

Berkeley

[technology law Journal]
ANNUAL REVIEW OF LAW AND TECHNOLOGY

Foreword

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VOLUME 27
AR ONLINE
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UNIVERSITY OF CALIFORNIA, BERKELEY
SCHOOL OF LAW
BOALT HALL

FOREWORD

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The Annual Review is a yearly publication of the *Berkeley Technology Law Journal* that provides a summary of many of the major developments at the intersection of law and technology. Our aim is to provide a valuable resource for judges, policymakers, practitioners, students, and scholars. Each Note provides a primer into a particular area of law, a development in that area of law, and commentary on that development.

The twenty-three Notes in this issue continue a tradition of covering a wide range of topics. The Notes address developments in traditional intellectual property areas—patent, copyright, trademark, and trade secret law—along with developments in cyberlaw, antitrust, and privacy. Following the Notes in each area of law, we have included a Survey of Additional IP Developments, which contains brief descriptions of important developments that were not addressed in the Notes.

I. PATENT LAW

This Annual Review covers major developments from September 2010 to August 2011. Consequently, the passage of the Leahy-Smith America Invents Act (“AIA”)¹ is not the main subject of any of the Notes. The Review addresses many significant developments in patent law, including three Supreme Court decisions and several Federal Circuit en banc decisions. In addition to these major court cases, the Review also considers other important developments affecting the patent system. Where relevant, some of these Notes discuss a recent development in light of the AIA amendment.

Our first Note² discusses whether patents belonging to “reasonable and nondiscriminatory” (“RAND”) licensing agreements can be a strategic asset

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1. Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (to be codified in scattered sections of 35 U.S.C.).

2. Thomas H. Chia, Note, *Fighting the Smartphone Patent War with RAND-Encumbered Patents*, 27 BERKELEY TECH. L.J. 209 (2012).

in the smartphone patent war. Google recently bought Motorola Mobility's patent portfolio for \$12.5 billion, however, a number of these patents are encumbered by RAND licensing agreements.³ Google subsequently announced that they intend to use these patents to avoid lawsuits with competitors.⁴ The Note analyzes whether an entity practicing this proposed cross-licensing strategy could potentially be in violation of the Sherman Antitrust Act or the Federal Trade Commission Act.

The second Note⁵ considers the Federal Circuit decision on the patentability of genes in *Ass'n for Molecular Pathology v. U.S. Patent & Trademark Office*.⁶ It points out how function and utility of products were often used interchangeably in the decision, resulting in analytical inconsistencies.⁷ The Note argues that molecular properties, like function, are a better indicator than utility of the transformation of a natural product. It proposes a sliding scale of structure and properties to determine whether a product derived from nature is patentable.

The third Note⁸ discusses the Federal Circuit en banc decision, *TiVo, Inc. v. EchoStar Corp.*,⁹ which restructured the "colorable differences" test for contempt.¹⁰ In *TiVo*, the Federal Circuit grounded the new "colorable differences" test in the actual elements of the accused products.¹¹ The Note argues that the *TiVo* decision provides guidance and increases clarity to infringers often confronted with vague injunctions.

The fourth Note¹² examines the Supreme Court's ruling in *Microsoft Corp. v. i4i Ltd.*,¹³ which upholds the traditional clear and convincing evidence standard in challenging a patent's validity.¹⁴ It examines this decision in light

3. See *Google To Acquire Motorola Mobility*, GOOGLE INVESTOR RELATIONS (Aug. 15, 2011), <http://investor.google.com/releases/2011/0815.html>.

4. Larry Page, *Supercharging Android: Google To Acquire Motorola Mobility*, OFFICIAL GOOGLE BLOG (Aug. 15, 2011, 12:52 PM), <http://googleblog.blogspot.com/2011/08/supercharging-android-google-to-acquire.html>.

5. Samantak Ghosh, Note, *Gene Patents: Balancing the Myriad Issues Concerning the Patenting of Natural Products*, 27 BERKELEY TECH. L.J. 241 (2012).

6. 653 F.3d 1329 (Fed. Cir. 2011).

7. Compare *id.* at 1365 (Moore, J., concurring) with *id.* at 1378 (Bryson, J., dissenting).

8. Conrad Gosen, Note, *Tivo, Inc. v. EchoStar Corp.: Providing Clarity to Contempt Proceedings in Patent Cases*, 27 BERKELEY TECH. L.J. 273 (2012).

9. *TiVo, Inc. v. EchoStar Corp.*, 646 F.3d 869 (Fed. Cir. 2011) (en banc).

10. *Id.* at 878.

11. *Id.*

12. Ryan R. Klimczak, Note, *i4i and the Presumption of Validity: Limited Concerns over the Insulation of Weak Patents*, 27 BERKELEY TECH. L.J. 299 (2012).

13. 131 S. Ct. 2238 (2011).

14. *Id.* at 2242.

of the AIA¹⁵ and argues that the *i4i* decision will beneficially alter the calculus of invalidity defense strategies by encouraging accused infringers to seek the invalidation of patents outside of litigation. This Note also argues that the *i4i* ruling will likely have a diminished impact because of a jury's tenuous grasp on the subtle distinction of evidentiary standards, the rarity of evidentiary standard-determinative decisions, and the ability to give jury instructions emphasizing the weight of new art.

The fifth Note¹⁶ analyzes the Supreme Court's decision in *Global-Tech Appliances, Inc. v. SEB S.A.*,¹⁷ which required an accused infringer's actual knowledge or "willful blindness" to the fact that his product would be used in an infringing manner in order to be liable for induced patent infringement.¹⁸ It examines how the willful blindness doctrine has been applied in criminal law cases and discusses how those criminal law cases could apply to future cases of induced patent infringement.

The sixth Note¹⁹ examines the Federal Circuit en banc *Therasense, Inc. v. Becton, Dickinson and Co.* decision,²⁰ which reformed the doctrine of inequitable conduct by significantly raising the standards for showing both intent and materiality and eliminating the "sliding-scale" step.²¹ The Note asserts that, although the Federal Circuit may not have perfectly reformed the inequitable conduct doctrine, the majority's decision took a significant step in the direction of efficiency and fairness and provided clarity to practitioners.

The seventh Note²² discusses the Federal Circuit decision in *Uniloc USA, Inc. v. Microsoft Corp.*,²³ which held that the twenty-five percent rule of thumb for determining a reasonable royalty was inadmissible under *Daubert*.²⁴ The Note examines how to calculate reasonable royalties for patent infringement in light of the *Uniloc* decision and proposes a workable framework for reasonable royalty calculations in the future.

15. Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (to be codified in scattered sections of 35 U.S.C.).

16. Yvonne Lee, Note, *Global-Tech Appliances, Inc. v. SEB, S.A.: Discovering Willfully Blind Territory in Induced Patent Infringement*, 27 BERKELEY TECH. L.J. 325 (2012).

17. 131 S. Ct. 2060 (2011).

18. *Id.* at 2068–69.

19. Priscilla G. Taylor, Note, *Bringing Equity Back to the Inequitable Conduct Doctrine?*, 27 BERKELEY TECH. L.J. 349 (2012).

20. *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276 (Fed. Cir. 2011) (en banc).

21. *Id.* at 1290–92.

22. Edward Torous, Note, *Unknotting Uniloc*, 27 BERKELEY TECH. L.J. 381 (2012).

23. *Uniloc USA, Inc. v. Microsoft Corp.*, 632 F.3d 1292 (Fed. Cir. 2011).

24. *Id.* at 1318 (citing *Daubert v. Merrell Dow Pharms., Inc.*, 509 U.S. 579 (1993)).

The eighth Note²⁵ discusses two recent International Trade Commission (“ITC”) opinions in which the Commission sought to clarify and refine the rules governing the non-practicing complainants.²⁶ Since the Federal Circuit determined that the *eBay* injunction test does not apply to the ITC,²⁷ non-practicing patent owners have been filing an increasing number of complaints at the ITC asserting a domestic industry based on licensing. This Note analyzes how these recent decisions will affect various types of non-practicing complainants at the ITC and proposes possible alternatives.

The final Note²⁸ in the Patent Law section discusses Supreme Court’s decision in *Board of Trustees of the Leland Stanford Junior University v. Roche Molecular Systems, Inc.*,²⁹ which held that the Bayh-Dole Act does not automatically vest patent rights in universities when the underlying research was federally funded.³⁰ It argues that the Supreme Court’s decision is good for the innovation community because it appears consistent with current practices by various actors and leaves settled expectations largely undisturbed. The Note emphasizes that there is no reason to foreclose the possibility of alternative arrangements by statutory fiat when private contracts, using settled contractual language, can achieve an equivalent function. This allows some degree of flexibility to exist.

II. COPYRIGHT LAW

The first Note³¹ in the Copyright Law section concerns the issue of copyright license enforcement in the wake of *MDY Entertainment Industries, LLC v. Blizzard Entertainment, Inc.*,³² a 2010 case wherein the Ninth Circuit held that a license violation is copyright infringement only if there is a nexus between the term at issue in the license and an exclusive right of copyright.³³ The Note argues that the Ninth Circuit’s opinion fails to address what test

25. Wei Wang, Note, *Non-practicing Complainants at the ITC: Domestic Industry or Not?*, 27 BERKELEY TECH. L.J. 409 (2012).

26. Certain Coaxial Cable Connectors & Components Thereof, USITC Inv. No. 337-TA-650, Commission Opinion (Apr. 14, 2010); Certain Multimedia Display & Navigation Devices & Sys., USITC Inv. No. 337-TA-694, Commission Opinion (Aug. 8, 2011).

27. *Spansion Inc. v. Int’l Trade Comm’n*, 629 F.3d 1331, 1359 (Fed. Cir. 2010).

28. Robert M. Yeh, Note, *The Public Paid for the Invention: Who Owns It?*, 27 BERKELEY TECH. L.J. 453 (2012).

29. *Bd. of Trs. of the Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc.*, 131 S. Ct. 2188 (2011).

30. *Id.* at 2192 (citing 35 U.S.C. §§ 200–212 (2006)).

31. Erik Bauman, Note, *The Nexus Analysis: License Enforcement in the Wake of MDY v. Blizzard*, 27 BERKELEY TECH. L.J. 503 (2012).

32. *MDY Entm’t Indus., LLC v. Blizzard Entm’t, Inc.*, 629 F.3d 928 (9th Cir. 2010).

33. *Id.* at 941.

should be applied to determine whether such a nexus exists and asserts that a nexus should be found only where an act would have infringed copyright if the violated term at issue were not in the license at all.

The second Note³⁴ analyzes the use of a hypothetical license fee as a measure of actual damages under the Copyright Act. It proposes borrowing aspects of the reasonable royalty inquiry used in patent law to guide courts in more accurately valuing hypothetical license fees. Specifically, the Note aims to provide a clear understanding of how the reasonable royalty award developed in patent law, clarify why copyright law's adoption of reasonable royalty principles does not run afoul of the Copyright Act, and, further, explain how the reasonable royalty concept can be tailored to apply within the context of copyright damages.

The next Note³⁵ in this section describes and analyzes a Memorandum of Understanding (“MOU”) adopted by a consortium of internet service providers in 2011.³⁶ The Note argues that the graduated response systems outlined in the MOU will benefit content owners and ISPs by reducing piracy as well as the costs and risks of litigation through efficient private copyright enforcement mechanisms. The Note further concludes that the MOU respects users' interests by providing significant procedural protections and creating flexible enforcement mechanisms that can be specifically tailored to an infringing user's activities.

The final Note³⁷ in the Copyright Law section explores the so-called “Gap Works” problem in copyright law. In creating the § 203 termination of transfers provision in the Copyright Act of 1976, Congress did not account for certain copyrightable works—so called “Gap Works.” These works were transferred prior to, but were not created until after, the Act's effective date—therefore making it unclear whether they fall within the purview of § 203, which only applies to grants “executed” on or after the Act's effective date.³⁸ The Note proposes that the “Gap Works” problem is best resolved by applying a practical analysis that accounts for the likely effects of alternate readings on relevant industries.

34. Kevin Bendix, Note, *Copyright Damages: Incorporating Reasonable Royalty from Patent Law*, 27 BERKELEY TECH. L.J. 527 (2012).

35. John M. Owen, Note, *Graduated Response Systems and the Market for Copyrighted Works*, 27 BERKELEY TECH. L.J. 559 (2012).

36. Memorandum of Understanding Between ISPs (SBC Internet Services, Inc. et al.) and Content Owners (RIAA et al.) (July 6, 2011), [http://www.copyrightinformation.org/sites/default/files/Momorandum of Understanding.pdf](http://www.copyrightinformation.org/sites/default/files/Momorandum%20of%20Understanding.pdf).

37. Kiley C. Wong, Note, *Beyond the Gap: A Practical Understanding of Copyright's Termination of Transfers Provisions*, 27 BERKELEY TECH. L.J. 613 (2012).

38. 17 U.S.C. § 203 (2006).

III. TRADEMARK LAW

The first Note³⁹ in the Trademark Law section explores initial interest confusion in the context of keyword advertising. The Note argues that in this particular context, initial interest confusion should be found only when consumers are *misled* rather than merely *diverted*. As the distinction between the two can be difficult to draw, the Note proposes that courts take judicial notice of third-party marketing research and surveys from related cases that may aid them in determining whether a case involves actionable confusion. The Note further argues that judicial notice may serve as a particularly useful tool at the preliminary injunction stage, when case-specific research may be insufficient due to time and resource constraints.

The second Note⁴⁰ in the Trademark Law section argues that the Trademark Dilution Revision Act⁴¹ fails to establish a clear legal standard for trademark dilution, particularly with respect to the degree of similarity required between a famous trademark and an allegedly diluting mark. The Note uses the Ninth Circuit case *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*⁴² to illustrate three problematic effects that stem from ambiguity in the similarity requirement and recommends that either courts or Congress clarify the similarity requirement of trademark dilution, especially in the case of graphic marks.

IV. CYBERLAW

The first Note⁴³ in the Cyberlaw section discusses the role of taxation within the world of e-commerce. The Note argues that legislation created to address tax collection on internet transactions should meet four requirements: the legislation (1) should clarify the tax landscape for internet retailers and consumers; (2) it must be constitutional; (3) it should promote virtual business equally and foster e-commerce growth; and (4) it should be forward thinking, addressing developments in technology and e-commerce.

39. Winnie Hung, Note, *Limiting Initial Interest Confusion Claims in Keyword Advertising*, 27 BERKELEY TECH. L.J. 647 (2012).

40. Jane Ann Levich, Note, *Ambiguity in Federal Dilution Law Continues: Levi Strauss & Co. v. Abercrombie & Fitch Trading Co., Case in Point*, 27 BERKELEY TECH. L.J. 677 (2012).

41. Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, 120 Stat. 1730 (codified at 15 U.S.C. § 1125 (2006)).

42. *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, 633 F.3d 1158 (9th Cir. 2011).

43. Hannah V. Minkevitch, Note, *To Tax or Not To Tax? That's Not the Question: The Role of Tax Within the Maturing World of e-Commerce*, 27 BERKELEY TECH. L.J. 705 (2012).

The second Note⁴⁴ addresses developments relating to the Computer Fraud and Abuse Act (“CFAA”). Over the last two years, three circuit courts have held that employees who violate their employer’s computer use restrictions can be criminally liable under the CFAA for “exceed[ing] authorized access”⁴⁵ on their employer’s computers.⁴⁶ The Note discusses the problems with the circuit courts’ reading of the CFAA and argues for an alternative interpretation that ties the phrase “exceeds authorized access” to acts of computer misuse.

The last Note⁴⁷ in the Cyberlaw section explores the decision by Bay Area Rapid Transit (“BART”) to shut down wireless service in response to political demonstrations against BART police.⁴⁸ The Note addresses various First Amendment concerns related to the shutdown and analyzes possible violations of the Communications Act.

V. PRIVACY LAW

The first Note⁴⁹ in the Privacy Law section addresses the recent Sixth Circuit opinion *United States v. Warshak*.⁵⁰ In *Warshak*, the Sixth Circuit held that the Stored Communications Act is unconstitutional.⁵¹ The Note argues that in so holding, the court illustrated that the statute is outdated. The Note also asserts that the court’s reasoning provides valuable insight into the best way to revise the statute.

The second Note⁵² explores twelve recent cases⁵³ before the National Labor Relations Board (“NLRB”) involving social media in the workplace.

44. David J. Rosen, Note, *Limiting Liability Under the CFAA: A Code-Based Approach to “Exceeds Authorized Access,”* 27 BERKELEY TECH. L.J. 737 (2012).

45. 35 U.S.C. § 1030(a)(2) (2006).

46. *United States v. Nosal*, 642 F.3d 781, 783 (9th Cir.), *reh’g granted en banc*, 661 F.3d 1180 (9th Cir. 2011); *United States v. Rodriguez*, 628 F.3d 1258, 1263 (11th Cir. 2010); *United States v. John*, 597 F.3d 263, 269 (5th Cir. 2010).

47. Jennifer Spencer, Note, *No Service: Free Speech, the Communications Act, and BART’s Cell Phone Network Shutdown*, 27 BERKELEY TECH. L.J. 767 (2012).

48. *E.g.*, Bob Franklin, BART Board of Directors President, *A Letter from BART to Our Customers* (Aug. 20, 2011), <http://www.bart.gov/news/articles/2011/news20110820.aspx>; Abdi Soltani & Alan Schlosser, *Letter to Kenton Rainey and BART, American Civil Liberties Union of Northern California* (Aug. 15, 2011), http://www.aclunc.org/issues/technology/blog/asset_upload_file335_10381.pdf.

49. Courtney M. Bowman, Note, *A Way Forward After Warshak: Fourth Amendment Protections for E-mail*, 27 BERKELEY TECH. L.J. 809 (2012).

50. *United States v. Warshak*, 631 F.3d 266 (6th Cir. 2010).

51. *Id.* at 288.

52. Ariana C. Green, Note, *Using Social Networking To Discuss Work: NLRB Protection for Derogatory Employee Speech and Concerted Activity*, 27 BERKELEY TECH. L.J. 837 (2012).

The Note argues that these cases highlight the shortcomings of the NLRB's General Counsel's approach to labor disputes involving social media. The Note asserts that applying the 1935 "concerted activity" standard without taking into account norms of online behavior has resulted in inconsistent and potentially unfair outcomes.

VI. OTHER DEVELOPMENTS IN IP

The first Note⁵⁴ in this section discusses two recent Supreme Court decisions, *Wyeth v. Levine*⁵⁵ and *PLIVA v. Mensing*,⁵⁶ in which the Court held that consumers could sue brand-name drug manufacturers under state tort laws for inadequately labeling a drug,⁵⁷ but could not sue generic drug companies under similar circumstances.⁵⁸ The Note argues that the Court's distinction between brand name and generic drugs may harm generic drug manufacturers in the long run. The Note suggests various alternatives through which the generic drug consumers and brand-name consumers can be made equal.

The second Note⁵⁹ addresses the problem of inequity in current approaches to the problem of inevitable disclosure of trade secrets. After studying international approaches to the problem, the Note proposes a system of compensated injunctions in order to ensure a balance of power between employers and employees and discusses the workability of such a system.

53. Triple Play Sports Bar & Grille, NLRB Administrative Law Judge Decision, Case No. 34-CA-12915 (Jan. 3, 2012); Karl Knauz Motors, NLRB Administrative Law Judge Decision, Case No. 13-CA-46452 (Sept. 28, 2011); Hispanics United of Buffalo, NLRB Administrative Law Judge Decision, Case No. 3-CA-27872 (Sept. 6, 2011); Flagler Hosp., Adv. Mem., Case No. 12-CA-27031 (Oct. 19, 2011); Giant Eagle, Case No. 6-CA-37260, Adv. Mem. (Oct. 19, 2011); Martin House, NLRB Adv. Mem., Case No. 34-CA-12950 (Jul. 19, 2011); Wal-Mart, NLRB Adv. Mem., Case No. 17-CA-25030 (July 19, 2011); JT's Porch Saloon & Eatery, NLRB Adv. Mem., Case No. 13-CA-46689 (Jul. 7, 2011); Rural Metro, NLRB Adv. Mem., Case No. 25-CA-31802 (Jun. 29, 2011); Ariz. Daily Star, NLRB Adv. Mem., Case No. 28-CA-23267 (Apr. 21, 2011); Am. Med. Response of Conn., Adv. Mem., Case No. 34-CA-12576 (Oct. 5, 2010); Parks & Sons of Sun City, Inc., Case No. 28-CA-23350 (filed Jan. 28, 2011).

54. Daniel Kazhdan, Note, *Wyeth and PLIVA: The Law of Inadequate Drug Labeling*, 27 BERKELEY TECH. L.J. 893 (2012).

55. *Wyeth v. Levine*, 555 U.S. 555, (2009).

56. *PLIVA v. Mensing*, 131 S. Ct. 2567 (2011).

57. *Wyeth*, 555 U.S. at 573.

58. *PLIVA*, 131 S. Ct. at 2581.

59. Sonya P. Passi, Note, *Compensated Injunctions: A More Equitable Solution to the Problem of Inevitable Disclosure*, 27 BERKELEY TECH. L.J. 927 (2012).

The final Note⁶⁰ in this section argues that the Second Circuit's 2011 decision in *Barclays Capital, Inc. v. Theflyonthewall.com, Inc.*⁶¹ to abandon the 1997 *NBA*⁶² five-factor test does not make the tort unavailable to the one business it was intended to protect: the traditional news industry. The Note also asserts that while the tort remains alive for the traditional news industry, the *Barclays* court appears to have created a new test for misappropriation that is based on whether the plaintiff/defendant "makes" or "breaks" the news. The Note argues that without further judicial guidance on how to apply this test, future courts applying *Barclays* to non-traditional news entities will have a difficult time deciding when an industry "makes" or "breaks" the news, and will struggle with how to apply the test when an industry both "makes" and "breaks" news that should not be withheld from the public via a "hot news" claim.

60. Luis Zambrano, Note, *Still an Alternative Way To Protect Traditional News: Why Barclays Did Not Kill the "Hot News" Tort*, 27 BERKELEY TECH. L.J. 957 (2012).

61. *Barclays Capital, Inc. v. Theflyonthewall.com, Inc.*, 650 F.3d 876 (2d Cir. 2011).

62. *Nat'l Basketball Ass'n v. Motorola, Inc.*, 105 F.3d 841 (2d Cir. 1997).

