Top Tens in 2015: Patent, Trademark, Copyright and Trade Secret Cases

Stephen M. McJohn

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Stephen McJohn

* Professor of Law, Suffolk University School of Law. This listing and analysis are decidedly subjective, and all the usual disclaimers apply. Comments welcome: smcjohn@suffolk.edu.
The Supreme Court significantly affected the dynamics of patent litigation, holding that patent claim interpretation was not always reviewed de novo and that good faith belief that a patent was invalid was not a defense to infringement. The Federal Circuit potentially changed the approach to patent claim interpretation, holding that claims could be interpreted in light of the written description of the invention, even where the claim was not ambiguous. The Federal Circuit also addressed inducement of patent infringement, holding that it was not inducement to suggest consulting a physician who would likely prescribe an infringing treatment. The Federal Circuit also held that two parties acting in concert could infringe a patent, replacing its rejected doctrine of divided infringement. Trademark saw rejection of trade dress protection for cell phone design and conflicting opinions on whether disparaging trademarks are registrable. Copyright cases show that fair use authorized the Google Book project and also protected against attempts to use copyright to censor critics. Courts addressed some classics of copyright courses, including the copyrightability of maps, recipes, and “Happy Birthday to You.” Trade secret cases emphasized the fundamental requirements, rejecting attempts to give trade secret protection where parties had failed to take the necessary reasonable security measures.

4 Akamai Techs., Inc. v. Limelight Networks, Inc., 797 F.3d 1020 (Fed. Cir. 2015) (en banc).
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The key issue in many patent cases is interpretation of the relevant patent claim. A broad or narrow reading of the claim may control whether the patent is valid and whether there has been infringement. The Supreme Court, in *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, overruled long-standing Federal Circuit precedent and held that patent claim interpretation is a legal question that may depend on subsidiary factual determinations, so appellate review is a hybrid: *de novo* for the questions of law, clear error for the factual determinations. The issue in the case was the meaning of the term “molecular weight” as used in the claim allegedly infringed. The trial court interpreted the claim as referring to molecular weight, finding one expert witness more convincing than another. The appellate court reversed, holding the term to be indefinite. The Supreme Court reversed,
holding not that the appellate court had misinterpreted the claim, but rather that the Federal Circuit practice gave too little deference to trial courts.

The district judge, after deciding the factual dispute, will then interpret the patent claim in light of the facts as he has found them. This ultimate interpretation is a legal conclusion. The appellate court can still review the district court’s ultimate construction of the claim de novo. But, to overturn the judge’s resolution of an underlying factual dispute, the Court of Appeals must find that the judge, in respect to those factual findings, has made a clear error.\textsuperscript{17}

\textit{Teva} may add reduce uncertainty to licensing practice, to the extent it makes litigation more certain. When claim construction is reviewed completely \textit{de novo}, then the meaning of a patent claim remains unsettled until the appellate court has interpreted the claim. To the extent claim interpretation rests on factual determinations, then the trial court’s reading is more likely to be the final reading. Because every claim is different (every patent must be different, because only new inventions are patentable), this increase in certainty may facilitate licensing, at the margin.

\textbf{B. Fenner Invs., Ltd. v. Cellco P’ship}\textsuperscript{18}

In \textit{Fenner}, the Federal Circuit looked to the written description portion of the patent in interpreting patent claims, even where there was no ambiguity in the claim itself and there was no definition in the written description.\textsuperscript{19} The court held that reference to the written description is proper to provide context to terms in claims, as opposed to relying simply on their “literal” meaning.\textsuperscript{20} That approach is starkly at odds with the traditional position of the Federal Circuit, under which unambiguous claims speak for themselves, without need for interpretive guidance from the written description. If the court continues to apply this approach, the impact on patent litigation and practice could take different directions. It might clarify matters, on the grounds that patent claims will be read more reliably, in a way that makes sense in terms of the entire patent. Or it might introduce uncertainty, because apparently clear claims will become open to reinterpretation based on argument drawn from anywhere in the entire patent. In addition, the interplay with \textit{Teva} could mean that apparently clear claims might be reinterpreted based on factual determinations necessary to interpret other parts of the patent, which in turn give meaning to the patent claims. So \textit{Fenner} may represent an attempt to make patent claim interpretation more reliable, at the cost of introducing uncertainty into patent practice, which in turn may complicate licensing of some patents and likewise complicate patent disputes.

\textsuperscript{17} Id. at 841 (citing FED. R. CIV. P. 52(a)(6)).
\textsuperscript{18} 778 F.3d 1320, 1323 (Fed. Cir. 2015).
\textsuperscript{19} See, e.g., id. at 1323 (holding “[t]he foundation of judicial claim construction is the ‘written description’ in the specification,” and interpreting claim in light of written description, including drawings).
\textsuperscript{20} Id.
A party seeking to license a patent may do so by enforcement, identifying potential infringers and demanding a license. Potential infringers may include those actual infringing and secondary infringers, such as someone inducing infringement of the patent. Such secondary liability expands the scope of the patent’s power and the set of potential licensees. Patent infringement may be strict liability, in a sense. Someone that makes or uses the invention infringes, even if they do not know the invention is patented. But inducement liability is not strict liability. The Supreme Court held that there is no liability for inducement if the actor did not know of the relevant patent.\(^{23}\) In 2015, Commil addressed the intermediate question: is there liability for inducement of infringement, where the inducer knows of the patent but believes the patent is invalid? The Court held that a good faith belief that a patent is invalid is not a defense to a claim of inducement to infringe the patent.\(^{24}\)

The boundaries of inducement were tested in *Takeda*, which held that a generic pharmaceutical maker was not liable for inducement of infringement. Knowledge of the relevant patent was not the issue, rather the question was the link between the defendant’s behavior and subsequent infringement. Defendant’s advertising advised patients to consult a physician if the patient experienced “gout flares.”\(^{25}\) The physician might then prescribe an off-label use of the defendant’s pharmaceutical, which would infringe method claims of the relevant patent. Such implicit encouragement fell short of inducement: “Speculation or even proof that some, or even many, doctors would prescribe Mitigare for acute flares is hardly evidence of inevitability. This evidence does not show anything more than that there may be some infringing uses of Mitigare.”\(^{26}\)

**D. Akamai Techs., Inc. v. Limelight Networks, Inc.**\(^{27}\)

Akamai also involves the practical question of, how large is the set of potential infringers (and, indirectly, potential licensees). In 2014, the Supreme Court, in *Limelight Networks, Inc. v. Akamai Techs., Inc.*\(^{28}\), rejected the theory of “divided infringement,” under which there could be liability for inducement of patent infringement by causing two people to take steps that, added together, would infringe a method patent, even if neither performed all the steps that would infringe. The Supreme Court in Akamai held there could be no secondary infringement by inducement, unless it resulted in at least one direct infringer. But the Court left open the possibility that there could be

\(^{22}\) 785 F.3d 625 (Fed. Cir. 2015).
\(^{25}\) Id. at 630.
\(^{26}\) Id. at 633.
\(^{27}\) 797 F.3d 1020, 1023 (Fed. Cir. 2015) (en banc).
infringement under such facts, if the parties were to be working together and so to jointly infringe. On remand, the Federal Circuit followed that broad hint and abandoned its prior requirement that joint infringement requires agency or contract, not simply two parties working together. “We conclude, on the facts of this case, that liability under § 271(a) can also be found when an alleged infringer conditions participation in an activity or receipt of a benefit upon performance of a step or steps of a patented method and establishes the manner or timing of that performance. . . . Alternatively, where two or more actors form a joint enterprise, all can be charged with the acts of the other, rendering each liable for the steps performed by the other as if each is a single actor.”

Akamai affects both patent drafting and enforcement. Patent claims need not be drafted so narrowly that they cover only the actions of a single person. Multiple people acting together may infringe. By the same token, a license may be necessary to avoid infringement, even for an actor performing only some of the steps of a patented method.

E. Kimble v. Marvel Entm’t

Kimble declined to overturn a much-criticized but easily avoided restriction on patent licensing. In 1964, Brulotte v. Thys Co. held that a patent holder cannot charge

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29 Akamai Techs., Inc. v. Limelight Networks, Inc., 797 F.3d 1020, 1023 (Fed. Cir. 2015) (en banc).
royalties for the use of the invention after the patent expired. The rule has long been criticized, on the theory that an agreement during the patent term for royalties payable after the term does not leverage, the patent beyond its term, rather gets a promise payable in the future. But the Kimble court in 2015 affirmed the 1964 holding of Brulotte that license terms that go beyond the term of the relevant intellectual property may be unenforceable, even without a showing that they have anti-competitive effect. Kimble recognized the widespread criticism of Brulotte but held that considerations of stare decisis were stronger. The rule was not shown to be so harmful that it was necessary to overrule it. Congress had let the decision stand for decades. There was no actual evidence (as opposed to economic theorizing) to show that it had a negative impact on innovation, for parties could still do transactions with little obstruction:

Yet parties can often find ways around Brulotte, enabling them to achieve those same ends. To start, Brulotte allows a licensee to defer payments for pre-expiration use of a patent into the post-expiration period; all the decision bars are royalties for using an invention after it has moved into the public domain. A licensee could agree, for example, to pay the licensor a sum equal to 10% of sales during the 20-year patent term, but to amortize that amount over 40 years. That arrangement would at least bring down early outlays, even if it would not do everything the parties might want to allocate risk over a long timeframe. And parties have still more options when a licensing agreement covers either multiple patents or additional non-patent rights. Under Brulotte, royalties may run until the latest-running patent covered in the parties’ agreement expires. Too, post-expiration royalties are allowable so long as tied to a non-patent right—even when closely related to a patent. That means, for example, that a license involving both a patent and a trade secret can set a 5% royalty during the patent period (as compensation for the two combined) and a 4% royalty afterward (as payment for the trade secret alone). Finally and most broadly, Brulotte poses no bar to business arrangements other than royalties—all kinds of joint ventures, for example—that enable parties to share the risks and rewards of commercializing an invention.

The Brulotte rule still stands. But, important for practitioners, the Court made clear that Brulotte is little more than a formality. As long as parties to a licensing transaction are aware of the rule, they can structure their transaction to implement their deal, with compliance with Brulotte presenting only drafting issues. So Brulotte is mainly a trap for the unwary.

33 Id. at 2408 (citations omitted).
In 2014, in *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, the Supreme Court set out a stricter test for patentable subject matter. The *Alice* court indicated that computer-related claims would have to be closely tied to a specific application to be patentable: “The method claims do not, for example, purport to improve the functioning of the computer itself. Nor do they effect an improvement in any other technology or technical field.” In the wake of *Alice*, many computer-related patents have been held invalid as claiming an unpatentable abstract idea, as opposed to a patentable application. Retaining information in the navigation of online forms was held an abstract idea, as was using software to make financial management decisions (such as budgeting). Such decisions have broad potential effect in software licensing, making it much more difficult for the holder of software patent with broad claims to be able to secure licenses from those practicing technology that fall within those broad claims.

*Sequenom* shows how *Alice* goes beyond computer claims to areas such as biotech. The effect with respect to some biotech patents may be quite different than in software. The principal issue with software is often whether the patent broadly claims an abstract idea, as opposed to narrowly claiming a specific application of an idea. That issue may certainly arise in biotech, especially because in the age of genetics, much of biotech depends on computing. But *Sequenom* shows the application of a different exception to patentability (the nonpatentability of natural phenomena) which may bar patents even for quite specific innovations. *Sequenom*'s patent covered a significant development in fetal testing:

In 1996, Drs. Dennis Lo and James Wainscoat discovered cell-free fetal DNA (“cffDNA”) in maternal plasma and serum, the portion of maternal blood samples that other researchers had previously discarded as medical waste. cffDNA is non-cellular fetal DNA that circulates freely in the blood stream of a pregnant woman. Applying a combination of known laboratory techniques to their discovery, Drs. Lo and Wainscoat implemented a method for detecting the small fraction of paternally inherited cffDNA in maternal plasma or serum to determine fetal characteristics, such as gender. The invention, commercialized by *Sequenom* as its MaterniT21 test, created an alternative for prenatal diagnosis of fetal DNA that avoids the risks of widely-used techniques that took samples from the fetus or placenta. In 2001, Drs. Lo and Wainscoat obtained the ‘540 patent, which relates to this discovery.

The Federal Circuit held the patent invalid, as preempting a natural phenomenon:

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34 788 F.3d 1371 (Fed. Cir. 2015).
36 See McJohn, *Top Tens in 2014*, supra note 29, at 321–23 (discussing *Alice*).
37 Id. at 323 (quoting *Alice*).
38 Internet Patents Corp. v. Active Network, Inc., 790 F.3d 1343 (Fed. Cir. 2015).
39 Intellectual Ventures I LLC v. Capital One Bank (USA), 792 F.3d 1363 (Fed. Cir. 2015).
The concern is that “patent law not inhibit further discovery by improperly tying up the future use of these building blocks of human ingenuity.” In other words, patent claims should not prevent the use of the basic building blocks of technology—abstract ideas, naturally occurring phenomena, and natural laws.42

¶12 If such patents are not valid, they will not be effective to prevent competitors or to secure licensing revenue.

G. Williamson v. Citrix Online, LLC43

¶13 Citrix represents another limitation on software patents, and so a challenge to software licensors, especially those that seek to enforce broad claims. Software patents are often drafted in broad terms. After Alice, such claims may be challenged as abstract ideas. In addition, even more specific software claims may be narrowed or invalidated as being “means-plus-function” claims. The scope of such a patent may be considerably narrowed (or invalidated for vagueness) if the claim is held to be a means-plus-function claim, meaning that the written description of the claimed invention must contain a specific description of the general “means” in claim.44

¶14 A long-standing issue is, which claims are deemed to be means-plus-function claims. In Citrix, the Federal Circuit, ruling en banc, abandoned its prior practice that if a claim did not actually use “means” there was a “strong presumption” that the claim was not a means-plus-function claim.45 Applying that reasoning, the court held that “module” could refer to a means, where that interpretation made sense in light of the entire patent. Other cases in 2015 were consistent. The term “compliance mechanism” in a patent claim was held to claim a means for compliance, meaning the patent was invalid for failing to describe a structure that would provide that means.46 A patent asserted against smartphone sellers was invalid for indefiniteness, where the specification did not disclose algorithms or other structure to support the means claimed.47 Because computer inventions in particular often involve functional claiming issues, means-plus function determinations can determine the outcome of such litigation.48

42 Id. at 1379 (relying on Alice).
43 792 F.3d 1339 (Fed. Cir. 2015) (en banc).
45 Williamson v. Citrix Online, LLC, 792 F.3d 1339 (Fed. Cir. 2015).
46 Media Rights Techs., Inc. v. Capital One Fin. Corp., 800 F.3d 1366 (Fed. Cir. 2015).
48 See Lemley, supra note 46.
Orbital and Circuit Check simply represent the continuing challenge to patent law, in the age of information and globalization, of appropriately identifying technology which might precede an invention and so render it unpatentable. In Orbital, patent law recognized the efficiencies afforded by software, while accepting the accompanying limitations. A computerized translation of a patent, with considerable errors in grammar and punctuation, was sufficient to serve as disabling prior art disclosure: “Without blessing the use of machine translations in all cases, we find that the Machine Translation used here provided adequate evidence of Tomofuji's contents because of the simplicity of the technology and the teachings of Tomofuji's figures. It was therefore sufficient to support the examiner's obviousness case.” But, in Circuit Check, rock carvings were an insufficient basis to hold a circuit board testing device to be obvious. Although the technology used in marking areas to be carved in rock carving may be similar, one working on circuit board testing devices would not necessarily consult rock carving techniques in addressing a problem of marking plates in manufacturing.

The issue of patent validity is key to the dynamics of patent licensing. If a patent holder seeks licensing royalties, the other party may refuse on the grounds that the patent is invalid. Whether to refuse depends, in part, on how costly and time-consuming it may be to contest the validity of the patent. The America Invents Act in 2011 introduced post-grant procedures, new ways to challenge patent validity. Previously, if a party believed a patent was invalid, the only ways to challenge it might be to raise invalidity as a defense to an infringement suit or to bring a declaratory action. Either way required all the expenses and delay of patent litigation in federal court. Post-grant procedures offer a much simpler route, challenging the validity of the patent in a narrowly defined procedure in the US Patent and Trademark Office, which by statute should take no more than eighteen months. In Cuozzo, the Federal Circuit upheld key aspects of the post-grant procedures, against challenges that the administrative procedure improperly failed to mirror patent litigation in court: that a decision by the USPTO to grant a request to institute a post-grant proceeding is not appealable; that the Patent Trials and Appeals Board may apply the broadest reasonable interpretation of a claim, as opposed to the narrower standard for claim interpretation applied by courts in litigation; and that amendment of claims may be limited during PTAB proceedings. Hundreds of patent challenges are making their way through the PTAB. Cuozzo signals the availability of this new method for parties to challenge patent validity (and thereby avoid the need for a patent license or, where no license is available, to cease their activity).

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50 795 F.3d 1331 (Fed. Cir. 2015).
52 Circuit Check, Inc. v. QXQ Inc., 795 F.3d 1331 (Fed. Cir. 2015).
53 793 F.3d 1268 (Fed. Cir. 2015).
J. VDF FutureCeuticals, Inc. v. Stiefel Labs., Inc.\textsuperscript{54}

\textit{VDF FutureCeuticals} illustrates how difficult it may be to draft a license that will keep the other party to the perceived terms of the bargain. A licensor licensed the right to make and sell “CoffeeBerry-based skin-care products,” in exchange for a percentage of sales and of revenue from sublicensees. The license prohibited assignment, but did not address changes of control. A sublicensee purchased all the stock of the licensee. This gave the sublicensee control of the sublicensor (the licensee in the original license), resulting in fewer royalties payable on the license. Because the parties achieved this by a means permitted in the license (a change of control), it did not breach the license, including royalty obligations.\textsuperscript{55}

K. Lelo Inc. v. ITC\textsuperscript{56}

\textit{ClearCorrect Operating, LLC v. ITC}\textsuperscript{57}

\textit{Westerngeco L.L.C. v. Ion Geophysical Corp.}\textsuperscript{58}

The International Trade Commission enforcement procedures can be used to bar importation of infringing products, offering an alternative to patent litigation. But jurisdiction requires a showing of an effect on investment in the United States. \textit{Lelo} held that whether there is ITC jurisdiction to bar allegedly patent-infringing importation depends on quantitative factors, such as a significant investment in plant or equipment in the United States, not qualitative factors such as “crucial” component purchases from the United States.\textsuperscript{59} \textit{ClearCorrect} decided a question with broad implications: whether ITC proceedings could be used to get injunctions against transmissions of data that could facilitate patent infringement. The Federal Circuit held that jurisdiction to bar imports of infringing “articles” does not apply to transmission of data, and so the ITC cannot be used to police patent infringement by electronic transmission.\textsuperscript{60} Returning to patent litigation in federal court, \textit{Westerngeco} addressed another question with international implications. The court held that a patent holder may recover for infringement by actions in part outside the United States (such as where a supplier exported components intended to be combined in an infringing manner) but the remedy is limited to reasonable royalties, not a portion of the profits.\textsuperscript{61}

L. Speedtrack, Inc. v. Office Depot, Inc.

Another case, not limited by a statutory reference to “articles,” reflects how doctrine can adopt to trade in information. The \textit{Kessler} doctrine bars an action against the

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\item \textsuperscript{55} VDF FutureCeuticals, Inc. v. Stiefel Labs., Inc., 792 F.3d 842 (7th Cir. 2015).
\item \textsuperscript{56} Lelo Inc. v. ITC, 2015 U.S. App. LEXIS 7708 (Fed. Cir. May 11, 2015).
\item \textsuperscript{57} 2015 U.S. App. LEXIS 19558 (Fed. Cir. Nov. 10, 2015).
\item \textsuperscript{58} Westerngeco L.L.C. v. Ion Geophysical Corp., 791 F.3d 1340 (Fed. Cir. 2015).
\item \textsuperscript{59} Lelo Inc. v. ITC, 2015 U.S. App. LEXIS 7708 (Fed. Cir. May 11, 2015).
\item \textsuperscript{60} ClearCorrect Operating, LLC v. ITC, 2015 U.S. App. LEXIS 19558 (Fed. Cir. Nov. 10, 2015).
\item \textsuperscript{61} Westerngeco L.L.C. v. Ion Geophysical Corp., 791 F.3d 1340 (Fed. Cir. 2015).
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customers of a supplier of a product, where the supplier has been found not to infringe the patent. Speedtrack applied the doctrine in the context of software services, even in the absence of a tangible product.

II. TRADEMARK

A. Sprinkler Warehouse, Inc. v. Systematic Rain, Inc.

Domain names have figured prominently in trademark law developments, from leading cases to a federal statute aimed squarely at bad faith registration of domain names, the ACPA. But their legal nature remains to be fitted into existing categories. There has been considerable theoretical speculation on whether a domain name might be property, services provided under a contract, or a new hybrid legal concept. But there is little concrete case law on the issue, what is a domain name, as a legal entity. Sprinkler Warehouse held, following sparse authority, that a domain name is personal property, subject to garnishment for the benefit of creditors.


A product’s design cannot be protected as a trademark if the design is functional. The Supreme Court established as much in Traffix, holding that after the patent expired on a popular design of temporary road signs, the ex-patentee Traffix could not prevent others from using the design on the theory that the sign’s design was the trademark of Traffix. The functionality doctrine has importance in an age where product configuration has ever-greater market power. Apple v. Samsung held the product configuration of the iPhone to be functional, and so not protected as trade dress, meaning competitors that copied would not be liable for trademark infringement. Note that the decision does not mean that product design cannot be protected as intellectual property. Foresighted manufacturers can still use design patents to protect design, as Apple in fact did.

C. Pro-Football, Inc. v. Blackhorse

Intellectual property licensing is a key commercial activity that can have expressive aspects, for the trademark owner and others. Several cases addressed the interplay between the expressive effect of a mark, its effect on others, and whether the expression

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63 791 F.3d 1317 (Fed. Cir. 2015) (applying Kessler doctrine).
64 859 N.W.2d 527 (Minn. Ct. App. 2015) (“[W]e hold here that a domain name is a form of property and we conclude that, despite the fact that a domain name may be categorized both as property and as a contract for services, a domain name nevertheless qualifies as property subject to garnishment”).
65 Id. at 532.
69 785 F.3d 567 (Fed. Cir. 2015).
was protected by trademark law and the First Amendment. A federal district court held that the “Washington Redskins” trademark for a professional football team was properly cancelled by the US Patent & Trademark Office, on the grounds that the mark was disparaging to Native Americans. The court rejected the First Amendment argument, reasoning that registration of the mark was government speech, which the government itself may govern. The court further reasoned that the party could still use the mark and still protect it under common law rights. By contrast, In re Tam held that the First Amendment barred enforcing the rule against registering disparaging marks, holding that the USPTO could not refuse to register “The Slants” for an Asian-American dance rock band.


Another conflict between trademark law and free expression may arise where an author uses another person’s trademark in a creative work. For example, songs and song titles often reference trademarks. Books—both fiction and non-fiction—mention trademarks. It would be hard to write about marketing or culture without mentioning trademarks. Recently, uses of marks in creative works, such as video games, have been held not to infringe. The balance has weighed heavily in favor of free expression against the slight risk of confusion as to sponsorship.

71 785 F.3d 567 (Fed. Cir. 2015).
E. Multi Time Mach., Inc. v. Amazon.com, Inc.\textsuperscript{74}

![Screenshot (post-case) of Amazon results for search of “MTM Special Ops”\textsuperscript{75}](image)

The “initial interest confusion” doctrine has been thought to prevent people from free-riding on others’ trademarks by deceptively gaining consumers’ attention with use of a mark, even where any confusion or deception was dispelled before the sale. The classic example is putting Rolex prominently on the storefront of a store that sells no Rolexes. Once inside, the potential buyers may be diverted to other brands that are available. Initially, the initial interest doctrine was thought suitable for the Internet, with its constant battle for eyeballs. But subsequent cases cast doubt on this theory. Most recently, the Ninth Circuit held there was no trademark infringement where a search on Amazon for a brand of watches (“MTM Special Ops”), which Amazon does not sell, returned results featuring the products of competing watch sellers.\textsuperscript{76} The court rejected the application of initial interest confusion.\textsuperscript{77}

F. Radiance Found., Inc. v. NAACP\textsuperscript{78}

Yet another angle on free expression is whether it protects the use of a trademark to criticize the very holder of the mark. In Radiance Foundation, the Fourth Circuit held

\textsuperscript{74} 804 F.3d 930 (9th Cir. 2015).
\textsuperscript{76} MultiTime Mach., Inc., 804 F.3d at 933.
\textsuperscript{77} Id. at 937–38.
\textsuperscript{78} 786 F.3d 316 (4th Cir. 2015).
there was no infringement in using the mark “NAACP” in an online article criticizing the NAACP. Use in social criticism and commentary is not use in connection with the sale of goods or services, as required for trademark infringement, the court held, even if the site solicited donations. A web search for “NAACP” might lead to the page, but that was not the consumer confusion that the Lanham Act guards against. Nor was there “tarnishment,” a form of trademark dilution. The Lanham Act limits the dilution cause of action with the defense of using the mark in “identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.” In short, a trademark owner cannot limit criticism of it by preventing others from directly referring to it. Similarly, use of a trademark in keyword advertising has been held not to infringe, where there was a strong inference “that the purpose of Defendants’ use of the marks [was] to disparage Plaintiff and endorse [Defendant],” which would reduce any likelihood of confusion.


From Appendix to Nola Spice opinion

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79 Id. at 320–21.
80 Id. at 326–27.
81 See id. at 325. The Fourth Circuit’s discussion is reminiscent of the Ninth Circuit’s refusal to apply the initial interest confusion doctrine in Amazon. See MultiTime Mach., Inc., 804 F.3d at 937–38.
82 Radiance Found., Inc., 786 F.3d at 319.
85 783 F.3d 527 (5th Cir. 2015).
Generic terms cannot serve as protectable as trademarks because they are merely descriptive terms and are not distinctive. They do not distinguish a seller of the goods or services from other sellers. Nola Spice shows how that doctrine can apply not just to words but also to designs. In Nola Spice, the Fifth Circuit held that a stylized dog figure made from traditional Mardi Gras beads was not a protectable trademark for its seller because the symbol was merely descriptive of the Mardi Gras-themed products (like the words “Mardi Gras Bead Dog,” which the seller had no trademark rights in).

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H. In re Newbridge Cutlery Co.

Newbridge Cutlery Co. highlights the growing importance of international trademark protection. A primarily geographically descriptive mark, such as the name of a town, is generally not registrable with the PTO because it is merely descriptive of the goods and not distinctive. The PTO will register a primarily geographically descriptive mark if it acquires distinctiveness (i.e., where consumers know the mark so well that it has become associated with that particular seller). However, only geographic terms that are primarily descriptive are unregistrable under the Lanham Act. The rationale for allowing registration of marks that relevant consumers do not view as primarily geographic is that the consume would consider such marks ‘arbitrary.’ Whether a mark is primarily geographically descriptive depends, in part, on how well known the name of the place is to the public in the U.S., not its country of origin. Therefore, the Federal Circuit held that the name of an obscure town, Newbridge, Ireland, was not the name of “a place known generally to the relevant American public”—and thus, not unregistrable—even if the place was well known abroad.

In B&B Hardware, the Supreme Court addressed a procedural issue with considerable practical impact: whether the normal rules of issue preclusion in federal court litigation apply to a finding of likelihood of confusion by the Trademark Trial and Appeal Board (“TTAB”). The TTAB can determine whether two marks are confusingly similar—and therefore, whether registration of one should be denied or

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86 Id. at 542–43.
87 Id. at 538, 542–43.
88 776 F.3d 854 (Fed. Cir. 2015).
89 Id. at 859–60.
90 Id. at 859.
91 Id. at 860 (quoting Nantucket, 677 F.2d at 99 (“The word ‘primarily’ should not be overlooked, for it is not the intent of the federal statute to refuse registration of a mark where the geographical meaning is minor, obscure, remote, or unconnected with the goods.”)).
92 Id. (citing Nantucket, 677 F.2d at 100 n.8).
93 Id. at 862 (“That Newbridge is the second largest town in County Kildare and the seventeenth largest in the Republic of Ireland reveals nothing about what the relevant American purchaser might perceive the word “Newbridge” to mean and is too insignificant to show that Newbridge is a place known generally to the American purchasing public.”).
94 Id.
95 135 S. Ct. at 1293 (2015).
96 Id. at 1299.
cancelled—and it does so by applying the same thirteen DuPont factors that federal courts apply. The TTAB is an administrative agency, and those procedures and burdens before the TTAB are somewhat different than in federal courts. Before B&B Hardware, it was unsettled whether the party that won before the TTAB could then use that finding of likelihood of confusion to win a trademark infringement suit in federal court. In B&B Hardware, the Supreme Court “h[e]ld that a court should give preclusive effect to TTAB decisions if the ordinary elements of issue preclusion are met.” As with Cuozzo for patents, the case gives weight to administrative proceedings involving intellectual property, and so their importance in licensing practice.

J. Hana Fin., Inc. v. Hana Bank

In Hana Fin., the Supreme Court held that the question of whether “tacking” is available in determining trademark rights is a question for the jury to decide, not the judge, “[b]ecause the tacking inquiry operates from the perspective of an ordinary purchaser or consumer . . . .” A trademark owner may change or modify his mark over time without losing the mark’s priority date, provided that the two versions of the mark, “create the same, continuing commercial impression,” rendering them “legal equivalents,” such that the modified mark is entitled to the priority date of the original mark. Hana Fin. makes this issue a question of fact to be decided by the jury. Just as the Teva decision put factual questions required for patent claim interpretation within the province of the jury, so Hana Fin. may give juries a greater role in trademark cases.

K. Sandshaker Lounge & Package Store LLC v. Quietwater Entm’t Inc.

Sandshaker Lounge highlights a key distinction between licensing of trademarks and licensing of copyrights and patents. There are many steps a trademark owner must take to ensure its mark remains protectable and enforceable. For example, the mark owner must take all necessary steps to ensure its mark remains distinctive. Additionally, some enforcement may be necessary to avoid abandonment. Enforcement was the issue in Sandshaker Lounge. In Sandshaker Lounge, a bar claimed trademark rights in the BUSHWACKER mark as applied to musical performances. However, the Eleventh Circuit held that “whatever rights Quietwater might have had, its slumber on them rivaled Rip van Winkel’s” because it waited nearly two decades until it finally objected to the defendant’s use of the BUSHWACKER mark.

97 Id. at 1301.
98 Id. at 1299.
100 Id. at 909.
101 Id.
102 Id.
103 602 F. App’x 784 (11th Cir. 2015).
104 Id. at 788.
105 Id.
In 2014, a divided panel on the Ninth Circuit potentially upended copyright licensing practice by reversing the district court’s denial of a preliminary injunction and holding that an actor, Garcia, “was likely to prevail on her copyright claim as to her [brief] individual performance” in a film. Under that approach, even if the actor had agreed that she had no authorship interest in the film’s copyright, her separate performance copyright would have to be accounted for in licensing the film. Taken broadly, anyone who added any creative expression to a work could have his or her own separate copyright—the editor’s copyright in a paragraph of a novel or the lighting director’s copyright in the display of a particular scene of a play. Those copyrights would have effectively prevailed over agreements that the editor or lighting director claimed no copyright in the novel or play. The Ninth Circuit sitting en banc, however, overturned its prior holding Garcia on the grounds that an actor’s performance is not a separate copyrightable work. Rather, a party that did not qualify as a joint author could not circumvent that rule (or an agreement they had signed) by multiplying

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106 786 F.3d 733 (9th Cir. 2015) (en banc).
108 Garcia, 786 F.3d at 740–41.
copyrights. Not everything will qualify as a separate work of authorship. An actor’s performance is not a copyrightable “work” of authorship.

B. PhantomALERT, Inc. v. Google Inc.

The first copyright statute of the United States covered only books, maps and charts. The extent of copyright protection for maps has been litigated, albeit sporadically, ever since. The case of maps is a classic teaching example for copyright classes. Facts are not subject to copyright protection, because they do not originate with the author, even if she discovers them. However, facts may be selected or arranged in a creative fashion to warrant copyright protection. So a map, although it depicts facts, may have sufficient creativity to be copyrighted.

PhantomALERT reinforces the freedom to copy facts that others make available, unless someone has agreed to a license restricting copying. In PhantomALERT, the Northern District of California dismissed PhantomALERT’s complaint alleging that Google infringed its copyright by copying “Points of Interest” (such as police speed-check radar locations) from PhantomALERT’s database of navigation information.

109 Id. at 742.
110 See id. The Second Circuit similarly held that the director of a film, who signed away his rights to the film copyright, did not have a separate copyright in his contribution to the film or to the raw footage that was not used in the film. See 16 Casa Duse, LLC v. Merkin, 791 F.3d 247, 257–58 (2d Cir. 2015).
114 See id. at 348.
conditions, speed restrictions, and police-monitors,’ that is, objective facts that can be discovered and reported.”

C. Tomayo-Tomahhdo, LLC v. Vozary

I.C. ex rel. Solovsky v. Delta Galil USA

Bikram’s Yoga Coll. of India, L.P. v. Evolation Yoga, LLC

¶34 The Supreme Court has set a low bar for copyright protection, requiring only a minimal spark of creativity. However, that minimal spark of creativity must be met. For example, another old chestnut of copyright law is whether a recipe may be protected by copyright. In Tomayo-Tomahhdo, the Sixth Circuit held a recipe book insufficiently creative to be protected by copyright.

¶35 However, even an elementary schoolchild’s fingerpainting may be subject to copyright protection, which illustrates just how low the bar for copyright protection is. In Solovsky, the court held that a second grader’s T-Shirt design (with the word “hi” on the front with a smiley face and the word “bye” on the back with a frowny face) sufficiently creative to survive the defendant’s motion to dismiss. Therefore, it was potentially infringement for a company that sponsored the contest to use a similar design without the child’s permission. In the age of Big Data, whether information is protected by copyright may greatly influence licensing practices.

119 803 F.3d 1032 (9th Cir. 2015).
120 See Feist, 499 U.S. at 361.
123 Id.
124 Id.
¶36 The Supreme Court long ago established that a photograph may be the subject of copyright protection.\(^{125}\) The Court has stated that there is ample creativity in the arrangement and selection of material in the frame.\(^{126}\) However, in *Rigsby v. Erie Ins. Co.*, the Western District of Wisconsin dismissed plaintiffs’ copyright claim where plaintiffs did not “identify any conscious choices they made regarding lighting or camera angles for the purpose of being ‘original.’”\(^{127}\) Additionally, in *Bikram’s Yoga*, the Ninth Circuit held that copyright did not extend to a sequence of twenty-six yoga poses and two breathing exercises, reasoning that the sequence was an unprotectable “idea, process, or system designed to improve health,” as opposed to a “compilation” or “choreographic work” like the choreography of a ballet.\(^{128}\)

**D. DC Comics v. Towle\(^{129}\)**

![Batmobile](https://example.com/batmobile_image)

¶37 Another classic question in copyright law is whether a character in a work can be subject to copyright protection. *DC Comics* put a new spin on that issue, when the Ninth Circuit held that a non-human character, a car known as the Batmobile, may be protected by copyright.\(^{131}\) In reaching that conclusion, the court used similar reasoning as that for human characters: (1) the character must generally have physical and conceptual qualities; (2) the character must be "sufficiently delineated" to be recognizable in repeated situations (i.e., the character must have “consistent, identifiable character traits and attributes, although the character need not have a consistent appearance); and (3) the character must be especially distinctive with unique elements, not just a stock character.\(^{132}\) Having said that, a stock car might not be a stock character; witness the leading characters in Pixar’s *Cars*. The case is perhaps most notable in continuing the cheerful belief that legal formulations will provide predictable rules to categorize human creations.

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\(^{125}\) See Burrow-Giles Lithographic Co. v. Sarony, 111 U.S. 53, 58–59 (1884).

\(^{126}\) See id.


\(^{128}\) Bikram’s Yoga Coll. of India, L.P. v. Evolution Yoga, LLC, 803 F.3d 1032, 1036–37 (9th Cir. 2015).

\(^{129}\) 802 F.3d 1012 (9th Cir. 2015).


\(^{131}\) *DC Comics*, 802 F.3d at 1021–22.

\(^{132}\) Id. at 1021.
Software, whether data or programs, is an increasingly vital component of many products. Manufacturers may use technical measures to restrict user access to that information. They may in turn claim that those technical measures are protected as anti-access measures. The Digital Millennium Copyright Act (“DMCA”) prohibits circumvention of technological measures that restrict access to copyrighted works. Some courts, however, have read that prohibition narrowly. For example, in Ford Motor, the Eastern District of Michigan held that Ford failed to plead its copyright infringement claim and dismissed Ford’s complaint, which alleged that Autel violated the DMCA by circumventing anti-access measures in order to access diagnostic data in the vehicles. The complaint alleged that Autel copied data but did not allege that Autel copied the aspects of the data base that would be protected by copyright—Ford’s selection, coordination, and arrangement of data. Autel circumvented anti-access measures, but not to infringe copyright, so there was no violation of the anti-circumvention rules. Ford Motor’s reading of the DMCA appears to narrow its scope because the anti-circumvention provisions would be violated only where a party was likely infringing copyright anyway. But the contrary reading would give copyright-like protection well beyond that afforded by copyright law.

When Congress passed the anti-circumvention rules, the statute provided a possible balance to their broad scope by authorizing the Librarian of Congress to issue exemptions to the anti-access rule, in order to protect such copyright values as fair use and the noncopyrightability of facts and ideas. In practice, those exemptions have been very limited. Perhaps cases like Ford Motor represent courts trying to step in to provide balance.

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134 Id. at 13–20.
135 Id. at 12.
136 Id. at 13–20.
137 See id. at 13–20.
Another notable aspect of the DMCA gives immunity to internet service providers for copyright infringement as long as they have a procedure in place to accommodate take-down claims from copyright owners. Universal Music sent such a take-down notice to YouTube when Lenz posted a video on the video-sharing site of her toddler dancing to Prince’s “Let’s Go Crazy” playing in the background. In Lenz, the Ninth Circuit held that the DMCA “requires copyright holders to consider fair use before sending a takedown notification, and that failure to do so raises a triable issue as to whether the

138 801 F.3d 1126 (9th Cir. 2015).
139 804 F.3d 202 (2d Cir. 2015).
142 See Lenz, 801 F.3d at 1129.
copyright holder formed a subjective good faith belief that the use was not authorized by law.”

Many of the millions of take-down notices are generated by software. The holding in *Lenz* means that copyright owners may need to adjust their software to avoid possible liability.

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Fair use can also affect such issues as whether a party may purchase a copyright in order to suppress the content for political reasons. In *City of Inglewood v. Teixeira*, fair use precluded the city from asserting its copyright interest in the video recordings of city council meetings and from recovering from a critic who posted portions, with subtitles and commentary.

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143 *Id.*

144 See generally *Katz v. Google Inc.*, 802 F.3d 1178 (11th Cir. 2015).

¶42 A blogger was protected by fair use in posting an “unflattering” photo of a business person, where the subject had purchased the copyright in order to assert rights to have the photo taken down.146

APPENDIX B

¶43 In Authors Guild v. Google, Inc., the Second Circuit held that fair use protected copying by the Google Book project, which involved scanning libraries of books, putting the files in a data base, and permitting online text searches that returned snippets of the books.147

G. Marya v. Warner/Chappell Music, Inc.148

A birthday scene from the film, “The Rejected”149

146 See generally Katz, 802 F.3d 1178.
147 Authors Guild v. Google, Inc., 804 F.3d 202, 207 (2d Cir. 2015).
“Happy Birthday to You” is a staple of copyright lore. It illustrates how long copyright protection lasts because the song was still subject to a registered copyright in 2015, despite being written in the 1920’s (and using music from before then). Further, enforcement of the copyright illustrates the scope of the owner’s public performance right. It may be copyright infringement for the staff at a restaurant to sing “Happy Birthday to You” to a customer or for a scene in a movie to have a family sing the song at dinner over a cake. To avoid licensing fees, restaurants may train their staff to sing other songs and screenwriters may avoid birthday song scenes. The song now illustrates possible murkiness of copyright ownership. For example, a court held that the Warner/Chappell Music, which had collected millions in royalties for more than eight decades for the “Happy Birthday to You” song, could not prove that it had copyright ownership interest in the work.

IV. Trade Secret

A. Infogroup, Inc. v. Database LLC

Information licensing intersects with several branches of intellectual property law. Copyright does not protect a database, but a company can turn to trade secret law for protection. But trade secret has its own requirements. Parties may try and claim valuable information as a trade secret without having taken the steps necessary to secure trade secret protection. In Infogroup, the court denied plaintiff’s motion for a preliminary injunction holding that the corporation was not likely to succeed on its trade secret claim because there was no evidence showing that its competitor had hacked or copied information from plaintiff’s database that was not from the public sources. Database owners may often license access to the information in the database. That may create contractual obligations on the part of licensees, but does not, of itself, confer trade secret status on the information. Trade secret law may not protect information in a database consisting primarily of information available to the public from the state. Therefore, the contractual protections may not give the information trade secret status, meaning that parties not bound by the contract are free to acquire and use the information. A party cannot simply proclaim information to be proprietary and thereby make it illegal for others to use the information.


151 Id. at *70–71.


153 Id. at 1183.

154 See id.
B. Spear Mktg., Inc. v. BancorpSouth Bank

To have trade secret protection, a party must keep the information secret. In licensing, this may create tension between exploiting and marketing the information, which may require disclosing it, and securing trade secret protection, which requires secrecy. In BancorpSouth Bank, the court found that there was insufficient evidence for the jury to find that a party “used” plaintiff’s trade secrets in coding software where that party had authorized access to view software demonstrations and later produced software with similar functions. In addition, to the extent a trade secret claim rested simply on unauthorized copying, the federal Copyright Act would preempt trade secret claims for copying an uncopyrighted idea underlying software.

C. Big Vision Private, Ltd. v. E.I. DuPont de Nemours & Co.

License agreements require attention to such matters as who has rights under the agreement. In trade secret, as with other types of intellectual property, a license can open the door to wider exploitation than a party might expect. In Big Vision Private, the court granted summary judgment to defendant on plaintiff’s unfair competition claim where one division of the company shared information from a joint venture with another division of the company, but there was no breach of contract or trade secret misappropriation.

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156 Id. at *46–47.
157 610 F. App’x 69 (2d Cir. 2015).
D. Orthofix, Inc. v. Hunter\textsuperscript{160}

Orthofix reinforces a basic point. Licenses, like other contracts, may create legal protection of your information. Disclosure of “confidential” information does not violate trade secret law if the information does not qualify as a trade secret (i.e., if there were not sufficient security measures or if the information is not valuable in a trade secret sense). But if the party has signed a non-disclosure agreement, the disclosure may constitute breach of contract.\textsuperscript{161}

E. Warehouse Solutions, Inc. v. Integrated Logistics, LLC\textsuperscript{162}

A common theme in trade secret case law is locking the barn door after the horse has been taken. There is no legal protection for valuable information if the owner has not taken reasonable security measures to maintain secrecy. In \textit{Warehouse Solutions}, the court held that the features and functions of the software, which were discernible from output available to clients without security restrictions, did not constitute trade secrets, as opposed to the source code, which was not disclosed.\textsuperscript{163} In \textit{Warehouse Solutions}, the court acknowledged that the software distributed came from source code that was kept confidential and so remained a trade secret.\textsuperscript{164} Courts also sometimes blur the line between trade secret protection and misappropriation and are less likely to find that the defendant has acted wrongfully if the plaintiff hasn’t taken adequate security measures.\textsuperscript{165}

\textsuperscript{160} No. 15-3216, 2015 U.S. App. LEXIS 20111 (6th Cir. Nov. 17, 2015).
\textsuperscript{161} See, e.g., \textit{id.} at *4.
\textsuperscript{162} 610 F. App’x 881 (11th Cir. 2015).
\textsuperscript{163} \textit{id.} at 885.
\textsuperscript{164} \textit{id.}
A difficult case is where an employee may have taken trade secrets to a competitor. The employer must identify the information, show that the legal requirements for trade secret protection are met, and show that the information has been misappropriated. A proxy for protecting trade secrets is a noncompete agreement, where an employee simply promises not to work for competitors for a period of time. Because such agreements limit a person’s very ability to work for a living, courts limit enforcement to reasonable terms (if they enforce them at all). For example, a noncompete agreement with world-wide scope and application to an entire industry is too broad to enforce.

G. Events Media Network, Inc. v. Weather Channel Interactive, Inc.

Mere pretense of security will not give trade secret protection. Where a party licensed information, a database of media events, under terms that promoted public availability, by encouraging disclosure of events to the public, the party could not demonstrate the necessary reasonable security measures for trade secret protection. A contract that imposes restrictions on disclosure, but also has provisions permitting disclosure, will not create trade secret protection.

166 777 F.3d 1020, 1025 (8th Cir. 2015) (“NanoMech argues that an unlimited geographic scope is reasonable in this case because the company engages in global business and competes with nanotechnology companies around the world. The Third Circuit in Victaulic Co. v. Tieman, 499 F.3d 227 (3rd Cir. 2007), observed that ‘[i]n this Information Age, a per se rule against broad geographic restrictions would seem hopelessly antiquated,‘ id. at 237, and NanoMech advances a similar theme here. But even assuming that the Arkansas court would accept a worldwide geographic scope as reasonable in this context, . . . Suresh's agreement is still overbroad because this agreement . . . prohibits her from working in any capacity for any business that competes with the company. Under Arkansas law, a noncompete agreement must be valid as written; a court may not narrow it. Bendinger v. Marshalltown Trowell Co. 994 S.W.2d 468, 473 (Ark. 1999). As we understand Arkansas law, a blanket prohibition on Suresh's ability to seek employment of any kind with an employer in the nanotechnology industry anywhere in the world is unreasonable and thus unenforceable.”).

167 See id.


169 See id. at *26 (citations omitted) (“Finally, while the 2006 Agreement did contain a restriction on TWC’s right to use the Information, or portions of it, in programs other than event or attraction listings, it is clear that this language also anticipates that such use could be permitted under the terms of the contract, and the following sentence even concedes that ‘[t]o the extent any such use has been made of the Information . . . [EMNI] consents to the continued use of such Information for such purpose.’ Such a provision hardly indicates that Plaintiff was concerned that the Event and Attraction Data, or any portion thereof, remain confidential indefinitely.”).

170 See id.
set of facts. Only after a party realizes that it should have protected information against disclosure does it seek to use litigation to achieve that goal, but its initial failure to put reasonable security measures in place means that in litigation its trade secret claims will not succeed.

**H. Nationwide Mut. Ins. Co. v. Gum Tree Prop. Mgmt.**\(^{171}\)

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\(^{171}\) 597 F. App’x 241 (5th Cir. 2015).

\(^{172}\) Id. at 248.