

## **Divided Federal Circuit Invalidates 1 New PTO Rule, Upholds 3 Others**

WASHINGTON, D.C. — The Federal Circuit U.S. Court of Appeals on March 20 held invalid a 2007 Patent and Trademark Office rule governing the availability of continuation and continuation-in-part applications but reversed a lower court's decision that three other rules issued at the same time exceeded the scope of the PTO's rule-making authority. **SEE PAGE 4.**

## **Federal Circuit Affirms Infringement, Validity Findings In Stent Dispute**

WASHINGTON, D.C. — The Federal Circuit U.S. Court of Appeals on March 31 upheld a lower court's judgment that Cordis Corp. and Boston Scientific Corp. had infringed each other's patents regarding intravascular stents and that none of the patents at issue in the dispute between the two is invalid. **SEE PAGE 7.**

## **Motion To Transfer Patent Case Denied By Texas Federal Judge**

LUFKIN, Texas — A dispute over a series of patented biotherapeutics is more properly heard in Texas, U.S. Judge Ron Clark of the Eastern District of Texas held March 19 in an unpublished decision. **SEE PAGE 20.**

## **Divided Federal Circuit Affirms Mark Cancellation**

WASHINGTON, D.C. — The use in commerce requirement for a service mark is not met if the applicant uses the mark only in the preparatory stages of the service's development and never offers the service described, the Federal Circuit U.S. Court of Appeals held March 30. **SEE PAGE 28.**

## **Federal Judge In New Jersey Awards \$11.3 Million On False Advertising Claim**

TRENTON, N.J. — GE Healthcare and its predecessors violated the Lanham Act when they claimed that their X-ray contrast agent "Visipaque" was superior to that of a competitor, a federal judge held March 25. **SEE PAGE 29.**

## **Denial Of JMOL Was Error, 3rd Circuit Concludes In Lanham Act Case**

PHILADELPHIA — A permanent injunction barring a defendant from selling any of a plaintiff's trademarked surgical screws was reversed March 20, after the Third Circuit U.S. Court of Appeals found that the order was premised on a faulty jury verdict. **SEE PAGE 32.**

## **9th Circuit Upholds Infringement Claim In Dispute Over Domain**

SAN FRANCISCO — Arguments that the doctrine of laches bars a trademark lawsuit filed more than six years after a plaintiff first learned of a defendant's infringement were rejected by a divided Ninth Circuit U.S. Court of Appeals on March 17. **SEE PAGE 35.**

## **Vicarious Infringement Claims Against Executives Dismissed By Federal Judge**

SAN JOSE, Calif. — Two executives, including one who is a shareholder, of Chordiant Software Inc. were excused, at least temporarily, from an ongoing software dispute with Netbula Inc. on March 20. **SEE PAGE 39.**

## **Contributory Infringement Claim Dismissed; Vicarious Infringement Claim Survives**

PHILADELPHIA — The owner of a copyrighted computer software program that allows companies to display a "walking" and "talking" personal host on their Web sites saw the bulk of its infringement lawsuit dismissed March 17 by a federal judge. **SEE PAGE 40.**

## **Song Lyrics Are Not Substantially Similar, 6th Circuit Affirms**

CINCINNATI — Agreeing that a series of plaintiffs failed to raise a triable issue of fact with regard to access or with regard to substantial similarity, the Sixth Circuit U.S. Court of Appeals on March 9 affirmed dismissal of a copyright infringement lawsuit involving the hit song "Family Affair." **SEE PAGE 41.**

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# MEALEY'S™ LITIGATION REPORT Intellectual Property

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# Pleadings

## E-mail System Patentee Appeals Anticipation, Obviousness, Invalidity Findings

**Case:** Perfect Web Technologies Inc. v. infoUSA Inc., No. 09-1105, Fed. Cir.

**Appellant brief:** Filed Feb. 23 by Perfect Web Technologies Inc. **Appellant brief available.** Document #78-090406-016B.

**Background:** In March 2007, e-mail marketing firm Perfect Web Technologies Inc. sued competitor infoUSA Inc. for patent infringement in the U.S. District Court for the Southern District of Florida. Perfect Web claimed that infoUSA's bulk e-mail distribution method infringed its U.S. Patent No. 6,631,400 for such a distribution method, specifically claiming infringement of independent claims 1 and 11 of the '400 patent. In response, infoUSA moved for summary judgment of invalidity of the patent.

In October, the District Court granted the motion, finding the patent invalid for unpatentable subject matter, anticipation and obviousness. The court said that Perfect Web could not patent "the abstract idea of fulfilling a customer's e-mail order by applying the concept 'if at first you don't succeed, try, try again,' in the context of e-mail marketing"; the court also found that the bulk e-mailing method's "mathematical algorithm or formula" could not be patented. The court ruled that a now-defunct e-mail marketing company called EMailChannel (EMC) anticipated the '400 patent because all four of its claimed steps were performed by EMC's distribution method. The court also found that three of the patent's steps were present in prior art, while the fourth step embodied the rejected "try, try again" maxim, making the patent also invalid for obviousness.

Perfect Web appealed to the Federal Circuit U.S. Court of Appeals.

**Arguments:** U.S. Code Title 35 Section 101 states that a method is patentable if "it is tied to a particular machine or apparatus," as opposed to a method that "recites only a mental process and does not require the use of a machine." The '400 patent's claims recite a bulk e-mail distribution method, as well as machine readable storage for e-mail messages. Both of these require the use of a computer, which qualifies as a "machine or apparatus." Thus, the asserted technology is patentable. The District Court's finding of unpatentability was in error and should be reversed.

There were no undisputed prior art references that contained all four of the '400 patent's claimed steps; notably, none contained the fourth step that pertained to "comparing a prescribed minimum quantity and repeating" the first three steps as many times as necessary to reach the desired quantity of successful e-mail deliveries. To reach its finding of anticipation, the court improperly relied on disputed pretrial testimony from former EMC employees. This is impermissible evidence for the basis of a summary judgment ruling. As such, the court's ruling is an "egregious error."

The court's finding of obviousness was similarly flawed. There was no claimed combination of references that contained all elements of the asserted patent claims. Instead, the court cited the "try, try again" maxim and "common sense." This lack of evidence runs counter to the ruling in W.L. Gore & Associates Inc. v. Garlock Inc. (721 F.2d 1540, 1553 [Fed. Cir. 1983]), which warned against the "hindsight syndrome" in such cases. The District Court's ruling "signal[s] the abandonment of principles that until now have protected patents against undocumented claims of witnesses and unchecked hindsight" and, as such, should be vacated.

**Attorneys:** Perfect Web is represented by John C. Carey and Allison J. Cammack of Carey Rodriguez Greenberg & Paul in Miami. ■