

The Blurred Lines of What Constitutes Copyright Infringement of Music: Robin Thicke v. Marvin Gaye's Estate

By Emily Miao, Ph.D.
and Nicole E. Grimm

Pop singer Robin Thicke's megahit "Blurred Lines," featuring Pharrell and T.I., set records in 2013 by spending sixteen weeks as the number one single on *Billboard's* Hot R&B/Hip-Hop Songs chart, topping the *Billboard* Hot 100 chart for twelve weeks, and selling over 5 million downloads in 22 weeks—the fastest of any song in digital music history.¹ The song's music video was released as two variant editions—one an unrated topless version that was temporarily removed from YouTube less than one week from release for allegedly violating the site's terms of service relating to the use of nudity in a sexual context.² While critical reactions to the song were mostly positive, the song as well as the music video was criticized for trivializing sexual consent and promoting rape culture; not surprisingly, the song has been banned from use at student events at various schools abroad.³ Thanks to its massive popularity and associated controversy, "Blurred Lines" has captured much public attention, including the attention of the family of Marvin Gaye. They allegedly accused Thicke of using elements of Marvin Gaye's song, "Got To Give It Up" in "Blurred Lines" and threatened litigation if a monetary settlement were not paid.⁴ Does Thicke's "Blurred Lines" infringe the copyright owner's rights to Gaye's "Got To Give It Up" where there was no actual sampling or literal copying of the music and lyrics? Ironically, because of the blurred lines of what constitutes copyright infringement of music, the answer is unclear. In this article, we discuss the issues raised in the suit and thorny issues surrounding the current law in the area of copyright infringement of music.

Pre-Emptive Strike Against Gaye's Family and Bridgeport

After his six-figure settlement offer to Gaye's family was rejected and after receiving threats from Bridgeport Music Inc.⁵ that "Blurred Lines" was similar to Funkadelic's song "Sexy Ways," Thicke, along with "Blurred Lines" co-writers Pharrell Williams and Clifford Harris, Jr. (aka T.I.), filed a declaratory judgment action on August 15, 2013 in U.S. District Court for the Central District of California in Los Angeles against Gaye's family and Bridgeport Music ("Defendants").⁶ The declaratory judgment action requests a ruling that "Blurred Lines" does not infringe on Gaye's song as well as Funkadelic's song "Sexy Ways."⁷ The complaint asserts that Defendants alleged that "Blurred Lines" copies their compositions, and further asserts "that there are no similarities between plaintiffs' composition and those the claimants allege they own, other than commonplace musical elements. Plaintiffs created a hit and did it without copying anyone else's composition."⁸ The complaint further asserts:

"The basis of the Gaye defendants' claims is that "Blurred Lines" and "Got To Give It Up" "feel" or "sound" the same. Being reminiscent of a "sound" is not copyright infringement. The intent in producing "Blurred Lines" was to evoke an era. In reality, the Gaye defendants are claiming ownership of an entire genre, as opposed to a specific work, and Bridgeport is claiming the same work."⁹

The lawsuit also alleged that Gaye's family does not have a sufficient interest in the copyright
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to the composition "Got To Give It Up" to confer standing to sue for infringement.¹⁰ As of the writing of this article, no answer was filed by either Gaye's family or Bridgeport.¹¹

Copyright Infringement of Music

Musical expression, unlike other forms of expression such as literary compositions and the visual arts, is experienced by the ear rather than the eye, and while the distinction may appear to be without legal significance, it does have an impact on how the courts approach copyright infringement in music cases.¹² Music cases create a unique challenge for courts deciding on infringement issues in part because of the difficulty in analyzing musical works and applying copyright infringement standards developed primarily for literary works.¹³ Furthermore, the particular characteristics of music have a significant role in shaping important issues in copyright infringement cases including access, subconscious copying, independent creation, and use of expert musicologists.¹⁴

Before delving into what constitutes copyright infringement, it is important to understand what rights are granted by the U.S. copyright laws. Copyright law provides a copyright owner with a bundle of rights in a work—specifically, the exclusive right to reproduce, distribute, perform, display, and license the work, or make derivative works and to authorize others to do any or all of these things.¹⁵ With some exceptions, copyright infringement occurs when any one of these rights is exercised without the copyright owner's permission.¹⁶

In order to prove copyright infringement, the plaintiff needs to demonstrate: (a) that it is the owner of a valid copyright, and (b) that protected elements of the

copyrighted work were copied by the defendant.¹⁷ Assuming that the plaintiff can demonstrate proper ownership with the copyright registration, the plaintiff must then prove that the defendant copied the work with either direct or circumstantial evidence.¹⁸ For example, direct evidence would be an admission by the defendant or witnesses to the defendant's actual act

snippets.

Being reminiscent of a "sound" is not copyright infringement. The intent in producing "Blurred Lines" was to evoke an era. In reality, the Gaye defendants are claiming ownership of an entire genre, as opposed to a specific work, and Bridgeport is claiming the same work.

of copying or sampling the copyrighted song.¹⁹ However, direct evidence is rarely available and circumstantial evidence is usually presented, especially in music copyright infringement cases.²⁰

To prove copying with circumstantial evidence, the plaintiff needs to demonstrate: (a) access to the copyrighted work and (b) substantial similarity between the allegedly infringing work and the copyrighted work.²¹ Access to the copyrighted work may be

shown by demonstrating that the defendant had actual knowledge of the plaintiff's work or had a "reasonable opportunity" to access the plaintiff's work.²² The plaintiff may establish access with circumstantial evidence by showing that a chain of events allowed the defendant to have direct access to the plaintiff's work (*i.e.*, through record company dealings).²³ Likewise, the plaintiff may demonstrate with indirect evidence that the defendant had a "reasonable opportunity" to access the work due to widespread public dissemination of the plaintiff's work.²⁴

For cases involving musical compositions, a plaintiff may have more success proving access through widespread dissemination of its work by presenting evidence such as record sales or radio performances.²⁵ Evidence that the plaintiff's work was widely distributed may also support a theory of subconscious infringement.²⁶

Alternatively, access may be inferred without specific evidence if the plaintiff can show that the two works are "strikingly similar."²⁷ A court will infer access if the plaintiff can demonstrate that the similarities are only achievable through copying, and not by coincidence, independent creation, or use of a prior common source, which are defenses to copyright infringement.²⁸

Courts in the Ninth Circuit have applied an "Inverse Ratio" rule with respect to circumstantial evidence.²⁹ That is, the more access the defendant had to the copyrighted work, the less similarity must be shown to prove copying has occurred.³⁰ The Ninth Circuit has also clarified that a court does not need to apply a "substantially similar" analysis when there is direct evidence that the defendant duplicated the plaintiff's entire work.³¹

The inquiry into whether two musical works are substantially similar depends on the facts of each case.³² The Circuits have developed varying tests for substantial similarity of two works, some of which depend on the type of copyrighted work at issue.³³ Since Thicke's case was filed in the Central District of California, the Ninth's Circuit's standard for copyright infringement applies.

In determining whether two musical works are substantially similar, the Ninth Circuit employs a two part analysis: (1) an objective "extrinsic" test, and (2) a subjective "intrinsic" test.³⁴ The extrinsic test is applied by the judge, and assesses whether two musical works contain similar ideas and expression as determined by objective factors.³⁵ The extrinsic test typically relies on testimony from a musicologist expert to establish substantial similarity.³⁶ The expert must dissect the two works into elements and compare those elements to determine whether the defendant's work is substantially similar to the copyrighted work.³⁷ If substantial similarity of ideas is found under the extrinsic test, summary judgment is precluded and the jury applies the intrinsic test whereby the works are examined through the lens of an ordinary lay observer without analytic dissection or use of expert testimony.³⁸

While many courts have identified criteria for analyzing a musical composition, the Ninth Circuit has never announced a set of criteria under the extrinsic test since "a musical composition can be comprised of a number of otherwise unprotectable elements, including lyrics, rhythm, pitch, cadence, melody, harmony, tempo, phrasing, structure, chord progression, instrumental figures, and others."³⁹ Without expressly delineating the extrinsic elements of musical works, the Ninth Circuit

acknowledged that it would be difficult for the lower courts to apply the extrinsic test:

"We recognize the difficulties faced by the district court in this case. We have referred to "the turbid waters of the 'extrinsic test' for substantial similarity under the Copyright Act."...The application of the extrinsic test, which assesses substantial



Thicke admitted during a GQ interview that "Got To Give It Up" was one of his favorite songs and that it was the source of inspiration for "Blurred Lines."

similarity of ideas and expression, to musical compositions is a somewhat unnatural task, guided by relatively little precedent."⁴⁰

Since copyrights protect an artist's expression of ideas, but not the ideas themselves, the copyright covering Gaye's song would not protect those portions of the song that are common; it protects only those parts of the song that are original to Gaye. Since the requirement is

one of substantial similarity to protected elements of the copyrighted work, the trier of fact must first distinguish between the protected original, expressive elements and unprotected commonplace material in the copyrighted work.⁴¹ Once these specific protected elements in Gaye's song have been identified, the trier of fact must then determine whether "Blurred Lines" substantially appropriated these protected elements of Gaye's song such that the works are substantially similar. Since this is an issue of fact and one that is not easy to assess, demonstrating substantial similarity will likely be the most disputed issue in this case.

Based on statements in their complaint that "[t]here are no similarities between ["Blurred Lines"] and ["Got To Give It Up"], other than *commonplace musical elements*,"⁴² Thicke, Williams, and Harris will likely argue that the use of a high falsetto voice, vocal and musical layering, and beat are common unprotected elements, that "Blurred Lines" was intended to be a tribute to an era, and that being reminiscent of a "sound" is not copyright infringement.⁴³

Did the Inspiration for "Blurred Lines" Rise to the Level of Copyright Infringement?

Thicke admitted during a GQ interview that "Got To Give It Up" was one of his favorite songs and that it was the source of inspiration for "Blurred Lines."⁴⁴ In fact, the first line of the complaint expresses respect for Gaye's and Funkadelic's music.⁴⁵ Courts in the Ninth Circuit may consider such an admission as evidence of Thicke's access to Gaye's music.⁴⁶ Though Thicke stated that his intent with "Blurred Lines" was to evoke an era, Thicke may have subconsciously copied Gaye's song. Defendants have been found strictly liable

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for copyright infringement even if the copying was unintended and performed subconsciously.⁴⁷

While there are audible similarities between “Blurred Lines” and “Got To Give It Up,” the question is whether these elements are protectable elements of Gaye’s song and if so, whether these protectable elements were appropriated in “Blurred Lines” such that the works are substantially similar.⁴⁸ Case law supports that appropriation of even a few notes from a copyrighted song may be enough to establish copyright infringement.⁴⁹ Since few copyright cases actually go to trial and fewer cases generate published judicial opinions—no doubt due in part to the blurred legal lines and subjective nature of copyright law as applied to music—it is very likely that this case will be settled. A quick settlement, however, in this case and others like it will avoid addressing a bigger issue—namely, to what extent can artists create new works from their influences without being sued.⁵⁰ Did Thicke successfully recreate a vibe of the 1970’s without infringing Gaye’s work or did he cross the line with “Blurred Lines”? If this case settles, the answer will remain blurry.

Endnotes

- 1 See Raully Ramirez, *Robin Thicke’s ‘Blurred Lines’ Breaks Record Atop Hot R&B/Hip-Hop Songs*, BILLBOARD.COM (Sept. 25, 2013; 5:24 PM), <http://www.billboard.com/articles/columns/the-juice/5733206/robin-thicke-blurred-lines-breaks-record-atop-hot-rbhip-hop>; Gary Trust, *Robin Thicke’s ‘Blurred Lines’ is Billboard’s Song of the Summer*, BILLBOARD.COM (Sept. 5, 2013; 10:10 AM), <http://www.billboard.com/articles/news/5687036/robin-thicke-blurred-lines-is-billboards-song-of-the-summer>.
- 2 See *‘Blurred Lines’ Banned by YouTube As Robin Thicke’s Video Features Nude Models*, HUFFINGTONPOST.COM (April 1, 2013; 5:17 PM), http://www.huffingtonpost.com/2013/04/01/blurred-lines-banned-by-youtube-robin-thicke-nude-models_n_2994676.html.

com/2013/04/01/blurred-lines-banned-by-youtube-robin-thicke-nude-models_n_2994676.html.

3 See Abby Young-Powell & Libby Page, *Universities Ban Blurred Lines on Campuses Around UK*, THE GUARDIAN (Sept. 20, 2013), <http://www.theguardian.com/education/2013/sep/20/robin-thicke-blurred-lines-ban>.

4 Interestingly, the Gaye Family declined to accept Thicke’s six-figure settlement offer. See Alex Pharm, *Marvin Gaye’s Family Rejected Robin Thicke’s Six-Figure Offer*, BILLBOARD.COM (Aug. 23 2013; 10:30 AM), <http://www.billboard.com/articles/news/5672505/marvin-gayes-family-rejected-robin-thicke-six-figure-offer>.

5 Bridgeport Music Inc. is the owner of Funkadelic’s compositions including “Sexy Ways.”

6 Complaint for Declaratory Relief, *Williams v. Bridgeport Music, Inc.*, No. 13-06004 (C.D. Cal. Aug. 15, 2013) [hereinafter “Complaint”].

7 *Id.* at ¶¶ 15, 20.

8 *Id.* at ¶ 1.

9 *Id.* at ¶ 2.

10 *Id.* at ¶ 22.

11 According to the “Waiver of Service of Summons” filed on September 30, 2013, Defendants had 60 days from August 30, 2013 to respond to the complaint.

12 See Margit Livingston & Joseph Urbinato, *Copyright Infringement of Music: Determining Whether What Sounds Alike is Alike*, 15 VAND. J. ENT. & TECH. L. 227, 230 (2013).

13 See *Wihl v. Wells*, 231 F.2d 550, 552 (7th Cir. 1956) (“Of all the arts, music is perhaps the least tangible.”); see also, Livingston & Urbinato, *supra* note 12.

14 See Livingston & Urbinato, *supra* note 12 (discussing the challenges in musical copyright infringement cases).

15 See 17 U.S.C. § 106 (2012).

16 *Id.* at § 501.

17 See *Feist Publications, Inc. v. Rural Tel. Serv. Co., Inc.*, 499 U.S. 340, 361 (1991).

18 See *Straughter v. Raymond*, No. CV 08-

2170 CAS, 2011 WL 3651350, at *8 (C.D. Cal. Aug. 19, 2011).

19 See, e.g., *ABKCO Music, Inc. v. Harrisongs Music, Ltd.*, 722 F.2d 988, 998 (2d Cir. 1983) (affirming the district court’s finding that George Harrison infringed on the musical copyright of “He’s So Fine,” in part because “[e]ven Harrison conceded at trial that the two songs were ‘strikingly similar’ as played by a pianist during the liability trial”).

20 See *Three Boys Music Corp. v. Bolton*, 212 F.3d 477, 481 (9th Cir. 2000) (“Proof of copyright infringement is often highly circumstantial, particularly in cases involving music.”); *Smith v. Jackson*, 84 F.3d 1213, 1218 (9th Cir. 1996) (“[D]irect evidence of copying is not available in most cases.”).

21 See *Swirsky v. Carey*, 376 F.3d 841, 844 (9th Cir. 2004).

22 See *Jason v. Fonda*, 526 F. Supp. 774, 776 (C.D. Cal. 1981), *aff’d*, 698 F.2d 966 (9th Cir. 1982).

23 See, e.g., *Moore v. Columbia Pictures Indus., Inc.*, 972 F.2d 939, 942 (8th Cir. 1992) (explaining that a reasonable possibility of access may be shown for an employee of a corporation that composed the defendant’s music when another employee had actual possession of the plaintiff’s work due to the physical proximity of the employees); *but see Dimmie v. Carey*, 88 F. Supp. 2d 142, 148 (S.D.N.Y. 2000) (finding, in part, that a strict corporate policy “of refusing to review unsolicited recording” precluded a finding that defendants, employees of a record company, had access to the plaintiff’s work when the plaintiff mailed her copyrighted recording to the record company).

24 See *Three Boys Music Corp.*, 212 F.3d at 482.

25 See, e.g., *Acuff-Rose Music, Inc. v. Jostens, Inc.*, 988 F. Supp. 289, 293 (S.D.N.Y. 1997), *aff’d*, 155 F.3d 140 (2d Cir. 1998) (finding a reasonable opportunity of access by the defendant due to evidence that the plaintiff’s song was ranked as a top five country hit at the time the defendant composed the song, showing that the defendant had “ample opportunity” to view the plaintiff’s lyrics).

- 26 See *Three Boys Music Corp.*, 212 F.3d at 483; see also *Bright Tunes Music Corp. v. Harrisongs Music, Ltd.*, 420 F. Supp. 177, 180-81 (S.D.N.Y. 1976) (finding that George Harrison in composing “My Sweet Lord” subconsciously infringed on the song “He’s So Fine,” recorded by the Chiffons); *Cholvin v. B. & F. Music Co.*, 253 F.2d 102, 103-04 (7th Cir. 1958) (finding that the circumstantial evidence presented by the plaintiff, which included over 200,000 records sold and frequent radio broadcasting of the song for a period of five to six years, combined with similarities between the compositions, warranted an inference of copyright infringement).
- 27 *Baxter v. MCA, Inc.*, 812 F.2d 421, 423 (9th Cir. 1987) (“Absent evidence of access, a ‘striking similarity’ between the works may give rise to a permissible inference of copying.”); see also *Selle v. Gibb*, 741 F.2d 896, 900, 905 (7th Cir. 1984) (finding that Selle, a composer of a copyrighted song “Let It End,” did not sufficiently prove striking similarity to the Bee Gees’ hit song “How Deep Is Your Love” to permit a presumption of access by the Bee Gees, and finding that the Bee Gees demonstrated independent creation).
- 28 See *Selle*, 741 F.2d at 901.
- 29 See *Straughter v. Raymond*, CV 08-2170 CAS CWX, 2011 WL 3651350, at *13 (C.D. Cal. Aug. 19, 2011).
- 30 *Id.* at *13.
- 31 See *Range Road Music, Inc. v. East Coast Foods, Inc.*, 668 F.3d 1148, 1154 (9th Cir. 2012).
- 32 *Straughter*, 2011 WL 3651350, at *13.
- 33 See Sergui Gherman, *Harmony and its Functionality: A Gloss on the Substantial Similarity Test in Music Copyrights*, 19 *FORD. INTELL. PROP., MEDIA & ENT. L.J.* 483, 486-88 (2009) (discussing variations of the substantially similar test among circuits).
- 34 *Swirsky v. Carey*, 376 F.3d 841, 845 (9th Cir. 2004).
- 35 *Id.*
- 36 *Three Boys Music Corp. v. Bolton*, 212 F.3d 477, 485 (9th Cir. 2000).
- 37 See *Swirsky*, 376 F.3d at 845.
- 38 See *Smith v. Jackson*, 84 F.3d 1213, 1218 (9th Cir. 1996) (“[T]he subjective ‘intrinsic test’ asks whether an ‘ordinary, reasonable observer’ would find a substantial similarity of expression of the shared idea.”).
- 39 *Straughter*, 2011 WL 3651350, at *13.
- 40 See *Swirsky*, 376 F.3d at 848 (internal citations omitted).
- 41 *Id.* at 845 (“Because the requirement is one of substantial similarity to *protected* elements of the copyrighted work, it is essential to distinguish between the protected and unprotected material in a plaintiff’s work.”) (emphasis in original).
- 42 Complaint at ¶ 1(emphasis added).
- 43 *Id.* at ¶ 2.
- 44 See Stelios Phili, *Robin Thicke on That Banned Video, Collaborating with 2 Chainz and Kendrick Lamar, and His New Film*, GQ.com (May 7, 2013; 1:20 AM), <http://www.gq.com/blogs/the-feed/2013/05/robin-thicke-interview-blurred-lines-music-video-collaborating-with-2-chainz-and-kendrick-lamar-mercy.html>.
- 45 See Complaint at ¶ 1 (“Plaintiffs, who have the utmost respect and admiration of Marvin Gaye, Funkadelic and their musical legacies, reluctantly file this action in the face of multiple adverse claims....”).
- 46 *Three Boys Music Corp. v. Bolton*, 212 F.3d 477, 485 (9th Cir. 2000). (in upholding the district court’s finding of Bolton’s subconscious copying due to the Isley Brothers’ widely disseminated music, noted that “Bolton confessed to being a huge fan of the Isley Brothers and a collector of their music.”).
- 47 See *supra* note 26 and accompanying text, discussing the George Harrison copyright infringement case.
- 48 For example, Thicke’s use of high falsetto voice in “Blurred Lines” is reminiscent of Gaye’s in “Got To Give It Up.”
- 49 *Baxter v. MCA, Inc.*, 812 F.2d 421, 425 (9th Cir. 1987) (“Even if a copied portion be relatively small in proportion to the entire work, if qualitatively important, the finder of fact may properly find substantial similarity.”); *Elsmere Music, Inc. v. Nat’l Broad. Co., Inc.*, 482 F. Supp. 741, 744 (S.D.N.Y. 1980), *aff’d sub nom*, 623 F.2d 252 (2d Cir. 1980) (finding that copying four notes, which were considered a significant part of the musical composition, was “capable of rising to the level of copyright infringement”). Justin Bieber and Usher Raymond IV (“Usher”) were sued by Devin Copeland (“De Rico”) in May 2013 for allegedly copying De Rico’s “Somebody to Love,” in part because Bieber’s version (also titled, “Somebody to Love”) used the same five-word hook. See Complaint, *Copeland v. Bieber*, No. 13-00246, at ¶ 47 (E.D. Va. May 2, 2013).
- 50 *Swirsky v. Carey*, 376 F.3d 841, 848 (9th Cir. 2004) (noting the lack of existing court precedent to guide analysis of substantial similarity in musical composition cases).

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Terminology in a Computer Readable Medium Claim—“Physical,” “Tangible,” or “Storage”—Can Pose Problems Under Section 101

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In *Ex parte Mewherter*, a recent decision by the Patent Trial and Appeal Board (PTAB) at the United States Patent and Trademark Office (USPTO), the Board handed down a precedential decision regarding the language of computer-readable medium (CRM) claims.¹ Particularly, this decision established that computer readable storage media (CRSM) claims are not patent eligible unless the claims recite the magic term “non-transitory,” or the specification adequately limits the term “storage media” to exclude signals, carrier waves, or other transitory signals.² These transitory signals are not patentable subject matter under the Federal Circuit’s *In re Nuijten* decision, because they do not fall into any of the four statutory categories (i.e., process, machine, manufacture, or composition) set forth in 35 U.S.C. § 101.³

In *Ex parte Mewherter*, the applicant claimed a “machine readable storage medium having stored thereon a computer program for converting a slideshow presentation for use within a non-presentation application.”⁴ Among the various rejections issued by the Office, claims 16-22 were rejected under 35 U.S.C. § 101 for failure to claim statutory subject matter.⁵ In particular, the Office indicated that claiming a “machine readable storage medium” does not satisfy the requirements of 35 U.S.C. § 101 since a broad interpretation of the claim language would cause the term to encompass transitory media, such as signals, carrier waves, etc., as taught in the Office’s guideline *Subject Matter Eligibility of Computer-Readable Media*.⁶ These guidelines require that the Office construe a claim reciting computer-readable storage media as encompassing a signal *per se* unless amended to avoid such language.⁷ In its rejection of claims 16-22 under § 101, the Office found that the claim language did

not expressly or implicitly limit the medium to “non-transitory” embodiments.⁸ Thus, the Office interpreted the claim language as encompassing transitory signals and rejected the claims under § 101.⁹

In response to the § 101 rejections, the applicant asserted that the claimed “machine-readable storage medium” is distinguishable from a “machine-readable medium” because the former is limited to a medium for permanently storing information, whereas the latter includes a transitory medium such as a carrier wave.¹⁰ The applicant submitted that the claims satisfied the § 101 requirements due to a difference between a transmission medium (e.g., light, electricity, EMF, etc.) not allowed by *In re Nuijten* and a “storage” medium (e.g., memory, hard disk, CD-ROM, etc.) as expressly claimed.¹¹ The applicant further asserted that “machine-readable storage medium” stores computer-readable instructions that, when executed, cause a computer to perform certain functions, thereby establishing structural and functional interrelationships between the computer and the stored instructions, resulting in the claim being directed to a statutory class of subject matter (e.g., a machine).¹²

On appeal, the Board considered several basic factors derived in prior cases to determine whether a “computer readable storage medium” avoided encompassing a non-statutory signal. First, the Board recognized that the applicant’s specification failed to expressly limit the term to differentiate it from the non-statutory signal as noted by the USPTO.¹³ Therefore, the Board relied on extrinsic evidence to determine the meaning of “machine-readable storage medium.”¹⁴

The Board found that a “growing body of evidence . . . demonstrated that the

ordinary and customary meaning of ‘computer readable storage medium’ to a person of ordinary skill in the art was broad enough to encompass both non-transitory and transitory media.”¹⁵ The Board looked at extrinsic evidence in the form of published applications, including other applications by the applicant, that indicated that a person of ordinary skill in the art would view understand the term to encompass transmission media.¹⁶ In addition, the Board found applications of industry participants (e.g., Hewlett-Packard and Cisco) within the field also used the terms “machine-readable storage medium” to encompass signals or waves.¹⁷ Based on finding many examples of the term to include signals or waves in the applicant’s own prior patent applications as well as the industry participants’ applications, the Board held that the USPTO correctly interpreted the claim language of the application to encompass non-statutory transitory media.¹⁸

Ultimately, the Board stated that “[g]iven the significant amount of available guidance and evidence *supra*, we conclude that those of ordinary skill in the art would understand the claim term ‘machine-readable storage medium’ would include signals *per se*,” and held that the Office’s rejection of claims 16-22 under § 101 was proper.¹⁹ The Board noted, however, that the applicant was not precluded from amending the claims to overcome the rejection under § 101, such as by including the term “non-transitory” in the claim.²⁰

USPTO Guidelines

Within Examiner training guidelines issued by the USPTO, procedures are set forth to evaluate CRM claims. Specifically, the guidelines state that “[w]hen the specification is silent, the broadest reasonable interpretation of a CRM and a CRSM in view of the state of

the art covers a signal *per se*. Thus, in this case, a claim to a CRM or CRSM is ineligible unless amended to avoid the signal embodiment.”²¹ If the patent application, as filed, provides a “special definition that explicitly draws a distinction between computer readable storage media, defining it as hardware discs, and computer readable transmission media, defining it as signals *per se*,” then a claim limited to storage media could rely on the special definition and would be eligible.²² Thus, it appears that the USPTO initially presumes that a CRM claim lacking the term “non-transitory” is directed to signals *per se* unless the applicant provided explicit support in the specification limiting the claim to hardware media. The USPTO is looking for applicants to distinguish hardware storage vs. signals *per se* so that claims are clearly and unmistakably directed only to the hardware storage.

The USPTO guidelines further explain that a transitory, propagating signal is not within one of the four statutory categories under 35 U.S.C. § 101.²³ The USPTO guidelines state that an electric or electromagnetic transmission is manmade and physical (*i.e.*, it exists in the real world and has tangible causes and effects), but was found not to qualify as a manufacture, or any of the other statutory categories by the Federal Circuit (*In re Nuijten*).²⁴ However, it is arguable as to whether the Federal Circuit in *In re Nuijten* was concerned with physical storage (as recited in most CRM claims) versus a claimed signal being “physical and real” or not possessing “concrete structure.”²⁵ In the case of *In re Nuijten*, the Federal Circuit seemed to be concerned that “the electromagnetic wave, or perhaps the particles that make it up (modern physics teaches that both features are present simultaneously)” are not a mechanical “device” or “part,” and thus, would not qualify as a “machine” as that term is used in § 101.²⁶ Whether a CRM claim reciting *physical* storage media would qualify as a machine was not at issue for the Federal Circuit. Thus, the

USPTO guidelines seem to take the holding of *In re Nuijten* to require that CRM claims recite an invention in a way that can only be interpreted as non-transitory media.

The USPTO guidelines state examples of unacceptable techniques to overcome § 101 rejections for CRM claims. For instance, the USPTO guidelines state that it is not acceptable to just add “physical” or “tangible” to CRM claims to overcome § 101 rejections, nor is it acceptable to simply add “storage” absent support in the original disclosure.²⁷ The strict *rule* in the USPTO guidelines that “physical,” “tangible,” or “storage” are terms that can still encompass carrier waves does not seem supported by the decision of *In re Nuijten*. One would think that such terms are sufficient to indicate a permanency of the signal on the manmade *thing* to alleviate the USPTO concerns of transitory or non-permanent signals carried on carrier waves.

Nonetheless, to satisfy USPTO guidelines and U.S. patent Examiners, a best practice approach may include providing the *special definition* in the patent specification that explicitly distinguishes computer readable storage media (defined as hardware) and computer readable transmission media (defined as signals *per se*), so that a claim limited to storage media could rely on the special definition and would be eligible for patenting under § 101. For additional support, it may be worthwhile to include dependent claims reciting various structural components of the hardware, as well as reciting the magical “non-transitory” term to cover all bases.

Endnotes

- 1 *Ex parte Mewherter*, No. 2012-007692 (P.T.A.B. May 8, 2013).
- 2 *Id.* at 13.
- 3 *In re Nuijten*, 500 F.3d 1346, 1356-57 (Fed. Cir. 2007).
- 4 *Ex parte Mewherter*, at 3 (claim 16).
- 5 *Id.*

6 *Id.* at 5.

7 *Id.* at 6.

8 *Id.* at 6-7.

9 *Id.* at 13.

10 *Id.* at 4-5.

11 *Id.* at 5.

12 *Id.*

13 *Id.* at 6.

14 See *Phillips v. AWH Corp.*, 415 F.3d 1303, 1313 (Fed. Cir. 2005) (en banc) (“[T]he ordinary and customary meaning of a claim term is the meaning that the term would have to a person of ordinary skill in the art in question at the time of the invention, *i.e.*, as of the effective filing date of the patent application.”).

15 See *Ex parte Mewherter*, at 7-8.

16 *Id.* at 8.

17 *Id.* at 9.

18 *Id.* at 8-12.

19 *Id.* at 13.

20 *Id.* at 14.

21 See U.S. Patent and Trademark Office, *Evaluating Subject Matter Eligibility Under 35 USC § 101* (August 2012 Update) at 13, available at http://www.uspto.gov/patents/law/exam/101_training_aug2012.pdf [hereinafter *USPTO Guidelines*].

22 *Id.*

23 *Id.* at 12.

24 *Id.*

25 *In re Nuijten*, 500 F.3d at 1355.

26 *Id.*

27 *USPTO Guidelines*, at 14.

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The Current State of the Federal Circuit's Model Order for E-Discovery and Best Practices

By Erin R. Woelker and Jordan T. One

Now firmly settled in the digital era, where more and more companies have transitioned to paperless environments and where generation of electronic documents and correspondence is the norm, discovery of electronic data, or e-discovery, has reached new heights in litigation. So too have the costs of litigation, not only in pure economic terms, but also in terms of the time and effort burdens placed on courts and clients. E-discovery has been pegged as a major culprit in these skyrocketing costs due, in large part, to its tendency to be abused by litigants.¹ Notably, discovery tends to be more costly in patent cases than in other types of litigation.²

In his September 2011 address to the Eastern District of Texas Judicial Conference, Federal Circuit Chief Judge Rader noted that, too often, e-discovery is used as a tactical method for leveraging time and fiscal burdens on attorneys and their clients.³ On one side, requesting parties impose numerous and overly broad requests on their opponents that garnish voluminous documents and data. The high costs of procuring, formatting, and screening this Electronically Stored Information (ESI) is disproportionately borne by the producing party. In response, the producing party has little incentive to sift out only those documents that are germane to the parties' claims and defenses or to provide its production in a concise, organized, and complete fashion, thereby shifting the burden of review to the requesting party.⁴ The mass collection of ESI, even when filtered by basic keyword searching, can generate hundreds of gigabytes of data, requiring tens of thousands of man-hours to review, by both the producing and requesting parties.⁵ However, typically less than one in every ten-thousand documents produced is ultimately identified on a trial exhibit list.⁶ In the end, neither party stands to gain much

from this burden-shifting litigation strategy that ultimately results in relatively few relevant or useful documents.

Calling on the federal judiciary to curb e-discovery excesses, Judge Rader also introduced the Advisory Council of the Federal Circuit's "Model Order Regarding E-Discovery in Patent Cases."⁷ Hailed as the first formal effort to address e-discovery costs in patent litigation, the Model Order was presented as a framework for federal courts to enforce sensible e-discovery terms on litigants. The Order addresses certain shortcomings of e-discovery and explains that minimizing human review of ESI is a key component in reducing e-discovery costs to reasonable levels.⁸

The Model Order aims to promote "just, speedy, and inexpensive determination" of e-discovery in patent cases in accordance with the directive of Rule 1 of the Federal Rules of Civil Procedure by, for example: postponing email production requests until after exchange of initial disclosures and basic patent documents;⁹ excluding email production from general document production;¹⁰ limiting the number of email custodians to five per producing party should a specific email production request be made;¹¹ and enforcing proportionality with cost-shifting for disproportionate ESI production requests.¹² Parties may agree to modify or supplement the Order's proposed terms, for example, by increasing the number of custodians or search terms, and agreeing upon standard production file formats.¹³

The Model Order has been a catalyst in spurring e-discovery reform in many courts across the country. In fact, many courts and parties have chosen to wholesale adopt the Order, or at least adapt its provisions to suit the needs or preferences of a particular jurisdiction or case. For example, on September 27, 2011, the Eastern District

of Texas—a court hearing a large number of patent disputes—released its adaptation of the Federal Circuit's Model Order, which stressed that "good cause" to modify the Model Order is at the "Court's discretion or by agreement of the parties."¹⁴ The Eastern District of Texas also removed the provision excluding email from the scope of general production requests from its Model Order in favor of promoting a more accurate determination of relevant ESI based on careful selection of custodians and search terms.

As another example, the Northern District of California released a set of guidelines on November 27, 2012 that echo many of the principles of the Federal Circuit's Model Order.¹⁵ Specifically, it strongly encourages a prompt meeting between the parties at the outset of litigation to informally discuss agreeable terms regarding preservation, search, and production of ESI, as well as prospects to decrease the costs and increase the efficiency of e-discovery.¹⁶

Other District Courts, such as the District of Delaware and the Southern District of New York, have also implemented modified versions of the Model Order.^{17,18} These adaptations set forth more precise requirements on the timing of e-discovery, data formats, and custodian limitations and emphasize procedures which maintain proportionality of e-discovery costs.¹⁹ While there may be marginal differences between each court's adaptations, several common themes are promoted: cooperation between parties, expediting discovery, and utilization of modern software techniques to dial down the universe of documents subject to discovery.

The notion that cooperation between parties often leads to more efficient and productive discovery is not new. The Sedona Conference®, a nonprofit research and educational institute often

discussing issues of law and policy in the areas of antitrust law, complex litigation, and intellectual property rights, has led the conversation about improving the discovery process for ESI. Their widely-endorsed publication, the *Cooperation Proclamation*, first published in July of 2008, aims to align e-discovery with the principles of “just, speedy, and inexpensive determination” of litigations as set forth in Federal Rule of Civil Procedure 1 and as advocated by Judge Rader.²⁰ A main contention of the *Cooperation Proclamation* is that cooperation with the opposing party in discovery is consistent, rather than conflicting, with zealous advocacy of one’s client.²¹ With cooperation as the backbone of the pre-trial discovery process, advocacy skills may be channeled “toward interpreting the facts and arguing the appropriate application of law” rather than wasted on needless discovery disputes. As of October 31, 2012, the proclamation has been signed by 135 judges in 31 states,²² and has been referenced in numerous judicial opinions.²³ The *Cooperation Proclamation* has gained traction, and will continue to influence more judges to order cooperation in determining e-discovery agreements between parties.

The use of technology, software and coding techniques as an aid in e-discovery is also not new. The *Judges’ Guide to Cost-Effective E-Discovery*, published October 1, 2010 by the Electronic Discovery Institute, aims to educate judges on the technologies available for significantly reducing the time and cost of gathering, processing and producing ESI and inform them of the best techniques for expediting the e-discovery process.²⁴ The *Judges’ Guide* calls for lawyers to maintain technical competence in the field of discovery, stating that it is an ethical duty based on a variety of rules in the *ABA Model Rules of Professional Conduct*.²⁵ The *Judges’ Guide* also emphasizes that judges should consider allowing newer ESI-filtering techniques, such as predictive coding, to considerably reduce discovery time and cost.

Despite these advances, discovery in the

digital era has yet to expunge all of its faults. While conversation and movement in the realm of e-discovery has now been brought to the forefront thanks to the *Cooperation Proclamation*, *Judges’ Guide*, and the Model Order, it will take time for the rules of e-discovery to arrive at the best techniques, practices and methodology for achieving the goals of Rule 1 of the Federal Rules and, ultimately, for reducing the cost of federal litigation. It is clear, however, that judges are already penalizing the use of traditional discovery tactics and are rewarding cooperative parties who make a *bona fide* attempt to reduce the time and cost of discovery.

In light of this trend, we have identified some best practices to ensure an efficient e-discovery process and help maintain good standing before judges in the federal court system:

1. Documents should be preserved as soon as litigation is reasonably suspected. In this first step, taking a snapshot of all possible data is paramount. Having proof of diligent preservation of ESI at the onset of litigation may act as a safeguard against any future arguments claiming destruction of evidence. Failure to preserve evidence may result in sanctions levied by the court, which may include fines, an order to pay the opposing party’s costs and legal fees, and, depending on the severity of the actions, even imprisonment.²⁶ Moreover, taking a proactive approach to document and email management may be key to efficient production of ESI if you ultimately find yourself in litigation.
2. Once litigation has begun, opposing counsels should confer and come to an agreement on the terms of e-discovery. In addition to those terms set forth in the Federal Circuit Advisory Council’s Model Order, the Northern District of California provides a “Checklist for Rule 26(f) Meet and Confer Regarding Electronically Stored Information” that may facilitate an organized discussion.²⁷ Counsel should determine a time frame for e-discovery and decide on the search

terms, the method of searching, whether the documents produced should be text searchable or non-searchable, and whether or not to include metadata with the files. Each party should decide on a budget and determine if cost-shifting will be required for disproportionate ESI requests.

3. Parties should consider using a mutually-approved third party vendor for performing ESI collection and data reduction. These service-providers are experts in the field, will be more efficient and thorough than self-collection, and their retention may be used as a defense against claims of negligence or inequitable conduct. Data and collection services are also available for performing complex, human-trained algorithms for identifying the most relevant documents with high reliability. For companies that are frequently in litigation, Software-as-a-Service (SaaS) solutions that manage email and document classification and provide a host of e-discovery services may prove beneficial.²⁸

It is also valuable to point out litigation behavior that likely will no longer be well received by judges. Many seasoned attorneys and clients alike may consider cooperation with the opposing party during discovery an act of submission, preventing the attorney from zealously advocating his client. In light of recent judge’s opinions, however, coming to an agreement on the terms of e-discovery with the opposing party is the most effective way to reduce the cost of discovery borne by the client and to prevent sanctions. Leveraging discovery as a tactic to drain the opposing party’s resources or intentionally withholding ESI relevant to the case is not tolerated by the courts and will result in heavy penalties which may amount to higher costs than settlement or damages. It is advisable to arrive at a set of e-discovery terms with the opposing party and comply with them to avoid expensive sanctions or default judgment which render potential arguments made by the evidence moot. This list of “do’s” and “don’t’s” is far from exhaustive.

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The Current State of the Federal Circuit's Model Order for E-Discovery and Best Practices

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The Federal Circuit's Model Order has prompted national reform in the way that discovery is handled in the Digital Age. It has introduced a paradigm shift away from using discovery costs as a tactical threat and towards cooperation between parties to expedite the discovery process. Software techniques such as predictive coding and technology-assisted review are being proven to be more effective and efficient than purely human review, and judges are finding favor in utilizing them to expedite the e-discovery process. As more judges become informed of the faster, cheaper, and more effective software techniques to filter ESI, refusal to utilize such techniques will be seen as a hindrance to "just, speedy, and inexpensive determination."²⁹

Yet, these software-based searching techniques are not a solution in-and-of themselves. Cooperation between parties is of the utmost importance in identifying and narrowing the ESI most relevant to the case. Impeding the discovery process by refusing to cooperate with the opposing party will likely place a party out of favor with the court, and may even result in discovery sanctions. As this shift towards cooperation continues, the wisest strategy may be to confer with the opposing party on the terms of e-discovery, particularly with respect to effective ESI searching methods and parameters. In the end, such cooperation may result not only in cost savings, but also in an increased ability to identify relevant documentary evidence.

Endnotes

1 See, e.g., Chief Judge Randall R. Rader, United States Court of Appeals for the Federal Circuit, *The State of Patent Litigation*, Address to the E.D. Texas Judicial Conference, 7 (Sept. 27, 2011); The Sedona Conference, *Cooperation Proclamation* (July 2008), 1-2, available for download at <https://thesedonaconference.org/download-pub/1703>; Edward Reines and Ping Gu, *Reducing the Cost of Patent*

Litigation, The Recorder (Aug. 17, 2012).

2 See Rader, *supra*, at 7.

3 *Id.* at 7-8.

4 See, e.g., *Global Aerospace Inc. v. Landow Aviation, L.P.*, No. CL 61040, Memorandum in Support of Motion for Protective Order Approving the Use of Predictive Coding (Va. Cir. Ct. Apr. 23, 2012).

5 *Id.* at 2; see also.

6 See Rader, *supra*, at 8.

7 Federal Circuit Advisory Council, An E-Discovery Model Order and [MODEL] ORDER REGARDING E-DISCOVERY IN PATENT CASES (2011), http://www.cafc.uscourts.gov/images/stories/announcements/Ediscovery_Model_Order.pdf.

8 *Id.* at AN E-DISCOVERY MODEL ORDER, pages 1, 4.

9 *Id.* at [MODEL] ORDER REGARDING E-DISCOVERY IN PATENT CASES, pages 2-3, ¶8.

10 *Id.* at [MODEL] ORDER REGARDING E-DISCOVERY IN PATENT CASES, page 2, ¶6.

11 *Id.* at [MODEL] ORDER REGARDING E-DISCOVERY IN PATENT CASES, page 3, ¶10.

12 *Id.* at [MODEL] ORDER REGARDING E-DISCOVERY IN PATENT CASES, page 2, ¶3.

13 *Id.* at [MODEL] ORDER REGARDING E-DISCOVERY IN PATENT CASES, page 2, ¶2.

14 See E.D. Tex. Local Civil Rules, Appendix P: Order Regarding E-Discovery in Patent Cases (Feb. 28, 2012), http://www.txed.uscourts.gov/cgi-bin2/view_document.cgi?document=22218.

15 See N.D. Cal. Guidelines for the Discovery of Electronically Stored Information (Nov. 27, 2012), http://www.cand.uscourts.gov/filelibrary/1117/ESI_Guidelines.pdf.

16 *Id.* at Guideline 1.01, 1.02, 2.01, 2.02, 2.03.

17 See Report of the Judicial Improvements Committee, Pilot Project Regarding Case Management Techniques for Complex Civil Cases in the Southern District of New York (October 31, 2011), at 4-7, http://www.nysd.uscourts.gov/rules/Complex_Civil_Rules_Pilot.pdf.

18 See E.D. Del. Local Rules and Standing Orders, Default Standard for Discovery,

Including Discovery of Electronically Stored Information ("ESI") (revised Dec. 8, 2011), <http://www.ded.uscourts.gov/sites/default/files/Chambers/SLR/Misc/EDiscovery.pdf>.

19 *Id.* at §§ 1(b), 2(a), 3(a), 5(c).

20 *Cooperation Proclamation, supra*, at 1.

21 *Id.*

22 See The Sedona Conference® Cooperation Proclamation Judicial Endorsements as of October 31, 2012 (available for download at <https://thesedonaconference.org/cooperation-proclamation>).

23 See, e.g., *Kleen Products LLC v. Packaging Corp. of Am.*, No. 10 C 5711, 2012 WL 4498465, at *38 (N.D. IL Aug. 28, 2012); *William A. Gross Const. Associates, Inc. v. American Mfrs. Mut. Ins. Co.*, 256 F.R.D. 134, 136 (S.D. NY Mar. 19, 2009).

24 Anne Kershaw and Joe Howie, *Judges' Guide to Cost Effective E-Discovery*, Electronic Discovery Institute (October 1, 2010).

25 *Id.* at § 14.

26 See *Victor Stanley, Inc. v. Creative Pipe, Inc.*, 269 F.R.D. 497 (D. MD. 2010).

27 United States District Court for the Northern District of California, Standing Order Regarding E-discovery Guidelines: Checklist for Rule 26(f) Meet and Confer Regarding Electronically Stored Information (November 27, 2012), available for download at <http://www.cand.uscourts.gov/eDiscoveryGuidelines>.

28 An emerging solution to consider is Google Vault, which is inexpensive (\$50/employee) and has a growing set of tools that may prove indispensable during e-discovery.

29 Rule 1, Federal Rules of Civil Procedure.

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Inter Partes Review and Inter Partes Reexamination: More Than Just a Name Change

By Alison J. Baldwin
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On September 16, 2012, *Inter Partes* Review (IPR) replaced *Inter Partes* Reexamination (IPX) as an avenue for third party patentability challenges in the United States Patent and Trademark Office (PTO).¹ Arising from the 2011 Leahy-Smith America Invents Act (AIA), this change has transformed *inter partes* challenges “from an examinational to an adjudicative proceeding.”² In other words, the old “prosecution-like” IPX practice has given way to a streamlined “mini-trial” IPR process that could provide cost and time benefits to challengers and patentees alike. As IPR just passes its one year anniversary, this article aims to compare IPR with the old IPX process, provide an update of the most recent case law, and offer relevant IPR practice tips.

Comparing *Inter Partes* Review (IPR) and *Inter Partes* Reexamination (IPX)

Both the old IPX and the new IPR processes serve the same primary function—providing a mechanism for a third party to petition the PTO to institute a review proceeding of an issued patent in an effort to establish invalidity based on anticipation and/or obviousness.³ Like the old IPX system, the IPR system does not allow a petitioner to challenge the patent on the basis of 35 USC §§101 or 112.

Both IPR and IPX bar parties from instituting a review of patents they have already challenged in a prior reexamination proceeding or in litigation. However, IPR also bars real parties in interest or privies of the petitioner who file more than one year after being served with a complaint alleging patent infringement.⁴ Furthermore, while an IPX could be requested “at any time,” potential IPR petitioners must now wait to file their petitions either: a) nine months

after the grant or reissue of a patent; or b) after the termination of post-grant review, whichever occurs later.^{5,6}

The most important difference between the old IPX and the new IPR is how the PTO performs its patent validity review function. In the old IPX process, requests were adjudged by a patent examiner (other than the original examiner) in the same art unit involved in the initial prosecution.⁷ If an IPX request was granted, the granting examiner usually conducted the formal reexamination.⁸ In contrast, IPR petitions and patentability questions are weighed by a panel that includes three technically-trained Administrative Patent Judges from the newly-formed Patent Trial and Appeal Board (“PTAB”).⁹ Further unique to IPR, in response to a petition to initiate a review proceeding, the patent owner may file an optional preliminary response to provide reasons why an IPR should not be instituted.¹⁰ Generally, when determining whether a petition should be granted, the PTAB uses a standard of “a reasonable likelihood that the petitioner would prevail as to at least one of the claims challenged.”¹¹ This standard is not substantially different from that used by the examiner in evaluating a petition under the prior IPX system. PTAB decisions regarding whether to institute a trial are final and nonappealable.¹²

After March 19, 2013, the fee for filing an IPR petition was lowered to \$9,000 plus \$200 for each challenged claim over 20 claims.¹³ If a petition is granted, the post-institution fee is \$14,000 plus \$400 for each claim reviewed over 15.¹⁴ In contrast, IPX request fees were \$8,800 with no fees after grant of the IPX request.

Another key difference between the prior IPX process and the current IPR process is that the IPR process is designed to be a

true adversarial process. While the old IPX process allowed for the parties to submit declarations in support of their positions, the opposing party could not test the veracity of those declarations. In contrast, once instituted, the formal IPR proceeding includes an important new provision for discovery, which may include mandatory initial disclosures, document production, and deposition testimony.¹⁵ Additionally, either party may file supplemental information within one month of the IPR being instituted.¹⁶ The patent owner may file a response and claim amendments after the institution of an IPR, typically within 3 months.¹⁷ IPR proceedings may also include an oral argument.¹⁸ In contrast, oral argument was previously available to parties in an IPX proceeding only on appeal to the Board of Patent Appeals and Interferences after a final determination by the examiner in the reexamination.

Yet another important difference between the IPX and IPR processes is the length of time between filing of the petition requesting initiation of the review and a final resolution of that review. While the IPX process was handled “with special dispatch” by the Patent Office, it still took an average of three years to reach a final decision that could be appealed to the Court of Appeals for the Federal Circuit. This time period was due to the fact that the IPX process was essentially a two stage process, with the first stage being handled by the examining core and the second stage being the appeal to the Board. By eliminating the first stage of the process and establishing statutory deadlines, the total IPR process should take approximately eighteen months from filing of the petition to a final appealable determination.

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At a Glance: Old IPX v. New IPR

	<i>Inter Partes</i> Reexamination (IPX)	<i>Inter Partes</i> Review (IPR)
When to file	No longer available	Nine months following issuance or nine months following reissue, after conclusion of post grant review, and prior to the PTO reaching an annual limit of IPRs in each of the first four years
Who may file	Anyone not estopped based on prior reexam or litigation	Anyone except: parties estopped based on prior reexam or litigation, parties who had filed a declaratory judgment for invalidity, or parties who had been served with a complaint for patent infringement more than one year before filing
Standard for granting petition	Reasonable likelihood of prevailing in showing unpatentability based on patents or printed publications with respect to at least one claim	Reasonable likelihood of prevailing in showing anticipation or obviousness based on patents or printed publications with respect to at least one claim
Request/Petition Fee	\$8800 + attorney's fees & expenses, no page limits	\$9000 + \$200/claim over 20 + attorney's fees & expenses, 60-page limit for petition
Reexam/Review Fee	None	\$14,000 + \$400/claim over 15
Tribunal	Patent Examiner from the Central Reexamination Unit	PTAB panel of three Administrative Patent Judges
Discovery	None	Requests for admissions, interrogatories, and depositions
Oral Hearing	None (until appeal to Board)	Yes
Motion Practice	None	Yes
Approximate Time	~36 months (through Board appeal)	~ 18 months (maximum of 12 months from petition grant to final written decision, absent good cause or joinder)
Appeals	Appeal first to PTAB, then to the Federal Circuit	Appeal to the Federal Circuit

Some IPR Statistics

Through July 31, 2013, 403 IPR petitions had been filed with the PTAB, 126 trials had been instituted, and no final decisions have been made.¹⁹ The PTO statistics indicate that the PTAB instituted trials in 83.4% of the petitions it had addressed (126 trials instituted, 25 trials not instituted), which is somewhat lower than the rate at which the PTO had historically granted *inter partes* reexaminations (~90%). In July 2013, the last month of published data prior to this article, the PTAB dramatically increased the number of petitions it denied.²⁰ Going forward, it will be interesting to note whether the Board will continue its increased rejection rate.

PTO statistics indicate that electrical/computer technology patents make up the majority (some 70.7%) of all AIA petitions (of which IPR petitions comprise 90.6%).²¹ Mechanical (11.7%), Chemical (9.8%), Bio/Pharma (7.3%), and Design patents (0.5%) made up the remainder of AIA petitions.²²

IPR Decisions from the Patent Trial and Appeal Board

Since no final decisions have been issued by the PTAB, most published opinions have dealt with whether IPR petitions should be granted. The PTAB looks closely at both the claims at issue as well as the prior art to determine whether to grant IPR petitions. While the vast majority of petitions have been granted, the PTAB denied at least one petition where the petitioner failed to demonstrate a “reasonable likelihood that it would prevail with respect to at least one of the claims challenged in the petition.”²³

Under the old IPX system, once a reexamination was initiated by the PTO, neither the third party initiator nor the patentee could stop the process. In

contrast, the IPR process allows for the parties to jointly terminate the proceedings. This ability for the parties to jointly terminate when they have reached a settlement has already been utilized in some of these initial IPR proceedings.²⁴

Federal Court Case Law Related to IPR

At this early stage, district courts have dealt with issues related to IPR proceedings relatively few times. However, issues of jurisdiction, judicial deference, and motions to stay have appeared in the case law regarding IPR thus far.

At least one court has found lack of jurisdiction to review a PTAB decision that granted an IPR proceeding.²⁵ In addition, at least one claim construction ruling has been made by a district court after a PTAB decision to grant IPR.²⁶ In *Continental Auto*, the district court gave the PTAB’s decision to grant IPR apparent weight when it concluded that the patentee actually disavowed a particular time-shifting method important to the infringement contentions.²⁷

District courts have also dealt with IPR when considering motions to stay in related patent litigations. When considering a stay, most courts apply a three-factor test that considers: 1) the stage of the litigation proceeding; 2) whether issues in question will be simplified; and 3) whether the nonmoving party would be unduly prejudiced or accrue a clear tactical disadvantage. Some courts seem to be generous with granting stays when an IPR is pending, or in some cases even before an IPR petition has been granted by the PTO.²⁸ Other courts have denied stays pending IPR despite finding that issues would be simplified in an IPR proceeding.²⁹ In at least one case, a court denied a motion to stay

at least until the PTO decided to initiate an IPR proceeding, at which time the court may consider a new motion to stay.³⁰

IPR Practice Tips

While the facts and circumstances of each case may vary, patent owners facing a pending IPR petition should almost certainly file a preliminary response if for no other reason than to set forth its strongest arguments why the PTAB should not grant the petition.³¹ Specifically, in a preliminary response, patent owners could raise issues of timeliness and standing. For example, parties are precluded from filing a petition if the party had been served with a complaint alleging infringement more than one year previously.³² Further, petitioners could be precluded from filing petitions that do not raise new grounds for reconsideration (e.g., grounds that had not been explored in patent prosecution). Although PTO data indicates that patent owners have waived a preliminary response on 37 occasions (out of a possible 437 petitions), it is hard to imagine a good reason to waive an opportunity to short-circuit the IPR process at an early stage.

Because of the fast timing of IPR proceedings, a petitioner would be well-advised to prepare for discovery as much as possible ahead of filing their petition. This includes both the discovery that they anticipate requesting from the patent owner as well as the discovery that they anticipate to that the patent owner will request from them. In contrast, for a patent owner who is enforcing his/her patent against a potential infringer (particularly in the electronic/computer arts area), preparation for an IPR filing should become a standard part of pre-litigation preparation.

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Conclusion

Inter partes patent disputes have been changed remarkably by the new IPR provisions in the America Invents Act. Specifically, the new attributes of IPR include a panel of technically-trained judges, discovery, oral hearings, tight timeframes, and relatively low fees. These elements combine to make IPR an attractive route for parties hoping to mount patent challenges. The same factors could lead petitioners and patentees alike to forego or stay costly district court litigations in favor of speedier PTAB adjudications. Such PTAB rulings may prove determinative with regards to claim construction at the district court level and may lead to accelerated settlements.

Endnotes

- 1 37 C.F.R. § 42 *et seq.*
- 2 H.R. Rep. No. 112-98, 46 (2011).
- 3 35 U.S.C. §§ 102, 103, 311(a); *see also* 37 C.F.R. § 42.101.
- 4 35 U.S.C. §§ 315(e)(2), 315(b).
- 5 35 U.S.C. §311(c).
- 6 *See also* 35 U.S.C. § 320 *et seq.*; http://www.uspto.gov/aia_implementation/faqs_post_grant_review.jsp.
- 7 MPEP § 2636 (Eighth Edition, Revision 9, August 2012).
- 8 MPEP § 2656 (Eighth Edition, Revision 9, August 2012).
- 9 37 C.F.R. § 42.108.
- 10 37 C.F.R. § 42.107.
- 11 *See, e.g., Heart Failure Techs., LLC, Petitioner v. Cardiokinetix, Inc., Patent Owner*, IPR2013-00183, 2013 Pat. App. LEXIS 5602, at *16 (PTAB, July 31, 2013) (denying petition for IPR).
- 12 37 C.F.R. § 42.71(c).
- 13 37 C.F.R. § 42.15.
- 14 *Id.*
- 15 37 C.F.R. § 42.50 *et seq.*

- 16 37 C.F.R. § 42.123.
- 17 37 C.F.R. § 42.120.
- 18 37 C.F.R. § 42.70.
- 19 http://www.uspto.gov/ip/boards/bpai/stats/aia_trial_proceedings.pdf.
- 20 In July 2013, the PTAB decided to institute 22 trials and decided not to institute 16 trials. Prior to July 2013, the maximum number of trials not instituted in any single month was 4.
- 21 http://www.uspto.gov/ip/boards/bpai/stats/ptab_aia_trial_progress_2013_07_31.pdf. AIA petition data included 396 IPR petitions, 39 covered business method petitions, 1 post grant review petition, and 1 design review petition.
- 22 *Id.*
- 23 *Heart Failure Techs., LLC, Petitioner v. Cardiokinetix, Inc., Patent Owner*, IPR2013-00183, 2013 Pat. App. LEXIS 5602, at *16 (PTAB, July 31, 2013).
- 24 *See, e.g., Oracle Corp., Petitioner v. Clouding IP, LLC, Patent Owner*, IPR2013-00100, 2013 Pat. App. LEXIS 5408, at *3 (PTAB, July 22, 2013).
- 25 *Mentor Graphics Corp. v. Rea*, No. 1:13-cv-518, 2013 U.S. Dist. LEXIS 104506, at *9 (E.D. Va. July 25, 2013) (dismissing complaint because Federal Circuit Court of Appeals has jurisdiction for appeals from the PTAB).
- 26 *Cont'l Auto. Sys., US v. Schrader Elecs., Inc.*, No. 11-cv-14525, 2013 U.S. Dist. LEXIS 109202, at *8 (E.D. Mich. June 3, 2013).
- 27 *Id.* at *16-17 (“As the PTAB noted in its decision on [defendants’] request for *inter partes* review, the use of random time shifting is inconsistent with a method that attempts to time shift by creating and then offsetting precise or controlled intervals”).
- 28 *See, e.g., Neste Oil Oyj v. Dynamic Fuels, LLC*, No. 12-1744-GMS, 2013 U.S. Dist. LEXIS 92416, at *13 (D. Del. July 2, 2013) (granting defendants’ motion to stay even though IPR petition had not yet been granted). *See also Prolitec Inc. v. ScentAir Techs., Inc.*, 12-C-483, 2013 U.S. Dist. LEXIS 70057, at *3 (E.D. Wis. May 17, 2013) (granting motion to stay);

Capriola Corp. v. LaRose Indus., LLC, NO. 8:12-cv-2346-T-23TBM, 2013 U.S. Dist. LEXIS 65754, 7 (M.D. Fla. Mar. 11, 2013) (granting motion to stay); *Pi-Net Int'l, Inc. v. Hertz Corp.*, CV 12-10012 PSG, 2013 U.S. Dist. LEXIS 81570, at *13 (C.D. Cal. June 5, 2013) (granting motion to stay).

- 29 *See, e.g., Universal Elecs., Inc. v. Universal Remote Control, Inc.*, NO. SACV 12-00329, 2013 U.S. Dist. LEXIS 64154, at *6 (C.D. Cal. May 2, 2013) (denying motion to stay); *Dane Techs., Inc. v. Gatekeeper Sys., Inc.*, No. 12-2730, 2013 U.S. Dist. LEXIS 117718, at *9 (D. Minn. August 20, 2013) (denying motion to stay); *Davol, Inc. v. Atrium Med. Corp.*, No. 12-958-GMS, 2013 U.S. Dist. LEXIS 84533, at *19 (D. Del. June 17, 2013) (denying motion to stay).
- 30 *Automatic Mfg. Sys.v. Primera Tech., Inc.*, No. 6:12-cv-1727-Orl-37DAB, 2013 U.S. Dist. LEXIS 67790, at *8 (M.D. Fla. May 13, 2013).
- 31 37 C.F.R. § 42.207.
- 32 35 U.S.C. § 315(b).

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