

Intellectual Property

2015 FALL BULLETIN

Judge Leval Illuminates Google Books Fair Use Issues

Second Circuit Affirms Summary Judgment for Defendant in Massive Copying Case

BY MITCHELL ZIMMERMAN

Based on the defense of fair use, the Second Circuit affirmed summary judgment for Google in the decade-long copyright battle between an authors group and the Internet search giant. The lawsuit concerned Google's right to copy millions of books in order to allow snippet searches and text/data mining of the works. Making digital copies "to provide a search function is a transformative use," the panel held, "which augments public knowledge by making available information about Plaintiffs' books without providing the public with a substantial substitute for matter protected by the Plaintiffs' copyright..." *Authors Guild v. Google, Inc.*, 804 F.3d 202 (2d Cir. 2015).

To many legal observers, the outcome seemed obvious in light of the limited uses to which Google sought to affix the imprimatur of fair use. But the opinion, authored by Judge Pierre Leval, takes a number of original turns in reaching this conclusion. Twenty-five years ago, Judge Leval wrote the seminal copyright article on which rested the Supreme Court's "transformative fair use" analysis in *Campbell v. Acuff-Rose*, 510 U.S. 569 (1994).

The Google Books case gave Judge Leval an opportunity to return to the issue and elucidate transformativeness in a technology context.

Factual Background/Procedural Context

Beginning in 2004, Google began scanning and digitizing books in the collections of the New York Public Library, the Library of Congress, and various university libraries. The vast majority of the books were non-fiction, and most were out of print. The works included books still under copyright as well as books in the public domain.

Google's indexing allows users to search the full text of more than 20 million books. A list of books responsive to a search is made available, and the user can go to a page that provides links to websites offering the book for sale if still in print, and information including a list of the words and terms that appear most frequently in the book.

In "snippet view," Google also displays about an eighth of a page around the search term. Users cannot view or download the full texts, and Google has taken precautions to make it impossible, as a practical matter, for users to read all or a substantial part of a book through repeated searches. The Google Books service is free and there is no advertising on Google Books pages.

The Authors Guild and three author-plaintiffs filed suit in 2005. The relatively narrow fair use issue — whether it was legitimate for Google to copy the works and provide the search and snippet functions — was long overshadowed by controversies over an attempted settlement.

After the district court rejected the Google Books Settlement in 2011, the case moved forward on the merits. In November 2013, the court granted Google's motion for summary judgment based on fair use.

Legal Standards

"Fair use" is a judicially developed limitation on the scope of copyright, now codified in 17 U.S.C. § 107. The section provides courts shall consider four factors:

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- (1) “the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.”

Ever since *Acuff-Rose*, whether the new work or the purpose of the use is transformative has been analyzed as part of the first factor and a touchstone of fair use. This inquiry asks:

[W]hether the new work merely “supersede[s] the objects” of the original creation, or instead adds something new, with a *further purpose or different character, altering the first with new expression, meaning, or message*; ... in other words, whether and to what extent the new work is “transformative.”

Transformativeness and Google Books

In *Google Books*, Judge Leval began by cautioning, “The word ‘transformative’ cannot be taken too literally as a sufficient key to understanding the elements of fair use. It is rather a suggestive symbol for a complex thought”

The court observed that “the word ‘transform’ also plays a role in defining ‘derivative works’” — which (per 17 U.S.C. § 101) include “any ... form in which a work may be ... transformed.” How are we to distinguish the transformations that others are fairly entitled to use from those that are within the exclusive rights of the original authors? Leval argues that “derivative works generally involve transformations in the nature of *changes of form*,” as opposed to new works that criticize and comment on the original or provide information about it.

Regarding Google’s snippet searches, the court had “no difficulty concluding” that “the creation of a full-text searchable database is a quintessentially transformative use.” This is so because “the result of a word search is different in purpose, character, expression, meaning, and message from the page (and the book) from which it is drawn.” *Authors Guild v. HathiTrust*, 755 F.3d 87 (2d Cir. 2014). And snippet view facilitates the informational function by putting the search hit in context.

Importantly, the court noted that search results “make[] possible new forms of research, known as ‘text mining’ and ‘data mining.’”

The Google research tool:

[F]urnish[es] statistical information ... about the frequency of word and phrase usage over centuries. This tool permits users to discern fluctuations of interest in a particular subject over time and

space by showing increases and decreases in the frequency of reference and usage in different periods and different linguistic regions. (footnote omitted).

Further, the Google functionality “allows researchers to comb over the tens of millions of books Google has scanned in order ... to derive information on how nomenclature, linguistic usage, and literary style have changed over time.”

Derivative Work Rights

The authors asserted that, even apart from the challenged copying, “they have a derivative right in the application of search and snippet view functions to their works, and that Google has usurped their exclusive market for such derivatives.”

The court swiftly disposed of this claim: Google’s search and snippet functions are means of providing information to users, and copyrights do “not include an exclusive right to furnish [this] kind of information about the works”

The statutory definition of derivative, “while imprecise, strongly implies that derivative works over which the author of the original enjoys exclusive rights ordinarily are those that represent the protected aspects of the original work, i.e., its expressive content, converted into an altered form” Google’s search and snippet functions “do[] not allow access in any substantial way to a book’s expressive content,” therefore they do not impinge on the derivative right.

Turning to the other consideration under the first factor, whether the “use is of a commercial nature,”

Plaintiffs stress that Google is profit-motivated and seeks to use its dominance of book search to fortify its overall dominance of the Internet search market, and that thereby Google indirectly reaps profits from the Google Books functions.

The court held that this consideration is seldom given or entitled to much weight, particularly when there is a strong showing that the use is transformative and the new use does not act as a substitute for the original works.

Remaining Fair Use Factors

The second factor concerns “the nature of the copyrighted work,” usually meaning whether it is factual as opposed to fiction. The books in the Google corpus are largely non-fiction, a consideration commonly said to tilt toward a fair use finding. But this was also of little moment to the court. “The second factor has rarely played a significant role in the determination of a fair use dispute,” the court observed, almost dismissing the second factor completely.

The third statutory factor considers how much of the copyrighted work has been used. The court explained that this is a surrogate for the possible economic harm

considered in the fourth factor because the more taken, the more likely that the use will serve as a substitute for the original work.

Not so in this case. Though Google copied the entirety of the works, there is no market substitution because the complete copies are not made available to the public. As the court explained, Google has limited the search and snippet features in various ways that make it impossible for users to read even a substantial part of an entire work in Google Book search.

Regarding the fourth factor, “the effect of the use upon the potential market for or value of the copyrighted work,” the court acknowledged that snippet view could cause some loss of sales. Nonetheless, merely “some loss of sales” will not suffice; “[t]here must be a meaningful or significant effect ‘upon the potential market for or value of the copyrighted work.’”

Further, in an unusual twist, Judge Leval focused on the nature of any adverse economic impact: “the type of loss of sale [possible here] will generally occur in relation to interests that are not protected by the copyright.” Snippet search may sate a user’s need for a copyrighted book because the snippet provides an historical fact the user seeks. But copyright protects expression, not facts, and “it would be a rare case in which the searcher’s interest in the protected aspect of the author’s work would be satisfied by what is available from snippet view.”

The court concluded that Google’s uses are fair.

Hacking

Plaintiffs argued that Google’s copying should not be deemed a fair use because digitization and storage of plaintiffs’ works exposes them to the risk that hackers might access and make the books widely available.

The court held the concern to be theoretically sound, but not supported by the evidence in this case. Google showed that the Google Books corpus was “protected by the same impressive security measures used by Google to guard its own confidential information,” and Plaintiffs failed to rebut Google’s showing.

The Library Copies

Finally, plaintiffs contended that providing digitized copies to the libraries that provided books for the project was not a fair use, and that plaintiffs were exposed to the risk that the libraries would use their copies in an infringing way or fail to secure them.

Since the libraries’ intended or potential uses of the copies represented fair use, they had a right to have digitized copies created for them. The risk they might misuse their copies was speculative, and Google was not liable for that danger when the copies were given subject to an

agreement that the libraries would use their copies in a manner consistent with copyright law.

Conclusion

Unless the Second Circuit was to ignore a substantial line of cases ascribing transformativeness to functional uses of expressive works, or was daunted by the scope of the copying, the conclusion that Google’s use was fair seemed inevitable. The purposes were different from those of the original works. The uses did not displace the demand for the originals. And the authors’ alleged derivative rights were not granted by copyright law.

The Second Circuit went beyond the predictable, however, on a number of points.

- It distinguished between fair use transformations and derivative work transformations, based on whether the changes between the original and the new work are merely of form.
- It broke new ground regarding the fourth factor: (1) by clarifying that adverse economic impact must be of a significant scope; and (2) by considering whether any adverse economic impact is based on the new work’s exploitation of protected aspects of the original.
- Finally, it confirmed in this case of first impression that copying to facilitate text and data mining is transformative and that data mining itself does not impinge on any rights of copyright holders.

New Patent Claim Construction Review Standard

BY GOUTHAM KONDAPALLI

In early 2015, the U.S. Supreme Court changed the standard of review for patent claim construction with its decision in *Teva Pharmaceuticals USA v. Sandoz Inc.*, 135 S. Ct. 831 (2015) (*Teva I*). Previously, the U.S. Court of Appeals for the Federal Circuit reviewed all claim construction rulings *de novo*—irrespective of whether they involved any factual findings—without giving any deference to the lower court’s factual findings. In *Teva I*, the Supreme Court held that factual findings during claim construction such as findings related to extrinsic evidence must be given deference on appeal and should be reviewed for “clear error” instead.

In two recent cases, including the remand from *Teva I*, however, the Federal Circuit came to opposite conclusions when reviewing lower court decisions under the new clear error standard.

The Federal Circuit on remand from the U.S. Supreme Court, held on June 18, 2015 that the district court’s claim construction was incorrect and that the asserted patent claims are invalid as indefinite. *Teva Pharm. USA v. Sandoz Inc.*, 789 F.3d 1335 (Fed. Cir. 2015) (*Teva II*). While

the majority of the panel (led by Judge Kimberly Moore and joined by Judge Evan Wallach) did give deference, in accordance with the Supreme Court's decision, to the district court's particular fact-finding regarding the claim term, "molecular weight," the majority still found that the lower court had drawn incorrect conclusions of law from the factual bases. Furthermore, it appears that the invalidity holding was easier to justify under the U.S. Supreme Court's new "reasonable certainty" standard decided in *Nautilus v. Biosig Instruments*, 134 S. Ct. 2120 (2014).

The *Teva* cases involve Copaxone, a drug approved for treatment of multiple sclerosis. When Sandoz marketed a generic version, Teva sued for patent infringement. Sandoz said the patent is invalid because the claim term that required the active ingredient having "a molecular weight of 5 to 9 kilodaltons" was indefinite under 35 U.S.C. §112 because it did not state which of the three possible methods was used to determine the active ingredient. *Teva I*, 789 F.3d at 835–836. The active ingredient, copolymer-1, is a mixture of individual polymer molecules with different constituent ratios, and different molecular weights; it is often expressed as "average molecular weight." There are at least three ways to calculate average molecular weight: peak average molecular weight, number average molecular weight, and weight average molecular weight. Peak average is the molecular weight of the most abundant molecule in the sample; number average is the combined total mass of all of the molecules in the sample divided by the total number of molecules; and weight average is similar to number average except instead of dividing the sample by total number of molecules, one takes into account the weight fraction of each molecule.

The patent failed to disclose which method was used for determining the molecular weight of the active ingredient. While it did mention the use of size exclusion chromatography (SEC), that does not help as all three ways use SEC. Statements in related cases magnified the issue. In one case, the applicant said the average molecular weight is peak average, while in another related case they stated that it is weight average. Teva's expert testified that because specification only mentions SEC, one of skill in the art would have understood that average molecular weight could only mean peak average, since the other methods require additional calculations. The district court found Teva's expert credible and concluded that the claim is not indefinite. On appeal, the Federal Circuit reviewed the claim construction *de novo* and concluded that the claim is indefinite.

The Supreme Court vacated that decision and remanded the case back to the Federal Circuit to apply its new standard of review when reviewing the trial court's claim construction ruling involving subsidiary factual disputes. While the majority concluded that the ultimate task of

construing patent claims is a legal question reviewed *de novo*, it also explained that to the extent the claim construction involves resolution of subsidiary factual disputes, review of such factual findings is for clear error.

The Supreme Court provided some guidance regarding what issues are considered to be legal determinations as opposed to subsidiary factual findings. It noted that interpretation of evidence "intrinsic to the patent," i.e., "the patent claims and specifications, along with the patent's prosecution history," is to be treated as a legal determination and reviewed *de novo*. And in cases where the district court consults extrinsic evidence such as expert testimony to understand the technical background involved in the case, findings on such issues are factual in nature and therefore are reviewed for clear error. The dissent argued that the need for uniformity in patent claim construction supports the *de novo* review standard and further that because patents are more analogous to statutes that do not involve subsidiary factual issues as opposed to contracts that do, patent claim construction does not involve findings of fact.

While the Federal Circuit did not find any clear error in the district court's factual conclusion that one of skill in the art would understand that average molecular weight would be peak average using SEC without further calculations, it nevertheless concluded that the patent claim is indefinite as the extrinsic evidence (i.e., expert testimony) did not resolve the ambiguity of the term "molecular weight." The Federal Circuit then reasoned that the extrinsic evidence did not change the fact that there are at least three different ways of calculating "average molecular weight" that could result in three different values. Considering only the intrinsic evidence including the claim language, specification, and prosecution history, the Federal Circuit, citing the *Nautilus* case, found that a skilled artisan "would still not be reasonably certain in light of the entire record as to which type of average [weight] was intended" in the patent claims. *Teva II*, 789 F.3d at 1345.

Shortly after deciding *Teva II* on remand, the Federal Circuit came to almost the opposite conclusion in *Lighting Ballast v. Philips Electronics*, 790 F.3d 1329 (Fed. Cir. 2015), also on remand. In *Lighting Ballast*, the district court first concluded that the claim term "voltage source means" was a means-plus function element and is indefinite because the specification failed to disclose sufficient structure. Later, while deciding a motion for reconsideration, the district court reversed itself stating that it did not give enough deference to the expert testimony regarding how a skilled artisan would understand the specification. On appeal, a panel of the Federal Circuit disagreed and reversed. Sitting *en banc*, the Federal Circuit reaffirmed the *de novo* review standard for all claim construction issues, which the U.S. Supreme Court vacated and sent for remand in light of its *Teva I* decision.

On remand, the Federal Circuit reviewed the district court's factual determinations under the clear error standard and affirmed the lower court's determination that the specification provided sufficient structure. While the outcome in *Lighting Ballast* is opposite to that of *Teva II*, these cases are distinct enough in at least one important aspect. In *Lighting Ballast*, extrinsic evidence was introduced to explain what the intrinsic evidence (i.e., specification) meant, whereas in *Teva II*, extrinsic evidence was introduced to fill in the gaps within the intrinsic evidence that failed to describe which method was used for measuring the claimed "molecular weight."

It appears that the new *Teva I* standard would only apply in cases where the district court had relied on extrinsic evidence to make a factual finding during claim construction. For example, in *CardSoft LLC v. VeriFone, Inc.*, 769 F.3d 1114 (Fed. Cir. 2014), the Federal Circuit, on remand, used the *de novo* standard as opposed to *Teva I*'s deferential clear error standard by reasoning that the district court did not make any factual findings based on extrinsic evidence while construing the claims. Even though extrinsic evidence was admitted at trial, the Federal Circuit concluded that the district court did not rely on the extrinsic evidence and that mere submission of extrinsic evidence is not enough to mandate deference to a district court's claim construction.

While it may take years to appreciate the impact of *Teva I* on claim construction, the case raises a few questions regarding patent practice going forward. For example, does the change in the review standard incentivize patent applicants going forward to provide more detailed disclosure at least for those patent terms that are likely to be construed? One advantage of such detailed disclosure would be to avoid expert testimony at trial; even if one were to be used, such testimony would likely be used to explain what the specification actually meant (similar to *Lighting Ballast*) as opposed to supplement what the specification might be missing (similar to *Teva I*). Another question is whether trial court judges would be more willing to allow expert testimony during claim construction hearings now that their factual findings can only be overturned for clear error. Yet another question is whether the perceived higher bar of the deferential *Teva I* standard reduces the number of appeals to the Federal Circuit.

Finally, the new claim construction standard might increase a likelihood of forum shopping, which the Federal Circuit was created to avoid. For example, under the previous *de novo* review for both legal and factual aspects of claim construction, plaintiffs do not have any incentive to forum shop—at least as far as claim construction issues are concerned—because appeals arising from any district court are reviewed under the *de novo* standard without deference. With the more deferential *Teva I* standard, plaintiffs might have an incentive to select a district court

empirically more amenable to rely on extrinsic evidence for claim construction such that the claim construction has a lower likelihood of reversal at the Federal Circuit.

In any case, it appears likely that the new patent claim construction review standard will affect future patent practice, the full impact of which will only be known with the passage of time.

Quick Updates

Yogis Rejoice: Ninth Circuit Declares Yoga Sequence Not Copyrightable

BY KATHLEEN LU AND JENNIFER STANLEY

Copyright law may seem an odd forum for a battle of yoga instructors, but a recent Ninth Circuit opinion affirming that a sequence of yoga poses is not copyrightable subject matter under 17 U.S.C. § 102(b) sets important guideposts on the contours of copyright protection.

Bikram Choudhury teaches a popular particular sequence of 26 yoga poses practiced in a hot room over 90 minutes known as "Bikram Yoga." By instructing other yoga teachers in his methods and licensing franchises for "Bikram Yoga," Choudhury built a business empire. To combat competition, he widely asserted that because he had developed the particular sequence he taught, he was entitled to copyright protection over it, and that others could not teach the sequence. Choudhury and his company threatened and ultimately sued several of his former protégées who taught the same method, one of whom had founded Evolution Yoga.

Choudhury based his claims on a 1979 book in which he described the 26 poses and two breathing exercises and his recommended order for performing them. In 2002, through a supplementary registration form that referred back to the 1979 book, he registered the "compilation of exercises" the book described.

The Ninth Circuit rejected Choudhury's attempt to use his copyright in the 1979 book, which covered the photographs, drawings, and words, to control others' expression of the idea of the sequence of movements. *Bikram Yoga College of India, L.P. v. Evolution Yoga, LLC*, 803 F.3d 1032 (9th Cir. 2015). It looked to 17 U.S.C. § 102(b), holding that the sequence of exercises was excluded under the idea-expression dichotomy. The court cited the seminal Supreme Court case of *Baker v. Selden*, 101 U.S. 99 (1879), for the proposition that ideas, procedures, and processes fall instead within the purview of patent law.

The court also noted that, regardless of whether it was "beautiful," the Bikram Yoga sequence is a process to promote health and well-being. Tellingly, Choudhury

himself claimed the sequence “is designed to scientifically warm and stretch muscles, ligaments, and tendons in the order in which they should be stretched.”

The Ninth Circuit also rejected Choudhury’s argument that the sequence was a compilation and that his “selection, coordination, and arrangement” of the exercises was protectable expression. It emphasized that just because “the Sequence may possess many constituent parts does not transform it into a proper subject of copyright protection. “Virtually any process or system could be dissected in a similar fashion.” It also noted that Choudhury’s arrangement, based on his own claims, was due to medical and functional considerations. Importantly, it was irrelevant that other yoga pose combinations could produce similar results; that other methods existed did not make an uncopyrightable method copyrightable.

Also unsuccessful was Choudhury’s attempt to claim the yoga sequence as a “choreographic work.” The Ninth Circuit emphasized that section 102(b)’s limitations apply to all types of copyright subject matter and that simply calling the sequence “dance-like” did not convert it from an uncopyrightable process to a copyrightable choreographic work. It noted that section 102(b)’s limitations appear especially important as applied to choreographic works because “our day-to-day lives consist of many routinized physical movements” and that unchecked claims could intrude on everyday bodily movements.

The Ninth Circuit’s approach to section 102(b) in the *Bikram* opinion stands in stark contrast to the Federal Circuit’s approach to the “structure, sequence and organization” of application programming interfaces (APIs) as copyrightable subject matter, especially the Federal Circuit’s assertion that “under Ninth Circuit law, an original work—even one that serves a function—is entitled to copyright protection as long as the author had multiple ways to express the underlying idea.” *Oracle Am., Inc. v. Google, Inc.*, 750 F.3d 1339 (Fed. Cir. 2014). As it stands, companies dissatisfied with Ninth Circuit law may try adding patent claims to copyright cases with an eye towards forum-shopping to the Federal Circuit for an alternative view.

Multi Time Machine, Inc. v. Amazon.com, Inc. and Amazon Services, LLC

BY SHANNON TURNER

In October, the Ninth Circuit reversed on rehearing its previous decision in *Multi Time Machine, Inc. v. Amazon.com, Inc. and Amazon Services LLC*, 804 F.3d 930 (9th Cir. 2015), finding that Amazon is not liable for trademark infringement resulting from its search results.

Multi Time Machine, Inc., the manufacturer of the high-end MTM Special Ops watches, brought a trademark infringement action against e-commerce website Amazon,

alleging that Amazon infringed its trademark because of the way in which Amazon displayed the search results for MTM Special Ops watches, which neither Amazon nor MTM sells on Amazon. Specifically, a search for “mtm special ops” on Amazon’s website returns search results for alternative products, including other watches. MTM argued that because a search for MTM Special Ops watches on Amazon displays watches manufactured by MTM’s competitors and does not inform the consumer that Amazon does not carry MTM watches, there is a likelihood of “initial interest confusion.” Namely, MTM argued that a consumer may be confused into thinking that a relationship exists between MTM and one of its competitors, as displayed on the Amazon search. Because of this initial confusion, MTM asserted, the consumer may choose to buy the competitor watch instead of continuing to seek out an MTM watch.

In a 2-1 majority decision, the panel affirmed the district court’s summary judgment in favor of Amazon, holding that Amazon’s search results page does not create a likelihood of confusion by displaying other brands’ watches.

The opinion turned on issues of: (1) the identity of the “relevant reasonable consumer” of the MTM Special Ops watches; and (2) that consumer’s reasonable belief based on Amazon’s search results. As to the first issue, the court found that because MTM Special Ops watches sell for several hundred dollars, the relevant consumer would be considered a “reasonably prudent consumer accustomed to shopping online” (*citing Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171 (9th Cir. 2010)). As to the second issue, the court found that the products displayed on Amazon’s search results page were clearly labeled and, therefore, no reasonably prudent consumer would be confused by Amazon’s search results.

In his dissenting opinion, Judge Carlos Bea stressed that whether there is a likelihood of initial interest confusion is a question for the jury, and not for the court, stating that “MTM may be mistaken. But whether MTM is mistaken is a question that requires a factual determination, one this court does not have the authority to make.”

Federal Circuit Criticizes Overly Restrictive Eligibility Tests: Have We Reached a Turning Point in § 101 Jurisprudence?

BY EMILY BULLIS

Recently, the Federal Circuit denied *en banc* review of a panel decision invalidating a medical diagnostic method in a move that could signal a turning point in the continued struggle to define patent eligible subject matter. In *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, No. 14-1139 (Fed. Cir. Dec. 2, 2015), the court affirmed the panel’s holding that Sequenom’s patent on a method of detecting paternally-inherited fetal DNA in maternal blood samples and performing a prenatal diagnosis based on that DNA is

invalid as directed to non-statutory subject matter under 35 U.S.C. § 101.

While the facts of the case are otherwise unremarkable and triggered a straightforward application of *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S. Ct. 1289 (2012), of interest to practitioners is language used in the various concurrences that seems to openly question the wisdom of highly restrictive tests for patent eligibility.

Though the court felt compelled to apply *Mayo* and struck down the patent on those grounds, both Judge Lourie and Judge Dyk raised concerns that the currently applicable tests for subject matter eligibility could discourage innovation and delay the development of new diagnostic methods in the life sciences. Citing arguments made by Sequenom and various amici, Judge Lourie noted that the court's decision implicated a possible "crisis of patent law and medical innovation," and could place "a broad range of claims ... in serious jeopardy." *Ariosa Diagnostics*, at 4. He concluded that "it is unsound to have a rule that takes inventions of this nature out of the realm of patent eligibility on the grounds that they only claim a natural phenomenon plus conventional steps, or that they claim abstract concepts."

Similarly, while acknowledging that the framework outlined in *Mayo* and *Alice Corp. v. CLS Bank International*, 134 S. Ct. 2347 (2014), is an "essential ingredient of a healthy patent system," Judge Dyk also called into question the wisdom of overly restrictive eligibility tests. He took issue with the rigidity of *Mayo*, writing that a "too restrictive test for patent eligibility under 35 U.S.C. § 101 with respect to laws of nature ... may discourage development and disclosure of new diagnostic and therapeutic methods in the life sciences, which are often driven by discovery of new natural laws and phenomenon." *Ariosa Diagnostics*, at 2. Judge Dyk called for "further illumination of the scope of *Mayo*" but acknowledged that such guidance must come from the Supreme Court.

Though the case addressed the viability of specific medical diagnostic claims, its lessons can be generalized well beyond the life sciences realm. *Ariosa* suggests an inflection point in the Federal Circuit's approach to defining patent eligible subject matter. Tasked with implementing often vague Supreme Court decisions regarding subject matter eligibility, the Federal Circuit appears to be calling for more explicit guidance that would strike a reasonable balance between promoting innovation and preserving competition. Whether the Supreme Court obliges this request remains to be seen, but in the meantime, patent practitioners can take comfort in the fact that they are not the only ones struggling to navigate the murky waters of § 101.

Federal Trade Secrets Legislation Moves Slowly Toward Vote

BY STUART P. MEYER

In early December, the Senate Judiciary Committee had placed on its agenda a markup of the Defend Trade Secrets Act of 2015, S. 1890, 114th Cong. (1st Sess. 2015). This bill, along with its House counterpart, H.R. 3326, provides the first federal civil cause of action for trade secret misappropriation. To date, only very limited circumstances allow private plaintiffs to bring an action based on federal trade secrecy law, with most cases relying various states' versions of the Uniform Trade Secrets Act (UTSA) (amended 1985), 14 U.L.A. 369 (Supp. 1989), instead. The original December 3 meeting got postponed to December 10. The markup never happened on December 10 either, however, because the Judiciary Committee decided based on the recent tragedies in Paris and San Bernardino to concentrate that day on two anti-terrorism bills instead. As is often the case, intellectual property legislation advances only when more urgent issues leave room for its consideration.

Senator Grassley, Chair of the Judiciary Committee, does not appear to have become any less interested in this topic in recent weeks. In a December 2 hearing, his remarks continued to recognize calls from "a broad coalition of stakeholders ... about the need for a federal law to protect their valuable trade secrets." Thus, there is no reason to believe that this legislation will stall. More likely, it will be taken up for committee markup in January, and is widely expected to progress to a full vote of the Senate thereafter.

The legislation making its way through the House and the Senate provides not only the ability for a trade secret owner to bring a federal civil action for trade secret misappropriation, but also the ability to obtain an *ex parte* civil seizure order in certain circumstances "to prevent the propagation or dissemination of the trade secret." The legislation is not intended to replace, but rather to complement the existing federal Economic Espionage Act of 1996, Pub.L. 104-294, 110 Stat. 3488 (1996), the UTSA, and other state and federal laws usable to combat trade secret misappropriation.



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