



IDEAS ON INTELLECTUAL PROPERTY LAW



APRIL/MAY
2024

Co-Managing Partners
Michael A. Cantor and Philmore H. Colburn II

Loud and clear

Court shoots down "continuation" strategy for expanding patents

Are law firm emails protected in patent litigation?

What to know about contributory copyright infringement

PROTECT
WHAT'S YOURS



Cantor Colburn LLP

www.cantorcolburn.com

#4

FOR U.S. UTILITY PATENTS

#5

FOR U.S. DESIGN PATENTS

#8

FOR U.S. TRADEMARKS

Source: Ant-Like Persistence blog

Reverse confusion claim over trademark logo doesn't make the cut

A party in a trademark infringement case can seek a preliminary injunction to block the opposing party's use of a mark during litigation. The outcome can provide a window into whether the party should expect to prevail at trial. In one recent case, however, a trademark owner asserting a reverse confusion theory of infringement received a discouraging result.

TOO MANY CHEFS

Home Chef creates and delivers meal kits to customers for home cooking. Its "HC Home Mark" is protected by five federal trademark registrations, including two for the word mark "HC Home" accompanied by the design mark "Home Chef Home Logo." The mark looks like the outline of a house, with five sides and a black fork and knife inside the house. The company has spent more than \$450 million on marketing and advertising with its marks and achieved more than \$1 billion in annual sales.

Grubhub is a leading online food ordering and delivery marketplace. It owns numerous trademark registrations for its name and stylized variations.

In 2021, Grubhub was acquired by Just Eat Takeaway.com (JET). The "JET House Mark" looks like a solid black house, with five sides, a chimney, and a white fork and knife inside.

JET adopted the "Grubhub House Logo," which combined the GRUBHUB word mark with the JET House Mark, in July 2021. Grubhub invested millions of dollars in rebranding and processed more than 72 million orders under the logo.

After receiving a cease-and-desist letter from Home Chef, Grubhub sought a declaratory judgment that its logo didn't infringe Home Chef's trademarks. In response, Home Chef requested a preliminary injunction to stop Grubhub from using the logo. The trial court denied Home Chef's request, prompting an appeal.

MISSING INGREDIENTS

To obtain a preliminary injunction, a party must show that it's likely to win the underlying case, among other things. On appeal, the U.S. Court of Appeals for the Seventh Circuit focused on whether Home Chef was likely to prevail on its reverse confusion claim on why the Grubhub House Logo infringed the HC Home Chef Logo.



FORWARD CONFUSION THEORY LIKELY TO FAIL, TOO

The U.S. Court of Appeals for the Seventh Circuit in the *Grubhub* case (see main article) reviewed the trial court's finding that the defendant was unlikely to succeed in establishing a likelihood of "forward confusion" caused by the junior trademark owner's mark. Forward confusion occurs when consumers mistakenly believe the products or services of a junior user come from the same source or are somehow connected to a senior user's products or services.

Like the trial court, though, the Seventh Circuit found the defendant didn't make a sufficiently strong showing that the forward confusion theory would succeed at trial. Based on the evidence, the appeals court didn't see how consumers interacting with the Grubhub House Logo could reasonably believe that they were engaging with Home Chef. It particularly emphasized that the logo prominently featured Grubhub's own brand name.

Reverse confusion occurs when a large junior user (here, Grubhub) saturates the market with a trademark similar or identical to that of a smaller, senior user (Home Chef), thereby overwhelming the senior user's mark and causing consumers to mistakenly believe that the senior user's products or services are actually those of the junior user.

To evaluate a reverse confusion claim, the court generally considers seven nondispositive factors:

1. Similarity of the marks in appearance and suggestion,
2. Similarity of the products,
3. The area and manner of concurrent use,
4. The degree of care likely to be exercised by consumers,
5. The strength of the senior user's mark,
6. Existence of actual confusion, and
7. The defendant's intent to "palm off" its product as that of another.

Home Chef challenged the trial court's finding that the first, sixth and seventh factors weighed against a finding of likelihood of confusion. The appeals court wasn't convinced.

When analyzing the similarity of the marks, the Seventh Circuit pointed out that Grubhub's house

design wasn't virtually identical to the Home Chef house design or used to promote virtually identical products and services. And the evidence that Grubhub had, or would, so overwhelm the market that consumers would associate Home Chef's mark with Grubhub's was "sparse."

Actual confusion, the court said, isn't essential for a finding of likelihood of confusion, but it's "entitled to substantial weight" where present. Home Chef submitted an anonymous tweet showing the logos side-by-side and noting the similarity. It also presented a Facebook message it had received asking whether the company had merged with Grubhub. The appellate court found the lower court hadn't clearly erred when it attributed little weight to this evidence — especially in the face of Grubhub's contradictory consumer survey evidence.

As to intent, the appeals court found the factor mostly irrelevant to reverse confusion claims because the accused party isn't trying to palm off its products as another's. So, while the trial court did err by determining this factor weighed against a likelihood of confusion, the factor was at best neutral and therefore of little value to the analysis.

DON'T PUT A FORK IN IT YET

Although the Seventh Circuit affirmed the trial court's ruling that Home Chef didn't show a likelihood of success with its reverse confusion theory, only the preliminary injunction was denied. The underlying case could still go to trial. □

Loud and clear

Court shoots down “continuation” strategy for expanding patents

A recent patent infringement ruling did more than just reverse a hefty damages award against Google. It also questions a common strategy used to obtain protection for new claims using an existing patent, and in turn provides accused infringers a potential avenue to invalidate the patents in question.

DISCORDANT DEVICES

The case involved patents owned by Sonos Inc. for managing groups of smart speakers in a multiroom system. They cover devices that implement overlapping speaker “zones” that share one or more speakers. So, for example, a speaker could belong to a group called “Morning,” as well as one called “Downstairs.”

A patent may be unenforceable if it was issued after an unreasonable and unexplained delay in the prosecution that prejudices others.

In 2020, Sonos sued Google LLC, alleging it infringed the patents. A unanimous jury found that one patent was infringed and awarded Sonos \$32.5 million in royalty-based damages.

The parties and the judge had agreed that the judge would evaluate certain affirmative defenses after the jury’s verdict. An affirmative defense is a legal reason why the defendant shouldn’t be held liable even if it committed the alleged acts. Google argued that Sonos’ patents were unenforceable under the affirmative defense of prosecution laches.

MUSIC TO GOOGLE’S EARS

Generally, under the prosecution laches doctrine, a court can find a patent unenforceable if it was

issued after an unreasonable and unexplained delay in the prosecution that prejudices others. The court found the doctrine applied here.

Sonos filed the provisional application on which the patents at issue claimed priority in September 2006. But it didn’t file applications for the two patents until April 2019, well after Google had disclosed the claimed invention to Sonos and, on its own, brought the invention to market.

The concern among patentees is that Sonos’ approach isn’t unusual. Sonos claimed that it diligently prosecuted the family of patent applications in the intervening 13 years. According to the court, the prosecution consisted of filing a corresponding nonprovisional application in 2007 and “a daisy chain of continuation applications” over the next decade. This is a common strategy employed to secure patent coverage for new market developments since the original filing date — what’s sometimes known as targeted continuation because it targets competitors’ products.

The court dismissed Sonos’ diligence, finding it didn’t render the delay any less unreasonable and inexcusable. In the court’s view, the diligent prosecution of patent applications in the interim in fact rendered the delay “all the more” unreasonable and inexcusable. Sonos easily could have amended its related applications to claim the invention or filed parallel applications with new claims covering it.

This wasn’t, the court emphasized, a situation where an inventor led the industry to something new. Rather, it was a case of “the industry leading with something new and, only then, an inventor coming out of the woodwork to say that he had come up with the idea first — wringing fresh claims to read on a competitor’s products from an ancient application.”



The court had little difficulty finding that Google suffered the necessary prejudice as a result of Sonos' delay. Sonos itself had contended that Google invested in building out its line of products that infringed the patents and profited from the investment. It was undisputed that Google worked on, invested in and used the claimed technology during the period of Sonos delay.

YET TO BE HEARD

The U.S. Court of Appeals for the Federal Circuit has never applied prosecution laches to patents issued before 1995, when changes to patent terms reduced the incentive to delay the issuance of a "submarine patent" that surfaces unexpectedly and catches competitors off guard. If the Federal Circuit upholds its application here, it may upend the practice of targeted continuations. Stay tuned. ▣

Are law firm emails protected in patent litigation?

Intraoffice emails can come back to haunt you if you end up in court — and not just in the case the emails are a part of. The plaintiff in an Ohio patent infringement case had a rude awakening when an email with material it deemed confidential was made public, potentially providing a roadmap to competitors on how to avoid infringing its patents.

PLAINTIFF TRIES TO DELETE MESSAGE

Woodstream Corporation sued Nature's Way Bird Products LLC for infringement of two patents related to hummingbird feeders. In September 2023, it filed a stipulated motion (meaning the defendant didn't oppose it) for a protective order to limit access to certain materials relevant to the case.

The same day, Nature's Way asked to file a brief in the case under seal. It explained that the brief would refer to a document Woodstream had designated as "confidential" in the pending protective order.

The document was an email between a senior engineer at Woodstream and other product and engineering employees within the company. In it, the senior engineer discussed three Woodstream patents, including the two at issue in the case. He gave opinions of the patents' claim interpretations and whether the company could make valid infringement claims on the patents. Woodstream filed a motion seeking the opportunity to explain why the emails should be under seal, which the court granted.



COURT DELIVERS HARD LESSON

Parties that want to seal records generally must show:

- A compelling interest in sealing the records,
- That the interest in sealing outweighs the public's interest in accessing the records, and
- That the request is narrowly tailored.

However, in civil litigation, only trade secrets, information covered by a recognized privilege and statutorily protected information are typically enough to overcome the presumption of access.

Woodstream contended that the email contained trade secrets. Specifically, it claimed that the email provided a “roadmap to potentially avoid [patent] infringement on narrow technical margins.”

Under Ohio law, a trade secret must derive “independent economic value” from not being generally known to other parties who could obtain economic value from its disclosure or use. It also must be the subject of efforts to maintain its secrecy.

The court found that the email didn't contain trade secrets. Woodstream, it said, didn't establish that

the engineer's opinions derived economic value from not being known. Woodstream also didn't describe any steps it took to keep the email secret, efforts to develop the opinions, or how the opinions relate to the company's business strategy, development or sales.

In civil litigation, only trade secrets, information covered by a recognized privilege and statutorily protected information are typically enough to overcome the presumption of access.

Moreover, both parties submitted public, redacted briefs that referred to the email, making it part of the court record. The court concluded that the public's interest in the evidence and records the court would rely on in its decision outweighed Woodstream's secrecy interests.

MESSAGE RECEIVED

The case serves as a cautionary tale about the limited protection intraoffice emails — even those with information considered confidential internally — might receive in litigation. It's also worth noting that, once information becomes part of the court record, the presumption of access is tough to overcome. ■

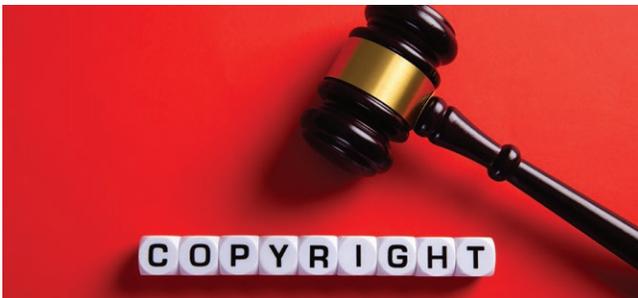
What to know about contributory copyright infringement

Contributory copyright infringement — when a defendant causes or significantly contributes to another’s infringing activities and knows of the infringement — is often misunderstood. The U.S. Court of Appeals for the Tenth Circuit has now provided some welcome clarity for a frequent point of confusion: the types of behavior that support a contributory copyright infringement claim.

TROLLING TRIGGERS LAWSUIT

In 2016, Russell Greer became the target of a harassment campaign on a website known as Kiwi Farms. The site, owned and operated by Joshua Moon, was built to showcase people who Moon and the website’s users considered eccentric and weird. The harassment was done via phone, email and social media.

Eventually, Greer lost his job and was evicted. In response, he wrote a self-published book. Although the book was copyrighted, it made its way onto Kiwi Farms through a Google Drive link to a full copy. A song copyrighted by Greer was also later posted on Kiwi Farms.



Greer sent Moon and the site takedown notices, but Moon refused to remove the infringing material. Greer then sued Moon and Kiwi Farms for contributory copyright infringement. The trial court dismissed the case because Greer failed to sufficiently allege that the defendants intentionally caused, induced or materially contributed to the infringement. It found that merely permitting the infringing material to remain on the website wasn’t enough. Greer appealed.

CONDUCT CONTRIBUTED

To survive a motion to dismiss a contributory infringement claim, a plaintiff must allege:

1. Direct infringement by a third party,
2. The defendant knew of the direct infringement, and
3. The defendant caused or materially contributed to the direct infringement.

Like the trial court, the appeals court found Greer sufficiently alleged the first two elements. For the third element, however, the appeals court diverged from the lower court ruling.

The Tenth Circuit agreed that contributory liability requires more than merely permitting the infringing material to reside on Kiwi Farms. But it found that Greer alleged far more than that.

For example, Moon not only refused Greer’s requests to remove his book, but also posted their email exchange — belittling Greer’s attempt to protect his material without litigation. He proceeded similarly when Greer requested the removal of his song, publishing Greer’s private contact information.

The appeals court said such conduct wasn’t the “passive behavior” of merely permitting infringing material on the website. The reposting of the takedown notice combined with the refusal to take down the material amounted to encouragement of Kiwi Farms users’ direct copyright infringement.

INITIAL INVOLVEMENT NOT REQUIRED

Notably, the appeals court made clear that contributory infringement liability doesn’t require a defendant to have encouraged the initial infringement. Ongoing, repeated infringement may support contributory liability if the defendant encouraged it. ▣

Cantor Colburn LLP is committed to providing top quality, comprehensive, responsive, and cost-effective intellectual property legal services to a diverse roster of domestic and international technology-based clients.

Our full-service intellectual property practice areas include:

Litigation

Patents

Trademarks

Copyrights

Due Diligence

Transactions &

Licensing

Post Grant & IPRs

Trade Secrets

Opinions

Anti-Counterfeiting

Strategic Portfolio Management &

Development



Cantor Colburn LLP

www.cantorcolburn.com

Hartford, CT
860.286.2929

Atlanta, GA
404.607.9991

Washington, D.C.
703.236.4500

Houston, TX
713.266.1130

Detroit, MI
248.524.2300