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Patent Owners Win Some Ground - Software that Improves Computers is Patentable

After so many decisions by the Federal Circuit that said software patents are not patentable, things have turned a bit. And software patent owners may have gained some ground.

In *Enfish v. Microsoft,* the patents related to how elements of information are related to one another in a computer database. The Federal Circuit explained that the patents were of a referential model and included two features not found in prior art relational models. In particular, the referential model stored all information in a single table, in contrast to multiple tables in the relational model.

According to the patents, as interpreted by the Federal Circuit, the design allowed for faster searching of data and more effective storage of data. It also allowed for more flexibility in configuring the database.

The Federal Circuit explained that improvements in computer-related technology are NOT all inherently abstract and therefore unpatentable. It also explained that patents directed to software are NOT all inherently abstract and therefore unpatentable.

Here, the Federal Circuit found that the patents focused on an "improvement to computer functionality itself," as opposed to a task for which a computer is used in its ordinary capacity.

The Federal Circuit commented that when the lower court found the patents to be simply a "concept of organizing information using tabular formats", the lower court "oversimplified" the claims.

Further, the fact that the invention can run on a general-purpose computer does not "doom" the

Stopping False Advertising in the US - Even When You Do No Advertising in the US

In the Fourth Circuit case of *Belmora v. Bayer*, Belmora marketed a product in the US called FLANAX. Bayer marketed a similar type of product in Mexico called FLANAX.

Bayer did not use the FLANAX mark in the US and did not own a US registration to the mark. Bayer sued for false association and false advertising.

For false association, Bayer alleged that Belmora's misleading association with Bayer's product in Mexico caused customers to buy Belmora's product in the US instead of Bayer's product in Mexico.

For false advertising, Bayer alleged that Belmora used deceptive advertisements that capitalized on Bayer's goodwill.

The Fourth Circuit found that the Lanham Act - which governs Bayer's allegations - does not require Bayer to have possessed or used a trademark in the US.

The Lanham Act, according to the Fourth Circuit, does require that Bayer claim it was "likely to be damaged." Bayer satisfied that requirement.

COMMENT

When it comes to trademark problems - most companies doing business outside of the US assume that they have no recourse against companies doing business in the US. This case makes it clear that there is possible recourse if one has been damaged.

New Federal Trade Secrets Law

The new Defend Trade Secret Act (DTSA) now gives employers a new tool to enforce, in federal court, trade secret requirements against departing employees.

One, a protected secret is information that has been the subject of reasonable efforts to maintain its secrecy and derives economic value.

Two, the DTSA prevents misappropriation of a trade secret by obtaining the secret through improper means or using the trade secret while knowing it was secret.

patent. Likewise, the fact that the invention is not defined by physical components does not "doom" the patent.

Finally, the Federal Circuit found that the patents were directed to a "specific implementation of a solution to a problem in the software arts." Therefore, the patents are not directed to an unpatentable, abstract idea.

COMMENT:

Enfish does not make all computer implemented inventions patentable. But it does provide useful guidance in how the claims might be structured and how the specification might provide support for an increased possibility of patentability. It also provides useful court rhetoric for patent owners who face a challenge to validity based on the claim that their computer invention is abstract and therefore unpatentable. .

What the Federal Circuit Givith, the Federal Circuit Taketh Away - Photo Sharing is Not Patentable

Just days after the Federal Circuit gave hope to software patent owners in *Enfish* (see discussion above), the Federal Circuit took away that hope in *TLI Communications v. AV Automotive*.

The patent related to, in the words of the Federal Circuit, "taking, transmitting, and organizing digital images."

The patent taught assigning classification data, like a date or timestamp, to images and then sending the images to a server. In turn, the server uses the classification data to store the images.

Even though the patent used a telephone and server to carry out the invention, in the Federal Circuit's view, the "physical components merely provide a generic environment in which to carry out the abstract idea of classifying and storing digital images in an organized manner."

COMMENT

Previously, patent applicants have emphasized the presence of physical components in a patent claim to overcome a patentable subject matter challenge. *TLI* may have made that strategy less likely for success.

Three, the DTSA enables the employer to obtain a court order that has law enforcement officials seize stolen trade secrets. The order is not automatic and requires the employer to establish imminent irreparable harm or that the departing employee will not comply with an injunction.

Four, doubling of damages and an award of attorney fees is available if the employer provided certain notices in a contract with the departing employee.

COMMENT

The DTSA is not limited to a departing employee. However, it is that context in which many trade secret disputes arise.

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