

The Erosion of Software Patent Protection



Edwin E. Steussy

Attorney, Intellectual Property
Co-Head Orrick Video Game
Working Group (Guild)
Game Developers Conference
San Francisco, California
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Orrick, Herrington & Sutcliffe LLP

The Air We Breathe; The Water We Drink



Traveling Laptop

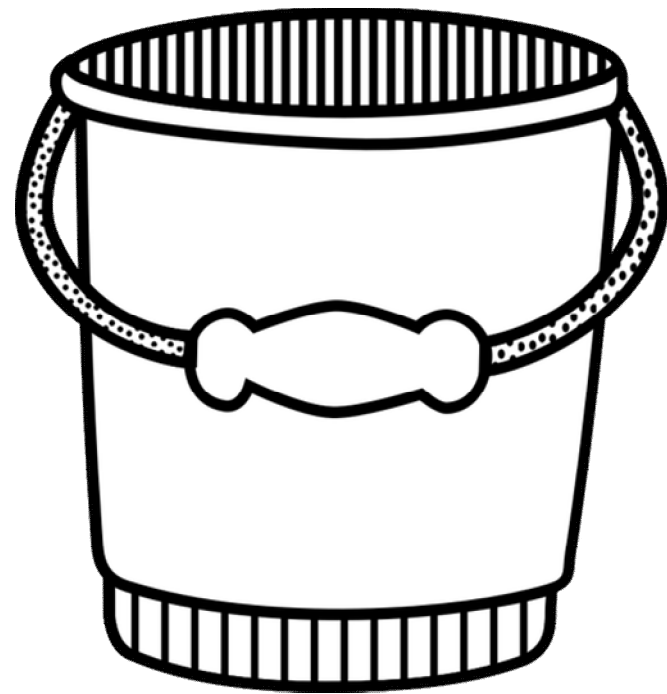


Intellectual Property

- Definition: Rights protecting the intangible products of human intelligence and creation

Primary IP Types

- Copyright
- Trademark
- Trade Secrets
- Patents



Copyright

- Protects “original works of authorship fixed in a tangible medium of expression.”
- Based on Expression
- Two Types for Videogames
 - Audiovisual works ... the visual and aural display of the game while being played
 - Literary works ... the game’s computer code

Copyright Limits

- Copyright protects the expression of the idea, but not the idea itself.
- No protection for: ideas, procedure, process, system, methods of operation, concept, principle or discovery.
- “Scenes a Faire Doctrine” states there is no protection for expressions that are a standard (e.g., wizards, trolls, orcs in a fantasy game).

Developers and Copyright

- Developers negotiate with publishers regarding copyright ownership.
- Publishers may require an assignment of copyright in negotiation.
- Extremely long duration; 95 years after publication for a work-for-hire project in US.

Trademarks

- **Definition: recognizable sign, design, or unique expression related to products or services from a particular source**

Microsoft®

BLIZZARD®
ENTERTAINMENT



SONY®


ORRICK

Trademarks

- Central Registry
 - Patent and Trademark Office in US
- International
- Dependent on Public Perception
- Unlimited duration

Trademarks

**UNITED STATES PATENT AND TRADEMARK OFFICE (USPTO)
OFFICE ACTION (OFFICIAL LETTER) ABOUT APPLICANT'S TRADEMARK APPLICATION**

U.S. APPLICATION SERIAL NO. 86801899

MARK: LET'S PLAY

86801899

CORRESPONDENT ADDRESS:

KYLE SAMIA
SONY COMPUTER ENTERTAINMENT
AMERICA LLC
2207 BRIDGEPOINTE PKWY
SAN MATEO, CA 94404

**CLICK HERE TO RESPOND TO THIS
LETTER:**

http://www.uspto.gov/trademarks/teas/response_forms.jsp

[VIEW YOUR APPLICATION FILE](#)

APPLICANT: Sony Computer Entertainment America
LLC

**CORRESPONDENT'S REFERENCE/DOCKET
NO:**

LET'S PLAY

CORRESPONDENT E-MAIL ADDRESS:

trademarks@playstation.sony.com

Trademarks

Section 2(e)(1) Refusal: Merely Descriptive

Registration is refused because the applied-for mark merely describes a feature of applicant's services. Trademark Act Section 2(e)(1), 15 U.S.C. §1052(e)(1); *see* TMEP §§1209.01(b), 1209.03 *et seq.*

Trade Secrets

- **Definition: formula, practice, process, design, instrument, pattern, commercial method, or compilation of information which is not generally known or reasonably ascertainable by others**

**TOP
SECRET**

Trade Secrets

- State Law Defined
 - Interesting Issues
- Non-Transferable
- Non-Negotiable
- Unlimited Duration

**TOP
SECRET**

Patents

- Definition: the exclusive right granted by a government to an inventor to manufacture, use, or sell an invention for a certain number of years.



Example Invention

Patents

- Owners have right to exclude others
- Invention must be:
 - Useful
 - New and nonobvious
 - Prior to June 2014, software patents must be linked to a particular machine, or transform data.

Who Has Patents?

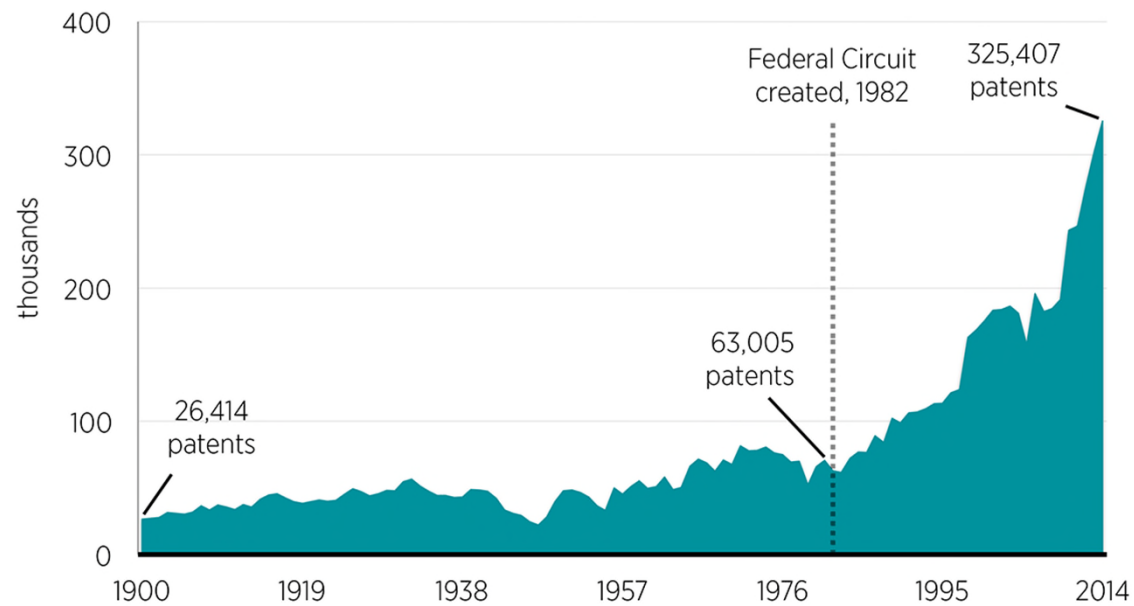
- Activision – 73
- Aspyr Media – 2
- Bungie – 2
- Codemasters – 7
- Crytek – 14
- Epic Games – 7
- Glu Mobile – 1
- Hands-On Media – 4
- Harmonix – 130
- Immersion – 1100
- Kabam – 58
- Konami – 1003
- NCSoft – 1
- Nintendo – 1655
- Novalogic – 4
- PopCap Games – 3
- Sega – 650
- Square Enix – 210
- Supercell – 5
- Take Two Interactive – 10
- Ubisoft – 9
- Valve – 40
- Wizards of the Coast – 4
- Worlds, Inc. – 7
- Zynga – 217

Actual numbers may be different due to holding structures (e.g., offshore companies, differently named subsidiaries).

Patents

- Time-Limited Monopoly Rights
- Strict Liability for Infringement
- Robust Third Party Market for Patents
- Strongest Form of Intellectual Property

Total US Patents Issued Annually, 1900–2014



Source: "Table of Annual U.S. Patent Activity Since 1790," US Patent and Trademark Office,
http://www.uspto.gov/web/offices/ac/ido/oeip/taf/h_counts.htm.
Produced by Eli Dourado, Mercatus Center at George Mason University, April 6, 2015.

Changes



"These are the old rules being thrown out."

Alice Corp. v. CLS Bank Int'l (2014)

SUPREME COURT OF THE UNITED STATES

Syllabus

**ALICE CORPORATION PTY. LTD. *v.* CLS BANK
INTERNATIONAL ET AL.**

**CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR
THE FEDERAL CIRCUIT**

No. 13–298. Argued March 31, 2014—Decided June 19, 2014

Alice Corp. Patent



US005970479A

United States Patent [19]
Shepherd

[11] **Patent Number:** **5,970,479**

[45] **Date of Patent:** **Oct. 19, 1999**

[54] **METHODS AND APPARATUS RELATING TO
THE FORMULATION AND TRADING OF
RISK MANAGEMENT CONTRACTS**

[75] Inventor: **Ian K. Shepherd**, Toorak, Australia

[73] Assignees: **Swychco Infrastructure Services Pty.
Ltd.**, Melbourne, Australia; **Swychco
Support Services Pty. Ltd.**, Sydney,
Australia

[21] Appl. No.: **08/070,136**

[22] Filed: **May 28, 1993**

[30] **Foreign Application Priority Data**

May 29, 1992 [AU] Australia PL 2677
Jun. 30, 1992 [AU] Australia PL 3216

OTHER PUBLICATIONS

"The DTB—West Germany's New Options and Futures
Exchange. (2 of 2)," Business Briefing published in *Institutional Investor*, Aug. 31, 1989.

Murphy, "Soffex Well—Established After First Six Months,"
Business Briefing published by Reuters News Service, Nov.
16, 1988.

(List continued on next page.)

Primary Examiner—Gail O. Hayes

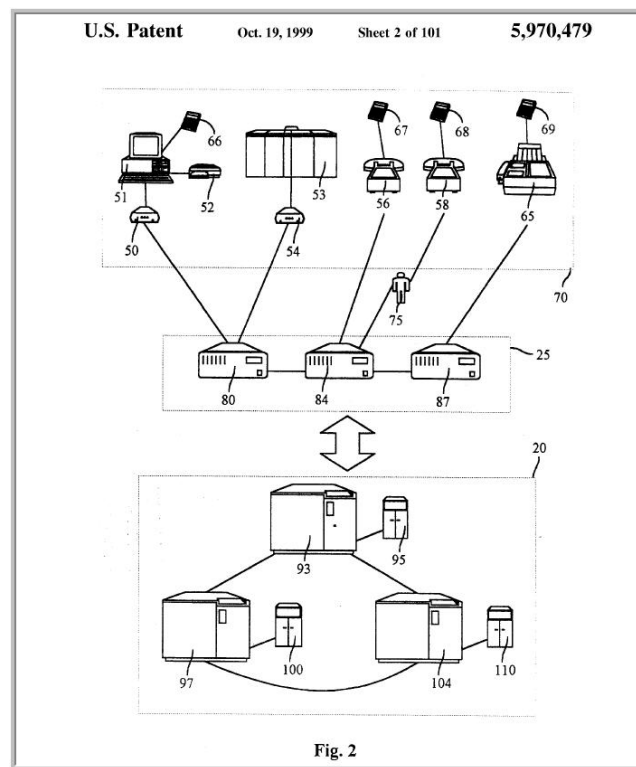
Assistant Examiner—Barton L. Bainbridge

Attorney, Agent, or Firm—Sterne, Kessler, Goldstein & Fox
P.L.L.C.

[57] **ABSTRACT**

Methods and apparatus which deal with the management of
risk relating to specified, yet unknown, future events are
disclosed.

Alice Corp. Patent



Alice holding

Two-step test to determine if claims are patent-ineligible under 35 U.S.C. § 101:

1. do the claims recite an abstract idea?
2. If yes, do the claim elements, individually or in combination, contain an inventive concept that transforms the claims into a patent-eligible application of the abstract idea?

The Influence of *Alice*



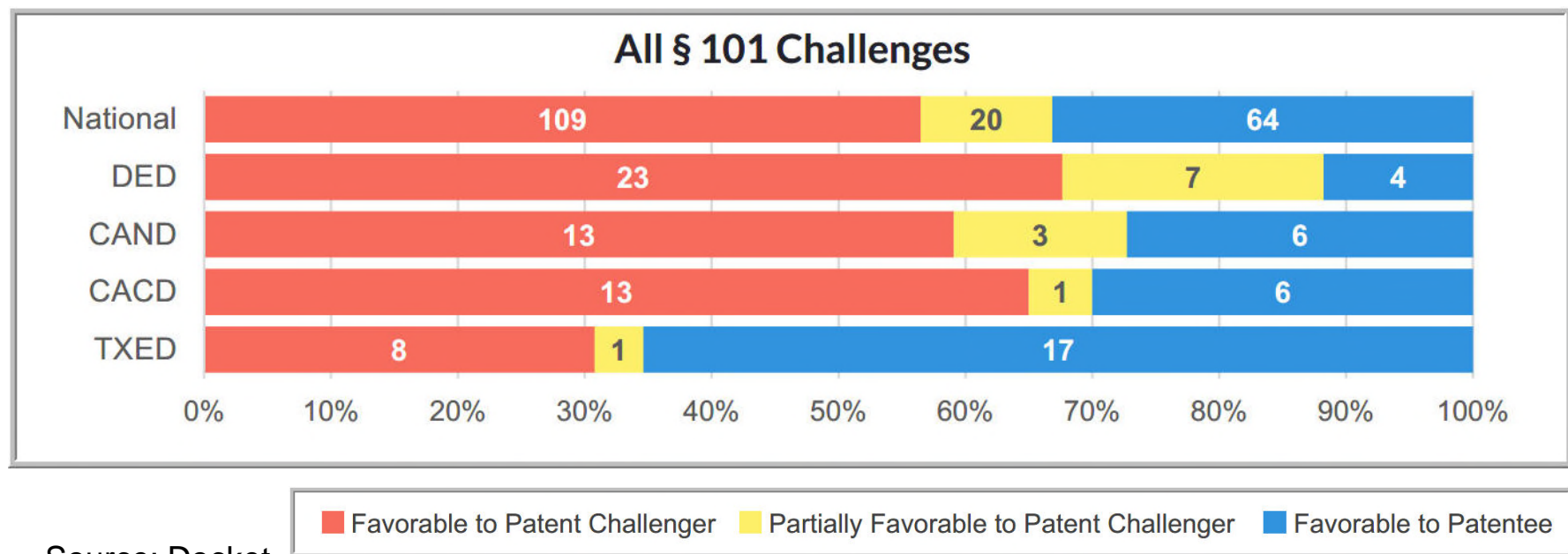
Note: simply reciting a generic computer or conventional/routine elements does not transform an abstract idea into a patent-eligible invention.

The Influence of *Alice*

- By January 2016, **208** opinions based on *Alice*.
- Of the 208, **150** (72.1%) found claims invalid.
- 23 Federal Circuit *Alice* opinions, and in only **one** case, *DDR Holdings*, did the Federal Circuit find claims patent-eligible (95.7% invalid!).



The Influence of *Alice*



Source: Docket
Navigator 2015 Year
in Review

What does this mean to you?

- Reexamine issued patents.
- Competitively, think about your competition's patents.
- Move forward with new patents, but with careful advice.



Inter Partes Review (IPR)

- New AIA process with the Patent Office to inexpensively challenge patent claims.
- Definition: procedure that allows third parties to challenge claims in a granted patent based on prior art patents and printed publications



Thank you!



Edwin E. Steussy
Attorney
esteussy@orrick.com
213-612-2319
Los Angeles, California