



IDEAS ON INTELLECTUAL PROPERTY LAW



YEAR END
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Cantor Colburn LLP

Sink or swim: Precise patent language scuttles infringement lawsuit

Generally, using precise and careful language in a patent application is wise. But providing a precise numerical value can work against a patentee when it comes time to bring an infringement claim. A boat manufacturer learned this lesson the hard way when it sued a rival for infringement.

BOAT MAKER MAKES WAVES

Cobalt Boats, LLC, owns a patent on a swim step — a small platform attached to the stern of a boat, with a retractable step that makes it easier to get in and out of the water. Brunswick Corporation sells boats with an optional swim step. Cobalt sued Brunswick, alleging patent infringement.

A jury found that Brunswick had indeed infringed the patent and awarded a per-unit royalty of \$2,500, equaling \$2.69 million. The district court enhanced the jury's award and awarded damages

for postverdict sales, resulting in total damages of almost \$5.4 million. It also granted a permanent injunction against Brunswick. Not surprisingly, Brunswick appealed to the U.S. Court of Appeals for the Federal Circuit, which hears all patent-related appeals.

PATENT LANGUAGE SPRINGS A LEAK

The patent included a claim limitation (which defines the breadth of the claimed invention) that the court referred to as “the 180-degree limitation.” It specified that the swim step was capable of being rotated 180 degrees from its stored position to its deployed position.

Brunswick argued that the claim limitation required that the step be capable of rotating *at least* 180 degrees. In other words, a swim step that can rotate *at most* 179 degrees couldn't infringe the patent, but one that can rotate 181 degrees could. Cobalt contended the limitation meant “about 180 degrees.”

The appellate court landed on Brunswick's side regarding the proper interpretation of the limitation. It emphasized that the patent claim said “180 degrees,” not “about 180 degrees.” “Where a precise value is included in the claim without a term such as ‘about,’” the court explained, “we interpret the claim language as imposing a strict numerical boundary,” absent evidence to the contrary.

The court noted that the limitation was added during prosecution of the patent application to distinguish existing patented swim steps that rotated less than 180 degrees. (See “Doctrine of equivalents can't save the patent” on page 3.) Cobalt claimed the limitation was added



DOCTRINE OF EQUIVALENTS CAN'T SAVE THE PATENT

The patentee in *Cobalt Boats, LLC v. Brunswick Corp.* (see main article) also argued that the doctrine of equivalents supported a finding of infringement. The doctrine allows a patentee to claim insubstantial alterations that weren't captured when drafting the original patent claim but which could be created through trivial changes.

But a patentee can't use litigation to regain patent protection it relinquished during the prosecution of the patent application. The 180-degree limitation at issue here was added during prosecution to distinguish the invention from an existing patent for a 90-degree step.

Cobalt claimed it had only surrendered what was necessary to distinguish the earlier patent, but the U.S. Court of Appeals for the Federal Circuit found that it had disclaimed all steps that can't rotate at least 180 degrees. It explained that the scope of disclaimer is the difference between the original and amended claims — not between the amended claims and the distinguished prior art. In particular, the court said, when claims are amended to include a specific numerical boundary, the patentee can't later recapture what's beyond that boundary through the doctrine of equivalents.

simply to require flipping of the swim step, which could include rotation by less than 180 degrees. The court pointed out, though, that other added claim terms already required flipping.

Where a precise value is included in the claim, courts interpret the claim language as imposing a strict numerical boundary absent evidence to the contrary.

The Federal Circuit dismissed the testimony of Cobalt's expert that the limitation shouldn't be interpreted as a precise numerical boundary because manufacturing variances would make it impossible to achieve such precision. It found that its interpretation of the limitation didn't require the swim step to rotate exactly 180 degrees; the interpretation required only that the step be capable of rotating at least 180 degrees, allowing for variance above that threshold.

COURT CASTS OFF INFRINGEMENT CLAIM

Having determined how to interpret the limitation, the appellate court reviewed the jury's finding of literal infringement. It was undisputed that Brunswick's swim step wasn't capable of rotating 180 degrees. The maximum rotation was between 172 and 179 degrees; the hinges on the step had a "very rigid stop" that prevented any rotation beyond that. Cobalt's own expert testified that the Brunswick step's rotation was within a couple tenths of a degree of 177.

The court concluded that there was no evidence supporting the jury's finding of literal infringement. It ultimately reversed the trial court's judgment, concluding that Brunswick was entitled to judgment as a matter of law of no infringement.

CHART YOUR COURSE CAREFULLY

The court's ruling in this case provides another clear example of the importance of the language you use when drafting a patent application. Patentees that include a precise number in a claim limitation should understand that courts will interpret it as imposing a stringent boundary — beyond which infringement is impossible. □

It's official

Supreme Court says government isn't a person — for patent purposes

Patentees welcomed a recent U.S. Supreme Court decision that significantly reduces the pool of potential challengers to the validity of existing patents. Thanks to the ruling, federal government agencies can't take advantage of three patent review processes created less than a decade ago — because the federal government isn't a "person" under patent law.

POST OFFICE DELIVERS A BLOW

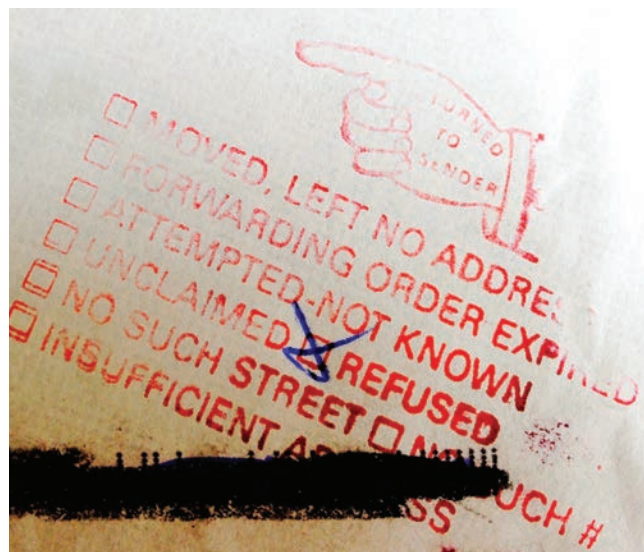
Return Mail, Inc., owns a patent for a method of processing undeliverable mail. After the U.S. Postal Service (USPS) introduced an enhanced address-change service to process undeliverable mail, Return Mail claimed the service infringed the patent and offered to license its invention to the USPS.

In response, and prior to the America Invents Act of 2011 (AIA), the USPS sought a re-examination of the patent, but the U.S. Patent and Trademark Office (USPTO) confirmed the patent's validity. Return Mail then sued the USPS, seeking compensation for the unauthorized use of its invention.

While that lawsuit was pending, the USPS petitioned for "covered-business-method" (CBM) review, a remedy created by the AIA. The USPTO concluded that Return Mail's invention wasn't eligible to be patented and canceled it. The U.S. Court of Appeals for the Federal Circuit affirmed. Return Mail then turned to the Supreme Court.

SUPREME COURT ADDRESSES THE MATTER

The AIA provides that a "person" eligible to seek CBM review may not do so "unless the person or the person's real party in interest or privy has been sued for infringement." The question before the Supreme Court was whether the government is a "person" capable of instituting CBM review or two other AIA-created patent review proceedings.



The federal patent law doesn't define the term "person." In such circumstances, the Supreme Court generally applies a longstanding presumption that "person" doesn't include "the sovereign." Further, since 1947, the Dictionary Act has provided the definition of the term that courts generally use in determining the meaning of any federal law. That definition doesn't include the federal government.

The federal patent law doesn't define the term "person," and the Supreme Court generally applies a longstanding presumption that "person" doesn't include "the sovereign."

The Supreme Court recognized that the presumption isn't a hard and fast rule but said that courts can disregard it only with evidence of contrary congressional intent. The USPS, therefore, needed to point to some indication in the AIA's text or context that showed that Congress had intended to include the

government as a “person.” The USPS tried, but the Court found its arguments unpersuasive.

In particular, the USPS argued that the AIA’s reference to a “person” in the context of postpatent issuance reviews must include the government because other references to persons in the patent statutes appear to do so. The Court concluded, though, that the 18 or more references to persons in the Patent Act and the AIA revealed no clear trend — sometimes “person” plainly includes or excludes the government, and other times, as here, it might be read

either way. The mere existence of some government-inclusive references doesn’t suffice to overcome the presumption that a government isn’t a “person” eligible to petition for AIA review proceedings.

RETURN TO SENDER

As a result of the Supreme Court’s ruling, federal government agencies no longer can ask the USPTO (notably, another federal agency) to invalidate a patent that has already issued. They can challenge patent validity only as a defense in a patent infringement lawsuit. □

Limited protection

Inaccurate statement forfeits copyright infringement claim

Creative works are generally subject to copyright protection even without registration with the U.S. Copyright Office. But there are a number of important advantages to securing Copyright Registration — including the ability to file suit for copyright infringement.

Normally, a registration certificate provides sufficient evidence of a valid registered copyright. However, inaccurate information in the certificate can invalidate the registration. In a recent case, the holder of one such certificate not only lost out on its ability to pursue an infringement claim, but also ended up on the hook for the would-be defendants’ attorneys’ fees and costs.

THE FACT PATTERN

Gold Value (doing business as Fiesta Fabric) creates textile designs and sells fabric to customers that use it to make clothing. Sanctuary Clothing, LLC, is a clothing manufacturer. Fiesta sued Sanctuary and several retailers, alleging they’d infringed a copyright it held for one textile design.

Fiesta had registered the design as part of its Spring/Summer 2014 collection, which also included 33 other fabric designs. Fiesta’s president certified in the copyright application that none of the works in the collection had been published as of October 23, 2013. The designs were registered as an unpublished collection.

Before registration, though, Fiesta had sold samples of fabric with the design to a limited group of customers. In total, it sold about 190 yards of the fabric. The company president knew of the sales but mistakenly believed they didn’t qualify as “publication” for copyright purposes.

The trial court found the copyright registration invalid because of the inaccurate information in the application. It dismissed the case before trial and granted the defendants more than \$121,000 in attorneys’ fees and costs. Fiesta appealed the dismissal and the fees and costs award.



THE COURT'S CLOTHES CALL

The Prioritizing Resources and Organization for Intellectual Property Act of 2008 (PRO IP Act) amended the Copyright Act to include a new provision. Under the provision, a certificate of registration allows a holder to sue for infringement regardless of whether it contains any inaccurate information unless:

- The inaccurate information was included with knowledge that it was inaccurate, and
- The inaccuracy, if known, would have caused the Register of Copyrights to refuse registration.

The Copyright Office doesn't accept a group of published and unpublished works in a single registration. Fiesta admittedly knew that the design had been sold (and was therefore published). By including the design in an unpublished collection, the U.S. Court of Appeals for the Ninth Circuit found, Fiesta had included inaccurate information on its application for registration.

Fiesta argued that it hadn't known that the sale of samples to its customers constituted publication under the Copyright Act, so it lacked the requisite knowledge or fraudulent intent. But the court noted that Fiesta had provided no reasonable basis for this belief.

Moreover, the Ninth Circuit said, the "knowledge" requirement doesn't necessarily refer to a culpable state of mind or knowledge of the law. Factual knowledge sufficiently satisfies this prong of the PRO IP Act test. The plain language of the law

doesn't require fraud, just knowledge of inaccurate information — here, that the design was unpublished.

As to the second prong of the test, the court found that the Register has indicated it won't register a single group of published and unpublished works. Fiesta couldn't remedy the problem simply by removing the published design, because the registration for only unpublished designs couldn't serve as a basis for the infringement claim over the published design.

The Copyright Office doesn't accept a group of published and unpublished works in a single registration.

The Register itself specifically said it wouldn't have registered the design as part of an unpublished collection if it had been aware the design had previously been published. The Ninth Circuit found that the trial court had therefore properly declared the registration invalid as to the design. Because a valid registration is a prerequisite for an infringement claim, it affirmed the lower court's dismissal.

SEW UP YOUR PROTECTION

Applicants for copyright registration should take the time to closely review their applications for any inaccurate information. Failing to do so could prove costly, as well as undermine the primary purpose of obtaining registration. □

SCOTUS strikes down ban on immoral or scandalous trademark registration

Just two years after ruling that a ban against the registration of disparaging trademarks was a violation of the First Amendment and thus unconstitutional, the U.S. Supreme Court has proven that it wasn't a fluke. It recently held that a ban against registration of immoral or scandalous trademarks is unconstitutional as well. The decision has implications for previously rejected and pending trademarks found to have violated the bar.

REGISTRATION DENIED

Erik Brunetti applied for federal registration of the trademark FUCT, the name of his clothing line. The U.S. Patent and Trademark Office (USPTO) denied his application, citing the Lanham Act's provision prohibiting the registration of "immoral or scandalous" marks.

Brunetti brought a First Amendment challenge to the ban, and the U.S. Court of Appeals for the Federal Circuit found the prohibition violated the First Amendment. The case went to the Supreme Court for review.

BAN KNOCKED DOWN

In 2017, the Court declared the Lanham Act's ban on registering marks that "disparage" any person unconstitutional. The divided Court agreed on two principles at that time: 1) If a trademark registration bar is viewpoint based, it's unconstitutional, and 2) the disparagement bar was viewpoint based.

In the *Brunetti* case, the Supreme Court held that the "immoral and scandalous" bar similarly discriminates based on viewpoint in violation of the First Amendment. The law, it said, distinguishes between two opposed sets of ideas — those aligned with conventional moral standards and those hostile to them.

This viewpoint bias results in viewpoint-discriminatory application. It noted that the USPTO has refused to register marks communicating "immoral" or "scandalous" views about, among other things, drug use, religion and terrorism.

The Court also rejected the USPTO's suggestion to narrow the bar to marks that are offensive or shocking because of their mode of expression, independent of any view they may express. The USPTO contended that this would mostly restrict registration refusal to marks that are lewd, sexually explicit or profane.



But, the Court said, the Lanham Act doesn't draw the line at such marks or refer only to marks whose "mode of expression," independent of viewpoint, is particularly offensive. If the Court cut off the statute as suggested, it wouldn't be interpreting the law Congress enacted but fashioning a new one.

PUTTING THE RULING INTO ACTION

In the wake of the ruling, the USPTO has released updated guidelines for the review and registration of trademarks. Pending applications that were suspended while the Court considered this case will be removed from suspension for further review. Applicants who have been denied in the past based on the ban may refile. □



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