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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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Invalid Match Making Patent Justifies Attorney Fees

In *Lumen v. FindtheBest,* the Federal Circuit addressed a patented method for matching parties by analyzing preference data from two classes of parties. FindtheBest operated a website that asked the user questions about attributes of a desired product or service. In response, a list of results was provided.

The district court found the patent to be an abstract idea and therefore invalid. It also found that the suit to be frivolous and objectively unreasonable because FindtheBest did not use preference data of both parties which would have been found in the "most basic" pre-suit investigation, and awarded attorney fees.

The Federal Circuit explained that, in calculating an attorney fee award, a lodestar method is used to multiply a reasonable hourly rate by a reasonable number of hours to litigate a comparable case. The Court also said that the amount a client actually paid the attorney is not an "absolute ceiling" on the award. The Court sent the case back to the district court to consider whether doubling attorney fees was appropriate.

COMMENT

Though not articulated by the Federal Circuit, the absence of patentable subject matter in the patent may have contributed to making the case exceptional and warranting attorney fees.

MORE GUIDANCE ON CALCULATING PATENT DAMAGES

The Federal Circuit explained that an award of patent damages that considers the parties' actual licensing discussions is proper. It also explained that a patent's standard essential status is relevant, and that the "smallest salable patent-practicing unit" (SSPPU) is not necessarily the starting point to calculate damages.

In *Commonwealth Scientific v. Cisco,* the patent related to wireless local area networks. Cisco did not contest validity or infringement, only damages.

The district court noted that "basing a royalty [damage] solely on chip price is like valuing a copyrighted book based only on the costs of the binding, paper, and ink needed to actually produce the physical product. While such a calculation captures the cost of the physical product, it provides no indication of its actual value."

The Federal Circuit reiterated that damages "must separate the value of the allegedly infringing features from the value of all other features." It further noted that the foregoing apportionment rule can encompass "more than one reliable method for estimating a reasonable royalty" of damages.

COMMENT

The opinion again makes clear that no one damage model dictates the patent damage calculation. Rather, the model must account for the specific facts of a case.

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Ban on Disparaging Trademarks Violates First Amendment

Last year, the Washington Redskins football team found their trademark registration invalid because it was disparaging.

Now, the Federal Circuit ruled in *In re Tam* that the government cannot refuse registration of marks that are disparaging to others.

The Lanham Act governs the federal registration of trademarks. It does not allow registration of disparaging marks. A mark is disparaging if it "dishonors by comparison with what is inferior, slights, deprecates, degrades, or affects or injures by unjust comparison."

A rock band is named "The Slants". The band was named to "reclaim" and "take ownership" of Asian stereotypes. The trademark office refused registration because it found that a substantial number of persons of Asian descent would find the term offensive.

The Federal Circuit rejected the argument that the existence of common law trademark rights ameliorates the denial of federal registration.

COMMENT

Perhaps the outcome was based on the fact that the band was making political and social comment, and not just making music. This contrasts with the Washington Redskins.

ARE YOU INFRINGING THE COPYRIGHT TO "HAPPY BIRTHDAY TO YOU"

In California, filmakers have been challenging the copyright ownership by Warner/Chappell to that song we have sung at some point in our lives - "Happy Birthday To You".

Songs can be protected by copyright in the lyrics and in the music. In Warner/Chappell, the copyright to the music had long expired. The dispute was over the lyrics.

In the late 1800's two sisters Mildred and Patty Hill authored a song called "Good Morning to All". The lyrics to Happy Birthday and Good Morning are similar, but it is not clear whether the sisters authored the lyrics to Happy Birthday.

Warner/Chappell had been collecting royalties to Happy Birthday. In court, they were being challenged to show that there was a chain of title to the copyright that led to Warner/Chappell. A charity also claimed ownership to Happy Birthday.

The case settled without a resolution of ownership.

COMMENT

The copyright registration extends to around 2030. Who will be at risk when singing Happy Birthday at the next party?

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