LES – 2019 Year in Review

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Patent

- *Looksmart v. Microsoft*
  - Early damages contentions:
    - $500M based on percentage of revenue
  - Damages expert report:
    - $40M based on avoided costs
  - Court: Plaintiff should've updated contentions as theories changed
  - ***Implications:*** Damage experts need to work with attorneys to ensure damages theories match contentions. If not, risk exclusion.

- *Soundview v. Hulu*
  - Defendant's damages expert opinions partially excluded
    - Opinions relied on conversations with technical expert
    - Those opinions were not in technical expert's report
  - ***Implications:*** Ensure technical expert's report includes all information relied upon by damages expert

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Standard Essential Patent (SEP)

HTC v. Ericsson

- Actual comparable licenses were based on entire product - *not Plaintiff's claimed SSPPU* - and provided best market-based evidence of value of Defendant's SEPs
- Defendant's reliance on actual comparable licenses is reliable method of establishing rates consistent with its FRAND obligations
- ***Implications:*** Use of a litigation-based top-down analysis theory to derive a rate on a contrived royalty base – SSPPU – risks exclusion if actual comparable licenses for FRAND-committed SEPS are based on the entire product

FTC v. Qualcomm Incorporated

- Defendant contracts with critical customers had exclusionary impact on market
- Defendant had duty to license rivals for manufacture/sale of modem chips to satisfy antitrust and FRAND obligations
- Defendant royalty rates considered excessive
- ***Issues to watch:*** (Appeal set for January 2020)
  - Is there a duty to license competitors to comply with FRAND and antitrust laws?
  - Was Defendant's pricing excessive or lawful exercise of monopoly power?

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Trademark

- *Romag Fasteners Inc. v. Fossil Inc.*
  - Damages "subject to principles of equity"
  - Often, injunctive relief alone considered to satisfy "principles of equity"
  - Circuits divided on monetary damages in the form of defendant's profits
    - Some require actual confusion, proof of "willful" infringement
  - SCOTUS will address whether award of defendant's profits in trademark cases requires proof infringer acted willfully
  - ***Implications:*** Claims for defendant's profits will either be expanded or curtailed

- *Mission Products Holding v. Tempnology*
  - SCOTUS clarified intersection of bankruptcy and trademark law
  - Trademarks are not defined as intellectual property in Bankruptcy Code
    - Trademark holders not as limited as rejected patent holders in bankruptcy
    - Trademark holders may be able to set off post petition royalties against damages

Trade Secrets

- *Board of Regents of the University System of Georgia v. One Sixty Over Ninety*
  - Contractor submitted RFP containing trade secrets; State of Georgia revealed trade secrets to winning contractor
  - State governments immune under Federal (DTSA) and most state trade secrets laws
  - *One Sixty* brought trade secret misappropriation claim under Georgia's Tort Claims Act
  - Georgia Appellate Court affirmed violation of Trade Secrets Act is tort claim
  - Georgia's Tort Claims Act waives sovereign immunity; suit and damages allowed
  - ***Implications:*** Ensure misappropriation of trade secrets claims against government agencies are filed as tort claims, under tort laws, not under trade secret laws

- *Six Dimensions v. Perficient*
  - Plaintiff's employee went to work for Defendant. Employee found to breach non-compete agreement (Texas) in part by having discussions with targeted employees.
  - Texas Federal jury awarded $247k for breach of contract against Employee, but denied $50M claim for trade secret misappropriation against Defendant (Employee's new company)
  - ***Implications:*** Uphill battle to prove new employer also engaged in wrongdoing. Breach of contract may be more provable than trade secrets damages.

Copyright

- *Fourth Estate Public Benefit Corp. v. Wall-Street.com*
  - SCOTUS unanimously agreed that mere filing for registration is insufficient for purposes of initiating copyright litigation
  - Registration defined as actual grant of a registration certificate, not the filing date

- EU Passes Directive on Copyright in the Digital Single Market
  - Allows publishers to charge platforms a "link tax" to display a brief snippets and link to the story – could exponentially increase costs, may be impractical
  - Automated filtering: Places burden on platforms to monitor user uploads and prevent infringing content from being uploaded to the platform; automated filtering is very problematic with ill-equipped algorithms
  - In process of implementation in EU counties; how will it play out?
  - ***Implications:*** Exposure to significant damages from publishers in EU

SCOTUS Copyright Cases to Follow in 2020

- *Google v. Oracle*
  - How strong or weak is copyright protection for application program interfaces ("APIs")?
  - How wide reaching is a "fair use" defense?

- *Allen v. Cooper*
  - Can states invoke sovereign immunity in copyright infringement cases or was sovereign immunity properly repealed by the Copyright Remedy Clarification Act (CRCA)

- *Georgia v. Public.Resources.org*
  - Are annotated state laws in the public domain or are they copyright protected?

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