

Patent and Trademark Bulletin for the District of Massachusetts

A reporter on recent patent and trademark opinions from the
United States District Court for the District of Massachusetts



October 2013

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PATENT

WBIP, LLC v. Kohler Co., C.A. No. 11-10374, 2013 WL 1808802 (D. Mass. April 24, 2013) (Gorton, D.J.) [*Experts, Written Description, Non-Infringement*]

Plaintiff WBIP, LLC ("WBIP") brought this action against Defendant Kohler Co. ("Kohler"), alleging infringement of U.S. Patent Nos. 7,314,044 and 7,832,196 ("the patents"), both directed toward power generators which include a catalyst to reduce exhaust emissions. In a brief Order, the District Court (Gorton, D.J.) denied Kohler's motions to exclude expert testimony and for summary judgment.

Regarding Kohler's motion to exclude expert testimony, the Court held that the motion was no more than a disagreement with the expert's choice of evidence and conclusions. It, therefore, did not meet the standard set forth in *Daubert v. Merrell Dow Pharm., Inc.* The Court did not summarize the testimony at issue or Kohler's arguments, but did note that the expert's "educational background and more than 25 years of experience" rendered him "more than adequately qualified."

Kohler's motion for summary judgment was based on two arguments. First, Kohler argued that the patents were invalid for lack of written description. Without providing any details on the arguments, the Court held that a reasonable jury could find that Kohler had not met its burden of proving invalidity by clear and convincing evidence. In support of this decision, the Court noted that both sides' experts "strongly" disagreed on the issue of written description and that the Patent Office failed to raise written description concerns during prosecution of the patents.

Kohler's second summary judgment argument was that it had not infringed the patents. Again siding with WBIP, the Court held that a reasonable jury could find infringement based on testimony by WBIP's expert and evidence that Kohler had previously described its products as containing the allegedly infringing elements. Accordingly, Kohler's motion for summary judgment was denied.

US SolarTech, Inc. v. j-Fiber, GmbH, C.A. No. 06-10293-RWZ, 2013 WL 1755212 (D. Mass. Apr. 24, 2013) (Zobel, D.J.) [*Patent Ownership*]

US Solar Tech, Inc. ("Solar Tech") claims to be the owner of four U.S. patents. Defendant j-Fiber, GmbH ("j-Fiber") responds that it is a co-owner of these patents. The District Court (Zobel, D.J.) granted Solar Tech's summary judgment motion as to sole ownership of three U.S.

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patents. It also granted j-Fiber's cross-motion for summary judgment of co-ownership of one patent, but denied j-Fiber's cross-motion for summary judgment on its claim of shop rights.

In 2005, SolarTech purchased all of FiberCore, Inc.'s ("FiberCore") assets—including the patent assets—in bankruptcy. j-Fiber, however, claims that it is a co-owner of the patent assets because in 2004 it purchased ownership interests from FiberCore's wholly-owned subsidiary, FiberCore Jena GmbH ("FC Jena"). The question presented was (a) whether any interest in the patent assets belonged to FC Jena and, thus, was sold to j-Fiber or (b) whether, instead, the patent assets belonged entirely to FiberCore and now to SolarTech.

In determining ownership of the patent assets, the rights in an invention generally belong to the inventor and inventors may assign these rights to a third party. An assignment recorded with the U.S. Patent and Trademark Office is presumed valid, placing the burden on the challenger to rebut the validity of the assignment. Furthermore, while an employee generally owns the rights to her invention, where an employee is hired to invent something or solve a particular problem, the property of the invention related to this effort may belong to the employer based on an express or implied contract.

Here, the patent assets have several inventors. j-Fiber asserted that two inventors, Danilov and Guskov, were implicitly employees of FC Jena. FC Jena paid for Danilov and Guskov's salaries as well as their travel and living expenses. They were also members of FC Jena research teams, and FC Jena had an agreement with another subsidiary of FiberCore to "refund" all expenses arising from Danilov and Guskov's employment contract. But, as SolarTech established, Danilov's and Guskov's employment agreements were expressly with FiberCore, not FC Jena.

The Court found that, even in a light most favorable to j-Fiber, Danilov and Guskov had express employment agreements with FiberCore and thus were employees of FiberCore and not FC Jena. Judge Zobel held that where an employee is hired explicitly by a parent company, no jury could find that they were at the same time implicitly hired by its wholly-owned subsidiary. Thus, j-Fiber failed to produce enough evidence to rebut the assignment of the '580, '240, and '775 patents from Danilov and Guskov to FiberCore. Accordingly, FiberCore was the sole owner of those three patents and SolarTech is the successor-

in-interest to them. As to one of the patents, the '275 patent, a co-inventor—Hammerle—was undisputedly an FC Jena employee. Thus, the Court found that j-Fiber, as the successor-in-interest to FC Jena, is at least a part owner of the '275 patent.

j-Fiber alternatively asserted that it is entitled to an ownership interest in the patent assets based on theories of conversion and fraudulent conveyance. To succeed on either theory, j-Fiber must show that it is the rightful owner of the property at issue. The Court determined that such a finding is simply duplicative of the sole ownership question and thus dismissed both claims.

Finally, j-Fiber asserted that it is entitled to shop rights over all of the patent assets. The shop right doctrine provides that an employee who uses his employer's resources to conceive an invention or reduce it to practice must afford to his employer a nonexclusive, royalty-free nontransferable license to make use of the invention. j-Fiber asserted that FC Jena obtained shop rights in all the patent assets because Danilov, Guskov, and Hammerle used FC Jena's resources and facilities to create their inventions and reduce them to practice.

The Court determined that one of the key aspects of the shop right doctrine is that the rights are non-transferable except when transferred as part of a complete succession to the entire business. Here, the Court ruled that j-Fiber did not succeed FC Jena's entire business, but rather only bought certain assets. Thus, even if FC Jena did have shop rights in the patent assets, j-Fiber could not acquire any shop rights by purchasing FC Jena's intellectual property assets. Therefore, the Court denied j-Fiber's cross-motion for partial summary judgment.

In conclusion, the Court held that wholly-owned subsidiaries cannot implicitly employ an explicit employee of the parent company and thus j-Fiber failed to produce enough evidence to rebut recorded assignments to the patent assets. It also held that, to succeed on a claim of shop rights, a successor in interest must be the successor in interest to the entirety of the business.

Koninklijke Philips Elec. N.V. v. Zoll Med. Corp., C.A. No. 10-11041-NMG, 2013 WL 1833010 (D. Mass. Apr. 30, 2013) (Sorokin, M.J.) [Deposition of Executive]

Plaintiffs Koninklijke Philips N.V. and Philips Electronics of North America Corp. (collectively, "Philips") sought a protective order to prevent the deposition of its a high-level executive. The Court denied Philip's motion.

Philips claimed that its executive should not be deposed because she was extremely busy, held a leadership role in the company, and had no unique knowledge concerning the ZOLL Medical Corp.'s ("Zoll") laches defense. In response, Zoll argued that the executive managed the relevant business unit at Philips and was responsible for investigating potentially infringing products manufactured by competitors, including Zoll.

In denying Philips' motion, the Court noted that high-level executives are not immune from depositions if the individual may have unique knowledge pertinent to the issues in the case and alternative discovery devices prove to be inadequate. Zoll previously served interrogatories and deposed a corporate designee, but that discovery did not yield specific information concerning the timeframe in which Philips learned of Zoll's allegedly infringing products. Accordingly, the Court found that Zoll had good cause to depose the executive.

***Stephen P. Troy, Jr. v. Samson Mfg. Corp.*, C.A. No. 11-10384, 2013 WL 1807013 (D. Mass. Apr. 30, 2013) (Young, D.J.) [Interference; Priority of Invention]**

Stephen P. Troy, Jr. ("Troy") sought review of a decision of the Board of Patent Appeals and Interferences of the United States Patent and Trademark Office ("PTO") in Patent Interference No. 105,698. The interference was a dispute over priority between U.S. Patent No. 7,216,451 ("the '451 patent") filed by Troy and U.S. Patent Application No. 11,326,665 ("the '665 application") filed by Samson Manufacturing Corporation ("Samson"). The Court (Young, D.J.) affirmed the Board's decision.

The '665 application and the '451 patent relate to a modular handguard rail for a firearm. During the interference, Troy was declared the "junior party." The Board also determined that Samson's earliest constructive-reduction-to-practice date was January 18, 2005 ("the Critical Date").

During the Board proceedings, Troy failed to show actual reduction to practice of an embodiment of the invention prior to the Critical Date. Troy also failed to show earlier conception of the invention and, thus, could not prove inurement or derivation. The Board held that Troy failed to establish priority of the '451 patent over the '651 application. As a result, Troy filed a civil action under 35 U.S.C. §146 requesting that the District Court review the Board's decision on priority.

Troy sought to introduce six affidavits as new evidence to address evidentiary gaps in the record before the Board. Citing Federal Circuit and Supreme Court precedent, the Court stated that it would consider newly proffered evidence not available at the time of the Board proceedings, but would not consider new evidence related to issues not before the Board. The District Court reviewed the Board's conclusions of law de novo and reviewed underlying factual determinations for clear error.

Burden of Proof

Troy argued that the Board misplaced the burden of proof for priority and that Samson should have been deemed the junior party. Troy claimed that the '665 application was filed using confidential drawings and images of the invention that belonged to Troy. Troy also argued that Samson should have been denied senior party status because of inequitable conduct. Troy contended that this was not a new issue because he challenged the priority determination by seeking leave to file a motion for judgment of inequitable conduct, which the Board denied.

The Court found that it was not clear that the Board had the opportunity to address this issue during the interference, and Troy failed to demonstrate why the Court should exercise its discretion and consider a new issue. The Court refused to speculate as to the content of the alleged inequitable conduct motion because it was not corroborated. The Court also found that Troy failed to articulate where, in the record, he presented arguments relating to the inequitable conduct.

Actual Reduction to Practice

Troy bore the burden of establishing priority of invention in the District Court by showing an actual reduction to practice of the invention prior to Samson's Critical Date. In order to establish an actual reduction to practice, Troy needed to demonstrate that (1) he constructed an embodiment or performed a process to meet every element of the claim and (2) the embodiment or process operated for its intended purpose.

Troy claimed that an actual reduction to practice occurred between January and February 2004 and attempted to introduce a new affidavit to supplement prior testimony submitted to the Board. The Court disregarded this evidence and stated that, without adequate corroboration, the new testimony remained insufficient to prove an actual reduction to practice.

Troy further attempted to rely on various photographs, invoices, and testimony in support of an actual reduction to practice. For example, Troy relied on photographs of the Troy Rail. However, the photographs did not include the five elements contained in the claim. Additionally, the photographs were undated and thus insufficient to corroborate Troy's testimony. Troy also attempted to introduce an invoice dated February 2, 2004 for orders of the Troy Rail taken during a trade show, but the invoice merely listed orders without describing specific components. Finally, Troy sought to introduce an affidavit of a manager of a weapons and accessories review website and a deposition of a draftsman who prepared drawings for Troy's weapons manufacturing firm. Because the testimony concerned events that occurred after the latest reduction-to-practice date Troy claimed in the interference, the Court found that Troy was precluded from raising these issues. Had Troy desired to claim a reduction-to-practice date after February 2004, he should have done so during the interference proceeding.

Conception

Because Troy failed to establish an actual reduction to practice, he argued that he was entitled to judgment on the basis of inurement and derivation. "Inurement involves a claim by an inventor that, as a matter of law, the acts of another person should accrue to the benefit of the inventor." As a result, for inurement, Troy was required to show, among other things, that Samson was working, either implicitly or explicitly, on his behalf. To show derivation, Troy must show communication to Samson that would have enabled Samson to construct and successfully operate the invention. Both of Troy's inurement and derivation theories required him to establish conception. Troy failed to do so.

As explained by the Court, Troy needed to prove possession of every feature in the claim by a preponderance of the evidence. Troy attempted to rely on undated drawings, solid model images, and the purchase of extrusion die necessary for manufacturing his design. However, the Court found that this evidence was uncorroborated and did not demonstrate all elements of the claim.

Keurig, Inc. v. JBR, Inc., C.A. No. 11-11941-FDS, 2013 WL 2304171 (D. Mass. May 24, 2013) (Saylor, D.J.) [[Summary Judgment of Non-Infringement](#)]

Plaintiff Keurig, Inc. ("Keurig") filed suit contending that the coffee cartridges of Defendant JBR, Inc. ("JBR")

infringed upon Keurig's three patents. The three patents are: (1) U.S. Patent No. D502,362 (the "'D362 patent"), a design patent directed to a disposable beverage filter cartridge, (2) U.S. Patent No. 7,347,138 (the "'138 patent"), a utility patent directed to an apparatus for brewing a single cup of coffee using a removable beverage cartridge, and (3) U.S. Patent No. 7,165,488 (the "'488 patent"), a utility patent directed to a method for use of the same apparatus. JBR moved for summary judgment of non-infringement on all three patents. For the reasons outlined below, the District Court (Saylor, D. J.) granted summary judgment confirming non-infringement of the 'D362 patent, the '138 patent, and the '488 patent.

The 'D362 Design Patent

Because the 'D362 patent is a design patent, the Court applied the "ordinary observer" test. Under that test, infringement occurs "if, in the eye of an ordinary observer, giving such attention as a purchaser usually gives," an interested purchaser would find the two designs substantially the same and be induced to purchase a product believing it to be the commercial embodiment of the patented design. *Gorham v. White*, 81 U.S. 511 (1872). The Court also stated that the proper application of the test was the comparison of the JBR cartridge to the 'D362 patent, as opposed to the 'D362 patent's commercial embodiment.

In the context of pre-trial motions, infringement of a design patent requires two levels of analysis: (1) a threshold analysis to determine whether or not a prior art comparison is even necessary and (2), if necessary, a prior art comparison. For the threshold analysis, a prior art comparison will be deemed necessary if "the claimed and accused designs are not plainly dissimilar." This analysis requires the Court to compare the designs "side-by-side" and determine whether reasonable jurors could differ as to the designs being "plainly dissimilar." Although the threshold inquiry is highly fact-dependent, courts have found designs "plainly dissimilar" as a matter of law.

In this case, JBR urged the Court to disregard the similarities between the claimed design and JBR's cartridge because JBR regarded those similar features to be functional. The Court determined the main features of the design patent to be the lid's circular shape, the filter's overall tapered shape, and the depending skirt. The Court found the circular lid and the depending skirt to be ornamental, but the filter's tapered shape to be

functional because the tapered shape “affects the quality of the beverage cartridge.” However, the Court believed that the *specific* shape of the filter was still an appropriate factor to be used in the comparison of the designs.

With regard to the protected design features, the Court compared the overall designs as required by the “ordinary observer” test. The Court found that the filter dominated the overall appearance of both designs. To the Court, the filters appeared to be dissimilar as the JBR filter is “more or less hemispherical” while the filter in the ‘D362 patent is like a “triangular prism.” Thus, the JBR filter is not as long as the patented design and generally wider. The Court concluded that an ordinary observer would not be deceived into believing that the JBR coffee cartridge and the patented design are “one and the same.” Because the Court concluded that the product and the patented design are plainly dissimilar, there was no need for a prior art comparison.

The ‘138 Patent and the ‘488 Patent Analysis

Keurig also claimed that JBR indirectly infringed two of its utility patents. But JBR contended that Keurig could not claim patent infringement because of the doctrine of patent exhaustion. Under that doctrine, patent rights are exhausted after the initial authorized sale of a patented product. *Quanta Computer, Inc. v. LG Elecs., Inc.*, 553 U.S. 617 (2008).

The Court held that the doctrine of patent exhaustion applies to the apparatus claims in the ‘138 patent. The doctrine “prevent[s] a patent holder from controlling the use of a claimed apparatus after its sale.” Moreover, the doctrine applies to licensing schemes where a patent holder “sells, or licenses another to sell, a combination of products that together form the apparatus claimed in the patent.” Keurig is such a patent holder. Due to the sale and license of the Keurig brewers, Keurig has exhausted its patent rights. Thus, the Court found no direct infringement on the part of the consumers, and, as a result, no indirect infringement on the part of JBR.

The doctrine was found to bar infringement of the method claims of the ‘488 patent as well. The sale of an item made by a patented method also exhausts the rights of its patent owner. The Court disagreed with Keurig’s argument that the proper test is a two-part “substantial embodiment” test. The Court reasoned that the “substantial embodiment” test is for incomplete items, and here, the item is complete. The Court conceded that a Keurig brewer must be combined

with a cartridge to practice the method claims of the ‘488 patent. However, the Court noted that such a step is anticipated to be done by the consumer *after* the sale. Moreover, the brewer can function without the addition of the cartridge. Therefore, the Court found that the Keurig brewers are “complete” items because they are intended for sale without needing additional manufacturing processes or component parts. There is no direct infringement of the method claims by consumers and, as a result, no indirect infringement of those claims by JBR.

JBR also contended that the doctrine of permissible repair allowed consumers to replace cartridges with new cartridges not made by Keurig. Keurig argued that patent exhaustion was a requirement to assert the defense. The Court found that this defense was permissible because Keurig had exhausted its rights.

Trustees of Boston University v. Everlight Elec. Co., Ltd., C.A. No. 12-11935-FDS, 2013 WL 2367809 (D. Mass. May 28, 2013) (Saylor, D.J.) [*Personal Jurisdiction*]

Plaintiff Trustees of Boston University (“BU”) brought this patent infringement suit against Everlight Electronics Co., Ltd. (“Everlight”), a Taiwanese company, and defendant Everlight Americas, Inc. (“Everlight Americas”), Everlight’s Texas-based subsidiary. Judge Saylor denied Everlight’s motion to dismiss for lack of personal jurisdiction for the reasons discussed below.

As a threshold matter, there was no dispute that the Court had personal jurisdiction over Everlight Americas. BU contended Everlight must also be subject to personal jurisdiction in the Commonwealth because Everlight and Everlight Americas should not be recognized as separate entities. The Court rejected BU’s invitation to address this contention. It noted that, in determining whether or not corporate entities should be disregarded, the Court must apply the twelve *Pepsi-Cola* factors. This application is necessarily a fact-intensive inquiry and, given the early stage of the litigation, the factual record was not sufficiently developed. Judge Saylor further noted that “a decision to disregard corporate separateness of defendants would have potentially substantial repercussions going well beyond the issue of jurisdiction.” As a result, the Court declined to entertain the question of whether or not Everlight and Everlight Americas should be treated as separate corporations.

The Court, nonetheless, found that it had personal jurisdiction over Everlight. It did so after an in depth discussion of the “purposeful availment” prong of the

constitutional test. Judge Saylor first acknowledged the unsettled debate over whether a defendant can be subject to personal jurisdiction in a forum merely because a product that the defendant placed in the stream of commerce ultimately reached the forum state. The Court then went on to analyze Everlight's contacts under the differing tests announced by Justice Brennan and Justice O'Connor in *Asahi Metal Industry Co. v. Superior Court of California, Solamo County*, 480 U.S. 102 (1987). Under both tests, Everlight was found to be subject to personal jurisdiction in Massachusetts. The facts most relevant to this finding were that Everlight directed its customers to distributors in Massachusetts, advertised in publications circulated in Massachusetts, and met with BU in Massachusetts concerning licensing. In addition, the Court found that Everlight intentionally established a distribution channel, knowing that the end of that channel was Massachusetts.

The Court also found that the relatedness and fairness prongs of the due process test were satisfied. With respect to fairness, the Court noted that it was not an unfair burden for Everlight to have to litigate in Massachusetts because the patent laws of the United States will apply in all forums. No alternative United States forum that would be more convenient for Everlight had been identified.

Perkinelmer Health Sciences, Inc. v. Agilent Tech., Inc., C.A. No. 12-10562-NMG, 2013 WL 2458455 (D. Mass. June 5, 2013) (Gorton, D.J.) [*Claim Construction*]

Plaintiff Perkinelmer Health Sciences, Inc. ("Perkinelmer") asserts claims for breach of contract and patent infringement against Defendant Agilent Technologies, Inc. ("Agilent"), a hold-over licensee. The Court (Gorton, D.J.) construed multiple terms of the two patents-in-suit, which are directed to the analysis of charged ions through a form of mass spectrometry.

Multiply Charged

The parties first dispute whether the term "multiply charged" in both patents-in-suit requires a construction and should mean "three or more charges." Pointing to the prosecution history, the Court noted that the inventors disclaimed application of the inventions to "one or two charges" and, thus, plaintiff is foreclosed from arguing the contrary. The Court further explained

that this disclaimer was made express elsewhere in the asserted claims. Because "the prosecution history and claim terms are [] in alignment," the Court held that further construction of the term "multiply" is unnecessary.

The parties also debated whether "multiply charged" referred solely to ions or to both ions and polar atoms. Because the specifications of the patents-in-suit taught that the charging can be produced from large and complex molecules, other than proteins, provided that, if the subject molecules are not themselves ions, they contain "polar atoms or groups" to which a charge could attach, the Court held that the claims encompass both ions and "polar atoms."

Limitations on Molecular Weight

The claims of the patents-in-suit direct that the molecular weight involved should be "not less than 5000" daltons and "greater than 5000" daltons. The claims, thus, set a floor for the molecular weight. Defendants argue that by not disclosing a maximum molecular weight that the patentee affirmed that no ceiling exists. The Court, however, rejected this position. Despite case law suggesting that the use of percentages or mathematical expressions to set a floor can plausibly mean that there is no upper limit, the intrinsic evidence here implies the existence of a ceiling. The Court, invoking the person of ordinary skill in the art, stated that the largest known proteins at the time of patenting had a mass of approximately 4 million daltons and no person of ordinary skill in the art—and neither party—suggests that molecules with infinite mass did, or could, exist.

Preambles

The Court found that the preamble of one of the two patents-in-suit limited the claim. It did so after concluding that the inventors relied upon the discovery of a "new composition of matter" during prosecution in order to avoid a prior art reference. That prior art reference concerned a method for producing multiply charged ions. In contrast, the patent-in-suit purports to patent compounds as they exist while under mass analysis and in their multiply charged state, "a state which has not previously occurred because the subject compounds have never been charged to the degree achieved by the inventors."

Smith & Nephew, Inc. v. Interlaced Medical, Inc., C.A. No. 10-10951-RWZ, 2013 WL 3289085 (D. Mass. June 27, 2013) (Zobel, D.J.) [Inequitable Conduct, Permanent Injunction, Damages]

Following a ten-day jury trial on infringement and validity and a two-day bench trial on inequitable conduct, the Court (Zobel, D.J.) denied Defendants' motions for judgment as a matter of law, found no inequitable conduct, and ordered that a permanent injunction shall enter if and when the patents-in-suit survive reexamination. In addition, the Court instructed the parties to report on how they wish to address the jury's hopelessly ambiguous damages award.

Smith and Nephew ("S&N") filed suit against Interlace Medical, Inc. and Hologic, Inc. (collectively, "Hologic") for infringing two patents—U.S. Patent No. 7,226,459 (the "'459 patent"), relating to an arthroscopic surgical instrument, and U.S. Patent No. 8,061,359 (the "'359 patent"), relating to a surgical endoscopic cutting instrument. The jury found all claims valid and infringed.

First, the Court summarily denied Hologic's motion for judgment as a matter of law. With little to no discussion, the Court concluded that it was "persuaded that the jury had a legally sufficient evidentiary basis for the factual determinations that underlie [the legal] conclusions."

Second, the Court detailed its findings of fact and conclusions of law with respect to inequitable conduct. Hologic asserted inequitable conduct claims against the inventor, Dr. Marc Hans Emanuel, and S&N's in-house prosecuting attorney, Norman Hainer. Applying the standard announced in *Thereasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276 (2011), the Court analyzed the allegations against each individual separately.

As to Emanuel, Judge Zobel found that his statements during prosecution suggesting that a certain outlet channel was novel did not amount to "affirmative egregious conduct." Because there was no dispute that the described outlet channel was contained in the pre-existing Olympus endoscope, the Court found Emanuel's description of the invention "somewhat misleading." But it also found that the statements did not rise to the level of "false statements, manufactured evidence, or other blatant deceit." The Court further held that Emanuel's failure to disclose the Olympus endoscope did not amount to inequitable conduct. Judge Zobel pointed out that Hologic's evidence with regard to intent rested solely on circumstantial evidence. While such evidence "surely raises a reasonable inference, even a strong

inference, that Emanuel deliberately withheld the Olympus endoscope reference," it was not sufficient to show intent by clear and convincing evidence. In fact, the Court noted that Emanuel's omission could have been mere negligence and the fact that he "omitted important information is not enough to prove that he did so intentionally."

As to Hainer, the Court found his testimony that he was unaware of the Olympus endoscope during prosecution non credible. Judge Zobel made specific note of his "regrettable performance at the bench trial and at his deposition." Nonetheless, the Court concluded that Hologic failed to show that the Olympus endoscope was material because the relevant features of the product were disclosed in another prior art reference that was before the examiner.

The Court went on to address S&N's request for a permanent injunction. Ultimately, it found that the question of whether or not a permanent injunction should issue to be a close call. While it was persuaded that S&N had suffered some irreparable injury given lost market share and lost business opportunities, the Court believed that some of the injury could be remedied by money damages. After balancing the oft-cited *eBay* factors, Judge Zobel concluded that "S&N will be entitled to a permanent injunction if the reexamination proceedings and any subsequent appeals are eventually resolved in S&N's favor." The Court also directed the parties to meet and confer with regard to an appropriate royalty rate for Hologic to pay S&N while the permanent injunction is stayed.

Finally, the jury returned a verdict that was unclear as to what portion of Hologic's revenues the 16% royalty would apply. The Court requested that the parties provide some direction as to how they wish to proceed, but ultimately suggested that either a bench trial or new jury trial may be required.

TRADEMARK

***Vinyl Techn., Inc. v. Laser Mechanisms, Inc.*, No. 13-40017-TSH, 2013 WL 1947165 (D. Mass. May 9, 2013) (Hillman, D.J.) [Temporary Restraining Order]**

Plaintiff Vinyl Technologies, Inc. ("Vinyl") filed a complaint against Laser Mechanisms, Inc. ("Laser"), seeking a declaratory judgment that its products do not infringe Laser's trademark. Laser responded with counterclaims and a third-party complaint. Pending a hearing on a motion for preliminary injunction, the Court entered a temporary restraining order prohibiting Vinyl from

using the mark at an upcoming trade show. The Court further advised the parties that it is interested in hearing evidence of irreparable harm at the upcoming hearing.

While an earlier motion for preliminary injunction was under advisement, Laser moved for a temporary restraining order related to an upcoming trade show. The Court cited the familiar four-part test for a temporary restraining order: (1) likelihood of success on the merits, (2) irreparable harm in the absence preliminary relief, (3) the balance of equities, and (4) the public interest. The Court then emphasized that the movant's likelihood of success is the key issue and, to demonstrate a likelihood of success, Laser must show that it is likely to satisfy its burden on the two elements of its infringement claim—that is, that its mark merits protection and that the allegedly infringing use is likely to result in consumer confusion.

Without much analysis, the Court granted the motion and enjoined Vinyl and the third-party defendant from displaying or distributing marketing materials with the mark at issue during an upcoming trade show. The Court also ordered Vinyl to take down references to the mark that were already on the trade show's website.

In reaching this decision the Court noted that requests for injunctive relief require a Court to make determinations regarding credibility and that, in light of the misdirection in the written submissions, the Court resolved all issues of credibility in Laser's favor.

The Court then scheduled an additional hearing on the pending motion for preliminary injunction and specifically requested testimony regarding irreparable harm. It made specific note of the lack of settled law regarding whether irreparable harm is presumed in a trademark-infringement claim after *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388 (2006).

Curves Int'l, Inc. v. Fox, C.A. No. 12-12250-RGS, 2013 WL 1946826 (D. Mass. May 9, 2013) (Stearns, D.J.) [*Preliminary Injunction*]

Curves International, Inc. ("Curves") sought to enjoin Virginia Chattley Fox ("Fox"), a former franchisee, from using Curves' trademarks. The Court (Stearns, D.J.) granted Curves' motion for a preliminary injunction.

Fox was a franchisee of Curves for five years until the franchise agreement expired on November 2, 2011. Neither party renewed the franchise agreement, but Fox continued to operate a fitness center using the

Curves' marks at her formerly-approved franchise location. The facts in this matter were uncontested as Fox neither responded to the complaint nor opposed the motion for preliminary injunctive relief.

The Court found that Curves had shown a reasonable likelihood of success with respect to the merits of its claims. It further "presumed that Fox's operation of a rogue Curves fitness facility will cause irreparable harm to Curves unless injunctive relief is granted." Accordingly, Fox was enjoined from using the trademarks or other Curves materials and the Court, as a preliminary matter, enforced all terms of the franchise agreement, including a one year non-compete clause.

Bern Unlimited, Inc. v. The Burton Corp. et al., C.A. No. 11-12278, 2013 U.S. Dist. WL 2149674 (D. Mass. May 15, 2013) (Saylor, D.J.) [*Trade Dress Infringement/Dilution*]

Plaintiff Bern Unlimited, Inc. ("Bern") brought this action against Burton, Easton-Bell, Smith, Amer, and Vans (the "Defendants") alleging trade dress infringement and trade dress dilution under 15 U.S.C. §1125. The Defendants filed a motion for summary judgment on the grounds that Bern could not prove the non-functionality of its asserted trade dress. The Court (Saylor, D.J.) denied that motion, finding that disputed issues of material fact exist.

Bern and each of the Defendants manufacture and sell helmets for biking, skating, snow sports, and water sports. Bern makes a number of commercially successful helmet lines, which were said in the complaint to include two distinctly identifiable design elements: a rounded profile shape of the helmet and a distinctive visor. The Court discussed the legal standards for trade-dress claims, noting that Bern must prove that the asserted trade dress is, among other things, non-functional. Defendants introduced Bern's marketing materials as evidence that the asserted trade dress was functional and thus not entitled to protection. In particular, Defendants noted that Bern's website advertised the rounded profile shape of the helmet as providing an ergonomic fit and added protection. It also described the visor as providing a shield from sun and rain.

The Court found that, while these advertisements suggested a functional purpose, there was insufficient evidence to find as a matter of law that the claimed features of Bern's helmets were functional. In reaching this conclusion, the Court referred to the often-cited "Morton-Norwich" factors for assessing functionality,

which include: (1) the existence of a utility patent disclosing the utilitarian advantages of the design; (2) advertising materials in which the originator of the design touts the design's utilitarian advantages; (3) the availability to competitors of functionally equivalent designs; and (4) facts indicating that the design results in a comparatively simple or cheap method of manufacturing the product. Bern's advertising provided evidence of only one of the four factors, and there was no undisputed evidence before the Court that would suggest the other factors might weigh in favor of Defendants. In addition, the Court found that Bern had raised a question of fact as to whether the visor could have been initially designed to be functional but later retained, despite a lack of functionality, for its aesthetic value.

Ultimately, the Court held that a triable issue of fact existed as to the functionality of Bern's claimed trade dress, and therefore Defendants' motion for summary judgment was denied. Using the same rationale, the Court also denied Defendants' summary judgment motions on various related state law claims.

Signazon Corp. v. Nickelson, C.A. No. 13-11190-RGS, 2013 WL 3168372 (D. Mass. June 20, 2013) (Stearns, D.J.) [*Personal Jurisdiction*]

Signazon Corp. ("Signazon") has brought trademark and copyright infringement allegations against Craig Nickelson ("Nickelson")¹ in connection with Nickelson's business and website, ebuysigns.com. Nickelson moved to dismiss, claiming that he lacked sufficient contacts in the Commonwealth for the Court to have personal jurisdiction over him. The Court (Stearns, D.J.) denied Nickelson's motion.

In its brief opinion, the Court focused on a single question—whether an interactive website like the one owned and operated by Nickelson, which is located outside of Massachusetts but which Massachusetts residents can (and are invited to) access, satisfies the "purposeful availment test." The Court noted that this is a question that the First Circuit has not completely addressed, but it nonetheless applied the often-cited test articulated in *Zippo Mfg. Co. v. Zippo Dot Com, Inc.*, 952 F. Supp. 2d 1119 (W.D. Pa. 1997). That test ultimately turns on the level of the website's interactivity

and the commercial nature of the information exchange that occurs on the website. The Court concluded that Nickelson "clearly falls on the far end of the *Zippo* spectrum as one who does business actively over the internet in Massachusetts by soliciting customers indiscriminately." Accordingly, the Court held that it had personal jurisdiction over Nickelson.

Bear Republic Brewing Co. v. Central City Brewing Co., C.A. No. 10-10118-RBC, Memorandum and Order Bear Republic Brewing Co.'s Application for Attorneys' Fees and Costs (D. Mass. June 27, 2013) (Collings, M.J.) [*Attorneys' Fees*]

Plaintiff Bear Republic Brewing Co. ("Bear Republic") applied for an award of attorneys' fees following the Court's finding that Central City Brewing Co. ("Central") violated the terms of the parties' settlement agreement. Magistrate Judge Collings entered judgment, which included attorneys' fees in the amount of \$68,471.50 and costs in the amount of \$1,326.51.

There was no dispute that Bear Republic was entitled to some amount of attorneys' fees and costs following the Court's order finding Central in breach of the parties' settlement. But the parties did dispute the amount of those fees and costs. As an initial matter, Central contended that, because it sought to settle the matter before the motion for contempt was brought, Bear Republic should be precluded from recovering fees and costs after the date of the settlement offer. The Court disagreed. It noted that Bear Republic rejected the settlement offer because Central would not reimburse Bear Republic for some of its fees. In these circumstances, the Court found that "Bear Republic was not unreasonable in refusing the offer of settlement without some payment for its attorneys' fees." The Court also found that the staffing of two partners on the matter was reasonable and that the time spent on preparing both the contempt motion and the attorneys' fees application was generally reasonable. The Court, however, did reduce the rate of one Boston attorney from \$835 to \$800 per hour even though the quality of the evidence on the issue of a reasonable rate was "less than desirable."

¹Nutter McClennen & Fish represented Nickelson as local counsel in this action.

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