

# SHIMOKAJI INTELLECTUAL PROPERTY NEWS

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Shimokaji IP specializes in the litigation and registration of patent, trademark, and copyright matters. We serve start-ups, Fortune 100 companies, government entities, and universities. Our expertise and representation extends across the US and throughout Asia.

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## More Limitations on Calculating Patent Damages

It now seems long ago when calculating patent damages was somewhat of a straight forward task. A patented feature was part of a larger product, and damages were determined based on the sales of the larger product. No more.

In *Apple v. VirnetX*, the Federal Circuit has again pared down the amount of patent damages to which a patent owner may be entitled.

The patents related to network security over the Internet. VirnetX said that Apple's iPhone, iPad, and iPod infringed.

The Federal Circuit started by explaining that "when claims are drawn to an individual component of a multi-component product, it is the exception, not the rule, that damages may be based upon the value of the multi-component product. Only where the patented feature drives customer demand for the entire product can damages then be based on the entire product.

VirnetX argued that damages should be calculated on the "smallest salable unit" - which was an iPhone, iPad or iPod. The Federal Circuit responded that the "smallest salable unit" is just a starting point to apportion damages to the patented feature. Since the Apple products had many non-infringing features "with no relation to the patented feature," VirnetX had to "do more to estimate what portion of the value of that product is attributable to the patented technology."

The Federal Circuit said they were "cognizant of the difficulty that patentees may face in assigning value to a feature that may not have ever been individually sold." They also pointed out that "we have never required absolute precision . . . this process may involve some degree of approximation and uncertainty."

Nevertheless, they vacated the jury's \$368M award.

### **COMMENT:**

Little guidance seems to have been provided by the Federal Circuit in determining an appropriate apportionment of damages.

What remains evident is that diligence is required to tie the patented feature to the damage calculation without bringing along too many other non-patented features into the calculation.

## Are Your LinkedIn Contacts Your Trade Secret?

We still do not know.

In a California US District Court case - *Cellular v. Trinitas* - an ex-sales employee started a competing company. During the ex-employee's employment, he created a LinkedIn account at the ex-employer's urging.

The ex-employee argued that his contacts on LinkedIn were not a trade secret because his LinkedIn contacts were viewable by any other of his LinkedIn contacts. The ex-employer argued that those contacts are only viewable to the extent controlled by the ex-employee of his settings in the LinkedIn account.

The court declined to assume how LinkedIn worked or did not work. Therefore, at the summary judgment stage, the court did not rule on whether the LinkedIn contacts were a trade secret.

### **COMMENT:**

This case reiterates a basic tenet of trade secret law. If you want information to be considered a trade secret, you need to keep it a secret and prevent public access to the information.

## New Trademark Office Guidelines for Service Marks

One of the easiest yet sometimes confusing thing in a trademark application is to supply to the trademark office a specimen showing actual use of a mark for services.

A specimen for a service mark must 1) show the mark as it is used in the sale of services or 2) show the mark as it is used in the advertising of services.

Unacceptable specimens can include news articles and mock-ups of advertisements. Another basis to reject a specimen is when the mark identifies goods rather than services.

Examples of acceptable specimens include:  
\*\*sign-in screens for online services  
\*\*title or launch screen for video games  
\*\*web pages

### **COMMENT:**

Take a few minutes to determine the appropriateness of a service mark specimen under the new guidelines - it will avoid delay and costs in getting your mark through the registration process.