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Clarifying patent law's recapture bar

Patent applicants sometimes amend their original applications in response to a patent examiner's rejection — for example, adding or withdrawing elements so that the invention isn't obvious and, thus, unpatentable. Such amendments can have long-standing effects, though, as one inventor learned the hard way when he tried to obtain a reissue patent.

SEARCH FOR PATENT PROTECTION

The inventor initially applied for a patent related to the display of search results. After the application was rejected for covering patent-ineligible claims under Section 101 of the Patent Act, the inventor amended the application to include a "processor." The patent examiner found the amendment tied the claimed methods to a particular machine, making it patent-eligible. A patent (the 901 patent) was eventually issued.

While that application was pending, the inventor filed a continuation application with similar claims, including the processor limitation. This led to another patent (the 111 patent).

The inventor later filed a reissue application to amend the claims in the 111 patent. He added several new limitations but removed the processor

limitation. This would essentially expand the scope of his patent protection by eliminating the need for a processor.

The examiner rejected the patent as obvious. The Patent Trial and Appeal Board affirmed — but it also rejected the reissue claims because the removal of the processor limitation was an improper "recapture of surrendered subject matter." The inventor turned to the U.S. Court of Appeals for the Federal Circuit for relief.

The recapture rule bars patentees from using reissue to "recapture" claims that were removed — or surrendered — from the original patent application.

POOR RESULTS

The U.S. Supreme Court has recognized that a patentee may seek reissue of a patent if it erroneously claimed less than it had a right to claim in the original patent. A statute later codified that ruling, allowing reissue when a patent is deemed wholly or partly inoperative or invalid *due to an error*.



DEFECTIVE INVENTOR DECLARATION ALSO DOOMS REISSUE APPLICATION

The inventor in *In re McDonald* (see main article) alternatively contended that the Patent Trial and Appeal Board (PTAB) erred in rejecting his reissue claims because they were based on a defective “inventor reissue declaration.” Specifically, the PTAB found his declaration didn’t cite an error that qualified for correction by reissue. The reissue statute requires that the declaration identify at least one such error.

The declaration in question identified the error as the existence of allegedly unnecessary “processor” limitations. The U.S. Court of Appeals for the Federal Circuit agreed with the PTAB that this error was uncorrectable by reissue because doing so would violate the recapture rule. The inventor’s argument on the defectiveness of the declaration “rises and falls” with his argument on the violation of the recapture rule — and that argument failed.

The recapture rule stems from the reissue statute. It bars patentees from using reissue to “recapture” claims that were removed — or surrendered — from the original patent application. Patentees can, however, use reissue to acquire claims that are narrower than the claims canceled from the original application. The rule is intended to strike a balance between allowing a patentee to correct errors and the public interest in finality and certainty of patent rights.

The Federal Circuit found that the inventor here sought to reclaim a broader claim scope related to the surrendered claims. As it noted, he first deliberately added the “processor” claims during the prosecution of the 901 application to overcome the Sec. 101 rejection. He then removed terms referring to a processor from the reissue application.

While the reissue statute requires an error, the court said, the inventor in this case “made no mistake.” Deliberate withdrawal or amendment of claims to obtain a patent doesn’t involve the requisite inadvertence or mistake. The inventor couldn’t use the reissue application as “a Trojan horse to recapture that which he deliberately gave up.”

The court dismissed the inventor’s argument that the recapture rule applies only when claims are amended or withdrawn to overcome rejections based on Sec. 102 (which requires patented

inventions be novel) and Sec. 103 (which requires such inventions be nonobvious). These are known as “prior art” rejections, meaning applications that are rejected because earlier references (prior art) indicate the claimed inventions weren’t novel or were obvious.

While the court acknowledged that many of its previous decisions regarding the recapture rule involved prior art rejections, that didn’t mean the rule was limited to that context. The public’s reliance interest, it said, also applies to subject matter surrendered because of Sec. 101 rejections.

The Federal Circuit disagreed, too, with the inventor’s reliance on a provision in the Manual of Patent Examining Procedure (MPEP). The MPEP isn’t binding on the court. Moreover, it only summarizes the court’s underlying precedent — which refers to cases involving prior art rejections but doesn’t expressly prohibit the recapture rule from applying to amendments made for other reasons.

GONE BUT NOT FORGOTTEN

The court’s ruling is a strong reminder that deliberately limiting patent claims will preempt the possibility of recapture in a patent reissue. It’s also worth noting that the court considered not just the 111 patent for which reissue was sought but the entire patent family’s prosecution history — including the 901 patent. □

DMCA development

Standard for removal of digital copyright info comes into focus

The U.S. Court of Appeals for the Eleventh Circuit is making it tough for digital copyright holders to allege violations of the Digital Millennium Copyright Act (DMCA) based on the removal of copyright management information (CMI). In doing so, the court agreed with other appellate courts that a plaintiff must establish “double scienter” by the defendant.

PHOTOGRAPHER SNAPS AT CMI REMOVAL

The plaintiff is a professional photographer who specializes in photographing hotels and resorts. He registers his photos with the U.S. Copyright Office. Between 2013 and 2017, the plaintiff took photos for hotels owned by two well-known hotel chains. He inserted his CMI in the metadata within the image files sent to the clients. The hotels had broad licenses to use the images to promote their properties on their websites, as well as on third-party travel booking websites (known as OTAs).



The hotels used a company that acts as an intermediary between hotel chains and OTAs, making photos from the former available to the latter. Of the more than 9,400 images the company processed for the hotels, 220 were taken by the plaintiff.

During the processing of image files, metadata — including the CMI — sometimes were erased. In September 2016, the plaintiff found unauthorized copies of his photos posted on non-OTA websites without his CMI. He then discovered that his CMI also was stripped out of these images on OTA websites.

The plaintiff sued the intermediary, alleging it had violated the DMCA by stripping the CMI. The trial court dismissed the case before trial, finding the plaintiff couldn’t satisfy the “second scienter requirement” of the statute. The plaintiff appealed to the Eleventh Circuit.

DOUBLE-SCIENTER REQUIREMENT CLICKS WITH COURT

Section 1202(b) of the DMCA generally prohibits the removal or alteration of CMI. It also bars distributing works knowing that CMI has been removed or altered without authorization. Although the DMCA was enacted in 1998, the Eleventh Circuit hadn’t previously interpreted this provision.

The court initially found that the statute requires proof that the defendant knew, or had reasonable grounds to know, that its conduct *will* induce, enable, facilitate or conceal an infringement. Use of the term “will,” the court said, indicates a degree of likelihood or certainty.

The court then turned to the opinions of other courts of appeals. The Second Circuit has held that,

to show a distribution violation, a plaintiff must show that the defendant 1) knew that CMI had been removed or altered without authorization, and 2) knew or had reasonable grounds to know that the distribution will induce, enable, facilitate or conceal an infringement. The Eleventh Circuit agreed with this interpretation.

The DMCA generally prohibits the removal or alteration of CMI, and it bars distributing works knowing that CMI has been removed or altered without authorization.

The plaintiff argued for a standard by which a defendant that knowingly removes CMI without consent can be held liable if it knows, or has reasonable grounds to know, that its actions make infringement generally possible or easier to accomplish. But the court found that plaintiffs

must provide evidence supporting the inference that future infringement is likely to occur as a result of the removal or alteration of CMI.

Turning to the evidence, the Eleventh Circuit concluded that the plaintiff didn't satisfy the second scienter requirement. Among other things, it noted the lack of evidence that the intermediary knew copyright owners use CMI to police online infringement, so the plaintiff couldn't show the intermediary knew or had reason to know removing CMI could conceal an infringement. The court observed, too, that an infringer can remove CMI itself. And no evidence linked the intermediary's removal of CMI with the examples of infringement the plaintiff found online.

THE CURRENT PICTURE

With its ruling, the Eleventh Circuit joins the Second and Ninth Circuits in requiring "double scienter." Copyright holders alleging DMCA violations may face a tougher challenge in those courts than in others. ▣

Product-by-process analysis dooms challenged patent

The U.S. Court of Appeals for the Federal Circuit has invalidated a previously issued patent based on what it deemed a "product-by-process" claim. The court found that it wasn't enough that the process part of the claim was different from existing processes — the product part also needed patentable differences.

HOUSING PROBLEMS

The patentee owns a patent on ultrasonic flow meter housings. The meters are used for calculating a consumed quantity of water, heat, cooling, gas or the like.

The housing, which protects electronic components, is described as "in the form of a monolithic polymer structure being cast in one piece." The patent states that the invention can be fabricated with fewer steps than existing meters because only a single step is used to form the monolithic polymer structure.

A competitor petitioned the Patent Trial and Appeal Board (PTAB) for an inter partes review (IPR) of the patent. Under IPR, the PTAB can reconsider and cancel an already-issued patent based on certain types of "prior art." The board

found the invention unpatentable as obvious or anticipated by a European patent.

A LACK OF DIFFERENCE

The patentee argued that the PTAB erred when it interpreted the term “cast in one piece” to be a product-by-process claim element. A product-by-process claim is one in which the patent claims a product, at least in part, by the process by which it’s made.



Product-by-process claims allow an applicant to claim an otherwise patentable product that resists definition by any way other than the process by which it’s made. When determining the validity of these claims, courts focus on the product, rather than the process of making it — because a product disclosed in prior art isn’t patentable even if made by a new process.

If the process produces structural and functional differences that distinguish the claimed product from

the prior art, those differences are relevant to the patentability analysis. The PTAB found that the patentee presented no evidence that the process here provided distinguishing structural and functional differences. It therefore concluded that the product-by-process claim shouldn’t be considered as part of an anticipation or obviousness analysis.

On appeal, the Federal Circuit affirmed that the “cast in one piece” element was indeed a product-by-process claim. The claim language, it said, claimed a process because it described the structure “being” cast in a particular way. The court found further support for its conclusion in a patent disclosure that discussed the device’s fabrication process.

A product-by-process claim is one in which the patent claims a product, at least in part, by the process by which it’s made.

The appellate court also affirmed the PTAB’s finding that there were no functional or structural differences between polymer structures cast in a single mold versus multiple molds. The patentee contended that various structures can’t be cast in a single mold using conventional molding technologies.

Even if true, though, the patentee didn’t identify functional and structural differences between a structure “cast in one piece” and one manufactured using another method. The alleged difference the patentee *did* identify was “detached from the claims,” as the patent claim said the structure should be cast in “one piece,” not “one mold.”

THREAT ELIMINATED

The court’s ruling means the patent is no longer valid, and the competitor that brought the challenge need not worry about infringement claims by the patentee. These results illustrate the importance of carefully crafted patent application language. □

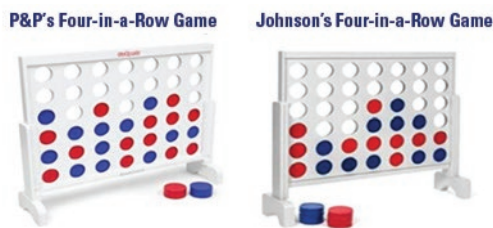
Game on!

Ninth Circuit revives trade dress infringement claim

Two competing companies created their own three-foot-wide versions of the popular game “four-in-a-row” or “horizontal checkers.” Some may know the game as “Connect 4,” owned by Hasbro, who wasn’t involved in this case. Another company in the games market (P&P Imports) was trying to claim trade dress in the design of its own four-in-a-row apparatus and color scheme. A trade dress dispute ensued between P&P Imports (the plaintiff) and Johnson Enterprises (the defendant), offering the U.S. Court of Appeals for the Ninth Circuit the opportunity to describe the proper standard for “secondary meaning.”

IMITATION FAILS TO FLATTER

The plaintiff sold outdoor games and sporting goods, including its red, white and blue version of four-in-a-row. It began selling the game through various e-commerce channels in December 2016, and the game quickly climbed the best-seller ranks on Amazon.



Sometime in 2017, the defendant learned about the plaintiff’s product. It bought a copy and sent samples to its manufacturer. In October 2017, the defendant began selling an almost identical game. (See images above.)

The plaintiff sued the defendant for trade dress infringement. The trial court dismissed the case before trial, finding the plaintiff didn’t present sufficient evidence of secondary meaning, as required to prove a trade dress claim. The plaintiff appealed.

APPELLATE COURT DOESN’T SECOND DISMISSAL

The Ninth Circuit reversed the lower court after finding that it applied the wrong standard for determining secondary meaning. Under the proper standard, the plaintiff had indeed presented sufficient evidence.

Secondary meaning exists when, in the minds of the public, the primary significance of trade dress is to identify the source of the product, rather than the product itself. It doesn’t have to be linked to a particular company; it’s sufficient if consumers link the trade dress to any single source. The trial court had incorrectly required the plaintiff to show that consumers specifically associate its trade dress with the plaintiff itself.

Courts assess many factors to determine whether secondary meaning exists, including:

- Direct consumer testimony,
- Survey evidence,
- Exclusivity, manner and length of use of a mark,
- Amount and manner of advertising,
- Amount of sales and number of customers,
- Established place in the market, and
- Proof of intentional copying by the defendant.

Notably, unlike other federal appellate courts, the Ninth Circuit doesn’t require an intent to confuse consumers.

Nor does the court require a specific combination of the factors, though it has found the presence of intentional copying and survey evidence sufficient to proceed to trial. Because the plaintiff had presented evidence of both, the court ruled the dismissal improper.

THE JURY’S TURN

Although the court allowed the case to proceed, the claims may yet fail. A jury might find that the defendant’s copying of the game or the plaintiff’s marketing doesn’t establish secondary meaning. □



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