



IDEAS ON INTELLECTUAL PROPERTY LAW

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IP in brief: *Intervest Construction v. Canterbury Estate Homes*

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Federal Circuit extinguishes candleholder patent

You might think having a patent means your invention is fully protected from here on out. Think again: In *Ball Aerosol & Specialty Container, Inc. v. Limited Brands, Inc.*, the Federal Circuit reminded us all how easily an issued patent can be invalidated following the Supreme Court decision in *KSR v. Teleflex*. Precisely why would a court invalidate a patent? The answer is too obvious.

The dispute ignites

Ball Aerosol & Specialty Container (BASC) owns a patent for a candle tin with a removable cover that also acts as a base for the candleholder. Resting the holder on top of the cover minimizes the scorching or damage to the surface below. The patent also claims protrusions on the closed end of the candleholder that rests atop the cover when it's used as a base.

In 2003, Limited designed a square-shaped candle tin with a removable cover and four feet on the closed end of the holder. And, in 2004, BASC sued Limited for patent infringement. BASC moved for summary judgment that Limited infringed the patent and the patent was nonobvious and valid over the prior art.



The district court found in favor of BASC on both motions but instructed both parties to submit supplemental briefing on the issue of obviousness in light of the Supreme Court's recent decision in *KSR*. After reviewing the supplemental briefing, the district court reaffirmed its earlier determination that Limited had failed to demonstrate that an adequate motivation existed to combine prior art in the way depicted in BASC's patent.

Would BASC's patent have been obvious to a person of ordinary skill in trying to address scorching in a candleholder design?

If Limited had been successful in this demonstration, the patent would have been rendered invalid for obviousness. Yet, because it wasn't invalid, the court concluded that Limited had willfully infringed the patent.

Appeal cites prior art

On appeal, Limited argued that two of the claims of BASC's patent were obvious under *KSR* because the claims and information on how to configure the elements already existed in prior art. The so-called "Wright" patent, for example, disclosed "protuberances" on the bottom of a candle can, while the "Marchi" patent disclosed a combination cover-stand. Thus, Limited contended, the BASC patent would have been obvious to a person of ordinary skill in the art attempting to address the scorching issue.

BASC countered that the district court had applied *KSR* correctly. It argued that the cited references to prior art provided other solutions for the scorching problem and therefore "taught away from combining references in the manner described" in its patent.

Patentholder gets burned

Under Section 103 of the Patent Act, a claimed invention will be invalidated for obviousness if the differences between the invention and the prior art are such that the new invention "as a whole would have been obvious at the time the invention was made to a person having ordinary

skill in the art to which [the invention] pertains.” The question of obviousness requires consideration of:

- The scope and content of the prior art,
- The differences between the prior art and the claimed invention, and
- The level of ordinary skill in the art (and any relevant secondary considerations).

The district court had held that, though all of the elements at issue existed in prior art encompassed by the Wright and Marchi patents, Limited failed to establish a motivation to combine that prior art into BASC’s invention. Based on that failure, it denied Limited’s motion for a summary judgment of obviousness. The Supreme Court in *KSR* explained that:

... when there is a design need or market pressure to solve a problem and there are a finite number of identified, predictable solutions, a person of ordinary skill has good reason to pursue the known options within his or her technical grasp. If this leads to the anticipated success, it is likely the product not of innovation but of ordinary skill and common sense.

The Federal Circuit found it undisputable that the prior art disclosed the necessary elements and that the problem of scorching was known and had been addressed by others. It concluded that the combination of feet or protrusions on the bottom of the candleholder and using the cover as a base was a “predictable variation” and “obvious to try in an effort to minimize scorching.” The decrease in the heat transfer between the holder and the surface below was “entirely predictable and grounded in common sense.” It held BASC’s patent invalid.

A smoldering issue

The Federal Circuit also found that the district court had misconstrued *KSR* to require an explicit motivation to combine the prior art. The district court had quoted *KSR* as stating that the analysis of a motivation to combine “should be made explicit.”

The appellate court clarified that the phrase “should be made explicit” refers to the analysis itself, not to a need for precise evidence in the prior art of a motivation to combine. Rather, as stated in *KSR*, “a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ” to find a motivation to combine. ○

Shedding more light on proof of infringement

The Federal Circuit in *Ball Aerosol & Specialty Container, Inc. v. Limited Brands, Inc.* (see main article) also clarified a key issue related to how a plaintiff can establish patent infringement. The district court had found infringement of Ball Aerosol & Specialty Container’s (BASC’s) patent because Limited’s candle was “reasonably capable of being configured” in the manner described in the patent.

Limited argued that the patent described only a candle tin actually placed in the claimed configuration — and there was no evidence of the Limited candle ever being placed in such a configuration — so it was entitled to a summary judgment of noninfringement. BASC asserted that its claims were “apparatus claims,” rather than method claims. Apparatus claims, it argued, are infringed if the accused product is reasonably capable of being used without substantial modification in the manner outlined in the patent claim.

The court disagreed. It held that patent infringement requires “specific instances of direct infringement or that the accused device necessarily infringes the patent in suit.” The Federal Circuit ruled that the district court had erred in finding infringement here because the Limited’s candle didn’t necessarily have to be placed in the infringing configuration.



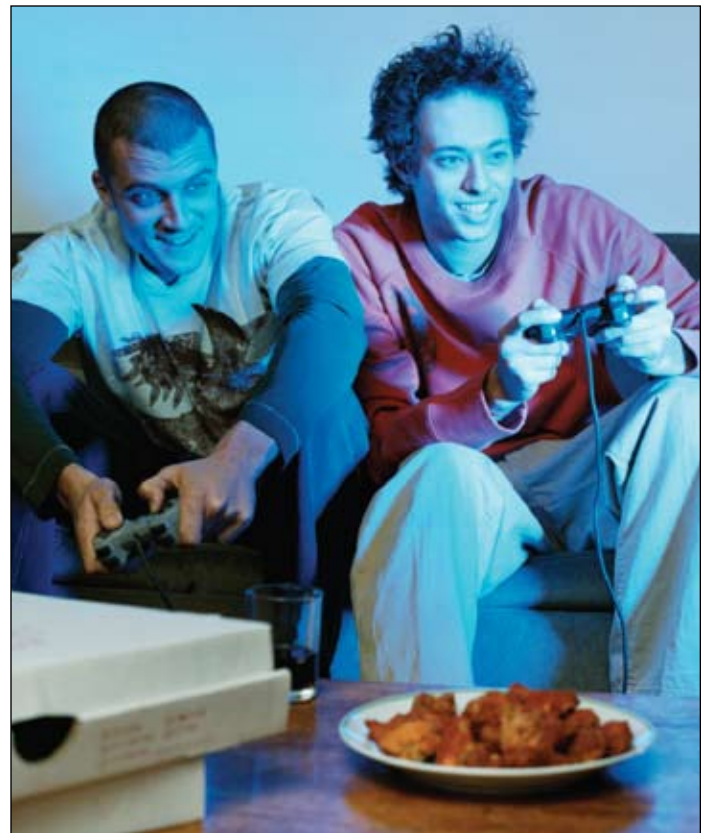
Video game dispute pits trademark infringement against the First Amendment

What happens when an adult entertainment venue takes on a video game designer in court? The Ninth Circuit provided one answer in *E.S.S. Entertainment 2000, Inc. v. Rock Star Videos, Inc.*, a case that pitted a trademark infringement claim against a First Amendment defense.

The players

Rockstar Games manufactures and distributes the Grand Theft Auto (GTA) series of video games. The games occur in cartoonish virtual realms based on real American cities. GTA San Andreas includes Los Santos, based on Los Angeles. One neighborhood, East Los Santos, contains a fictitious strip club known as the Pig Pen.

E.S.S. Entertainment operates an in-the-flesh strip club called "Play Pen" on the eastern edge of the real downtown Los Angeles. It claimed that the Pig Pen in GTA San Andreas infringed its trademark by creating a "likelihood of confusion among consumers as to whether E.S.S. has endorsed, or is associated with, the video depiction." The district court granted summary judgment to Rockstar based on a First Amendment defense.



The court faced the question of whether the game would confuse players into thinking that Play Pen is somehow behind the Pig Pen or sponsors the video game.

The rules

Rockstar's defense prompted the Ninth Circuit Court of Appeals to consider the intersection of trademark law and the First Amendment. It found that courts must construe the Lanham Act, the federal trademark law, "to apply to

artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in free expression."

Determining whether this is the case requires the application of a two-prong test. Under the test, otherwise infringing use of a trademark is not actionable unless the use: 1) has no artistic relevance to the underlying work whatsoever, or 2) has some artistic relevance yet explicitly misleads as to the work's source or content.

The deal

Looking at the first prong, if the use of the trademark has no artistic relevance to the underlying work, it does not merit First Amendment protection. But, as the court cautioned, the bar is set quite low: "The level of relevance merely must be above zero."

The court acknowledged that Play Pen has little cultural significance but pointed out that the same could be said of most of the individual establishments in East Los Angeles. The neighborhood's distinctiveness lies not in its particular destinations, as with a downtown or tourist district, but in its "look and feel."

The Ninth Circuit found that the East Los Angeles neighborhood, including all that characterizes it, is relevant to Rockstar's artistic goal of developing a cartoon-style parody of the neighborhood. Thus, incorporating a strip club similar in look and feel to Play Pen did indeed have at least some artistic relevance.

(Lack of) confusion

As to the second prong, the court explained, the question was whether the game would confuse players into thinking that Play Pen is somehow behind the Pig Pen or sponsors the GTA San Andreas game. It warned, though, that the mere use of a trademark alone cannot suffice to make the use explicitly misleading.

The court concluded that the game and Play Pen have little in common. The game is not complementary to Play Pen — "video games and strip clubs do not go together like a horse and carriage or, perish the thought, love and marriage." Further, the Pig Pen is incidental to the overall story of the game. The game is not about running or patronizing a strip club.

The court ultimately concluded that a reasonable consumer would not think the owner of a strip club in East Los Angeles, not well known to the public at large, also produces a technologically sophisticated video game such as GTA San Andreas.

Game over

The case makes clear that the mere use of a mark will not defeat a First Amendment defense. If that were so, the court observed, "... the First Amendment would provide no defense at all." ○

Patentability of business methods

Resuming the fight in a revised Federal Circuit opinion

The Federal Circuit Court of Appeals sometimes seems to like to keep people guessing. Case in point: its recent revised opinion in *In re Comiskey*. In the latest round of an appeal regarding a business method patent rejected for obviousness, the court stuck by its controversial decision not to actually address obviousness, instead reaching its decision on grounds not raised by the parties on appeal.

The revised opinion vacates the court's original decision, while upholding its original position that the method claims were unpatentable. On other system claims, which the court had expressly found presented patentable subject matter, the court remanded the issue of whether the system claims were proper patentable subject matter to the U.S. Patent and Trademark Office (PTO).

Round 1: Method vs. System claims

The original decision was seen as a predecessor to the Federal Circuit's significant decision in *In re Bilski*. In *Bilski*, the court declared the "machine-or-transformation" test to be the definitive test for determining the patentability of methods.

In the first *Comiskey* opinion, a three-judge panel considered an appeal of the rejection of a patent for a method and system for mandatory arbitration involving legal documents such as wills and contracts. In particular, the court examined two sets of independent claims and their dependent claims: Claims 1 and 32 and Claims 17 and 46.

Although the appeal was made on grounds of obviousness, the court addressed only the issue of patentability.

The court raised the issue itself, without a request from either party, but the PTO subsequently urged the court to resolve the case on patentability grounds “to give the Office needed guidance in this area.”

The court found that method Claims 1 and 32, which did not reference the use of a mechanical device, were for a mental process of resolving a legal dispute through a human arbitrator’s decision. Because the method claims sought “to patent the use of human intelligence in and of itself,” the court held them unpatentable.



System Claims 17 and 46, however, were patentable because they could require the use of a computer. The court remanded Claims 17 and 46 for determination of whether the addition of computers and communication devices to the otherwise unpatentable mental process method would have been obvious.

The revised opinion in *Comiskey* emphasized that mental processes alone aren’t patentable even if they have a practical application.

In January 2009, though, the full court of the Federal Circuit vacated the 2007 judgment and withdrew the original opinion. It reassigned the opinion to the original panel for revision.

Round 2: System claims vs. Sec. 101

In the revised opinion, the court updated its analysis of whether an abstract-idea business method with a practical application can constitute a patentable process under Section 101 of the Patent Act.

Without expressly citing the *Bilski* decision, the *Comiskey* court reiterated the “machine-or-transformation” test

from *Bilski* based on an analysis of U.S. Supreme Court precedent that recognized two situations where such a method may qualify as a patentable process:

1. If the process is tied to a particular apparatus, or
2. If the process operated to change materials to a “different state or thing.”

In addition to adopting the “machine-or-transformation” test, the revised opinion in *Comiskey* emphasized that mental processes alone aren’t patentable even if they have a practical application. Likewise, particular business systems that depend entirely on the use of mental processes or human intelligence, such as a particular type of arbitration, aren’t patentable.

When the court turned to *Comiskey’s* application, it began with method Claims 1 and 32, which cover a “method for mandatory arbitration resolution.” The claims do not require a machine or describe a process of manufacture or a process for altering a composition of matter. Rather, they claim the mental process of resolving a legal dispute by the decision of an arbitrator. The court concluded, again, that method Claims 1 and 32 sought to patent the use of human intelligence in and of itself and were, therefore, unpatentable.

The main attraction

System Claims 17 and 46, on the other hand, require the use of several “modules” and include “a means for selecting an arbitrator from an arbitrator database.” Citing a definition of “module” as a “self-contained hardware or software component that interacts with a larger system,”

the court found the system claims could require the use of a machine. Additionally, four of the dependent claims explicitly require the use of a computer or other machine.

While the court in its original opinion had found that system Claims 17 and 46 presented patentable subject matter, the revised opinion ducks this issue by finding that the question of patentable subject matter should be “addressed in the first instance by the PTO.” The court then remanded this issue back to the PTO.

Further uncertainty

Regarding the patentability of business methods, one of the three dissenting judges argued that the latest decision marked a “further contribution to the uncertainty that this court’s decisions are producing.” Perhaps the U.S. Supreme Court will agree and add some clarity in the near future. In the meantime, *Comiskey* will have to work its way back through the PTO before we can see any opportunity for Round Three in this continuing saga. ○



IP in brief: *Intervest Construction v. Canterbury Estate Homes*

Court warns of “thin” protection for architectural works

When it comes to copyright infringement of architectural works, courts must often choose between substantial similarity and substantial dissimilarity. So fell the responsibility on the Eleventh Circuit Court of Appeals in this case.

Intervest, a construction company, holds the copyright registration for a floor plan called the Westminster, created in 1992. Intervest sued Canterbury, a housing developer, alleging that Canterbury’s Kensington plan, created in 2002, infringed the Westminster copyright. After the district court granted summary judgment in Canterbury’s favor, Intervest appealed, arguing that the court erred in focusing on dissimilarities between the plans.

Under the Copyright Act, a copyrightable “architectural work” includes “the overall form as well as the arrangement and composition of spaces and elements in the design” but not individual standard features. According to the Eleventh Circuit, while such features aren’t copyrightable, an architect’s original arrangement of them may be.

The court explained that the definition of an “architectural work” thereby closely parallels the definition of a “compilation” under the act (defined as “a work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated or arranged in

such a way that the resulting work as a whole constitutes an original work of authorship”) and noted that the “copyright protection in a compilation is ‘thin.’”

The court held that, as with compilations, any comparison of the works at issue must be accomplished at the level of protected expression — in other words, “the arrangement and coordination of those common elements” such as rooms, windows and doors. And, when making the comparison, a court should recall that the copyright protection is “thin.”

Here, the district court had carefully compared the protectable components of the two plans, focusing on the narrow arrangement and coordination of otherwise standard architectural features. It cited, for example, differences in the location of the entrances and the placement of the air conditioning units and water heaters. The Eleventh Circuit agreed that the differences in these and other aspects were sufficiently significant to preclude a finding that the plans were substantially similar.

The case provides a helpful reminder that copyrighted works carry different levels of protection. If the protection is deemed “thin,” the copyright holder may find it difficult to establish infringement.



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