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Collected Writings of Banner & Witcoff in 2014



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Mentor Graphics Patent Mostly Survives Inter Partes Review

By **Abigail Rubenstein**

Law360, New York (February 25, 2014, 7:44 PM ET) -- The U.S. Patent and Trademark Office has handed a rare victory in an inter partes review to Mentor Graphics Corp., finding that nine claims of a Mentor patent related to prototyping circuits challenged by Synopsys Inc. were patentable and three claims were not.

The dispute before the USPTO's Patent Trial and Appeal Board ends after years of legal wrangling between Mentor Graphics and EVE-USA Inc., which is now owned by Synopsys. Before the board, Synopsys **claimed** that the patent-in-suit, U.S. Patent Number 6,240,376, was anticipated by prior art known as the Gregory patent, U.S. Patent Number 6,132 109.

The PTAB concluded on Feb. 19 that while three of the patent's challenged claims were indeed unpatentable because of the Gregory patent, another nine could stand despite the Gregory patent.

The '376 patent generally relates to the fields of simulation and prototyping of integrated circuit and describes in particular "debugging synthesizable code at the register transfer level during gate-level simulation."

The decision upholding the bulk of Mentor's patent came down the same day as a **decision** that left a single claim of a Proxyconn Inc. software process patent that had been challenged by Microsoft Corp. intact after an America Invents Act review, which some observers said was the first time the USPTO didn't completely wipe out a patent in the inter partes review process.

While 11 claims of Proxyconn's patent — which Microsoft and several computer hardware makers had been accused of infringing — were declared invalid, one of the claims survived the scrutiny of the PTAB, which said the claim wasn't an obvious extension of earlier technological developments Microsoft had cited as grounds for canceling the patent.

In the decision concerning Mentor's patent, which came down on the same day — making it a potentially groundbreaking decision as well — left even more patent claims intact.

"We are pleased to have been able to accomplish another [inter partes review] first in favor of our client Mentor Graphics Corp.," Christopher L. McKee of Banner & Witcoff Ltd. told Law360. "This decision correctly upholds the validity of most of the claims in the trial, including claims that are asserted in parallel patent infringement litigation."

"It was about one year ago that we successfully had a Synopsys petition for inter partes review of another patent involved in the litigation denied in its entirety," he said. "We

believe this earlier decision in [case number IPR 2012-00041] was the first instance of the board denying an IPR petition in its entirety.”

An attorney for Synopsys was not immediately available for comment on Tuesday.

The patent-in-suit is U.S. Patent Number 6,240,376.

Synopsys is represented by William H. Wright and Travis Jensen of Orrick Herrington & Sutcliffe LLP.

Mentor Graphics is represented by Mark E. Miller of O'Melveny & Myers LLP and Christopher L. McKee of Banner & Witcoff Ltd.

The case is Synopsys Inc. v. Mentor Graphics Corp., case number 2012-00042, before the Patent Trial and Appeals Board.

--Additional reporting by Ryan Davis and Dan Prochilo. Editing by Andrew Park.

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How The High Court Can Avoid Collateral Damage In Aereo

By **Bill Donahue**

Law360, New York (April 18, 2014, 3:24 PM ET) -- A defeat for Aereo Inc. in its U.S. Supreme Court battle with broadcasters could pose a big threat to the world of cloud computing, the company and others have claimed. With arguments in the case set for Tuesday, Law360 examines if the justices can shut down Aereo without causing problems in the cloud.

The problem is rooted in the Second Circuit's highly publicized 2008 ruling on a Cablevision Systems Corp. cloud-based DVR that made copies for users and then beamed them back to the home. The appeals court found this was merely a "private," rather than a "public," performance under the Copyright Act's transmit clause.

Aereo's system, launched in 2012, was specifically designed to be kosher under the Cablevision ruling: It incorporated banks of tiny remote antennas assigned to individual users that retransmit individual copies of over-the-air programming back to the subscriber.

And it worked: A divided Second Circuit **ruled last spring that**, under the precedent established by the earlier ruling, the court was bound to find that Aereo's transmissions, too, were private performances under the transmit clause — meaning the company could re-air broadcast content without paying royalties.

With the broadcasters **asking the Supreme Court to overturn that decision**, Aereo and others have warned that finding the Cablevision-tailored service illegal would necessarily overturn the earlier precedent itself. And that, they say, would imperil industries that have thrived since Cablevision came down: remote DVRs, remote data storage, and other cloud-based services that allow users to bounce content between the home and a third-party server.

"The broadcasters have made clear they are using Aereo as a proxy to attack Cablevision itself," Aereo founder Chet Kanojia said in a statement last month. "A decision against Aereo would upend and cripple the entire cloud industry."

With arguments kicking off next week, can the justices find a way to walk a fine line if they choose to strike down Aereo? Can they overturn a technology built out of Cablevision without also gutting the earlier ruling or the technology it sanctioned?

The short answer, according to copyright attorneys, is yes — but they'll have to take care to distinguish Aereo from other cloud systems.

"I tend to think that the justices are going to have get very creative to find in favor of the broadcasters without harming the Cablevision decision," said Ross Dannenberg, a

shareholder at Banner & Witcoff Ltd. "They're both DVRs in the cloud."

One way they might do so would be fairly straightforward: distinguishing the already-licensed television programming on Cablevision's cloud DVRs and the lawfully acquired content stored on other cloud services from content consumers are accessing on Aereo that's never been paid for.

"[Cablevision subscribers] were getting a licensed transmission, because Cablevision was paying for licenses from the networks," Dannenberg said. "I think that's a key distinction here."

That's one of the exact arguments the U.S. Department of Justice made last month when **it filed an amicus brief in support of the broadcasters**, which told the justices that a ruling finding Aereo to be an unauthorized "public performance" "need not call into doubt the general legality of cloud technologies."

"The cable company already possessed the necessary licenses to transmit copyright television programs," the feds said. "Respondent's system, however, presents very different issues."

Another step the court could take, if it's concerned about cloud computing services that act as storage lockers, would be to explicitly distinguish in its ruling between the near-live performances of Aereo's service from data being saved on a remote hard drive.

"Cloud computing generally has a lot more to do with storage than transmission," said Jason Bloom, a Haynes and Boone LLP partner. "It's a bit different than what we have here: television that's being broadcast live and then retransmitted."

For a roadmap of the supposed differences between the Cablevision case and the Aereo one, the justices' best source might be Cablevision itself. In a white paper released in December, the cable company blasted the broadcasters' "expansive interpretation" of copyright law but said nothing in the Cablevision ruling required finding Aereo to be legal.

"Aereo's system performs the same basic function as a cable system," Cablevision said, and should be treated as such, forced to pay royalties for rebroadcasting over-the-air content.

"That service bears no resemblance to cloud technologies like Cablevision's RS-DVR, which is simply a remote-storage version of widely accepted recording-and-playback technologies like VCRs and DVRs," the company said of Aereo.

Copyright attorneys agreed, saying the high court could adopt Cablevision's narrow approach and still find Aereo's transmissions to be public performances.

"The court can, and probably should, reach a decision that is focused on whether Aereo's transmissions constitute public performances under the transmit clause," said David Halberstadter, a partner with Katten Muchin Rosenman LLP. "The Supreme Court can render an opinion on this narrow issue without disturbing the Cablevision decision in any way."

Of course, none of this is to say the high court will, in fact, find Aereo's quirky system illegal — that's a different discussion for a different day. While high-profile Aereo backer Barry Diller recently put the odds at 50-50, most top attorneys are hesitant to wager a guess in a complex case lacking much of the political or ideological framing that can often help predict Supreme Court rulings.

But if they do, they'll probably be able to find a way to avoid serious fallout for cloud-

based services, despite the worst prognostications from Aereo and certain others. It's not like they haven't been warned: Earlier this month, the general counsel for the U.S. Copyright Office said the court should avoid a ruling that inflicts "an inadvertent impact on legitimate cloud computing services."

Oral arguments, scheduled for Tuesday, will offer the first indication — albeit an imprecise one — of whether the nine jurists share Aereo's concern over the impact on cloud services.

"The court is always capable of structuring a ruling," said Haynes and Boone's Bloom. "If they were concerned that a ruling against Aereo could affect cloud computing, they could structure the ruling to just apply to what Aereo is doing, rather than to the broader concept."

--Editing by Kat Laskowski and Katherine Rautenberg.

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High Court May Put Brakes On Induced Infringement Suits

By **Ryan Davis**

Law360, New York (April 29, 2014, 1:20 PM ET) -- The [U.S. Supreme Court](#) will hear arguments Wednesday in a case that could limit liability for induced patent infringement, particularly in the area of Internet patents, by undoing a Federal Circuit ruling that opened the door for suits where one company does not perform every step of a patent.

The justices will consider [Limelight Networks Inc.](#)'s appeal of a sharply split [en banc decision](#) from 2012 overturning long-standing precedent that held that induced infringement required a showing that one entity directly infringed by performing all the steps of a patent.

Limelight, which is accused of infringing [Akamai Technologies Inc.](#)'s patent for delivering Web content, maintains that the ruling allowed an unwarranted expansion of infringement liability by holding that companies can be found liable for inducing infringement if they perform some steps of a patented method and induce others, like customers or Web users, to perform the rest.

That argument may resonate with the justices, who have put limits on patent-eligible subject matter in [recent cases](#), said Bradley Hulbert of [McDonnell Boehnen Hulbert & Berghoff LLP](#).

"The Supreme Court seems to have a history of contracting the scope of patent claims," he said. "This is an extension of patent rights that they may push against just as they did with patent eligibility."

Internet-related and other new technologies often involve multiple steps performed by separate entities, so several tech giants like [Google Inc.](#) and [Facebook Inc.](#) have filed amicus briefs expressing alarm that the Federal Circuit's ruling will open them up to induced infringement suits based on the actions of users they have no control over.

"This is an important case because it ultimately gets to the issue of how many people have to be involved to infringe," said H. Wayne Porter of [Banner & Witcoff Ltd.](#)

According to a 6-5 majority of the Federal Circuit, prior precedent holding that induced infringement can only be found when a single entity performs every step of a patent is "wrong as a matter of statutory construction, precedent and sound patent policy."

"If a party has knowingly induced others to commit the acts necessary to infringe the plaintiff's patent and those others commit those acts, there is no reason to immunize the inducer from liability."

In its merits brief, [filed in February](#), Limelight argued that the appeals court had gotten it wrong and that the text of the Patent Act and prior Supreme Court precedent made it perfectly clear that a party can only be liable to induced infringement if another party directly infringed by performing all the steps.

But Akamai argued in its merits brief that the Federal Circuit merely closed a "loophole" that allowed companies to escape liability for induced infringement. Reinstating the previous standard, as Limelight urges, would lead to the "bizarre result" that companies would be liable for infringement if they perform all the steps or induce others to perform them, but not if they perform some of the steps themselves, Akamai said.

The case has prompted a split between the technology industry, which has lined up behind Limelight and urged the high court to overturn the Federal Circuit ruling, and the pharmaceutical industry, which supports Akamai and has argued that the ruling should stand.

In an amicus brief, Google, Facebook and others have said that the Federal Circuit's ruling will "exacerbate the growing problem of high-cost and abusive patent litigation" since it "opens the door to unpredictable potential theories of divided infringement liability based on the actions of an unlimited number of participants" in complex technology markets.

In contrast, [Eli Lilly & Co.](#) said in a brief supporting Akamai that allowing findings of induced infringement when no single party performs all the steps of a patent will help ensure patent protection for pharmaceutical and diagnostic methods where the steps are "sometime unavoidably practiced" by multiple parties, including doctors and pharmacists, at the direction of another entity.

The contrasting positions taken by the industries reflect their different concerns about patent litigation, Hulbert said. Tech companies are worried about being sued by nonpracticing entities wielding patents for online technology, and requiring one entity to perform all the steps of tech patents can help limit their exposure, while pharmaceutical companies are more concerned about recouping their investments in developing patented methods, and foreclosing induced infringement suits if a doctor performs one step could make that difficult.

"I don't think the outcome will be the death knell for either industry, but if the Supreme Court makes inducement harder to show, it will hurt pharmaceutical companies and reassure software companies," Hulbert said.

One wild card is whether the high court will address a separate issue raised by Akamai that the en banc Federal Circuit sidestepped. Akamai argued that Limelight also should have been found liable for direct infringement because it acted jointly with its users, but the appeals court said it did not need to reach that issue because it concluded that Limelight may be liable for induced infringement.

Akamai has urged the Supreme Court to hold that if one party instructs another to perform method steps, it should be found liable for direct infringement. Since the en banc Federal Circuit did not address direct infringement in the opinion being appealed, it's not clear whether the Supreme Court will take up that issue, Porter said.

"That's one of the the things I'll be listening for: how much they seem to focus on that," he said.

The patent-in-suit is U.S. Patent Number [6,108,703](#).

Limelight is represented by Aaron M. Panner, John Christopher Rozendaal, Gregory G. Rapawy and Michael E. Joffre of [Kellogg Huber Hansen Todd Evans & Figel PLLC](#), Alexander F. MacKinnon of [Kirkland & Ellis LLP](#) and in-house counsel Dion Messer.

Akamai and co-petitioner Massachusetts Institute of Technology are represented by Seth P. Waxman, Thomas G. Saunders, Thomas G. Sprankling, Mark C. Fleming, Lauren B. Fletcher, Brook Hopkins and Eric F. Fletcher of [WilmerHale](#), Donald R. Dunner, Kara F. Stoll, Jennifer S. Swan of [Finnegan Henderson Farabow Garrett & Dunner LLP](#), Robert S. Frank Jr. and Carlos Perez-Albuerne of [Choate Hall & Stewart LLP](#) and David H. Judson of the Law Office of David H. Judson.

The case is Limelight Networks Inc. v. Akamai Technologies Inc. et al., case number 12-786, in the U.S. Supreme Court.

--Editing by Elizabeth Bowen and Richard McVay.

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Inducement Ruling Invites Multiparty-Infringement Review

By **Scott Flaherty**

Law360, New York (June 02, 2014, 8:40 PM ET) -- A U.S. Supreme Court ruling that induced infringement can occur only when one party performs every step of a patent will make it easier to fend off inducement claims when the infringement involves multiple actors. But the ruling may not be the final word, attorneys say, since the justices also invited the Federal Circuit to revisit direct-infringement standards in those situations.

In a **unanimous decision** that marks a win for Limelight Networks Inc., the high court justices on Monday overturned the Federal Circuit's **2012 en banc finding** that the company may be liable for induced infringement of a patent for delivering Web content, which is held by Massachusetts Institute of Technology and licensed to Akamai Technologies Inc. Although Limelight performed only some steps of the patent while its customers performed the remainder, the Federal Circuit had found that Limelight could be on the hook for inducing infringement.

The Supreme Court, however, pointed to the Federal Circuit's 2008 decision in *Muniauction Inc. v. Thompson Corp.*, which set out a standard for showing direct infringement if the steps of a method patent are carried out by multiple actors. Justice Samuel Alito, who penned the Supreme Court's opinion, said that in light of *Muniauction*, a party can be liable for direct infringement only if all of the steps of the patent can be attributed to that party, "either because the defendant actually performed those steps or because he directed or controlled others who performed them."

In Limelight's case, the company did not exercise control over the customers who performed some steps of the Akamai patent, meaning Limelight was not liable for direct infringement under the standard laid out in *Muniauction*, according to Justice Alito. He added that, if no one has directly infringed the patent, Limelight could not then be put on the hook for induced infringement.

"There has simply been no infringement of the method in which respondents have staked out an interest, because the performance of all the patent's steps is not attributable to any one person," Justice Alito said. "And, as both the Federal Circuit and respondents admit, where there has been no direct infringement, there can be no inducement of infringement."

Reacting to the Supreme Court's Limelight decision, several patent attorneys told Law360 that the ruling might make it easier for those accused of induced infringement of method patents to defend themselves in cases in which the patent's steps are performed by multiple actors, since the justices have reversed a Federal Circuit decision that expanded liability for inducement in those situations.

"As far as the mechanics of patent law goes, in some ways I think the decision goes against the strengthening of patent holders' rights," said Michael Bennett, associate law professor at Northeastern University. "The ruling will make it harder for a patent owner to make a successful claim for inducement."

But those added defenses against infringement claims in multiple-actor cases may not necessarily last forever. The Supreme Court stopped short of addressing whether the Federal Circuit made the right call in its *Muniauction* ruling — Justice Alito, instead, invited the Federal Circuit to revisit that ruling's direct-infringement standards "if it so chooses." As a result, attorneys say, the ultimate scope of liability in situations in which several parties are involved in the alleged infringement may not yet be settled.

"The battle is really not over," said Benjamin Hsing, a partner in Kaye Scholer LLP's intellectual property practice. "The battle now moves from inducement to direct infringement."

Gene Lee, a Ropes & Gray LLP partner, said the chances that the Federal Circuit does indeed review *Muniauction* could be strong because the issues at the heart of that ruling haven't been addressed in a large number of cases.

"Because it is a relatively young body of law, there is the chance that the Federal Circuit might revisit the standard," he said. "I do think it is potentially primed."

Regardless of whether the Federal Circuit does, eventually, take another look at the rule for direct infringement when multiple parties perform the steps of a method patent, the Supreme Court's decision in *Limelight* on the inducement questions will stand in the meantime. Some attorneys said the ruling likely will affect technology companies, including those with software or network patents in which multiple actors would likely be carrying out the various steps.

"This will have the most profound impact on computer implemented methods ... for any networked, collaborative computer-based systems, because they're naturally more amenable to method claims," Ropes & Gray attorney Michael Kahn said.

Hsing said Monday's high court ruling may also affect the pharmaceutical industry, which relies heavily on "method-of-treatment" patents that may require multiple doctors or a pharmacist to carry out some portion of a patented method.

"There could be a tremendous impact on pharmaceutical patents," Hsing said. "In the pharmaceutical industry, many of the patents are method-of-treatment patents. ... Oftentimes, there's no underlying direct infringement."

Other attorneys say the *Limelight* ruling's effects may be limited.

Banner & Witcoff Ltd.'s Steve Chang explained that, despite the Federal Circuit's 2012 ruling that *Limelight* could have been liable for inducement, most patent attorneys have tried to avoid drawing up method claims involving multiple actors if possible.

"I would say there's probably not going to be a huge impact on our practice," Chang said. "We're still targeting the single-actor and trying to avoid the multiple-actor method claim."

Scott Watkins, a partner with Novak Druce Connolly Bove & Quigg LLP, said that, in his view, most of the patent bar will be well-prepared to fall in line with the Supreme Court's *Limelight* ruling, since the high court simply restored the rules for finding inducement in multiple-actor situations to what they had been before the 2012 Federal Circuit ruling in the case.

"People should be able to follow it quite easily," he said. "It's back to business as usual."

The patent-in-suit is U.S. Patent Number 6,108,703.

Limelight is represented by Aaron Panner, John Christopher Rozendaal, Gregory Rapawy and Michael Joffre of Kellogg Huber Hansen Todd Evans & Figel PLLC, Alexander MacKinnon of Kirkland & Ellis LLP and in-house counsel Dion Messer.

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The case is Limelight Networks Inc. v. Akamai Technologies Inc. et al., case number 12-786, in the U.S. Supreme Court.

--Additional reporting by Ryan Davis. Editing by Jeremy Barker and Richard McVay..

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Lawyers Weigh In On Supreme Court's Aereo Ruling

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Law360, New York (June 25, 2014, 6:44 PM ET) -- The [U.S. Supreme Court](#) on Wednesday ruled that online television streaming service [Aereo Inc.](#) violates copyright law by retransmitting over-the-air programming without authorization. Here, attorneys tell Law360 why the decision in *American Broadcasting Companies Inc. v. Aereo Inc.* is significant.

Sandra Aistars, The Copyright Alliance



“We welcome the Supreme Court’s decision in the Aereo case. This confirms that authors of work deserve to be compensated for their work. Copyright law needs to remain technology neutral to ensure that a healthy relationship exists between those who create works and those who distribute them. This incentivizes true innovation. The symbiotic relationship between the creative community and those who create technologies and services to distribute their works to consumers has resulted in the launch of countless services and even industries over the years. We also think it is important that the court took efforts to ensure that its opinion would not be read as to cast a shadow over cloud computing services. Cloud computing services are an important and dynamically growing field that existed prior to Aereo and should continue to thrive after this decision.”

Ian Ballon, [Greenberg Traurig LLP](#)



“This is an important decision and a big win for television companies, in which the court held that a company can be liable for the way it designs its system. At the same time, the court was careful to make clear that it was not holding that a user's conduct in all instances could make a service liable for a public performance, and this is not a case that is likely to retard the development of cloud services — other than services built on Cartoon Network, which had sought to make re-transmit copyrighted content to users without taking a license. This is especially true because the act of transmission already typically implicates the reproduction and distribution rights under the Copyright Act, depending how a given service operates.”

Michael G. Bennett, Northeastern University School of Law

“Aereo gambled bodily, but poorly. The modifications that Congress made to copyright law in 1976 were more or less designed to deal with situations just like this. Congress explicitly clarified that to ‘perform’ a copyright-protected work meant ‘to show its images in any sequence or to make the sounds accompanying it audible.’ This change made a broadcaster like Aereo and its subscriber-viewers infringers. Congress also said in 1976 that when a broadcaster shows ‘images in any sequence or to make[s] the sounds accompanying it audible,’ it performs publicly. From the beginning, Aereo was legally dead and simply didn't know it.”

Jason Bloom, [Haynes and Boone LLP](#)



“The Supreme Court’s decision is essentially a death knell for Aereo and the similar but



unrelated company FilmOn X. While the court found Aereo to be enough like a cable system to fall within the intent of the Copyright Act, the court certainly did not find Aereo to be a cable system or to be entitled to the type of compulsory license specifically afforded cable systems in the Copyright Act. Aereo therefore has nowhere to go but away. However, the court was careful to limit its ruling to the facts before it, in an effort to minimize any impact on cloud computing, remote storage DVR services, and other technologies. Yet, the ruling is not so clear. While the court did not outlaw cloud computing when it comes to legally obtained content, the ruling could be read to create direct liability for cloud computing companies to the extent their users are storing and retrieving illegally-obtained content. If multiple users of a cloud service are storing and retrieving the same unlawfully obtained bootleg recording, even from different copies at different times, that could cause the cloud companies to be directly liable under the Supreme Court's ruling."

Felicia Boyd, [Barnes & Thornburg LLP](#)



"The Supreme Court ruled that online television streaming service Aereo Inc. violates copyright law by retransmitting over-the-air programming without authorization. Aereo had sought to avoid copyright infringement by using elaborate banks of tiny antennas, each assigned to individual users, to capture and transmit signals. Although Aereo tried to distinguish itself from cable companies, it was not successful in doing so. The court held that this system violated copyright law. As a result, Aereo will have to change its business model. In reaching its decision, the court took care not to have an expansive holding discouraging innovation in the world of cloud technology."

Ross Buntrock, [Arent Fox LLP](#)

"In failing to recognize the significance of the obvious technological differences that put Aereo outside of the Copyright Act, this is court's majority opens the way for application of the Copyright Act to any number of existing or forthcoming disruptive technologies involving transmission of content to end-user subscribers."

Dale Cendali, [Kirkland & Ellis LLP](#)



"At the broadest level, the decision is interesting for its holding's emphasis on the policy and Congressional intent behind the Transmit Clause. At a narrower level, the decision sheds light on the construction of what it means to 'perform a copyrighted work publicly.' Of particular interest, the court draws a line between 'an entity that transmits a performance to individuals in their capacities as owners or possessors' of copyright-protected works, on the one hand, and 'an entity like Aereo that transmits to large numbers of paying subscribers who lack any prior relationship to the works,' on the other. This distinction appears to be intended to address the policy concern raised by Aereo and its amici that the court's decision could have troublesome implications for other innovative technologies, such as cloud computing."

Ross A. Dannenberg, [Banner & Witcoff Ltd.](#)



"In Aereo, the Supreme Court took a common sense approach by telling technologists not to put form over substance. This is the second time the Supreme Court has held that you can't manipulate technology to skirt copyright laws. They said it to Grokster, and now they've said it again to Aereo. If you're sitting in a technology development meeting at your company, and someone asks 'How can we deploy this technology to avoid paying a license fee?', I'd think twice about that approach, and make sure that you have legal counsel weigh in on the risks associated with that technology. Despite this, the ruling is not a death

knell for technology development, and in fact reinforces the viability of cloud computing solutions in general. However, just as the Supreme Court has done here, technologists must take a common sense approach when designing new products to determine whether those products will run afoul of copyright law.”

Seth Davidson, [Edwards Wildman Palmer LLP](#)



“I’d summarize the decision as a complete victory for the broadcasters with regard to Aereo. However, the majority goes out of its way to describe its holding as ‘limited’ and to base its reasoning on the ‘overwhelming likeness’ of Aereo and traditional cable service and on the fact that Congress’ intent in the 1976 Act was to bring cable systems under the copyright law. Cloud services in general, and even the [Cablevision](#) remote storage DVR, appear to survive under the majority’s limited decision, at least for now — and, reading between the lines, probably in the future in most instances.”

Anderson Duff, [Wolf Greenfield & Sacks PC](#)



“This fairly fact-specific and limited ruling makes it clear that a party capturing broadcast signals and retransmitting them online must obtain a license from the content owners. It protects the rights of broadcasters to control their content and negotiate with service providers who may want to retransmit the broadcasters’ content online or otherwise. There are already companies working to do this, and it is probably just a matter of time before companies similar to Aereo are operating on a large scale with the broadcasters’ blessings.”

Scott Flick, [Pillsbury Winthrop Shaw Pittman LLP](#)



“The ruling in Aereo is a reminder that complicated cases don’t require complicated decisions. In finding Aereo engaged in public performances of copyrighted works, the decision distills complexities that bedeviled lower courts into a simple result: if it walks like a duck and quacks like a duck, no amount of technology will alter the fact that it is a duck. The biggest surprise was that even the three dissenters had difficulty supporting Aereo’s business model, with Justice Antonin Scalia noting that he shared the Majority’s view that Aereo’s use of broadcast content ‘ought not to be allowed.’”

Jonathan Hudis, [Oblon Spivak McClelland Maier & Neustadt LLP](#)

“In Aereo, the Supreme Court found that Aereo’s audiovisual content retransmission and delivery service was a public performance of copyrighted over-the-air television content, and thus infringed upon the copyrights held by the producers, marketers, distributors and broadcasters of that content. The court’s majority opinion attempts to limit the reach of its decision so that it does not unduly impinge upon the growth of new content storage and delivery technologies not presently before the court. On the other hand, the majority’s opinion is of little comfort to new technology providers in making business decisions. Considering the breadth of the court’s decision in interpreting the public performance right, new content storage and delivery providers now must be very careful to ensure that their technologies are not infringing.”

Neal Katyal, [Hogan Lovells](#), An adviser to the broadcasters.



“Today’s decision is a sweeping victory for the Broadcast Networks and for American consumers more generally. The court today said that something for nothing is not the American Way, and if people want to transmit and sell other peoples work, they have got to pay for it.”

Jonathan L. Kramer, [Telecom Law Firm PC](#)

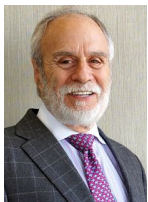
“The Aereo decision opens a door for broadcasters to demand copyright payments from apartment landlords who provide their tenants with over-the-air TV signals from a rooftop antenna. Like Aereo, a building owner's antenna ‘simply carr[ies], without editing, whatever programs [it] receive[s]’ and the tenant can ‘choose any of the programs he [or she] wished to view by simply turning the knob.’ While building antenna systems might serve just a few tenants in a particular building, Aereo made it clear that even landlord-provided antennas may trigger copyright fees even when copyrighted TV signals are seen by even a single viewer.”

Bart Lazar, [Seyfarth Shaw LLP](#)

“The Aereo case is significant for copyright law because it involves the first application of re-transmission and ‘fair use’ provisions relating to the use of a cloud to accomplish the re-transmission of copyrighted material. Since its inception, copyright law has never been able to keep up with technological developments. With the broadcasters winning, the basic structure of copyright law, as flawed as it is, will continue — re-transmission of copyrighted material for commercial purposes is illegal. As a practical matter, businesses will ultimately adapt to paying royalties in much the same way other new, potentially disruptive technologies, like satellite TV and music sharing technologies — adapted, by getting licensed.”

David Leichtman, [Robins Kaplan Miller & Ciresi LLP](#)

"The court confirmed that the contrivance of using millions of tiny antennas could not be successfully used to avoid the public nature of Aereo's re-transmissions. In so doing, the court acted consistently with its past approach to new copyright-evading technologies, with substance triumphing over form."

Harley Lewin, [McCarter & English LLP](#)

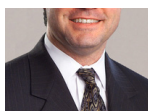
“The Supreme Court properly saw through Aereo’s position that it is merely technology, recognizing that Aereo maintained control over that technology to rebroadcast network content. Just as cable stations and satellite systems pay license fees to rebroadcast, so should Aereo. Had this gone the other way, it would have fundamentally altered the copyright landscape in this digital age, in which consumers binge-watch content via all manner of technology. Digital technology drives sales of copyrighted material, and licensing generates income that incentivizes the development of new delivery methods as well as creation of content. This logical holding clearly warns those who would infringe on protected material.”

Gina McCreadie, [Nixon Peabody LLP](#)

“In what the Supreme Court contends is a narrow ruling limited to the application of the Transmit Clause to Aereo’s conduct, its decision reveals a willingness to apply congressional intent and purpose of the Copyright Act, as amended, to new technologies likely not contemplated when the applicable law was enacted. Although the court believes that its decision will not have the effect of ‘discourag[ing] or . . . control[ing] the emergence or use of different kinds of technologies,’ it may have done just that.”

Antony J. McShane, [Neal Gerber & Eisenberg LLP](#)

“The Supreme Court rendered its ruling in the Aereo case today, handing down a decision that broadens copyright protection for content providers. For example, as a



result of the ruling, businesses that designed their business strategies to avoid paying license fees for content, based on the new technologies that enabled individual copies of copyrighted works to be made for individual subscribers, will now have to pay royalties to continue to provide their service. Opponents of the decision fear that it will deter such technological innovations in the future.”

Paige Mills, [Bass Berry & Sims PLC](#)



“In the short run, this decision will pave the way for television networks to continue to charge significant fees for the transmission of their content. The long term impact of the decision is harder to predict. Which technologies are now infringing because they are too close to ‘cable services,’ and which ones still require ‘volitional’ conduct by the provider of the service? Because uncertainty almost always stifles growth and investment, inventors and investors may be reluctant to create and invest in new technologies if the specter of an injunction for direct copyright infringement looms murkily in the distance.”

Alina S. Morris, [Christensen O'Connor Johnson Kindness PLLC](#)



“Aereo is significant because it is a rare opinion by the court on substantive copyright law dealing with technology. However, it is not entirely ground-breaking because regardless of this ruling, Aereo still would not have been allowed to continue its activities. The issue on appeal was denial of preliminary injunction on the theory of Aereo’s direct liability for infringement of the performance right, which it found. The court was not considering here the issue of secondary liability (nor direct or secondary liability regarding infringement of reproduction right). These remaining issues, on remand, will likely still be fatal for Aereo.”

Bill Munck, [Munck Wilson Mandala LLP](#)



“The Aereo decision is a win for copyright owners, especially entertainment companies attempting to providing content as the methods for delivering that content continue evolving. By focusing on the simple terms ‘public’ and ‘performance,’ the court protected the incentive to create content by defending the copyright owner’s monetization streams. The business reality is that the absence of such protection would have limited consumer access to content. While tech companies will likely be concerned about the court’s test as to whether new content delivery methods infringe, the court deflected concerns about future technology by noting the holding was limited to Aereo’s specific offering.”

Joseph T. Nabor, [Fitch Even Tabin & Flannery LLP](#)



“This decision is significant because it closes a potential exception in the copyright statute that Aereo sought to exploit. By foreclosing that exception, the court provides further guidance on the use of new technologies to circumvent copyright protections, and it further defines the meaning of a public performance as it relates to copyrighted works. Fortunately, the decision is sufficiently narrow that it will not likely have an adverse effect on the use of copyrighted works in cloud-based technologies.”

Brad Newberg, [Reed Smith LLP](#)

“In briefs and argument, Aereo and some amici briefs argued that a decision against Aereo could have sweeping negative ramifications for other technologies, including cloud computing. The court went out of its way to clarify that its decision did not consider and would not affect such technologies today. The court focused narrowly on assessing whether Aereo’s service counts as a public performance of over-the-air broadcasts. Ultimately, Aereo never recovered from its difficulty at oral argument to explain why it constructed its system other than to evade copyright law; its inability to

differentiate itself from a traditional cable system sealed its fate.”

Gregory A. Sebald, [Merchant & Gould PC](#)



“The Aereo decision is important for the broadcast industry as it maintains their revenues from retransmission fees. The Aereo decision provides clarification on what ‘public performance’ means, but different technologies may present new questions that are not clearly answered by the ruling.”

Stephen Shaw, [Womble Carlyle Sandridge & Rice LLP](#)



Image
Title

“Today’s opinion concludes that the technological machinations of Aereo’s service should be disregarded, and the controlling issue is that Aereo delivers services that ‘are substantially similar to those of the CATV companies.’ The majority in this case appears to be of the opinion that a business model designed by lawyers around perceived legal loopholes still runs afoul of congressional intent behind the ’76 amendments to the Copyright Act. This case leaves unresolved many legal issues related to future tech innovation in the areas of media streaming, remote content delivery, and cloud computing services.”

Jonathan Steinsapir, [Kinsella Weitzman Iser Kump & Aldisert LLP](#)



“The Aereo case, in my opinion, returns copyright law to the status quo prior to the Second Circuit’s creative interpretation of the Copyright Act in the Cablevision case — a case which got the right result for all the wrong reasons. The Supreme Court went out of its way to limit the decision to the precise technology at issue. Although the decision calls the reasoning of some cases into question — e.g., the Cablevision case and the still pending DISH Hopper case’s interpretation of a ‘performance’ — I believe that the results in those cases won’t change, for better or worse.”

John I. Stewart Jr., [Crowell & Moring LLP](#)



“America’s unique system of free broadcasting provides unparalleled programming service. The Copyright Act carefully balanced the interests of creators, distributors and viewers to sustain this service. The court’s decision was plainly driven by the transparency of Aereo’s attempts to evade Congress’s balance. Even the dissent agrees it ‘ought not to be allowed.’ The court’s opinion reinforces the balance, without impinging on new methods of program delivery developed in cooperation with content owners. The court’s analysis of the Transmit Clause and users’ prior rights in stored content may affect the remand on Aereo’s delayed-transmission services, notwithstanding prior court of appeals decisions.”

Bea Swedlow, [Honigman Miller Schwartz and Cohn LLP](#)

“There is a message here for innovators whose business models are based on legal loopholes: proceed at your own risk. The court was not persuaded by and was unimpressed with significant technological differences between Aereo’s model and that of cable systems. For example, in the opinion, the court notes that, ‘Viewed in terms of Congress’ regulatory objectives, why should any of these technological differences matter?’ The court clearly understood the differences and merely chose to ignore them. These differences, however, represented the very technological advancements that Aereo created in order to take advantage of loopholes in the Copyright Act. The court also made efforts to ease concerns — raised at oral argument and in amicus briefing — about the impact an adverse decision would have on the fledgling cloud industry. In summary, the court said, ‘We don’t think our opinion puts a target on the backs of the cloud industry; however, we won’t know until a case is brought before us or you can seek attention from Congress.’ Cloud-based companies should take little

comfort from this opinion.”

Stephen P. Wiman, [Nossaman LLP](#)



“The Supreme Court’s ruling in Aereo is a blockbuster win for broadcasters but may not have larger implications. The opinion did not enunciate any far reaching rule. Rather it was limited to a fairly prosaic statutory analysis. Amicus briefs filed feared a ruling in favor of broadcasters would stifle the development of new technologies. The court was sensitive to this, emphasizing that its ruling was limited to the facts before it. According to the court, whether other existing and new technologies such as cloud computing run afoul of the Copyright Act must be left for another day and another case.”

David Wittenstein, [Cooley LLP](#)



“The court decided the Aereo case correctly. Not only is the court’s decision right on the law, it’s right from a policy perspective. Aereo set itself up as the functional equivalent of a cable system. If Aereo had won, it would’ve succeeded in creating a commercial video distribution business without any of the obligations imposed on other commercial video distributors. In fact, if Aereo had succeeded, cable operators presumably would’ve tried to follow Aereo’s model, which would have undercut the careful scheme Congress has laid out in the Copyright Act and the Communications Act. The case does leave a little unfinished business. The court declined the chance to discuss cloud storage and network DVR, saying that these issues weren’t squarely presented by the case. Those issues remain for another day.”

Lynda Zadra-Symes, [Knobbe Martens Olson & Bear LLP](#)



“The Supreme Court’s decision indicates that it is not willing to permit the use of new technology architecture to circumvent the language of the Copyright Act, but will instead assess the commercial realities involved in deciding the scope of the Transmit Clause under the Act. While the court restricted its decision to the specific technological solution utilized by Aereo, the holding is likely to stifle many internet television transmission services by requiring them to cease their transmissions or obtain licenses from broadcasters and content providers. Consumers should expect less choice in providers and an increase in subscription services from those that remain.”

--Editing by Emily Kokoll.

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5 Tips For Saving Patents From The PTAB's Ax

By **Ryan Davis**

Law360, New York (August 15, 2014, 8:33 PM ET) -- Most of the patents reviewed by the Patent Trial and Appeal Board to date have been invalidated, but a handful have survived what has become a harrowing process for patent owners.

Here, attorneys who have successfully defended patents before the board share their strategies for keeping patents alive:

Put Your Best Foot Forward in the Preliminary Response

Once an accused infringer or other challenger files a petition seeking to invalidate a patent, the patent owner has the option of filing a preliminary response before the board decides whether to institute a review. In just about every case, the patent owner should take advantage of the opportunity to make the case early for the patent's validity.

In the best-case scenario, the preliminary response can persuade the board not to review the patent at all, said Jon Wright of Sterne Kessler Goldstein & Fox PLLC.

"If you've got a knockout punch because of glaring weakness in the petitioner's case, and you can convince the board not to initiate a trial, that's a huge win," he said.

If a review is instituted, the patent owner's preliminary response can convince the board to only consider some of the arguments raised by the petition, said Christopher McKee of Banner & Witcoff Ltd. That can make it easier to defend the patent and plays into the board's desire to focus on key issues so that the review can be completed within the one-year time limit mandated by Congress.

"If you don't avoid it entirely, you might be able to narrow the trial," he said. "The board has said that they find the preliminary response very useful, and they have every interest in narrowing the scope of the proceeding to keep it streamlined."

The preliminary response lets the patent owner see the board's reaction to its arguments, and if a trial is instituted, "you have an opportunity to put together a full response to address any points where the board didn't go your way and maybe turn the board around," said McKee, who represented Mentor Graphics Corp. in a case where the board affirmed the validity of most challenged claims of the company's patent.

Hold the Petitioner's Feet to the Fire

Both in the preliminary response and after the board has decided to review a patent, the patent owner's goal should be to zero in on the weaknesses in the petitioner's case and aim to convince the board that the high burden of proving the patent invalid has not been met.