IDEAS ON INTELLECTUAL PROPERTY LAW

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A slicing opinion

Court cuts trademark registration for Gruyere cheese

Some Swiss and French cheesemakers recently ran into a brick wall when they attempted to obtain a trademark for the term GRUYERE. There was widespread agreement among the Trademark Trial and Appeal Board (TTAB) and two federal courts that the term is generic and therefore ineligible for trademark protection.

A RIPE CONTROVERSY

The case originated when two cheese consortiums that believe GRUYERE should be used to label only cheese produced in the Gruyere region of Switzerland and France sought to register the word in the United States as a certification mark. A certification mark is used to indicate to consumers that the related goods have been certified as meeting the standards set forth by the owner of the mark. The consortiums applied for a geographic certification to restrict the mark to cheeses made in Gruyere.

The U.S. Dairy Export Council and others opposed the certification on the grounds that the term was generic. After the TTAB agreed, the consortiums turned to a district court for relief. That court affirmed the TTAB, prompting an appeal to the U.S. Court of Appeals for the Fourth Circuit.

MORE THAN A SHRED OF EVIDENCE

A generic term identifies a type of product, not the source of the product. A term that once was nongeneric can become generic when the public ceases to identify it with the particular source of a product or service and instead identifies it with a class or genus of products or services — regardless of source.

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The parties agreed that the genus of the product was cheese, and the relevant public consisted of consumers who buy cheese. The question before the court was whether cheese consumers primarily understand GRUYERE as referring to a type of cheese or as indicating that the cheese was produced in the Gruyere region of Switzerland and France.

ANOTHER HOLE IN THE CASE

The plaintiffs in the *Gruyere* case (see main article) also challenged the trial court's reliance on the U.S. Food and Drug Administration's (FDA) standard of identity when determining whether the term GRUYERE was generic. They argued that a U.S. Supreme Court ruling established that an FDA standard of identity can't preclude registration of the term as a certification mark. The plaintiffs pointed out that other cheese products, including Roquefort, are the subject of both an FDA standard and a certification mark.

The U.S. Court of Appeals for the Fourth Circuit agreed that the FDA standard for "Gruyere" cheese couldn't, on its own, preclude registration. But the trial court, it said, didn't hold that the standard prevented the term's registration as a certification mark; rather, it found that the standard presented strong evidence that the term was generic. According to the appellate court, FDA standards of identity shouldn't be used as conclusive evidence of genericness, but they aren't irrelevant to the inquiry.

Evidence of the relevant public's understanding of a term may come from direct consumer testimony, surveys, dictionary listings, newspapers and other publications. Here, the court found several types of evidence that supported a finding of genericness.

For example, the U.S. Food and Drug Administration has issued a "standard of identity" for "Gruyere" cheese. (See "Another hole in the case" on page 2.) The standard lists requirements for cheese to be so labeled, but it doesn't impose any geographic restrictions about where such cheese can be produced.

The court also cited evidence of imported and domestic gruyere cheese. It found the opposing parties clearly demonstrated that hundreds of thousands of pounds of cheese produced outside the Gruyere region are imported to and sold in the United States as GRUYERE. And one of the consortiums had even sent a cheese company selling Finland-produced cheese a letter asking it to stop labeling its cheese as "Imported All Natural GRUYERE Cheese." It also wrote to multiple other companies to demand that they cease labeling their U.S.-produced cheese as gruyere.

The appellate court found additional support in media references to the term, including references to Wisconsin Gruyere Cheese, Austrian Alps Gruyere and Italian Gruyere. The opposers also introduced numerous press articles that referred to gruyere without mentioning production in Switzerland or France.

The court did, however, find that the trial court had erred in concluding that dictionary definitions supported a genericness finding. It noted that the parties had submitted conflicting dictionary definitions into the record, with some referring to production in Switzerland and/or France. Despite the error, the court declined to conclude that the dictionary evidence indicated that cheese consumers primarily understand the term to mean cheese produced in the Gruyere region.

THE CONSORTIUMS' CASE CRUMBLES

The Fourth Circuit ultimately found the evidence so "one-sided" that the opposers had to prevail. The evidence established that, when cheese consumers walk into retail stores and ask for GRUYERE, they regularly mean a type of cheese — not a cheese that was produced in the Gruyere region of Switzerland and France. Thus, their bid to obtain a trademark melted away. □

PTO director issues critical IPR clarification

The director of the U.S. Patent and Trademark Office recently addressed confusion over how the Patent Trial and Appeal Board (PTAB) should determine whether to institute an inter partes review (IPR) of a patent when parallel litigation is already proceeding in federal district court. The opinion makes clear that, while it's possible to obtain an IPR in such circumstances, it won't be easy.

STARTING THE IPR PROCEEDING

The opinion arose in a case involving a patent for a reconfigurable distributed antenna system. The plaintiff had sued the defendant for patent infringement, and the defendant filed a petition to institute an IPR proceeding. Under IPR, the PTAB can reconsider and cancel an already-issued patent based on certain types of "prior art" that make the claimed invention unpatentable.

The PTAB instituted an IPR, finding CommScope had presented "compelling unpatentability challenges." But it made this assessment without considering the so-called *Fintiv* factors that the PTAB generally applies to determine whether to institute an IPR proceeding when there's parallel district court litigation.

The nonexclusive *Fintiv* factors include:

1. Whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted,

2. Proximity of the court's trial date to the board's projected statutory deadline for a final written decision,

3. Investment in the parallel proceeding by the court and the parties,

4. Overlap between issues raised in the petition and in the parallel proceeding,

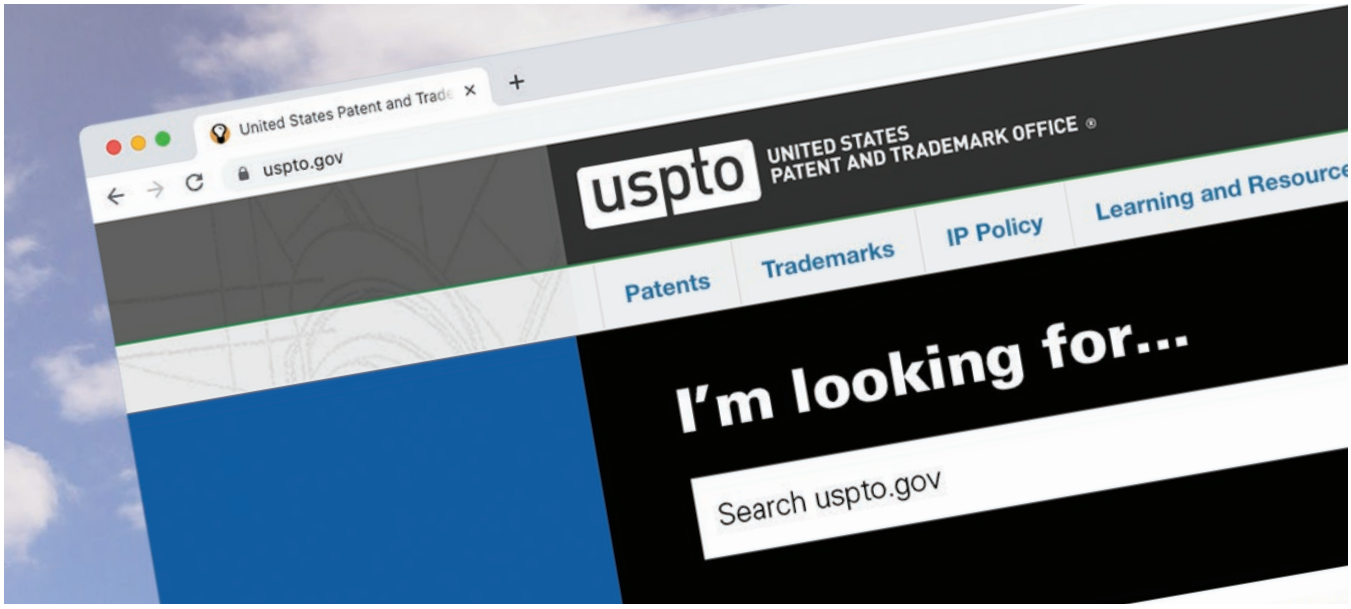
5. Whether the petitioner and the defendant in the parallel proceeding are the same party, and

6. Other circumstances that affect the board's exercise of discretion, including the merits.

The director initiated review of the board's decision to skip analysis of these factors.

CLARIFYING THE ANALYSIS

In June 2022, the director had published a "Guidance Memo" on the procedure by which the PTAB can



deny an IPR request while district court litigation is ongoing. It states that, where the board determines that a compelling unpatentability challenge exists, that determination alone demonstrates that the PTAB shouldn't discretionarily deny IPR institution under *Fintiv*.

> The PTAB must provide sufficient reasoning to permit the parties to challenge its finding and allow for review of its decision.

The director subsequently explained that, when assessing compelling merits, the board should evaluate whether evidence, if unrebutted in trial, would plainly lead to a conclusion that one or more claims are unpatentable by a preponderance of the evidence. The PTAB must find it "highly likely" that the petitioner would prevail on at least one challenged claim to satisfy the compelling merits standard.

The director acknowledged that the memo could be read to allow for a compelling merits determination as a substitute for a *Fintiv* analysis — even though that wasn't the intention. Rather, the guidance should be interpreted as meaning that PTAB panels should consider compelling merits only if they first determine that the first five *Fintiv* factors favor a discretionary denial of IPR.

In other words, if the *Fintiv* factors don't favor discretionary denial, the PTAB must decline to discretionarily deny an IPR without performing a compelling merits analysis. If, on the other hand, the board's analysis favors denial of IPR, the board also must assess compelling merits before denying the IPR. And, importantly, it must provide sufficient reasoning to permit the parties to challenge its finding and allow for review of its decision.

DETERMINING THE RESULT

The director determined that, in the underlying case, the PTAB failed to provide sufficient reasoning to support its conclusion that the merits were compelling. Therefore, the decision was vacated and the proceeding was returned to the board to revisit its *Fintiv* analysis. If the analysis supports denial of the IPR, the director instructed the PTAB to address the compelling merits question. And, if it finds such merits, it must provide reasoning to explain its determination. □

Only if it's human

Setting the copyright standard for works with AI-generated content

Artificial intelligence (AI) is disrupting a wide range of industries, including those involving the textual, visual and audio arts. It's little surprise, then, that the U.S. Copyright Office has seen an increase in applications for copyright protection for AI-generated works.

In response, the Office released its first formal guidance regarding works containing material generated by AI in March 2023. The gist is that the future isn't bright for works created solely by AI, but prospects are better for works that are merely AI-assisted.

THE HEART OF THE MATTER

The guidance focuses on "generative AI," which "trains" on vast quantities of existing human-authored works and uses inferences from the training to generate new content. The Copyright Office said such technologies raise questions about whether the material they produce is copyrightable and whether works consisting of both AI-generated and human-generated material may be registered. It also questioned the information applicants should provide the Office when seeking to register them.

The guidance begins by highlighting the long-standing "human authorship requirement." According to statutory and judicial authorities, copyright can protect only material that results from human creativity. So the Copyright Office previously denied registration to a visual work autonomously created by a "computer algorithm running on a machine."

Under the new guidance, the Office will consider whether the AI contributions are the result of "mechanical reproduction" or an author's "own original mental conception" from which the author gave visible form. This requires a case-by-case inquiry that will depend on the circumstances — particularly how the AI tool operates and how it was used to create the final work.

The Office won't register a work if the traditional elements of authorship were produced by a machine — for example, when an AI tool receives a prompt from a human and responds by producing complex written, visual or musical works. The guidance likens such prompts to instructions to a commissioned artist: They identify what the prompter wants to have depicted, but the machine determines how to implement the instructions in its output. When AI technology determines the expressive elements of the output, the work isn't the result of human authorship.

But the guidance makes clear that works with AI-generated material can also contain sufficient human authorship for copyright. For instance, a human may select or arrange the material in a sufficiently creative way that the resulting work as a whole is an original work of authorship. An artist also could modify AI-generated material to such a degree that the modifications satisfy the copyright standard. The copyright, however, will protect only the human-authored aspects of the work.

REGISTRATION REQUIREMENTS

The guidance lays out explicit requirements for copyright applications for works with AI-generated materials. For example, applicants must disclose the inclusion of AI-generated content and provide a brief explanation of the human author's contributions.

Notably, the Office expects applicants with previously submitted or pending applications for works with AI-generated material to correct their applications if they don't include the requisite disclosures. If an application has already resulted in a registration, the applicant should submit a supplementary registration to correct the public record, describing the human contributions and disclaiming the AI-generated content.

STAY TUNED

The Copyright Office will continue to monitor this evolving area of the law. It held several public "listening sessions" on the matter earlier this year and intends to solicit public comment later this year. We'll keep you apprised of important developments. ☐

How to evaluate the patentability of a multiple dependent claim

Oh, what a tangled web we weave … particularly when a patent's dependent claims have multiple dependencies — a popular claim drafting format in other countries, but a rather expensive pursuit in the United States. The director of the U.S. Patent and Trademark Office might agree after stepping in to address how the Patent Trial and Appeal Board (PTAB) should evaluate the patentability of a multiple dependent claim.

THE PTAB CUTS THE ANALYSIS SHORT

The underlying case concerned a patent for a swaddling suit for infants. Nested Bean Inc. requested an inter partes review (IPR) of the patent, contending that the patent being enforced against them was unpatentable.

Specifically, it challenged claims 1 through 18 of the patent. Claims 1 and 2 were independent, and claims 3 through 16 were multiple dependent claims, depending directly or indirectly from either claim 1 or 2. The PTAB determined that Nested Bean established that claim 2 was unpatentable but didn't establish that claims 1, 17 or 18 were unpatentable. Because it also found that claims 3 through 16 were unpatentable if either claim 1 or 2 was unpatentable, those claims were unpatentable, too.

The patent owner filed a Request for Director Review. It argued that, because Nested Bean failed to show that claim 1 was unpatentable, the PTAB should have found that the challenger failed to show that claims 3 through 16 were unpatentable. Nested Bean countered that, if any version of a multiple dependent claim is unpatentable due to prior art, all versions of the claim should be found unpatentable.

ONCE ISN'T ENOUGH

The director granted the patent owner's request, noting that the issue was one of "first impression." She concluded the Patent Act requires that the patentability of a multiple dependent claim, such as claims 3 through 16, be considered separately as to each of its alternatively referenced claims (here, claims 1 and 2).

A multiple dependent claim is the equivalent of several single dependent claims. In the same way that the unpatentability of multiple single dependent claims would each rise or fall separately, so too should the dependent claims covered by a multiple dependent claim. The PTAB must consider a multiple dependent claim as it would "a plurality of single dependent claims."

In support of this conclusion, the director cited rulings from the U.S. Circuit Court of Appeals for the Federal Circuit that suggest the patentability of a multiple dependent claim should be considered separately as to each of its alternatively referenced independent claims. She also relied on the legislative history of the Patent Act and current PTO guidance.

THE WRAP-UP

In light of the director's finding, the PTAB erred when it determined that claims 3 through 16, as dependent from claim 1, were unpatentable. The director therefore granted a rehearing and modified the board's final written decision accordingly. □

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