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In the second quarter of 2020, the Supreme Court decided five intellectual property focused cases in which it resolved a longstanding circuit split in *Romag Fasteners* and opened the door to the trademark registration of "generic.com" domain names in *Booking.com*. The Federal Circuit also upheld the doctrine of assignor estoppel, discussed inherently distinctive color trademarks, decided a multi-million dollar attorney's fee award against the federal government, and more.

Supreme Court of the United States: Opinions

Consumer perception determines whether a generic domain name is generic for trademark registration purposes. United States Patent and Trademark Office v. Booking.com B.V., No. 19-46 (Jun. 30, 2020) (Opinion)

In a highly anticipated trademark law case, the Supreme Court held in an 8-1 decision that a generic term added to an internet domain suffix is generic for trademark registration purposes only if the resulting combination is generic to consumers. The USPTO had refused registration of the "Booking.com" mark on the grounds that the generic term "booking" was merely added to the ".com" suffix, even though the parties ultimately agreed that "Booking.com" is non-generic to consumers. The Supreme Court reasoned that the Lanham Act's bedrock principle is that the character of the mark depends on its meaning to consumers. Generic terms signify to consumers a class or category of goods rather than identifying a specific member of that class or category of goods. Because evidence shows that consumers perceive the mark "Booking.com" as a source identifier for a particular travel reservation website rather than a general class of travel reservation websites, the mark is not generic. The Supreme Court's ruling in *Booking.com* therefore opens the door for the registration of other generic domain name marks that are perceived by consumers as a source identifier.

While declining to recognize the concept of "defense preclusion," the Supreme Court nonetheless leaves open the possibility that claim preclusion can be applied to defenses. Lucky Brand Dungarees Inc. v. Marcel Fashions Group, Inc., No. 18-1086 (May 14, 2020) (Opinion)

A long history of litigation between Lucky Brand Dungarees and Marcel Fashions Group began nearly 20 years ago. In 2001, Marcel first brought suit against Lucky Brand, alleging that Lucky Brand's use of the "Get Lucky" phrase in advertisements infringed Marcel's "Get Lucky" mark. The parties subsequently signed a settlement agreement in which Lucky Brand agreed to stop using the "Get Lucky" phrase, and Marcel agreed to release any claims regarding Lucky Brand's use of *its own* marks. In 2005, the parties commenced a second round of litigation. Lucky Brand filed suit, alleging Marcel infringed its trademarks with a new clothing line. Marcel filed counterclaims against Lucky Brand's continued use of "Get Lucky" in connection with Lucky Brand, but did not claim that any of Lucky Brand's marks alone infringed the "Get Lucky" mark. Lucky Brand initially responded that the settlement agreement barred the claims, but it did not raise the defense thereafter.

The third round of litigation commenced in 2011 with Marcell's suit against Lucky Brand for continued infringement of its "Get Lucky" mark with Lucky Brand's own marks—not for the use of the "Get Lucky" phrase. Lucky Brand moved to dismiss, citing for the first time since 2005 that Marcel released its claims on Lucky Brand's use of its own marks in the original settlement agreement. Marcel countered that Lucky Brand was precluded from invoking the defense under a "defense preclusion" theory because the defense was not pursued after the counterclaims and answers in 2005.

In a unanimous decision, the Supreme Court articulated that it has never explicitly recognized "defense preclusion" as a specific category of res judicata. However, it has previously indicated that the preclusion of defenses must satisfy the requirements of either issue preclusion or claim preclusion. The parties agreed that issue preclusion did not apply, and the Court also found claim preclusion inapplicable because the 2005 and 2011 suits involved different marks and conduct—they did not "involve a common nucleus of operative facts." Therefore, Lucky Brand was not precluded from raising new defenses. Importantly for intellectual property practitioners, the Supreme Court also noted that "[t]his principle takes on particular force in the trademark context, where the enforceability of a mark and likelihood of confusion between marks often turns on extrinsic facts that change over time."

The government edicts doctrine prevents copyright protection of official annotated codes. Georgia v. Public. Resource.Org, No. 18-1150 (Apr. 27, 2020) (Opinion)

In the realm of copyright law, the Supreme Court held in a 5-4 split that annotations contained in Georgia's official annotated code are not copyrightable. Public.Resource.Org, a non-profit organization dedicated to improving the accessibility of government information, reproduced and made freely available the Official Code of Georgia Annotated (OCGA), previously hidden behind a paywall. The LexisNexis Group produced the annotations to the OCGA in close coordination with a Georgia state entity called the Code Revision Commission. The Commission ultimately sued Public. Resource.Org for copyright infringement following the reproduction of the OCGA.

In its decision, the Supreme Court relied on a trio of 19th-century cases[†] on the government edicts doctrine. The overarching principle of the government edicts doctrine is that no one can "own the law." Essentially, government edicts, previously discussed by the Court only in the context of judicial opinions, cannot be copyrighted. The Supreme Court reasoned that, like judicial opinions, the annotations in the OGCA are authored by an arm of the state—here the Commission, a division of the Georgia state legislature. Furthermore, like judges, the legislature has the authority to make law. Therefore, any work that legislators perform in their official capacity, including the Georgia official annotated code, falls under the government edicts doctrine and cannot be protected under copyright law.

[†] *See Banks v. Manchester*, 128 U.S. 244 (1888); *Callaghan v. Myers*, 128 U.S. 617 (1888); *Wheaton v. Peters*, 33 U.S. 591 (1834).

Willfulness is not a prerequisite to recover infringer's profits for violations of Section 43(a) of the Lanham Act. *Romag Fasteners, Inc. v. Fossil Group, Inc. et al.*, No. 18-1233 (Apr. 23, 2020) (Opinion)

The Supreme Court resolved a longstanding circuit split as to whether a trademark owner is required to show willfulness before a court will consider awarding an infringer's profits to remedy violations of Section 43(a) of the Lanham Act. The Third, Fourth, Fifth, Sixth, Seventh, and Eleventh Circuits did not require plaintiffs to show willfulness before awarding an infringer's profits, while the First, Second, Eighth, Ninth, Tenth, and Federal Circuit viewed willfulness as a precondition to recovery of an infringer's profits.

Romag Fasteners, Inc. sued Fossil Group, Inc. under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), alleging Fossil had infringed its trademark and falsely represented that fasteners included in Fossil's products came from Romag. The jury found that although Romag established a violation of Section 43(a), Fossil did not act willfully. As a result, and based on controlling Second Circuit precedent, the district court denied Romag's request for an award of Fossil's profits. Relying on the plain text of the statute, the Court found that "[t]he statute does make a showing of willfulness a precondition to a profits award when the plaintiff proceeds under § 1125(c)." However, as the Court noted, Romag had established a violation of § 1125(a), not § 1125(c). The Court declined to imply a willfulness requirement based on the absence of any precondition or mental state requirement in the plain text of the statute with respect to § 1125(a).

Accordingly, willfulness is not a precondition to awarding infringer's profits. Nonetheless, both the majority opinion and the concurring opinion made clear that a defendant's mental state, i.e., willfulness, remains a "highly important consideration" in determining whether an award of profits is appropriate.

Time-bar appeals in PTAB cases are not reviewable on appeal. *Thryv Inc. v. Click-To-Call Technologies LP*, No. 18-916 (Apr. 20, 2020) (Opinion)

The Supreme Court again was tasked with interpreting the procedure of the Patent Trial and Appeal Board (PTAB) under the America Invents Act. The Court held that when the PTAB grants a petition for inter partes review and rejects a contention that the petition is time-barred, that rejection is not reviewable on appeal.

The relevant statute, 35 U.S.C. § 314, allows the PTO to institute inter partes review to reconsider the validity of previously granted patents. It provides that "[t]he determination by the [PTO] whether to institute an inter partes review under this section shall be final and nonappealable." Section 315 provides that "[a]n inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after . . . the petitioner . . . is served with a complaint alleging infringement of the patent."

By 7-2 vote, the Supreme Court held that the plain text of the statute provides that "a contention that a petition fails under § 315(b) is a contention that the agency should have refused 'to institute an inter partes review'," and an appeal of such a decision, therefore, is barred by Section 314(d). The Court relied primarily on its recent decision in *Cuozzo Speed Technologies, LLC v. Lee*, 136 S.Ct. 2131 (2016), where it determined that Section 314(d) bars review of matters "closely tied to the application and interpretation of statutes" related to IPR institution. The Court noted that a patent owner would likely appeal under Section 315(b) for untimeliness if they could not prevail on the merits of patentability and, therefore, "§ 315(b) appeals would operate to save bad patent claims."

Supreme Court of the United States: Certiorari Grants and Denials

Supreme Court declines to address constitutionality of applying inter partes review to pre-AIA patents. *Enzo Life Sciences v. Becton, Dickinson and Co.*, No. 19-1097; *Celgene Corp. v. Peter*, No. 19-1074; *Collabo Innovations, Inc. v. Sony Corp.*, No. 19-601.

This quarter, the Supreme Court denied certiorari on a trio of cases challenging the constitutionality of applying inter partes review to patents filed before the passage of the Leahy-Smith America Invents Act (AIA). The petitioners argued that subjecting pre-AIA patents to inter partes review constituted a Fifth Amendment taking or a violation of the Due Process clause because the AIA's predecessor did not provide for invalidation through inter partes review. The Federal

Circuit previously rejected the arguments, explaining that inter partes reviews do not differ significantly enough from prior procedures to constitute a taking.

Supreme Court leaves undisturbed the Federal Circuit's treatment of doctrine of equivalents in 2019's* Eli Lilly *decision. *Hospira Inc. v. Eli Lilly and Co.*, No. 19-1058; *Dr. Reddy's Laboratories, Ltd. v. Eli Lilly and Co.*, No. 19-1061.

The Supreme Court also denied certiorari in two petitions stemming from *Eli Lilly and Co. v. Hospira, Inc.*, 933 F.3d 1320 (Fed. Cir. 2019). In its *Eli Lilly* decision, the Federal Circuit held that a patent holder who narrows its claims during prosecution to overcome a rejection can later recapture some of the subject matter if the narrowing amendment was "tangential" to the equivalent in question.

Federal Circuit: Infringement and Invalidity

Use of specific "technical jargon" insufficient to overcome abstract subject matter determination when technical terms encompass mere standard components. *Ericsson Inc. v. TCL Commc'n Tech. Holdings Ltd.*, No. 18-2003 (Fed. Cir. Apr. 14, 2020) (Precedential Opinion)

Ericsson Inc., the owner of U.S. Patent No. 7,149,510 ("the '510 patent"), sued TCL for patent infringement. The '510 patent broadly claims "a system and method for controlling access to a platform for a mobile terminal for a wireless telecommunications system." TCL moved for summary judgment based on patent ineligibility, which the district court denied after finding that the patent was *not* directed toward an abstract idea. The case proceeded to trial, and TCL ultimately appealed.

The first issue for the Federal Circuit was whether TCL waived its right to appeal the issue of ineligibility under 35 U.S.C. § 101 for failing to raise it in a motion for judgment as a matter of law. Relying on precedent from *Lighting Ballast Control LLC v. Phillips Elecs. N.A. Corp.*, 790 F.3d 1329 (Fed. Cir. 2015), the Federal Circuit held that the issue was nonetheless preserved. When the district court denied summary judgment on ineligibility, it did not conclude that issues of fact precluded judgment. Thus, the *denial* of summary judgment on ineligibility effectively amounted to a *grant* of summary judgment on validity—which is appealable.

After determining that TCL did not waive its right to appeal, the Federal Circuit analyzed the patent eligibility of the '510 patent under the Supreme Court's two-step *Alice* inquiry.[†] Under the first step in the *Alice* inquiry, the court found the relevant claims to be abstract despite admitting that Ericsson wrote the claims in "technical jargon." The Federal Circuit dissected the claim limitations, finding that the limitations merely added standard components that "collapse" into a "bare abstract idea." Although the court noted that it is bound to look into the claim's "character as a whole," it nonetheless defended its analysis of the limitations. The court specifically pointed to *In re TLI Commc'ns LLC Patent Litig.*, 823 F.3d 607, 612 (Fed. Cir. 2016), for support, which held that when the bulk of a claim is directed to an abstract idea, and the remaining limitations only provide necessary subsequent components, the "claim's character as a whole" is abstract. In the second step of the *Alice* inquiry, the Federal Circuit held that the claim did not contain an inventive concept sufficient to support eligibility. The court declined to consider the specification to aid in its determination and specifically pointed toward the Ericsson's failure to provide specific elements to claim more than a generic computer performing an abstract idea.

Following the court's analysis in *Ericsson*, patent practitioners should be extremely mindful of the enhanced specificity that claims in particular may require to overcome the *Alice* hurdle if presented before the Federal Circuit.

† *See Alice Corp. v. CLS Bank International*, 573 U.S. 208 (2014).

Federal Circuit: Intellectual Property Licensing and Assignment

The Federal Circuit upholds the doctrine of assignor estoppel… for now. *Hologic, Inc. v. Minerva Surgical, Inc.*, No. 19-2054 (Fed. Cir. Apr. 22, 2020) (Precedential Opinion)

In *Hologic, Inc. v. Minerva Surgical, Inc.*, the Federal Circuit was tasked with resolving issues of assignor estoppel on two Hologic patents, U.S. Patent Nos. 6,872,183 ("the '183 patent") and 9,095,348 ("the '348 patent"). The history of the two patents-in-suit is quite extensive. In brief, the original inventor of the '183 patent and the precursor to the '348 patent, Csaba Truckai, assigned the patent rights to his company, which was ultimately acquired by Hologic. Sometime later, Truckai left Hologic to form a competing company, Minerva Surgical, Inc. Later, Hologic sued Minerva for patent infringement. A series of legal battles followed in which the '183 patent was canceled in an inter partes review (IPR), and the district court subsequently held that Minerva was prevented from applying the IPR cancellation of the '183 patent to the district court litigation due to assignor estoppel. The district court also applied assignor estoppel to Minerva's challenges of the '348 patent. The parties appealed the decision.

The Federal Circuit reversed the district court's decision on the '183 patent. Although Minerva was unable to challenge the '183 patent claims in district court, it could circumvent the assignor estoppel doctrine by challenging the claims in an IPR proceeding, which was prescribed by the AIA. The court further acknowledged the decision put Hologic in a seemingly unfair "predicament," but still declined to apply the doctrine.

On the contrary, the Federal Circuit held that assignor estoppel was properly applied to Minerva's challenges of the '348 patent claims. Although the '348 patent was a significantly broadened continuation of the invention originally claimed by Truckai, the "equities weigh[ed] in favor of application in this case." The court found the situation similar to previously decided cases where an inventor assigns an invention to his original company, leaves for a competing company, and is then directly involved in the alleged infringement. Interestingly, Judge Stoll wrote separately to suggest that the court consider the doctrine of assignor estoppel en banc to "clarify this odd and seemingly illogical regime."

Federal Circuit: Damages

Attorney's fees are awardable against the government under 28 U.S.C. § 1498(a) when the government's litigation position is not substantially justified. *Hitkansut LLC v. United States*, No. 19-1884 (Fed. Cir. May 1, 2020) (Precedential Opinion)

Hitkansut LLC, the owner of U.S. Patent No. 7,175,722 ("the '722 patent"), brought suit against the United States pursuant to 28 U.S.C. § 1498(a), alleging that United States government staff authored publications and received funding for research based on unauthorized use of the '722 patent. The Court of Federal Claims issued judgment for Hitkansut, which was affirmed on the merits on appeal. The Court of Federal Claims subsequently awarded Hitkansut attorney's fees exceeding $4,000,000. The United States appealed.

Section 1498(a), allows a patent owner to recover "reasonable and entire compensation" for use and manufacture of an invention covered by a United States patent "by or for the United States without license." Such compensation, however, shall *not* include attorney's fees if the "position of the United States was substantially justified." Hitkansut argued, and the Court of Federal Claims agreed, that the relevant inquiry should include the government's position during litigation *and* pre-litigation. The Federal Circuit rejected this view in light of the legislative history of Section 1498(a), holding that courts cannot consider the government's pre-litigation conduct. Although the Court of Federal Claims erred in considering the government's pre-litigation actions, the Federal Circuit did not reduce the fees awarded because the government's litigation positions, including its invalidity and non-infringement positions, were not substantially justified.

Prevailing party status for purposes of awarding attorney's fees under 35 U.S.C. § 285 may be found based on success at PTAB. *Dragon Intellectual Property, LLC v. Dish Network, Dragon Intellectual Property, LLC v. Sirius XM Radio Inc.*, Nos. 19-1283 and 19-1284 (Fed. Cir. Apr. 21, 2020) (Precedential Opinion)

Dragon Intellectual Property, LLC separately sued ten defendants, including Dish Network and Sirius XM Radio Inc., for patent infringement. The PTAB subsequently invalidated all the claims of the Dragon patent following a petition for *inter partes* review filed by Dish and joined by Sirius XM. Following their success at the PTAB, Dish and Sirius moved for attorney's fees based on their success invalidating the patents at the PTAB. The district court denied both parties' motions, finding that neither party was the "prevailing party" at the PTAB because they were not granted actual relief on the merits.

On appeal, the Federal Circuit vacated and remanded, holding that the "prevailing party" question does not require "actual relief on the merits." Instead, what matters is whether the defendant "successfully rebuffed Dragon's attempt to alter the parties' legal relationship in an infringement suit."

A dismissal without prejudice results in no prevailing party for collecting attorney's fees under Section 285. *O.F. Mossberg & Sons, Inc., v. Timney Triggers, LLC*, No. 19-1134 (Fed. Cir. Apr. 13, 2020) (Precedential Opinion)

O.F. Mossberg & Sons, Inc. filed an infringement lawsuit against Timney Triggers, LLC and Timney Manufacturing, Inc. (collectively, Timney) for patent infringement. In response, and before answering the complaint, Timney pursued post-grant invalidation efforts through both *ex parte* and *inter partes* reexamination. Ultimately, district court litigation was stayed for nearly five years. The PTAB affirmed the invalidity of all claims on which Mossberg had sued Timney. Mossberg then filed a notice of voluntary dismissal of the stayed district court litigation under Fed. R. Civ. P. 41(a)(1)(A)(i), and the district court dismissed the case without prejudice. Timney then filed a motion to declare the case exceptional so it could be awarded attorney's fees under 35 U.S.C. § 285, which allows the court "in exceptional cases" to "award reasonable attorney fees to the prevailing party." The district court denied the motion, finding that a dismissal without prejudice is not a decision on the merits, and therefore, there is no "prevailing party" in the litigation.

The Federal Circuit affirmed and also found there could be no "prevailing party" in the litigation because there was no final court decision. Mossberg's dismissal under Rule 41(a)(1)(A)(i), which allows a party to "dismiss an action *without a court order*," became effective immediately upon Mossberg's filing, and the district court's order of dismissal had no legal effect. A notice under this Rule can only be filed *before* a defendant answers.

In the future, a defendant that intends to use reexamination to invalidate a patent on which it has been sued will need to consider whether to answer the complaint before requesting a stay of the litigation so that this procedural outcome can be avoided.

Federal Circuit: Procedural Issues

See Ericsson in *Federal Circuit: Infringement and Invalidity* for discussion regarding procedural issues.

Federal Circuit: Design Patents

Design patent scope cannot be extended to encompass a commercial embodiment of the design to stop nearly identical competitor products. *Lanard Toys Ltd. v. Dolgencorp LLC,* No. 19-1781 (Fed. Cir. May 14, 2020) (Precedential Opinion)

Lanard Toys Limited, the owner of a design patent, copyright, and trademark related to a toy chalk holder designed to look like a pencil, brought suit against competitor Ja-Ru, Inc. and its distributors for patent infringement, copyright infringement, and trade dress infringement of a similar toy chalk holder. It was undisputed that Ja-Ru used the Lanard product as a reference for designing its product. The district court granted summary judgment for Ja-Ru, finding that the similar toy chalk holder did not infringe Lanard's patent or trade dress and that the copyright was invalid and therefore not infringed. The Federal Circuit affirmed, and importantly, did not allow Lanard to extend the scope of its design patent to encompass the commercial embodiment arising from the design patent to stop Ja-Ru from producing a nearly identical "knock-off" product.

Federal Circuit: Trademarks

Certain color trademarks can be inherently distinctive when used on product packaging. *In re Forney Indus., Inc.*, No. 19-1073 (Fed. Cir. Apr. 8, 2020) (Precedential Opinion)

Forney Industries, Inc. filed a trademark application for a mark used on its product packaging consisting of "the colors red into yellow with a black banner located near the top." The USPTO refused the mark. On appeal, the PTAB affirmed the refusal on the grounds that color on a product or packaging can never be inherently distinctive under Supreme Court cases *Qualitex* and *Wal-Mart*.[†]

The Federal Circuit vacated and remanded the PTAB's decision and held that color marks "can be inherently distinctive when used in product packaging, depending upon the character of the color design." The Federal Circuit noted that the color trademark on Forney's packaging was more similar to the inherently distinctive trade dress in *Two Pesos*[‡] than the marks in *Qualitex* and *Wal-Mart.* The Federal Circuit reasoned that like the trade dress in *Two Pesos*, distinct, color-based *product packaging* can indicate the source of the goods to a consumer, and can therefore be inherently distinctive.

[†] *See Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205 (2000); *Qualitex Co. v. Jacobson Prod. Co.*, 514 U.S. 159 (1995).

‡ *See Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992).

Federal Circuit: Patent Trial and Appeal Board

The PTAB must give proper notice for sua sponte identification of a patentability issue. *Nike, Inc. v. Adidas AG*, No. 19-1262 (Fed. Cir. Apr. 9, 2020) (Precedential Opinion)

Patent owner Nike, Inc. appealed the PTAB's decision on remand denying its motion to enter substitute claims on the grounds that the new claims were unpatentable as obvious. Nike argued that the PTAB violated notice provisions of the Administrative Procedure Act (APA) by using a prior art reference that was in the record but never cited in the same context by opposing party Adidas AG. The Federal Circuit ultimately agreed that Nike was not given proper notice on one of the claims. The court vacated PTAB's decision and remanded for further proceedings.

Previous Federal Circuit case law clearly states that the PTAB must consider the entirety of the record before determining the patentability of amended claims. However, the Federal Circuit has previously declined to address whether the PTAB can sua sponte raise patentability challenges based on the record, even when not raised by the parties. In *Nike*, the court held that the PTAB can sua sponte identify a patentability issue for a substitute claim based on the prior art of record. Importantly though, the PTAB must also adhere to the notice provisions of the APA. Therefore, all interested parties must be given a reasonable opportunity to consider and present arguments under the new theory advanced by the PTAB.

Federal Circuit: U.S. Patent and Trademark Office Practice

A restriction requirement does not need to be correct to satisfy the notice requirements of Section 132. *Idorsia Pharm., Ltd. v. Iancu*, No. 19-2346 (Fed. Cir. May 11, 2020) (Nonprecedential Opinion)

Idorsia Pharmaceuticals, Ltd., owner of United States Patent No. 8,518,912 ("the ‘912 patent"), appealed the district court's summary judgment upholding of the USPTO's patent term adjustment determination for the ‘912 patent. During prosecution of the ‘912 patent, the examiner issued a restriction requirement identifying six invention groups. Without electing any of the groups in the restriction requirement, Idorsia's predecessor in interest, Actelion, notified the examiner that particular subject matter was omitted from the scope of the claims, to which the examiner agreed to issue a new restriction requirement. The second set of restriction requirements similarly excluded certain subject matter from the scope of the claims, and the examiner again agreed to issue a new restriction requirement. With traverse, Actelion selected one of three groups outlined in the third restriction requirement.

Eventually, when the ‘912 patent issued, Idorsia challenged the patent term adjustment determined by the USPTO, which led to the instant lawsuit. Specifically, Idorsia claimed that the "A delay" adjustments, or the delays arising from the PTO's "failure to act by certain enumerated deadlines," was incorrect by almost 100 days because the first and second restriction requirements did not meet the notice requirements of 35 U.S.C. § 132.

The Federal Circuit determined that the first and second restriction requirements met the notice requirement of Section 132. The court specifically held that a restriction requirement does not need to be correct to satisfy the statutory notice requirement. Instead, Section 132 merely requires that an applicant "at least be informed of the broad statutory basis for [the rejection of] his claims." Section 132 is violated when "a rejection is so uninformative that it prevents the applicant from recognizing and seeking to counter the grounds for rejection."