2022 Year in Review: Intellectual Property Law and the Supreme Court

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2022 was a quiet year for the Supreme Court in terms of intellectual property (IP) rulings.

The Lone Opinion

***Unicolors, Inc. v. H&M Hennes & Mauritz LP*:** In the only IP-related petition to obtain an issued ruling in 2022, the Supreme Court helped copyright holders avoid invalidation of their copyrights due to inadvertent mistakes in their copyright applications.

Under a provision of the 2008 PRO-IP Act, the Ninth Circuit reversed a nearly $800,000 infringement verdict because it found that Unicolors' copyright registrations included errors, which the court found Unicolors knew were inaccurate. The Supreme Court reversed the Ninth Circuit's ruling and sided with Unicolors' argument that inadvertent legal misunderstandings were not the type of inaccuracies with which the law was concerned.

The Supreme Court noted that "it would make no sense if [the law] left copyright registrations exposed to invalidation based on applicants' good-faith misunderstandings of the details of copyright law." The Supreme Court then held that because the Copyright Act does not distinguish between a mistake of law and a mistake of fact, "[l]ack of knowledge of either fact or law can excuse an inaccuracy in a copyright registration."

Although articulating this safe harbor for copyright holders, the Supreme Court was clear to mention that the safe harbor does not apply if there is evidence demonstrating that the copyright owner actually knew it submitted legally inaccurate information or was willfully blind to the fact. The opinion also notes that an applicant's experience with copyright law can serve as evidence that they were aware of the legal errors in the filing.

Due to these carve outs in the safe harbor, it is likely courts will apply the safe harbor differently depending on the identity of the copyright applicant. Consequently, a court is likely to apply the safe harbor most

liberally where the applicant is an individual author or artist with no prior copyright experience filing their own application, and apply it most strictly where the application is filed by an attorney specializing in copyright law.

What Could Have Been

The lack of substantive opinions from the Supreme Court in 2022 was not due to a lack of petitions. Rather, the Supreme Court declined to hear at least 30 petitions, which involved one or more issues concerning copyright, trademark, patent or trade secret law. Patent law led the charge in 2022 with at least 25 petitions posing patent specific questions. The following are a few of the issues the Supreme Court declined to tackle in 2022.

State Sovereign Immunity and Copyright Infringement: The Supreme Court declined to hear the case of *Jim Olive Photography v. University of Houston System* in which a photographer sought review of a Texas Supreme Court decision upholding state sovereign immunity to damage claims stemming from the University's unlicensed use of a copyrighted photo. The photographer sought damages on the theory that appropriation of the photographer's right to exclude constituted a *per se* taking by a government entity. 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.

As it stands now, despite recent challenges to state sovereign immunity, a copyright holder's only remedy against a state actor remains injunctive relief.

Patent Eligibility: The Supreme Court declined to hear five petitions, all of which raised issues concerning patent eligibility or application of the Supreme Court's 2014 ruling in *Alice v. CLS Bank*.

American Axle & Manufacturing Inc. v. Neapco Holdings LLC was one of the more highly-anticipated petitions pending before the Supreme Court in 2022. Filed in 2020, the petition in *American Axle* sought review of the Federal Circuit's 2019 ruling that American Axle's method to reduce noise and vibrations through the insertion of a liner in its driveshaft was not eligible for patent protection because the process amounted to nothing more than an application of natural law to a complex system.

In 2021, the Supreme Court requested comment from the Solicitor General. The Solicitor General recommended that the Supreme Court hear the issue and provide guidance that could clarify the Supreme Court's prior rulings in *Mayo v. Prometheus* (2012) and *Alice* (2014), which collectively held that laws of nature and abstract ideas are not eligible for patent protection. Despite the Solicitor General's recommendation, in June, the Supreme Court ultimately declined to hear the appeal. Around the same time, the Supreme Court also declined to grant *certiorari* in two other cases—*Spireon Inc. v. Procon Analytics LLC* and *Ameranth Inc. v. Olo Inc.*—involving issues nearly identical to those in *American Axle*.

The petition in *Yu v. Apple* asked the Supreme Court to resolve whether, when applying the test for patent eligibility, a patent claim should be considered "as a whole" or, instead, its "point of novelty" should be determined after all conventional elements of the patent claim have been disregarded. The petition in *Yu*, which stemmed from Judge Newman's dissent in the Federal Circuit's split panel decision, seemed like the perfect vehicle to address the patent eligibility doctrine.

The case of *Worlds Inc. v. Activision Blizzard, Inc.* involved a petition requesting that the Supreme Court articulate what the appropriate standard is for determining whether a patent is "directed to" a patent-ineligible concept under step one of the *Alice* two-step framework for determining whether an invention is eligible for patenting under 35 U.S.C. § 101.

For now, given the Supreme Court's reluctance to revisit its prior precedent, patent practitioners and inventors are left to navigate the continually challenging and uncertain world that is patent eligibility under 35 U.S.C. § 101.

Patent Litigation and Preclusion: Another patent case the Supreme Court declined to hear was *PersonalWeb Technologies, LLC v. Patreon Inc.*, which sought review of the Federal Circuit's application of the *Kessler* Doctrine. The *Kessler* Doctrine precludes a patent holder from later asserting claims against customers of a seller following a failed suit against the seller on invalidity and/or infringement grounds. However, in *PersonalWeb*, the patent holder voluntarily dismissed litigation against Amazon following a narrow claim construction only to file subsequent litigation against Amazon's customers. The Federal Circuit applied the *Kessler* Doctrine and held that the patent holder was precluded from maintaining its suit against Amazon's customers.

Although *PersonalWeb* involves a unique set of facts, the Federal Circuit's apparent expansion of the *Kessler* Doctrine is a valuable reminder to patent holders to consider and evaluate their patent enforcement strategy, particularly if it requires separate litigation against a seller and its customers.

If you are interested in learning more about these cases, be sure to listen to this episode of the Vorys IP Podcast.

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