

Google's Clash With Oracle, PTAB Judges: What's on Tap for IP in 2021

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Morrison & Foerster intellectual property attorneys examine what lies ahead in the IP arena for 2021, including the copyright dispute between tech giants Google and Oracle, the impact of the upcoming Supreme Court case involving the constitutionality of Patent Trial and Appeal Board judge appointments, and whether more uniformity will come to trade secret litigation.

Regrettably, 2020 was a slow year for intellectual property.

Neither the U.S. Court of Appeals for the Federal Circuit nor the U.S. Supreme Court provided much-needed clarity on patent eligibility. The Supreme Court's two copyright decisions, [Allen](#) and [Public.Resource.org](#), addressed relatively mundane state-specific topics—[whether states have sovereign immunity from copyright suits](#) (yes), and [whether a state's annotated code is eligible for copyright protection](#) (no).

The only “sizzle” was the Supreme Court's [Booking.com](#) decision, which [rejected the Patent and Trademark Office's per se rule](#) that combining a generic term with “.com” can't be trademarked.

So what lies ahead for 2021? Will it be another lackluster year for IP—2020+1?

Patent Law: Section 101 and the PTAB

Patent eligibility has been a confusing area since the Supreme Court's 2014 [Alice](#) decision. Although many expected the court to provide clarity in 2020, it declined to hear multiple Section 101 cases during its October 2019 term.

The Federal Circuit also offered little help, denying en banc rehearing in [American Axle](#) in a 6-6 decision that revealed its fractured views on patentability. American Axle filed a petition for Supreme Court review on Dec. 28, 2020, and the case seems primed for high court review based on the Federal Circuit's even split. If the Supreme Court does grant certiorari, it will not hear the case until its October 2021 term.

Patent law's other current focus—the Patent and Trial and Appeal Board (PTAB)—will continue into 2021.

The first reason is the Federal Circuit's [Arthrex](#) decision, which held that PTAB administrative patent judges (APJs) are “principal officers” who must be appointed by the president and confirmed by the Senate. Because APJs instead have been appointed by the Secretary of Commerce and PTO director, this violated the Appointments Clause.

To cure this constitutional violation, the Federal Circuit severed the portion of the America Invents Act restricting the PTO director's ability to remove APJs from office. That made the APJs “inferior officers” who could be properly appointed by the secretary of Commerce.

The Supreme Court granted certiorari and [will hear oral argument](#) on March 1. The potential ramifications of [Arthrex](#) run the gamut.

If the Supreme Court decides that there was no constitutional violation or that the Federal Circuit's remedy was appropriate, there might be little impact. But if the court decides that only Congress can fix the issue, AIA-created PTO proceedings could be put on hold until Congress adopts a fix—impacting thousands of pending inter partes review (IPR) proceedings. Or the Supreme Court could do something else.

The PTAB also received attention last year for declining to institute more and more IPRs. 2020 institution rates fell to 56%, from 63% in 2019. Major technology companies have sued the PTO, challenging its authority to reject IPRs based on non-statutory factors. If they succeed, institution rates likely will climb again in 2021.

Copyright

The most anticipated copyright case of 2020 was [Google v. Oracle](#). Due to Covid-19, however, the Supreme Court [deferred](#) oral argument until [October 2020](#). The upcoming decision could be the first time the court decides whether copyright protects software interface code, and the first time in decades that it addresses copyright's fair use doctrine.

The potential outcomes vary widely. The Supreme Court could decide the extent to which software interface code can be copyrighted and fair use applies, or it could simply rule that the jury verdict in Google's favor should have received greater deference. It could also decide something in between.

After more than a decade of litigation, IP lawyers are eager for a decision.

Also highly anticipated is [Van Buren v. United States](#). The Supreme Court, which [heard oral argument](#) Nov. 30, will decide whether a person with authorized access to information on a computer violates the Computer Fraud and Abuse Act (CFAA) if he accesses the same information for an improper purpose. The decision should resolve a deep circuit split over whether someone with authorized access can violate the CFAA, if access was for an improper purpose.

Trademark

Already in 2021, the Supreme Court [declined](#) to hear [Jack Daniel's v. VIP Products](#). The Ninth Circuit had overturned the district court's ruling that a chew toy mimicking Jack Daniel's famous whiskey bottle infringing, reasoning that the toy was an "expressive work" under the First Amendment.

The [Tiffany v. Costco](#) case [returns](#) to the Southern District of New York, on remand from the Second Circuit. Tiffany had obtained summary judgment that Costco's use of "Tiffany" with engagement rings was trademark infringement, and a jury awarded \$21 million in damages.

But the Second Circuit vacated the judgment due to factual disputes over whether "Tiffany" is a broadly recognized term denoting a particular ring setting and whether Costco's use was fair. A new trial could occur as soon as April.

Trade Secret

Trade secret litigation varies widely across different jurisdictions. One area to watch in 2021 is the push for uniformity in trade secret identification—that is, the requirement that plaintiffs identify the trade secret at issue with reasonable particularity early in the case.

The Sedona Conference's Working Group on Trade Secrets released its [Commentary on the Proper Identification of Asserted Trade Secrets in Misappropriation Cases](#) in October, setting forth guidelines on identification requirements. The commentary suggests that more courts will begin requiring some form of trade secret identification, but how closely they will follow the guidelines remains unclear.

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