

January 2015

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I would like to thank the following leading IP attorneys who have reviewed this article and provided valuable and insightful clarifications. They are all terrific IP lawyers. I know from first hand experience.

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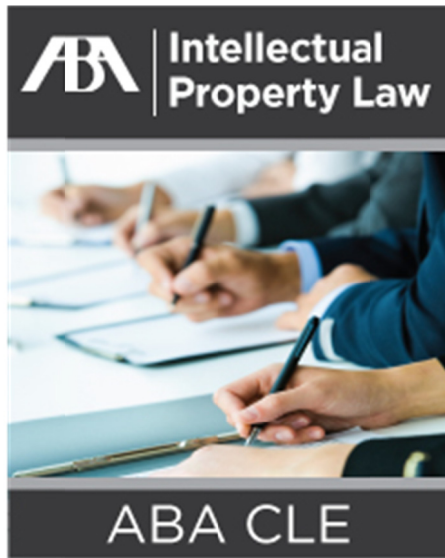


**Hey, That's My Game: Intellectual  
Property Issues in Combating Game  
Cloning**

**Ross A. Dannenberg**

***American Bar Association Center for  
Professional Development***

**May 8, 2014**



## **Hey, That's My Game: Intellectual Property Issues in Combating Game Cloning**

Game cloning has long been an issue of concern for game publishers, but with the blockbuster growth of social and mobile games, these claims have increased exponentially. This program will present the intellectual property concepts at play in such game cloning suits, review best practices for defending against such claims, and discuss how to create games without generating a claim.

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Recording date: May 08, 2014

Product code: CET14HTGCDR

Credits:

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# **MEDIA MENTIONS**



***Bloomberg***

# Bloomberg

## Why Would Anyone Want Fisker? In a Word: Patents

By Angela Greiling Keane and Susan Decker - Feb 6, 2014

Two Chinese-backed companies are locked in a bidding war, culminating next week, to take over bankrupt U.S. carmaker Fisker Automotive Holdings Inc.

The prize is a dozen-and-a-half patents and a possible toehold in U.S. and Chinese markets. The rest is a harder sell.

Fisker hasn't made a vehicle since 2012. Its \$103,000 plug-in hybrid sports sedan, the Karma, was called a "basket case" by Consumer Reports. The company, which lost \$139 million in U.S. taxpayer money, was labeled a "loser" by Republican [Mitt Romney](#) during 2012 U.S. presidential debates. Its most visible asset is a derelict former General Motors factory that Fisker never used.

China's Wanxiang Group emerged in December as a suitor for Fisker, challenging Hybrid Tech Holdings LLC, a Chinese-backed firm that had been jockeying to take over the bankrupt automaker. The rivals' interest prompted a bankruptcy judge to set a Feb. 12 auction for Fisker's assets.

"It's not about the manufacturing," said Steven Szakaly, the National Automobile Dealers Association's chief economist. "It's about the intellectual property."

Fisker's 18 patents cover grille designs, a fender vent and electric-vehicle drivetrain technology, according to the [database](#) of the U.S. Patent and Trademark Office. **It also has at least 18 more patent applications pending, including in aluminum subframing and solar-car technologies, said Charles Shifley, a patent attorney at Banner & Witcoff Ltd. in [Chicago](#).**

### Jump Start

The patents have many potential applications for buyers eager to break into the growing alternative-fuels market, said Blair Jacobs, a patent lawyer with [McDermott Will & Emery](#) in Washington.

"To have a jump start with a portfolio that took three to five years to develop is really substantial," said Jacobs, who has represented automakers in past disputes.

For a Chinese suitor, the Fisker package holds particular promise. The assets would let the buyer revive the Fisker brand in the world's biggest auto market, which is struggling to reduce some of the globe's worst air pollution. It would also provide an entry point to selling cars in the U.S.

The battle for Fisker pits Hybrid Tech -- led by [Richard Li](#), the son of [Hong Kong's](#) richest man, [Li Ka-shing](#) -- against Wanxiang, China's largest auto-parts supplier.

Wanxiang is owner of B456 Systems Inc., the successor to A123 Systems Inc., the U.S. company that supplied batteries to Fisker until collapsing under the cost of recalling defective Karma power packs. It would make sense for Wanxiang to buy Fisker after acquiring the battery-maker, said Shifley.

## Bieber, DiCaprio

The Karma was designed by [Henrik Fisker](#), who won plaudits for his work on cars for Bayerische Motoren Werke AG and Ford Motor Co.'s [Aston Martin](#). Karma drivers included singer Justin Bieber and actor [Leonardo DiCaprio](#).

Fisker was an early partner of [Tesla Motors Inc. \(TSLA\)](#), which accused it of stealing technology and designs intended for what became the Tesla Model S. Fisker prevailed.

With the car still in the design stages, Fisker in 2009 won the largest loan commitment to a startup company from a U.S. Energy Department program to develop alternative-fuel vehicles. Most of the \$529 million was predicated on Fisker manufacturing cars in the U.S.

That didn't happen. Fisker failed to meet production milestones for the Karma, which was made in [Finland](#). The Energy Department froze the loan after distributing \$193 million.

## Curb Appeal

For all its low-slung curb appeal, the Karma was plagued by technical flaws. [Consumer Reports](#) said its review model broke down after going less than 200 miles. The cars were recalled three times for battery and cooling-fan defects before A123 stopped production.

Last April, after firing most of its workers, Fisker defaulted on the U.S. loan without making a payment.

Li's Hybrid Tech last year paid the Energy Department \$25 million -- about 15 percent of the balance -- to assume ownership of the loan, putting Hybrid in a favorable position to take over Fisker's remains. The department sold the loan to salvage what it could from the money Fisker had drawn down.



Fisker filed for [bankruptcy protection](#) in November under an arrangement calling for the group led by Li to trade its ownership of the loan for the automaker's assets.

That plan was derailed in December, when Wanxiang told the court it wanted to bid.

Hybrid's latest bid was \$55 million, including the \$25 million it invested in the U.S. loan. Wanxiang has offered \$35.8 million in cash, up \$10 million from its first offer.

## Wilmington Watching

The duel is being watched in Wilmington, [Delaware](#), where Fisker spent \$20 million in 2010 to buy the abandoned GM plant. The plan was to retrofit it to build a second model, to be called the Atlantic, with production targets as high as 100,000 cars a year. Delaware taxpayers are footing the electricity bill for the plant until its future is decided.

Hybrid Tech, as a condition of acquiring the Fisker loan, is required to manufacture in the U.S. Wanxiang isn't bound by that agreement, though Energy Secretary Ernest Moniz said that "terms of our loan have to be respected."

"We have technology transfer limitations," Moniz told reporters Jan. 22 at the [Washington](#) Auto Show. "No matter who the winner is, we will be looking at both engineering and manufacturing in the U.S. That's the key for us."

Both companies say they're interested in using the U.S. plant.

Wanxiang America Corp. President Pin Ni declined to comment while pointing to court filings that describe the closely held company's plans.

## New Karma

Wanxiang "can immediately restart the production of the Karma sedan and provide parts and service to the existing owners," the company said in a Jan. 8 filing. "Wanxiang intends to continue development of the Gen II line of cars and, once they are ready to be produced in large quantities, would build them at Fisker's plant in Delaware."

Hybrid deepened its commitment on Jan. 24 by lending Fisker \$13.1 million to cover its expenses.

"Together with our partners, investors, designers and suppliers, Hybrid is working to achieve a rapid re-launch of the Karma and the forthcoming Atlantic plug-in sedans," Megan Grant, a Hybrid spokeswoman, said in an e-mail. "We look forward to the acquisition of the company and a path forward for the Delaware plant."

## China's Promise

Investors see hope for electric cars through Tesla's success and [China's](#) subsidies for electric-vehicle purchases.

Tesla co-founder Elon Musk said in January that China may become the company's biggest market. Electric-vehicle sales in China may increase 19 percent by 2015 and 27 percent by 2020, according to an October report by Bloomberg New Energy Finance.

No Chinese-made car has been certified by U.S. regulators to be sold in the U.S. Chinese investors bought Swedish carmaker Volvo Car Corp., which sells vehicles in the U.S., and Chinese companies have automaking partnerships with companies including Daimler AG and Hyundai Motor Co.

"In terms of the Chinese, they're clearly trying to get into the U.S. markets," Lacey Plache, chief economist for auto-researcher Edmunds.com, said in an interview. "If they could get something that totally disassociates them from the Chinese car, that's a good thing."

Still, Plache said, Fisker is a little-known brand in a niche auto technology. "They're taking a bet on EVs being a stable market in the U.S. and that's an iffy thing," she said. "It's not clear to me that Fisker has enough cachet to bring it back."

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## INVENTOR WHO SHOCKED TECH WORLD STUMPED BY 43-YEAR PATENT DELAY

Bloomberg Exclusive  
Feb 24 2014 00:00:01

By Susan Decker and Ian King

Feb. 24 (Bloomberg) -- Forty-three years is too long even for Gilbert P. Hyatt, the dogged inventor who once shocked the computer industry and got rich.

Hyatt said he's been waiting that long for a U.S. ruling on whether his electronic signal to control machinery should be granted a patent. The patent-approval process takes 28.3 months on average. His idea for liquid crystal displays? That's been sitting in the Patent and Trademark Office for 35 years.

The Las Vegas-based inventor, who turns 76 in March, filed a **lawsuit** in January demanding action on what may be the oldest pending U.S. patent applications. Hyatt attributes some of the delay to retribution for sometimes making the agency look bad during years of disputes.

"It's totally unconscionable," said **Brad Wright**, a patent lawyer with **Banner & Witcoff** in Washington who specializes in computer-related applications and isn't involved in Hyatt's case. "The patent office doesn't want to be embarrassed that they might issue a broad patent that would have a sweeping impact on the technology sector. Rather than be embarrassed, they're just bottling it up."

No one is able to put a price tag on what licensing those two patents would cost technology companies. Even Hyatt said he's not sure whether he would replicate the shock of getting a patent in 1990 on a "single chip integrated circuit computer architecture," a ruling that effectively gave him a financial claim to most microprocessors, the digital backbone of every personal computer in the world.

### Industry Firestorm

What is certain is that Hyatt isn't some gadfly in a garden shed. He's probably made more than \$150 million from a deal with **Royal Philips NV**, the Dutch electronics maker, to license 23 of his **patents**, including the 1990 one. Intel Corp. co-founder **Robert Noyce** invested in Hyatt's first company in the 1960s, according to Hyatt.

"These were fundamental technologies and even though the industry has grown tremendously, they are based on those fundamental technologies," Hyatt, who still works in his private lab each day, said in a telephone interview. "I suspect that my ideas are still novel, even to this day."

The patent office, which issued 302,948 patents last year and receives more than 500,000 new requests annually, won't say what's in Hyatt's two pending applications.

Because the filings are so old, they fall under a law that keeps them confidential, said Patrick Ross, a PTO spokesman. That means the office can't discuss them or even say how many pending patent applications predate a 1995 change in the law, Ross said.

All Hyatt would say is that he is fighting to get acknowledgment for his work on what he calls "square wave machine control."

### Texas Instruments

It took Hyatt 20 years to get his 1990 microprocessor patent. He filed the application around the same period as the two still pending.

Reaction at the time was swift. Texas Instruments, the world's largest analog-chip maker, argued to the patent office that Hyatt was claiming credit for one of the company's inventions. After five years, the agency **anceled** part of the patent while allowing other aspects of it to remain.

Still, the patent became part of Hyatt's licensing deal with Philips, which has generated more than \$350 million. Philips deducted its costs and then split the proceeds 50-50, meaning Hyatt probably got more than \$150 million.

### \$388 Million

Hyatt, who speaks softly in conversations, doesn't hesitate to fight. When California, where he once lived, claimed he owed \$51 million in back taxes and penalties, he shot back with a lawsuit accusing state officials of harassing him and invasion of privacy. He won a record \$388 million award that's currently being reviewed by Nevada's Supreme Court.

He has taken the patent office to court more than 10 times to force the agency to reconsider rejections of some of his applications. He even **won** a case at the Supreme Court in 2012 over what type of evidence can be presented in district court.

"I got a whole bunch of cases referred back to the patent office telling them to do it right," said Hyatt. "I don't think they want to let it get to the board of appeals and therefore they keep running me around from examination to appeal, reopening prosecutions, examining, forcing me to appeal again and round and round."

In the January lawsuit, Hyatt alleges he was told by a PTO unit director that the agency's unofficial policy in dealing with him is to give him the runaround to avoid making a decision he could appeal. He said that may be why the patent office hasn't granted him a patent since 1997.

Ross, the PTO spokesman, wouldn't comment on the lawsuit, which was filed Jan. 3 in a U.S. district court in Las Vegas.

### Intel Connection

Hyatt, the son of a Russian emigrant and civil engineer, spent the early part of his career working for aerospace companies. He said he got his ideas for a business while at **Teledyne Technologies Inc.** in the 1960s.

He set up Micro Computer Inc. in 1968 to implement his ideas, with Noyce, who would co-found Intel that same year, as one of his investors.

"Dr. Noyce invested in my company personally because, from his standpoint, he thought it had merit," Hyatt said. "I was happy to get him because I thought Intel would build the chips."

Noyce, who died in 1990, often invested in Silicon Valley startups, said **Thomas Misa**, director of the Charles Babbage Institute Center for the History of Information Technology in Minneapolis, who likened it to someone backing a neighbor's ideas. Investing with Hyatt would have been consistent with his interests, he said.

"Bob Noyce was investor in everything," Misa said. "When he died, his family found a shoe box of promissory notes. He was very keen on building the electronics industry."

'Frugal Inventor'

Leslie Berlin, Noyce's biographer, and technology historian Ross Bassett, a professor at North Carolina State University in the city of Raleigh, said they couldn't find records showing Noyce invested with Hyatt, while agreeing with Misa's comments.

Hyatt, who describes himself as "at heart a frugal inventor," said it's clear he will never be placed in Silicon Valley's pantheon of founding fathers, even with his 1990 patent. He just wants a decision -- either give him a patent, he said, or a final rejection that he can appeal to a U.S. court.

While some of Hyatt's patents predate or are contemporary with those granted to executives at Intel and **Texas Instruments Inc.**, those companies made products that changed the world, Bassett said.

"I respect Gilbert Hyatt's work -- the process of engineering is difficult," Bassett said in a telephone interview. "But innovations are more than ideas. The broader context matters. If Gilbert Hyatt had never existed, I believe the microprocessor would have developed in the same way that it did."

--Editors: **Romaine Bostick**, **Bernard Kohn**

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## PATENT-SUIT WINNERS CAN GET LEGAL FEES, U.S. HIGH COURT SAYS (2)

Apr 29 2014 14:58:50

(Updates with Highmark case in ninth paragraph.)

By Susan Decker

April 29 (Bloomberg) -- Companies that successfully fight off "unreasonable" patent lawsuits can get their legal fees paid, the U.S. Supreme Court ruled in a decision that may benefit Google Inc., Apple Inc. and other technology businesses.

The high court today gave trial judges more power to impose fees if they determine the case "stands out from others" in the conduct of the losing party. In a related opinion, the court also limited the ability of an appeals court to overturn a trial judge's decision in such cases.

"A case presenting either subjective bad faith or exceptionally meritless claims may sufficiently set itself apart from mine-run cases to warrant a fee award," Justice **Sonia Sotomayor** wrote for a unanimous court.

Apple and Google were among the companies urging the court to ease the rules, saying they are too often faced with frivolous infringement claims by patent owners who leverage the potentially high cost of litigation to prod quick settlements. Congress is considering legislation that would require the loser to pay the winner's fees in most circumstances.

"A lot of the so-called patent trolls thought they could get away with it, because they thought there was a small chance they could get hit with the attorney's fees, and this may change that," said **Brad Wright**, a patent lawyer with Banner & Witcoff in Washington who wasn't involved in the case. "They're trying to right the ship and level the playing field."

### 'Objectively Baseless'

Octane was **challenging** the test for awards established in 2005 by the U.S. Court of Appeals for the Federal Circuit, which handles patent cases. The Federal Circuit allowed fees if a suit is "objectively baseless" and was filed in bad faith, though in a December **ruling** it softened its stance.

More than 100,000 companies were threatened in 2012 alone with infringement suits by businesses whose sole mission is to extract royalty revenue, according to a White House **report**. Those entities, called pejoratively "patent trolls" by critics, filed 19 percent of all patent lawsuits from 2007 to 2011, **according** to the Government Accountability Office.

The case before the justices involves exercise-equipment maker Octane Fitness LLC, which is seeking as much as \$1.8 million in fees after defeating a patent suit. Octane was sued by Icon Health & Fitness Inc. over a component in elliptical machines.

### Highmark Case

In the second case, **Highmark Inc.**, a Pittsburgh-based insurer, is seeking to reinstate a \$5 million fee award it won after defeating a patent suit by Allcare Health Management Systems Inc. The court said the Federal Circuit, which threw out the award, should be more deferential to trial judges on the issue.

"The parties most likely to suffer an impact are those that commence litigation without performing a sufficiently detailed investigation," said Highmark lawyer **Cindy Kernick**, with Reed Smith in Pittsburgh. "Most legitimate patent holders tend to take formal, serious steps before they sue someone and the world has not changed for them. The changes are for those companies that have done no research at all, or what they do is an investigation on one company in an industry and then assume that every company in that industry does the same thing."

The U.S. Patent Act says fees can be awarded "in exceptional cases." The justices said the Federal Circuit rule was too rigid and made the standard the same as a federal law that allows for sanctions only if there is litigation misconduct.

### 'Exceptional' Cases

"An 'exceptional' case is simply one that stands out from others with respect to the substantive strength of a party's litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated," the court ruled.

That will require courts to determine whether it's just a case of two sides disagreeing on the scope of the patent or whether there is infringement, said **Paul Berghoff**, a patent lawyer with Chicago-based McDonnell Boehnen Hulbert & Berghoff.

"The rigidity of the old test is gone, but the Supreme Court has not opened the floodgates to district courts awarding legal fees in significantly greater cases," he said. "In any litigation, both sides develop almost instinctively skepticism of the other side's arguments. If you step back and look at it coldly and objectively, there aren't that many patent cases where blatantly frivolous arguments are being made."

The ruling shows there's no need for legislative changes, said **Rob Berman**, chief executive officer of patent-licensing company CopyTele Inc.

"Let the courts determine what's abusive and frivolous, don't legislate it," Berman said. "We don't take cases that are on the wrong side of the line. Has the line been moved a little bit? We don't know. We don't like to get even close to the line. To us, it's no big deal, as long as the judge has discretion."

The cases are Octane Fitness v. Icon Health & Fitness, **12-1184**, and Highmark v. Allcare Health Management Systems, **12-1163**.

--With assistance from **Greg Stohr** in Washington.

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# Bloomberg

## Patent Lawsuits Limited by Supreme Court in Two Rulings

By Greg Stohr and Susan Decker - Jun 2, 2014

The U.S. [Supreme Court](#) ruled against patent holders in two cases, rejecting a legal theory used to sue technology companies and requiring patents to be written with more specific language.

The rulings come in a Supreme Court term heavy with patent cases as the justices look for ways to curb what companies such as Google Inc. and Cisco Systems Inc. say is rampant abuse by some patent owners.

Some technology companies and retailers say they are too frequently the target of lawsuits demanding payment by patent owners whose sole mission is to extract royalty revenue.

Though today's cases don't involve such companies, the rulings "can be used as tools" against them, said Brad Wright, a patent lawyer with Banner & Witcoff in Washington who wasn't involved in the cases.

One decision, involving exercise equipment maker [Nautilus Inc., \(NLS\)](#) "could be used to strike down vaguely worded patents, a problem that many technology companies complain about," Wright said. "It is this vagueness that sometimes gives rise to gray areas in the law, allowing questionable claims to go forward. This might allow courts to rein those in more."

The stakes are high for the companies and the broader economy. Industries with revenue tied the most to patent protection -- including drugmakers, technology companies and certain manufacturers -- generated \$763 billion, or 5.3 percent, of the 2010 U.S. gross domestic product, according to a Commerce Department report in 2012.

### Business Methods

During the past eight years, the Supreme Court has limited patent owners' ability to block non-competitors from using their inventions, made it easier to invalidate patents, and made it harder to get patents on business methods, medical diagnostics and isolated DNA.

In the other case today, the justices unanimously [said](#) companies can't be sued for inducing someone else to violate a patent unless there has been direct infringement of the patent.

That was at least a temporary victory for [Limelight Networks Inc. \(LLNW\)](#) in a legal clash with [Akamai Technologies Inc. \(AKAM\)](#). The justices sent the case back to a lower court to consider a separate legal theory pressed by Akamai.

Limelight rose by 1.8 percent to \$2.22 at 12:20 p.m. in Nasdaq stock market trading.

The case centers on Akamai's patented method for delivering video or graphics over the Internet during periods of high demand. Akamai says Limelight takes all but one step and induces its customers to perform the final step.

## Google, Cisco

Google, Cisco and [Facebook Inc. \(FB\)](#) were among the companies backing Limelight, along with the Obama administration. Eli Lilly & Co. and the drug industry supported Akamai.

In the Nautilus case, the court said a federal appeals court wasn't being rigorous enough in requiring specificity in the wording of patents. The [U.S. Court of Appeals](#) for the Federal Circuit, which specializes in patent cases, had said a patent's wording is adequate as long as someone who understands the technology can figure it out.

The justices today said the Federal Circuit standard isn't precise enough. The ruling is a victory for Nautilus, maker of Bowflex exercise equipment, which is seeking to invalidate a patent on a heart-rate monitor owned by Biosig Instruments Inc.

The justices [told](#) the Federal Circuit to reconsider the Biosig patent using a tougher test.

Google, [Amazon.com Inc. \(AMZN\)](#) and other companies said the Federal Circuit standard was too lax and allowed some owners to claim their patent covers far more than was invented.

The cases are Limelight Networks v. Akamai Technologies, 12-786, and Nautilus v. Biosig, 13-369.

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***Bloomberg BNA***

Supreme Court

## Supreme Court Tangled Up Separating Issues On Divided Infringement of Patented Methods

### BNA Snapshot

**Summary:** Supreme Court justices appeared unable to separate issues related to direct or induced liability for infringement when more than one party performs the steps of a patented method claim.

By **Tony Dutra**

April 30 — Standards for finding liability for infringement of a patented method claim when multiple parties are involved eluded the Supreme Court justices in oral argument April 30 in *Limelight Networks Inc. v. Akamai Techs. Inc.*, (U.S., No. 12-786, argued 4/30/14).

The case was the last the court will hear until next October. With quotes from justices such as “Perhaps I’m just confused,” “Maybe I don’t understand” and “I have no idea,” maybe the court wished it had ended this session a day earlier.

The joint or divided infringement issue comes up frequently in Internet applications, as here, where a service provider offers a service requiring interactive inputs from a customer. However, the difficulty in placing liability on one party also arises with method patents in areas such as banking, mobile phone communications, casino games and the life sciences—such as when a lab conducts a test and a physician acts on the result.

The problem in cases like this is in the intertwined relationship between direct and induced infringement, under Sections 271(a) and (b) of the Patent Act, respectively. The court was unsure whether it could resolve the latter—the only question presented in the cert petition that was granted—without resolving the former. And at least two justices acknowledged that the former had not been adequately briefed because the court did not grant the conditional cross-petition that would have brought that question front and center.

A suggestion by the respondent’s counsel that the court should conclude that the cert petition was improvidently granted was not greeted warmly. However, the court may take one of two other paths that would not wrap up the issue immediately.

First, the court gave some support to the idea of issuing an opinion that simply vacates the split decision on inducement by the U.S. Court of Appeals for the Federal Circuit that led to the granted cert petition, with a remand to have the appeals court try again under direct infringement theories.

Second, the court could grant the cross-petition, order more briefing on joint direct infringement and rehear oral argument next term.

### The Case So Far

Akamai Technologies Inc. and Limelight Networks Inc. offer competitive “content delivery networks” (CDNs), storing and delivering website content to Internet users on behalf of website operators.