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IP LITIGATION NEWSLETTER

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U.S. Supreme Court Holds That the Copyright Act Entitles a Copyright Owner To Obtain Monetary Relief for Any Timely Infringement Claim, No Matter When the Infringement Occurred

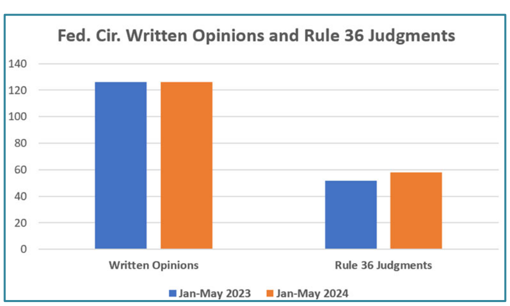
A copyright owner must bring an infringement claim within three years of its accrual under 17 U.S.C. § 507(b). A "discovery rule" may be applied where a claim accrues when "the plaintiff discovers or with due diligence should have discovered" the infringing act. *Warner Chappell Music, Inc. v. Nealy*, 144 S. Ct. 1135 (May 9, 2024) (Kagan, J., joined by Roberts, CJ and Sotomayor, Kavanaugh, Barrett, and Jackson, JJ.). Assuming that the plaintiff's claim in this case was timely under the "discovery rule," the Supreme Court affirmed the Eleventh Circuit's ruling that there is no three-year damages bar and that the plaintiff can recover full damages, where the alleged infringement dated back 10 years before the lawsuit was filed. "There is no time limit on monetary recovery. So a copyright owner possessing a timely claim for infringement is entitled to damages, no matter when the infringement occurred." In dissent (Gorsuch, J., joined by Thomas and Alito, JJ.), the majority holding was criticized for "sidestep[ping] the logically antecedent question [of] whether the Act has room for [a discovery rule]. … The trouble is, the Act almost certainly does not tolerate a discovery rule."

Federal Circuit in Its En Banc Decision Holds That a More Flexible Test Using the *Graham* Factors Should Apply in Assessing Non-obviousness for Design Patents

For assessing non-obviousness of design patents, the Federal Circuit "overrule[ed] the *Rosen-Durling* test requirements that the primary reference must be 'basically the same' as the challenged design claim and that any secondary references must be 'so related' to the primary reference that features in one would suggest application of those features to the other." *LKQ Corp. v. GM Global Tech. Operations LLC*, ---F4th---, 2024 WL 2280728 (Fed. Cir. May 21, 2024) (en banc). "The statutory rubric along with Supreme Court precedent … all suggest a more flexible approach." Accordingly, "[i]nvalidity based on obviousness of a patented design is determined [based] on factual criteria similar to those that have been developed as analytical tools for reviewing the validity of a utility patent under § 103, that is, on application of the *Graham* factors."

Patent Litigation Trends

The Federal Circuit has the same number of written opinions from January to May this year as during the same period last year. But there was a slight increase (six more) in issuances of Rule 36 judgments without written opinions.



Source: Docket Navigator

Notable Court Decisions

Article III Standing's Injury-in-Fact Requirement and Section 281's 'Patentee' Requirement Are Critically Distinct

***Intellectual Tech LLC v. Zebra Techs. Corp.*, 101 F.4th 807 (Fed. Cir. May 1, 2024) (Prost, J., joined by Taranto and Hughes, JJ.)**

For the injury-in-fact inquiry under Article III standing and the "patentee" requirement of 35 U.S.C. § 281, the Federal Circuit clarified that "Article III standing is a jurisdictional requirement, which is incurable if absent at the initiation of suit. … The issue of whether the statutory requirements of § 281 are met, on the other hand, is not jurisdictional and a defect is curable by joinder." The Federal Circuit noted that "[i]n general, the question for the injury-in-fact threshold is whether a party has an exclusionary right."

Attorneys' Fees Awarded Under Section 285 Do Not Extend to Fees Incurred in IPR Proceedings

***Dragon Intellectual Property LLC v. Dish Network L.L.C.*, 101 F.4th 1366 (Fed. Cir. May 20, 2024) (Moore, C.J., joined by Stoll, J.)**

The Federal Circuit held that 35 U.S.C. § 285 "does not entitle Appellants to recovery of fees incurred in parallel IPR [inter partes review] proceedings." The contention that the IPR proceedings were "part and parcel" of the case was rejected as the initiation of and participation in the IPR proceedings were found to be voluntary. Notably, "[w]ere 'cases' under § 285 to include IPR proceedings, district court judges would be tasked with evaluating the exceptionality of arguments, conduct, and behavior in a proceeding in which they had no involvement." The Federal Circuit also held that "liability for attorneys' fees awarded under § 285 does not extend to counsel." Dissenting-in-part, visiting District Judge Bencivengo disagreed that the IPR proceeding was voluntary.