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Update From the Chair

By Stephen Koch

From time to time we like to look back at how patent law has changed over the years. In this issue of TIPSHEET, we have the thoughts of one of our preeminent members, Ed Fein of NASA. Read Ed's thoughts on how IP practice in Texas has changed over the course of his long and highly-regarded career.



In the area of practice points, Michael Henry gives us an update on non-disclosure agreements, and George Jordan provides his perspective on functional claiming. Chelsie Spencer reviews the latest news in the ongoing litigation regarding copyrights and domestic resale of books purchased overseas, which is back before the Supreme Court. These great articles are examples of the substantive information the members of your Section provide to all of us.

Don't forget to look at the calendar of upcoming events. Your Section has its Annual Meeting

coming up, in Fort Worth in association with the State Bar's Annual Meeting, and its annual Advanced Patent Litigation CLE in July at the La Cantera Resort in San Antonio. Regarding the Section's Annual Meeting in June in Fort Worth, look for an eBlast in the next week or two announcing a visit opportunity to the Texas Regional Office of the USPTO. Registration in advance will be required for the June 16 visit, which will include light refreshments. We hope to see many of you there and at the Annual Meeting and Luncheon the next day.

Complete details of all of your Section's activities are included on your Section's website, txbariplaw.org.

Your Section's Council, Officers, and Committee Chairs welcome your comments and suggestions for the newsletter, the Section's activities, and most importantly your interest in participating in the Section's Committees. You can find all of our names on the website. ♦



Mark Your Calendar

MAY 27

Dallas – The IP Law Section of the Dallas Bar Association welcomes Hope Shimabuku and Hon. Miriam Quinn for a USPTO update from the Texas Regional Office. Ms. Shimabuku, Director of the Texas Regional Office, will update attendees on

recent Supreme Court cases involving intellectual property. Judge Quinn will present an overview of the final PTAB Rules released in March. For more information, visit www.dbaip.com.

JUNE 16–17

Fort Worth – The State Bar of Texas will hold its 2016 Annual Meeting at the Omni Hotel. On Friday, June 17, the Section will offer a full day of CLE and hold its annual business meeting. For more information, visit [here](http://www.dbaip.com).

JUNE 24

Dallas – Thomas Kelton and Gregory Huh, both of Haynes & Boone, will discuss the ethical landscape in PTAB Practice, and will address specific statutes, rules, and case law, and will also cover case studies of sanctions and new rules for PTAB trials. For more information, visit www.dbaip.com.

JULY 21–22

San Antonio – The IP Law Section will present its annual Advanced Patent Litigation Course at the La Cantera Resort. For more information, visit [here](http://www.dbaip.com).



In the Section

Ed Fein: Experiences and Lessons from Half a Century of Patent Practice

Ed Fein is Chief Intellectual Property Law Counsel at NASA's Johnson Space Center. He is also the longest serving attorney in NASA's history. He recently chatted with Neil Chowdhury about his career, changes in the profession, and practicing in Houston.

Neil Chowdhury: I know that you are still actively practicing law. How many years has that been?

Ed Fein: I graduated UT Law and was licensed in 1965, but was a patent examiner for a year and a half after graduation. I started actual practice with NASA in 1967.

NC: Have you always practiced in Houston?

EF: Yes.

NC: When you started practice in Houston, about how many patent attorneys were there in practice in this area?

EF: Just a guess, but maybe 40 to 50.

NC: Were all of those in private practice?

EF: The ones I knew were in private practice.

NC: I understand that some of the largest firms in Houston had patent attorneys long before that was true in other large cities. Why do you think Houston was different in that regard?

EF: Good question. I really don't know. For whatever reason, Houston was home to the largest firms in the country at that time: V&E, Fulbright, Baker Botts, Butler Binion.

NC: Entering the patent law practice was more through an internship when you were getting started than it is for many today. Can you generally describe the process by which you became proficient in the practice of patent law?

EF: Correct. Many of my contemporaries learned the process by becoming patent examiners at the U.S. Patent Office, before it became known as the U.S. Patent and Trademark Office. I had my law degree when I started. But the standard routine was to examine patents by day, and attend law school in the evening at either Georgetown or George Washington in D.C. I was enrolled in the LLM program at GW for the time I was at the Patent Office, but quit a semester short when I took the NASA position. Most law schools outside of Washington offered little IP law. The University of Texas had one 3-hour survey course in patents, copyrights, and trademarks taught by a professor who was not particularly knowledgeable about the subject matter.

NC: Can you identify one or two persons who you consider to be your mentors?

EF: It would have to be the two patent attorneys in the office here at the Johnson Space Center (then, the Manned Spacecraft Center) at the time I started.

NC: Did they inspire you? Or did they really help you in learning the nuts and bolts of the profession?

EF: The Soviet Union launched Sputnik in the fall of 1957, the year I started engineering school at UT. I became fascinated with space from that time. NASA and its mission and the people here were, and still are, my real inspiration. I got and still have my dream job. My mentors were more my teachers.

NC: How did Texas attorneys compare generally with attorneys from other parts of the country?

EF: I was not in any position to make that assessment. I do know that Houston had some of the premier patent boutiques in the country at that time.

NC: Do you think Texas judges like to handle patent cases more than they did then because they are better informed by the Federal Circuit?

EF: My guess is that judges' increasing interest in patent cases over the years is more of a function of the growth of the general interest in intellectual property, and its impact on the nation's economy—that and maybe the reputation of the patent bar as being extremely well-prepared, good lawyers.

NC: What was the most memorable matter that you worked on over the years and why was it so memorable?

EF: Possibly collaborating with the world-renowned Dr. Michael DeBakey on a left ventricular assist device, which we patented and licensed to a start-up company. He was NASA's inventor of the year in 2001.

NC: Who were the most outstanding litigators who you either have worked with or were

opposed to in your career and what made them so effective?

EF: The Department of Justice is the Government's litigator. Our attorneys assist the U.S. attorneys in the judicial courts. We do practice before administrative courts within the various agencies.

NC: Who were the most memorable inventors that you have worked with? What traits made them stand out in your mind?

EF: I'm reluctant to name names. But as to traits, I'd say curiosity, intelligence, passion, and perseverance.

NC: What trends in the profession since your early days do you think are favorable and which trends do you think are not so favorable?

EF: I think there's a consensus that our profession has suffered an erosion in civility, collegiality, and courteousness over the years—as contrasted with ethics and professionalism. Maybe not so much in the IP community as in other areas of practice. It could be the result of the huge increase in the size of the bar, or the fact that the practice has become more of a business culture driven by the bottom-line. It saddens me that we've been constrained to adopt civility codes as a means to enforce civility in the practice.

NC: Do you think obtaining patent protection on new inventions is as important now as it used to be?

EF: That's a great question. I certainly hope so! Like many responses to so many questions, it depends—on the industry, the nature of the competition, the technology readiness level, and so on.

NC: Are there any technologies that you think

should not support patent protection, or for which patents should not issue? Specifically, how about business methods?

EF: I'm not all that uncomfortable in the way the law on patent eligibility has developed recently. Certainly, disembodied concepts, mental processes, and disembodied mathematical algorithms and formulas, for example, should not be eligible. The devil is in the details, and therein lies the problem.

NC: Do you think employed inventors are sufficiently rewarded for their inventions? Or, do you think on very profitable inventions, they ought to get a piece of the action, for instance?

EF: I suspect it runs the gamut. Government inventors are minimally rewarded, unless their patents are licensed. In that case, they do receive a percentage of the royalties received by the Government. So if the invention is of great worth to the Government, but unlicensed or licensed for minimal royalties, they probably are insufficiently rewarded for their contributions. In my experience, our NASA inventors aren't particularly driven by monetary rewards. Those types of individuals probably wouldn't be working for the Government in the first place.

NC: Should all patents have the same term? In some countries there are something like petty patents that have a shorter life, while the more important inventions are awarded a patent that has a longer term. This has never occurred in the U.S., but do you think there are some inventions that should not have full term patents?

EF: I really haven't given that much thought. It does bear discussion and further careful consideration.

NC: Do you think that the new procedures at the USPTO, such as IPR and CBMR, for challenging patents are good for the patent system? Similarly, is it beneficial for innovation and inventors to switch from first to invent to first to file under the AIA?

EF: I do think these new procedures are good for the system. As to first to file, I think it may be too early to assess whether it benefits innovation and inventors. Perhaps time will tell. There is something to be said for global harmonization. Certainly, the significance of foreign prior art has been greatly heightened. Probably the same can be said for all prior art. Arguably, these new procedures reduce costs and result in stronger, more enforceable patents.

NC: Do you think IP attorneys are as well regarded by the general bar as they were?

EF: I do! I think our reputation has grown with the growth and heightened importance of the field in general. The complexity of the issues and the size of awards and settlements in IP matters has certainly captured the attention of the general bar.

NC: What changes would you like to see in the law as it relates to intellectual property?

EF: I do think 'non-practicing entities' have a bad rap. Universities and government labs shouldn't be lumped in with entities or individuals who attempt to enforce patent rights against accused infringers far beyond the patent's actual value or contribution to the prior art—legalized extortion. Any law that would curb a patentee's right to assert its patent needs to be carefully drafted so as not to over-react.

NC: What changes in the practice other than in the law would you like to see procedurally? For

instance, do you think there ought to be patent trial courts?

EF: I'm conflicted about the merit of specialized patent trial courts. There are good arguments on both sides. The new PTAB procedures do seem to provide a good option to litigation. I generally do favor options.

NC: What changes in either the law or in the practice have you seen that you do not like?



Ed Fein is the longest serving attorney in NASA's history.

EF: I have a sense that corporate big money lobbying in the patent reform area is not healthy for the system. The individual inventor seems to be underrepresented in Congress. That is worrisome.

NC: What is the most memorable technology you worked on for NASA? Any really interesting patents from the manned Apollo missions to the moon?

EF: Probably some of the most important

technology involved thermal materials. Heat of reentry from space was a huge issue.

NC: Are there any other questions that you have not been asked above that you would like to ask yourself and respond to?

EF: Not really. I'm not all that keen or good about talking about myself. ♦



Practice Points

Non-Disclosure Agreements: Why and How to Use Them

By Michael K. Henry

For a company of any size, non-disclosure agreements (NDAs)—also called “confidentiality agreements”—provide one of the most important and basic tools for protecting corporate information and intellectual property rights. So, for IP attorneys and others who encounter NDAs from time to time, it's important to understand how they operate.

NDAs all have the same general goal—Alice is going to tell Bob a secret, and Bob's going to keep it a secret. But there's not a silver bullet NDA that will work for every situation. Instead, NDAs are typically fine-tuned for each company's specific needs, and they're often negotiated for each particular deal.

This article describes the core mechanics of NDAs and some strategic considerations you should be aware of when you encounter them in your practice. But first, you might wonder why you even need to bother with an NDA in the first place. Like any other agreement, NDAs cost time and money, so you might need to explain their value to a client.

Why Bother With an NDA?

NDAs are primarily valuable because they protect the confidentiality of corporate information. To be more precise, an NDA creates a legally enforceable obligation to restrict use and limit disclosure of the information that's protected by the NDA. Companies of all sizes use NDAs to protect confidential information, and in that regard, the main value of an NDA transcends corporate classifications—market cap, industry sector, growth stage, etc.

“NDAs vary significantly, and there’s not a universally accepted standard that works for every situation.”

As outside patent counsel for several tech start-ups, I encounter NDAs quite often because my clients' confidential information (typically a new technology or invention) is often their core asset. So we have to ensure confidentiality when anything is shared with a third party.

But NDAs can be valuable for a few other important reasons that are often less obvious. In fact, an NDA can be valuable even when the disclosing party has no intention of enforcing it and fully

trusts the receiving party not to mishandle the confidential information.

“Enforcing an NDA is too difficult and expensive.”

Someone might tell you not to bother with an NDA because, even if the other side breaches, it would be too difficult or expensive to enforce the NDA in court.

But an NDA can have significant value even if it's never enforced. In particular, an NDA may be required to preserve intellectual property rights. For instance, an NDA can provide evidence that a disclosure to a third party wasn't "public" and therefore didn't create a bar to patentability for an invention. Or an NDA may provide evidence that the disclosing party took "reasonable efforts" to maintain the secrecy of the information, which may be required to obtain trade secret protection.

By contrast, if a company discloses information to a third party without an NDA (or other confidentiality obligation), the company might lose the ability to get a patent or claim trade secret status. And an eventual breach of the NDA by the recipient wouldn't necessarily have the same negative impact, for instance, if the company filed a patent application before the breach.

“I don’t need an NDA. I trust these guys.”

Someone might also tell you there's no need need for a written NDA because the recipient is trustworthy and will keep the information confidential.

But even if that's true, the NDA still serves a purpose—namely, to document the recipient's intention to keep the information confidential. Even trustworthy people make mistakes, and a written NDA might be necessary to address an accidental disclosure or another type of honest mistake by

the receiving party.

For instance, what if the “trusted” recipient accidentally discloses the information to a third party or posts it on the Internet? In that scenario, the NDA can serve as a reminder of the parties’ original understanding and prompt the recipient to remedy the situation at his own expense.

And what happens if the “trusted” folks are replaced over time with new folks? As we all know, interests can diverge and personnel tend to change over time; a written NDA hedges against some of the negative implications of those possibilities.

The Mechanics of a Non-Disclosure Agreement

NDA’s are conceptually straightforward—an agreement to keep a secret. So you might assume they’re all basically the same. You might even hear someone refer to a “standard NDA” and assume there’s not much to be gained by digging into the details.

But the truth is that NDA’s vary significantly, and there’s not a universally accepted standard that works for every situation. Of course, many businesses have an NDA template that they might consider their “standard NDA” for a certain type of situation. But a good template has at least a handful of variables.

Although the “standard NDA” (at least in one sense of the term) is a myth, there are certain core provisions that are so essential or pervasive that they can fairly be considered “standard” elements of an NDA. The language of these core provisions (summarized below) can vary significantly, but the substance is what counts.

A competent NDA must do at least two things: (1) delineate what will be considered a secret, and (2)

create a legal obligation to keep it a secret. Think of an NDA as creating a “lock box” of information; the NDA tells the parties what goes in the “lock box” and how the “stuff in the lock box” must be handled by the receiving party.

What Goes in the Lock Box?—The Protected Information

There are a few standard clauses that specify what information will be protected by the NDA. In the “lock box” analogy, these clauses define “what goes in the lock box”:

- **Definition of Confidential Information—What’s Covered?** In the vast majority of NDA’s, “Confidential Information” (or a similar term) is a broadly defined term that sets a general scope for what will be protected under the NDA.
- **Exclusions (or Carve-Outs)—What’s Not Covered?** Exclusions define a few types of information that will not be protected under the NDA, even if that information falls under the broad definition of “Confidential Information.” These exclusions usually include (1) information that was already public, (2) information that the receiving party already had in its rightful possession, (3) information that rightfully becomes public later on, and possibly others.
- **Time Restriction—Time Period for Confidential Disclosure.** The time period for confidential disclosure sets a cutoff point (e.g., three months from the date of the agreement) for disclosing information that will be protected under the NDA. After the cutoff point, information disclosed to the receiving party will not be protected under the NDA, even if the information falls under the

broad definition of “Confidential Information.”

What Happens to Stuff in the Lock Box?—Obligations of the Receiving Party

There are also a few standard clauses that specify what actions are required (or prohibited) with respect to the information that’s protected by the NDA. Continuing the “lock box” analogy, these clauses define what happens to the “stuff in the lock box”:

- **Keep Confidential—Who Can See the Stuff?** Virtually all NDAs affirmatively require the receiving party to keep the information confidential. This obligation requires the receiving party to protect the “stuff in the lock box” and to limit who can access it.
- **Restrict Use—What Can They Do With It?** Even the individuals who are authorized to receive the confidential information must limit their use of it. The obligation to restrict use typically prohibits the receiving party from using the “stuff in the lock box” for any reason other than a purpose that’s specifically stated in the NDA.
- **Exception—What If A Court Orders Disclosure?** If the receiving party becomes legally required (e.g., by a court order) to disclose any of the “stuff in the lock box,” it may disclose that information without violating the agreement.
- **Return or Destroy—What Happens To Materials?** The receiving party is typically required to either (1) destroy materials embodying the Confidential Information, or (2) return them to the disclosing party at some point in time.

So even though there’s not a universally accepted “standard NDA” that would be appropriate for every situation, the core provisions outlined above appear in the overwhelming majority of NDAs, in one form or another.

Strategic Considerations in Drafting and Negotiating NDAs.

You probably noticed that the list of “core elements” above doesn’t include some of the provisions that you’ve seen in many NDAs. That’s because those other provisions are not always necessary or appropriate, they should be considered negotiable, or they tend to disproportionately favor one side or the other (i.e., the disclosing party or the receiving party).

With that in mind, when you review or negotiate an NDA for a specific transaction, these two high-level parameters should provide the guiding framework:

- (1) **Scope:** Make sure the agreement appropriately defines what information will be protected (i.e., what’s the secret); and
- (2) **Legal Obligations:** Make sure the agreement appropriately defines the receiving party's obligations, to ensure that the information is kept secret and its value is protected.

If you’re a **disclosing party**, be sure (1) the scope of the NDA is broad enough to cover all the information that you want the receiving party to keep secret, and (2) the legal obligations created by the NDA are strong enough to protect the value of that information.

On the other hand, if you're the **receiving party**, be sure that (1) the scope of the NDA is restricted to information that you (the receiving party) are willing to keep secret at least for a peri-

od of time, and that (2) the legal obligations created by the NDA are not unreasonably onerous.

The specific terms that control the scope and legal obligations will vary depending on how the NDA is crafted. But here's a brief summary of a few key provisions that often arise, just to give you a flavor of how you might analyze these high-level parameters in a specific agreement.

Provisions Affecting Scope

Many types of provisions can affect the scope. For example, does the NDA cover information that's orally disclosed, or only written materials? Does the NDA contain an exclusion for information that's independently developed by the receiving party? One provision that's often negotiated is the requirement to mark or summarize the information that's to be protected under the NDA.

For instance, many NDAs include a provision that requires the disclosing party to (a) mark written materials as "Confidential" or the like, and (b) summarize orally disclosed information within a certain time after the oral disclosure (e.g., 30 days); otherwise, the disclosed information isn't protected by the NDA.

Marking and summarizing requirements create an administrative burden on the disclosing party, especially when the parties anticipate ongoing discussions. Thus, these requirements are often omitted when both parties agree upfront that the NDA should cover the majority of information exchanged. On the other hand, a marking requirement might be appropriate where it doesn't create an undue burden, for example, where the disclosing party seeks only to protect a discrete, easily identifiable subset of the information that it plans to share.

Provisions Affecting Legal Obligations

At a minimum, an NDA should require the receiving party to restrict use and limit disclosure of the confidential information. But the specific restrictions and limitations often vary. For example, does the NDA permit the receiving party to disclose the information to its affiliates? If so, under what conditions? One provision that's often negotiated is the duration of the receiving party's obligations.

As you might assume, a longer confidentiality obligation favors the disclosing party by ensuring a longer period of protection under the NDA. The specific amount of time that the parties agree to can vary based on a number of factors—for example, industry standards, how sensitive or valuable the information is, whether the value is likely to change over time, whether the information will become public at some definite point, etc.

As a default, a term of three to five years seems to be fairly typical in some industries, but shorter or longer terms are not unusual. In some cases, the term extends indefinitely. For example, when highly sensitive trade secrets are involved, the disclosing party may require that the receiving party's obligations continue indefinitely, or as long as the information remains a trade secret.

Conclusion

For any company that collaborates with third parties, sells products or services, or raises capital—and that's the vast majority of companies—NDAs provide more than a remedy for breach. Mainly, NDAs can protect the patentability of an invention and the ability to assert trade secret protection for valuable confidential information. Beyond that, an NDA can hedge against honest mistakes and evolving circumstances. By understanding the basic mechanics and applying the strategic principles out-

lined above, you can leverage the value of NDAs without creating unnecessary costs or creating unwanted contractual obligations for your client. ♦

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Enablement and Written Description Lessons on Functional Claiming

By George Jordan

By “functional claiming,” think of a claim limitation that defines an invention by what it does (its “function”), not what it is (e.g., its “structure”). For instance, the limitation might claim a result (instead of how to achieve that result); the limitation might cover an embodiment having structure quite different from the embodiments described in the specification; or the limitation might encompass a functionally defined genus including species having widely varying structures. Unlike a means-plus-function limitation that is strictly limited under 35 U.S.C. § 112(f) to the corresponding structure described in the specification and its equivalents, the functional claim limitation of interest (e.g., “transparent to infrared rays,” “liquid storage,” “detecting a mutation,” “operatively coupled,” “to prevent substantial sagging and offsetting,” or “adapted to power”) is unbounded by structure.

Such functional fence drawing deserves close attention. Because of the enablement and written description requirements for patentability, this form of functional claiming might create signifi-

cant setbacks for patent owners and significant defenses for defendants. The enablement requirement “ensures that the public knowledge is enriched by the patent specification to a degree at least commensurate” with claim scope, and the written description requirement ensures applicants do not “attempt to preempt the future before it has arrived.” *Nat’l Recovery Techs., Inc. v. Magnetic Separation Sys., Inc.*, 166 F.3d 1190, 1195–96 (Fed. Cir. 1999) (enablement); *Fiers v. Revel*, 984 F.2d 1164, 1171 (Fed. Cir. 1993) (written description).

Especially for functional limitations, patent owners and defendants should be mindful of whether a specification enables the “full scope” of the claim limitation and whether the specification allows those skilled in the art to “visualize or recognize” that the applicant invented what is claimed. See *Sitrick v. Dreamworks, LLC*, 516 F.3d 993, 999 (Fed. Cir. 2008) (“The full scope of the claimed invention must be enabled. . . . A patentee who chooses a broad claim limitation must make sure the broad claims are fully enabled.”); *Enzo Biochem, Inc. v. Gen-Probe Inc.*, 323 F.3d 956, 968 (Fed. Cir. 2002) (“The disclosure must allow one skilled in the art to visualize or recognize the identity of the subject matter purportedly described.”).

Enablement

An applicant’s failure to enable the full scope of the invention, whether functionally claimed or not, might be used as a defense to infringement. See *AK Steel Corp. v. Sollac*, 344 F.3d 1234, 1244 (Fed. Cir. 2003). For example, if a functional limitation is overbroad because the specification only provides a “starting point” for further research, a defendant should explore enablement as a defense. See *Automotive Techs. Int’l, Inc. v. BMW of North America, Inc.*, 501 F.3d 1274, 1284 (Fed. Cir. 2007)

(ATI). If the specification teaches away from an embodiment included in the accused technology, that is an even clearer signal to pursue an enablement defense. See *Liebel-Flarsheim Co. v. Medrad, Inc.*, 481 F.3d 1371, 1379 (Fed. Cir. 2007); *AK Steel*, 344 F.3d at 1244–45. Functional claiming does not avoid the enablement problems created by a narrow disclosure in the specification, especially when the patented technology is in a “new field.” See *ATI*, 501 F.3d at 1284. Nor can an applicant simply rely on the knowledge of one skilled in the art to enable the novel aspect of the invention. *Id.* at 1283 (identifying use of a velocity sensor for side impact sensing as the novel aspect).

Written Description

The written description requirement can be useful to test whether a patent specification provides a “meaningful disclosure” of a functional claim limitation. As part of the quid pro quo of the patent system, the public must receive a “meaningful disclosure” of the invention. *Ariad Pharm., Inc. v. Eli Lilly & Co.*, 598 F.3d 1336, 1354 (Fed. Cir. 2010). The written description requirement ensures that claims do not “overreach the scope of the inventor’s contribution to the field of art as described in the patent specification.” *Reiffin v. Microsoft Corp.*, 214 F.3d 1342, 1345 (Fed. Cir. 2000). For example, in *Regents of the Univ. of Cal. v. Eli Lilly & Co.*, 119 F.3d 1559 (Fed. Cir. 1997), the Federal Circuit held that the specification, which lacked a disclosure of structural features common to the functionally defined genus and distinguishable from another genus, failed to satisfy the written description requirement. *Eli Lilly*, 119 F.3d at 1568. Similarly, in *Ariad*, the Federal Circuit found that the specification failed to disclose a “variety of species that accomplish the result” recited in the functionally defined genus. *Ariad*, 598 F.3d at 1350 (hold-

ing genus claim failed to satisfy the written description requirement irrespective of whether the specification provided an enabling disclosure). Although *Eli Lilly* and *Ariad* both concerned DNA claims, generic (or genus) claiming is not limited to chemical or biological inventions. See, e.g., *ATI*, 501 F.3d at 1285 (discussing side impact vehicle crash sensors); *Lizard Tech, Inc. v. Earth Res. Mapping, Inc.*, 424 F.3d 1336, 1344–46 (Fed. Cir. 2005) (discussing image compression and making a fuel-efficient automobile engine analogy). And written description defenses should not be either. Whatever the type of invention or industry, a written description defense might merit attention.

Takeaways

For patent owners, before filing or asserting a claim including a broad functional limitation, consider the following questions:

- Does the specification fail to disclose common structural features that distinguish a functionally claimed genus from another genus?
- Does the specification fail to disclose a representative variety of species that support a functionally defined genus claim?
- Does the specification merely provide a starting point for practicing the full scope of the functional limitation?
- Does the specification only distinguish the claimed genus from prior art based on function?
- Does the specification merely repeat the functional limitation?
- Do the embodiments disclosed in the specification have a substantially different structure

than other embodiments encompassed by the functional limitation?

- Does the specification disparage a technical feature encompassed by the functional limitation?
- Does the specification narrowly disclose the functional limitation in comparison to the disclosure in the applicant's related patents?
- Does the functional limitation cover an embodiment that the applicant decided not to pursue because of difficulty in developing that embodiment?
- Does the functional limitation recite a result instead of how to achieve that result?

If the answer to any of these questions is "yes," a patent owner might wish to reevaluate its narrow disclosure and broad construction of the functional limitation.

Speaking now to defendants, enablement and written description should not be underestimated as defenses against broad functional claims; in fact, these defenses might save the day if faced with a broad construction of a functional limitation. Therefore, defendants should ask the following questions about the accused technology:

- Does the accused technology include an embodiment that the specification teaches away from?
- Would those skilled in the art be unable to produce the accused technology based on the patent disclosure without undue experimentation?
- Is the accused technology in a field that is unpredictable and yet the specification narrowly discloses the functional limitation? And does

the defendant's time and effort in developing the accused technology reflect the technology's unpredictability?

- Does the accused technology include a species that was unknown at the time of the patent filing?
- Does the accused technology have a substantially different structure than the embodiments described in the specification?

If the answer to any of these questions is "yes," defendants should probably consider a challenge to the functional claims on enablement or written description grounds. ♦

George W. Jordan III is a Senior Counsel in the Houston office and IP Disputes practice group of Norton Rose Fulbright US LLP. His patent dispute work focuses on information, communication, and electromechanical technologies of



clients primarily in the wireless, semiconductor, e-commerce, software, and automotive fields. His practice also includes assisting clients in evaluating and licensing patents.



IP News

Supreme Court to Clarify Copyright Fee Award Standard

By Chelsie Spencer

Supap Kirtsaeng is returning to the Supreme Court this year, a remarkable feat considering that less than one percent of cases submitted for review each year are accepted by the Court. Kirtsaeng won a landmark victory in 2013 when the high court held that the first sale doctrine applies to lawfully made copies of works made abroad.

At the time of his original suit, Kirtsaeng was a graduate student studying mathematics at Cornell. Kirtsaeng noticed that foreign editions of US textbooks were sold at substantially lower prices abroad. He asked his family and friends in Thailand to purchase English-language foreign edition textbooks, which were nearly identical to higher-priced U.S. versions of the textbooks, and ship them to the United States. Kirtsaeng then resold the textbooks on eBay, receiving roughly \$1.2 million in revenue.

U.S. based publisher John Wiley & Sons sued Kirtsaeng for copyright infringement, arguing that Kirtsaeng's textbook resales violated Wiley's exclusive distribution rights and § 602's prohibition on unauthorized importation of copyrighted works. Facing nearly insurmountable odds, Kirt-

saeng prevailed on his defense that the first sale doctrine applies to copies of copyrighted works lawfully made abroad. Kirtsaeng's second trip to the Supreme Court will have broad implications for the recovery of attorney's fees under § 505 of the Copyright Act.

Background

After judgment in his favor, Kirtsaeng moved for an award of over \$2 million in attorneys' fees and litigation costs. The district court denied Kirtsaeng's motion. He subsequently appealed and the Second Circuit affirmed the denial. Kirtsaeng filed a petition for certiorari to the Supreme Court, which agreed to hear the matter.

Kirtsaeng's petition asks the Court to clarify the appropriate standard for awarding attorney's fees to a prevailing party under § 505 of the Copyright Act. Section 505 provides that "the court in its discretion may allow the recovery of full costs by or against any party [and] the court may also award a reasonable attorney's fee to the prevailing party as part of the costs."

In its 1994 *Fogerty* decision, the Court held that prevailing plaintiffs and prevailing defendants must be treated alike for purposes of awarding fees under § 505. In a footnote, the Court referenced four non-exclusive factors that may be considered in determining whether to award attorney's fees to a prevailing party: (i) whether the non-prevailing party's claim was frivolous; (ii) the motivation of the non-prevailing party; (iii) the factual and legal unreasonableness of the non-prevailing party's claim; (iv) and the need to advance considerations of compensation and deterrence.

The factors are to be applied evenhandedly to both prevailing plaintiffs and prevailing defendants in a manner that is faithful to the purposes of the

Copyright Act. Kirtsaeng’s petition highlights the varying standards among the circuit courts of appeal and illustrates that post-*Fogerty*, prevailing plaintiffs and prevailing defendants are indeed being treated differently.

Fifth Circuit

In the Fifth Circuit, an award of attorney’s fees to a prevailing party is “the rule rather than the exception.” Known as the *McGaughey* standard, the Fifth Circuit rule is to “routinely” award a prevailing copyright party its fees. The *McGaughey* standard was announced by the Fifth Circuit before the Supreme Court issued its decision in *Fogerty*. Although it has subsequently noted that the *Fogerty* factors may be useful, the Fifth Circuit has expressly rejected the idea that district courts are to apply the four *Fogerty* factors verbatim.

“Kirtsaeng’s petition and brief point out that this emphasis on one particular factor conflicts with the evenhanded approach mandated in Fogerty and that it negates a case-by-case exercise of the court’s equitable discretion.”

Seventh Circuit

The Seventh Circuit holds that the prevailing party in copyright litigation has a “presumptive entitlement” to an award of its attorney’s fees. In addition, the Seventh Circuit applies a very strong presumption in favor of an award for fees to prevailing defendants, reasoning that defendants do not receive an award of damages and thus should prevail on a claim for their fees. Of all the circuits’

standards, the Seventh Circuit’s is the least plaintiff friendly.

Ninth Circuit

The Ninth Circuit applies the four *Fogerty* factors, but has added a fifth factor to its review: the degree of success obtained in the litigation. When reviewing this factor, the Ninth Circuit has looked to the relative resources of the parties, including whether the plaintiff is a large corporation or a “starving artist.” Additionally, the Ninth will look to the amount of the damages awarded to determine if the amount is sufficient to deter future infringement.

Second Circuit

Though it follows the *Fogerty* factors, the Second Circuit requires that the district court place “substantial weight” on the objective reasonableness of the losing party’s claim. Kirtsaeng’s petition and brief point out that this emphasis on one particular factor conflicts with the evenhanded approach mandated in *Fogerty* and that it negates a case-by-case exercise of the court’s equitable discretion.

The trial court denied Kirtsaeng’s motion for fees, and the denial subsequently upheld by the Second Circuit, because the court found that while his case did clarify the bounds of copyright law and did advance the purposes of the Copyright Act, John Wiley & Son’s claims of infringement were not “objectively unreasonable.” Kirtsaeng’s brief characterizes the Second Circuit’s approach as a “punishment-based standard that inherently favors Plaintiffs.” Unless the claim is completely frivolous, a plaintiff may always characterize its claim as objectively reasonable.

Kirtsaeng II

Currently, the disparity in treatment among the

circuits regarding fee awards incentivizes forum shopping by plaintiffs. Through the *Kirtsaeng* case, the Court will likely clarify and refine the factors that a court must apply in determining whether a prevailing plaintiff or a prevailing defendant is entitled to attorney's fees. Kirtsaeng's brief proposes the Court hold that an award of fees under § 505 is ordinarily appropriate where the prevailing party's litigation advances the purposes of the Copyright Act, namely the creation and dissemination of works. A standard based on the premise of awarding litigants whose claims advance the purpose of the Copyright Act will, at the least, help serve to eliminate the disparate treatment of plaintiffs and defendants throughout the various circuits. Kirtsaeng characterizes the proposed standard as a way to effectively channel, and not constrain, courts' equitable discretion in determining copyright fee awards.

As many are looking to this case to resolve the inconsistent interpretation of § 505, the Court must strike a delicate balance in its decision. If future plaintiffs are leery of a near-automatic fee award to prevailing defendants, it will have a chilling effect on the filing of suits that may serve to deter infringement of protected works. If copyright defendants do not have an incentive to fully and effectively defend frivolous matters, it may lead to a higher number of nuisance settlements or unnecessary licenses from defendants seeking to avoid high litigation costs and fee awards to prevailing plaintiffs. ♦



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LENGTH: 1–5 pages, single spaced.

FOOTNOTES AND ENDNOTES: Please refrain! If you must point the reader to a particular case, proposed legislation, Internet site, or credit another author, please use internal citations.

PERSONAL INFO: Please provide a one-paragraph bio and a photograph, or approval to use a photo from your company or firm website.

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The Copyright Committee invites your input on its future activities, projects, and events events. Given the hyper-developments in copyright law, we are very excited about the potential for this Committee and want to make sure that it benefits from your ideas.

Because I have been tasked with introducing speakers at our annual meeting, I want to sit down with as many of you as possible to discuss this. Please email me at YoceLaw@aol.com and let me know your availability if you are interested in doing so.

If you are not planning to attend the annual meeting but are interested in the Committee, please send me an email. I look forward to working with you in the coming year!

Yocel Alonso, Chair
Copyright Committee