

EASTERN DISTRICT OF VIRGINIA IP YEAR IN REVIEW

2019

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INTRODUCTION

The Eastern District of Virginia (the District) saw a wide variety of intellectual property cases in 2019 and had the opportunity to weigh in on several interesting legal issues in the areas of patent, copyright, trademark and trade secret law. The year ended with a copyright infringement trial against Cox Communications that resulted in a \$1 billion jury verdict.

The District continues its reputation of moving cases quickly and offering the litigants decisive judging on important legal issues. We highlight some of the decisions below in our annual Intellectual Property Year in Review for the Eastern District of Virginia.



PATENT

We begin this year’s review with a pair of decisions issued by Judge M. Hannah Lauck in *Trustees of Columbia University in the City of New York v. Symantec Corp.* The first decision addresses the issue of *inter partes* review estoppel,¹ and the second concerns claim construction.²

The Trustees initially filed the case in 2013, in which they alleged that Symantec’s Norton antivirus software infringed six patents owned by Columbia.³ At the parties’ request, the court entered a scheduling order that set deadlines to file infringement and invalidity contentions.⁴ Symantec timely served its invalidity contentions, which included contentions related to the ‘115 and ‘322 patents.⁵ The parties submitted claim construction briefs and the court conducted a Markman hearing.⁶ The court issued a claim construction order, which it subsequently clarified. Based on the court’s clarified claim construction order the parties jointly moved the court to issue a final judgment of noninfringement. The court issued the requested order and the Trustees appealed to the Federal Circuit.⁷ Ultimately, the Federal Circuit affirmed in part, and reversed in part. Specifically, “with regard to the ‘115 and ‘322 patents, the Federal Circuit vacated the Court’s clarified construction of the term ‘anomalous,’ reversed the Court’s judgment as to those two patents and remanded for proceedings consistent with the Federal Circuit’s opinion.”⁸

Meanwhile, Symantec filed a petition for *inter partes* review of the subject patents, including the ‘115 and ‘322 patents. Symantec’s invalidity contentions filed in the district court identified dozens of grounds of invalidity for these patents. However, in its petition, Symantec only identified three grounds of invalidity for the ‘115 patent, and two grounds of invalidity for the ‘322 patent.⁹ The Patent Trial and Appeal Board (PTAB) fully instituted *inter partes* review of the ‘115 and ‘322 patents on all of the grounds asserted in Symantec’s petition. After conducting its review, the PTAB invalidated some of the claims of the patents, but left other claims intact. The PTAB’s decision was affirmed by the Federal Circuit.¹⁰

Following both appeals, the case made its way back to the district court. The Trustees filed a motion for partial summary judgment based on *inter partes* review estoppel. The Trustees argued that Symantec should be precluded from relying on the dozens of grounds of invalidity asserted in its invalidity contentions that were not included in its petition for *inter partes* review. Judge Lauck agreed and granted the motion.¹¹

The court focused its analysis on the plain language of the statute which states: “The petitioner in an *inter partes* review of a claim in a patent under this chapter that results in a final written decision under 318(a) ... may not assert either in a civil action arising in whole or in part under section 1338 of title 28 ... that the claim is invalid on any ground that the petitioner raised or reasonably could have been raised during that *inter partes* review.”¹²

The court had no trouble finding that Symantec “reasonably could have raised” the grounds for invalidity

¹ 390 F. Supp. 3d 665 (E.D. Va. 2019).

² No. 3:13cv808, 2019 WL 2774321 (E.D.Va. July 2, 2019).

³ 390 F. Supp. 3d at 669–670.

⁴ *Id.* at 669.

⁵ *Id.* at 669–670.

⁶ *Id.* at 670.

⁷ *Id.* at 670.

⁸ *Id.* at 670–671.

⁹ *Id.* at 671–672.

¹⁰ *Id.* at 672–673.

¹¹ *Id.* at 668.

¹² 35 U.S.C. 315(e)(2).

contained in its invalidity contentions when it filed its petition for *inter partes* review—it simply chose not to do so.¹³ Symantec was therefore estopped from pursuing those grounds of invalidity in the district court.¹⁴

In reaching this decision, the court distinguished the Federal Circuit’s decision in *Shaw Industries Group, Inc. v. Automated Creel Systems, Inc.*¹⁵ In that case, Shaw filed a petition for *inter partes* review that raised several grounds for invalidity. The PTAB instituted a review on some, but not all, of the grounds asserted in the petition. The Federal Circuit held that Shaw would not be estopped in a later proceeding to assert the grounds for invalidity that were included in the petition, but for which the PTAB did not institute review. In reaching this decision, the Federal Circuit held that an IPR does not commence until it is instituted. Thus, Shaw did not raise, and could not have raised, the rejected grounds for invalidity “during that *inter partes* review” and estoppel did not apply.¹⁶

Syantec argued that, pursuant to *Shaw*, estoppel only applies to “those grounds on which the PTAB actually instituted *inter partes* review” regardless of what was contained in the petition.¹⁷ Judge Lauck rejected this argument and held that *Shaw* is limited to its facts and does not apply where a defendant simply fails to include a known invalidity position in its petition.¹⁸ The court further noted that “courts will no longer face issues stemming from partial institution” in light of the Supreme Court’s decision in *SAS Institute, Inc. v. Iancu*, striking down that practice.¹⁹

The second decision issued by Judge Lauck in the *Syantec* case concerns claim construction.²⁰ The decision is noteworthy for its commentary on the court’s authority to limit claim construction, which can have a significant impact on a case involving multiple patents or disputed terms.

When the case resumed in the district court, the Trustees requested that the court conduct a *Markman* hearing to construe the term “anomalous.” This term was previously construed by the court, but the Federal Circuit vacated the construction. In addition, Syantec requested that the court construe an additional term, not previously presented to the court for construction. Syantec conceded it was aware of the dispute over this term before the court entered the agreed judgment which led to the Federal Circuit appeal; however, it did not raise it because it had prevailed—at least at the then-current stage of the litigation.²¹

The court granted the motion for additional claim construction, but not before emphasizing its authority to manage the claim construction process. The court noted it was not required to construe every term in a patent.²² The court further reminded the parties that it may set deadlines for claim construction and refuse to permit any additional constructions after the deadlines expire.²³ Nevertheless, the court agreed to conduct *Markman* proceedings regarding the term “anomalous” because it appears in “all remaining claims in this case” and “constitutes a critical disputed term, the construction of which will likely have a drastic impact on the outcome of this litigation.”²⁴ The court also reluctantly agreed to construe the term identified by Syantec. The court noted that Syantec could have identified the dispute regarding this term earlier in the case, but made a strategic decision not to do so. Thus, the court stated it was within its authority to deny Syantec’s request. Although the court agreed to construe the additional term, Judge Lauck cautioned “that endless claim construction or requests for reconsideration of finally-decided issues will not be tolerated.”²⁵

¹³ 390 F. Supp. 3d at 677–678.

¹⁴ *Id.* at 681.

¹⁵ 817 F.3d 1293 (Fed. Cir. 2016).

¹⁶ *Id.*

¹⁷ 390 F. Supp. 3d at 676–677.

¹⁸ *Id.* at 679.

¹⁹ *Id.* at 676 (citing *SAS Institute*, 138 S. Ct. 1348 (2018)).

²⁰ 2019 WL 2774321.

²¹ *Id.* at *6.

²² *Id.*

²³ *Id.* at *5.

²⁴ *Id.* at *6.

²⁵ *Id.* at *10.



The court also issued claim construction opinions in the following cases: *Groove Digital, Inc. v. United Bank* (Judge Liam O’Grady)²⁶; *Bushnell Hawthorne, LLC v. Cisco Systems, Inc.* (Judge T.S. Ellis III)²⁷; *BASF Plant Science, LP v. Commonwealth Scientific and Industrial Research Organization* (Judge Henry Coke Morgan, Jr.).²⁸ These decisions are case specific, so we do not discuss them here. However, they demonstrate the court’s adherence to general principles of claim construction.

Next we turn to several § 101 cases, in which the court considered whether the patent-in-suit was invalid as directed to ineligible subject matter. We note that since *Alice Corp. Pty. Ltd. v. CLS Bank International*,²⁹ the § 101 cases seem to have balanced out, perhaps with a slight trend in favor of the patent owner.

In both *Jaguar Land Rover Limited v. Bentley Motors Limited*³⁰ and *Trustees of Columbia University v. Symantec Corporation*,³¹ the court denied defense motions based on § 101. In both cases, the court held that the patent was not directed to an abstract idea.

In *Jaguar Land Rover Limited*, Jaguar sued Bentley for infringement of the ‘828 patent. The patent concerned a “vehicle control system” that adjusted the various subsystems in the vehicle, such as the engine, transmission, brakes, traction control, and suspension and steering, based on the terrain.³² Specifically, the driver selects the type of off-road driving surface from

an input panel, and the “controller then instructs each of the subsystems to operate in a manner or mode that is suitable for driving on the selected surface.”³³ Bentley moved to dismiss the complaint for failure to state a claim and argued that the ‘828 patent was invalid for failure to claim patent-eligible subject matter.³⁴ Judge Mark. S. Davis denied the motion to dismiss.

Before analyzing the patent itself, the court provided a detailed discussion of the history and purpose of § 101. The court began its analysis by citing the intellectual property clause of the United States Constitution, pursuant to which Congress is authorized “[t]o promote the progress of science and the useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.”³⁵ In accordance with this authority, Congress, through § 101, has provided for patent protection for “[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.”³⁶ This provision, by its terms, excludes from patent protection the “[l]aws of nature, natural phenomena, and abstract ideas.”³⁷ As explained in *Alice*, “[m]onopolization of those tools through the grant of a patent might tend to impede innovation more than it would tend to promote it, thereby thwarting the primary object of the patent laws.”³⁸ For this reason, the Supreme Court has “repeatedly emphasized this ... concern that patent law not inhibit further discovery by improperly tying up the future use of these

²⁶ No. 1:18-cv-00966, 2019 WL 1869853 (E.D. Va. Apr. 24, 2019).

²⁷ No. 1:18-cv-760, 2019 WL 2745735 (E.D. Va. July 1, 2019).

²⁸ No. 2:17cv503, 2019 WL 1922521 (E.D. Va. Apr. 29, 2019) and 2019 WL 2141923 (E.D. Va. May 15, 2019).

²⁹ 573 U.S. 208 (2014).

³⁰ 388 F. Supp. 3d 665 (E.D. Va. 2019).

³¹ No. 3:13cv808, 2019 WL 6138419 (E.D. Va. Nov. 19, 2019).

³² 388 F. Supp. 3d at 669–670.

³³ *Id.* at 670.

³⁴ *Id.* at 673.

³⁵ *Id.* (quoting U.S. Const. art. I, § 8).

³⁶ *Id.* at 673–674 (quoting 35 U.S.C. § 101).

³⁷ *Id.* at 674 (quoting *Alice*, 573 U.S. at 216).

³⁸ *Id.* at 674 (quoting *Alice*, 573 U.S. at 216–217).



building blocks of human ingenuity.”³⁹ However, courts must be cautious in applying the exclusionary rule “lest it swallow all of patent law” because “[a]t some level, all inventions ... embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas....”⁴⁰

The court then restated the familiar two-step framework from *Alice* for determining whether the subject patent claims patent-ineligible subject matter. The first step requires the court to “determine whether the claims at issue are directed to one of [the] patent-ineligible concepts.”⁴¹ If they are, then the second step requires the court to “consider the elements of each claim both individually and ‘as an ordered combination’ to determine whether the additional elements ‘transform the nature of the claim’ into a patent eligible application.”⁴²

With respect to the first step of the *Alice* inquiry, that is determining whether the patent is directed to a patent-ineligible concept, the court stated that it “must identify the purpose of the claim ... what the claimed invention is trying to achieve ... and ask whether the purpose is abstract.”⁴³ The court defined the purpose of ‘828 patent as “manipulating multiple vehicle subsystems to allow a vehicle to better adapt to driving on various types of on-road and off-road surfaces.”⁴⁴ The court then turned to whether the patent was directed to an “abstract idea.”

The court stated that this analysis includes comparing “the claims at issue to prior § 101 cases.”⁴⁵ The court also identified several “basic principles” to aid in this analysis, including: “1) whether the claims are directed to an improvement to computer (or any other technological) functionality, and 2) whether the claims are directed to a mental process or a process that can be performed with a pen and paper.”⁴⁶

Jaguar argued that “the claims are directed to an improvement in computer functionality because the technology permits the manipulation of multiple vehicle subsystems at once.”⁴⁷ Jaguar further argued that “[p]rior to the ‘828 patent, drivers had to know the appropriate configurations of various subsystems when driving off-road on particular driving surfaces, the subsystems had to be manually changed one at a time, and a limited number of subsystems could be manipulated at one time.”⁴⁸ According to Jaguar, the ‘828 patent offers improvements “by permitting a driver to control multiple subsystems at once” and because it “provides preset configurations of various subsystems for particular surfaces.”⁴⁹

Bentley argued that the ‘828 patent merely computerized “what drivers already do in their mind—for instance by slowing down while going downhill.”⁵⁰ Bentley cited cases in which courts held that “merely using computers to perform what people can otherwise do is patent-ineligible.”⁵¹

³⁹ *Id.* (quoting *Alice*, 573 U.S. at 216–217).

⁴⁰ *Id.* (quoting *Alice*, 573 U.S. at 216–217).

⁴¹ *Id.* at 675 (quoting *Alice*, 573 U.S. at 217) (additional citations omitted).

⁴² *Id.* (quoting *Alice*, 573 U.S. at 217).

⁴³ *Id.* (citations omitted).

⁴⁴ *Id.* at 675–676 (quoting *Cal. Institute of Tech. v. Hughes Commc’ns Inc.*, 59 F. Supp. 3d 974 (C.D. Cal. 2014)).

⁴⁵ *Id.* at 677.

⁴⁶ *Id.*

⁴⁷ *Id.*

⁴⁸ *Id.* at 677–678.

⁴⁹ *Id.* at 678.

⁵⁰ *Id.*

⁵¹ *Id.*

The court held that, “applying these principles and construing the pleadings in the light most favorable to Plaintiff ... the claims are not directed to an abstract concept.”⁵² The court analogized to cases which have held that cruise control systems in a vehicle are patentable.⁵³ The court further cited Jaguar’s allegations of “improve[ment]s to computer functionality by allowing a driver to select one configuration on an input panel and then control multiple subsystems.”⁵⁴ The court also emphasized that “the technology physically changes the subsystems of the vehicle,” for example, “[c]laim 41 adjusts the suspension subsystem, and changes the actual height of the vehicle.”⁵⁵ The court explained “[t]hese claims do more than just perform a function, which Defendants characterize as driving differently in different conditions, but rather provide ‘a particular way of performing that function.’”⁵⁶ This is more than “computeriz[ing] what humans would otherwise do by replacing the mental process entirely.”⁵⁷ As the court explained, “[d]rivers may continue to engage in the same mental processes, but [the vehicle](#) itself has adapted to optimize and make driving on different surfaces more efficient.”⁵⁸ The court concluded, “[b]ecause the claims of the patent are directed at both improvements in computer functionality and providing concrete, physical means of implementing the functionality, the Court concludes that the ‘828 patent is not directed at an abstract idea.”⁵⁹

The court also discussed the second prong of *Alice*. The court held that to the extent the patent was directed to an abstract idea, “the technology embodied in the ‘828 patent improves efficiency, and therefore, is inventive...”⁶⁰

In *Trustees of Columbia University v. Symantec Corporation*, Judge Lauck denied a motion for judgment on the pleadings based on § 101.⁶¹ Like Judge Davis, she held that the subject patent was not directed to an abstract idea, and therefore, there was no need to reach the second step of the *Alice* framework.⁶² The patents-in-suit related to computer virus scanning. In holding that the patents were not directed to ineligible subject matter, the court explained: “This conclusion stems from the common specification of the 115 Patent and the 322 Patent which demonstrates that these patents improve computer functionality by enhancing virus scanning through the use of innovative models and increases to computer efficiency.”⁶³

Salwan v. Iancu also involved § 101, but in a different context.⁶⁴ In that case, the plaintiff filed suit against the United States Patent and Trademark Office (USPTO) seeking a judgment that he was entitled to a patent on his invention, which was an electronic system for communications between physicians and patients. This was plaintiff’s second attempt at obtaining a patent. The PTAB rejected the first application under § 101, and the Federal Circuit affirmed. After the PTAB rejected the second application, plaintiff filed suit in the Eastern District of Virginia. The parties filed cross-motions for summary judgment, and Judge Leonie M. Brinkema granted judgment in favor of the USPTO.⁶⁵

The court described the application as “generally directed to the abstract idea of ‘billing’ and ‘organizing patient health information.’”⁶⁶ The court held that the claims “represent ‘fundamental economic and conventional business practices,’ which are often held to be abstract.”⁶⁷ The court further held that the application “lacks an inventive concept that would render it patent-eligible.”⁶⁸ It was not enough to include “terms like a generic network, computer program, and central server.”⁶⁹ The court “concluded that the examiner and PTAB’s

⁵² *Id.*

⁵³ *Id.*

⁵⁴ *Id.* at 679.

⁵⁵ *Id.*

⁵⁶ *Id.* (citations omitted).

⁵⁷ *Id.* at 680.

⁵⁸ *Id.* (emphasis in original).

⁵⁹ *Id.*

⁶⁰ *Id.* at 681.

⁶¹ No. 3:13cv808, 2019 WL 6138419, *6 (E.D. Va. Nov. 19, 2019).

⁶² *Id.* at *8.

⁶³ *Id.* at *6.

⁶⁴ No. 1:18-cv-1543(LMB/TCB), 2019 WL 4144308 (E.D. Va. Aug. 30, 2019).

⁶⁵ *Id.* at *1.

⁶⁶ *Id.* at *5.

⁶⁷ *Id.*

⁶⁸ *Id.*

⁶⁹ *Id.* (internal quotations omitted).



determination that the ‘000 Application covered patent-ineligible subject matter under 35 U.S.C. § 101 was supported by substantial evidence” and granted summary judgment for the USPTO.⁷⁰

We round out our discussion of patent cases with decisions addressing a variety of issues, including collusive assignment and its impact on jurisdiction, patent venue post-*TC Heartland* and enhanced damages.

In *E.I. du Pont de Nemours & Co. v. AGFA NV*, the court addressed the issue of whether a patent assignment was collusive, such that it could not be used as a basis to defeat the court’s jurisdiction.⁷¹ In that case, DuPont filed a declaratory judgment action against Agfa-Gevaert NV (Agfa-Parent) and Agfa NV (Belgian Subsidiary), in which it sought, among other things, a declaration of invalidity and noninfringement regarding the ‘759 patent.⁷² DuPont initiated the action in the Eastern District of Virginia pursuant to 35 U.S.C. § 293, which provides for personal jurisdiction in the district over foreign patent owners who have not designated an agent for service of process in the United States.⁷³ At the time the case was filed, the patent was owned by Belgian Subsidiary. However, before filing a responsive pleading, Belgian Subsidiary transferred the patent to Agfa Corporation, a Delaware company wholly owned by Agfa Parent (Delaware Subsidiary).⁷⁴ Agfa Parent and Belgian Subsidiary then filed a motion to dismiss for lack of personal jurisdiction. They also challenged the court’s subject matter jurisdiction because there was no

case or controversy between the parties since Belgian Subsidiary did not own the patent.⁷⁵

The motions were originally decided by Magistrate Robert J. Krask on a Report and Recommendation. The Magistrate recommended that the motion be granted as to the Agfa Parent based on a lack of personal jurisdiction, but denied as to the Belgian Subsidiary.⁷⁶ Specifically, the Magistrate held that the assignment to Delaware Subsidiary was collusive and could not defeat jurisdiction over Belgian Subsidiary.⁷⁷ Belgian Subsidiary objected to the Magistrate’s ruling on several grounds. Judge Morgan overruled the objections, and adopted the Magistrate’s Report and Recommendation.⁷⁸

Belgian Subsidiary argued that it was improper for the court to consider its motive in making the assignment because the assignment was complete, i.e., Belgian Subsidiary did not reserve any rights in the patent.⁷⁹ Judge Morgan acknowledged the split of authority on this issue, but citing to Fourth Circuit case law, held that motive is a factor to be considered even where the transfer is absolute.⁸⁰

⁷⁰ *Id.* at *7.

⁷¹ No. 2:18cv326, 2019 WL 279989 (E.D. Va. Jan. 22, 2019).

⁷² *Id.* at *4.

⁷³ *Id.* at *8.

⁷⁴ *Id.* at *4.

⁷⁵ *Id.* at *4–*5.

⁷⁶ *Id.* at *5.

⁷⁷ *Id.*

⁷⁸ *Id.* at *14.

⁷⁹ *Id.* at *6.

⁸⁰ *Id.* at *7.

Belgian Subsidiary also argued that the assignment would permit DuPont to pursue its claims in federal court in Delaware, where an action between DuPont and Delaware Subsidiary was already pending. The court held that this was irrelevant, stating: “Agfa Defendants cite no authority for the proposition that collusion to defeat jurisdiction in one federal court is rendered acceptable by the creation of jurisdiction in another federal court.”⁸¹

Further, Belgian Subsidiary argued that the Magistrate improperly considered the corporate relationship between Belgian Subsidiary and Delaware Subsidiary in evaluating whether the assignment was collusive. Judge Morgan acknowledged a “circuit split on whether a corporate relationship between assignor and assignee creates a presumption of collusion.”⁸² However, Judge Morgan noted that the Magistrate did not apply any such presumption. Rather, the Magistrate simply considered the corporate relationship as part of the totality of circumstances. The court held that the relationship was a proper consideration and overruled Belgian Subsidiary’s objection.⁸³

Next, Belgian Subsidiary argued that even if the court could exercise personal jurisdiction over it, the court still lacked subject matter jurisdiction because there was no case or controversy between the parties. The court described the issue as “whether a collusive transfer can deprive a court of subject matter jurisdiction by rendering a declaratory judgment controversy moot.”⁸⁴ The court, relying on cases from other jurisdictions, held that “a collusive transfer to defeat subject matter jurisdiction

may be held invalid.”⁸⁵ Thus, the court overruled Belgian Subsidiary’s objection.

Finally, Belgian Subsidiary argued that the case could not proceed without Delaware Subsidiary—the current owner of the patent. The court rejected this argument and explained: “A finding of collusion negates the legitimacy of the assignment for purposes of this case.”⁸⁶ It is “as if the assignment to Delaware Subsidiary never happened.”⁸⁷ Thus, the absence of Delaware Subsidiary did not prevent the case from proceeding to judgment.⁸⁸

In *BASF Plant Science, LP v. Commonwealth Scientific Industrial Research Organization*, the court considered a motion to dismiss for lack of personal jurisdiction and improper venue.⁸⁹ Judge Morgan began his analysis of the venue issue by noting that “patent venue for domestic corporations is exclusively governed by 28 U.S.C. § 1400(b).”⁹⁰ Pursuant to that statute, venue is proper where the defendant resides or “where the defendant has committed acts of infringement and has a regular and established place of business.”⁹¹ In this case, Cargill, the party challenging venue, resided outside of Virginia, thus the case turned on the second prong of the venue statute.⁹²

⁸¹ *Id.* at *7.

⁸² *Id.*

⁸³ *Id.* at *8.

⁸⁴ *Id.*

⁸⁵ *Id.* at *9.

⁸⁶ *Id.*

⁸⁷ *Id.*

⁸⁸ *Id.*

⁸⁹ No. 2:17-cv-503, 2019 WL 2017541 (E.D. Va. May 7, 2019).

⁹⁰ *Id.* at *4 (citing *TC Heartland LLC v. Kraft Foods Grp.*, 137 S. Ct. 1514, 1519 (2017)).

⁹¹ *Id.* (quoting 28 U.S.C. § 1400(b)).

⁹² *Id.* at *4.



Judge Morgan held that the court could exercise venue over Cargill. In reaching this decision, the court made two key rulings. First, the court stated that it “does not believe that a nexus between the acts of infringement and the regular and established place of business is required by the statute.”⁹³ Thus, so long as there is an act of infringement in the district, and the defendant has a regular and established place of business in the district, the venue provision is satisfied.⁹⁴ Second, the court held that an act of infringement in the district by a closely related entity could be attributed to the defendant for purposes of the venue statute.⁹⁵ In this case, there was no question that Cargill had a regular and established place of business in the district, so the case turned on whether there was an “act of infringement.”⁹⁶

Cargill had partnered with BASF to research, develop and monetize a canola seed with certain properties.⁹⁷ In furtherance of these efforts, BASF deposited the seeds with the American Type Culture Collection (ATCC) in Manassas, Virginia.⁹⁸ The court held that the act of depositing the seeds constituted “use” of the seeds, and that this act constituted an “act of infringement.”⁹⁹ Moreover, the court attributed this act of infringement to Cargill for purposes of the venue analysis “given the partnership and close connection of the entities.”¹⁰⁰

The last patent case we reviewed is *TecSec, Inc. v. Adobe Inc.*¹⁰¹ In that case, Judge O’Grady granted Adobe’s judgment as a matter of law on TecSec’s claim for willful infringement.¹⁰² TecSec’s claim for enhanced damages was based solely on Adobe’s post-suit conduct. The court recognized a split in authority as to whether post-suit conduct alone can support enhanced damages.¹⁰³ However, the court did not take a position on this legal issue, instead finding that Adobe’s conduct did not rise to the level of egregious misconduct sufficient to support enhanced damages.¹⁰⁴

⁹³ *Id.* at *5.

⁹⁴ *Id.*

⁹⁵ *Id.*

⁹⁶ *Id.*

⁹⁷ *Id.* at *1.

⁹⁸ *Id.* at *2.

⁹⁹ *Id.* at *5.

¹⁰⁰ *Id.*

¹⁰¹ No. 1:10-cv-115, 2019 WL 1233882 (E.D. Va. Mar. 14, 2019).

¹⁰² *Id.* at *1.

¹⁰³ *Id.*

¹⁰⁴ *Id.* at *2.



COPYRIGHT

As noted earlier, *Sony Music Entertainment v. Cox Communications, Inc.* is a significant copyright infringement case that resulted in a \$1 billion jury verdict against Cox in December 2019.¹⁰⁵ We expect there will be post-trial activity in 2020, followed by an appeal. Our review focuses on the court’s decision on the parties’ cross-motions for summary judgment, issued shortly before the trial.¹⁰⁶

The plaintiffs (collectively referred to as Sony) in that case are various record companies that “produce, manage, acquire, sell, and license sound recordings and musical compositions and their copyrights.”¹⁰⁷ The defendant, Cox Communications, provides internet service to residential and commercial customers throughout the United States. Cox has a department that focuses on abuse of its services, including copyright infringement. Cox sends notices of infringement to its users through its Cox Abuse Tracking System (CATS).¹⁰⁸

Sony, through the Recording Industry Association of America (RIAA), retained MarkMonitor, an antipiracy company, to identify potentially infringing file-sharing of its works on peer-to-peer (P2P) networks. MarkMonitor accomplished its mission by participating in P2P networks, engaging with potentially infringing users, gathering information about the users and generating infringement notices. MarkMonitor then sent the infringement notices to Cox for Cox to follow up with the users.¹⁰⁹

The lawsuit focuses on individual Cox residential and business accounts that received three or more infringement notices. These accounts are alleged to have infringed 7,068 copyrighted sound recordings and 3,452 copyrighted musical compositions during the relevant time period. Sony asserted claims against Cox for both contributory infringement and vicarious liability for infringement that “occurred by unauthorized download and distribution of files using Cox’s network.”¹¹⁰

The parties filed cross-motions for summary judgment. Although the court deferred many of the issues, Judge O’Grady ruled on two important issues: copyright ownership and the knowledge necessary to establish contributory infringement.¹¹¹

On the issue of ownership, Judge O’Grady held that Sony’s evidence was sufficient to establish a presumption of ownership. Sony supported its claim to ownership with declarations, together with certificates of registration, excerpts from the US Copyright Catalog, and merger and acquisition agreements and related contracts.¹¹² Cox challenged the sufficiency of Sony’s evidence, but did not offer any counter-evidence.¹¹³ Thus, the court held that Cox had failed to rebut the presumption. Accordingly, the court granted Sony’s motion for summary judgment and held that “[c]opyright ownership for the works in suit is not an issue for trial.”¹¹⁴ The court excluded from its ruling 78 works which were registered after the infringement period.¹¹⁵

¹⁰⁵ No. 1:18-cv-950-LO-JFA (E.D. Va.) (jury verdict issued December 19, 2019).

¹⁰⁶ 1:18-cv-950-LO-JFA, 2019 WL 6357963 (E.D. Va. Nov. 27, 2019).

¹⁰⁷ *Id.* at *1.

¹⁰⁸ *Id.*

¹⁰⁹ *Id.*

¹¹⁰ *Id.*

¹¹¹ *Id.* at *2.

¹¹² *Id.* at *4.

¹¹³ *Id.*

¹¹⁴ *Id.* at *5-9.

¹¹⁵ *Id.* at *8.

The court then tackled the issue of “what constitutes knowledge of infringement in the context of contributory infringement of a copyright” including “whether the infringement notices Cox received from RIAA, through its agent MarkMonitor, were sufficient in conveying that requisite knowledge.”¹¹⁶

The court started its analysis of this issue with reference to the Fourth Circuit’s recent decision in *BMG Rights Management (US) LLC v. Cox Communications, Inc.*¹¹⁷ In that case, the Fourth Circuit held that “contributory liability can be based on willful blindness but not on recklessness or negligence.”¹¹⁸ Pursuant to this standard, “[s]elling a product with both lawful and unlawful uses suggests an intent to cause infringement only if the seller knows of *specific* instances of infringement, but not if the seller only *generally* knows of infringement.”¹¹⁹ In the context of an internet service provider such as Cox, “‘generalized knowledge’ of infringement somewhere on an ISP’s network is insufficient to establish contributory infringement liability, and the proper standard requires a defendant to have specific enough knowledge of infringement that the defendant could *do* something about it.”¹²⁰

Applying this standard, Judge O’Grady held that the RIAA notices established that Cox possessed the requisite knowledge as a matter of law. The notices included all information required under the Digital Millennium Copyright Act (DMCA), including the time stamp of the infringement detection, the identity of the Cox user (by IP address) and information sufficient to identify the work infringed.¹²¹ Based on the information provided, the notice was specific enough for Cox to do something, e.g., investigate the user’s activity and/or suspend or terminate the accounts.¹²² The court rejected Cox’s argument that each notice only identified a single work infringed by the user, and thus was not specific as to other works that the user may have infringed. The court held that once Cox had knowledge of the particular user and an instance of infringement, it had sufficient knowledge to take action.

“The standard is focused on the subscriber, not the particular works infringed.”¹²³

Cox also argued that the evidence was insufficient to hold it liable for any infringement by any end user of a Cox business account. In this regard, Cox argued that the RIAA notice only identified the IP address for the business account, not the individual person at the business that engaged in the infringing activity. Thus, Cox argued that RIAA notice was too generalized to support a claim for contributory infringement. The court rejected this argument and explained: “Ultimately, the characterization of an IP address as a residence or a business does not affect either the level of specificity in the notice or Cox’s ability to take action in response.”¹²⁴

Cox also argued that it could not be held liable for any infringement by a Cox business account because Sony did not identify the direct infringer. In support of this argument, Cox relied on a Ninth Circuit copyright infringement case, *Cobbler Nevada, LLC v. Gonzales*, which was filed against an individual subscriber.¹²⁵ The subscriber, Thomas Gonzales, owned an adult foster care home in Portland, Oregon. The evidence in the case cast doubt on whether he was the infringer.¹²⁶ The court in *Cobbler* held that the individual subscriber could not be held secondarily liable without some information regarding the identity of the direct infringer.

Based on *Cobbler*, Cox argued that Sony was required to identify the end user that engaged in direct infringement.¹²⁷ Judge O’Grady distinguished *Cobbler* as having no application to a case against a service provider, which, by its very nature, is a “large-scale attempt to impose indirect liability where enforcement against direct infringers is both impractical and improbable.”¹²⁸ The court explained: “Enforcement against direct infringers in the instant case is impractical because of the sheer volume of alleged infringers and infringed works.... The *Cobbler* case was about one movie; this case is about more than 10,000 works.”¹²⁹ Judge O’Grady also noted

¹¹⁶ *Id.* at *9.

¹¹⁷ 881 F.3d 293 (4th Cir. 2018).

¹¹⁸ *Id.* at 309.

¹¹⁹ *Id.* at 311.

¹²⁰ 2019 WL 6357963, *9 (citing *BMG*, 881 F.3d at 311–12 (emphasis in original)).

¹²¹ *Id.* at *9.

¹²² *Id.* at *10–11.

¹²³ *Id.* at *11–12.

¹²⁴ *Id.* at *14.

¹²⁵ 901 F.3d 1142 (9th Cir. 2018).

¹²⁶ *Id.* at 1145.

¹²⁷ 2019 WL 6357963, *12.

¹²⁸ *Id.* at *13.

¹²⁹ *Id.*



that Cox was in the best position “to identify direct infringers beyond the Cox Business IP addresses” and it had produced no evidence that it had made any such effort.¹³⁰ For all of these reasons, the court permitted the claim based on infringement by the business accounts to proceed.

In addition to the decision discussed above, we also reviewed three additional copyright cases, which addressed procedural issues such as personal jurisdiction, venue and removal/preemption.

The first case is *UMG Recordings, Inc. v. Kurbanov*.¹³¹ In that case, the plaintiffs were 12 US-based record companies that filed a copyright infringement suit against a Russian national living in the Russian Federation. The defendant operated two websites “devoted to ‘stream ripping’ which is a process by which users may ‘rip’ a file from a streaming platform and convert it to a downloadable file format, such as an mp3.”¹³² The defendant filed a motion to dismiss the lawsuit based on a lack of personal jurisdiction, and Judge Claude M. Hilton granted the motion. The court analyzed whether the defendant’s contacts with Virginia and the United States through the websites were sufficient to constitute “purposeful availment” of the privilege of doing business in Virginia or the United States.¹³³ The court noted that a state may exercise jurisdiction over a nonresident if the nonresident “(1) directs electronic activity into the state, (2) with the manifested intent of engaging in business or other interactions within the state, and (3) that activity creates, in a person within the state, a potential cause of action cognizable in the state’s

courts.”¹³⁴ The court further explained that interactive websites are more likely to result in jurisdiction, whereas passive websites typically do not support jurisdiction.¹³⁵

The court applied this test to the facts and held that jurisdiction was lacking. The court described the websites as “semi-interactive.” Users share information with the host by agreeing to certain terms and conditions, and files are made available to the user for downloading. But, “there is not a significant or prolonged engagement between the user and the websites.”¹³⁶ The user does not create an account, sign in or register to use the websites. Moreover, the websites are not based on a commercial contract with the user, and there is no fee to use the websites. The only money that the defendant earns from the websites is through the sale of advertising space to a broker in the Ukraine.¹³⁷ Further, defendant did not advertise the websites in Virginia or provide specific instructions or advice to users in Virginia. The only contact users in Virginia had with the websites was unilateral in nature. To the extent the websites track the location of the user, “tracking the location of a user does not show targeting of the user or their location; instead it is merely a recording of where the user’s unilateral act took place.”¹³⁸ Based on this analysis, the court dismissed the complaint.

¹³⁰ *Id.* at *14.

¹³¹ 362 F. Supp. 3d 333 (E.D. Va. 2019) (Appeal Noted).

¹³² *Id.* at *335.

¹³³ *Id.* at *338.

¹³⁴ *Id.* (quoting, *ALS Scan, Inc. v. Digital Service Consultants, Inc.*, 293 F.3d 707, 714 (4th Cir. 2002)).

¹³⁵ *Id.*

¹³⁶ *Id.* at 339.

¹³⁷ *Id.*

¹³⁸ *Id.* at 339–340.



The second case, *Finch v. Weigh Down Workshop Ministries, Inc.*,¹³⁹ concerns proper venue in a declaratory judgment copyright case. The plaintiff was the author of a diet book that she claimed to have researched and written in Virginia Beach, Virginia. The defendants issued a cease and desist letter to plaintiff, in which they alleged that plaintiff's book infringed their copyright. In response, plaintiff filed a declaratory judgment action seeking a declaration of noninfringement. The defendants sought to transfer the case to the Middle District of Tennessee, where they maintained their principal place of business. Judge Morgan noted that "venue in copyright cases is usually governed by 28 U.S.C. §1400. However, because this is a declaratory judgment action, the general venue statute applies."¹⁴⁰ Pursuant to the general venue statute, the court held that "a substantial part of the events giving rise to the claim occurred in this District," including plaintiff's research and drafting of the book in Virginia Beach.¹⁴¹ Thus, the court denied defendant's motion to transfer.

The final case is *Futrend Technology Inc. v. Microhealth LLC*.¹⁴² In that case, the plaintiff filed an amended complaint in a state court action which alleged that the defendants violated the Virginia Computer Crimes Act by copying the plaintiff's computer files that contained confidential and proprietary business information.¹⁴³ The defendant removed the action to federal court, based on preemption under the Copyright Act. The plaintiff then sought leave to amend to delete the Computer Crimes Act claim, and to remand. Judge O'Grady granted the plaintiff's motion to amend and remanded the case. In granting remand, the court noted that plaintiffs had not intended to assert a federal claim, and it was debatable to what extent the allegedly stolen data was subject to any copyright.¹⁴⁴ The amendment avoided any preemption argument, and placed the case back in the state court consistent with plaintiff's intent.

¹³⁹ No. 2:18cv284, 2019 WL 1243729 (E.D. Va. Mar. 18, 2019).

¹⁴⁰ *Id.* at *2.

¹⁴¹ *Id.* at *3.

¹⁴² No. 1:19-cv-00361, 2019 WL 1966636 (E.D. Va. May 2, 2019).

¹⁴³ *Id.* at *1.

¹⁴⁴ *Id.* at *2-3.

TRADEMARK

Next we turn to an analysis of two cases that were appealed from the Trademark Trial and Appeal Board (TTAB).

The first case, *Combe Inc. v. Dr. August Wolff GmbH & Co. KG Arzneimittel*, arose out of the defendant’s effort to obtain a trademark on VAGISAN for use with feminine products.¹⁴⁵ Plaintiff Combe, as the owner of the VAGISIL mark used with similar products, filed an opposition to the application. The TTAB granted the registration, and Combe appealed.¹⁴⁶ Judge T.S. Ellis III reversed the TTAB decision and held that the defendant’s “VAGISAN mark is not registrable.”¹⁴⁷

The court began its analysis by stating that “[t]he Lanham Act provides that denial of an application to register a mark is warranted when the mark ‘so resembles a mark registered in the Patent and Trademark Office ... as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive.’ ”¹⁴⁸ The court then listed the “nine factors [that] guide the determination whether an applied-for mark is likely to cause confusion with the registered mark.”¹⁴⁹

These factors are:

1. the strength or distinctiveness of the senior mark as actually used in the marketplace;
2. the similarity of the two marks to consumers;
3. the similarity of the goods or services that the marks identify;
4. the similarity of the facilities used by the markholders;
5. the similarity of advertising used by the markholders;
6. the defendant’s intent;
7. actual confusion;
8. the quality of the defendant’s product; and
9. the sophistication of the consuming public.¹⁵⁰

Before applying the factors, the court addressed the parties’ dispute over “whether the likelihood of confusion analysis ... should be based on the VAGISAN mark as depicted and described in the application or as used in the marketplace.”¹⁵¹ The defendant argued that the mark should be considered in the context of the packaging and trade dress on which it would be included, rather than as it was depicted on the trademark application in plain letters. The court rejected the defendant’s argument. The court held that because the only issue was whether the mark could be registered, the likelihood of confusion analysis “considers only the descriptions of VAGISAN and the limitations on usage of the mark that are included in defendant’s application, without taking into account any narrower uses of the VAGISAN mark in the marketplace.”¹⁵²

¹⁴⁵ 382 F. Supp. 3d 429 (E.D. Va. 2019).

¹⁴⁶ *Id.* at 435–438.

¹⁴⁷ *Id.* at 467.

¹⁴⁸ *Id.* at 444 (citations omitted).

¹⁴⁹ *Id.*

¹⁵⁰ *Id.* at 445.

¹⁵¹ *Id.*

¹⁵² *Id.* at 446.

After resolving this threshold issue, the court turned to application of the nine factors. The court discussed the strength of the VAGISIL mark at length, evaluating both the conceptual strength and commercial strength of the mark.¹⁵³ As to the conceptual strength, the court held that the mark was suggestive rather than descriptive. The prefix of the mark suggested a part of the female body, but didn't describe the purpose or use of the product. And, the ending—"sil"—had no meaning.¹⁵⁴ However, even though the mark was suggestive, its conceptual strength was diminished because the defendant showed that there were at least 66 third-party marks containing "vagi" as a prefix.¹⁵⁵ The court held that "this evidence of similar third-party marks serves to weaken the conceptual strength of VAGISIL because if the mark were truly a distinctive term, it is unlikely that so many other businesses in the ... industry would independently think of using the same mark or similar variants of it."¹⁵⁶

On the issue of the mark's commercial strength, the court found that the mark enjoyed considerable commercial strength. This was supported by sales, marketing and advertising data, evidence of unsolicited media attention, and a survey conducted by Combe's expert that "reported a net awareness rate of 85%" of the VAGISIL mark.¹⁵⁷ The defendant argued that the existence of similar third-party marks diminished the commercial strength of the mark, but the court rejected this argument because the other marks were "commercially insignificant" as compared to the VAGISIL mark.¹⁵⁸ Thus, the court concluded that even if the conceptual strength of the mark was diminished, "VAGISIL's commercial strength is clearly sufficient here to demonstrate that VAGISIL is a strong, distinctive mark overall" and this factor "weighs heavily in favor of plaintiff."¹⁵⁹

The court then turned to the similarity of the two marks. The court held that "[c]ompared as a whole, the marks VAGISIL and VAGISAN are closely similar in sight and sound."¹⁶⁰ The defendant argued that the court should focus the comparison on the ending of the mark, rather than the descriptive prefix "vagi." The court refused to do so, however, stating that "this argument conflicts with the 'anti-dissection' rule that the Fourth Circuit has adopted with respect to analyzing the similarity of marks."¹⁶¹ This rule requires the court to compare the marks as a whole, rather than their component parts.¹⁶² The court also found the other similarity factors to weigh in favor of plaintiff, including the similarity of the goods or services that the marks identify, the similarity of the facilities used by the markholders and the similarity of the advertising used by the markholders.¹⁶³

The court next considered the defendant's intent. There was no evidence that the defendant sought to use the VAGISAN mark to confuse consumers; however, the court noted that this factor is entitled to little weight.¹⁶⁴

The court then engaged in a detailed discussion of actual confusion, stating that like the strength of the mark, "actual confusion is an important factor that weighs heavily in the overall likelihood of confusion analysis."¹⁶⁵ The court acknowledged there was no anecdotal evidence of confusion, because the defendant had refrained from using the VAGISAN mark in the marketplace during the pendency of the trademark proceedings.¹⁶⁶ However, the plaintiff provided survey evidence through an expert which provided "persuasive empirical evidence of actual confusion between the parties' marks."¹⁶⁷ The survey showed a 19 percent net confusion rate.¹⁶⁸ The defendant challenged the results of the survey, because the consumers were not shown the mark as it would appear on packaging and with the defendant's trade dress. The court rejected this argument because, as stated earlier in the opinion, the analysis must focus solely on the mark as it appears in the trademark application when the only issue is whether the mark can be registered.¹⁶⁹

¹⁵³ *Id.* at 446–447.

¹⁵⁴ *Id.* at 448.

¹⁵⁵ *Id.*

¹⁵⁶ *Id.* (citations omitted).

¹⁵⁷ *Id.* at 449–451.

¹⁵⁸ *Id.*

¹⁵⁹ *Id.* at 456.

¹⁶⁰ *Id.*

¹⁶¹ *Id.* at 457 (citations omitted).

¹⁶² *Id.*

¹⁶³ *Id.* at 457–459.

¹⁶⁴ *Id.* at 460.

¹⁶⁵ *Id.*

¹⁶⁶ *Id.* at 461.

¹⁶⁷ *Id.* at 462.

¹⁶⁸ *Id.*

¹⁶⁹ *Id.* at 463.

The defendant also challenged the control used by the expert (VAGIPUR), but the court held that the control was sufficient.¹⁷⁰

The court concluded its discussion by noting that the eighth factor—the quality of the defendant’s product—was not applicable, and that the ninth factor—the sophistication of the consumers—was neutral.¹⁷¹

Based on this analysis, the court held that “the evidence compels the conclusion that defendant’s VAGISAN mark is not registrable and that the ruling of the TTAB dismissing plaintiff’s opposition to defendant’s application to register the VAGISAN mark must be reversed.”¹⁷²

RXD Media, LLC v. IP Application Development also involved a very well-known mark—IPAD.¹⁷³ Apple already owned several registrations for the IPAD mark. However, when it sought to register the mark for use in various services, including cloud storage and computing, RXD Media filed an opposition, claiming prior use in this space. RXD had operated a website known as IPAD.mobi since 2007, which was an online platform for notetaking. In 2016, RXD relaunched the website as IPADtoday.com, offering broader services, including cloud storage.¹⁷⁴

The TTAB rejected RXD’s opposition and held that RXD’s mark was IPAD.mobi—not IPAD. The TTAB further held that even if RXD’s mark was IPAD, it was descriptive, and RXD had failed to demonstrate it had achieved secondary meaning.¹⁷⁵

RXD appealed the TTAB’s decision to the district court, and also challenged Apple’s applications by claiming that “Apple lacked a bona fide intent to use the IPAD service mark in commerce for anything other than tablet computers.”¹⁷⁶ Apple asserted counterclaims for trademark infringement, false designation of origin and palming off.¹⁷⁷

The parties filed cross-motions for summary judgment, and Judge O’Grady granted Apple’s motion in all respects. The court affirmed the TTAB’s decision, and held that Apple had demonstrated a bona fide intent to use the IPAD mark for the services claimed in the subject applications.¹⁷⁸ Apple presented objective evidence to support its intent, including “its license agreement for the IPAD mark, which covers the applied-for services” and documentation showing “it had the capacity to produce the applied-for services.”¹⁷⁹ On Apple’s counterclaim for infringement, the court easily found that Apple had established a likelihood of confusion given the strength of Apple’s mark, the similarity of the two marks, the similarity of the services at issue and their advertising channels.¹⁸⁰ Apple also produced survey evidence that showed a 27 percent confusion rate.¹⁸¹ The court noted this was well above the 10–12 percent rate that is “sufficient to demonstrate actual confusion.”¹⁸² Thus, not only did the district court affirm the TTAB, but it granted Apple’s motion for summary judgment against RXD on Apple’s affirmative claims, including infringement and false designation of origin.

¹⁷⁰ *Id.* at 464.

¹⁷¹ *Id.* at 465–466.

¹⁷² *Id.* at 467.

¹⁷³ 377 F. Supp. 3d 588 (E.D. Va. 2019) (Appeal Noted).

¹⁷⁴ *Id.* at 590.

¹⁷⁵ *Id.* at 590–591.

¹⁷⁶ *Id.* at 591.

¹⁷⁷ *Id.*

¹⁷⁸ *Id.* at 594.

¹⁷⁹ *Id.*

¹⁸⁰ *Id.* at 594–595.

¹⁸¹ *Id.* at 595.

¹⁸² *Id.* (citations omitted).



TRADE SECRET

We complete this year’s review with a discussion of two trade secret cases. In both cases, the defendant filed a motion to dismiss, arguing that the plaintiff had failed to provide sufficient detail to support the trade secret claim, and in both cases the motion was denied. This suggests the court may be taking more of a “wait and see” approach with trade secrets claims at the pleadings stage, but we do not expect this lenience to carry over to the summary judgment stage, at which point the plaintiff should be prepared to prove each element of the claim with the necessary specificity to avoid an adverse judgment before even reaching the jury.

Oros, Inc. v. Dajani arose out of a dispute between a company and its president.¹⁸³ Oros served as the United States seller and distributor of instruments used to measure noise and vibration, manufactured by a French company, Oros SASU. Oros SASU owned 80 percent of Oros, and the other 20 percent was owned by Dajani. Dajani also served as president of Oros. Dajani was terminated from his position in January 2019, but he refused to cede his role. He “retained control” over the company’s “computer server, equipment, financial records, and bank accounts, as well as the access codes to cloud-based services.”¹⁸⁴ He continued to access his email accounts, he refused to return information regarding pricing structure and customer and pricing lists, and he continued to hold himself out as president of the company. Oros alleged that Dajani refused to return this information in order to maximize a buyback of his 20 percent interest in the company.¹⁸⁵

Oros filed suit against Dajani for, among other things, misappropriation of trade secrets under the federal Defend Trade Secrets Act and the Virginia Uniform Trade Secrets Act.¹⁸⁶ Dajani moved to dismiss on the grounds that the complaint “fails to allege sufficient facts plausibly indicating that Dajani is liable for trade secret misappropriation.”¹⁸⁷ Judge Brinkema denied the motion.¹⁸⁸

First, Dajani argued that the complaint “fails to identify any trade secrets with requisite factual specificity.”¹⁸⁹ The court rejected this argument and held that it “shortchanges the entirety of the factual allegations in the complaint, which alleges that despite his termination by the board of directors, Dajani has retained control over much of [sic] all of the information housed in Oros, Inc.’s physical offices and computer servers.”¹⁹⁰ The court noted that this included customer information, pricing information and sales history, all of which can constitute a trade secret.¹⁹¹ The court further explained that the “complaint deals not with an isolated set of documents or information but rather with the entire contents of the company’s office.”¹⁹² The court concluded that the complaint “is fairly read to include all of the valuable customer and pricing information collected by a distributor company over its decades of work” and “[d]rawing all reasonable inferences in plaintiff’s favor, that information is subject to trade secret protection.”¹⁹³

¹⁸⁶ *Id.* at *1.

¹⁸⁷ *Id.* at *2.

¹⁸⁸ *Id.* at *5.

¹⁸⁹ *Id.* at *3.

¹⁹⁰ *Id.*

¹⁹¹ *Id.*

¹⁹² *Id.*

¹⁹³ *Id.*

¹⁸³ No. 1:19-cv-351 (LMB/IDD), 2019 WL 2361047 (E.D. Va. June 4, 2019).

¹⁸⁴ *Id.* at *2.

¹⁸⁵ *Id.*



Dajani also argued that Oros failed to state a claim because the complaint did not allege Dajani obtained the trade secrets by “fraud, artifice, or deception.”¹⁹⁴ The court held that no such allegation was required. Rather, “[t]o survive a motion to dismiss, Oros Inc. need only plausibly plead that Dajani acquired the trade secrets at issue by ‘improper means.’”¹⁹⁵ The court held that Dajani’s refusal to return the information to Oros satisfied this element of the claim. Thus, the court denied Dajani’s motion to dismiss the trade secret claims.¹⁹⁶

Dajani also moved to dismiss a stand-alone count in the complaint which sought injunctive relief. The court granted this part of the motion, stating that “[a]n injunction is a form of remedy, not an independently cognizable cause of action.”¹⁹⁷

Trans-Radial Solutions, LLC v. Burlington Medical, LLC, involved a dispute between a product manufacturer/seller and a former distributor.¹⁹⁸ The plaintiff asserted several claims against the defendants, including a claim for misappropriation under the federal Defend Trade Secrets Act. The defendant moved to dismiss the trade secret claim, and Judge Robert G. Doumar denied the motion.¹⁹⁹

The court held that plaintiff had adequately pled the existence of a trade secret by identifying “confidential lists of potential and actual TRS customers.”²⁰⁰ The court further held the plaintiff had sufficiently alleged “reasonable measures to keep its trade secrets confidential” by alleging that “it has restricted access to its alleged trade secrets and that it only disclosed such secrets to Defendants on a need-to-know basis.”²⁰¹ The court also held that the plaintiff had pled that the “trade secrets have economic value ... by describing how Defendants allegedly used its customer list to poach a TRS customer.”²⁰² Finally, the court held that plaintiff properly pled “misappropriation” by alleging the defendants used the trade secrets without plaintiff’s express or implied consent knowing that defendants acquired the trade secrets through a contractual relationship with plaintiff “which gave rise to a duty to maintain the secrecy of such trade secrets and to only use such secrets for the limited purpose of fulfilling its duties as the distributor of TRS’s products.”²⁰³

The court also denied the motion to dismiss filed by the CEO of one of the defendants. The court held that he could be held liable in his individual capacity if he engaged in “intentionally tortious actions on behalf of the corporation.”²⁰⁴

¹⁹⁴ *Id.* at *5.

¹⁹⁵ *Id.* (citing 18 U.S.C. § 1839(5) and Va. Code. § 59.1-336).

¹⁹⁶ *Id.* at 463.

¹⁹⁷ *Id.* at 463.

¹⁹⁸ No. 2:18-cv-656, 2019 WL 3557879 (E.D. Va. Aug. 5, 2019).

¹⁹⁹ *Id.* at *15-17.

²⁰⁰ *Id.* at *16.

²⁰¹ *Id.*

²⁰² *Id.* at *17.

²⁰³ *Id.*

²⁰⁴ *Id.* at *5.



CONCLUSION

In 2019, the Eastern District of Virginia did not shy away from rendering prompt and decisive rulings on important questions of intellectual property law. The District's rulings discussed above reaffirm its reputation for deciding key questions on the cutting edge of intellectual property law with expedition, keen awareness of prior precedent and careful and well-reasoned analysis of the parties' arguments. Litigants in these types of cases can rely upon the District to adhere strictly to the law, to be demanding with respect to the parties' presentation of the evidence and arguments and to demonstrate fidelity to the core principle of speed and efficiency in moving cases to judgment.

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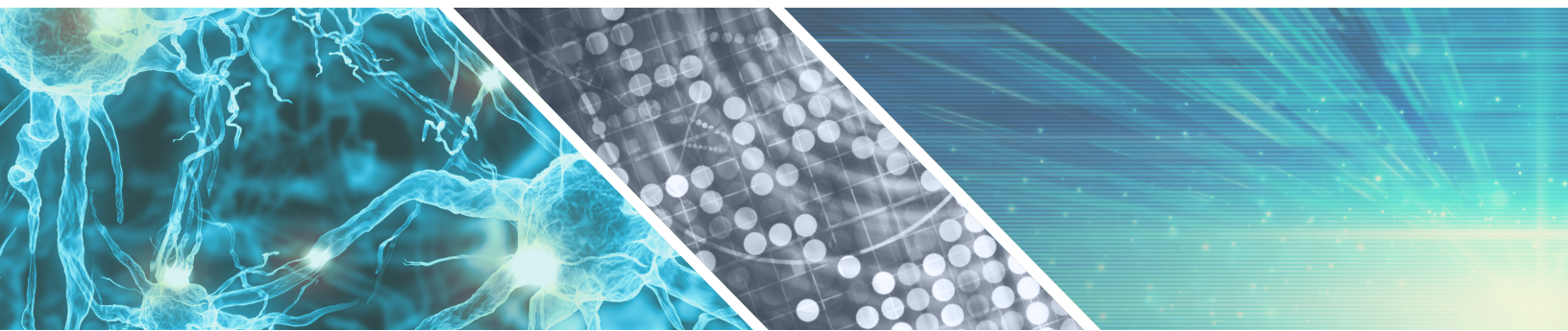
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SUPPLEMENTAL INFORMATION

The chart below summarizes the number of intellectual property cases filed in the EDVA by judge.

JUDGE	DIVISION	PATENT	TRADEMARK	COPYRIGHT	TOTAL
Allen, Arenda Wright	Norfolk	2	2	0	4
Alston, Rossie D. Jr.	Alexandria	2	5	5	12
Brinkema, Leonie M.	Alexandria	4	10	8	22
Davis, Mark S.	Norfolk	1	1	0	2
Doumar, Hon. Robert G.	Norfolk	1	0	2	3
Ellis, T. S. III.	Alexandria	0	3	10	13
Gibney, John A. Jr.	Richmond	2	5	5	12
Hilton, Claude M.	Alexandria	1	9	11	21
Hudson, Henry E.	Richmond	0	2	1	3
Jackson, Raymond A.	Norfolk	1	1	0	2
Mary Hannah Lauck	Richmond	2	1	1	4
Henry Coke Morgan Jr.	Norfolk	0	1	1	2
O'grady, Hon. Liam	Alexandria	4	11	12	27
Payne, Robert E.	Norfolk	0	0	1	1
Smith, Rebecca Beach	Richmond	0	1	0	1
Trenga, Anthony J.	Alexandria	1	6	18	25
TOTALS		21	58	75	154



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