

# THE DAILY RECORD

WESTERN NEW YORK'S SOURCE FOR LAW, REAL ESTATE, FINANCE AND GENERAL INTELLIGENCE SINCE 1908

## IP FRONTIERS

# A look back at top IP news of 2011, and a look ahead

As we settle in to the new year, it is the perfect time to reflect on the year in IP that has just passed, and perhaps get a glimpse of what 2012 has in store.

No doubt about it, 2011 was a big year. The World Intellectual Property Organization has recently reported that the global IP market is now worth \$180 billion a year, up from \$2.8 billion in 1970 — a growth rate that exceeds global GDP in the same period. Let's roll the highlight reel and see what happened in 2011 and preview what is likely to come in 2012.

### AIA ushers in U.S. patent reform

Leading the IP headlines for 2011 was the passage of the Leahy-Smith America Invents Act, which was signed into law by President Obama on Sept. 16, significantly reforming U.S. patent law for the first time since 1952. That's right, 1952 — 60 years ago — when Harry S. Truman was president, Elizabeth II became the queen of England, the first microwave oven (the size of a refrigerator) was invented, and gas cost 20 cents a gallon.

Changes to the U.S. patent system resulting from the AIA include the move to a first-to-file system, implementation of post-grant review, the availability of accelerated examination, fee increases and much more. These changes will be implemented over an 18-month period, through March 16, 2013, with the impact on inventors, businesses, legal processes, and the U.S. Patent and Trademark Office expected to take many years and perhaps decades to fully appreciate.

### Supreme court and CAFC weigh in

It was not only the legislative and executive branches of government making IP news in 2011. The judicial branch was also busy. At the U.S. Supreme Court level, *certiorari* was granted and IP cases were heard by the high court in unusually high numbers.

In the patent realm, the Supreme Court upheld a \$290 million verdict against Microsoft in the case of *Microsoft Corp. v. i4i Limited Partnership*, addressed ownership of patentable inventions created

by faculty inventors under federally funded research in *Board of Trustees of the Leland Stanford Junior University v. Roche Molecular Systems, Inc.*, and articulated the required culpability to sustain a claim of inducement to patent infringement in *Global-Tech Appliances, Inc. v. SEB S.A.*

At the Federal Circuit level, the specialty court that hears the majority of patent appeals cases from district courts across the U.S., volume was also high. Key issues included patent eligibility, patent unenforceability as a defense, liability for joint and indirect infringement, and ongoing refinement of the written description requirement.

### Deals, deals and more deals

The flip side to IP litigation is often the deal-making among IP owners that can serve as an alternative or resolution to disputes, or open up new channels and markets for IP-based business. Nowhere did we see this more in 2011 than in the smart phone market.

Among the mega deals in 2011 contributing to the \$180 billion global IP market, in September, Microsoft announced a broad patent cross-licensing deal with Samsung under which Microsoft would receive royalties for every Android smart phone and tablet sold by Samsung.

The Samsung deal, followed Microsoft's prior licensing settlement with HTC in 2010, and is now one of nine deals Microsoft has with Android-based smart phone manufacturers, including the newest license just announced on Jan. 12 with LG.

As a result, according to Microsoft, 70 percent of all Android smart phones on the market are covered by a Microsoft patent license agreement. Noticeably missing from the list is Motorola Mobility, which Google has agreed to purchase, together with its portfolio of 17,000 patents, for \$12.5 billion, and is the subject of an ongoing legal dispute with Microsoft in the U.S. and Germany.

The Microsoft/Android patent licensing flurry has been moving in tandem with the \$4.5 billion acquisition of Nortel's port-



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folio of 6,000 patents acquired by a consortium of companies that includes Microsoft, Apple, RIM, EMC, Ericsson and Sony.

## **Celebrity, political, and high fashion branding tops trademark news**

Move over patents, the trademark arena also generated some interesting and reality-TV worthy developments in 2011, especially among celebrities, politicians, and top fashion houses.

As Mike Sorrentino of "Jersey Shore" fame and retailer Abercrombie & Fitch continue to battle it out over their respective trademark usage of "Situation" and "Fituation," 2011 also saw a rapid-fire pace of trademark filings by the Kardashians, with more than 40 applications filed in 2011. Earlier in the year, the always-colorful and brand-focused Charlie Sheen filed 22 trademark applications for his winning/tiger-blood/goddess collection of Sheen-isms.

Speaking of color, the color red was the key issue in 2011's trademark dispute between shoemaker Christian Louboutin and designer Yves St. Laurent, which continues as Louboutin appeals a Southern District of New York order refusing to preclude YSL from selling red-soled shoes, long the most recognizable symbol of the famous Louboutin brand.

As we move into the 2012 election year, the trademark registry is also seeing a noticeable volume of activity among political figures and activities, including for the Occupy Wall Street movement, Sarah and Bristol Palin, and the campaign to re-elect Barack Obama.

Overall, across all markets, trademark activity in the U.S. was up in 2011 over both 2009 and 2010 with more than 85,000 new trademark applications filed and 237,000 active trademark reg-

istrations in force.

## **Combating online piracy**

On the copyright side of the house, a primary focus this past year has been on combating online piracy and infringement. Speaking before the Committee on the Judiciary in support of the proposed Stop Online Piracy Act (SOPA, H.R. 3261), Maria A. Pallante, register of copyrights, took a strong position in saying "Mr. Chairman, I would like to be very clear at the outset. It is my view that if Congress does not continue to provide serious responses to online piracy, the U.S. copyright system will ultimately fail."

While proponents of SOPA, like Pallante, assert that the legislation is critical to the proper functioning of the copyright system, many opponents claim it will cripple Internet industries and harm digital innovation – creating a debate that is sure to continue. In the meantime, a House committee vote on the bill originally scheduled for Dec. 16, 2011 has been delayed.

## **Predictions for 2012**

What is likely to happen in the next year? All of the above will undoubtedly remain in the IP headlines. Implementation of the AIA will continue with proposed rulemaking as a major emphasis. A number of important cases are in the queue at the Supreme Court and CAFC. Trademark volume is expected to be high and digital innovation is likely to dominate the copyright agenda. Social media will raise new challenges. An exciting year in IP is certainly ahead. Stay tuned.

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