



IDEAS ON INTELLECTUAL PROPERTY LAW



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Better late than never

When tardiness bars trademark infringement claims

Alack of haste can make waste when it comes to filing a lawsuit. But some delays are excusable. A dispute over the use of a trademark by two players in the insurance industry provides useful insight into when a trademark holder's delay will — or won't — bar its claims.

THE CLAIM FILING

A.I.G. Agency, the plaintiff, is a family-owned insurance broker in Missouri that began calling itself AIG around 1958. American International Insurance Group, the defendant, is an insurer that incorporated in 1965 and first used the "AIG" mark between 1968 and 1970. The defendant obtained a federal trademark registration for the mark in 1981.

In 1995, the defendant sent a cease-and-desist letter to the plaintiff. The letter notified the plaintiff of the registration and demanded the plaintiff stop using the mark because it was likely to confuse consumers. In a response letter, the plaintiff's attorney claimed it had a right to use the name in Missouri and Illinois because it used the mark in those states before the defendant registered its trademark.

The defendant sent the plaintiff another cease-and-desist letter in 2008; the plaintiff provided a similar response regarding Missouri and Illinois. The defendant said it didn't object to the plaintiff's use of the mark in two Missouri counties but threatened legal action if the plaintiff expanded its use farther. In 2009, the defendant renamed its property and casualty business "Chartis." However, in 2012, it returned to using AIG for its property and casualty business.

Around 2012, the defendant shifted its marketing strategy and began to sell to consumers through direct advertisements. According to the plaintiff, over the course of the next few years, it began experiencing significant incidences of consumers confusing the companies. It sued the defendant for trademark infringement in 2017.

The trial court dismissed the case without a trial based on the doctrine of laches. This doctrine penalizes a party for negligent or willful failure to timely assert its rights by blocking its claim.

THE LASH OF LACHES — OR NOT

On review, the U.S. Court of Appeals for the Eighth Circuit explained that a party raising a laches defense must prove that:

- There was a delay in asserting a right or claim,
- The delay wasn't excusable, and
- The defendant suffered undue prejudice.

When determining the question of inexcusable delay, courts consider the doctrine of progressive encroachment.

According to the doctrine of progressive encroachment, the time of delay is measured not from when a party first learned of the potentially infringing mark, but from when such infringement became actionable and provable.

According to the doctrine, the time of delay is measured not from when a party first learned of the potentially infringing mark, but from when such infringement became actionable and provable. For example, this can occur when the infringer's use of the mark becomes likely to confuse consumers as to the source of the goods or services. The doctrine protects trademark holders from having to choose between 1) suing immediately and losing because the alleged infringer isn't yet sufficiently competitive to create a likelihood of confusion, or 2) waiting and being dismissed for unreasonable delay.

CEASE-AND-DESIST DOESN'T ESTABLISH LACHES

The appellate court in *A.I.G. Agency, Inc. v. American Int'l Group, Inc.* (see main article) also rejected the trial court's reliance on a cease-and-desist letter to show how long the plaintiff was aware of the risk of consumer confusion between the trademarks at issue. The test for laches isn't being "cognizant of the risk of consumer confusion," the court said. Rather, it's whether the likelihood of confusion was sufficiently clear to establish the plaintiff had an actionable and provable infringement claim.

The court found that the plaintiff wasn't obligated to accept the defendant's statement in a cease-and-desist letter that there was a likelihood of confusion. In fact, the plaintiff's response — which referred to "*allegations* of likelihood of confusion" — indicated it wasn't sold on the defendant's conclusion about the likelihood of confusion. The letter established an awareness of the defendant's claim and allegations but not that the plaintiff had an actionable and provable claim against the defendant.



the defendant's change in marketing strategy that year.

Thus, the appellate court found that this evidence supported the inference that little or no actual confusion existed until after 2013. This inference, it said, could tilt the balance of the progressive encroachment analysis and, therefore, represented a genuine dispute of material fact that demanded a trial.

THE EXCLUSION ANALYSIS

The appellate court found the trial court failed to conduct a meaningful analysis of when the defendant's alleged infringement became actionable. The trial court, it said, should have performed the requisite six-factor analysis for evaluating likelihood of confusion. Instead, that court largely based its finding of laches on the fact that both parties had used the mark in the same markets for decades, with full knowledge of the other's activities.

According to the appellate court, one of the six factors — actual confusion in the marketplace — is often considered the best evidence of likelihood of confusion. The defendant presented little to no evidence of actual confusion in Missouri and Illinois before 2012. The plaintiff, however, submitted evidence of minimal actual confusion before

DISMISSAL DENIED

When viewed through the lens of the proper six-factor analysis, summary judgment was inappropriate according to the appellate court. It reversed the trial court and sent the case back for further proceedings. The upshot? To ensure your rights are protected, don't wait to assert your intellectual property rights. □

Copyright infringement ruling strikes a chord

The music world is sitting up and taking note of another significant court ruling on the availability of copyright protection for elements of songs. The court's decision emphasizes that common "building blocks" of music aren't copyrightable.

BATTLE OF THE BANDS

The case involved the hit song "Dark Horse" by Katheryn Hudson, professionally known as Katy Perry. Three Christian hip-hop artists claimed that an ostinato, a repeating instrumental figure, in Perry's song copied a similar ostinato in their song "Joyful Noise."

Following a trial that focused on the testimony of musical experts, a jury found Perry and her co-defendants liable for copyright infringement. It awarded the plaintiffs \$2.8 million in damages, but the court vacated that award.

The court granted judgment to the defendants "as a matter of law." It found that the evidence at trial was legally insufficient to show that the "Joyful



Noise" ostinato was copyrightable. The plaintiffs turned to the U.S. Court of Appeals for the Ninth Circuit for relief.

PITCH IMPERFECT

According to the Ninth Circuit, in the absence of direct evidence of copying, the plaintiffs had to show that 1) the defendants had access to the work, and 2) the ostinatos were substantially similar. The court didn't consider the access prong, though, because it concluded that the ostinatos weren't substantially similar.

Copyright doesn't extend
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The court applied a two-part test with "extrinsic" and "intrinsic" components. The extrinsic test breaks the two works at issue down into their constituent elements for objective comparison. The intrinsic test evaluates the similarity from the perspective of "the ordinary reasonable observer," with no expert assistance.

Courts are generally reluctant to reverse a jury's finding that two works are intrinsically similar. However, the extrinsic test requires courts to ensure that any objective similarities are legally sufficient to serve as the basis of a copyright infringement claim. And, the appellate court found, they weren't in this case.

That's because nothing about the "Joyful Noise" ostinato qualified as original expression, as required to be protectible by copyright. Although the threshold for originality is, as the court noted, "famously low," it does require "at least a modicum of creativity." Copyright doesn't extend to common or trite musical

elements or commonplace elements firmly rooted in a genre's tradition.

The court reviewed the individual musical elements in the plaintiff's ostinato they'd identified as original and explained why those elements weren't individually entitled to copyright protection, including the points that:

- Making use of a sequence of eight notes played in an even rhythm is a trite musical choice,
- Saying that the two songs have similar "textures" is "far too abstract" of a similarity to be legally recognized,
- Using synthesizers to accompany vocal performers has long been commonplace in popular music, and
- An abstract eight-note pitch sequence that's part of a melody isn't copyrightable.

But the court's finding that no individual component of the plaintiff's ostinato was copyrightable wasn't

the end of its inquiry. It also considered whether the ostinato was protectible as a combination of unprotectable elements.

The appellate court determined that the ostinato was merely a "manifestly conventional arrangement of musical building blocks" and "nothing more than a two-note snippet of a descending minor scale, with some notes repeated." To allow a copyright, the court reasoned, would essentially grant an improper monopoly over two-note pitch sequences or even the minor scale.

CLOSING NOTE

While a victory in the end for Perry and her co-defendants, this case demonstrates the risk of defending a music-related copyright case in front of a jury. Perry ultimately prevailed at the appellate level, but only after spending much time and money. The result also means that it's highly unlikely Perry could successfully argue that another song's ostinato infringed hers. □

Court revives patent case

Descriptive terms weren't "indefinite" after all

Coming up with a new and useful invention is only part of the battle when it comes to obtaining a patent. You also need to choose your words carefully when drafting the application. A recent ruling from the U.S. Court of Appeals for the Federal Circuit highlights one of the most important considerations: what your words communicate to skilled artisans in the relevant field.

HEART OF THE MATTER

The patent in question covered a double catheter structure used in the treatment of congestive heart failure. The patent holder sued another medical device maker for infringement.

The trial court determined, among other issues, that the patent's use of the terms "resilient" and "pliable" rendered the related patent claims indefinite and therefore invalid. The plaintiff appealed this finding.

DIAGNOSTIC TOOLS

Federal patent law generally requires that a valid patent include a specification with "one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention." A patent is indefinite if — when read in light of its specification and prosecution history — it fails to inform skilled artisans in the relevant field about the scope of the invention,



with reasonable certainty. In other words, a skilled artisan must be able to determine whether an allegedly infringing product or method infringes the patent.

Patent claims with descriptive words or terms of degrees, such as “resilient” and “pliable,” must provide objective boundaries for skilled artisans. Both the intrinsic record (the patent’s claims, written description and prosecution history) and relevant extrinsic evidence can help identify such boundaries.

CLEAR!

In the case at hand, the Federal Circuit found that the intrinsic record and extrinsic evidence sufficiently informed a skilled artisan of the meanings of both “resilience” and “pliable.” Although the terms are broad, the court said, they aren’t uncertain.

For example, the patent refers to “an outer, resilient catheter having shape memory.” The court found this language itself provides guidance on the term’s meaning; numerous related claims further inform the meaning by providing examples of resilient materials that could be used. The written description extends similar guidance, stating that the outer catheter “has sufficient shape memory to return to its original shape when undistorted.”

While the claim language offered less guidance on the meaning of “pliable,” the written description

contained numerous examples of a pliable inner catheter, including a “soft material such as silicone.” It further explained that the inner catheter is “extremely flexible and able to conform to various shapes.”

The Federal Circuit concluded that, taken as a whole, the intrinsic record alone disposed of the indefiniteness issues as to the terms “resilient” and “pliable.” The record provided objective boundaries a skilled artisan could apply to determine the scope of the patented claims.

The extrinsic evidence provided further support for this conclusion. The website Dictionary.com defines “resilient” as “returning to the original form or position after being bent, compressed or stretched.” It defines “pliable” as “easily bent, flexible; supple.” The court found that these definitions confirm that both terms would have had broad, but understood, meanings to a skilled artisan.

TREAT IT RIGHT

The court’s analysis here offers a strong reminder of the importance of careful patent drafting. Patent claims must meet various requirements, one of which is using terms that provide a skilled artisan in the relevant field the necessary boundaries to determine whether it’s being infringed. □

How “generic skepticism” affects the motivation to combine

The U.S. Court of Appeals for the Federal Circuit gave new life to a challenge of a robotic surgery patent after rejecting the relevance of surgeons’ skepticism for robotic surgery. The court held that the U.S. Patent Trial and Appeal Board (PTAB) improperly found such generic skepticism about a field — as opposed to skepticism about a specific invention — rendered the patented invention nonobvious.

PATENT GOES UNDER THE KNIFE

Intuitive Surgical Operations holds a patent related to robotic surgery systems. The patented invention incorporates a pulley mechanism that allows for quicker swapping out of surgical instruments, thereby reducing surgery time, improving safety and increasing the system’s reliability.

Auris Health, a competitor of Intuitive, petitioned the PTAB for inter partes review (IPR) of the patent. Under IPR, the board can reconsider and cancel an already-issued patent based on certain types of “prior art” showing that the invention was anticipated or obvious.

The board found that two earlier patents, one for a type of robotic surgery interface and the other for an adjustable support stand that could hold instruments, disclosed the invention claimed in Intuitive’s patent. But it also determined that a skilled artisan in the relevant field wouldn’t have been motivated to combine the earlier inventions to produce the challenged invention, meaning the patent wasn’t obvious or invalid. Auris appealed to the Federal Circuit.

COURT REVERSES PTAB

The motivation-to-combine inquiry focuses on whether a skilled artisan not only could have made, but also would have been motivated to make, the



combination of prior art to arrive at the patented invention. Any need or problem known in the relevant field at the time of invention and addressed by the invention can provide a reason for combining the elements in the manner claimed.

The PTAB had reasoned that, because surgeons were skeptical of robotic surgery, there would be no motivation to complicate the patented robotic surgery interface by combining it with the adjustable support stand. However, “generic industry skepticism” alone can’t preclude a finding of motivation to combine.

Although specific evidence of industry skepticism toward a specific combination of prior art *might* contribute to a finding of no motivation to combine, the court said, that wasn’t the case here. Rather, the PTAB incorrectly relied almost exclusively on evidence of general skepticism about the field of robotic surgery.

LEFT OPEN

The PTAB had cited evidence that combining the prior art would reduce the number of assistants required, as well as evidence that the combination would undermine precision. The Federal Circuit sent the case back to the board to analyze that evidence to establish whether a motivation to combine existed under the correct criteria. □



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