

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-two 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 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

Our first Note¹ in the Patent Law section examines how an effective fee-shifting regime can reduce abusive patent litigation practices, which waste judicial resources, distract producers from bringing technological innovations to the public, and generate unnecessary social costs. The Note argues that transferring the burden of the winning party's attorneys' fees to the losing party based on the outcome of litigation will effectively deter filings of questionable merit. It further argues that legislative proposals such as the Saving High-Tech Innovators from Egregious Legal Disputes Act of 2013 ("SHIELD Act of 2013")² would be more effective than judicial interpretation in reducing abusive patent litigation.

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1. Emily H. Chen, Note, *Making Abusers Pay: Detering Patent Litigation by Shifting Attorneys' Fees*, 28 BERKELEY TECH L.J. 351 (2013).

2. H.R. 55, 113th Cong. (1st Sess. 2013).

The second Note³ argues that the evolution of joint inventorship law as developed by the Federal Circuit is more stable than many commentators have traditionally acknowledged. Through an empirical analysis of sixty-five published cases, the Note shows that equitable and practical considerations guide many of the appellate decisions reached in the past thirty years.

The third Note⁴ explains how existing law can be applied to reduce overbroad means-plus-function claims for computer-implemented inventions. It argues that courts should apply the Federal Circuit's heightened scrutiny test to all means-plus-function claims and analyze all functional claims under 35 U.S.C. § 112.⁵ Furthermore, the Note highlights the ways in which the Federal Circuit clarified existing law to provide clearer notice to patentees about the scope of ownership rights in software patents.

The fourth Note⁶ evaluates the legal landscape for trade secret owners both before and after the Federal Circuit's recent decision in *TianRui Group Co. v. International Trade Commission*.⁷ The Note argues that the liberal interpretation of "domestic industry" in *TianRui* will lead to an increase in trade secret complainants in the ITC due to the expanded threshold for proving ITC jurisdiction over foreign acts of misappropriation.

The fifth Note⁸ analyzes the Federal Circuit's decision in *In re MSTG, Inc.*,⁹ in which the court decided not to privilege settlement documents related to reasonable royalties. The Note identifies eight different types of Non-Practicing Entities ("NPEs") and groups them into three categories according to their litigation characteristics. Through a decision tree analysis, the Note suggests that *MSTG* will have the most impact on the strategies of a subset of NPEs, pejoratively known as "patent trolls," by potentially making them less litigious and more willing to settle.

3. Eric Ross Cohen, Note, *Clear as Mud: An Empirical Analysis of the Developing Law of Joint Inventorship in the Federal Circuit*, 28 BERKELEY TECH L.J. 383 (2013).

4. Elise S. Edlin, Note, *Computer Claim Disarray: Untangling the Means-Plus-Function Doctrine to Eliminate Impermissible Functional Claiming in Software Patents*, 28 BERKELEY TECH L.J. 417 (2013).

5. 35 U.S.C. § 112 (2006).

6. Natalie Flechsig, Note, *Trade Secret Enforcement After TianRui: Fighting Misappropriation Through the ITC*, 28 BERKELEY TECH L.J. 449 (2013).

7. *TianRui Group Co. Ltd. v. Int'l Trade Comm'n*, 661 F.3d 1322 (Fed. Cir. 2011).

8. Alex S. Li, Note, *Accidentally on Target: The MSTG Effects on Non-Practicing Entities' Litigation and Settlement Strategies*, 28 BERKELEY TECH L.J. 483 (2013).

9. *In re MSTG, Inc.*, 675 F.3d 1337, 1348 (Fed. Cir. 2012), *reh'g denied*, 468 Fed. App'x. 994 (Fed. Cir. 2012).

The sixth Note¹⁰ considers the rationales behind patent aggregation, the strategies that practicing entities and non-practicing entities use to exploit aggregated portfolios, and the potential effects that activities associated with aggregation impose on innovation and competition. The Note argues that although courts and antitrust agencies can use antitrust law to regulate some anticompetitive harms associated with aggregation, many of these harms must be addressed directly through patent law and patent policy.

The seventh Note¹¹ reviews the current Federal Circuit split over whether a computer-implemented invention is patent-eligible. It provides an overview of the abstract idea doctrine and discusses the Federal Circuit's prior attempts to articulate a bright-line test for patentability. The Note concludes with a review of the Leahy-Smith America Invents Act¹² and argues that the Act will reduce the problem of overbroad computer method patents that courts have struggled to address.

The eighth Note¹³ discusses the Federal Circuit's en banc decision in *Akamai Technologies, Inc. v. Limelight Networks, Inc.*,¹⁴ to relax the rules for proving liability for inducing infringement. The Note first examines the history of divided infringement law and the legislative history of 35 U.S.C. § 271.¹⁵ It then argues that although the new *Akamai* rule is correct in its analysis of patent policy and legislative intent, the decision creates inconsistencies in statutory interpretation. The Note suggests that a better way to prevent entities from knowingly and intentionally inducing infringement would be to lower the relationship standard for the doctrine of joint infringement.

The ninth Note¹⁶ examines the Supreme Court's historical jurisprudence on patentable subject matter. It argues that the Court's decision in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*¹⁷ obfuscated not only the methodology of examining a process claim relying on a natural phenomenon but also the very understanding of a natural phenomenon itself.

10. Justin Orr, Note, *Patent Aggregation: Models, Harms, and the Limited Role of Antitrust*, 28 BERKELEY TECH L.J. 525 (2013).

11. Dina Roumiantseva, Note, *The Eye of the Storm: Software Patents and the Abstract Idea Doctrine in CLS Bank v. Alice*, 28 BERKELEY TECH L.J. 569 (2013).

12. 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.).

13. Michael Liu Su, Note, *A Rock and a Hard Place: Choosing Between § 271(a) and (b) for Divided Infringement in Akamai*, 28 BERKELEY TECH L.J. 609 (2013).

14. *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301 (Fed. Cir. 2012).

15. 35 U.S.C. § 271 (2006).

16. Ethan M. Weiner, Note, *Defining A Natural Phenomenon After Prometheus*, 28 BERKELEY TECH L.J. 643 (2013).

17. *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289 (2012).

II. COPYRIGHT LAW

The first Note¹⁸ in the Copyright Law section describes and analyzes the jurisprudence regarding the use of copyrighted works for educational and research purposes in the wake of *Authors Guild v. Hathitrust*,¹⁹ a 2012 case wherein the U.S. District Court for the Southern District of New York applied a fair use analysis to unauthorized scanning of books for the purpose of creating a full-text search index.²⁰ The Note argues that uses of copyrighted works that do not provide expressive substitution should remain outside the scope of copyright protection and calls for the expansion of § 108 and § 121 defenses to claims of copyright infringement.

The second Note²¹ discusses the history of remittitur and its recent application in peer-to-peer filesharing copyright infringement cases.²² The Note argues that remittitur has limited application in future peer-to-peer filesharing copyright infringement suits for two reasons: (1) the low likelihood of suits against individual infringers going to trial and (2) the low likelihood of plaintiffs accepting a remitted damage award.

The final Note²³ concerns copyright law and changing demographic and distribution dynamics in the video game industry that have given rise to the so-called “Clone Wars.” The Note argues that the necessarily thin scope of copyright protection for video games makes a definitive judicial end to clone gaming unlikely and unwise. Instead, as development becomes more democratized, the onus will be on the increasingly centralized online distribution platforms to adopt more robust copyright review procedures in order to provide legal enforcement in the video game marketplace.

III. TRADEMARK LAW

The first Note²⁴ in the Trademark Law section discusses the doctrine of aesthetic functionality. The Note focuses on two recent cases that apply the

18. Angel Siegfried Diaz, Note, *Fair Use & Mass Digitization: The Future of Copy-Dependent Technologies After Authors Guild v. Hathitrust*, 28 BERKELEY TECH. L.J. 683 (2013).

19. *Authors Guild v. Hathitrust*, No. 11 CV-4351 (HB) 2012 WL 4808939 (S.D.N.Y. Oct. 10, 2012).

20. *Id.*

21. Casey Hultin, Note, *Remittitur and Copyright*, 28 BERKELEY TECH. L.J. 715 (2013).

22. *Sony BMG Music Entm't. v. Tenenbaum*, No. 07-11446-RWZ, 2012 WL 3639053, at *1 (D. Mass. Aug. 23, 2012); *Capitol Records, Inc. v. Thomas-Rasset*, 692 F.3d 899 (8th Cir. 2012).

23. Nicholas M. Lampros, Note, *Leveling Pains: Clone Gaming and the Changing Dynamics of an Industry*, 28 BERKELEY TECH. L.J. 743 (2013).

24. Christina Farmer, Note, *Red in the Eye of the Beholder: The Case for Aesthetic Functionality*, 28 BERKELEY TECH. L.J. 777 (2013).

doctrine: *Maker's Mark Distillery, Inc. v. Diageo North America, Inc.*,²⁵ and *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holdings, Inc.*²⁶ After examining the history and purpose of the aesthetic functionality doctrine, the Note analyzes its current status given recent judicial interpretation.

The second Note²⁷ examines contributory infringement in trademark law. The Note uses the recently settled case of *Rosetta Stone Ltd. v. Google, Inc.*²⁸ as an example of the problems inherent in applying existing trademark law—including precedent, statutes, and real-world analogies—to rapidly evolving technologies such as keyword advertising. The Note then argues that courts considering claims of contributory trademark infringement²⁹ for keyword advertising should draw on tort law, trademark infringement's predecessor, and impose responsibility on the least cost avoider.

IV. CYBERLAW

The first Note³⁰ in the Cyberlaw section addresses the recently enacted Theft of Trade Secrets Clarification Act (“TTSCA”),³¹ and its concomitant changes to § 1832 of the Economic Espionage Act (“EEA”).³² By focusing on the recent decision in *U.S. v. Aleynikov*³³—the case that led Congress to take action and reform the EEA—the Note evaluates the TTSCA's potential impact on future cases concerning theft of trade secrets that involve high frequency trading software code.

The second Note³⁴ in the Cyberlaw section examines the intellectual property enforcement effort by the federal government—under “Operation In Our Site”—which seizes and then forfeits domain names suspected of

25. *Maker's Mark Distillery, Inc. v. Diageo North America, Inc.*, 679 F.3d 410 (6th Cir. 2012).

26. *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holdings, Inc.*, 696 F.3d 206 (2d Cir. 2012).

27. Sarah Wells Orrick, Note, *Deciphering Rosetta Stone: Why The Least Cost Avoider Principle Unlocks The Code To Contributory Trademark Infringement In Keyword Advertising*, 28 BERKELEY TECH L.J. 805 (2013).

28. *Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144 (4th Cir. 2012).

29. 15 U.S.C. § 1114 (2006) (codifying contributory infringement in trademark law).

30. Robert Damion Jurens, Note, *Fool Me Once: U.S. v. Aleynikov and the Theft of Trade Secrets Clarification Act of 2012*, 28 BERKELEY TECH L.J. 833 (2013).

31. The Theft of Trade Secrets Clarification Act, Pub. L. No. 112-236, 126 Stat. 1627 (2012).

32. 18 U.S.C. §§ 1831–1839 (2006).

33. *U.S. v. Aleynikov*, 785 F. Supp. 2d 46, 54 (S.D.N.Y. 2011).

34. Karen Kopel, Note, *Operation Seizing Our Sites: How The Federal Government Is Taking Domain Names Without Prior Notice*, 28 BERKELEY TECH L.J. 859 (2013).

facilitating copyright infringement or counterfeiting.³⁵ Although this effort is backed by noble policy concerns, the *ex parte in rem* seizure of a website gives the government the power to seize a domain without any prior notice to the website owner, thus raising due process and free speech concerns.

The last Note³⁶ evaluates the problems involved in the interpretation and implementation of § 1831 of the Economic Espionage Act (“EEA”), which criminalizes the theft of trade secrets with the intent to benefit a foreign government.³⁷ The Note argues that judicial treatment of cases involving economic espionage under § 1831 of the EEA conflicts with the goals of Congress and frustrates the prosecutorial objectives of the Department of Justice (“DOJ”). The Note posits that Congress can help correct this misalignment by amending the EEA to reflect the policy goals outlined in recent legislation.³⁸

V. PRIVACY LAW

The first Note³⁹ in the Privacy Law section discusses the budding tension between the Fourth Amendment⁴⁰ and the Federal Wiretap Act.⁴¹ The Note argues that although current cases—such as *In re Innovatio IP Ventures, LLC Patent Litigation*⁴²—read the Wiretap Act as permitting certain instances of Wi-Fi sniffing, the Fourth Amendment should prohibit the government from intercepting unsecured wireless communications.

The second Note⁴³ delves into the tension between privacy and newsworthiness in the context of right of publicity claims, as exemplified by the recent case of *Fraley v. Facebook, Inc.*⁴⁴ The Note argues that the tension between privacy and newsworthiness takes on a new form in light of changing technology—specifically online social networks. Additionally, the

35. Prioritizing Resources and Organization for Intellectual Property Act of 2008 (“PRO-IP Act”), Pub. L. No. 110-403, 122 Stat. 4256 (codified at 18 U.S.C. § 2323 (2006)) (providing authority for “Operation In Our Site”).

36. Robin Kuntz, Note, *How Not to Catch a Thief: Why the Economic Espionage Act Fails to Protect American Trade Secrets*, 28 BERKELEY TECH L.J. 901 (2013).

37. 18 U.S.C. §§ 1831–1839.

38. See H.R. 6029, 112th Cong. (2012); S. 678, 112th Cong. (2011).

39. Shaina Hyder, Note, *The Fourth Amendment & Government Interception of Unsecured Wireless Communications*, 28 BERKELEY TECH L.J. 937 (2013).

40. U.S. CONST. amend. IV.

41. 18 U.S.C. § 2511 (2006).

42. *In re Innovatio IP Ventures, LLC Patent Litig.*, No. 11 C 9308, 2012 WL 3594400 (N.D. Ill. Aug. 22, 2012).

43. Jesse Koehler, Note, *Fraley v. Facebook: The Right of Publicity in Online Social Networks*, 28 BERKELEY TECH L.J. 963 (2013).

44. *Fraley v. Facebook, Inc.*, 830 F. Supp. 2d 785, 791 (N.D. Cal. 2011).

Note points out the weaknesses in the current right of publicity law's limited focus on economic harm as applied in *Fraley* and considers alternative approaches that incorporate non-economic harm.

The final Note⁴⁵ in the Privacy Law section explores the impact of the recent Supreme Court case *United States v. Jones*⁴⁶ on the relevance of Fourth Amendment privacy protections in the Information Age. The Note focuses on the questions raised by the concurring opinions in *Jones* regarding the expectations of privacy associated with the voluntary communication of personal data in modern society.

VI. OTHER DEVELOPMENTS IN IP

The first Note⁴⁷ in this section examines possible remedies for screenwriters whose ideas are rejected by Hollywood producers but are subsequently used without attribution or compensation. The Note first discusses breach-of-contract as the dominant theory for legal recourse. It then argues that the Copyright Act, which excludes ideas from federal copyright protection,⁴⁸ should not preempt contract-based idea submission claims because (1) these claims come with unique factual and policy considerations that merit judicial attention and (2) the vulnerabilities of screenwriters in the entertainment industry leave them without any other means of protection.

The final Note⁴⁹ examines the tension between fostering domestic innovation and attracting high-tech foreign direct investment in China, India, and Brazil. Although prior research suggests that regions seeking to foster innovation should not enforce noncompete agreements, the Note argues that these findings may not be fully applicable to emerging markets. It proposes that policymakers in China, India, and Brazil should implement moderate enforcement of noncompete agreements in order to strike a balance between cultivating domestic innovation and attracting foreign investment.

45. Lauren Elena Smith, Note, *Jonesing for a Test: Fourth Amendment Privacy in the Wake of United States v. Jones*, 28 BERKELEY TECH L.J. 1003 (2013).

46. *United States v. Jones*, 132 S. Ct. 945 (2012).

47. Julie Byren, Note, *When the Million-Dollar Pitch Doesn't Pay a Dime: Why Idea Submission Claims Should Survive Copyright Preemption*, 28 BERKELEY TECH L.J. 1037 (2013).

48. 17 U.S.C. § 102(b) (2006) (excluding from copyright protection "any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied" in an original work of authorship).

49. Grant R. Garber, Note, *Noncompete Clauses: Employee Mobility, Innovation Ecosystems, and Multinational R&D Offshoring*, 28 BERKELEY TECH L.J. 1079 (2013).

