



IDEAS ON INTELLECTUAL PROPERTY LAW

YEAR END
2023

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Nearly identical trademark doesn't infringe

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Source: Ant-Like Persistence blog

Court schools trademark holder

Nearly identical trademark doesn't infringe

Judicial findings regarding trademark infringement tend to turn largely on the similarity — or dissimilarity — of the two marks at issue. But significant similarity is no guarantee that a trademark holder will prevail in court. Case in point: The U.S. Court of Appeals for the Tenth Circuit upheld a lower court's non-infringement judgment in a dispute involving two almost identical education-related marks.

THE ABCS OF THE CASE

M Welles and Associates, Inc., has provided classes, seminars and certification workshops since 1992, mostly in the project management professional space. It primarily targets professionals across a range of industries. The company advertises extensively on social media, Google and via email.

Welles operates under the brand “EDWEL,” derived from the names of its founders as well as the phrase

“education done well.” Welles registered the mark EDWEL in 2016 for, generally, training and educational services in the fields of project and product management.

When it established its Internet presence in 1998, the company secured several domain names: Edwel.com, Edwel.net, Edwelprograms.com, Edwel.org and Edwel.co. Its primary website was at Edwel.com. The company subsequently secured several additional domain names using “Edwell” because it was close to “Edwel.”

Edwell is a nonprofit organization unrelated to Welles that's dedicated to improving schoolwide mental health and well-being. It launched during the COVID-19 pandemic. The organization adopted the mark EDWELL to mean “to be an educator and be well.” Using the domain name Edwell.org, it partners with K-12 public schools to coach teachers

on improving or maintaining their mental health.

Welles learned about Edwell from a potential customer who called asking about classes at a high school. It issued a cease-and-desist letter after discovering Edwell's website. Edwell rebranded to the “Educator Wellness Project” and transitioned to similar domain names. But it soon transitioned back to its previous mark and domain, prompting the infringement lawsuit.



COURT REJECTS PROPOSED PRESUMPTION OF CONFUSION

The plaintiff in *M Welles* (see main article) also argued that the U.S. Court of Appeals for the Tenth Circuit should adopt a presumption of likelihood of confusion when two entities in “generally related fields” use nearly identical marks online and in web addresses. It contended that such a presumption would further the national protection of trademarks.

As the appeals court noted, though, the plaintiff cited no case where a court has ever adopted this presumption. And, the court said, “there is a good reason no case like this exists.” It explained that the current likelihood-of-confusion test covers the “similarity between the marks” and the “similarities and differences of the parties’ goods, services and marketing strategies” factors (see main article).

A presumption would create a bifurcated analysis under which a plaintiff must prove only those factors to shift the burden to the defendant to disprove likelihood of confusion with evidence related to the other factors. The Tenth Circuit concluded that this would contradict its long-standing rule that the party alleging infringement must prove likelihood of confusion.

A magistrate judge ruled in Edwell’s favor, finding that Welles failed to show a likelihood of confusion between its mark and Edwell’s mark — an essential element of trademark infringement. Welles appealed.

A FAILED ARGUMENT

Among other things, Welles argued that the judge erred in finding no likelihood of confusion. The Tenth Circuit considers six nonexclusive factors to determine whether two marks are likely to cause confusion:

1. The degree of similarity between the marks, including the marks’ appearance, pronunciation, suggestion and manner of display,
2. The strength or weakness of the plaintiff’s mark,
3. The intent of the alleged infringer in adopting its mark,
4. Similarities and differences of the parties’ goods, services and marketing strategies,
5. The degree of care likely to be exercised by purchasers of the goods or services involved, and
6. Evidence of actual confusion, if any.

The judge found that the first two factors weighed in Welles’ favor, and neither party disputed these

findings on appeal. The appellate court therefore focused on the remaining factors and concluded that they all favored Edwell.

It found the fact that prospective purchasers were likely to conduct substantial due diligence before signing on to a program “particularly probative to the overall likelihood of confusion” issue. As it has in previous cases, the Tenth Circuit concluded that consumers are unlikely to be confused when they’re likely to spend a lot of time and energy researching a service.

The court also found that the parties compete in different markets. The plaintiff markets to universities, large companies and individuals seeking to further their business careers. In contrast, the defendant exclusively targets teachers. These “substantial differences” between the services offered by the two companies supported the magistrate judge’s determination that they occupy different markets.

A LESSON IN CONFUSION

The court’s analysis of evidence of actual confusion is also worth noting. It found that the single phone call that the plaintiff received was “just one anecdotal instance of what might be actual confusion.” Isolated, anecdotal instances of actual confusion, the court said, may be disregarded in the confusion analysis. □

Court rejects overly broad reissue patent application

Regrets — we’ve all had a few. A patentee, for example, might regret not obtaining broader patent protection. A reissue patent could come to the rescue, but only if certain requirements are met. One patentee recently learned this lesson the hard way.

PATENTEE FLOATS EXPANDED CLAIMS

The patent at issue covers a float designed to support a grill that allows a user to grill food while in a body of water. The invention includes two grill supports with “a plurality of magnets” to removably secure the grill to the supports.

The patentee subsequently filed a reissue application, believing that it had claimed less than it was entitled to claim. None of the reissue claims included the plurality of the magnets’ limitation, but instead, called more generically for the removable securing of a grill to the float apparatus.

Reissue claims that broaden a patent limitation to cover undisclosed alternatives to a particular feature don’t meet the original patent requirement.

A patent examiner rejected the reissue claims under Section 251 of the Patent Act because they didn’t require the supports to contain a plurality of magnets. After the Patent Trial and Appeal Board (PTAB) affirmed the examiner’s decision, the patentee appealed.

COURT SINKS REISSUE PATENT

On review, the U.S. Court of Appeals for the Federal Circuit explained that, under Sec. 251, reissue claims



must cover “the invention disclosed in the original patent.” This is known as the original patent requirement. According to the U.S. Supreme Court, an original patent and a reissue patent are for the same invention if the reissue fully describes and claims “the very invention” that the original patent was intended to secure.

Conversely, a reissue claim doesn’t satisfy the original patent requirement simply because the newly claimed invention might have been claimed in the original as a suggestion or indication in the specification. Further, it’s irrelevant that the result accomplished in the reissue is the same as that attained by following the process claimed in the original.

According to the Federal Circuit, a Sec. 251 analysis should focus on the invention disclosed in the original patent. The courts will focus on whether that disclosure, on its face, explicitly and unequivocally described the invention as recited in the reissue claims. Thus, reissue claims that broaden a patent limitation to cover undisclosed alternatives to a particular feature — that appears from the face of the original specification to be a “necessary, critical, or

essential part of the invention” — don’t meet the original patent requirement.

Using this analysis, the reissue patent here didn’t satisfy the requirement. In the original patent, the “plurality of magnets component” was the only disclosed component for removably securing the grill to the support; it wasn’t described as optional, representative of removable fasteners generally or exemplary of a broader invention. Moreover, the original doesn’t include examples of alternative components or arrangements that might perform the functions of or operate in a manner similar to the plurality of magnets.

The plurality of magnets component, the PTAB and court both found, is an essential element of the invention — the court emphasized that an express

statement of “criticality” in the original specification isn’t necessary. The original specification included no disclosure or suggestion of an alternative fastener, and the one disclosed is unlike any alternative that might even be considered (for example, nuts and bolts). The specification contained nothing suggesting to a person with ordinary skill in the field that alternative removable fasteners may be used.

DON’T GET BURNED

Can patent applicants seek expanded scopes of coverage beyond what they originally sought? Yes, by filing a continuation or divisional application while the initial application is pending and including claims extending to the full scope of the invention described in the original specification. After the patent has been granted, though, they’ll need to satisfy Sec. 251. ▣

Paying damages under both copyright and trademark laws

Two furniture makers landed in court after one copied the other’s designs. To the chagrin of the infringer, the copying provided the basis, not only for copyright infringement damages, but also for trade dress infringement damages that were six times as much.

DUPLICITOUS DESIGNS

In 1998, designer Jason Scott started creating hand-carved furniture from reclaimed teak. In 2003, he designed the three pieces at issue in the case — a table, a desk and a buffet. The pieces were sold by Jason Scott Collection Inc. (JSC).

Trendily Furniture LLC (Trendily) and JSC compete in Texas. In September 2016, a furniture retailer gave Trendily’s owner photos of Scott’s three pieces and asked him to manufacture similar pieces. Trendily’s factory, on the owner’s instruction, built a set of nearly identical imitations.

JSC sold its furniture exclusively to authorized retailers, agreeing to restrict sales to a single store in a certain radius. When one of its retailers saw the imitations at a competitor, she called Scott, worried that JSC was violating the exclusivity agreements.

The fact that copying is an essential element of copyright infringement and also can be relevant to proving trade dress infringement doesn’t mean the laws remedy the same wrongs.

Another retail customer of both JSC and Trendily alerted Scott’s brother about the knockoffs. Fearing being labeled a “snitch,” though, he told the brother that he’d stop buying JSC items if his name was revealed. After Scott was forced to disclose the



retailer's identity as part of the lawsuit, their business relationship ended.

In 2017, Scott obtained copyrights on his three pieces, and his attorney sent Trendily two cease-and-desist letters. Yet Trendily continued selling its pieces until JSC filed a lawsuit for copyright and trade dress infringement.

The trial court ruled in favor of JSC on the copyright claim and awarded about \$20,000, the amount of Trendily's profits on the infringing sales. On the trade dress claim, the court awarded JSC three years of estimated lost sales to the retailer as "reasonably foreseeable" damages.

DOUBLE DAMAGES

Trendily appealed to the U.S. Court of Appeals for the Ninth Circuit. One of its challenges was directed at the lower court's decision to award reasonably foreseeable damages to JSC based on its changed relationship with the retailer. But, the Ninth Circuit said, damaged business relationships are a reasonably foreseeable consequence of infringement.

Trendily also argued that, because copying is sometimes a necessary aspect of competition, it should be held liable under only the Copyright Act. The court rejected the notion that copyright and trademark

claims are mutually exclusive. The fact that copying is an essential element of copyright infringement and also can be relevant to proving trade dress infringement doesn't mean the laws remedy the same wrongs.

Once it established that trade dress damages were warranted, the appeals court turned to Trendily's argument that the trial court abused its discretion in awarding \$132,747 in lost annual profits over three years. Trendily protested that the trade dress award was six times the lost profits the lower court awarded for the copyright claim.

The Ninth Circuit found this argument "inapposite." The copyright damages, after all, were based on Trendily's retrospective gross profits from infringement — the amount it made off the infringing pieces. The trade dress damages, however, were assessed based on JSC's prospective lost profits, or the amount it would have made if it had retained the lost business.

DOLLARS FOR DECEPTION

As the defendant found out in this case, assessed damages are often quite costly. The case is a valuable reminder that copyright and trademark damages can overlap. □

Does commercial success affect an invention's obviousness?

Federal patent law prohibits the patenting of inventions that are obvious. While prior art such as earlier patents are often cited as evidence of obviousness, so-called “secondary-consideration” evidence can sometimes support a finding of nonobviousness even in the face of prior art — but not always. A recent ruling by the U.S. Court of Appeals for the Federal Circuit illustrates the role of secondary considerations.

SECONDARY CONSIDERATIONS DRIVE PTAB RULING

MacNeil IP LLC holds a patent related to vehicle floor trays designed to closely conform to the walls of the vehicle footwell, so they stay in place. Yita LLC challenged the patent's validity on obviousness grounds. On inter partes reviews (IPRs) of the patent, the Patent Trial and Appeal Board (PTAB) held that the patented invention wasn't obvious.

Although the board found that someone skilled in the relevant field would have been motivated, with a reasonable expectation of success, to combine prior art references in earlier patents to arrive at the invention, it nonetheless rejected Yita's challenge. It concluded that the secondary-consideration evidence — the invention's commercial success, that it solved a long-felt but unsolved need and the industry praise it received — was “compelling and indicative of nonobviousness.”

FEDERAL CIRCUIT APPLIES THE BRAKES

Yita appealed, arguing that the PTAB erred in its analysis of the secondary-consideration evidence. The appeals court agreed.

To be relevant to an obviousness inquiry, a secondary consideration must have a legally and factually sufficient connection, or nexus, to the claimed invention. The court has previously ruled that a secondary

consideration falls short of this requirement if it exclusively relates to a feature (here, close conformance with a footwell) that was “known in the prior art.” However, the PTAB found that the nexus requirement was satisfied because the close conformance feature wasn't *well* known in the prior art. This higher standard, the Federal Circuit said, was legally incorrect.

The court also found that the board erred in its interpretation of case law stating that the claimed inventive combination as a whole provides the nexus for secondary considerations. The court clarified that this statement applies only when the secondary-consideration evidence is related to an inventive combination of known elements — it doesn't apply when the evidence is related solely to an individual feature that's in the prior art.

The PTAB properly found that the secondary-consideration evidence here related entirely to the close conformance feature disclosed in the prior art. Therefore, it was irrelevant to the obviousness inquiry.

PUT IT IN REVERSE

The Federal Circuit concluded that the PTAB's finding of nexus rested on legal errors. Once those were corrected, the finding wasn't supported by substantial evidence, so the court determined that the patent claims were obvious and reversed the board. ▣



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