2022 Intellectual Property Primer: Supreme Court Preview

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Moving into 2022, the Supreme Court docket continues to add a number of high-profile intellectual property cases. This primer provides a glimpse into some of the recent developments and potential changes looming over the landscape of copyright and patent law in 2022.

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State Sovereign Immunity to Copyright Infringement: In *Jim Olive Photography v. University of Houston System*, a photographer is seeking review on a Texas Supreme Court decision upholding state sovereign immunity to damage claims stemming from the University's unlicensed use of a copyrighted photo. The petition follows a string of cases alleging intellectual property infringement by state actors, including the 2020 decision in *Allen v. Cooper*, which upheld state sovereign immunity from copyright infringement suits and invalidated the Copyright Remedy Clarification Act.

Plaintiff here sought damages on the theory that appropriation of the photographer's right to exclude constituted a *per se* taking by a government entity in accordance with a recent property case. The Texas Supreme Court disagreed, holding that there is no taking where the photographer retained the copyright in the photo, and was still free to license it or sell it to others. If the Court grants *certiorari*, there may be a chance to expand on the remedies available to copyright holders against state actors, which are currently limited to injunctive relief.

Transformative Fair Use: In the case of *The Andy Warhol Foundation v. Goldsmith*, petitioner seeks review of the Second Circuit's holding that Andy Warhol's Prince Series was not fair use of the underlying copyrighted photograph. In a declaratory judgment action, the district court found that Warhol's work was sufficiently transformative, giving a different impression or new meaning distinct from the original work. The Second Circuit reversed on appeal, agreeing that the works embodied different messages, but finding that the Prince Series maintained all essential elements of the source material.

Shortly after the decision, the Supreme Court issued *Google v. Oracle* and reiterated the transformative standard for fair use as altering the copyrighted work with "new expression, meaning, or message." The Second Circuit granted panel rehearing and issued an amended opinion maintaining their position in which *Google* was minimized as relating to software arts, while holding that portraits having the same purpose and function (being visual art) should be evaluated on the basis of comparing visual similarities.

This case could provide the Supreme Court with an opportunity to clarify whether the standards for fair use should differ between the software realm and the visual arts, while also dispelling infringement shadows from Warhol's other works, and the pop art genre in general.

PATENTS

Patent Eligibility Analysis for Methods Incorporating the Abstract: In 2022, the Supreme Court will also announce whether it will hear *American Axle & Manufacturing Inc. v. Neapco Holdings LLC* after the Federal Circuit declined to hear the case *en banc*. Currently awaiting comment from the active Solicitor General, the petition seeks to reverse the Federal Circuit's 2019 ruling that a method to reduce noise and vibrations in driveshaft was a mere application of natural law and, therefore, patent ineligible. The petition also seeks clarity as to whether patent eligibility is a question of law for the court or a question of fact for the jury.

The case represents yet another chance for the Supreme Court to clarify the two-step test for patent eligibility outlined in *Alice v. CLS Bank* in 2014 that continues to roil software and computer-related patents, and provide guidance as to how far the scope of 35 U.S.C. § 101 can be extended to invalidate inventions utilizing laws of nature and abstract ideas.

Evidence Consideration in Motions to Dismiss on Patent Eligibility Grounds: In *Whitserve v. Dropbox*, Inc., a District Court declared all of Whitserve's patent claims invalid and dismissed an infringement action against Dropbox with prejudice without providing Whitserve an opportunity to provide additional evidence that the asserted claims were patent-eligible subject matter under 35 U.S.C. § 101. The decision was affirmed at the Federal Circuit.

In its petition, Whitserve argues that the District Court failed to consider the claims from the perspective of a POSITA, and ignored supporting evidence that the technology of the patent was not commonplace or generic when the patent issued in 1999. Given the presumption of validity for issued patents, Whitserve argues that Dropbox thus failed to meet its burden of proving invalidity.

If *certiorari* is granted, *Whitserve* could allow the Supreme Court to provide some traction for patent holders defending against invalidation on patent eligibility grounds, particularly in the initial pleading stages.

Patent Eligibility Testing Methodology: The patent eligibility test is the target of yet another petition from the Federal Circuit's split panel *Yu v. Apple* decision issued in the summer of 2021. In *Yu*, the majority applied the *Mayo/Alice* two step test, finding that the claims: (1) were directed to the abstract idea of taking one camera image and enhancing it with another; and (2) only required standard techniques applied in a standard way.

Yu's petition picks up the mantle from Judge Newman's dissent, noting the majority's departure from the "as a whole" claim analysis provided in *Diamond v. Diehr*, and its apparent conflation of novelty and patent eligibility. Yu further noted that the majority did not dispute that the claimed invention improves the functionality of standard digital cameras, in line with similar decisions such as *Thales Visionix, Inc. v. U.S*, which found patent eligibility in a relatively similar fact pattern.

Given the flurry of challenges to the current patent eligibility doctrine, the uncertainty will need to be addressed at some point, and a challenge based in part on a dissent from within the Federal Circuit may be the perfect vehicle.

Functional Language and Enablement in Genus Claims: Amgen petitions the Supreme Court to reverse the Federal Circuit's finding that its claims to a functionally defined genus of antibodies lacked enablement under 35 U.S.C. § 112(a). In the biotech and pharma sectors particularly, functional claiming has been employed to broadly claim antibodies according to the target they bind, as opposed to narrow elements of the protein structure or binding site.

In *Amgen v. Sanofi*, the Federal Circuit invalidated broad claims to a genus of antibodies on the grounds that undue experimentation would be necessary to identify the antibodies encompassed by the claims given the narrow guidance and the unpredictability of the art. Amgen petitioned for rehearing, asserting that the decision centered too much on the absolute number of possible species claimed, and that the decision effectively created a new requirement that would severely hamper the achievable scope of genus claims. The Federal Circuit denied to rehear, and issued a supplementary opinion emphasizing that the decision was limited to biological compositions, particularly antibodies, that require substantial time to screen and test for function to determine whether they infringe the claims.

The decision likely would have a large impact in functional claims to antibodies, but questions remain as whether the Federal Circuit's logic is truly confined to genus claims in the life science space.

Infringement Claim Preclusion Following Voluntary Dismissal: In *PersonalWeb Technologies, LLC v. Patreon Inc.*, petitioner PersonalWeb seeks to determine whether the Federal Circuit correctly interpreted *Kessler v. Eldred* to create a freestanding preclusion doctrine that applies even in the absence of claim and issue preclusion, such as when a prior judgement was voluntarily dismissed.

The case stems from a series of lawsuits, beginning in 2011, where PersonalWeb sued for patent infringement over Amazon's cloud storage services. Following a narrow claim construction ruling, PersonalWeb stipulated to voluntarily dismiss the claims. In a subsequent infringement lawsuit, PersonalWeb sued one of Amazon's customers, Patreon, but the case was barred by the *Kessler* Doctrine despite the absence of other statutory forms of preclusion. The *Kessler* Doctrine originated in a 1907 Supreme Court case that bars patent holders from later asserting claims against customers of a seller following a failed suit against the seller on invalidity and/or infringement grounds.

PersonalWeb is directed to a unique fact set, but a definitive answer from the Supreme Court on this issue could be valuable for patent holders weighing the timing and economics of patent enforcement strategies against sellers and their customers.

Please contact your Vorys attorney if you have any questions about the impact any of these cases may have on your intellectual property portfolio or litigation strategy.