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# IP MOVES

## A New Domain in the Internet: dot.Mobi – October 13, 2006 is a Key Date

The boundaries of the universe that is the Internet never seem to stop expanding. Soon, businesses and trademark owners will have another Internet domain—.mobi—available for their enterprises. An important deadline for that domain—Oct. 13, 2006—looms large and imminent. While the new domain is an exciting development, the roll-out is not merely business-as-usual for Internet domains. Because of a new and somewhat unusual process, some businesses will struggle to register their existing trademarks as domain names, if they can be registered at all.

The new sponsored Top Level Domain being rolled out—.mobi or “dotMobi”—is “dedicated to delivering the Internet to mobile devices.” Yet dotMobi has excluded more than 5,600 terms or names that it deems to be “generic” from the general registration process by categorizing them as “Premium Names.” This Premium Names list is very broad and includes, for instance, a number of animal species such as alligator, butterfly, goat and gorilla, as well as many other so-called “generic” words and phrases that some businesses own as trademarks. dotMobi intends to allocate these Premium Names “in an equitable manner” other than a traditional “first come, first serve” basis.

Since a term that is generic in one context may be a strong trademark in another context, a number of the Premium Names will be registered trademarks. Because of this, to obtain a dotMobi domain name based on a registered trademark that is identical to a Premium Name, businesses will have to comply with a different, more burdensome and potentially unfair process for registering their trademarks as domain names in dotMobi.

The dotMobi website provides a three-fold justification for its expansive collection of Premium Names, clarifying that its decision to create the Premium Names list was in an attempt to achieve the following goals:

- To create a more level playing field in the allocation of these names;
- To increase the likelihood that these domain names will more promptly provide

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## After *Wilson* and *Lava*: Is Evidence of Accused Products Now Permitted During Patent Claim Construction?

Claim construction, the process by which courts interpret patent claims as the first step in determining whether or not an “accused” product or process infringes those claims, has never been as straightforward as trial courts and parties would like. Many of the rules for construing patent claims, while on the surface giving the impression of being fixed in precedent, are as malleable as clay. The latest of the rules to have outwardly become unmoored from the shaky anchors of Federal Circuit precedent is the maxim that evidence of an accused product is irrelevant to claim construction. Two recent decisions, *Wilson Sporting Goods Co. v. Hillerich & Bradsby Co.*, 442 F.3d 1322 (Fed. Cir. 2006) and *Lava Trading, Inc. v. Sonic Trading Management, LLC et al.*, 445 F.3d 1348 (Fed. Cir. 2006) seem to call this principle into doubt, but if read closely reconfirm that appearances are deceiving.

Before turning to these recent decisions, it is helpful to review the four principal sources of evidence available to the trial court in construing patent claims: the language of the claims; the specification; the prosecution history; and extrinsic evidence. See *Phillips v. AWH Corp.*, 415 F.3d 1303 (2005).<sup>\*</sup> In *Phillips*, the Supreme Court clarified the role and relative importance of each type of evidence. *Id.* In general, the ordinary meaning of the terms used in the claims to one of ordinary skill in the art is determined in the context of the specification. The prosecution history, if in evidence, is evaluated to determine whether the inventor disclaimed or disavowed any scope that may otherwise be considered within the claims. Yet, because the prosecution history reflects an ongoing negotiation between the applicant and the Patent Office, rather than

the outcome of that negotiation, it often lacks the clarity of the specification and, thus, is less useful than the specification for claim construction purposes. Finally, extrinsic evidence—such as expert and inventor testimony, dictionaries, and learned treatises—may be considered and relied upon during claim construction, but is generally less reliable than the patent and its prosecution history in construing the claims. *Phillips*, 415 F.3d at 1317.

A long-standing and fundamental premise of claim construction has been that evidence of the accused product/process should not be considered during claim construction because it will unfairly and inappropriately influence the construction of the claims. Indeed, the Federal Circuit has long held that it is *only* after the claims have been *construed without reference to the accused device* that the construed claims may be applied to the accused device to determine infringement. *SRI Int’l v. Matsushita Elec. Corp. of Am.*, 775 F.2d 1107, 1118 (Fed. Cir. 1985) (*en banc*). This is because claim construction is a contextual interpretation of language, and the scope of patent claims can neither be broadened nor narrowed based on abstract policy considerations regarding the effect of a particular claim meaning. *SmithKline Beecham Corp. v. Apotex Corp.*, 365 F.3d 1306, 1314 (Fed. Cir. 2004). Considering the accused product would make infringement a matter of “judicial whim.” *SRI*, 775 F.2d at 1118.

Despite this well-settled rule, the recent statements in *Wilson* and *Lava* appear to support consideration of the accused product during claim construction. Indeed, some commentators have argued that such is the case. But neither decision may be read so broadly. *Wilson* involved a patent claiming a softball

“A long-standing and fundamental premise of claim construction has been that evidence of the accused product/process should not be considered during claim construction because it will unfairly and inappropriately influence the construction of the claims.”

bat with interior structural members to improve its impact response. The case arose on appeal after the trial court construed the patent in the accused infringer's favor and the parties stipulated to a judgment of noninfringement. The Federal Circuit expressed its discontent with having to review the judgment without a full record at the trial court level, noting that "despite entry of a final judgment, neither the trial court nor the parties supplied this court with any information about the accused products," and that the record afforded the court no opportunity to compare the accused products to the asserted claims. *Wilson*, 442 F.3d at 1327. It was in this context that the Federal Circuit explained that while a trial court should certainly not prejudge the ultimate infringement analysis by construing claims with an aim to include or exclude an accused product or process, "knowledge of that product or process provides meaningful context for the first step of the infringement analysis, claim construction." *Id.* at 1326.

The *Wilson* court's remark, however, does not sanction the wholesale admission of evidence of accused products during claim construction, nor otherwise change existing law to any extent. The parties to any patent infringement case have always chosen the terms to be construed through reference to the accused device/process, even though they don't convey the bases for these choices to the court construing the claims. What *Wilson* really demonstrates is the Federal Circuit's frustration at having to review a stipulated judgment of noninfringement without any evidence of the accused product: how could the court decide whether the accused product infringed the claims at issue without knowing anything about the accused product?

*Lava*, like *Wilson*, arose on appeal following a stipulated judgment of non-infringement, with the accused infringers' counterclaims of invalidity and unenforceability still pending before the trial court. It was in this awkward procedural position—in which the court was required to review a claim construction that could implicate issues and claims beyond the court's then current reach—that the Federal Circuit again protested that the record on appeal did "not supply any meaningful comparison of the accused products to the asserted claims." *Lava*, 445 F.3d at 1350. As in *Wilson*, the Federal Circuit complained that without knowledge of the accused products, it could not "assess the accuracy of the infringement judgment under review and lacks a proper context for an accurate claim construction." *Id.* There is nothing ground-breaking about these statements, either.

Yet at least one trial court has interpreted the language in *Wilson* and *Lava* to give the "green light" to consideration of accused products during claim construction. In *American Seating Co. v. Freedman Seating Co.*, 2006 WL 2095335 (W.D.Mich. 2006), the trial court acknowledged being aware of the accused device and that the accused infringer had brought it into play in its claim construction argument. While it ultimately declined to consider the accused product during claim construction, the court remarked that "[p]erhaps it should have," citing *Wilson* and *Lava*. *American Seating*, 2006 WL 2095335 at \*3. The *American Seating* court was wrong to suggest doing so.

Despite the rhetorical aside in *American Seating*, the Federal Circuit's statements in *Wilson* and *Lava*—when read in context—do not endorse admission of

evidence of the accused product during claim construction. Yes, the Federal Circuit does allow some consideration of the accused product in order to provide "context" for claim construction; that is, it wants to know which claim elements need to be construed, not how the claim elements should be construed. This is simply not the same thing as reviewing the product in order to develop the claim construction, something long-prohibited—and even after *Wilson* and *Lava*, still prohibited—by the Federal Circuit. What both of these cases provide is guidance to district judges and litigants alike. It is frequently the case that the parties try to reach an agreement whereby the district court will construe the claims, one side or another will either admit infringement or non-infringement, and the case will be pressed on to appeal. This may seem to litigants as a way to expedite a determination on the merits, but it appears now that the Federal Circuit is advising that it does not want the interlocutory claim construction to be placed before it by a stipulated and artificial end-run around the process. Unfortunately, in expressing this in these two cases, the court may have inadvertently opened the door for at least some district court judges to take an unfair peek at the accused product to help construe the claims, as improperly suggested by *American Seating*.

**Christine M. Morgan**  
San Francisco

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\* An interesting and helpful discussion of the appropriate format for claim construction (or "Markman hearing") appears in Fed. Cir. Bar Ass'n Patent Lit. Comm. Markman Project, *Guidelines for Patent Claim Construction Post-Phillips: The Basics of a "Markman" Hearing*, 16 FED. CIR. B.J. 13 (2006).

## Case in Point

Jonathan Hofstetter (Partner/Birmingham) and Adam Sturt (Associate/Birmingham), acting for Beauté Prestige International to protect the Jean Paul Gaultier and Issey Miyake perfume and cosmetics brands, recently obtained an injunction from the English High Court restraining the illegal parallel importation into the United Kingdom of perfume and Eau De Toilette products. The products had been released for distribution into the Singapore and Hong Kong marketplaces with contractual restrictions on their export from those territories. A third party sought to import them into the UK to take advantage of the price and exchange rate differences, in breach of the brands registered trademark rights.

## Policing IP Rights in the European Union in the Face of Grey Imports

Of the many issues facing businesses exporting goods, particularly within and beyond the European Economic Area, one of the most important is brand protection. There are many reasons why brand holders will want to tailor their products to a particular jurisdiction, be they market forces or currency issues. This is particularly relevant when the goods concerned constitute a prestige brand. One of the main types of activity that can undermine the brand protection is parallel (or grey) imports. The issue of grey imports is significant and has the potential to be economically disastrous to a brand. But it is not an insurmountable problem if proper preparation is taken to adequately protect the brand and to minimise the impact of grey imports.

The first step requires early registration of the trademark. Registration may be done in individual jurisdictions (England, France, Germany, etc.) or, within the European Community, as a Community Trademark. Proper and prompt registration will enable the proprietor of the mark to enforce its rights to the brand and will provide a basis to prevent the unauthorised importation of its goods into other jurisdictions. The registration step, however, does not stand alone. As is relevant to all intellectual property, the key to full protection is developing a strategy for policing and then stopping any activity which may infringe the rights.

Within the European Union, the principle of “exhaustion of rights” prevents restrictions being placed on the importation or export of goods already released within the European Community with the consent of the trademark proprietor. This reflects the core principle of the free movement of goods throughout the European Union. However, rights are

not exhausted when goods are marketed exclusively in jurisdictions outside the European Economic Area and, in particular, under terms of agreement that contractually restrict the movement of the goods out of the jurisdiction into which they were sold. Goods sold into other jurisdictions may be significantly cheaper than the equivalent goods within the European Economic Area, and so profit can easily be made by third parties if the goods can be sourced from other jurisdictions and brought within the European Economic Area for sale. This form of grey import is an infringement of the trademark holder’s rights (whether a Community Trademark or an individual country mark). The question is, how can this be policed?

Brand holders can register their marks with customs within various jurisdictions. A watch is then put on the importation of goods bearing that mark. Primarily, this is to prevent the distribution of counterfeit product. However, what if the articles themselves are genuine but were never destined for sale within the European Economic Area?

It appears that the scales are tipped in favour of the importer as opposed to the rights holder. Under the Customs “T1” classification, it is possible to physically bring goods within the European Economic Area whilst not specifying whether they are going to be subject to a “home use” certificate application (which would enable distribution within the country of importation) or whether they are simply in transit to a jurisdiction outside of the European Economic Area. Goods placed under T1 classification can be placed in a bonded warehouse and the importer can then, for fiscal or other reasons, decide over an undefined period of time how he wishes to deal with the goods. He may make

a home use application for some or all of the consignment and equally may apply for its onward transit to another jurisdiction. However, whilst in the bonded warehouse, the importer can have controlled access to the goods and undertake certain amendments to the consignment, such as changing of labelling or carrying out further processes on the goods, depending upon their nature. Where does this leave the trademark rights holder?

The first consideration is whether to start interim injunctive proceedings preventing the distribution of those goods within the European Economic Area. However, for such proceedings to succeed, it is the rights holder who must prove that there is an intention to distribute the goods within the jurisdiction. That evidence will often be difficult, or impossible, to obtain. EU case law now states (both questionably and possibly erroneously) that the mere fact of importation under the external transit importation classification T1 is insufficient grounds to justify an injunction itself. This was affirmed by the European Court of Justice in *Class International BV v. Colgate-Palmolive Co.*, (C405/03), [2005] E.C.R. I-8735. That case held that a trademark proprietor cannot oppose the mere physical entry into the Community, under the external transit procedure or the customs warehousing procedure, of original goods bearing that mark which have not already been put on the market in the Community previously by that proprietor, or with his consent.

If an injunction cannot be obtained, what protection does the rights holder have? The goods are physically (although not technically) within the Community. The importer has access to the goods which, in itself, presents a po-

tential risk to the integrity of the goods and therefore the reputation of the mark. Also, the customs authority has no obligation to notify the rights holder that an application for home use has been made in respect of the goods unless there is a court order requiring them to do so. Such a court order is unlikely to be granted without strong evidence of an intention to distribute within the EU.

This leaves the rights holder in a precarious position. The policing of its rights is best achieved by the prevention of unauthorised goods being distributed within a jurisdiction. When goods are imported under the T1 external transit procedure, it becomes very easy for the importer to then take steps to have them distributed within the Community whilst it remains difficult for the rights holder to police the situation. Clearly,

once the goods have been released, tracing them is often impossible. Whilst a claim for damages may well exist, such a remedy is rarely adequate.

**Jonathan M. Hofsetter**  
**Adam J. Sturt**  
*Birmingham*



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Christopher H. Lamm · Reed Smith LLP  
 Phone: 212.249.0254 · Fax: 212.521.5450 · [clamm@reedsmith.com](mailto:clamm@reedsmith.com)

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## The *eBay* Aftermath

Since the issuance of the decision in *eBay, Inc. v. MercExchange, L.L.C.*, \_\_\_ U.S. \_\_\_, 126 S.Ct. 1837 (U.S., May 15, 2006), articles have been written suggesting one theory or another about how the law has changed as a result of the decision. Yet the Federal Circuit itself has spoken sparingly on permanent injunctions since *eBay* was decided. Indeed, in its only post-*eBay* case, the Federal Circuit simply vacated a lower court's injunction that was based solely on the now-rejected "absent exceptional circumstances" standard and remanded for further consideration in light of the four-prong rule required by *eBay*. See *Monsanto Co. v. Scruggs*, 459 F.3d 1328, (Fed. Cir. 2006). And although district court opinions post-*eBay* have been few, the recent cases provide enlightenment as to pitfalls that should be avoided. Together they beg the conclusion that injunctions will continue to issue where there is direct competition and that they will not *automatically* be denied for non-practicing entities ("NPEs"). Looked at together, the post-*eBay* cases confirm that courts are holding parties to the requirement of proper evidentiary support for the four-part test for permanent injunctions (i.e., irreparable harm, monetary damages are inadequate, balancing of the hardship, and whether the public interest would be disserved by entry of an injunction).

For example, in *KEG Technologies, Inc. v. Laimer*, 436 F.Supp.2d 1364 (N.D. Ga. 2006), the court entered a default judgment of infringement because the defendants failed to respond to amended pleadings, engage in discovery, or comply with orders compelling discovery. The court confirmed that it would be inclined to enter a permanent injunction if the old "absent compelling circumstances" standard was still applicable. But recognizing that it was not, and even

in the face of the default of the accused infringer, the court noted that the patentee had submitted evidence regarding only the first and fourth prongs of the four-prong test, and thus directed the parties to take additional evidence on the other two prongs and confer as to whether a compulsory license might be appropriate.

Likewise, in a case out of the Western District of Oklahoma, the court denied the entry of a permanent injunction requested by the inventor/patentee despite awarding damages, enhancing them and then awarding attorneys' fees. *Voda, M.D., v. Cordis Corp.*, 2006 WL 2570614 (W.D. Okl., Sept. 5, 2006). In his request for injunctive relief, the patentee, Dr. Voda, was unable to overcome the fact that he had entered into an exclusive license with a non-party to the action, Scimed. Not having proof of irreparable harm to himself, Dr. Voda attempted to rely upon harm to the non-party Scimed. Predictably, the court rejected this contention, concluding that injury to a non-party cannot satisfy the required proof that the party seeking the injunction will, itself, suffer an irreparable injury. (The opinion does not provide an explanation as to why Scimed did not join as a party plaintiff to the case but, if it had, the result may well have been different.)

Not surprisingly, more opportunities to address permanent injunctions have arisen in the Eastern District of Texas than in other districts and, on balance, judges there have focused principally on the irreparable-harm prong and whether there is direct competition between the parties. For example, in *z4 Technologies, Inc. v. Microsoft Corp.*, 434 F.Supp.2d 437 (E.D. Tex. 2006), Judge Davis issued an opinion that carefully analyzed the four-factor test for issuance of a permanent

“ Looked at together, the post-*eBay* cases confirm that courts are holding parties to the requirement of proper evidentiary support for the four-part test for permanent injunctions. ”

injunction, yet denied the requested injunction, principally based upon lack of support for a finding of irreparable harm.

By way of background, z4 is the owner of patents related to methods for limiting the unauthorized use of computer software (commonly referred to as “product activation” software). It accused Microsoft of incorporating the patented product activation software in its Windows XP and Office products. After the jury found willful infringement and awarded \$115 million in damages, z4 asked that Microsoft be required to deactivate its internal servers controlling the product deactivation software and to redesign its software products to remove the infringing technology.

In support, z4 argued that the *eBay* decision created a “rebuttable presumption” of irreparable harm once there has been a finding of patent infringement, a contention the court dismissed out of hand. Z4 further argued that irreparable harm existed because its own efforts to commercialize its product had been stunted by Microsoft’s infringement, and claimed this harm would continue if no injunction were to issue. Judge Davis likewise dismissed these arguments, noting that the use by Microsoft of the patented invention was limited to its own software products. Microsoft’s continued use therefore would not impact z4’s sales to other software providers. Further, Judge Davis concluded that if no injunction issued, the only entity to which z4 would be prevented from marketing its product would be Microsoft. Z4 therefore could easily be compensated for the sales to Microsoft through an on-going reasonable royalty.

In short, Judge Davis focused on whether there was a competitive injury

to support irreparable harm, and in a passage helpful to future litigants, specified several types of injuries that would satisfy the irreparable harm standard:

For example, when an infringer saturates the market for a patented invention with an infringing product or damages the patent holder’s good will or brand name recognition by selling infringing products that infringer violates the patent holder’s exclusionary right in a manner that cannot be compensated through monetary damages. This is because it is impossible to determine the portions of the market the patent owner would have secured but for the infringer or how much

damage was done to the patent owner’s brand recognition or good will due to the infringement.

*Id.* at 441.

The surprise of the opinion, however, came when Judge Davis appeared to rely specifically on Justice Kennedy’s concurrence in *eBay*, and Kennedy’s instruction that consideration be given to circumstances in which “the patented invention is but a small component of the product the companies seek to produce....” *eBay*, 126 S.Ct. at 1842. Justice Kennedy’s guidance was insightful but was incompletely quoted, and

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## Spotlight: Tracy Zurzolo Quinn



**Tracy Zurzolo Quinn** is a partner in the Philadelphia office, where she represents technology-based enterprises in intellectual property litigation matters, including patent, trademark and domain name/cybersquatting disputes. She also represents clients—including pharmaceutical companies, universities and health care providers—in matters involving patent and trademark licensing, policing and enforcement of trademark rights, and preparation of patent validity and infringement opinions in anticipation of litigation or new product introduction. Her practice includes representing clients in the pharmaceutical industry in administrative proceedings before the FDA concerning the agency’s review of proposed new drugs and the impact of innovator patents on that review.

Tracy has litigated matters in numerous federal courts, state courts and arbitration proceedings, and has substantial experience in both trial-level and appellate litigation. She tried her first case as a fourth-year associate, obtaining a jury verdict in excess of \$1 million for Jeff Koons, a world-renowned artist, after a week-long trial in federal court.

Tracy is actively involved in the firm’s diversity and mentoring initiatives.

She received her J.D. in 1993, *magna cum laude*, from Temple University, where she was Articles Editor of the *Temple Law Review*. She received her B.A. from the University of Pennsylvania in 1990. She is a member of the Pennsylvania and New Jersey Bars.

## The *eBay* Aftermath (continued from page 7)

thus misapplied by Judge Davis. Justice Kennedy's instruction was directed to NPEs who engage in a licensing-by-litigation strategy, and it created a tie between the contribution of the patented invention to the accused product and a patent owner's use of the patent to coerce license fees. His concurrence stated: "[w]hen the patented invention is but a small component of the product the companies seek to produce *and the threat of an injunction is employed simply for undue leverage in negotiations*, legal damages may well be sufficient to compensate for the infringement and an injunction may not serve the public interest" (emphasis added).

There was no evidence of this litigation strategy or that z4 was an NPE or otherwise engaged in using undue leverage. In fact, z4 produced under the patent and its product activation software was essentially the entirety of the z4 patented invention. Thus its actions were not those addressed by Justice Kennedy. Judge Davis's broad reading of Justice Kennedy's concurrence did not skew the result only because the harm to z4 was quantifiable and the potential harm to Microsoft was well-documented and extensive. Yet, if other courts follow Judge Davis' practice of more broadly reading Justice Kennedy's *eBay* concurrence and fail to recognize that his criticism was directed to the licensing by litigation strategies of certain categories of NPEs (especially those with marginal patents), it will substantially reduce the likelihood that NPEs, such as university or other types of research institutes that exist to develop new technology, will be able to obtain permanent injunctions.

In *Tivo Inc. v. Echostar Communications Corp.*, \_\_\_ F.Supp.2d \_\_\_, 2006 WL 2398681 (E.D. Tex. Aug. 17, 2006),

Judge Folsom likewise engaged in a detailed consideration of the factors supporting a permanent injunction and, unlike Judge Davis, entered a permanent injunction. After a finding of willful infringement against Echostar, Tivo, the owner of a patent for an invention that allows a user to store selected television broadcast programs while watching other programs, argued principally and successfully that irreparable harm justified entry of a permanent injunction. It submitted evidence that it would lose customers, that its market share would be marginalized, that its products would suffer price erosion, and it would suffer diminished ability for investment and growth. Critical to the court's determination of irreparable harm was the fact that Tivo is a young and small company whose principal product was the patent invention at the core of the litigation. In contrast to Tivo, Echostar is a much larger and well-established company. Its principal business is the sale of satellite dishes and television signals, and any injunction, if entered, would have no impact on Echostar's sales of these products and services.

Both Eastern District cases analyzed factors other than irreparable harm, although in a less significant way. In the *Tivo* case, Judge Folsom lumped together the hardship and irreparable harm prongs, oddly finding that on-going irreparable harm itself would constitute a significant hardship outweighing the hardship to Echostar in disabling its DVR capabilities. (Not surprisingly, Judge Folsom cited no precedent for this conclusion.) For its part, the *z4* case had a more clear-cut evidentiary record that Microsoft would suffer great economic hardship as a result of an injunction. If entered, Microsoft would have been required, among other things, to

“it appears that proof of irreparable harm is still not completely out of reach for the more traditional NPEs such as universities and other entities investing heavily in research—provided they can build a case for economic harm that is sufficiently difficult to quantify.”



re-write its current version of its Office software with 450 separate versions in 37 different languages. Microsoft cited the perils that would entail if the average consumer learned that the activation software was non-functional, *i.e.*, that there would be rampant pirating of software. In contrast, *z4* simply reiterated that the mere use of *z4*'s invention constituted a hardship. While such an argument may have been successful in the past, post-*eBay*, it is simply insufficient.

At first glance, the circumstances and many facts of the *Tivo* case seem somewhat similar to those in the *z4* case: small young company suing a well-established and much larger company claiming economic harm if an injunction were not entered. Yet the courts reached polar opposite results. The key difference lay in the competitive nature of the respective uses made by the accused infringers of the patented inventions. *Echostar* is a direct competitor to *Tivo*—selling to the same consumers as *Tivo*. In contrast, Microsoft merely incorporated the patented invention into its own products which it then sold to consumers entirely different from those targeted by *z4*. Both courts were recognizing that direct competition can lead to the sort of economic harm that really isn't compensable in monetary damages. Both—in emphasizing the irreparable-harm prong of the test—specifically confirmed that when economic harm is unquantifiable (and none of the other

factors militate against it), a permanent injunction likely will enter.

Finally, there is the recently issued slip opinion in *Paice LLC v. Toyota Motor Corp.*, 2006 WL 2385139 (E.D. Tex. Aug. 16, 2006) in which Judge Folsom (the judge who enjoined *Echostar*) refused to grant a permanent injunction because the patentee, an NPE, could not prove irreparable harm. The case provides little in the nature of serious discussion on the evidence submitted but one significant issue was pressed: the patentee claimed irreparable harm by asserting that the infringer's conduct prevented it from expanding its licensing efforts. Although the court found a singular lack of evidence to support this proposition, Judge Folsom did not rely upon *eBay* to dismiss this contention, in and of itself, as unsupportable of irreparable harm. Judge Folsom's refusal to find irreparable harm to an NPE likely is not merely coincidental to the *eBay* case; but certainly the language of the case does not suggest Judge Folsom was holding that the mere existence of an NPE patentee, by itself, was the basis for his denial of an injunction.

These cases viewed and understood together do not support the degree of alarm that has been expressed over the *eBay* decision. Permanent injunctions are still available in cases where there is a discernable competitive injury that cannot be cured through the mere award

of damages. Practicing entities who present proper evidence on the four-prong test still will obtain permanent injunctions. Additionally, and at least until more cases shake out confirming otherwise, it appears that proof of irreparable harm is still not completely



out of reach for the more traditional NPEs such as universities and other entities investing heavily in research—provided they can build a case for economic harm that is sufficiently difficult to quantify.

**Cynthia E. Kernick**  
Pittsburgh

## A New Domain in the Internet: dotMobi – October 13, 2006 is a Key Date (continued from page 1)

the mobile community with new features and services; and

- To preserve the stability and security of registry operations.

If a registered mark is on the Premium Name list, all is not lost. To balance its goals with businesses' legitimate trademark rights, dotMobi set up an "application" process, known as the "Premium Name Application Process for Trademark Holders," by which trademark owners can remove their registered trademarks from the Premium Names list and register these domains in their own names. This process is administered by the World Intellectual Property Organization ("WIPO"); it began on Sept. 15 and will end on Oct. 13, 2006. After the conclusion of this process, dotMobi will begin to allocate the remainder of the Premium Names. There is little time left for trademark holders to protect any marks that appear on the Premium Names list.

The "Application Process" is somewhat of a misnomer—it is really more akin to a domain name dispute process, such as the Uniform Domain Name Dispute Resolution Policy ("UDRP"). In a nutshell, the Process works as follows:

- The Applicant must file a written submission with WIPO on or before 12 noon (Greenwich Mean Time) on Oct. 13, 2006 to show why the Applicant is entitled to the Premium Name. WIPO will appoint an "Expert" from a panel to review the submission.
- The Process requires a \$1500 filing fee—some might say this is akin to a "ransom" in order to obtain your mark back from dotMobi (though the fee goes to WIPO for the appointed Expert, and not to dotMobi).

- The Applicant must own a trademark registration, with an application filing date on or prior to July 11, 2005.

- The Applicant must show that the trademark has been used by the Applicant or with its consent for a period of at least five years prior to the date of the Premium Name application, provided that such use,

- (1) was relevant to advertising, promoting, distributing, offering or selling all or some of the goods or services for which the trademark is registered;
- (2) has led relevant sectors of the public to associate the textual or word elements of the trademark with the goods or services for which the trademark is used by the Applicant or with its consent;
- (3) took place in at least one of the countries or territories for which the trademark has been registered; and
- (4) was real, substantial and in good faith, and not merely a means to register a Premium Name.

- The textual or word elements in the mark must be essentially identical to the Premium Name.

- If there are multiple successful "applicants," the domain name will be allocated by an "equitable process" (possibly an auction or RFP, but not (it appears) by seniority).

The requirement of five years of actual use could be a significant barrier to many legitimate trademark owners. Although there is an analogous minimum time period under U.S. trademark law, it is a mere presumption that applies only to descriptive marks, and a trademark

“There is little time left for trademark holders to protect any marks that appear on the Premium Names list”

owner with a shorter period of use may overcome the presumption through the submission of argument and evidence. In the dotMobi Application Process, the requirement is absolute, and the owner of a strong trademark with less than five years of actual use will be unable to recover its mark from the Premium Names list. Thus, it would seem that this Process, supposedly designed to protect trademark holders, is dissonant with trademark law. Indeed, the very idea that certain words and phrases can

be deemed “generic” out of context is inconsistent with trademark law, where “generic-ness” depends entirely on context.

Regardless, the pragmatic trademark owner will promptly review the Premium Names list to determine if any of its registered trademarks are trapped on the list. If owners find their marks on the list, they should consider promptly filling a Premium Name Application to remove the mark from the list and reg-

ister the domain, before it is sold to the highest bidder.

**Gregory S. Shatan**  
New York

## IP Movers and Shakers

- Toni-Junell Herbert (Partner/Falls Church) made a presentation and was a panelist at “Partnering in Japan,” an event organized by Burrill Investments, at the Bio 2006 Annual International Convention in Chicago, April 10, 2006. Stephen Sammut of Burrill, and Tsunehiko Yanagihara (GM Life Sciences Unit Mitsubishi Corp.) co-chaired the panel.
- On June 23, Cindy Kernick (Partner/Pittsburgh) spoke on “Building The Business Case for a Pro Bono Program as Part of a Law Firm’s Practice” at the Annual Meeting of the ABA Intellectual Property Law Section in Boston.
- William McNichol (Partner/Philadelphia) was quoted in the July 11 edition of *IP Law 360* in an article titled “Dusa Targets Chemical Supplier, Physicians in Suits.”
- Maryellen Feehery Hank (Partner/Philadelphia) gave a presentation on “How Do IP Rights Help You?” at St. Christopher Hospital for the Children’s Research Conference in July.
- William Overend (Associate/San Francisco) wrote an article titled, “Patent Injunctions After eBay: That Bidding is Open on Who Really Benefits,” which appeared in the August issue of *The Corporate Counselor*.
- Cindy Kernick gave a presentation in August at the ABA Annual Meeting in Hawaii to the Tort Trial and Insurance Practice Section on “Introduction to Intellectual Property.”
- In September, Maria Bernier (Partner/Pittsburgh) gave a specially tailored presentation at a web seminar for the Education Management Corporation on copyright issues affecting higher education institutions.
- Mark Shanks (Partner/Falls Church), John Wilkinson (Partner/London), Henry Ota (Counsel/Los Angeles) and Toni-Junell Herbert participated in a panel titled, “Global Partnering and Licensing: How Major Pharma Approaches Collaborations and Legal Issues Concerning Structuring and Intellectual Property” at BioJapan 2006 in Osaka, Japan, Sept. 14.
- Mark Shanks and Toni-Junell Herbert made a presentation in Tokyo on Sept. 20 titled, “What Every Entrepreneur Must Know About IP in Biotechnology Startups” as part of a Burrill Investments “Boot Camp.”

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### IP Moves Editors

Adaline J. Hilgard · (001) 415.659.5671 · [ahilgard@reedsmith.com](mailto:ahilgard@reedsmith.com)  
 Cynthia E. Kernick · (001) 412.288.4176 · [ckernick@reedsmith.com](mailto:ckernick@reedsmith.com)

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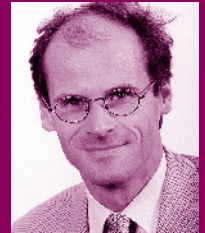
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## Quality Matters. <sup>SM</sup>

### Jonathan M. Hofstetter

Birmingham · (011) 44.24.7629.3037  
[jhofstetter@reedsmith.com](mailto:jhofstetter@reedsmith.com)

In his practice, Jonathan specializes in contract, product liability and technical disputes (including IT law) for national and international clients.



### Cynthia E. Kernick

Pittsburgh · (001) 412.288.4176  
[ckernick@reedsmith.com](mailto:ckernick@reedsmith.com)

Cindy's practice is concentrated on complex IP litigation covering a wide range of technologies, including medical, glass, food, and computer and software systems. She represents plaintiffs as well as defendants.



### Christine M. Morgan

San Francisco · (001) 415.659.5970  
[cmorgan@reedsmith.com](mailto:cmorgan@reedsmith.com)

Christine handles copyright, trademark and patent disputes, and business disputes, and also advises clients involved in Internet domain name disputes and Internet privacy actions.



### Gregory S. Shatan

New York · (001) 212.549.0275  
[gshatan@reedsmith.com](mailto:gshatan@reedsmith.com)

Greg counsels clients on trademark, copyright, computer software, Internet, privacy, right of publicity, libel and advertising issues, domain name disputes and UDRP proceedings.



### Adam J. Sturt

Birmingham · (011) 44.24.7629.3045  
[asturt@reedsmith.com](mailto:asturt@reedsmith.com)

Adam's practice focuses on general commercial litigation with particular emphasis on contentious debt recovery, contractual disputes, IT litigation and claims under the Commercial Agents' Regulations 1993.

