2017 Intellectual Property Year in Review

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2017 marked another active year for intellectual property law. Patent law took center stage at the Supreme Court, wherein established precedent on infringement suit jurisdiction and laches were overturned. Of course, no 2017 IP review article would be complete without mentioning the overturning of the ban against disparaging trademarks, a decision destined to cause some very uncomfortable discussions at law firms across the country. As we move into another year that is sure to be full of cases that reshape the IP landscape, we take this opportunity to look back at some of the most significant IP cases of 2017:

Patent Law

1. *TC Heartland, LLC v. Kraft Food Brands Group, LLC* (137 S. Ct. 1514)

In probably the most significant patent-related decision of 2017, the Supreme Court upended decades of precedent that allowed patent litigants to file infringement suits essentially wherever the defendant made sales. The previous view on where infringement suits could be filed created pockets of activity in plaintiff-friendly venues, such as the Eastern District of Texas. In TC Heartland, the Court ruled that an infringement suit can only be brought where the defendant is incorporated or has a regular and established place of business. While lower courts grapple the issue of what constitutes a "regular and established place of business," statistics already show a noticeable shift away from the Eastern District of Texas and toward federal courts in states such as Delaware.

Read the full opinion in *TC Heartland, LLC v. Kraft Food Brands Group, LLC*.

2. *Impression Products, Inc. v. Lexmark International, Inc.* (137 S. Ct. 1523)

In May, the Supreme Court took on the issue of patent exhaustion and "single-use" restrictions imposed on goods sold outside of the US. Under previous principles established by the Federal Circuit, single-use restrictions (conditions restricting certain uses or resale of a patented product) were permissible, and only the sale of a patented product in the US exhausted the patent owner's rights. In Impression Products, however, the Court ruled that patent owners cannot place restrictions on the use of patented products after they are sold, and the patent owner loses their patent rights once a product is sold anywhere in the world. While a blow to patent owners, the ruling provoked a sigh of relief for businesses and consumers who buy and/or resell products.

Read the full opinion in *Impression Products, Inc. v Lexmark International, Inc.*

3. *Life Technologies Corp. et al. v. Promega Corp. et al.* (137 S. Ct. 734)

The Supreme Court also took on the issue of patent infringement that occurs overseas. The question presented to the Justices was: does supplying a single component of a multi-component invention, for sale abroad, expose the manufacturer to infringement liability based on worldwide sales? Promega sued Life Technologies for exporting a component of a patented kit. The Court held that, through a plain reading of the statute (35 U.C.C. § 271(f)(1)), the shipment of a single patented component to be combined with other components abroad does not constitute patent

infringement.

Read the full opinion in *Life Technologies Corp. et al. v. Promega Corp. et al*.

4. *SCA Hygiene Products AB et al. v. First Quality Brand Baby Products, LLC* (137 S. Ct. 954)

In March, the Supreme Court issued a ruling with respect to the validity of the laches defense, which bars lawsuits filed after unreasonable delays, in patent infringement suits. The Court ruled that since the Patent Act allows patent owners to recover damages for six years prior to the filing of a complaint, the laches defense could not be used within those six years. This ruling is a relief to patent owners, who now have the ability to wait up to six years from discovering the initial infringement to file suit (while they let damages accrue).

Read the full opinion in *SCA Hygiene Products AB et al. v. First Quality Brand Baby Products, LLC*.

5. *Helsinn Healthcare SA v. Teva Pharmaceuticals USA, Inc.* (855 F.3d 1356)

The Federal Circuit took on the issue of the on-sale bar and public disclosure in Helsinn Healthcare. The on-sale bar under the AIA provides that a sale or offer for sale of an invention more than one year prior to a patent filing bars patentability. However, there has been some disagreement on whether the on-sale bar applies to private sales. The Court ruled that even if the details of an invention are kept secret, the on-sale bar is still triggered if the sale is made public. The Federal Circuit did not, however, address whether a private sale implicates the on sale bar under the AIA. Thus, until the Courts provide further guidance, it would be prudent to apply for patent protection within a year of any sale or offer for sale of an invention.

Read the full opinion in *Helsinn Healthcare SA v. Teva Pharmaceuticals USA, Inc.*

Copyright Law

1. *Mavrix Photographs, LLC v. LiveJournal, Inc.* (873 F.3d 1045)

The Ninth Circuit dealt with the safe harbor immunity afforded to online service providers under the Digital Millennium Copyright Act. In this case, the Court held that the defendant, a social media platform, potentially forfeited their safe harbor protection because the infringing images posted by its users were first approved by volunteer moderators. The Court found that these moderators were acting as agents in view of the supervision and instruction provided to them by the defendant. The ruling is significant for online service providers and social media platforms that use moderators to review content.

Read the full opinion in *Mavrix Photographs, LLC v. LiveJournal, Inc.*

Trademark Law

1. *Matal v. Tam* (137 S. Ct. 1744)

The Supreme Court considered a challenge to the Lanham Act's prohibition on disparaging trademarks (See 1052 U.S.C. §2(a)). A rock band called "The Slants" challenged the constitutionality of this prohibition after the USPTO refused to register their name on the grounds that it was disparaging to people of Asian descent. The Court, in a unanimous decision, held that this provision violated the Free Speech Clause of the First Amendment – "speech may not be banned on the ground that it expresses ideas that offend." Accordingly, some Washington Redskins fans breathed a sigh of relief, while straitlaced trademark attorneys reconsidered their career choice.

Read the full opinion in *Matal v. Tam*.

2. *David Elliot et al. v. Google* (2017 US App. LEXIS 8583 (9th Cir. May 16, 2017))

The plaintiffs in this case challenged Google's trademark, claiming that it had become a generic term used to describe the act of internet searching. The Ninth Circuit Court of Appeals rejected the plaintiffs' argument, finding in favor of Google. The Court held that the plaintiffs failed to show that "google" had become a generic term that consumers use for internet search engines, rather than a generic term used for the act of searching the internet. The Supreme Court later denied the plaintiff's appeal for certiorari.

Read the full opinion in *David Elliot et al. v. Google* (or you could always "google" it).

For more information, please contact a member of Morse's Intellectual Property Group.

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