

Follow the Bouncing Ball, But Not Outside the United States Under § 271(a)

By **Jeremy T. Elman**

More than 150 years ago, the Supreme Court stated that “the patent laws of the United States do not, and were not intended to, operate beyond the limits of the United States.”¹ This well-established maxim was tested recently in *Marcinkowska v. IMG Worldwide, Inc.*, a Federal Circuit case involving allegations of patent infringement regarding a televised professional tennis match in Mallorca, Spain.² The Federal Circuit affirmed that patent infringement does not extend beyond the limits of the United States, but in the process addressed some modern issues relating to whether the use of television and the Internet to view a foreign use can constitute “use” under § 271(a) of the Patent Act for purposes of establishing patent infringement. The Federal Circuit held that this argument stretched the definition of “use” too thin and that the use of the patented invention, a hybrid tennis court, was in Spain and not the United States. This article analyzes the *Marcinkowska* decision and its implications on the territorial reach of § 271(a).

Factual Background

Plaintiff Renata Marcinkowska is a former top 100 player on the Women’s Tennis Association Tour who competed for eight years. Prior to that, she played collegiate tennis at Oklahoma State where she was a two-time All-American.³ Marcinkowska now lives in South Carolina and is a tennis instructor.

On April 16, 2003, Marcinkowska filed a patent application entitled “Dual Surface for sport event or game.” The patent issued on November 9, 2004, as US Patent No. 6,814,669 B1 (the ‘669

patent). The ‘669 patent claimed an invention of a hybrid tennis court with one type of surface on one side of the net and a different type of surface on the other side of the net, such as grass and clay. One advantage of such a court is that a player can practice on two types of surfaces while using only one court, which could be used in a training or recreational facility. Marcinkowska also described an exhibition match in which players could switch sides to see who can adapt to both surfaces quicker and “is in reality a better, more versatile player.” Marcinkowska said that such an exhibition would create “much-needed excitement for [the] general public and would certainly help with promoting tennis.”

Marcinkowska claims that she approached defendant IMG Worldwide, Inc. (IMG), a sports marketing and management company incorporated in Ohio, soon after the ‘669 patent issued. She claims that she presented the idea of having top players appear in an exhibition match. According to Marcinkowska, IMG expressed no interest at the time.

On May 2, 2007, IMG and an Argentinian advertising agency, Del Campo Saatchi & Saatchia (S&S), staged an exhibition match in Mallorca, Spain, known as “The Battle of the Surfaces.” The Battle featured the world’s best player, Roger Federer, and the world’s best clay-court player, Rafael Nadal, on a hybrid court using grass and clay surfaces on either side of the net. Federer had previously won the past four Wimbledon titles, which were played on grass, while Nadal had previously won the past two French Open titles, which were played on clay. Therefore, the use of different surfaces was unique and geared toward each player’s strength.

The court was constructed at the sight of the Battle in Mallorca, Spain. According to the Web site for the Battle, the Palma Arena Velodrome was built in 14 months and required an investment of approximately 50 million Euros.⁴ While the

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Battle would not have the teaching or recreational benefits that Marcinkowska had described in her patent, it did closely mirror the disclosure in the specification that such a hybrid court could be used for an exhibition to generate excitement for the public and to promote tennis. According to the Web site for the Battle, more than 200 million people around the world watched the match on the grass/clay court.

Procedural Background

On May 1, 2007, one day before the Battle was played, Marcinkowska brought suit in the US District Court for the District of South Carolina against IMG and S&S for patent infringement, false advertising under the Lanham Act, unfair trade practices, and civil conspiracy under South Carolina law. Marcinkowska told the Associated Press two days later, “I feel like I’ve been cheated.”⁵

On December 29, 2008, the court granted IMG’s motion under Federal Rule of Civil Procedure 12(b)(6) to dismiss the complaint for failure to state a claim because no infringing activity had occurred in the United States. On the same date, the court also granted S&S’s motion to dismiss under Federal Rule of Civil Procedure 12(b)(2) for lack of personal jurisdiction.

Marcinkowska, acting *pro se*, appealed the district court’s final judgment to the Court of Appeals for the Federal Circuit.

Court’s Analysis

The Infringing Activity Must Be Physically Located in the United States

The Federal Circuit affirmed the district court’s ruling that Marcinkowska had failed to state a claim for patent infringement. The district court had found that “IMG did not make, use, sell, or offer for sale the subject matter of the ’669 patent in the United States.” It was undisputed that the allegedly infringing Battle did not take place in the United States.

Marcinkowska alleged, however, that the Battle was “used” in the United States in a variety of ways beyond the actual tennis match. Courts do construe “use” broadly under § 271(a). After *NTP, Inc. v. Research in Motion, Ltd.*,⁶ in 2005, the Federal Circuit now employs a control-and-beneficial-use test that states that the situs of use of a claimed

system is “the place at which the system as a whole is put into service, *i.e.*, the place where control of the system is exercised and beneficial use of the system obtained.” When users of a patented invention in the United States control and derive beneficial use from a device located overseas, those users infringe the patented invention. Here are the factual assertions made by Marcinkowska as to use:

- Maintaining a US Web site that promoted the Battle that included visual depictions of the patented hybrid court;
- Promoting ticket sales of the Battle;
- Enabling downloading of pictures and videos of the Battle that include visual depictions of the patented hybrid court;
- Broadcasting the Battle in the United States;
- Promoting IMG’s own services through depictions of the hybrid court; and
- Receiving compensation from the Battle.

The Federal Circuit, however, was unpersuaded by any of these rationales. The Federal Circuit affirmed the district court’s ruling that televising the allegedly infringing activity and promoting it on the Internet were not equivalent to using the patented invention in the United States. The allegedly infringing activity occurred in Spain; it was then broadcast to the United States and elsewhere. The broadcast was not a “use” for purposes of patent infringement under 35 U.S.C. § 271.

Foreign Use Is Outside the Scope of § 271(a)

This ruling continues well-established law of infringing “use” outside of the United States, despite the broad scope of “use.” In *Rotec Indus., Inc. v. Mitsubishi Corp.*,⁷ the Federal Circuit stated that “extraterritorial activities . . . are irrelevant to the case before us, because the right conferred by a patent under our law is confined to the United States and its territories, and infringement of this right cannot be predicated on acts wholly done in a foreign country.” Similarly, in *Johns Hopkins*

Univ. v. Baxter Healthcare Corp.,⁸ “use in a foreign country” did not constitute patent infringement. A patentee can seek protection outside the United States under patents issued in other countries for such use, such as the Spanish Patent and Trademark Office in this case.

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In *NTP*, the court stated that “the territorial reach of section 271 is limited,” but held that use of product claims extended beyond US territory.⁹ The *NTP* court stated that an infringing product infringes in the place where it is physically located. In *NTP*, the plaintiff owned a patent for a system comprising multiple distinct components and steps, and one component of the system, the BlackBerry Relay used in Blackberry devices, was located in Canada. The alleged infringers argued that the “control point” of the accused system was housed in Canada and thus could not infringe under § 271(a). The Federal Circuit disagreed, holding that the product could be “used” in the United States even though a portion of the system was located in Canada. The issue is where the system is put into service and where the beneficial use occurs. The BlackBerry customers sent and received messages using devices in their possession in the United States, so the use of the patented system occurred in the United States.

The Federal Circuit distinguished between the product claims and the method claims at issue in *NTP*. The Federal Circuit held that a process cannot be used within the United States within the meaning of § 271(a) unless each of the steps is performed within this country. Since not all steps were performed in the United States, as some were performed in Canada, the method claims were not “used” under § 271(a).

Marcinkowska may have been able to argue that the use of the television signals and Internet

transmissions were “used” in the United States under *NTP* since consumers watched the patented invention via equipment in the United States. But that equipment—televisions and computers—was not claimed by Marcinkowska, so this case is distinguishable from the product claims in *NTP*. Marcinkowska simply claimed a hybrid tennis court, not a system for viewing the court on television or enabling downloading of images of the hybrid tennis court on the Internet. Instead, the case was a simple foreign use of a hybrid tennis court. Marcinkowska could not argue that that the television “use” or Internet “use” under § 271(a) infringed her patent since she had not claimed such use.

Promoting, Viewing, or Downloading of Foreign Use Is also Outside the Scope of § 271(a)

Marcinkowska raised a different issue, however, whether broadcast or promotion within the United States of that foreign use could constitute a “use.” In other words, the benefit was conferred on defendants in the United States because they profited from that foreign use by promoting, viewing, and enabling downloading of images of that use in the United States. The law, as shown in *Medical Solutions, Inc. v. C Change Surgical LLC*, is that the “mere demonstration or display of an accused product, even in an obviously commercial atmosphere, is not an act of infringement for purposes of Section 271(a).”¹⁰ Although the *Medical Solutions* question was whether demonstration or display at a trade show constituted use, the same rationale would apply to the television broadcast or Internet transmission of the foreign use here. Simply viewing a foreign use cannot be a use in the United States under § 271(a). If so, then use of an infringing product could be anywhere in the world as long as it could be promoted, videotaped, or downloaded over the Internet and viewed in the United States.

This situation is akin to *CNET Networks, Inc. v. Etilize, Inc.*,¹¹ where a Pakistani company collected information and assembled it into a catalog. The catalog was available for downloading to US customers. The Northern District of California court held that the use of the system as a whole was in Pakistan, not the United States. The information was aggregated, assembled, and organized in Pakistan.

All of the use occurred in Pakistan, including the collection of information, writing the computer code for the system, and sending the information from a server in Pakistan. The master catalog, like the hybrid tennis court, therefore physically existed and was used in Pakistan. The *CNET* court held that initiating a download of a patented system that is located in a foreign country does not constitute use under § 271(a).

Furthermore, in *Paper Converting Mach. Co. v. Magna-Graphics Corp.*, the Federal Circuit held that only the unauthorized use of the claimed invention can constitute direct infringement, “no matter how great the adverse impact of that activity on the economic value of a patent.”¹² The tort of patent infringement occurs where the offending act is committed, not where it is felt.¹³ The infringement is where the physical act occurs and where the product is put into service. The hybrid court was used only in Spain, even if that use was felt in the United States by watching it on television or accessing pictures or images on a Web site. The US patent laws are concerned with discouraging tortious behavior only within its boundaries, not with such behavior that occurs in Spain. The patent laws are unconcerned with people who make a profit from that use.

Interestingly, the opposite situation compels the opposite result. In *Decca Ltd. v. United States*,¹⁴ the patented system was comprised of a “control station” located in the United States that transmitted the signal to stations around the world. The Court of Claims, the predecessor to the Federal Circuit, held that this system was an infringing use under § 271(a). The control station was owned in the United States, controlled in the United States, and thus the beneficial use occurred in the United States. This can be contrasted with the hybrid court, which was owned and beneficially used in Spain, but which promoted, sent broadcast television signals, and enabled downloading of Web site images from Spain to the United States.

While these more technologically sophisticated inventions may differ from the *Marcinkowska* hybrid tennis court, the logic is the same. An invention that is located outside the United States is not used within the definition of § 271(a) even if that invention is promoted, broadcast, or downloaded within the United States for profit.

No Tortious Violations for Use of an Idea

Marcinkowska also claimed that the defendants had falsely advertised a good or service and had committed unfair trade practices and civil conspiracy. The Federal Circuit affirmed the dismissal of these claims as well. Both unfair trade practices and civil conspiracy were dismissed because there were no facts that constituted a scheme to infringe the '669 patent. False advertising must be of a good or service, but Marcinkowska's allegation regarded the Web site's promoting the Battle, which stated that the “idea for the hybrid court ‘began with an idea by Pable [sic] Del Campo [of defendant S&S].’” Ideas are not protectable for purposes of false advertising; it must be a good or service. Marcinkowska did not have a name for the invention or otherwise identify it as a good or service. The Supreme Court, in *Dastar Corp. v. Twentieth Century Fox Film Corp.*,¹⁵ held that “goods” for purposes of false advertising does not refer to the “author of any idea, concept, or communication embodied in those goods.” Thus, the false advertising claim under the Lanham Act was dismissed because the Lanham Act does not protect ideas, only nonobvious and useful inventions and marks associated with goods or services.

No Personal Jurisdiction Where No Infringing Activity Occurred

S&S, the Argentinean advertising agency that was a co-defendant, escaped liability before any infringement allegations were tested. The Federal Circuit affirmed S&S's Rule 12(b)(2) motion to dismiss for lack of personal jurisdiction. S&S was located in Argentina and had no property, offices or continuous contacts with South Carolina. The court held that no activity related to the '669 patent had occurred in South Carolina. The allegedly infringing activity occurred in Spain, and S&S did not discuss infringement in South Carolina, did not enable any third parties to infringe the '669 patent, and thus the exercise of personal jurisdiction would not be consistent with the Constitution and laws of the United States.

Conclusion

While “use” for purposes of patent infringement is broadly interpreted under § 271(a), it does not include a patented invention that is

physically located outside the United States, even though a defendant may profit from such use in the United States through promoting, viewing, or downloading images from that use.

Notes

1. *Brown v. Duchesne*, 60 U.S. 183, 195 (1856).
2. *Marcinkowska v. IMG Worldwide, Inc.*, Case No. 2009-1213 (Aug. 20, 2009) (*per curiam*).
3. Renata Marcinkowska Web site, <http://www.womenstennisunlimited.net>.
4. <http://www.thebattleofsurfaces.com/event.php>.
5. Associated Press, "Suit claims woman had patent for two-surface court," May 3, 2007.
6. *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282, 1316-1317 (Fed. Cir. 2005).
7. *Rotec Indus., Inc. v. Mitsubishi Corp.*, 215 F.3d 1246, 1251 (Fed. Cir. 2000).
8. *Johns Hopkins Univ. v. Baxter Healthcare Corp.*, 152 F.3d 1342, 1366 (Fed. Cir. 1998).
9. *NTP*, 418 F.3d at 1315.
10. *Medical Solutions, Inc. v. C Change Surgical LLC*, 541 F.3d 1136, 1140 (Fed. Cir. 2008).
11. *CNET Networks, Inc. v. Etilize, Inc.*, 528 F. Supp. 2d 985, 991 (N.D. Cal. 2007).
12. *Paper Converting Mach. Co. v. Magna-Graphics Corp.*, 745 F.2d 11, 16 (Fed. Cir. 1984).
13. *N. Am. Philips Corp. v. Am. Vending Sales*, 35 F.3d 1576, 1579 (Fed. Cir. 1994).
14. *Decca Ltd. v. United States*, 544 F.2d 1070, 1074 (Ct. Cl. 1976).
15. *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 37 (2003).