

**Patent Trolls: Upstanding Patent-Holders, or Monsters under the Bridge?**

The term “patent troll” is rife with controversy, conjuring images of a monster under a bridge waiting to attack unsuspecting passersby, in hopes of winning a juicy prize. Some might say patent trolls merit the name because they allege patent infringement by successful businesses in hopes of winning a sizable settlement without ever participating in the market-

place of the claimed invention. Others argue the term is unfairly pejorative, belittling patent holders rightfully seeking to protect their property. Of course, when the settlement is over \$600 million, as paid by Research In Motion to maintain its BlackBerry wireless service a few years back, trolls and passersby alike take notice.

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**ICANN Delays Projected Timeline for New gTLDs after Board Meeting in Cartagena**

During its recent Board Meeting in Cartagena, the ICANN Board heeded the comments and concerns of various constituencies and delayed once again the timeline for the projected start of applications for new generic top-level domain names (gTLDs). After receiving pointed comments from the U. S. Department of Commerce regarding ICANN's failure to carry out its obligations as specified in its Affirmation of Commitments agreement, along with numerous objections from the Government Advisory Committee (GAC) of ICANN, the Board is accepting further input prior to acceptance of the Proposed

Final Applicant Guidebook. Based on the Board's plan to meet with members of the GAC in February 2011 to resolve remaining issues, and the necessity for a 4-month Communication Campaign following approval of an Applicant Guidebook, the earliest projected date for new gTLDs is July 1, 2011. However, it is likely that the Board may not launch the new gTLD program until Q3 2011.

The week before the ICANN meeting in Colombia, the U.S. Department of Commerce sent a letter to ICANN criticizing the failure of ICANN to complete an

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**ONE Quick Opposition**

In 2008 the USPTO initiated an Accelerated Case Resolution (“ACR”) system for trademark oppositions. The idea behind the system was to provide for rapid resolution of relatively straightforward trademark oppositions. Though not many parties have opted to use this system, the ones that have are seeing results. The recent case of *Humana, Inc. v. Aetna, Inc.* demonstrates how the process can work, and work quickly.

In February 2009, Aetna filed an application to register the mark AETNA ONE for “managed healthcare services.” After examination, the application was published for opposition and Humana, Inc. opposed on November 13, 2009 claiming

likelihood of confusion with its mark HUMANAONE for healthcare insurance underwriting and plan administration. In January, 2010 as part of a mandatory initial conference, the parties agreed to fast-track the case through the ACR system and discovery ensued.

Between January and May 2010, the parties exchanged written discovery and took witness depositions. The parties stipulated to the issue of priority, agreeing that Humana had priority of use of its mark over Aetna. There was no expert discovery and the fact discovery period closed in mid-May 2010, with briefing following. Both parties submitted their

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**Oracle v. SAP: Calculation of Damages**

Last month, we reported that *Oracle v. SAP* was headed to trial on damages after software provider SAP admitted contributory liability in the copyright-infringement lawsuit stemming from actions by SAP's subsidiary, TomorrowNow. SAP argued for damages around \$40 million, whereas Oracle alleged that it was owed nearly \$1.7 billion. The jury appears to have sided with Oracle, ruling that SAP must pay Oracle \$1.3 billion, in what is reported to be the largest awards of damages ever in a software copyright-infringement case and one of the largest awards in all types of intellectual-property cases if it stands.

The jury was essentially tasked with deciding whether SAP or Oracle's theory of the calculation for damages was suitable. SAP argued that the number should be calculated only on Oracle's actual lost profits based on the customers who moved from Oracle to TomorrowNow's maintenance services, reaching \$40 million. Oracle took issue with this method of calculation, arguing that SAP profited far less than Oracle believed its software was actually worth and should not be rewarded for a poor outcome to its business plan. As quoted by Oracle's co-President Safra Catz, Oracle saw this theory akin to “someone taking your \$2,000 watch, hocking it for \$20 and now they want to pay you \$20.” On the other hand, Oracle's projection of damages was based on a hypothetical scenario where Oracle is aware of SAP's plans for converting customers to TomorrowNow's maintenance service at the time the company was acquired, and the costs for the licenses it would have sold to SAP under this scenario. Based on this theory, Oracle calculated the damages at nearly \$1.7 billion.

In the end, the jury appears to have sided with Oracle, as the award was far closer to Oracle's number than to SAP's

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A patent infringement suit filed by Interval Licensing LLC on August 27, 2010 names 11 of the deepest pockets in the United States today as defendants: Google, Facebook, Apple, eBay, Netflix, Yahoo, YouTube, AOL, Office Depot, OfficeMax and Staples. Four patents (filed 1996-2000; issued 2001-2004) are generally alleged as infringed because the defendants' websites display segments of a body of information, display information that occupies a user's peripheral attention, and provide alerts that information is of current interest to a user—activities commonplace throughout the internet today.

Procedurally in the case, Google's attorneys successfully argued that the Complaint does not meet pleadings standards because it does not identify any infringing products. Interval Licensing responded that details will be provided later and that Google's arguments are a mere delay tactic, however, on December 10, 2010 the District Court agreed with Google, requiring filing of an Amended Complaint. Interval Licensing has indicated that an Amended Complaint will be timely filed.

Of particular interest in this case is the person behind Interval Licensing—Paul Allen—acknowledged in court documents as the co-founder of Microsoft and a respected entrepreneur in this field. In response to inquiries about the suit, a spokesman for Allen said “[t]his lawsuit is necessary to protect our investment in innovation... We are not asserting patents that other companies have filed, nor are we buying patents originally assigned to someone else. These are patents developed by and for Interval.” (News Blaze, “Interval Licensing Files Patent Infringement Lawsuit Against Web Search Companies”, August 27, 2010). The hope for a company such as Interval Licensing is to be perceived as an upstanding patentee, but still take home the big prize.

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economic study weighing the potential consumer benefits of expansion of new gTLDs to the potential costs to businesses and governments. The U.S. Government recommended that ICANN delay the approval of the Guidebook until the study was completed. The next day, ICANN published its economic study, with little time for governments and interested parties to digest and comment on the results prior to the Board Meeting.

At the ICANN meeting, the Board stated that unresolved issues remained, and were open for further policy development. These included issues related to geographic strings in domain names, along with “morality and public order” objections. Also to be discussed are the recent changes to vertical integration, whereby the latest Guidebook allows for registrars and registries to be owned by the same parties. While the Board has stated that issues relating to trademark protection are already resolved after negotiations amongst the ICANN community, it appears that the GAC is voicing additional concerns to the ICANN Board on behalf of the intellectual property community. It is likely that any changes to trademark protections may only be a tinkering of the current proposals, rather than any new trademark protection mechanisms or policy changes.

The GAC also strongly voiced its concerns that the ICANN Board has not considered the GAC's advice for the past few years, and provided a laundry list of objections that it wants to discuss with the ICANN Board in February. These objections include issues related to trademark protections and costs to businesses, registry-registrar separation, disputes and objections relating to “controversial” gTLDs (and fees for objecting), geographic strings, and amendments to the Registrar Accreditation Agreement. Whether the ICANN Board responds to the GAC's

concerns with appropriate changes remains to be seen. The Board has already stated that it may overrule the GAC's objections and approve a controversial new gTLD for .xxx.

The ICANN Board resolutions at its latest meeting include the Board stating it will take into account the public comments on the final draft of the Applicant Guidebook, the economic analyses, and final written proposals regarding remaining issues. Furthermore, the Board issued an acknowledgement of and commitment to its requirement to provide a thorough and reasoned explanation of ICANN decisions, the rationale thereof and the sources of data and information on which ICANN relied, including providing a rationale regarding the Board's decisions in relation to economic analysis.

What is clear is that additional input, review, analysis, and resolution need to occur on a number of issues before the new gTLD program will be launched. While the program is being delayed once again, ICANN has stated that “We would rather do it right than do it fast.”

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number. Indeed, the actual verdict states that the \$1.3 billion in its entirety is based on the jury's determination of the fair market value of a license for the infringed works. This award for damages is not just notable for its scope, but also because the calculation of damages appears to be primarily based on the methodology used in patent matters, as set forth in the case *Georgia Pacific v. United States Plywood* (1970), and *Sinclair Refining v Jenkins Petroleum* (1933).

SAP is expected to fight the award, indicating that it would “pursue all available options, including post-trial motions and appeal if necessary.”

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evidence of record, which consisted of the pleadings, a few deposition transcripts, some declarations and third-party registrations and briefed their positions. The case was fully briefed and ready for resolution by September 1, 2010.

On October 13, 2010, the TTAB issued its ruling, finding no likelihood of confusion between Applicant's AETNA ONE mark and Opposer's HUMANAONE. The board found that though the services were highly related, the identical element in the marks—ONE—was weak, as it appeared in a number of third-party marks for similar services. To support this position,

Aetna submitted declarations showing use of ONE in connection with healthcare services and health-insurance services as well as third-party registrations showing ONE for such services. Deposition testimony buttressed this by showing an industry practice and awareness of ONE in connection with services such as these. Based on this, the TTAB found ONE weak and when the marks were compared in their entirety, AETNA ONE had a number of overall phonetic, appearance and conceptual differences from HUMANAONE. Thus, the Board found confusion unlikely and refused the opposition.

This case is not noteworthy from a substantive standpoint. The word ONE as a mark is not very distinct and is widely used, so the result in this case is not surprising. The absence of confusion between AETNA ONE and HUMANAONE, then, does not break any new ground. What the case is noteworthy for is to show how quickly the ACR process can work. Resolving this matter in less than one year from initial notice of opposition demonstrates that in the right cases, with ACR, trademark owners can find quick resolution of issues within a generally slow and laborious forum.