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Hot Topics in Intellectual Property

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Scott D. Locke is a partner at the firm and the head of the Intellectual Property Department.

Areas of Concentration

Mr. Locke has provided comprehensive services to solo inventors, start-up businesses and well-established companies in diverse industries. These services include: developing intellectual property protection strategies; drafting, filing and prosecuting of patent applications; registering of trademark and copyright rights; litigating patent, trademark and copyright cases; performing due diligence regarding intellectual property matters for potential acquisitions; drafting and negotiating intellectual property licenses; counseling clients on database protection and developing trade secrets protection policies.

Mr. Locke has counseled clients in industries on the cutting edge of many scientific disciplines, including bioinformatics, biotechnology, pharmaceuticals, RNA synthesis, DNA synthesis, RNA interference, SNP technologies, formalizations, antibodies, genetics, fuel cells, automobile catalysts and eco-friendly technologies. He has also counseled clients in the coatings and pigments industry, the luxury goods industry, the cosmetics industry, the medical device industry, the ground fault circuit interrupter industry and the information technology industry, including internet-based technologies.

Appointed Positions

In addition to being an accomplished author and speaker, Mr. Locke was an adjunct professor of law at Seton Hall University from 2003 until 2007 where he designed and taught: *Biotechnology and the Law: Counseling the Start-Up Company on Intellectual Property Issues*. Prior to that, he taught legal writing at the University of Pennsylvania School of Law.

Degrees and Qualifications

Mr. Locke received his Juris Doctorate degree from the University of Pennsylvania School of Law and his Bachelors degree in Biology from Brown University where he graduated *magna cum laude* and was elected to Sigma Xi.

Mr. Locke is admitted to the bars of the United States District Courts for the Southern and Eastern Districts of New York and the United States Court of Appeals for the Federal Circuit. He is also admitted to practice in the courts of the states of New York and Connecticut and is registered to practice before the United States Patent and Trademark Office in patent matters.

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Areas of Concentration

- Intellectual Property
- Life Sciences
- Developing intellectual property protection strategies
- Drafting, filing and prosecuting patent applications
- Registering of trademark and copyright rights
- Litigating patent, trademark and copyright cases
- Performing due diligence regarding intellectual property matters for potential acquisitions
- Drafting and negotiating intellectual property licenses
- Counseling clients on database protection
- Developing trade secrets protection policies

Education

- B.A. Brown University
- J.D. University of Pennsylvania School of Law

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Hot Topics in Intellectual Property Law, May 10, 2017

Presented by Scott D. Locke

1. Trademarks

a. Internet: Search Engine Optimization & Google AdWords

- i. Likelihood of Confusion Test. *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492 (2d Cir.), *cert. denied*, 368 U.S. 820 (1961).
- ii. Initial Interest Confusion: Because consumers who are diverted on the Internet can more readily get back on track than those in physical space, thus minimizing the harm to the owner of the searched-for site from consumers becoming trapped on a competing site, Internet initial interest confusion requires a showing of intentional deception. *Savin Corp. v. Savin Group*, 391 F.3d 439, 462 n.13 (2d Cir. 2004), *cert. denied*, 546 U.S. 822 (2005).
- iii. Sale of AdWords is a use in commerce. *Network Automation, Inc. v. Advanced Systems Concepts, Inc.*, 638 F.3d 1137, 1144 – 45 (9th Cir. 2011); *Rescuecom Corp. v. Google, Inc.*, 562 F.3d 123, 127 (2d Cir. 2009).
- iv. *Likelihood of Confusion*: Initial interest confusion is a possibility, but standard is unclear:
 1. Ninth Circuit: one must analyze all likelihood of confusion factors. *Network Automation, Inc. v. Advanced Systems Concepts, Inc.*, 638 F.3d 1137, 1149 – 54 (9th Cir. 2011).
 2. Fourth Circuit: AdWords are a nominative type of use, and not all factors need to be considered. *Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144, 154 (4th Cir. 2012).



3. Second Circuit (D. Conn.): Ask to what extent the keyword bidding in conjunction with advertising creates a search results page that is misleading to consumers. *Edible Arrangements, LLC v. Provide Commerce, Inc.*, 2016 WL 4074121, *11 (D. Conn. 2016).

b. Counterfeiting and Contributory Liability for Trademark Infringement

- i. “[I]f a manufacturer or distributor intentionally induces another to infringe a trademark, or if it continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement, the manufacturer or distributor is contributorially responsible for any harm done as a result of the deceit.” *Inwood Labs. Inc. v. Ives Labs, Inc.*, 456 U.S. 844, 856 (1982).
- ii. *On-Line Malls/ISP*: No liability without knowledge or reason to know of specific instances of infringement – but a service provider is not permitted to engage in willful blindness. *Tiffany(NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 108 – 09 (2d Cir. 2010).
- iii. *Brick and Mortar Mall Owners*: “A landlord may be held liable for contributory trademark infringement by continuing to lease space to a tenant whom it knows or has reason to know is engaging in trademark infringement even without direct control over the infringing conduct.” *Luxottica Group, S.P.A. v. Airport Mini Mall LLC*, 2017 WL 836919, __ F. Supp. 3d __ (N.D. Ga. Feb. 10, 2017).

c. Disparaging Marks

- i. “No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it – (a) Consists of or comprises . . . matter which may disparage . . . persons, living or dead, institutions, beliefs, or national symbols . . .” 15 U.S.C. § 1052(a).
- ii. *Washington Redskins*: Mark may be disparaging and canceled. *Pro-Football, Inc. v. Blackhorse*, 112 F. Supp. 3d 439 (E.D. Va. 2015), on August 6, 2015 appeal filed in Fourth Circuit.



- iii. *Prohibition against disparaging marks is unconstitutional: THE SLANTS: In re Tam*, 808 F.3d 1321 (Fed. Cir.) *cert. granted*, 137 S. Ct. 30 (2016), oral argument in Supreme Court heard January 18, 2017.

2. Patents

a. Design Patents Damages

- i. “Whoever invents any new, original and ornamental design for an article of manufacture may obtain a patent therefor, subject to the conditions and requirements of this title.” 35 U.S.C. § 171.
- ii. “Whoever during the term of a patent for a design, without license of the owner, (1) applies the patented design, or any colorable imitation thereof, to any article of manufacture for the purpose of sale, or (2) sells or exposes for sale any article of manufacture to which such design or colorable imitation has been applied shall be liable to the owner to the extent of his total profit, but not less than \$250, recoverable in any United States district court having jurisdiction of the parties.” 35 U.S.C. § 289.
- iii. In a multicomponent product, the article of manufacturer need not be, but can be, the end product. *Samsung Electronics Co., Ltd. v. Apple Inc.*, 137 S. Ct. 429, 435-436 (2016).

b. Patent Trolls, Venue and Jurisdiction

- i. Jurisdiction *circa* 1990:
 - 1. “For purposes of venue under this chapter, a defendant that is a corporation shall be deemed to reside in any judicial district in which it is subject to personal jurisdiction at the time the action is commenced.” 28 U.S.C. § 1391(c) (1988).
 - 2. “Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.” 28 U.S.C. § 1400(b) (1988).
 - 3. Definition of corporate residence in section 1391(c) applied to the patent venue statute of section 1400. *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1583-83 (Fed. Cir. 1990), *cert. denied*, 499 U.S. 922 (1991).



b. DMCA Safe Harbor

i. 17 U.S.C. § 512(a):

1. Provider lacks knowledge of infringement.
2. Provider does not receive financial benefit from storage.
3. Provider acts quickly to remove or to disable access upon receipt of notice.
4. Provider has a designated agent.

ii. Safe Harbor is for copyright rights not trademark rights. *Williams v. Life's Rad*, 2010 WL 5481762, *4 (N.D. Cal. 2010); *Twelve Inches Around Corp. v. Cisco Sys., Inc.*, 2009 WL 928077, *3 (S.D.N.Y. 2009).

iii. Safe Harbor provides a floor of protection, not a ceiling and does not remove causation requirement for direct infringement claims. *BWP Media USA, Inc. v. T&S Software Association*, 2017 WL 1149107, *5, ___ F.3d __ (5th Cir. 2017) (no direct liability for ISP without volition); *Perfect 10, Inc. v. Giganews, Inc.*, 847 F.3d 657, 666 (9th Cir. 2017) (no direct liability for ISP without volition, and passive storage does not qualify).

iv. Secondary Liability

1. Material Contribution: In the online context, a computer systems operator is liable under a material contribution theory of infringement if it has actual knowledge that specific infringing material is available to the system and can take measures to prevent future damages to copyrighted works, yet continues to provide access to the infringing works. *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1172 (9th Cir. 2007).
2. Inducement: One who distributes a device with the object promoting its use to infringe copyright, as shown by clear expression or other affirmative steps take to foster infringement, is liable for the resulting acts of infringement by third parties. *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 545 U.S. 913, 936-937 (2005).
3. Vicarious Liability: To prevail on a claim for vicarious infringement, a plaintiff must prove that the defendant: (i) has the right and the ability to supervise the infringing conduct; and (ii)



has a direct financial interest in the infringing activity. *BWP Media USA, Inc. v. T&S Software Association*, 2017 WL 1149107, ___ F.3d __ (5th Cir. 2017).

v. Repeat Infringers.

1. DMCA safe harbor requires that ISP adopt and reasonably implement a policy to terminate repeat infringers. 17 U.S.C. § 512(i)(1)(A).

a. *Repeat Infringer*: Someone who infringes again or repeatedly; there is no knowledge requirement. *EMI Christian Music Group, Inc. v. MP3tunes, LLC*, 844 F.3d 79, 89-90 (2d Cir. 2016).

b. *Reasonable Steps*: Can involve tracking. *EMI Christian Music Group, Inc. v. MP3tunes, LLC*, 844 F.3d 79, 89-90 (2d Cir. 2016).

c. *Red-Flag Knowledge*: Although there is no amorphous obligation to take commercially reasonable steps in response to general awareness, ISP needs not be explicitly told of a specific infringement. *EMI Christian Music Group, Inc. v. MP3tunes, LLC*, 844 F.3d 79, 92-93 (2d Cir. 2016).

c. Streaming Services

i. “Streaming” is “[t]he process of providing a steady flow of audio or video data so that an internet user is able to access it as it is transmitted.” *Am. Broad. Cos., Inc. v. Aereo, Inc.*, 134 S. Ct. 2498, 2503 (2014) (quoting *A Dictionary of Computing* 494 (6th ed. 2008)).

ii. Copyright Act gives authors the right to perform their copyrighted works public, which includes the right to transmit the works. 17 U.S.C. §§ 101 (right includes the right to transmit or otherwise communicate a performance), 106(4) (right to perform the copyrighted work).

iii. Streaming company that sells a service that allows subscribers to watch television programs, many of which are copyrighted, almost as they are being broadcast, infringe copyright rights. *ABC, Inc. v. Aereo, Inc.*, 134 S. Ct. 2498 (2014).



- iv. Streaming service that made use of internet but not physical structures did not qualify as a cable company, and thus could not participate in compulsory licensing scheme. *Fox Television Stations, Inc. v. Aerokiller, LLC.*, ___ F.3d ___, 2017 WL 1056095 (9th Cir. March 21, 2017); *Fox Television Stations, Inc. v. FilmOn X LLC*, 150 F. Supp. 3d 1 (D.D.C. 2015), appeal filed February 10, 2016.

4. Trade Secrets

a. Defend Trade Secrets Act of 2016, effective May 11, 2016

- i. “An owner of a trade secret that is misappropriated may bring a civil action under this subsection if the trade secret is related to a product or service used in, or intended for use in, interstate or foreign commerce.” 18 U.S.C. 1836(b)(1).

- 1. Federal cause of action. It supplements state law remedies.
- 2. Broad definition of a trade secret: “all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing if (A) the owner thereof has taken reasonable measures to keep such information secret; and (B) the information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the information.” 18 U.S.C.A. § 1839.

- ii. Two causes of action

- 1. Acquisition of a trade secret of another by a person who knows or has reason to know that the trade secret was acquired by improper means 18 U.S.C. 1839(5)(A); or
- 2. Disclosure or use of a trade secret of another who without express or implied consent by a person



- i. used improper means to acquire knowledge of the trade secret;
- ii. at the time of disclosure or use, knew or had reason to know, that the knowledge of the trade secret was—
 - (I) derived from or through a person who had used improper means to acquire the trade secret;
 - (II) acquired under circumstances giving rise to a duty to maintain the secrecy of the trade secret or limit the use of the trade secret; or
 - (III) derived from or through a person who owed a duty to the person seeking relief to maintain the secrecy of the trade secret or limit the use of the trade secret; or
- iii. before a material change of the position of the person, knew or had reason to know that--
 - (I) the trade secret was a trade secret; and
 - (II) knowledge of the trade secret had been acquired by accident or mistake;

18 U.S.C. 1839(5)(B).

- iii. Seizures upon *ex parte* application are possible. 18 U.S.C. 1836(b)(2)(A)(i); *Panera, LLC v. Nettles and Papa John's International, Inc.*, 2016 WL 4124114 (E.D. Mo. August 3, 2016).

b. NY Differences and Consequences

- i. Under NY law “a trade secret is any pattern, formula, device or compilation of information which is used in one’s business and which gives him an opportunity to obtain an advantage over competitors who do not know or use it.” *Softel Inc. v. Dragon Med. & Scientific Commc’ns, Inc.*, 118 F.2d 955, 968 (2d Cir. 1997). Then NY applies a 6-factor balancing test examining:

- 1. By contrast, DTSA (similar to UTSA): the term “trade secret” means all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how



stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing if--

(A) the owner thereof has taken reasonable measures to keep such information secret; and

(B) the information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the information;

ii. NY is narrower on definition but broader in that reasonable safeguards are only one factor. There are six to consider:

1. The extent to which the information is known outside of the business
2. The extent to which those involved in the business know the information
3. The extent to which measures are taken to protect the information's secrecy
4. How valuable the information is
5. The expense and/or difficulty involved in developing the information
6. The difficulty with which others could develop it.

c. Case study: *Schroeder v. Pinterest*, 17 N.Y.S. 2d 678 (1st Dept. 2015) (plaintiff stated claim of misappropriation of trade secrets against former investor); *Cohen v. Schroeder*, 2017 WL 1250423 (S.D.N.Y. March 31, 2017) (improper secondary suit against plaintiff in state court suit).