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Jason Whitney

Section 112 Indefiniteness Is Still a "Lofty" Invalidity Attack

Jason Whitney

After the U.S. Supreme Court tightened the requirements of 35 U.S.C. Section 112 in *Nautilus, Inc. v. Biosig Instruments, Inc.* by holding that claims must describe "the scope of the invention with reasonable certainty,"[1] some envisioned the possibility of a reinvigorated indefiniteness standard standing as a bulwark against overly broad or vaguely drafted patent claims. Indeed, just months after *Nautilus*, the Court of Appeals for the Federal Circuit hinted at such a future with *Interval Licensing LLC v. AOL, Inc.*, which established the rule that terms of degree "must provide objective boundaries" for claimed inventions.[2]

But as the Federal Circuit has continued to define the contours of *Nautilus* over the following years, indefiniteness attacks have met uneven success and produced inconsistent application of Section 112. The Federal Circuit's recent opinion in *Guangdong Alison Hi-Tech Co. v. ITC*,[3] which examined the term of degree "lofty," represents one such case. Although *Alison* found that "lofty" satisfied Section 112, the decision illustrates the current paradigm for indefiniteness attacks: unpredictability with a gradual shift in the "delicate balance" back towards tolerating more uncertainty in patent claims.

Underlying ITC Investigation

The appeal in *Alison* arose from a U.S. International Trade Commission (ITC) investigation of certain imported aerogels.[4] Originally invented in the 1930's, aerogels are "created by combining a polymer with a solvent to form a gel, and then removing the liquid from the gel and replacing it with air."[5] The resulting lightweight material—an aerogel—is "one of the finest insulation materials available" but also one that is "very fragile."[6]

The complainant in the ITC investigation, Aspen Aerogels, Inc. (Aspen), owned various patents for improved aerogels. Aspen accused Guangdong Alison Hi-Tech Co.'s (Alison) products of infringing three of Aspen's patents.[7] Two of those described and claimed improvements in techniques for manufacturing aerogels in sheet form. Aspen's third patent, U.S. Patent No. *7,078,359* (the *'359 Patent*), described and claimed improved aerogel composites that provided greater flexibility and durability.[8] Relevant to the later appeal, claims 1, 7, and 9 of the

'*359 Patent* claimed composites that combined aerogels with "lofty fibrous batting," where "fibrous batting" is simply a layer or sheet of fibrous material, such as that used for stuffing or insulation.[9]

At the ITC, Alison attacked the validity of claims 1, 7, and 9 on several grounds. Alison challenged the term "lofty" as failing to provide reasonable certainty of claim scope as required under Section 112.[10] Alison also argued that the claimed composites were anticipated under Section 102 and that claim 9 was obvious under Section 103.[11]

After a hearing, the ITC found claims 1, 7, and 9 of the '*359 Patent* valid and infringed, and subsequently issued a limited exclusion order.[12] Alison appealed the ITC's determinations on the issues of indefiniteness, anticipation, and obviousness.

The Court's Indefiniteness Analysis

Given the ultimate conclusion that "lofty" is not indefinite, the *Alison* panel's indefiniteness analysis begins with a puzzling acknowledgment: the '*359 Patent* provided different "express definitions" for the meaning of "lofty batting."[13] The opinion explains that the '*359 Patent* defined lofty batting at least two ways:

1. as "a fibrous material that shows the properties of bulk and some resilience (with or without full bulk recovery),"[14] and

2. as batting "contain[ing] sufficiently few individual filaments (or fibers) that it does not significantly alter the thermal properties of the reinforced composite as compared to a non-reinforced aerogel body of the same material."[15]

As such, on its face, the '*359 Patent* alternately defined lofty batting as either (i) fibrous batting with certain bulk/resilience properties or (ii) fibrous batting that did not significantly alter thermal properties of the resulting composite.[16]

In past decisions, the Federal Circuit recognized multiple definitions of a claim term as highly problematic and even invalidating. For example, in *Cephalon, Inc. v. Abraxis Bioscience, LLC*,[17] the Federal Circuit reasoned that because lexicography required an inventor to "clearly set forth a definition of the disputed claim term," two "inconsistent 'definitions'" could not meet the requirements of definition by lexicography.[18] Furthermore, in T*eva Pharmaceuticals USA, Inc. v. Sandoz, Inc.*,[19] the Federal Circuit found the claim term "molecular weight" indefinite where, notwithstanding the absence of an express definition in the specification, a person of skill in the art could have defined the term by "three different measures."[20]

Yet unlike these earlier cases, the panel in *Alison* found claims 1, 7, and 9 sufficiently definite despite two express definitions for the disputed term "lofty."

The *Alison* opinion was able to reach this conclusion with an unorthodox approach: presuming that the two definitions were coextensive. Though the '*359 Patent* did not itself state that the bulk/resilience and thermal characteristics were tied together, the opinion wove parts of the specification discussing "volume," "thermal performance," "loft," and "insulating properties" into a single set of "functional characteristics" that lofty batting possessed.[21] The opinion cited no authority for its presumption that these two definitions, based on distinct properties, were coincident. Rather, the panel simply said that it did not "expect there to be any such incongruity."[22] The opinion also faulted Alison for failing to offer evidence that the two definitions could "lead to different results."[23] By presuming that the two express definitions of lofty were coextensive, the *Alison* panel avoided the question of whether the '*359 Patent* claimed batting that could be "lofty" under one definition but not the other.

Having sidestepped the different definitions, the *Alison* opinion found Section 112 satisfied, and disposed of Alison's counterarguments. The opinion concluded that the presence of "examples and metrics" for each definition gave sufficient guidance on the meaning of "lofty" without explaining how the examples provided a reasonably clear boundary, or what the objective boundary might be.[24] Mirroring the pre-*Nautilus* standard that claims need only be "amenable to construction," the decision also said its determination that claims 1, 7, and 9 were sufficiently definite was bolstered because "both parties' experts could explain the meaning" of terminology used in one definition.[25] Finally, the panel brushed off Alison's concern about

using another term of degree ("some resilience") to define the term of degree "lofty," complaining that Alison "seeks a level of numerical precision beyond that required."[26]

The Federal Circuit thus affirmed the ITC's decision of no indefiniteness for the claim limitation "lofty," a term of degree in the '*359 Patent* with different express definitions and which incorporated another term of degree in its definition, with no analysis of why the patent's examples provided sufficient certainty, or what the objective boundary might be.

The Court's Anticipation and Obviousness Analysis

The *Alison* panel next found claims 1, 7, and 9 of the '*359 Patent* not anticipated or obvious.[27] However, this conclusion relied on an approach that was at odds with the indefiniteness analysis provided a few pages earlier in the opinion.

The only prior art reference at issue on appeal was U.S. Patent No. *5,306,555* (*Ramamurthi*), which "discloses methods of manufacturing various aerogel matrix composites that incorporate fibers."[28] The panel determined that *Ramamurthi* did not "expressly or inherently disclose the 'lofty . . . batting' limitation."[29] But to reach this determination, the panel focused exclusively on *Ramamurthi*'s teachings on bulk and resilience, and the expert testimony regarding those concepts. Conspicuously, the panel noted but otherwise ignored *Ramamurthi*'s teachings of composites having the "same . . . thermal characteristics as the aerogel composites disclosed in the '*359 Patent.*"[30]

As stated in the panel's indefiniteness analysis, one way the '*359 Patent* defined a "lofty" fibrous batting was as a batting that "does not significantly alter the thermal properties of the reinforced composite as compared to a non-reinforced aerogel body of the same material."[31] There is little doubt that *Ramamurthi* taught a fibrous batting meeting this definition.

For instance, in Example 1-A, *Ramamurthi* disclosed five composite samples having the same thermal conductivity range as pure, non-reinforced aerogels.[32] The fibrous battings used in these samples are "lofty" because the thermal properties of the composite samples were substantially the same as a pure aerogel. *Ramamurthi*'s Example 2, referenced in the opinion, described a composite having a slightly lower conductivity range than a pure aerogel.[33] Figure 4 of *Ramamurthi* likewise showed that its aerogel composites could provide lower thermal conductivities than conventional, pure aerogels.[34] Again, the fibrous battings used in these examples qualify as "lofty" based on the composites' slightly improved thermal characteristics.

Yet the *Alison* panel failed to assess or analyze the thermal teachings in *Ramamurthi*. Given the earlier presumption that "lofty" batting encompasses both the bulk/resilience properties and resultant thermal properties, the panel should have considered *Ramamurthi*'s thermal teachings. This would have resulted in a determination that *Ramamurthi* anticipated "lofty" batting. Instead, the panel reached the opposite conclusion by focusing solely on the bulk and resilience characteristics disclosed in *Ramamurthi*, and the opinion fails to address this inconsistency.

An Erratic Standard

Although the Supreme Court requires claims to define "the scope of the invention with reasonable certainty," the application of this rule by the Federal Circuit stands in flux and appears to be slowly trending towards allowing greater uncertainty. *Guangdong Alison Hi-Tech Co. v. ITC* confirms that there are few settled principles when it comes to applying Section 112. What one panel finds troublesome (e.g., multiple express definitions), another panel may approve. Moreover, *Alison* demonstrates a willingness to accept "guidance" as providing sufficient certainty (e.g., another term of degree or the existence of examples in the specification), with little critical assessment of whether or how the guidance circumscribes a reasonably clear boundary. And *Alison* shows that courts may sometimes treat claim scope differently for purposes of anticipation or obviousness than for purposes of indefiniteness.

[1] *Nautilus, Inc. v. Biosig Instruments, Inc., 134 S. Ct. 2120, 2129 (2014).*

[2] *Interval Licensing LLC v. AOL, Inc.*, 766 F.3d 1364, 1371 (Fed. Cir. 2014).

[3] No. 2018-2042 (Fed. Cir. Aug. 27, 2019), *available at* http://www.cafc.uscourts.gov/sites/default/files/opinions-orders/18-2042.Opinion.8-27-2019.pdf (last visited Sept. 16, 2019).

[4] *Composite Aerogel Insulation Materials and Methods for Manufacturing the Same,* U.S. International Trade Commission, https://www.usitc.gov/composite_aerogel_insulation_materials_and_methods.htm_0 (last visited Sept. 16, 2019).

[5] *E.g., Aerogels: Thinner, Lighter, Stronger,* NASA (July 28, 2011), https://www.nasa.gov/topics/technology/features/aerogels.html.

[6] *Id*

[7] *Composite Aerogel Insulation Materials and Methods for Manufacturing the Same,* U.S. International Trade Commission, https://www.usitc.gov/composite_aerogel_insulation_materials_and_methods.htm_0 (last visited Sept. 19, 2019).

[8] *Guangdong Alison Hi-Tech Co. v. ITC,* No. 2018-2042, slip op. at 3-4 (Fed. Cir. Aug. 27, 2019).

[9] *Id.* at 3-4, 10.

[10] Id. at 4-5.

[11] *Id.* at 5-6.

[12] Limited Exclusion Order, https://www.usitc.gov/intellectual_property/exclusion_orders/337-ta-1003_0.pdf (last visited Sept. 16, 2019).

[13] *Guangdong Alison Hi-Tech Co. v. ITC,* No. 2018-2042, slip op. at 10 (Fed. Cir. Aug. 27, 2019).

[14] *Id.* (quoting '359 Patent col. 7:1-3).

[15] *Id.* (quoting '359 Patent col. 7:28-32).

[16] In fact, the '359 Patent also appears to provide a *third* definition of lofty batting based on its compressibility/resilience properties: "Another way of determining if a batting is sufficiently lofty to be within the scope of this invention is to evaluate its compressibility and resilience. In this case a lofty batting is one that (i) is compressible by at least 50% of its natural thickness, . . . and (ii) is sufficiently resilient that after compression for a few seconds it will return to at least 70% of its original thickness, ..." '359 Patent col. 7:40-48.

[17] *Cephalon, Inc. v. Abraxis Bioscience, LLC,* Nos. 2014-1411, 2014-1442 (Fed. Cir. June 17, 2015) (nonprecedential), available at http://www.cafc.uscourts.gov/sites/default/files/opinions-orders/14-1411.Opinion.6-12-2015.1.PDF (last visited Sept. 16, 2019).

[18] *Id.* at 8-9.

[19] *Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.,* 789 F.3d 1335 (Fed. Cir. 2015).

[20] *Id.* at 1341, 1344-45.

[21] *Guangdong Alison Hi-Tech Co. v. ITC,* No. 2018-2042, slip op. at 10-11 (Fed. Cir. Aug. 27, 2019).

[22] *Id.* at 14.

[23] *Id.*

[24] *Id.* at 11-14.

[25] *Id.* at 12 (emphasis added).

[26] *Id.* at 13.

[27] *Id.* at 16-19.

[28] *Id.* at 5.

[29] *Id.* at 16.

[30] *Id.* at 17 (emphasis added).

[31] *Id.* at 10

[32] *Id.* Ramamurthi col. 7, Table I, Part B (describing composites A, B, C, D, and E with conductivities of 18 to 21 mW/m-K and conventional aerogel sample F with conductivity of 18 to 21 mW/m-K).

[33] *Guangdong Alison Hi-Tech Co. v. ITC,* No. 2018-2042, slip op. at 17 (Fed. Cir. Aug. 27, 2019) (noting Example 2); Ramamurthi col. 12:56-58 (describing Example 2 as a flexible, silica-fiber reinforced aerogel with conductivity of 18 to 20 mW/m-K).

[34] Ramamurthi fig. 4 & col. 3:43-49.

Purvi Patel Albers, Tiffany Ferris in Today's General Counsel: Use of Landmark Images in Advertising

Purvi Patel Albers and Tiffany Ferris

Purvi Patel Albers

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In an age of increased consumer choice, marketers frequently turn to localized campaigns to connect with purchasers on a "hometown" level. One strategy is to use architectural landmarks in campaign materials. If you see the art deco spire of the Chrysler Building, you know you're in Manhattan. The wrought-iron lattice of the Eiffel Tower indicates Paris. Companies take advantage of this and incorporate imagery of city landmarks into advertising and branding materials to create a business-next-door feeling.

Though landmark images are valuable visual assets in advertising, their use can raise serious legal concerns. They are often protectable under intellectual property laws. Unauthorized commercial use could rise to the level of infringement, the potential consequences of which include an injunction (read: forced rebranding) and monetary damages. Marketers should consider whether use of a landmark's image is a violation of intellectual property rights and should weigh that risk in crafting a localization campaign that includes the use of a landmark's image.

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No Nonce-nse: MTD Products Inc. v. Iancu Untangles Means-Plus-Function Interpretation

Kelvin Varghese

Kelvin Varghese

In *MTD Products Inc. v. Iancu*[1], the U.S. Court of Appeals for the Federal Circuit described how to identify a means-plus-function limitation under 35 U.S.C. § 112, ¶ 6[2]. In particular, the court clarified that the question of whether § 112, ¶ 6 applies is distinct from the determination of what structure corresponds to the means-plus-function limitation[3], and held that the description in the specification of corresponding structure does not determine if § 112, ¶ 6 applies.[4]

MTD is a decision on appeal from an inter partes review ("IPR") of U.S. Patent No. *8,011,458* ("the *'458 patent*")[5], owned by MTD Products.[6] The *'458 patent* describes zero turn radius ("ZTR") vehicles such as riding lawnmowers[7], and explains how for prior art ZTR steering systems, when a vehicle was moving forward, it turned in the direction the steering wheel was rotated, but when the vehicle was moving in reverse, it turned in the opposite direction from steering wheel rotation.[8] For example, if the steering wheel was turned to the right, the vehicle made a right turn while moving forward, but a rearward left turn while moving in reverse.[9] The *'458 patent* provides for more automobile-like steering that enables the ZTR vehicle to turn the same direction as the steering wheel regardless of whether the vehicle is in forward or reverse.[10]

Independent claim 1 of *'458 patent* is set forth below. Emphasis is added to the "mechanical control assembly" limitations, which were the sole focus of the Federal Circuit's decision.

> A vehicle capable of making a small radius turn, comprising:
>
> a frame;
>
> a left drive wheel and a right drive wheel, both coupled to the frame;
>
> two independent left and right drive units, the left drive unit coupled to the left drive wheel via an axle and the right drive unit coupled to the right drive wheel via another axle;
>
> a steering device coupled to the frame;
>
> a speed control member coupled to the frame; and
>
> *a mechanical control assembly coupled to the left and right drive units that is configured to actuate the left and right drive units based on a steering input received from the steering device and a speed input received from the speed control member;*
>
> *the mechanical control assembly being configured such that if the speed control member is shifted from (a) a forward position in which the left drive wheel is rotating in a forward direction at a first forward speed and the right drive wheel is rotating in a forward direction at a second forward speed that is less than the first forward speed as a result of the steering device being in a first right turn position to (b) a reverse position while the first right turn position of the steering device is maintained, then the left drive wheel will rotate in a reverse direction at a first reverse speed and the right drive wheel will rotate in a reverse direction at a second reverse speed that is less than the first reverse speed.*

The term "mechanical control assembly" is used only in the claims[11], while the specification of the *'458 patent* refers to a "ZTR control assembly" that is illustrated as interconnected mechanical components and described as linkages, inputs, and outputs between parts of the vehicle.[12] The specific issue of § 112, ¶ 6 being considered on appeal did not come up during prosecution of the *'458 patent*.[13] However, the patent owner did make statements during prosecution that the configuration of the "mechanical control assembly" was structural when arguing that the claims were distinguishable over a prior art reference.[14]

The petitioner in the IPR, The Toro Company, alleged that the claims of the *'458 patent* were invalid as anticipated or obvious[15], and the patent owner responded that "mechanical control assembly" should be interpreted under § 112, ¶ 6 as a means-plus-function limitation.[16] Under that interpretation, the patent owner argued that the asserted prior art did not disclose or suggest the structure that was described in the specification and that corresponded to the claimed function.[17] The Patent Trial and Appeal Broad ("PTAB" or "Board") ultimately agreed with the petitioner that

the claims were unpatentable[18], and in reaching that conclusion, the Board did not interpret "mechanical control assembly" as a means-plus-function limitation.[19] Rather, the Board determined that a person of ordinary skill in the art would have understood that "mechanical control assembly" conveys the structure that makes up the "ZTR control assembly" described in the specification, particularly in light of the patent owner's statements during prosecution.[20]

The Federal Circuit reversed and held that "mechanical control assembly" should be interpreted under § 112, ¶ 6.[21] The Federal Circuit explained that interpreting a means-plus-function limitation requires two steps—(1) determining if the limitation is drafted in means-plus-function format; and (2) if so, identifying the structure that performs the claimed function in the specification[22]—and clarified that these two inquiries are distinct.[23] In particular, the specification's description of structure that performs the claimed function (step 2) does not answer whether a limitation is drafted in means-plus-function format (step 1)[24], and the court held that the PTAB had reached the wrong conclusion because it conflated the two inquiries.[25]

The court summarized the proper analysis based on *Williamson v. Citrix Online, LLC*[26] to determine that "mechanical control assembly" was drafted in means-plus-function format. As discussed by the court, when the claim limitation does not use the word "means," there is a rebuttable presumption that the limitation conveys sufficiently definite structure and is not subject to § 112, ¶ 6.[27] However, the presumption can be rebutted when the claim limitation uses a nonce term that is a substitute for "means"[28], and "a critical question is whether 'the claim term is used in common parlance or by persons of skill in the pertinent art to designate structure,' including either a particular structure or a class of structures."[29]

Furthermore, the court explained how the specification can influence whether § 112, ¶ 6 applies[30]: "[A] patentee may avoid application of § 112, ¶ 6 by acting as a lexicographer and providing its own structural definition of a nonce term in the specification by 'clearly set[ting] forth a definition of the disputed claim term' other than its plain and ordinary meaning.'"[31] In such cases, "the patentee must clearly express an intent to redefine the term."[32] The Federal Circuit made clear: "a preferred embodiment disclosed in the specification cannot impart structure to a term that otherwise has none."[33]

With respect to claims of the '458 patent, the court determined that "mechanical control assembly" was a nonce term that "does not have an established meaning in the art and instead merely operates as a generic label for a collection of parts."[34] The Federal Circuit corrected the Board's erroneous conclusion that "mechanical control assembly" has an established structural meaning based on the description of "ZTR control assembly" in the specification[35], arguing: "That the specification discloses a structure corresponding to an asserted means-plus-function claim term does not necessarily mean that the claim term is understood by persons of ordinary skill in the art to connote a specific structure or a class of structures."[36] The court held that there was no clear indication that the patent owner intended to act as its own lexicographer and define "mechanical control assembly" as "ZTR control assembly."[37] Furthermore, the court also found that the Board erred in giving improper weight to the patent owner's statements during prosecution[38], as those statements "did not clearly disclaim" a means-plus-function interpretation because the statements were not made within the context of § 112, ¶ 6, and indicated only that the claim limitation should be given patentable weight because they were structural and not an intended use.[39]

MTD provides timely clarification of how mean-plus-function limitations are interpreted. The courts, the Patent Office, and Congress have paid close attention to § 112(f) recently, with § 112(f) having played a larger role in patent litigation in the three years after the Federal Circuit's 2015 *Williamson* decision that eliminated the heightened presumption against applicability of § 112(f) when the claim limitation lacks the word "means."[40] The § 112 guidance in January 2019, which strengthened enforcement of §§ 112(a), (b), and (f), is part of the Patent Office's efforts to address broad functional claiming.[41] Furthermore, in June 2019, the Senate Judiciary Committee's Subcommittee on Intellectual Property received testimony regarding a draft bill that would, among other things, expand the applicability of § 112(f) by eliminating the current "means" language[42], which proponents have argued will rein in overbroad claims.[43] Accordingly, § 112(f)

will continue to impact applicants in prosecution, as well as patent owners and challengers in post-grant proceedings and litigation.

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[1] No. 2017-2292 (Fed. Cir. Aug. 12, 2019).

[2] The patent at issue was reviewed under pre-America Invents Act (AIA) law. However, the court's analysis is applicable to AIA § 112(f).

[3] *MTD,* slip op. at 13.

[4] *See id.* at 13-14.

[5] *Id.* at 2.

[6] *Id.*

[7] *Id.*

[8] *Id.,* at pp. 2-3; '458 patent, 1:28-30.

[9] 458 patent, 1:30-35.

[10] *MTD,* slip op. at 3.

[11] *Id.* at 4.

[12] *Id.*; see '458 patent, 3:41-4:57, Figs. 2, 3.

[13] See *MTD,* slip op. at 14.

[14] *Id.* at 6, 14.

[15] *Id.* at 4.

[16] *Id.*

[17] *Id.*

[18] *Id.* at 2.

[19] *Id.* at 2, 7.

[20] *Id.* at 6.

[21] *Id.* at 2, 15.

[22] *Id.* at 13.

[23] *Id.*

[24] *See id.*

[25] *Id.*

[26] 792 F.3d 1339 (Fed. Cir. 2015) (en banc).

[27] *MTD,* slip op. at 7.

[28] *Id.* at 8.

[29] *Id. (quoting Skky, Inc. v. MindGeek, s.a.r.l.,* 859 F.3d 1014, 1019 (Fed. Cir. 2017)).

[30] *Id.* at 10.

[31] *Id. (quoting Thorner v. Sony Comput. Entm't Am. LLC,* 669 F.3d 1362, 1365 (Fed. Cir. 2012)).

[32] *Id.*

[33] *Id.*

[34] *Id.* at 11-12.

[35] *Id.* at 13.

[36] *Id.*

[37] *Id.* at 14.

[38] *Id.*

[39] *Id.* at 14-15.

[40] See Joe Edell, *With Alice Possibly Fading, Williamson Commands Attention*, ABA Practice Points (June 25, 2019), *available at* https://www.americanbar.org/groups/litigation/committees/intellectual-property/practice/2019/alice-williamson-patent-act/.

[41] See Examining Computer-Implemented Functional Claim Limitations for Compliance with 35 U.S.C. 112, 84 Fed. Reg. 57 (Jan. 7, 2019).

[42] Thom Tillis, et al., Draft Bill Text to Reform Section 101 of the Patent Act (May 22, 2019), *available at* https://www.tillis.senate.gov/services/files/E8ED2188-DC15-4876-8F51-A03CF4A63E26.

[43] See, e.g., Testimony of David J. Kappos, pp. 4-5, The State of Patent Eligibility in America: Part I (June 4, 2019), *available at* https://www.judiciary.senate.gov/imo/media/doc/Kappos%20Testimony.pdf; Testimony of Mark A. Lemley, p. 4, The State of Patent Eligibility in America: Part I (June 4, 2019), *available at* https://www.judiciary.senate.gov/imo/media/doc/Lemley%20Testimony.pdf.

David McCombs, Phillip Philbin, Brett Bostrom, Katharyn Zagorin Author IP Law Article in SMU Annual Texas Survey

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This article surveys significant developments in intellectual property (IP) law during the past year (i.e., 2018 or the Survey period). This article reviews IP law developments that are likely to be influential in the evolution of Texas IP jurisprudence. Thus, the cases cited focus on the decisions of the U.S. Supreme Court and the U.S. Court of Appeals for the Federal Circuit. For developments in trademark and copyright law, although the U.S. Court of Appeals for the Fifth Circuit's authority is binding, other circuits are considered highly persuasive.

The U.S. Supreme Court decided several cases involving IP issues during this Survey period. In patents, the Supreme Court considered the

constitutionality and statutory compliance of the U.S. Patent and Trademark Office (PTO) *Inter Partes Review* (IPR) program. In these cases, the Supreme Court teetered between expansive and limited views of the PTO's authority to adjudicate and develop its own rules and procedures. The Supreme Court also addressed the ability to recover foreign lost profits under 35 U.S.C. § 284. The Federal Circuit weighed in on when summary judgment is appropriate for determinations of subject matter eligibility under 35 U.S.C. § 101, which aspects of the PTO's discretion to institute an IPR are subject to appeal, and whether patents assigned to Native American tribes can be shielded from challenges at the PTO under tribal immunity.

In trademark, the U.S. Court of Appeals for the First Circuit considered whether a debtor in a bankruptcy proceeding can reject a previously-granted trademark license, while the Federal Circuit weighed in standards for secondary meaning and likelihood of confusion. The U.S. Court of Appeals for the Ninth Circuit addressed the balance between the public interests in freedom of expression and avoiding consumer confusion. Finally, the U.S. Court of Appeals for the Fifth Circuit clarified which aspects of a television show can receive trademark protection. In copyright, the Federal Circuit addressed to what extent computer code that is copied and incorporated into a program can be considered a fair use

Excerpted from the *SMU Annual Texas Survey*. To read the full article, click here.

Rule Change Requires U.S. Legal Representation for Foreign Companies Seeking U.S. Federal Trademark Protection or Relief

David Bell and Rob LeBlanc

Starting tomorrow, August 3, 2019, foreign entities and residents no longer can file for United States federal trademark protection without U.S. counsel … with some exceptions. This is per a new rule that the U.S. Patent and Trademark Office (USPTO) announced last month.[1]

David Bell

Rob LeBlanc

The rule is aimed largely at curtailing bad-faith and other noncompliant filings from abroad. Pro se foreign trademark applications to the USPTO, notably, have tripled between 2015 and 2017. Below, we will explain some of the rule's nuances and how foreign trademark owners and practitioners should proceed.

To Whom Does the Rule Most Directly Apply? All persons with permanent residence, and companies with headquarters, outside the U.S. or U.S. territories.

At What Point Must U.S. Counsel Be Appointed? Before or at the time of any submission to the USPTO or Trademark Trial and Appeal Board (TTAB). In other words, once any prosecution, maintenance, or TTAB filing is due or made, U.S. counsel must be appointed. Importantly, any application, registration or proceeding initiated before August 3, 2019, is still subject to the requirement to appoint U.S. counsel for any filing after the implementation date.

What Are the Exceptions to the U.S. Counsel Requirements? First, recognized Canadian trademark attorneys and agents can continue to represent Canadian parties in U.S. trademark matters. Canadian patent agents, however, can no longer practice before the USPTO, except where already appointed before August 3, 2019, as representative for an application or registration.

Second, those who use the Madrid Protocol to designate the U.S. as a jurisdiction in which to apply must appoint U.S. counsel – unless the application manages to escape any Office Action. The Madrid system presently does not allow for appointment of U.S. counsel in the initial filing. Until such a system is put in place, Madrid applicants can still proceed to file without involving or listing U.S. counsel. Interestingly, if a Madrid application is in perfect order for publication (which the USPTO estimates to be less than 3% of all Madrid applications), the application will proceed to publication without the need for appointment of U.S. counsel. However, if the application draws an Office Action due to any other issue or inquiry raised by the Examining Attorney, response to that Office Action will require appointment of U.S. counsel.

What Will Happen If U.S. Counsel Is Not Appointed? To the extent that U.S. counsel is not designated in

filings subject to this rule, the USPTO is expected to issue an Office Action requiring that the foreign party designate U.S. counsel. Failure to timely respond and comply with that Office Action will result in abandonment of the application or registration.

Notably, new applications will retain their initial filing date and will not be considered incomplete simply because U.S. counsel was not appointed in the first instance.[2]

Similarly, if U.S. counsel has not been appointed for TTAB filings made once the rule goes into effect, the TTAB will suspend proceedings and inform the relevant party of the time frame within which it must obtain U.S. counsel.

In short, lack of compliance with the rule can be corrected with appropriate action. As a best practice, though, including to avoid delays or complications, we suggest that mark owners and counsel based outside the U.S. promptly appoint U.S. trademark practitioners to all active U.S. federal trademark records and TTAB proceedings.

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[1] *Requirement of U.S. Licensed Attorney for Foreign Trademark Applicants and Registrants,* 84 FR 31498 (July 2, 2019).

[2] However, filings made through the "TEAS Plus" form, which provides for slightly lower filing fees, cannot be filed without a U.S. trademark lawyer at the onset.

Haynes and Boone Ranks Highly in Patexia Analysis of IPR Success Rates

Patexia Inc., an intellectual property analytics company, gave Haynes and Boone high marks for its success rate in *Inter Partes* Review (IPR) proceedings.

In a report released Sept. 25, Patexia conducted a comparative analysis of how various law firms fared in their representations of one company, which filed 299 IPR petitions from July 1, 2014, to Sept. 1, 2019. Among the law firms that the company used most often to handle these 299 matters, Haynes and Boone was by far the most successful, with a "performance score" nearly double that of the second-ranked firm, according to the Patexia analysis.

Read more

Haynes and Boone Ranks Among Nation's Top Firms in 2019 IPR Intelligence Report

Patexia's annual *IPR Intelligence Report* released last week ranked Haynes and Boone and many of its lawyers among the nation's leaders in *Inter Partes* Review (IPR) proceedings before the Patent Trial and Appeal Board (PTAB). The 2019 report featured seven Haynes and Boone lawyers among the Top 100 in several categories, including "best performing attorneys representing Petitioners" and "best performing attorneys representing Petitioners or Patent Owners": Andrew Ehmke, Theodore Foster, Gregory Huh, Scott Jarratt, David McCombs, David O'Brien, and David O'Dell.

Read more

Haynes and Boone Featured in 2020 Best Lawyers in America Guide

More than 100 Haynes and Boone, LLP lawyers from across the firm have been selected for inclusion in the 2020 edition of The Best Lawyers in America directory published by Woodward/White, Inc. Lawyers are selected based on detailed peer-review evaluations. Twenty-one lawyers from the Intellectual Property practice were individually recognized.

Read more

Haynes and Boone Attorneys Named Legal Lions by Law360

Law360 highlighted six lawyers from Haynes and Boone as Legal Lions for a rare defense victory in an intellectual-property trial in Texas: Partners Russ Emerson, Charlie Jones and Debbie McComas and Associates Stephanie Sivinski, Tiffany Cooke and Jamie Raju.

Read more

IP QUIZ

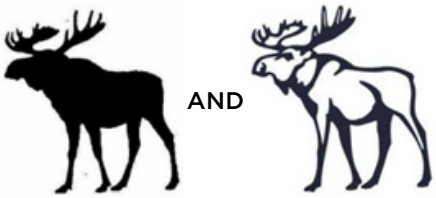
Trademark Trivia
Is there a likelihood of confusion?

Attempted registration:

For clothing.

and

Registered mark:



For clothing and retail clothing stores, respectively.

According to the U.S. Trademark Trial and Appeal Board, the answer is YES.

The Board sustained an opposition brought by Abercrombie & Fitch Trading Co., finding a likelihood of confusion between the applicant's word and design mark for clothing and Abercrombie & Fitch's marks for clothing and retail clothing stores.

The Board first held that the opposer's marks are "renowned" and thus entitled to a broad scope of protection. Next, the Board found that the goods are identical, as are the channels of trade and classes of purchasers.

Despite the "minor" differences between the animal designs, such as the shapes of the antlers and heads and the different positioning, the Board found that the side-facing four-legged animals created similar commercial impressions overall. The Board came to this conclusion by focusing on the "recollection of the average purchaser," who would be unlikely to remember which direction Abercrombie & Fitch's animal faced or what its antlers or mouth looked like specifically.

The Board also found that the wording in the applicant's mark was insufficient to avoid confusion because the words RED DEAR were "dwarfed by Applicant's deer design. Moreover, because "dear" and "deer" are phonetic equivalents, the wording in the applicant's mark could emphasize its deer design and even bring to mind Abercrombie & Fitch's marks. As such, the Board sustained the opposition.

Abercrombie & Fitch Trading Co. v. Isabella Elisabeth Shnittger, Opposition No. 91218738 (August 12, 2019) [not precedential].

If you have any questions, please visit the Haynes and Boone Intellectual Property Law page of our website.

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