In concluding that DTPA was unforeseeable as an equivalent in the product at the time of patenting, the court appeared persuaded by the fact that Abraxis received a subsequent patent on the alleged equivalent.<sup>153</sup> In rejecting Mayne's position that known interchangeability bars a finding of equivalence, the court noted that known equivalence is only one factor in the doctrine of equivalent analysis.<sup>154</sup>

In *Applied Medical Resources Corp. v. U.S. Surgical Corp.*,<sup>155</sup> the Federal Circuit reversed summary judgment because of a misapplication of the doctrine of equivalents related to an invention for providing "a channel through the abdominal cavity through which instruments can be inserted during laparoscopic surgery."<sup>156</sup> The court noted that the "the inquiry should be restricted to the way in which the structure performs the properly-defined function and should not be influenced by the manner in which the structure performs other, extraneous functions."<sup>157</sup>

In *Go Medical Industries Pty., Ltd. v. Inmed Corp.*,<sup>158</sup> the Federal Circuit rejected a licensee's attempt to terminate prematurely its obligations in a patent licensing agreement pertaining to a catheter invention.<sup>159</sup> The parties had agreed that the licensing agreement would terminate once the licensed patent was no longer enforceable. After a third party, C.R. Bard, won a district court judgment that the patent was invalid, Medical Marketing Group, Inc. ("MMG"), the licensee, stopped paying royalties and began placing the royalties in escrow. After the third party's case was reversed on appeal, Go sued MMG and Rusch—to whom MMG had sold its asset—for infringement, and the patent was found invalid in that lawsuit. Invoking the *Lear* doctrine,<sup>160</sup> MMG subsequently demanded the escrowed monies back

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151. The doctrine of equivalents is a legal doctrine that allows a court to hold a party liable for patent infringement when the infringing device or process does not fall within the literal scope of a patent claim but is equivalent to the invention as claimed. *Id.* at 1379.

152. *Id.* at 1382.

153. *Id.*

154. *Id.*

155. 448 F.3d 1324 (Fed. Cir. 2006).

156. *Id.* at 1327.

157. *Id.* at 1334.

158. 471 F.3d 1264 (Fed. Cir. 2006).

159. *Id.* at 1267, 1273.

160. In *Lear, Inc. v. Adkins*, the Supreme Court held that a licensee was not estopped from challenging the validity of the licensor's patent. 395 U.S. 653, 671 (1969). For

from Go, as its position was that it paid royalties on an invalid patent from the time of the finding of invalidity in the third-party litigation.<sup>161</sup> The Federal Circuit disagreed and held (1) that the previous litigation did not affect the contractual relationship between MMG and Go and (2) that the *Lear* doctrine did not protect MMG from liability for royalties up until MMG stopped paying royalties and gave notice to Go.<sup>162</sup>

In *On Demand Machine Corp. v. Ingram Industries, Inc.*,<sup>163</sup> the Federal Circuit rejected a claim of joint infringement by On Demand Machine Corporation (“ODMC”) against Amazon.com and two other defendants.<sup>164</sup> ODMC held a patent in which a customer could browse through a book’s pages at a computer kiosk. If the customer purchased the book, it then would be printed, preferably on the same physical premises as the kiosk. ODMC alleged that a customer could purchase a book through Amazon.com and that Amazon.com would then request that another defendant print the book.<sup>165</sup> Although the court concluded that this action by two separate entities in tandem could constitute joint infringement, the court rejected this argument because accessing Amazon.com did not involve a kiosk as required in the patent’s claims.<sup>166</sup>

### III. TRADEMARK CASES

Federal case law controlling Georgia trademark law essentially comes from the U.S. Supreme Court, the Eleventh Circuit Court of Appeals, and the federal district courts in Georgia. In the 2006 time period, three interesting cases in the field of trademark law were decided by the Eleventh Circuit and the district courts in Georgia.

In *Bavaro Palace, S.A. v. Vacation Tours, Inc.*,<sup>167</sup> the Eleventh Circuit rejected hotel-owner Bavaro Palace’s claim for trademark infringement and anticybersquatting violations against wholesale and

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various policy reasons, a licensee may cease payments due under a license, that is, contractual royalty provisions will not be enforced during the time the licensee is challenging patent validity in the courts. *Id.* at 673. The Federal Circuit has since clarified that the *Lear* doctrine does not prevent a patentee from recovering royalties until the date the licensee first challenges the validity of the patent. *Studiengesellschaft Kohle, M.B.H. v. Shell Oil Co.*, 112 F.3d 1561, 1568 (Fed. Cir. 1997).

161. *Go Medical Indus.*, 471 F.3d at 1269-70.

162. *Id.* at 1273.

163. 442 F.3d 1331 (Fed. Cir. 2006).

164. *Id.* at 1345.

165. *Id.* at 1344.

166. *Id.* at 1345.

167. 203 F. App’x 252 (11th Cir. 2006).

retail travel agency Vacation Tours.<sup>168</sup> During a promotional period, Vacation Tours was an authorized promoter of Bavaro Palace. After the authorized period, Vacation Tours continued to advertise listings and schedule reservations at Bavaro Palace and maintained the domain name "http://bavaropalace.com" to advertise the Barceló Bavaro Palace and competing hotels on Bavaro Beach.<sup>169</sup> Bavaro Palace demanded that Vacation Tours cease placing advertisements and using the domain name because those uses violated its common law rights in the mark "BAVARO PALACE".<sup>170</sup> The district court held and the Eleventh Circuit affirmed that the mark BAVARO PALACE was merely descriptive of a place and had not acquired secondary meaning.<sup>171</sup> Accordingly, Bavaro Palace had no enforceable trademark rights under either the Lanham Act<sup>172</sup> or the Anticybersquatting Consumer Protection Act.<sup>173</sup>

In *KEG Technologies, Inc. v. Laimer*,<sup>174</sup> the district court granted damages for the Lanham Act violation of using the likeness of KEG's product without authorization in a product catalog.<sup>175</sup> Although KEG had been granted default judgment, the court determined that this status did not mandate awarding actual damages against Laimer.<sup>176</sup> The court limited the award of damages to Laimer's profits arising out of sales from the particular product catalog rather than Laimer's entire profits since the founding of their competing enterprise.<sup>177</sup> Furthermore, the court rejected awarding treble damages because KEG had not shown willful infringement.<sup>178</sup> The court enjoined Laimer from further use of the likeness of KEG's products.<sup>179</sup>

In *Phoenix of Broward, Inc. v. McDonald's Corp.*,<sup>180</sup> the district court denied Burger King franchisees the ability to bring claims of false advertising based on an alleged fraud in McDonald's Monopoly game

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168. *Id.* at 255-56. The case also discusses issues of Florida trademark law, which this survey will not address.

169. *Id.* at 254.

170. *Id.* at 254-55.

171. *Id.* at 255-56.

172. 15 U.S.C. § 1125(a) (2000 & Supp. III 2003).

173. Pub. L. No. 106-113, 113 Stat. 1536 (1999) (codified as amended in scattered sections of 15, 16, and 28 U.S.C.); *Bavaro Palace*, 203 F. App'x at 256.

174. 436 F. Supp. 2d 1364 (N.D. Ga. 2006).

175. *Id.* at 1375.

176. *Id.* at 1373.

177. *Id.*

178. *Id.* at 1374.

179. *Id.* at 1374-75.

180. 441 F. Supp. 2d 1241 (N.D. Ga. 2006).

promotion.<sup>181</sup> The court adopted a multi-factor test employed by the Third and Fifth Circuits to determine whether the franchisees had prudential standing to bring a Lanham Act false advertising claim.<sup>182</sup> The court rejected the harder rule of the Seventh, Ninth, and Tenth Circuits.<sup>183</sup> The multi-factor test, taken from *Conte Bros. Automotive v. Quaker State-Slick, Inc.*,<sup>184</sup> considered the following factors: "(1) the nature of the plaintiff's alleged injury, (2) the directness or indirectness of the asserted injury, (3) the proximity or remoteness of the party to the alleged injurious conduct, (4) the speculativeness of the damages claim, and (5) the risk of duplicative damages or complexity in apportioning damages."<sup>185</sup> The court thus concluded that the franchisees lacked prudential standing under this fact pattern.<sup>186</sup> Presumably, the Burger King corporate entity would have the standing to bring such an action.<sup>187</sup>

In *International Stamp Art, Inc. v. U.S. Postal Service*,<sup>188</sup> the Eleventh Circuit held that the standard for good faith for fair use of another's trademark is the same as the legal standard for good faith in any other trademark infringement context, namely, "whether the alleged infringer intended to trade on the good will of the trademark owner by creating confusion as to the source of the goods or services."<sup>189</sup> International Stamp Art had obtained a nonexclusive license to reproduce U.S. Postal Service stamps as artwork while the U.S. Postal Service maintained a copyright in the images. International Stamp Art took this one step further and reproduced these stamp art works with perforated edges like a stamp. International Stamp Art then obtained a trademark registration on this perforated edge styling. When the U.S. Postal Service launched a similar art service complete with perforated edges, International Stamp Art claimed that the perforated edge infringed its trademark. The parties agreed that International Stamp Art's mark was incontestable.<sup>190</sup>

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181. *Id.* at 1252. Claims for patent infringement, among others, were also brought, but they are not discussed herein.

182. *Id.* at 1249.

183. *Id.*

184. 165 F.3d 221 (3d Cir. 1998).

185. *Phoenix of Broward, Inc.*, 441 F. Supp. 2d at 1249 (quoting *Conte Bros.*, 165 F.3d at 233-35).

186. *Id.* at 1252.

187. *Id.*

188. 456 F.3d 1270 (11th Cir. 2006).

189. *Id.* at 1274, 1275.

190. *Id.* at 1271-74.

Accordingly, the court focused on whether the U.S. Postal Service was making a fair use of the mark.<sup>191</sup> In applying the good faith standard, the court did not find any evidence that the U.S. Postal Service was attempting to trade on International Stamp Art's good will.<sup>192</sup> Moreover, the court concluded that the U.S. Postal Service used the perforated edges other than as a mark and used the perforated edges descriptively.<sup>193</sup> Accordingly, the U.S. Postal Service had a valid fair use defense.<sup>194</sup>

In *Angel Flight of Georgia, Inc. v. Angel Flight Southeast, Inc.*,<sup>195</sup> the district court rejected the defendant's motion for summary judgment on two issues.<sup>196</sup> Both parties had used the mark "ANGEL FLIGHT" in connection with their separate services of free air transportation to and from hospitals for needy persons.<sup>197</sup> The plaintiff operated in Georgia; the defendant operated in Florida but eventually began operations in Georgia as well. The plaintiff cited instances of confusion between the parties in filing its suit.<sup>198</sup> The court concluded that the plaintiff's claims were not barred by the doctrine of laches because the plaintiff had brought its claims within the window from which they ripened.<sup>199</sup> The court further held that even if the claims could be barred by the doctrine of laches, the court could still intervene to prevent consumer confusion.<sup>200</sup> Factual questions remained on this issue and a remaining false advertising claim that could not be resolved through motions for summary judgment.<sup>201</sup>

The Georgia Supreme Court issued an interesting holding on the inability to compel state enforcement of a trademark-related law. In *Bland Farms, LLC v. Georgia Department of Agriculture*,<sup>202</sup> the Georgia Supreme Court upheld the dismissal of an action seeking to compel state enforcement of the Vidalia Onion Act of 1986.<sup>203</sup> Growers and sellers of Vidalia onions had asserted that the Georgia Department

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191. *Id.* at 1274.

192. *Id.* at 1275.

193. *Id.* at 1276.

194. *Id.* at 1277.

195. 424 F. Supp. 2d 1366 (N.D. Ga. 2006).

196. *Id.* at 1371.

197. *Id.* at 1368.

198. *Id.* at 1369.

199. *Id.* at 1370-71.

200. *Id.* at 1371.

201. *Id.*

202. 281 Ga. 192, 637 S.E.2d 37 (2006).

203. *Id.* at 192, 195, 637 S.E.2d at 39, 41; O.C.G.A. §§ 2-14-130 to -138 (2000 & Supp. 2006).

of Agriculture and Commissioner of Agriculture should stop some Vidalia onion producers from adding "Certified Sweet"<sup>204</sup> trademarks to their Vidalia onion labels and advertisements.<sup>205</sup> These trademarks were licensed by National Onions Labs and were based on a testing system called "Sweetometer."<sup>206</sup> The court held that the growers and sellers could not bring an action to force the Commissioner to conclude that a violation had occurred, in part, because the agency had discretion to allocate its enforcement resources and the agency therefore had the discretion not to allocate resources to enforcing the "Certified Sweet" trademarks in this case.<sup>207</sup>

#### IV. COPYRIGHT

Copyright law is exclusively federal law. The Eleventh Circuit and the federal district courts in Georgia had a particularly active docket of cases involving copyright issues in 2006.

In *Thompson v. Looney's Tavern Productions, Inc.*,<sup>208</sup> the Eleventh Circuit upheld the lower court's grant of summary judgment to Looney's Tavern for claims arising out of an author's historically based play.<sup>209</sup> The author, Thompson, wrote several historically set works, including "Tories of the Hills," "Free State of Winston," and "So Turns the Tide."<sup>210</sup> The author claimed that Looney's Tavern had infringed on her works through (1) scripts and performances in 1996 through 1999 of the play "Looney's Tavern: the Aftermath and the Legacy"; (2) scripts and performances in 2000 through 2002 of the play "The Incident at Looney's Tavern"; and (3) the "Freedom Run" screenplay.<sup>211</sup>

As to the author's first claim, the district court dismissed the claims for infringing performances in 1996 and 1997 as barred by the statute of limitations, and the dismissal was not raised on appeal.<sup>212</sup> The Eleventh Circuit affirmed the grant of summary judgment, concluding that the 1998 and 1999 plays were not infringing for two reasons.<sup>213</sup> First, the court concluded that estoppel could form a basis for granting summary judgment to Looney's Tavern when the author had known of

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204. *Bland Farms*, 281 Ga. at 192, 637 S.E.2d at 39.

205. *Id.*

206. *Id.*

207. *Id.* at 194-95, 637 S.E.2d at 40.

208. 204 F. App'x 844 (11th Cir. 2006).

209. *Id.* at 850.

210. *Id.*

211. *Id.*

212. *Id.*

213. *Id.* at 850-51.

the infringement since 1996 and the author's counsel had informed Looney's Tavern that its work was not infringing.<sup>214</sup> Second, a coauthor, without approval of the plaintiff author, granted Looney's Tavern a license to use the work.<sup>215</sup> This license was sufficient to protect Looney's Tavern.<sup>216</sup>

The court similarly upheld summary judgment in favor of Looney's Tavern on the second claim.<sup>217</sup> The 2000 to 2002 plays relied heavily on material from another play that Looney's Tavern was licensed to use.<sup>218</sup> Furthermore, the court could find only one sentence of the 2000 work that could arguably be infringing.<sup>219</sup>

The court noted the lesser copyright protection for certain aspects of the author's work when it discussed the third claim.<sup>220</sup> In particular, the court followed precedent and held that historical facts are not entitled to copyright protection.<sup>221</sup> Moreover, the court noted that the stories relayed in the infringed work were different between the author's copyrighted works and Looney's Tavern's screenplay.<sup>222</sup>

In *Almeida v. Amazon.com, Inc.*,<sup>223</sup> the Eleventh Circuit declined to uphold a district court's interpretation of the Communications Decency Act<sup>224</sup> ("CDA") as preempting certain common law claims of Thais Almeida against Amazon.com.<sup>225</sup> Almeida had been photographed as a child with the permission of her mother, and this photograph subsequently appeared on a book cover for a book sold on Amazon.com.<sup>226</sup> Almeida brought two claims under Florida statutory law for right of publicity and civil theft violations and a third claim under Florida common law for invasion of privacy.<sup>227</sup> The CDA contains a provision that shields an "interactive computer service" from liability as a publisher or speaker when it acts in good faith.<sup>228</sup> Although the court ultimately dismissed the claim, it did so because Amazon.com could not

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214. *Id.* at 850.

215. *Id.*

216. *Id.* at 851.

217. *Id.*

218. *Id.*

219. *Id.*

220. *Id.* at 852-53.

221. *Id.* at 853.

222. *Id.* at 853-54.

223. 456 F.3d 1316 (11th Cir. 2006).

224. 47 U.S.C. § 230 (2000).

225. *Almeida*, 456 F.3d at 1318.

226. *Id.* at 1318-19.

227. *Id.* at 1319.

228. *Id.* at 1321 (quoting 47 U.S.C. § 230(c)).

have been held liable under Florida law as a publisher regardless of the CDA.<sup>229</sup>

In *Watkins v. Southeastern Newspapers, Inc.*,<sup>230</sup> an Eleventh Circuit panel held that a letter from the U.S. Copyright Office was admissible under Federal Rule of Evidence 803(8)(c) to show whether a work was registered.<sup>231</sup> The author, John Watkins, brought suit against *The Augusta Chronicle* for publishing a photograph of Dr. Martin Luther King, Jr. from Watkins's book *King's Last Visit to Augusta* (Dr. King was *persona non grata*).<sup>232</sup> The court noted that the letter fell under the public reports and records exception to the hearsay rule because it was a report of a public office or agency, its findings resulted from an authorized search of copyright registration records, and the letter did not present any contracting information.<sup>233</sup> Because the letter showed that Watkins did not have a registered copyright, summary judgment was granted in favor of *The Augusta Chronicle* in Watkins's claim for copyright infringement damages.<sup>234</sup>

In *CBS Broadcasting, Inc. v. EchoStar Communications Corp.*,<sup>235</sup> the Eleventh Circuit denied a compulsory copyright license<sup>236</sup> to satellite broadcaster EchoStar<sup>237</sup> to rebroadcast television programming through its satellite network in an action brought by various broadcasters, including CBS.<sup>238</sup> The Satellite Home Viewer Act of 1988<sup>239</sup> gave satellite providers a compulsory license to transmit television programming to underserved areas.<sup>240</sup> The broadcasters successfully alleged before the district court that EchoStar was serving privileged areas and therefore violating their right under the copyright laws of being able to control the distribution of their content.<sup>241</sup> The Eleventh Circuit largely affirmed this holding.<sup>242</sup>

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229. *Id.* at 1324.

230. 163 F. App'x 823 (11th Cir. 2006).

231. *Id.* at 825.

232. *Id.* at 824.

233. *Id.* at 825.

234. *Id.*

235. 450 F.3d 505 (11th Cir. 2006).

236. United States copyright law establishes a system for granting compulsory licenses in the entertainment industry to help facilitate the distribution of copyrighted material on, for example, a radio station or webcast.

237. Doing business as DISH Network.

238. *CBS Broad.*, 450 F.3d at 508.

239. 17 U.S.C. § 119 (2000 & Supp. IV 2004).

240. *CBS Broad.*, 450 F.3d at 508.

241. *Id.* at 508-09.

242. *Id.* at 509.



In *E Beats Music v. Andrews*,<sup>243</sup> the district court awarded a default judgment to the music industry organization that brought charges of copyright infringement against a bar and its owners for not paying the appropriate performance royalties.<sup>244</sup> Although the analysis of copyright infringement was fairly standard, the court also granted summary judgment against the bar managing entity and its owner in their separate, individual capacities.<sup>245</sup> The court reasoned that although neither controlled the day-to-day selection of music, these entities had the "ultimate authority" to supervise activities at the bar and to control the conduct of the primary infringer.<sup>246</sup> Accordingly, they were jointly and severally liable for the infringement.<sup>247</sup>

In *Gulfstream Aerospace Corp. v. Camp Systems International, Inc.*,<sup>248</sup> the district court denied the copyright and trademark infringement claims of Gulfstream, an aircraft manufacturer, against Camp, a service tracking company, for use of Gulfstream's aircraft owner's manuals.<sup>249</sup> Gulfstream competed with Camp in helping customers schedule maintenance for their aircraft. Gulfstream refused to provide manuals to Camp and, in response, Camp borrowed its customers' manuals and copied relevant information from those manuals into its computer system.<sup>250</sup> As to the copyright claim, the court was disinclined to extend copyright protection to the manuals because they were written to conform to federal guidelines, but the court still performed fair use analysis because Camp conceded that limited copyright protection was available.<sup>251</sup> In analyzing fair use, the court was most heavily persuaded by the fact that the use did not affect the market for or value of the work.<sup>252</sup> Furthermore, the court expressed a desire to prevent Gulfstream from leveraging its copyright protection to create a monopoly in providing service tracking.<sup>253</sup>

In *SCQuARE International, Ltd. v. BBDO Atlanta, Inc.*,<sup>254</sup> a case including both copyright and trademark infringement claims, the plaintiff, SCQuARE, provided training services to BBDO as to SCQu-

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243. 433 F. Supp. 2d 1322 (M.D. Ga. 2006).

244. *Id.* at 1324-25.

245. *Id.* at 1325-28.

246. *Id.* at 1326.

247. *Id.*

248. 428 F. Supp. 2d 1369 (S.D. Ga. 2006).

249. *Id.* at 1372-82.

250. *Id.* at 1372-73.

251. *Id.* at 1376.

252. *Id.* at 1379.

253. *Id.* at 1380.

254. 455 F. Supp. 2d 1347 (N.D. Ga. 2006).

ARE's method for teaching problem-solving and communication skills. BBDO signed a contract that recognized SCQuARE's copyright in its training materials and agreed not to duplicate or use those training materials. BBDO then created two abbreviated manuals: "SCQuARE for Dummies" and "SCQuARE and the Continuous Promise."<sup>255</sup> Although one of BBDO's manuals "quotes directly from the SCQuARE Manual and incorporates exact replicas of original graphics and templates that appear in the SCQuARE Manual," the court held that the question of comparing the works remained a close question that should be reserved for trial.<sup>256</sup> Nonetheless, these verbatim quotes were sufficient for the court to deny BBDO's motion for summary judgment that its abbreviated manuals were protected under the idea-expression dichotomy because there was significant evidence that BBDO had "crossed the line" into unauthorized copying of expression.<sup>257</sup> Similarly, the court also denied both BBDO's claims for protection under the merger doctrine and under the fair use doctrine<sup>258</sup> and BBDO's motion for summary judgment as to SCQuARE's trademark infringement, deceptive trade practices, and breach of contract claims.<sup>259</sup> The court, however, granted SCQuARE's summary judgment motion as to its claim for breach of contract.<sup>260</sup>

#### V. FINAL NOTES

January 1, 2006 through December 31, 2006 was an interesting and very active period in the intellectual property field. As usual, the courts heard and decided cases interpreting some of the more precedent-setting cases handed down over the previous few years. Many of the decided cases continue in the direction the courts are headed, towards a stricter interpretation of the rights granted under the intellectual property laws. Thus, intellectual property practitioners may have to be even more careful in the drafting of patents, licenses, and contracts.

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255. *Id.* at 1354-55.

256. *Id.* at 1360.

257. *Id.* at 1361.

258. *Id.* at 1361-65.

259. *Id.* at 1365-68.

260. *Id.* at 1357-58.

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