

Clients & Friends Memo

Intellectual Property Law: *Looking Forward to 2023*

December 16, 2022

With the continuing advancements of cutting-edge technologies — such as genome editing (CRISPR) and Non-Fungible Tokens (NFTs) — U.S. courts will have a full docket of challenging IP cases throughout 2023. Below are some of the most significant issues we are watching:

Keep an Eye on the US Supreme Court for New IP Law in 2023

- *Andy Warhol Found. for Visual Arts, Inc. v. Goldsmith*, 11 F.4th 26 (2d. Cir. 2021), *cert. granted*, 142 S. Ct. 1412 (Mar. 28, 2022) (No. 21-869). The Supreme Court heard arguments on October 12, 2022 whether a work of art which “recognizably deriv[es] from” its source material but conveys a different meaning or message is sufficiently “transformative” to render the accused work a fair use, or whether further justification must be shown to qualify as a fair use.
- *Amgen Inc. v. Sanofi, Aventisub LLC*, 987 F.3d 1080 (Fed. Cir. 2021), *cert. granted in part sub nom. Amgen Inc. v. Sanofi*, 143 S. Ct. 399 (Nov. 4, 2022) (No. 21-757). In *Amgen*, the Supreme Court will address the issue of whether a patent specification must disclose “the full scope of claimed embodiments” without undue experimentation.
- *Hetronic Int'l, Inc. v. Hetronic Ger. GmbH*, 10 F.4th 1016 (10th Cir. 2021), *cert. granted sub nom. Abitron Austria GmbH v. Hetronic Int'l, Inc.*, 143 S. Ct. 398 (Nov. 4, 2022) (No. 21-1043). The question presented here is whether the Tenth Circuit erred in applying the Lanham Act extraterritorially to petitioners’ foreign sales, including purely foreign sales that never reached the United States or confused consumers in the United States.
- *VIP Prods. LLC v. Jack Daniel's Props., Inc.*, 2022 WL 1654040 (9th Cir. Mar. 18, 2022), *cert. granted*, 2022 WL 17087471 (U.S. Nov. 21, 2022) (No. 22-148). The Supreme Court granted certiorari on two questions: (1) Whether humorous use of another’s trademark as one’s own on a commercial product is subject to the Lanham Act’s traditional likelihood-of-confusion analysis, or instead receives heightened First Amendment protection from trademark-infringement claims? and (2) Whether humorous use of another’s mark as one’s own on a commercial product is “noncommercial” under 15 U.S.C. § 1125(c)(3)(C), thus barring as a matter of law a claim of dilution by tarnishment under the Trademark Dilution Revision Act?

The Thorny Issue of Patent Eligibility: Still Under Consideration at the High Court

- *Interactive Wearables, LLC v. Polar Electro Oy et al.*, 2021 WL 4783803 (Fed. Cir. Oct. 14, 2021), *petition for cert. filed*, 2022 WL 864210 (U.S. Mar. 18, 2022) (No. 21-1281). The petition for certiorari presents the questions of: (1) What is the standard for determining when a claim is “directed to” a patent-ineligible concept under *Alice*? (2) Is patent eligibility (at each step of the *Alice* inquiry) a question of law or fact? and (3) Whether § 112 considerations can inform the analysis in determining patent eligibility under § 101?
- *Tropp v. Travel Sentry, Inc.*, 2022 U.S. App. LEXIS 3906 (Fed. Cir. Feb. 14, 2022), *petition for cert. filed*, 2022 U.S. S. Ct. Briefs LEXIS 2127 (U.S. July 5, 2022) (No. 22-22). The petition for certiorari presents the question of whether claims covering TSA master-key compliant locks used for travel that recite physical steps, rather than computer-processing steps, are patent-eligible under 35 U.S.C. § 101.

In Trademarks, the Standard for Expressive Use Is in Flux

- *VIP Prods. LLC v. Jack Daniel's Prods., Inc.*, 2022 WL 1654040 (9th Cir. Mar. 18, 2022), *cert. granted*, 2022 WL 17087471 (U.S. Nov. 21, 2022) (No. 22-148). See discussion above on upcoming Supreme Court cases.

Non-Fungible Token (NFT) Cases

- *Nike, Inc. v. StockX LLC*, 1:22-cv-00983 (S.D.N.Y. Feb. 3, 2022). Nike alleges trademark infringement where its registered marks are used in NFTs sold by StockX. These NFTs are used as part of an effort to authenticate resold shoes.
- *Hermès Int'l v. Rothschild*, 1:22-cv-00384, 2022 WL 1564597 (S.D.N.Y. May 18, 2022). In a case of first impression, Judge Rakoff denied dismissal of trademark infringement claims where an artist sold NFTs depicting Hermès' registered mark for handbags.
- *Yuga Labs, Inc. v. Ryder Ripps et al.*, 2:22-cv-04355 (C.D. Cal. June 24, 2022). Yuga has alleged trademark infringement of its marks where the individual defendant sold NFTs intentionally depicting Yuga's mark in an effort to highlight Yuga's alleged racism. Ripps filed a motion to dismiss claiming his First Amendment right to free speech trumps any claims of trademark infringement. The motion to dismiss is currently pending.

Large Damages Awarded in Patent Cases Are Being Challenged With Success

- *Cal. Inst. of Tech. v. Broadcom Ltd.*, 25 F.4th 976 (Fed. Cir. 2022). The Federal Circuit vacated a \$1.1 billion jury award on account of an unsupported two-tier reasonable royalty model and lack of apportionment.
- *Roche Diagnostics Corp. v. Meso Scale Diagnostics, LLC*, 30 F.4th 1109 (Fed. Cir. 2022). The Federal Circuit vacated a \$137 million damage award, noting that apportionment must be considered on remand.

- *VLSI Tech. LLC v. Intel Corp.*, 6:21-cv-00057, 2022 WL 1477725 (W.D. Tex. May 10, 2022), *appeal filed*, No. 22-1906 (Fed. Cir. June 15, 2022); *VLSI Tech. LLC v. Intel Corp.*, 6:19-cv-00256 (W.D. Tex. Nov. 15, 2022). VLSI defeated Intel in two out of three patent infringement trials relating to computer chip-making technologies, with VLSI awarded over \$3.1 billion in total damages. Intel has appealed the earliest award of \$2.1 billion at the Federal Circuit, arguing that VLSI introduced non-comparable licenses and its methodology violates principles of apportionment. An appeal of the recently awarded \$949 million is expected in due course.

USPTO Director Will Step in When IPR Parties Act Inappropriately

- *OpenSky Indus., LLC, Intel Corp., v. VLSI Tech. LLC*, IPR2021-01064, 2022 WL 5240856 (P.T.A.B. Oct. 4, 2022). USPTO Director found that OpenSky abused the IPR process and took remedial measures by removing OpenSky from further participation in the IPR proceeding.

Appeal of CRISPR Interference Puts Sufficiency of Conception into Question

- *Regents of the Univ. of Cal., Univ. of Vienna, and Emmanuelle Charpentier (“CVC”) v. The Broad Inst. (“Broad”) et al.*, Patent Interference No. 106,115, 2022 WL 1664030 (P.T.A.B. Feb. 28, 2022), *appeal filed*, No. 22-1594 (Fed. Cir. Apr. 4, 2022). This appeal of an Interference decision contests the requirements of conception in determining inventorship of CRISPR gene editing technology as between CVC and Broad.

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If you have any questions, please feel free to contact any of the following Cadwalader attorneys.

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