



IDEAS ON INTELLECTUAL PROPERTY LAW

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Labor law doesn't control work-for-hire determination

**Failures of "prior art" undermine obviousness
challenge to patent**

Potential trademark injury not enough for federal jurisdiction

Federal Circuit limits disqualifying prior art for design patents



**REISING
ETHINGTON**

Intellectual Property Law

755 W. BIG BEAVER RD. – SUITE 1850

TROY, MI 48084

PH. (248) 689-3500

FX. (248) 689-4071

E-MAIL INFO@REISING.COM

WWW.REISING.COM

Screenwriter's copyright returns from the dead

Labor law doesn't control work-for-hire determination

Employee or independent contractor? The answer is critical for a variety of rights, and multiple tests have been developed under employment law. But, in *Horror, Inc. v. Miller*, the U.S. Court of Appeals for the Second Circuit affirmed those tests aren't determinative when it comes to copyright issues.

A FRIGHTFUL DISPUTE

Victor Miller writes novels, screenplays and teleplays. In 1976, he began working with Sean Cunningham, a producer, director and writer of feature films. Cunningham is the general partner of Manny Company (Manny), which produces and distributes films. In a five-year period, despite the two collaborating on five movies, Miller's role with respect to Manny Company was hardly clear.

In 1979, in the wake of the success of the movie "Halloween," Miller and Cunningham agreed to work on the screenplay for another horror movie. After they signed the Writers Guild of America's standard form contract, Miller developed the idea for "Friday the 13th" and, over time, completed the final draft of the screenplay, working closely with Cunningham. Miller, however, received the sole "written by" credit as screenwriter. The movie was a massive hit and led to 11 sequels.

Manny assigned its rights in the film and screenplay to the predecessor of Horror Inc., which had financed the project, in 1980. Horror registered the copyright. Horror was listed as the film's made-for-hire author, and Miller was credited for the screenplay.

In 2016, Miller invoked his termination rights to reclaim copyright ownership and served notice on Manny and Horror. The two companies sued him, seeking a

declaration that Miller was Manny's employee when he wrote the screenplay, making it a work for hire for which the employer holds the rights. Miller counter-claimed, seeking a declaration to the contrary.

If Miller was an employee, Manny owns the screenplay, and Miller had no termination rights. But, if he was an independent contractor (and other conditions are satisfied), Miller was entitled to terminate Manny's and its successors' rights and reclaim his copyright ownership of the screenplay.

The trial court found that Miller didn't prepare the screenplay as a work for hire; he was the author and could terminate Manny's and Horror's rights. They appealed.

THE BLOODY TRUTH

The district court reached its conclusion by applying the so-called *Reid* factors, a framework established



UNION MEMBERSHIP DOESN'T AFFECT COPYRIGHT PROTECTIONS

The companies in *Horror, Inc. v. Miller* (see main article) alternatively asserted that the screenplay writer's union membership should be considered as an additional *Reid* factor. As the U.S. Court of Appeals for the Second Circuit noted, the companies essentially argued that, because the screenwriter community expected to be treated as employees for collective bargaining purposes, they also expected to be treated as employees for copyright purposes.

The court found that any such community expectations reflected only the writers' understanding of labor law and their desire to use that regime to their advantage in an industry where they typically have little individual bargaining power. While the screenplay writer's union membership might play a role in shaping his relationship with the companies and convey certain protections under labor law, it didn't affect the court's analysis of the *Reid* factors for copyright purposes. The lower court, therefore, didn't err in refusing to treat union membership as a separate factor.

by the U.S. Supreme Court for determining whether an individual is an employee or an independent contractor for purposes of copyright. The factors are based on the law of agency.

On appeal, the companies argued that the trial court shouldn't have applied the *Reid* factors. Rather, they claimed, the court should accept the finding of the National Labor Review Board that screenwriters are employees of production companies under the National Labor Relations Act. The Second Circuit, however, rejected the notion that Miller's employment status should be determined under labor or employment law, not agency law.

The appellate court proceeded to weigh the *Reid* factors. Of the 13 nonexclusive factors, it focused on the five "core considerations that will almost always be relevant" and that courts give more weight. These factors generally are highly relevant to the true nature of the employment relationship:

1. The hiring party's right to control the manner and means of creation,
2. The skill required of the hired party,
3. The provision of employee benefits,
4. The tax treatment of the hired party, and

5. Whether the hiring party has the right to assign additional projects to the hired party.

Considering the close working relationship between Miller and Cunningham, the appellate court found that the control factor tipped "marginally" in favor of the companies' contention that Miller was an employee. The other factors, however, all favored a finding that he was an independent contractor.

The hiring party's right to control the manner and means of creation is highly relevant to the true nature of the employment relationship.

Miller used his expertise and creativity to write the screenplay. Manny didn't provide benefits or withhold taxes. And it hired Miller solely to write the "Friday the 13th" screenplay.

THE CHILLING CONCLUSION

As this case makes clear, employers that wish to rely on work-for-hire arrangements to secure copyrights can't rely on sweeping labor law tests for worker status. The Copyright Act uses a much more restrictive definition of employment. □

Failures of “prior art” undermine obviousness challenge to patent

Previous research that failed couldn’t defeat a patent for an invention that succeeded. So says the U.S. Court of Appeals for the Federal Circuit, which hears all appeals of patent cases, in *University of Strathclyde v. Clear-Vu Lighting, LLC*.

PTAB KILLS PATENT

The patent covered a method of killing antibiotic-resistant bacteria using only visible light. Such bacteria, including Methicillin-resistant *Staphylococcus aureus* (MRSA), are known to cause health problems — especially in hospitals.

Photoinactivation is a method that has emerged as an effective way to kill resistant bacteria. An infection generally is treated by applying a photosensitizing agent and activating it with light energy. But the need to apply photosensitizing agents to bacteria can be a “significant practical disadvantage.”

Scientists at the University of Strathclyde in Scotland (University) discovered that application of visible light in a specific range of wavelengths was effective at inactivating bacteria without a photosensitizing agent. When their patent was challenged, the Patent



Trial and Appeal Board (PTAB) found it invalid because of “prior art” — two papers published in journals — that made the method obvious and therefore unpatentable. The University appealed to the Federal Circuit.

FAILURES INFECT FINDING

An obviousness determination generally requires a finding that:

1. Prior art disclosed the claimed invention, typically in two or more prior art references,
2. Someone with ordinary skill in the field (a “skilled artisan”) would have been motivated to combine or modify the teachings in the prior art, and
3. That person would have a reasonable expectation of success in doing so.

On appeal, the University disputed the PTAB’s findings on the first and third prongs. The Federal Circuit ruled in the University’s favor.

The court began by holding that the combination of the two papers didn’t teach the method of inactivating bacteria without using a photosensitizer. One of the papers described a method that achieved inactivation but used a photosensitizer. While the method disclosed in the other paper didn’t employ a photosensitizer, it also didn’t successfully achieve inactivation.

Because neither paper teaches nor suggests inactivation of any bacteria without using a photosensitizer, the court found no reason why a skilled artisan would choose to entirely omit a photosensitizer when combining the prior art. It then turned to the third obviousness prong.

The PTAB found that a skilled artisan would have expected that MRSA could be inactivated without a photosensitizer. The Federal Circuit, however, said

that the only support for this finding was “pure conjecture coupled with hindsight reliance” on the teachings of the patent itself.

“Absolute predictability”
or “guaranteed success” isn’t
required to find reasonable
expectation of success.

Neither of the papers, it said, provided any evidence, data or other promising information showing successful inactivation of bacteria without using a photosensitizer. Further, the court did find evidence showing that others had failed to inactivate MRSA without using a photosensitizer, despite experimenting with different light doses and wavelength

ranges. Such failures, the Federal Circuit found, undermine a finding of a reasonable expectation of success.

The court also rejected the patent challenger’s argument that support for the PTAB’s finding can be found in the patent. It explained that an inventor’s “own path itself” never supports a conclusion of obviousness — what matters is the path a skilled artisan would have followed, as evidenced by the relevant prior art.

COURT SHEDS MORE LIGHT

Notably, despite finding no reasonable expectation of success here, the Federal Circuit emphasized that “absolute predictability” or “guaranteed success” isn’t required to find such an expectation. But, where the prior art shows only failures to achieve what the inventor accomplished, the court couldn’t find an expectation of success based on that prior art. □

Potential trademark injury not enough for federal jurisdiction

For the first time, the U.S. Court of Appeals for the Federal Circuit recently considered what a trademark challenger must show to establish the standing required under the U.S. Constitution to appeal a decision of the Trademark Trial and Appeal Board (TTAB). Its conclusion in *Brooklyn Brewery Corp. v. Brooklyn Brew Shop, LLC*, resulted in a mixed bag for one challenger.

TROUBLE BREWS IN BROOKLYN

Brooklyn Brewery Corporation (Brewery) brews and sells craft beers through thousands of U.S. retailers including Whole Foods Market and Total Wine. For more than 30 years, it has used the marks BROOKLYN and BROOKLYN BREWERY in connection with its beer and beer-related merchandise.

It holds a registration on BROOKLYN BREWERY for beer in Trademark Class 32, light beverages (including beer).

Brooklyn Brew Shop (BBS), founded in 2009, sells beer-making kits that include the equipment, cleaning sanitizer and ingredients. It also sells beer-making accessories, including additional sanitizer packets. BBS distributes kits in all 50 states and sells kits online and through stores such as Whole Foods Market, Bed Bath & Beyond and Macy’s.

In 2011, BBS applied for, and was issued, registration of BROOKLYN BREW SHOP in standard character format in Class 32 for beer-making kits. Three years later, it applied to register the mark in a stylized format for a wide variety of goods in Class 32,



including beer, and for sanitizing preparations in Class 5, pharmaceuticals (including sanitizing goods).

In 2015, Brewery filed a petition for cancellation of BBS' original registration and a notice of opposition to the application. The TTAB denied the cancellation action and gave Brewery mixed results on its opposition.

THE FEDERAL CIRCUIT HOPS IN

When Brewery appealed to the Federal Circuit, BBS argued that Brewery lacked the requisite standing to appeal the TTAB opposition decision. As the court noted, its cases in the patent context have made clear that a party appealing a decision of an administrative agency in federal court must satisfy both the relevant statute (here, the Lanham Act) and the requirements of Article III of the Constitution. That's because Article III limits federal courts to hearing "cases" or "controversies."

A party seeking federal jurisdiction must show, among other things, that it has suffered an injury that is both "concrete and particularized" and "actual or imminent." When a trademark opposition is based on: 1) likelihood of confusion with the challenger's mark, or 2) descriptiveness, meaning the mark can't be registered because it's composed of words that are merely descriptive, the court said, a challenger must show:

- The challenger and registrant compete in the same business, and
- Failure to refuse registration would likely cause the challenger competitive injury.

The Federal Circuit found that Brewery failed to show how granting the registration for the Class 5 goods would cause it Article III injury. After all, Brewery doesn't make or sell beer-making kits. It dismissed the claim that Brewery would suffer potential injury if the company ever expanded to sell sanitizing products.

The court pointed out that no evidence indicated Brewery has such plans. Moreover, it found that "hypothetical future possible injury is insufficient to establish Article III standing."

Notably, BBS didn't dispute Brewery's Article III standing as to cancellation or opposition to marks for beer-making kits. As the TTAB found, the kits are related to beer and to some extent compete with beer. BBS' marks were "more similar than dissimilar" to Brewery's, and Brewery submitted a "great deal" of evidence showing many instances of actual confusion among consumers. Combined, the Federal Circuit said, this was more than enough evidence to establish standing to challenge the existing and applied-for marks for beer-making kits.

CRAFTING A CHALLENGE

This case is a reminder that, if you want to appeal a TTAB decision, be prepared to demonstrate how the decision will injure you competitively. If you can't, the Federal Circuit is likely to reject the appeal for lack of standing. □

Federal Circuit limits disqualifying prior art for design patents

Can the existence of a similar-looking art tool anticipate or render obvious a patent for the design of an item used in plastic surgery? Fortunately for a design patent applicant, the U.S. Court of Appeals for the Federal Circuit found in *In re: SurgiSil, L.L.P.* that the Patent Trial and Appeal Board (PTAB) erred in finding that the art tool anticipated a lip implant, rendering the implant's design unpatentable.

PATENT APPLICATION GETS KISS OF DEATH

SurgiSil applied for a patent for an “ornamental design for a lip implant.” Among other things, an invention must be novel to be patentable.

The patent examiner rejected the design for the lip implant as anticipated by “prior art” — in this case, the catalog for an art supply business — and therefore not novel. The catalog included an art tool called a “stump” used for smoothing and blending large areas of pastel or charcoal.

The PTAB affirmed the examiner, finding that the differences in shape between the lip implant design and the stump in the catalog were minor. It rejected SurgiSil's argument that the catalog couldn't anticipate the lip implant design because the catalog described a “very different” item (or “article of manufacture”).

The PTAB reasoned that it was appropriate to ignore the item identified in the patent claim language. It

further explained that whether a prior art reference is analogous to the design at issue is irrelevant to the question of anticipation.

THE COURT DRESSES DOWN THE PTAB

The Federal Circuit faulted the PTAB's finding that the item identified in a patent claim isn't limiting. Rather, a design patent claim is limited to the item identified in the claim — it doesn't broadly cover a design “in the abstract.”

The Patent Act allows the grant of a design patent only for “new, original and ornamental design for an article of manufacture.” Moreover, the Patent Office's examination guidelines state that a design is “inseparable from the article to which it is applied and cannot exist alone.”



The patent claim language at issue specifically identified a lip implant, and the graphic figure in the application depicted a lip implant. As such, the patent would be limited to lip implants and not cover other items.

The stump in the catalog was an art tool, though. It wouldn't infringe a patent for the design of the lip implant, so it didn't anticipate the design.

NOT JUST COSMETIC

The Federal Circuit's ruling should raise the bar for the PTAB's anticipation rejections of design patents that identify an article of manufacture. But it also could limit the enforceability of such patents against nonanalogous items. □



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Did You Know?

Intellectual Asset Management (IAM) recently included [Rick Hoffmann](#) in its *IAM Strategy 300: The World's Leading IP Strategists*. The list recognizes individuals who are leading the way in the development and implementation of strategies that maximize the value of IP portfolios.

[Colin Cicotte](#) has been appointed by the American Intellectual Property Law Association (AIPLA) to a three-year term on the Editorial Board of the *AIPLA Quarterly Journal*. This year, the Journal celebrates its fiftieth year of publication. As an Editor, Colin reviews and edits articles relating to cutting-edge IP law issues submitted for publication.

[Shannon Smith](#) is coaching the University of Detroit Mercy Law School team competing in the upcoming U.S. Patent and Trademark Office's 2022 National Patent Application Drafting Competition.

[Shannon Smith](#) attended an insightful program on Diversity in Innovation put on by the U.S. Patent and Trademark Office. The program highlighted ways for companies to help promote diversity in the patent system.