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The IP Beacon®

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Jason Bloom

Jason Bloom Co-Authors SCOTUS Amicus Brief for INTA in Key Copyright Case

The International Trademark Association (INTA) tapped Haynes and Boone, LLP Partner **Jason Bloom** to co-write an amicus brief in *Fourth Estate Public Benefit Corporation v. Wall-Street.com, LLC*, a pending U.S. Supreme Court case that will address a key issue regarding when copyright owners can sue for infringement.

Some U.S. Circuit Courts of Appeal have adopted the "application approach," holding that a copyright claimant may sue for infringement immediately once the claimant has applied for copyright registration with the U.S. Copyright Office. But other circuit courts apply the "registration approach," requiring copyright claimants to wait for the Copyright Office to grant or deny the registration — a process that can take several months — before they can file suit. This issue is of particular importance to copyright owners who have not obtained a copyright registration but must sue quickly to enforce their rights.

Trademark and copyright lawyers are paying close attention to the *Fourth Estate* case, which is expected to resolve the circuit split between the application and registration approaches.

The **INTA brief** forcefully argues that the application approach is more in line with the Berne Convention, an international agreement intended to remove unnecessary administrative obstacles to the procurement and enforcement of copyright interests. In contrast, the brief states, the registration interpretation "requires that a copyright claimant wait many months for the Copyright Office to issue a certificate, as it does 97 percent of the time. This is a meaningless formality that Congress could not have intended," especially after acceding to the Berne Convention in 1988. Moreover, INTA's brief explains the importance of the issue to brand owners, which must often simultaneously sue to enforce trademark and copyright interests to protect their brands.

Bloom, who chairs the Enforcement Subcommittee of INTA's Copyright Committee, co-authored the amicus brief with Noel M. Cook from Owen Wickersham & Erickson, P.C., and Lawrence K. Nodine of Ballard Spahr LLP, along with vital assistance from several other members of INTA's Amicus and Copyright committees. Bloom previously helped draft an INTA resolution supporting the application approach and wrote about the issue in the **INTA Bulletin**. Bloom is the

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head of Haynes and Boone's Copyright Practice Group and has tried a broad array of intellectual property and business cases in state and federal courts.

With more than 7,200 members in 191 countries, INTA supports the advancement of trademarks and related intellectual-property concepts as essential elements of trade and commerce. The organization has more than 7,200 members in 191 countries who share the goal of promoting an understanding of the essential role that brands and related intellectual property play in fostering effective commerce, fair competition, and informed decision-making by consumers.

Reliance on Inherently Disclosed Embodiments in Prior Art is Dangerous

Andrew Cohn

Andrew Cohn

Prior art disclosures, and particularly non-patent literature, can be relied on for more than what they explicitly disclose. For example, many prior art references may be interpreted as including inherent disclosures. However, reliance on inherent disclosures does not come without a large amount of risk, requiring a careful analysis of the *inherent yet undisclosed* characteristics of the reference. The strict test for inherent disclosures was apparent in ***Endo Pharmaceuticals Solutions, Inc. et al., v. Custopharm Inc.***, (Appeal Number 2017-1719, Fed. Cir. July 13, 2018) ("***Endo Pharms***."), where a showing that an undisclosed (but actually used) formulation in the prior art was insufficient to find an inherent disclosure.

In ***Endo Pharms***., Endo Pharmaceuticals Solutions, Inc., Bayer Intellectual Property GHBM, and Bayer Pharma AG ("Endo") sued Custopharm Inc. ("Custopharm") over infringement of U.S. Patent No. **7,718,640** ("the **'640 patent**") and U.S. Patent No. **8,338,395** ("the **'395 patent**"). The **'640** and **'395 patents** cover Endo's medication Aveed®, a formulation of testosterone undecanoate (TU) that addresses shortcomings in the administration of TU to patients. The Federal Circuit noted that, prior to the 2003 priority date of the patents, administration of testosterone to treat hypogonadism suffered from three notable defects: first, injectable therapies required visiting a doctor every two to three weeks to receive an injection and topical therapies required daily application; second, the therapies required constant maintenance and monitoring to adjust administration levels based on varying testosterone levels during therapy; and third, the therapies caused instability in testosterone levels that could cause those levels to fall below the proper physiological range. ***Endo Pharms***. at 2-3.

Aveed® provides a "long-acting injectable testosterone replacement therapy for men suffering from physiologically low levels of testosterone." ***Endo Pharms***. at 2. In particular, the **'640** and **'395 patents** cover a specific vehicle formulation and administration of TU formulation, with the **'640 patent** specifically covering a formulation for administration of a 750mg dosage of 250mg/ml TU in a claimed mixture of 40-42 percent castor oil and 58-60 percent benzyl benzoate, and the **'395 patent** directed to the administration of TU in the same mixture according to a schedule that includes two initial injections followed by a "maintenance phase" of subsequent injections every ten weeks. Representative claims 1 and 2 in the **'640 patent**, and claims 14 and 18 in the **'395 patent**, are reproduced below.

Claims 1 and 2 of the **'640 patent** read:

1. A composition formulated for intramuscular injection in a form for single injection which contains 250 mg/ml testosterone undecanoate in a vehicle containing a mixture of castor oil and benzyl benzoate wherein the vehicle contains castor oil in a concentration of 40 to 42 vol percent.

2. A composition formulated for intramuscular injection in a form for single injection according to claim 1, which contains 750 mg testosterone undecanoate.

Claims 14 and 18 of the **'395 patent** read:

14. A method of treating a disease or symptom associated with deficient endogenous levels of

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> testosterone in a man, comprising administering by intramuscular injection a composition comprising testosterone undecanoate (TU) and a vehicle consisting essentially of castor oil and a co-solvent, the castor oil being present in the vehicle at a concentration of 42 percent or less by volume, the method further comprising:
>
> (i) an initial phase comprising two initial intramuscular injections of a dose of TU at an interval of four weeks between injections, each dose including 500 mg to 1000 mg of TU, followed by,
>
> (ii) a maintenance phase comprising subsequent intramuscular injections of a dose of TU at an interval of 10 weeks between injections, each dose including 500 mg to 1000 mg of TU.
>
> 18. The method of claim 14, in which each dose contains 750 mg of TU.

The key elements of dispute between Endo and Custopharm were "(1) 750 mg TU, (2) vehicle consisting of castor oil and a co-solvent (benzyl – benzoate in the **'640 patent**) where the castor oil is 42 percent or less by volume, and (3) an injection schedule comprising two initial injections at an interval of four weeks followed by injections at 10 week intervals (**'395 patent** only)." ***Endo Pharms***. at 4-5. During trial, the sole issues became whether claim 2 of the **'640 patent** and claim 18 of the **'395 patent** were obvious. ***Id.*** at 5. In particular, three scientific articles describing "small clinical studies involving 1000 mg TU injections" were introduced as prior art. ***Id.*** at pages 5-6. The three scientific articles[1] (collectively "the Articles") explicitly disclose a composition of 250mg/ml of TU in castor oil, but the parties agreed that the Articles did not disclose use of a co-solvent, much less benzyl benzoate. ***Id.*** at 6. However, it was later revealed in 2007 (after the 2003 priority date of the patents at issue) that the actual formulation used in the studies was 40 percent castor oil and 60 percent benzyl benzoate. ***Id.***

Two additional prior art articles were also introduced. The first article[2] ("Pushpalatha") describes Proluton Depot ("Proluton"), an injectable form of hydroxyprogesterone that is given to pregnant women, and that includes 40 percent castor oil and 60 percent benzyl benzoate. ***Endo Pharms***. at 6. The second article[3] ("Riffkin") discloses that benzyl benzoate may be used during administration of steroids to improve the solvent abilities of castor oil. ***Id.***

In a bench trial, the District Court found that Custopharm had not met its burden of proving the claims would have been obvious because (1) Custopharm had not shown by clear and convincing evidence that a skilled artisan would lower the dosage from 1000mg to 750mg due to overdosing concerns, and (2) the Articles do not inherently disclose benzyl benzoate as a co-solvent, much less the particular ratio of castor oil to benzyl benzoate. ***Endo Pharms***. at 6-7. The second point was concluded after the District Court noted that "inherency may only supply a missing claim limitation if the limitation at issue is the 'natural result' of the combination of prior art elements or a 'necessarily present' limitation." ***Id.*** at 7. In particular, the District Court found that Custopharm had failed to establish that the Articles could not have used other vehicle formulations for the administration of TU. Additionally, the District Court found that the prior art did not disclose the injection schedule of the **'395 patent**, and it would not have been obvious to a skilled artisan in light of the prior art.

Custopharm appealed, and the Federal Circuit agreed with the District Court's decision. ***Endo Pharms***. at 7. The Federal Circuit reviewed the three previous issues: the testosterone dose, the vehicle formulation for the administration of TU, and the injection schedule. First, the Federal Circuit noted that the parties did not contest that the prior art did not disclose the 750mg dose. ***Id.*** at 8. However, the Federal Circuit did not find a motivation for one of skill in the art to lower the dose of TU in the Articles from 1000mg to 750mg, as in the **'640 patent**. ***Id.*** Custopharm argued that American Association of Clinical Endocrinologists ("AACE") Guidelines set normal testosterone levels that would have resulted in an injection of 1000mg of TU that would have overdosed patients. ***Id.*** at 9. The Federal Circuit noted that this argument relies "on the assumption that a skilled artisan would have applied the AACE Guidelines to the exclusion of other guidelines that existed at the time, including the FDA Guidelines." ***Id.*** Custopharm's own expert edited a

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textbook that confirmed that the clinical practice was to use the FDA Guidelines, which would have resulted in normal to underdosing of patients when administering 1000mg TU (measured at specific test intervals after administration). ***Id.*** Custopharm argued that a "best" motivation is not required to lower the dose to 750mg, only a "suitable" motivation, but the Federal Circuit found that unpersuasive because "Custopharm needed to affirmatively demonstrate that a skilled artisan would have been motivated to lower the dose of TU despite no clear evidence of overdosing under the FDA Guidelines." ***Id.*** at 10. Finally, the Federal Circuit saw no reason for a skilled artisan to lower the dose when a plausible alternative practice in light of the prior art would instead be to extend the injection schedule and administer TU less frequently.

The Federal Circuit next moved to the vehicle formulation for administering TU using 40 percent castor oil and 60 percent benzyl benzoate. ***Endo Pharms***. at 11. Custopharm's relied on two theories as to why the vehicle formulation was unpatentable in light of the prior art. First, Custopharm argued that the vehicle formulation was inherently described in the Articles because it was later revealed that the vehicle formulation was the actual formulation used by the authors of the Articles when performing clinical studies. ***Id.*** at 11-12. Second, Custopharm argued that there was a motivation to combine the Articles with Proluton to achieve a 40 percent castor oil and 60 percent benzyl benzoate formulation. ***Id.*** at 11 and 16.

Regarding inherency within prior art, the Federal Circuit did not find that the vehicle formulation was "necessarily present" in the prior art even if not explicitly disclosed. ***Endo Pharms***. at 11-16.In particular, the Federal Circuit noted that the proper test for inherency is whether the limitation at issue is "necessarily present" in the prior art, and not that the element might be present in, or could result from, the prior art. ***Id.*** at 11-12. Although the authors of the Articles actually used the co-solvent and ratio claimed in the **'640 patent**, Custopharm's evidence did not support that one of skill in the art would have arrived at this vehicle formulation based on the pharmacokinetic properties and results disclosed in the Articles. ***Id.*** at 12-14. For example, the Articles did not necessarily indicate the claimed formulation based on the reported results, and the prior art was replete with other co-solvents. ***Id.*** at 12-14. The Federal Circuit also failed to find a motivation to combine the described Proluton vehicle formulation in Pushpalatha with the Articles and Riffkin to arrive at the vehicle formulation of TU in the **'640 patent**. ***Id.*** at 16. The Federal Circuit agreed with the District Court that Custopharm failed to meet its burden because, "while Proluton and Riffkin do suggest the use of a co-solvent, they do not suggest that the co-solvent necessarily be benzyl benzoate as opposed to other co-solvents known in the art." ***Id.*** at 17. Moreover, Proluton was administered to pregnant women to prevent miscarriage, which is not an injectable steroid product with prolonged activity for men. ***Id.***

The Federal Circuit also found that the District Court did not err in rejecting Custopharm's argument that the injection schedule would have been obvious for a skilled artisan to arrive at when adjusting the prior art for each individual patient. ***Endo Pharms***. at 18. Custopharm's argument relied on the overdose theory using 1000mg TU injections, which was already rejected. ***Id.*** at 19. The Articles further taught an initial injection schedule of four injections at six week intervals, and then increasing the interval between subsequent injections. ***Id.*** This did not reasonably teach shortening the schedule to four weeks and then increasing to ten weeks, as required in the **'395 patent**. ***Id.*** Moreover, Endo provided evidence that TU injections can behave in unpredictable ways so that "dose and regimen changes would require more than routine experimentation. ***Id.*** The **'395 patent** aimed to "achieve a commercially viable testosterone therapy," and regardless of experimentation from the perspective of an individual patient, a skilled artisan would have been confronted by this same issue. ***Id.*** at 19-20. Thus, Custopharm failed to properly show that a skilled artisan would combine a lowered dose with an injection schedule based on the prior art.

Obviousness and Inherency – Unrecognized or Unappreciated but Necessarily Inherent Characteristics

Inherency may be utilized to provide a missing claim limitation only when the limitation is necessarily present or a natural result of the elements that are

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explicitly within the prior art. This strict test means that "probabilities or possibilities" within the prior art are insufficient to show a limitation, such as the "mere fact that a certain thing may result from a given set of circumstances." ***Endo Pharms***. at 12 citing In re Rijckaert, 9 F.3d 1531 at 1533-4 (Fed. Cir. (1993). Instead, the rule requires that "the limitation at issue necessarily must be present [even if unrecognized or unappreciated], or [is] the natural result of the combination of elements explicitly disclosed by the prior at." ***Id.*** at 11-12 citing Par Pharmaceutical v. TWI Pharmaceuticals, Inc., 773 F.3d 1186 at 1196 (Fed. Cir. 2014).

The District Court found that the Articles did not bar other possible vehicle formulations from being used in the prior art formulations. ***Endo Pharms***. at 12. The Federal Circuit agreed that Custopharm had not shown that one of skill in the art could determine that the formulation actually used during the clinical trials in the Articles would only cause the reported results disclosed in the Articles. ***Id.*** at 12-13. Nothing in the Articles showed that the pharmacokinetic performance of the administered TU vehicle could only be attributed to the vehicle formulation in the '640 patent. ***Id.*** Instead, Custopharm was required to show that the Articles necessarily disclosed this formulation based on the pharmacokinetic performance, and had failed to do so. ***Id.*** Moreover, the prior art utilized many different co-solvents so that a skilled artisan would not have recognized that benzyl benzoate was actually used. ***Id.*** at 13. Custopharm own expert stated that even knowing benzyl benzoate was used would not lead to the proper ratio. ***Id.*** at 13-14.

Custopharm's cited cases include an inherent property that was actually present in a known prior art product. ***Endo Pharms***. at 14. Custopharm's arguments were predicated on In re Omeprazole Patent Litigation ("Omeprazole") and In re Crish ("Crish"). ***Id.*** at 14-15 citing Omeprazole 483 F. 3d 1364 (Fed. Cir. 2007) and Crish 393 F. 3d 1253 (Fed. Cir. 2004). In Omeprazole, claim 1 at issue was invalidated by a Chong Kun Dan Corporation (CKD) patent application because claim 1 was directed to a process for making a pharmaceutical composition "which included an in situ separating layer or subcoating." ***Id.*** at 14. In the CKD patent application, even though the application "expressly disavowed the presence of a separating layer, the record showed that the in situ separating layer was, in fact, the natural result of using the ingredients outlined in the CKD application." ***Id.*** Thus, this in situ separating layer was inherent in the CKD patent application because "it would result each and every time a skill artisan followed the prior art process." ***Id.*** In Crish, a prior publication disclosed the structure of a HiNV gene, as well as the approximate size of its promoter region, but not the sequence of the promoter. ***Id.*** at 14-15. However, this was enough to disclose the HiNV promoter in the claimed invention because "the record was clear that the known HiNV promoter region necessarily contained the sequence that the inventor tried to patent." ***Id.*** That is, the prior publication necessarily disclosed that HiNV promoter region even if it was not specifically recognized by the disclosure.

Custopharm's did not provide evidence that the vehicle formulation in the Articles would be derived by a skilled artisan based on the Articles' disclosure. For example, the record did not present any evidence that only the claimed vehicle formulation in the **'640 patent** can be used to achieve the particular pharmacokinetic performance that was disclosed within the Articles. ***Endo Pharms***. at 15. This is likely the main problem with Custopharm's reliance on inherency – the evidence and experts provided by Custopharm did not provide proof that the pharmacokinetic performance was due to the actually used formulation by the Articles' authors (i.e., the claimed formulation in the **'640 patent**). Without showing that the author's results were due to the claimed formulation, and only due to the claimed formulation, Custopharm's argument failed. In contrast to Custopharm's interpretation of inherency, the lack of evidence supporting a direct and singular tie between the claimed formulation in the **'640 patent** and the reported results in the Articles ultimately doomed Custopharm.

At the outset, it is noteworthy that the vehicle formulation from the **'640 patent** was actually used during clinical testing. That means that the claimed vehicle formulation was actually present in the prior art and used to obtain those results. Of course, if the researchers had recorded the proper mixtures and combinations in their studies and research papers,

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there would be no question as to the explicit disclosure of the claimed limitations within the prior art. However, Custopharm failed to provide enough evidence to persuasively link the claimed formulation (although unrecognized, unappreciated, and unrecorded in the prior art) to the pharmacokinetic properties reported in the Articles. Utilizing the reported properties and results in the Articles, Custopharm could have utilized an expert, test results, or other evidence that the claimed vehicle formulation necessarily provides the results disclosed in the Articles. This may have been available since the claimed vehicle formulation was actually present in the Articles. If this was available or could have been obtained, it appears that this type of evidence would have swayed the Federal Circuit. However, without connecting the reported results of the clinical trials in the Articles to the claims of the **'640 patent**, the Federal Circuit was unwilling to find an inherent disclosure within the prior art.

Moreover, it appears that the wide number of available co-solvents further convinced the Federal Circuit that the prior art failed to teach one of skill in the art of the claimed vehicle formulation. While Proluton used a 40 percent castor oil and 60 percent benzyl benzoate combination, and Riffkin discusses use of benzyl benzoate with castor oil for the administration of steroids, the prior art included numerous other types of co-solvents. There were numerous other vehicle formulations for administration of intramuscular medications and the high degree of variance that required experimentation to arrive at appropriate vehicle delivery formulations. Further, the Federal Circuit acknowledges the disparities between the administration of TU, a steroid required by men suffering from low testosterone, and hydroxyprogesterone, which assists in preventing miscarriages, and felt that these differences would make it unlikely that one of skill in the art would apply such the formulation in administration of hydroxyprogesterone to a steroid administration. Although Riffkin suggests the benzyl benzoate and castor oil combination, it seems the Federal Circuit was unwilling to combine that with Proluton due to the difference between the drug types.

Custopharm likely believed that they had strong arguments based on the vehicle formulation being actually present when performing the clinical trials. Unfortunately, the failure to provide evidence that only the particular vehicle formulation could have resulted in the reported results in the Articles caused this argument to fail. It is interesting to consider whether it would have been important if the exemplary studies had been sold instead of merely used during clinical trials. Since these were clinical trials, the utilized formulation in the Articles is likely covered as an experimental use. However, a sale would appear to qualify as public use or on sale bar. Without this, Custopharm was forced to rely on inherency, as the clinical trials did not qualify elsewhere as prior art.

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[1] (1) H. M. Behre et al., *Intramuscular injection of testosterone undecanoate for the treatment of male hypogonadism: phase I studies* , 140 Eur. J. Endocrinol. 414 (1999), (2) E. Nieschlag et al., *Repeated intramuscular injections of testosterone undecanoate for substitution therapy in hypogonadal men*, 51 Clin. Endocrinol. 757 (1999), and (3) S. von Eckardstein & E. Nieschlag, *Treatment of Male Hypogonadism with Testosterone Undecanoate Injected at Extended Intervals of 12 Weeks: A Phase II Study*, 23(3) J. Androl. 419 (2002).

[2] Pushpalatha, et al., *Effect of prenatal exposure to hydroxyprogesterone on steroidgenic enzymes in male rats*, 90 Naturwissenschaften 40 (2003).

[3] C. Riffkin, et al., *Castor Oil as A Vehicle for Parenteral Administration of Steroid Hormones*, 53(8) J. Pharm. Sci. 891 (1964).

Oracle v. Google – Redefining The Applicability and Scope of The Fair Use Defense for Software

Winnie Wong

Winnie Wong

2018 Summer Associate Mira Park contributed to this article.

On March 27, 2018, in ***Oracle America Inc. v. Google LLC***, No. 17-1118 (Fed. Cir. 2018), the Court of Appeals for the Federal Circuit held that Google's use of Oracle's software code did not constitute a fair use and remanded for a trial on damages.

Oracle is the copyright owner of the "declaring code", as well as the structure, sequence, and organization ("SSO") of the Java application programming interface ("API") packages at issue in this case. A Java API package is a collection of pre-written Java source code programs for providing computer functions,

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and allows programmers to provide desired functions into their own programs without the need to write the corresponding code from scratch.

In 2005, Google wrote its own code to run programs written in the Java language on its Android platform, but used the declaring code verbatim (*i.e.* 11,500 lines) and the SSO of the Java API packages without Oracle's permission. Although Oracle provides the Java API packages free without permission to programmers, it charges a licensing fee to those who wish to use Java API packages in a competing platform or install them in an electronic device. On August 13, 2010, Oracle sued Google in the United States District Court for the Northern District of California, alleging that Google's unauthorized use of Oracle's Java API packages in its Android operating system infringed Oracle's copyrights.

At the first trial, the jury found that Google had infringed those copyrights, but the district court judge vacated that verdict, holding that the Java API packages at issue were not entitled to copyright protection because they were purely functional. The Federal Circuit reversed the district court decision, holding that the declaring code and SSO of the Java API packages were entitled to copyright protection. Accordingly, the Federal Circuit remanded the case with instructions to reinstate the jury's infringement verdict, as well as for further proceedings on Google's fair use defense.

At the second trial, the jury found Google's use of Oracle's software code was a fair use, and the district court denied all of Oracle's post-trial motions for judgment as a matter of law and a new trial. The district court applied the four statutory factors for fair use from 17 U.S.C. § 107, holding that a reasonable jury could have concluded that the use was fair because: (1) the purpose and character of Google's use of the copyrighted work was transformative, (2) the nature of the copyrighted work was not highly creative, (3) the amount and substantiality of the portion used was necessary for Google's transformative use, and (4) Google's use of the code did not cause harm to the actual or potential market for the copyrighted work. Oracle appealed and the case returned to the Federal Circuit.

The Federal Circuit then reversed the district court a second time, holding that Google's use of Oracle's Java API packages did not constitute a fair use as a matter of law. In reviewing the fair use factors, the court applied governing Ninth Circuit law because copyright law is not within the Federal Circuit's exclusive jurisdiction.

In analyzing the first factor, the court found that the purpose and character of Google's use was commercial. The court reasoned that while Google's decision to make Android free may indicate the presence of non-commercial motives, Google profited from Android's over $42 billion in advertisement revenue using Oracle's copyrighted work. The court explained that providing customers something for free can constitute commercial use, and the possibility of non-commercial motives is irrelevant as a matter of law. *See* ***A&M Records, Inc. v. Napster, Inc.***, 239 F.3d 1004, 1015 (9th Cir. 2001).

The court also found that Google's use was not transformative because it did not fit any of the fair uses enumerated in the statute such as "criticism, or comment, or news reporting." Furthermore, the court found Google copied and used the declaring code and SSO for the same purpose as they are used in the Java platform. *See* ***Wall Data Inc. v. L.A. Cty. Sheriff's Dep't***, 447 F.3d 769, 778 (9th Cir. 2006).

The court explained that even though Google selected only 37 out of 166 Java API packages, the focus was on how much Google altered the copied portion—not how much original code Google wrote itself—and noted that Google had made no alteration to the expressive content or message of Oracle's copyrighted material. *See Seltzer v.Green Day, Inc.*, 725 F.3d 1170, 1177 (9th Cir. 2013). Furthermore, the court found that Google implemented the copyrighted work on Android for smartphones, and that smartphones did not qualify as "a new context" for the purpose of the fair use analysis because the copyrighted work was merely retransmitted in a different medium. *See* ***A&M Records***, 239 F.3d at 1015.

The court concluded that, even assuming Google did not act in bad faith, the highly commercial and non-transformative nature of Google's use of the

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copyrighted work strongly supported the conclusion that the first factor weighed against a finding of fair use.

In analyzing the second factor, the court found the copyrighted work was not highly creative because, while the Java API packages at issue involved some level of creativity, the functional considerations of the API packages were both substantial and important. However, the court noted that the Ninth Circuit has recognized that the second factor has "typically not been terribly significant in the overall fair use balancing", and Congress expressly declared that software is copyrightable. Therefore, the court determined that the second factor weighed in favor of finding a fair use, but limited the weight given to this factor.

In analyzing the third factor, the court found that the amount and qualitative value of the copyright work used was neutral at best, and arguably weighed against finding a fair use. First, the court held that the amount that Google used was "more than necessary" to make Android attractive to programmers, because Google used 11,500 lines of code when only 170 lines of code were necessary to write in the Java language. Second, the court found that no reasonable jury could conclude that what Google copied was qualitatively insignificant given that the copied material was important to the creation of the Android platform. Google even conceded that it could have written different APIs to get the same functions. Consequently, the court found that the third factor was neutral or weighed against finding a fair use.

In analyzing the fourth factor, the court concluded that the effect of the infringement on the actual or potential market for the copyrighted work weighed heavily in favor of Oracle. The court found substantial evidence that Android was used as a substitute for Java SE in the market for mobile devices, resulting in a direct market impact. For instance, Amazon, which originally licensed Java SE from Oracle for the Amazon Kindle, switched to Android for the subsequently released Kindle Fire, and Amazon then used the fact that Android was free to leverage a steep discount from Oracle for the next generation Kindle. The Court explained that no reasonable jury could have concluded that there was no actual market harm to Oracle.

Moreover, the court did not limit its analysis to the desktop and laptop markets which Oracle had already entered because the law also protects a copyright owner's right to enter potential markets, even when a copyright owner has no immediate plans to enter. Therefore, the court concluded that licensing Java SE for smartphones with increased processing capabilities would have been a "traditional, reasonable, and likely to be developed market." The court found it irrelevant that Oracle was not a device maker and had not yet built its own smartphone platform. The court concluded that Oracle's actual market and its right to enter a potential market were harmed by Google's unauthorized use, and thus the fourth factor weighed significantly in favor of Oracle.

In sum, the court undertook a case-by-case analysis of all four factors and found factors one and four weighed heavily against a finding of fair use, while factor two weighed in favor of such a finding, and factor three was, at best, neutral. Weighing these factors together, the court concluded that Google's use of the declaring code and SSO of the Java API packages was not a fair use. The court's holding was limited to Google's copying and use of this particular code, and the court explicitly did "not conclude that a fair use defense could never be sustained in an action involving the copying of computer code." Thus, the court reversed the lower court's decision and remanded for a trial on damages. This case now returns to the District Court for the Northern District California for a third time, where a jury will decide the damages Oracle is entitled to from Google.

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Haynes and Boone Receives High Marks in IPR Intelligence Report

Haynes and Boone, along with several firm partners and associates, received high marks in the 2018 edition of IPR Intelligence, a report by the intellectual property analytics company Patexia Inc. Among the report's highlights, Haynes and Boone ranked as the seventh most active law firm representing petitioners.

Read more.

***New York Metro Super Lawyers* Recognizes Haynes and Boone Lawyers**

Two of our intellectual property lawyers in New York have been featured in the 2018 *New York Metro Super Lawyers* and *Rising Stars* directories, annual award listings published by Thomson Reuters.

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Haynes and Boone Recognized in *Best Lawyers in America* 2019

Best Lawyers in America, Woodward/White, Inc., 2019 has featured 14 Haynes and Boone intellectual property lawyers across our domestic U.S. offices in its annual referral guide of outstanding lawyers throughout the U.S.

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***Texas Super Lawyers* Recognizes Haynes and Boone Lawyers**

Six of our intellectual property lawyers in our Texas offices have been featured in the 2018 *Texas Super Lawyers* directory, an annual award listing published by Thomson Reuters.

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IP QUIZ

Trademark Trivia

Is there a likelihood of confusion?

Attempted registration:	Registered mark:
PARADYCE	**PAR-A-DICE HOTEL — CASINO**
For bandanas, bathing suits, belts, boots, caps being headwear, collared shirts, dress shirts, dresses, golf shirts, hats, headbands, headwear, hooded sweat shirts, jackets, jeans, jerseys, pants, polo shirts, scarves, shirts, shoes, shorts, sneakers, socks, sports jerseys, suits, sweat pants, sweat shirts, t-shirts, ties as clothing, none of the foregoing for sale by or in casino or hotel establishments	For wearing apparel, namely, caps, hats, visors, t-shirts, golf shirts, collared shirts, polo style shirts, long sleeve shirts, jackets, sweat shirts and sweat pants

NO, according to the U.S. Trademark Trial and Appeal Board.

The USPTO refused registration of the mark PARADYCE for various clothing items on the ground that it was likely to cause confusion with the mark PAR-A-DICE HOTEL – CASINO for overlapping clothing items. On appeal, the Board reversed the refusal to register PARADYCE, finding no likelihood of confusion between the two marks.

The Board first held that the goods are identical and legally identical in part. Both the application and the cited registration include "collared shirts," "golf shirts," "hats," "jackets," "sweat shirts," "sweat pants," and "t-shirts." In addition, the registrant's "long sleeve shirts" and "polo style shirts" are legally equivalent to the applicant's "dress shirts" and "polo shirts," and the applicant's "hooded sweater shirts" and "caps being headwear" are legally equivalent to the registrant's "sweat shirts" and "caps."

The Board also held that the goods under both marks move in the same trade channels. Because there are no restrictions in the registrant's identification of goods, the Board presumed that the goods are marketed in all normal trade channels and to all normal classes of purchasers. Thus, despite the fact that the applicant's goods are restricted to exclude sales in hotels and casinos, the goods under both marks could be distributed in the same trade channels, such as department stores, boutique clothing stores, big box stores, or the Internet.

However, the Board held that the marks themselves were not so similar as to create a likelihood of confusion. While PARADYCE and PAR-A-DICE "look and sound somewhat alike," the Board reasoned that the hyphens in the registrant's mark "create[] a differing look and cadence" from the applicant's mark. Consumers are likely to enunciate three separate terms in the word "PAR-A-DICE," while consumers are likely to pronounce the applicant's mark as one word. The Board was also persuaded by nine third-party registrations submitted by the applicant for marks that contain the word PARADISE and cover clothing items, which indicate that "PAR-A-DICE" may be weak. In addition, the fact that the cited mark was registered with a claim under Section 2(f) could be interpreted as a concession that the mark is not inherently distinctive. Finally, the Board found that even if the marks are both pronounced as the word "paradise," the connotations and overall commercial impressions of the marks differ, with the registrant's mark bringing to mind the phrase "pair of dice," a nod to gambling and casinos. Meanwhile, consumers are likely to perceive the applicant's mark as merely a misspelling of the word "paradise."

Thus, the Board reversed the refusal to register.

In re Paradyce Clothing Company, Inc., Serial No. 87562296 (October 1, 2018) [not precedential]

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