

UPDATE

FALL/WINTER 2012

IN THIS ISSUE

- 1 Rules for America Invents Act Provisions
- 5 Tools to Protect Your Rights and Brands During gTLD Evaluations
- 9 Federal Circuit Reaffirms Patent Eligibility of Isolated DNA Molecules
- 11 Seeing Red: Recent Developments in the Trademark Functionality Doctrine
- 14 Federal Circuit Reverses *Marine Polymer* Decision

RULES FOR AMERICA INVENTS ACT PROVISIONS



BY: GARY D. FEDOROCHKO AND MATTHEW P. BECKER

On September 16, 2012 certain provisions of the America Invents Act (AIA) went into effect. Below is an overview of several notable provisions effective on September 16, 2012.

PREISSUANCE SUBMISSIONS

Preissuance submissions allow a third party, anonymously or otherwise, to submit relevant art to the United States Patent and Trademark Office during examination of a patent application. Each preissuance submission must be submitted within a statutorily defined period and include: a list of patents, published patent applications or other printed publications being submitted; a concise description of the relevancy of the submitted documents; and a fee.

The USPTO determines the sufficiency of the concise description on a case-by-case basis. A brief narrative or simple statement would be acceptable. However, a bare statement that “the art is relevant” would be unacceptable. A submission must be filed before the mailing

date of a Notice of Allowance; or the later of 1) six months from the first publication date; or 2) the first office action rejecting any claim. The submission fee is \$180 for every ten documents. The fee is waived for a first submission of three or fewer documents accompanied by a party’s statement that this is their “first and only” submission in the application. Relevant documents uncovered by the party after such a submission may still be submitted. A third party’s participation in the prosecution of the subject application ends with the submission.

CITATION OF WRITTEN STATEMENTS

Any person, anonymously or otherwise, may submit to the USPTO patent owner statements that impact the scope of patent claims. Previously, only submission of patents and printed publications were permitted. Now certain patent owner statements may be submitted. The submission must be served upon the patent owner. The relevance of the submission to a claim(s) must be explained. Only statements filed in a proceeding before a Federal court or the USPTO, in which the patent owner took a position on the scope of any claim in the patent, can be submitted, but must be accompanied by any other [MORE ►](#)

[AIA PROVISIONS, FROM PAGE 1]

pleadings or evidence from the proceedings that address the statement(s). A patent owner submitter may also include an explanation of patentability in view of their claim scope statement. The USPTO can use these statements in *Inter Partes* Review, Post Grant Review, and *Ex Parte* Reexamination to determine claim scope.

CHANGES TO OATH OR DECLARATION

Changes to the inventor's oath or declaration (declaration) requirements allow filing by the assignee as the applicant, postponing filing until the application is otherwise in condition for allowance, reuse of previous declarations, and provide an alternative to the declaration in situations where the declaration cannot be executed. The declaration can now be made in an inventor's assignment recorded with the USPTO.

SUPPLEMENTAL EXAMINATION

Supplemental examination allows a patent owner to request the USPTO to consider, reconsider, or correct information believed to be relevant to a patent. The USPTO must conduct the supplemental examination within three months of the request and determine whether a substantial new question of patentability (SNQP) exists. A patent cannot be held unenforceable based on conduct relating to information used during the supplemental examination. This immunity does not apply to allegations made before the request and pled with particularity in a civil or ITC action, or a Hatch-Waxman Para. IV notice.

The supplemental examination request must identify the patent, list up to twelve items of information which the USPTO must consider, and specify all claims of the patent to be

Substituting the declaration with a statement is now permitted when an inventor is deceased, legally incapacitated, cannot be reached, or refuses to sign.

Substituting the declaration with a statement is now permitted when an inventor is deceased, legally incapacitated, cannot be reached, or refuses to sign. The substituted statement can only be signed by the inventor's legal representative, assignee, and a party to whom the inventor is under obligation to assign or who otherwise has a sufficient proprietary interest.

In a reissue declaration, the USPTO now requires applicants to specifically identify any broadening of a patent claim. A claim broadened in any respect would be treated as a broadened claim, even though the claim may be narrowed in another respect.

examined, all issues raised by the information, and the relevance of the information to the specified claims and raised issues. In addition to patents and printed publications, the information may include transcripts of audio and video recordings. If the supplemental examination raises a SNQP then the USPTO will order *ex parte* reexamination and issue a reexamination certificate at its conclusion. If no SNQP has been raised, then the USPTO will issue a supplemental examination certificate.

If during the supplemental examination, the USPTO becomes aware of material fraud involving the subject patent, the USPTO shall confidentially refer the matter to the U.S. Attorney General.

INTER PARTES REVIEW

Inter Partes Review (IPR) provides a new trial proceeding before the Patent Trial and Appeal Board (Board) (which replaces the Board of Patent Appeals and Interferences) to review patents. IPR replaces *Inter Partes* reexamination. A third party may petition for a review of the patentability of a claim only under 35 U.S.C. §§ 102 or 103 based on prior art patents or printed publications. IPR is available for all patents issued on, before or after September 16, 2012.

A party that has filed a declaratory judgment action challenging the validity of a patent claim may not thereafter initiate a PGR.

A petition identifying the challenged claim(s), grounds for the challenge to each challenged claim, and other supporting evidence may be filed the later of (i) nine months after the grant or reissue of a patent, or (ii) after the termination of an initiated post grant review proceeding. A third party that seeks a declaratory judgment challenging the validity of a patent may not thereafter initiate an IPR. A third party sued for patent infringement must file an IPR within one year of the service of the complaint. The patent owner is guaranteed the opportunity to respond to the petition.

The Board may initiate an IPR if the petitioner establishes a reasonable likelihood that the petitioner will prevail with respect to at least one of the challenged claims. Discovery, depositions, and motion practice that permits a patent owner to move to cancel, amend or substitute claims are allowed in an IPR. A preponderance of the evidence standard governs challenges to the patentability of a claim. A final determination from the Board will issue within 1 year of its initiation (extendable for good cause by 6 months).

Estoppel attaches to the requester or real party in interest by a prior IPR decision with respect to any ground that was raised or could have been raised.

POST-GRANT REVIEW

Post grant review (PGR) allows the Board to review the patentability of a patent claim on any invalidity ground that could be raised under 35 U.S.C. § 282(b)(2) or (3), except best mode. With the exception of business method patents and pending interferences, PGR is available only for patents that issue with a

priority date on or after March 16, 2013.

PGR begins with a petition identifying the challenged claim(s), grounds for the challenge to each claim, and other supporting evidence. Unlike an IPR, a PGR is not limited to patents and printed publications. Thus, a petition for PGR may be based on evidence of public use, on-sale activity or other public disclosure, as well as failure to comply with written description, enablement, or patentable subject matter requirements. The petition must be filed within nine months after the grant or reissue of a patent. A party that has filed a declaratory judgment action challenging the validity of a patent claim may not thereafter initiate a PGR. The patent owner is permitted a preliminary response setting forth why a PGR should not be initiated.

Discovery may be allowed only for “evidence directly related to factual assertions advanced by either party in the proceeding.” A preponderance of the evidence standard governs challenges to the patentability of a claim in a PGR. A final determination from the Board will issue within 1 year of its initiation (extendable for good cause by 6 months).

[MORE ►](#)

[AIA PROVISIONS, FROM PAGE 3]

Estoppel attaches to the requester or real party in interest by a prior PGR decision with respect to any ground that was raised or could have been raised.

TRANSITIONAL PROGRAM FOR COVERED BUSINESS METHOD PATENTS

The Transitional Program for Covered Business Method Patents, (TPCBMP) provides for a new post grant review option for any “covered

person or real party in interest or its privy that has been sued for or charged with infringement under a covered business method patent may file a petition for a TPCBM. A covered business method patent may be challenged under the same procedures and standards applied in PGR proceedings. The TPCBMP is called transitional because it is scheduled to end eight years from implementation.

A “covered business method patent” is defined as “a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.”

business method patent.” A “covered business method patent” is defined as “a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.” Only a

Estoppel arising following a TPCBMP proceeding is different from estoppel following a PGR. Following a TPCBMP proceeding, estoppel is only limited to issues actually raised during the proceeding. ■

DONALD W. BANNER DIVERSITY SCHOLARSHIP FOR LAW STUDENTS

Banner & Witcoff is proud to offer the Donald W. Banner Diversity Scholarship for law students. This scholarship is part of Banner & Witcoff’s commitment to fostering the development of intellectual property lawyers from diverse backgrounds.

Law students who meet the selection criteria and have entered into a JD program at an ABA-accredited law school in the United States are eligible to apply for the scholarship. Applicants may not be a current or past employee of Banner & Witcoff, or directly related to a current employee of Banner & Witcoff.

Application materials are now available for the 2013 scholarship award. Please visit www.bannerwitcoff.com/diversity for more information.



BANNER&WITCOFF
COMMITMENT TO DIVERSITY



TOOLS TO PROTECT YOUR RIGHTS AND BRANDS DURING gTLD EVALUATIONS



BY: RICHARD S. STOCKTON AND VICTORIA R.M. WEBB

The new generic top-level domain

(gTLD) application process launched in early 2012, and on June 13, 2012, ICANN, the Internet governing body overseeing the new gTLD process, announced it received 1,930 applications for 1,409 new gTLD strings.¹ Since then, ICANN announced that initial evaluations of the applications are now officially underway.² The addition of potentially 1,400 new gTLDs to the internet may significantly affect trademark and brand owners' rights. As evaluations continue, it is critical that trademark, brand, and other rights owners actively monitor the gTLD process. Here's a look at a variety of mechanisms parties have at their disposal to help protect their rights and brands.

FORMAL OBJECTION PERIOD: NOW THROUGH JANUARY 2013

The public comment period closed on September 26, 2012,³ after thousands of comments were submitted. Many comments targeted generic gTLD strings or prolific applicants. For example, one comment, directed to L'Oreal's applied-for string "SALON," stated "the usage of generic terms as Top Level Domains must never be granted exclusively to the respective applicant" and should instead "be open to the public."⁴ In another comment related to the string "INSURANCE," the commenter sought to disqualify prolific applicant Donuts and all of its subsidiaries from participation in the gTLD process based on ICANN's anti-cybersquatting provisions.⁵

Although the public comment window is now closed, the seven month formal objection period remains open until January 2013.⁶ During the objection period, applicants and trademark or other rights holders may consider filing formal objections on one of the following grounds:

- **Legal Rights Objection:** The holder of a trademark or other legal right⁷ has standing to file a legal rights objection when the applied-for gTLD string violates or infringes the legal rights of the objector.⁸
- **String Confusion Objection:** Existing TLD operators or gTLD applicants from the current round of applications⁹ may lodge a string confusion objection when the applied-for gTLD string is "confusingly similar" to the objector's existing TLD or applied-for gTLD string.¹⁰
- **Limited Public Interest Objection:** Any party¹¹ may file an objection when the "applied-for gTLD string is contrary to generally accepted legal norms of morality and public order."¹² However, given that there is no limitation on who can bring these objections, ICANN will perform a "quick look" review to weed out "frivolous and/or abusive objections" prior to considering the objection.¹³
- **Community Objection:** "Established institution[s] associated with a clearly delineated community"¹⁴ may lodge community objections when "[t]here is substantial opposition to the gTLD application from a significant portion of the community to which the gTLD string may be explicitly or implicitly targeted."¹⁵ **MORE ►**

¹ ICANN, *New gTLD Reveal Day – Applied For Strings* (Jun. 13, 2012), <http://newgtlds.icann.org/en/announcements-and-media/announcement-13jun12-en> (noting there were 1,930 total applications); *ICANN'S Big Reveal Sees 1930 Applications for 1409 gTLDs* (June 13, 2012), <http://www.domainnews.com/en/icanns-big-reveal-sees-1930-applications-for-1409-gtlds.html> (explaining that due to multiple applications for several of the same terms, the 1,930 applications equated to 1,409 unique gTLDs). See ICANN, *Reveal Day 13 June 2012 – New gTLD Applied-For Strings*, <http://newgtlds.icann.org/en/program-status/application-results/strings-1200utc-13jun12-en> (searchable list of applied for strings and applicants) (last visited Aug. 9, 2012).

² ICANN, *Webinar on the Initial Evaluation of New gTLD Applications* (Aug. 3, 2012), <http://newgtlds.icann.org/en/announcements-and-media/announcement-03aug12-en> (noting the initial evaluation phase began July 12, 2012, and "evaluation panels are now processing applications").

³ ICANN, *Welcome to the New gTLD Comments Forum*, <https://gtldcomment.icann.org/comments-feedback/applicationcomment/login> (extending comment date to September 26, 2012).

⁴ gTLD Comment w8123xdo (Aug. 20, 2012), <https://gtldcomment.icann.org/applicationcomment/viewcomments>.

⁵ gTLD Comment xd37e5d0 (Aug. 9, 2012), <https://gtldcomment.icann.org/applicationcomment/viewcomments>.

⁶ ICANN, *Frequently Asked Questions*, <http://newgtlds.icann.org/en/applicants/customer-service/faqs/faqs-en> (last visited Aug. 9, 2012).

⁷ ICANN, *gTLD APPLICANT GUIDEBOOK ¶ 3.2.2* (June 4, 2012), available at <http://newgtlds.icann.org/en/applicants/agb>.

⁸ *Id.* at ¶ 3.2.1.

⁹ *Id.* at ¶ 3.2.2.

¹⁰ *Id.* at ¶ 3.2.1.

¹¹ *Id.* at ¶ 3.2.1.

¹² *Id.* at ¶ 3.2.1.

¹³ *Id.* at ¶ 3.2.2.

¹⁴ *Id.*

¹⁵ *Id.* at ¶ 3.2.1.

[TOOLS TO PROTECT, FROM PAGE 5]

Formal objections must be filed electronically with the appropriate Dispute Resolution Service Provider listed on the ICANN website.¹⁶ Additionally, each objection must be filed in English, and if an objector wishes to file more than one objection, each objection must be filed separately.¹⁷ Substantively, objections must include the objector's name and contact information, the objector's basis for standing, a description of the grounds of the objection, and copies of any documents pertinent to the objector's basis for the objection.¹⁸ Moreover, objections can be no more than the lesser of 5000 words or twenty pages, excluding any attachments.¹⁹ Finally, the objector will be required to pay a filing fee.²⁰

Unlike the more informal comment process, an objection triggers a formal dispute resolution procedure between the applicant and the objector. Once an objection is filed, the gTLD applicant will have an opportunity to file a response to the objection.²¹ The dispute resolution process will then continue with an administrative review, possible mediation, and finally the issue of an expert determination by the dispute resolution panel.²² Alternatively, the applicant and objector may reach a settlement, or the applicant may decide to withdraw its initial gTLD application in response to a formal objection.²³

Before filing an objection, the potential objector needs to consider the economics of the objection system's fee shifting policy. At the start of the objection process, the objector will pay a filing fee when submitting the objection,²⁴ and the applicant will pay a filing fee when submitting an initial response.²⁵ Thereafter, the dispute resolution panel will estimate the total costs associated with the dispute resolution procedure, and the objector and applicant/respondent will be required to each pay the costs in full before the dispute resolution process begins.²⁶ At the end of

the dispute resolution process, the panel will refund the prevailing party "its advance payment(s) of Costs."²⁷ Thus, given this fee shifting system, an objector should consider both the merits and economics of a potential objection before filing.

GAC EARLY WARNINGS: OCTOBER 2012

Running parallel with the objection period, the Governmental Advisory Committee (GAC) to ICANN will also play a key role in protecting legal interests. Throughout the comment and objection periods, the GAC will continue to seek input from its member governments regarding the applied-for strings.²⁸ The GAC plans to issue "Early Warnings" in October 2012 to the ICANN board, which the ICANN board will use to notify applicants of potential issues.²⁹ The Early Warning "is a notice only" and is "not a formal objection."³⁰ Rather, the Early Warning serves as an indication that the applied-for string "might be problematic, e.g., potentially violate national law or raise sensitivities."³¹

gTLD applicants will need to remain aware of the GAC Early Warning process. An applicant receiving an Early Warning will face two options. First, the applicant "may elect to withdraw the application" within 21 days of the Early Warning notification to receive an 80% refund of the original application fee.³² Alternatively, the applicant may elect to continue with the application and address any concerns throughout the evaluation process.³³

TRADEMARK CLEARINGHOUSE: LATE 2012

Trademark owners will have an additional avenue to help protect their legal rights when ICANN's Trademark Clearinghouse becomes operational in late 2012. Trademark holders and gTLD registry operators will be able to rely on the Clearinghouse to "support rights protection mechanisms for the new gTLD

¹⁶ ICANN, *Objection and Dispute Resolution*, <http://newgtlds.icann.org/en/program-status/objection-dispute-resolution> (last visited Aug. 9, 2012).

¹⁷ *Id.*; ICANN, gTLD APPLICANT GUIDEBOOK, *supra* note 7, at ¶ 3.3.1.

¹⁸ ICANN, *Objection and Dispute Resolution*, *supra* note 16; ICANN, gTLD APPLICANT GUIDEBOOK, *supra* note 7, at ¶ 3.3.1.

¹⁹ ICANN, *Objection and Dispute Resolution*, *supra* note 16; ICANN, gTLD APPLICANT GUIDEBOOK, *supra* note 7, at ¶ 3.3.1.

²⁰ ICANN, *Objection and Dispute Resolution*, *supra* note 16; ICANN, gTLD APPLICANT GUIDEBOOK, *supra* note 7, at ¶ 3.3.2.

²¹ ICANN, *Objection and Dispute Resolution*, *supra* note 16.

²² ICANN, *Objection and Dispute Resolution Fact Sheet*, <http://www.icann.org/en/topics/new-gtlds/objection-dispute-resolution-fact-sheet-14dec11-en.pdf> (last visited Aug. 9, 2012).

²³ ICANN, *Objection and Dispute Resolution*, *supra* note 16.

²⁴ ICANN, gTLD APPLICANT GUIDEBOOK, *supra* note 7, at P-5 of the Attachment to Module 3.

²⁵ *Id.* at P-7 of the Attachment to Module 3.

²⁶ *Id.* at P-8 of the Attachment to Module 3.

²⁷ *Id.* at P-9 of the Attachment to Module 3.

²⁸ *Id.* at ¶ 1.1.2.4.

²⁹ Letter from Heather Dryden, Chair, GAC, to Stephen Crocker, Chair, ICANN (June 17, 2012), available at https://gacweb.icann.org/download/attachments/1540128GAC+Letter+to+Steve+Crocker+New+gTLD+Application+Processing_20120617.pdf?version=1&modificationDate=1341945307000 (last visited Aug. 9, 2012).

³⁰ ICANN, gTLD APPLICANT GUIDEBOOK, *supra* note 7, at ¶ 1.1.2.4.

³¹ *Id.*

³² *Id.*; *id.* at ¶ 1.5.1.

³³ *Id.* at ¶ 1.1.2.4.

space.”³⁴ The Trademark Clearinghouse will operate as a “central repository for information to be authenticated, stored, and disseminated, pertaining to the rights of trademark holders.”³⁵ Moving forward, “[a] ll new gTLD registries will be required to use the Trademark Clearinghouse to support its pre-launch or initial launch period rights protection mechanisms.”³⁶ The Clearinghouse will help serve as notice, and gTLD registries must recognize and honor all marks that are “nationally or regionally registered,” “court validated,” or “specifically protected . . . at the time the mark is submitted to the Clearinghouse for inclusion.”³⁷

Thus, trademark owners should review their trademarks and determine which marks to register with the Trademark Clearinghouse to put others on notice of the owners’ rights. Trademark holders wishing to take advantage of the Trademark Clearinghouse will be able to submit separate entries for each nationally or regionally registered mark from any jurisdiction, or any other marks constituting intellectual property.³⁸ With each

submission, the trademark holder will need to submit various data supporting ownership and/or registration of the mark, as well as a declaration or affidavit.³⁹ The fee for initial authentication and validation services will likely be less than \$150 per submission.⁴⁰

LOOKING AHEAD

Clients who are gTLD applicants and/or trademark or brand owners will have a busy year as the gTLD evaluation process continues to unfold. Applicants will need to continue to monitor the evaluation and GAC Early Warning processes and correspond as necessary with evaluation panels. Applicants and non-applicants should also consider making use of the tools identified above, and may decide to file a formal objection, register trademarks with the Trademark Clearinghouse, or otherwise protect their rights. The above discussion serves as a brief overview of some of the available tools, but additional information and updates on the gTLD process can be found through ICANN’s website: <http://newgtlds.icann.org/en>. ■

³⁴ ICANN, gTLD APPLICANT GUIDEBOOK, *supra* note 7, at “Trademark Clearinghouse.”

³⁵ *Id.*

³⁶ *Id.*

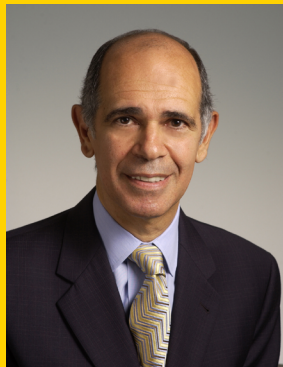
³⁷ *Id.*

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ ICANN, *Trademark Clearinghouse: Preliminary Cost Model*, <http://newgtlds.icann.org/en/about/trademark-clearinghouse/prelim-cost-model-01jun12-en.pdf> (last visited Aug. 9, 2012).

JOSEPH M. POTENZA ASSUMED OFFICE OF CHAIR OF THE ABA SECTION OF INTELLECTUAL PROPERTY LAW AT THE ABA ANNUAL MEETING IN CHICAGO



Joseph M. Potenza assumed the office of Chair of the American Bar Association's Section of Intellectual Property Law (ABA-IPL) on August 4, 2012. Mr. Potenza assumed the leadership role at the ABA-IPL business meeting during the ABA Annual Meeting in Chicago, August 2-7, 2012. Mr. Potenza served as Chair-Elect of the ABA-IPL Section during the 2011-12 term. With 25,000 members, the ABA-IPL Section is the largest intellectual property organization in the world and the oldest substantive Section of the ABA. Mr. Potenza will serve in this capacity for the term of one year.

Mr. Potenza is a past Vice Chair of the Section. He is a past Publications Officer and former Chair of the Content Advisory Board. He served on the Section Council for four years and as Section Secretary for three years. Mr. Potenza is a former member of the ABA Standing Committee on the Federal Judiciary, and has been a long-standing member of the ABA Standing Committee on Publishing Oversight where he continues to serve as a Special Advisor.

Previously, Mr. Potenza was Program Chair of the Annual Intellectual Property Law Conference and Co-Chair of the former Summer IPL Conference. He also served as Chair of the Litigation, Alternative Dispute Resolution and Related Issues Division, and the committees on Patent System Policy Planning, Public Information, Trial and Appellate Rules and Procedure, and Young Lawyers. Mr. Potenza is also a former Chair of the ABA Section of Science & Technology Law.

Mr. Potenza is a senior shareholder and practices in the Washington, DC office of Banner & Witcoff, Ltd. He concentrates on litigation, Section 337 investigations at the United States International Trade Commission, licensing, counseling on patent and copyright matters, and the preparation and prosecution of patent and copyright applications. He is a founding member, Past President and a Fellow of the Giles S. Rich American Inn of Court, and has been an adjunct professor of law at Georgetown University Law Center since 1985.

FEDERAL CIRCUIT REAFFIRMS PATENT ELIGIBILITY OF ISOLATED DNA MOLECULES



BY: PAUL M. RIVARD

On August 16, 2012, the U.S. Court of Appeals for the Federal Circuit issued its decision in *Association for Molecular Pathology*

v. Myriad Genetics, Inc. (“*Myriad II*”) following a remand from the U.S. Supreme Court. The Supreme Court asked the appellate court to reconsider its July 2011 panel decision (“*Myriad I*”) following the high court’s ruling in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.* (“*Mayo*”). In *Mayo*, the Supreme Court held certain claims to methods of determining a dosage of a drug were not patent-eligible because they impermissibly preempted a

transformative steps. The court, however, agreed with the district court that claims involving “comparing” or “analyzing” DNA sequences were patent-ineligible methods embracing only abstract, mental steps.

The court made clear at the outset that the appeal was not about whether individuals suspected of having an increased risk of developing breast cancer are entitled to a second opinion, whether the patentee acted improperly in its licensing or enforcement policies, whether it is desirable for one company to hold a patent covering a lifesaving test, or whether the claims at issue are novel, nonobvious, or overly broad. The

The *Myriad II* panel expressed that any restrictions on patents on medical methods or novel biological molecules is a policy matter for Congress to decide.

natural law. The remand reopened the question of patent eligibility of Myriad’s claims to isolated DNA encoding BRCA1 polypeptides and methods for screening potential cancer therapeutics. Individuals who inherit the BRCA1 gene have an increased chance of developing certain cancers, most notably breast cancer.

Myriad II reaffirmed *Myriad I* in all respects. The court again reversed the lower court’s ruling that claims to “isolated” DNA molecules cover patent-ineligible products of nature under § 101, noting that the molecules as claimed do not exist in nature. The *Myriad II* panel also reversed the district court’s decision that claims involving screening potential cancer therapeutics via changes in cell growth rates were directed to a patent-ineligible scientific principle, as these methods involve

Myriad II panel expressed that any restrictions on patents on medical methods or novel biological molecules is a policy matter for Congress to decide.

Writing for the majority, Judge Lourie tackled the Supreme Court’s concerns articulated in *Mayo* of a patent foreclosing further research on a scientific principle. Judge Lourie found that such concerns were inapplicable to the isolated DNA claims at issue. He explained “permitting patents on isolated genes does not preempt a law of nature. A composition of matter is not a law of nature.”

Next, addressing the claims involving analyzing and comparing DNA sequences, the majority agreed the claims were patent-ineligible methods involving only abstract mental processes. The majority said **MORE ►**

[FEDERAL CIRCUIT, FROM PAGE 9]

the Supreme “Court made clear that such diagnostic methods . . . essentially claim natural laws that are not eligible for patent.”

Judge Moore concurred-in-part and wrote separately to emphasize the importance of

Judge Bryson would have affirmed the lower court’s ruling that the claims to the isolated BRCA gene are patent-ineligible. Pointing to the Supreme Court’s *Mayo* decision, Judge Bryson believed the isolated DNA material involved no “more than merely incidental changes to the

Judge Moore concurred-in-part and wrote separately to emphasize the importance of the decades-long policy of permitting patents on isolated DNA molecules, a policy which founded and has become the lifeblood of the biotechnology industry.

the decades-long policy of permitting patents on isolated DNA molecules, a policy which founded and has become the lifeblood of the biotechnology industry. Judge Moore said that “isolated DNA fragments, which have both chemical changes from the naturally occurring genomic DNA as well as new utility, are the kind of ‘discoveries’ that the statute was enacted to protect.”

Judge Bryson agreed with the majority on the patent-eligibility of the claims directed to cDNA and the patent-ineligibility of the claims involving “comparing” or “analyzing” DNA sequences. Dissenting-in-part,

naturally occurring product” and no “inventive’ contribution” to the product of nature.

While *Myriad II* may be welcome news for a biotechnology industry that was recently dealt a harsh blow by the Supreme Court in *Mayo*, the battle may not be over yet. The Supreme Court has taken up a number of patent eligibility questions as of late and may have the final word on this one as well. ■

BANNER & WITCOFF NAMED TO THE NATIONAL LAW JOURNAL’S IP HOT LIST

Banner & Witcoff is among the 20 firms selected to *The National Law Journal’s* inaugural *Intellectual Property Hot List*. *The National Law Journal* selected firms that have shown themselves to be an innovator in applying legal principles to fast-changing technology, and demonstrated creative strategies for litigation, patent prosecution, licensing and other transactional work. Banner & Witcoff’s ITC work, litigation work at the U.S. Court of Appeals for the Federal Circuit and design patent prosecution work are highlighted in the *IP Hot List*.

SEEING RED: RECENT DEVELOPMENTS IN THE TRADEMARK FUNCTIONALITY DOCTRINE



BY: KATHERINE LAATSCH FINK

As color and aesthetics have become increasingly important to brand identity, those features have been

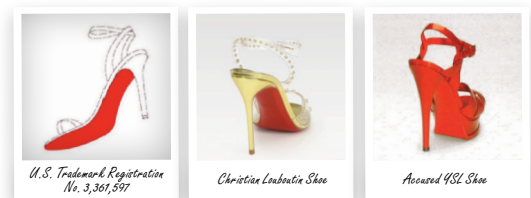
subject to judicial scrutiny regarding their ability to serve as trademarks in the past year. For example, when we see a robin's-egg blue box, we think Tiffany & Co. (Tiffany). Not surprisingly, Tiffany has trademark registrations protecting its iconic blue box.¹ But what if robin's-egg blue served as a "function" for the box or otherwise significantly inhibited competition by limiting the range of alternative designs for a box? According to the functionality doctrine of trademark law, it may not be protectable.

The functionality doctrine has been at issue in two recent cases: *Christian Louboutin S.A. v. Yves Saint Laurent America, Inc.*, ___ F.3d ___, 2012 WL 3832285 (2d Cir. Sept. 5, 2012), *rev'g in part* 778 F. Supp. 2d 445 (S.D.N.Y. 2011), and *Maker's Mark Distillery, Inc. v. Diageo North America Inc.*, 679 F.3d 410 (6th Cir. 2012).

This doctrine provides that functional product features cannot obtain trademark protection, even if they have obtained secondary meaning, i.e., if they have become a brand identifier.² Functionality has been analyzed in two ways: utilitarian functionality and aesthetic functionality. Utilitarian functionality "forbids the use of a product's feature as a trademark where doing so will put a competitor at a significant disadvantage because the feature is essential to the use or purpose of

the article or affects its cost or quality.³ Over time, certain courts have also prohibited trademark protection under the doctrine of "aesthetic functionality." A design is considered "aesthetically functional" if its "aesthetic value lies in its ability to confer a significant benefit that cannot practically be duplicated by the use of alternative designs."⁴

At issue in *Christian Louboutin*, was whether the color red for the soles on shoes was aesthetically functional and therefore not protectable as a trademark. In that case, Christian Louboutin S.A. (Christian Louboutin) accused Yves Saint Laurent America, Inc. (YSL) of trademark infringement of its trademarked and allegedly iconic red sole following YSL's introduction of certain shoes in its 2011 Cruise Collection. YSL's shoes at issue were monochromatic, including the sole. Some of YSL's shoes came in red, with the soles resembling Christian Louboutin's trademarked red sole. The shoes at issue are shown below:



The Supreme Court has held that a color can serve as a trademark "where that color has attained 'secondary meaning' and therefore identifies and distinguishes a particular brand (and thus indicates its 'source')."⁵ In other words, when color serves to indicate the origin of a product or service, it may be protected as **MORE ►**

¹ See, e.g. U.S. Trademark Registration Nos. 2,184,128 and 2,359,351.

² McCarthy § 7:66.

³ *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 169 (1995) (internal citations and quotations omitted).

⁴ *Id.* at 170 (internal citations and quotations omitted).

⁵ *Id.* at 163.

[SEEING RED, FROM PAGE 11]

a trademark. For example, as noted above, a robin's-egg blue box indicates that the box originates from Tiffany and thus is a protectable mark. However, color may not serve as a trademark if the color is functional.⁶

In *Christian Louboutin*, the Second Circuit reversed the district court's holding that a single color can never serve as a trademark in the fashion industry.⁷ The district

traditional Chinese lacquer ware, to create a monochromatic shoe, and to create a cohesive look consisting of color-coordinating shoes and garments. Presumably, if Louboutin were to succeed on its claim of trademark infringement, YSL and other designers would be prohibited from achieving those stylistic goals.⁸

We see no reason why a single color mark in the specific context of the fashion industry could not acquire secondary meaning — and therefore serve as a brand or source identifier — if it is used so consistently and prominently by a particular designer that it becomes a symbol, “the primary significance” of which is “to identify the source of the product rather than the product itself.”

court had denied Christian Louboutin's motion for a preliminary injunction against YSL and explained that a fashion designer should not have a monopoly over a particular color because in the context of a fashion item (i.e., a shoe or garment), a color may have a certain function:

Because in the fashion industry color serves ornamental and aesthetic functions vital to robust competition, the Court finds that Louboutin is unlikely able to prove that its red outsole brand is entitled to trademark protection, even if it has gained enough public recognition in the mark to have acquired secondary meaning. . . .

Awarding one participant in the designer shoe market a monopoly on the color red would impermissibly hinder competition among other participants. YSL has various reasons for seeking to use red on its outsoles – for example, to reference

The Second Circuit disagreed, upholding Louboutin's trademark registration as it pertains to contrasting red lacquered soles (where the sole contrasts with the remainder of the shoe), stating,

We see no reason why a single-color mark in the specific context of the fashion industry could not acquire secondary meaning—and therefore serve as a brand or source identifier—if it is used so consistently and prominently by a particular designer that it becomes a symbol, “the primary significance” of which is “to identify the source of the product rather than the product itself.”⁹

However, because YSL's accused shoes were monochromatic, such that the entire shoe and not just the sole were red, the Second Circuit affirmed the district court's denial of a preliminary injunction.¹⁰

The issue of functionality is not limited to fashion. In another recent case,

⁶ *See Dippin' Dots, Inc. v. Frosty Bites Distribution, LLC*, 369 F.3d 1197, 1203-06 (11th Cir. 2004) (“The color is functional because it indicates the flavor of the ice cream, for example, pink signifies strawberry, white signifies vanilla, brown signifies chocolate, etc.”); *Deere & Co. v. Farmhand, Inc.*, 560 F. Supp. 85, 98 (S.D. Iowa 1982) (green for farm equipment held aesthetically functional because farmers “prefer to march their loaders to their tractors”), *aff'd*, 721 F.2d 253 (8th Cir. 1983).

⁷ *Christian Louboutin S.A. v. Yves Saint Laurent America, Inc.*, ___ F.3d ___, 2012 WL 3832285, at *1 (2d Cir. Sept. 5, 2012).

⁸ *Christian Louboutin S.A. v. Yves Saint Laurent America, Inc.*, 778 F. Supp. 2d 445, 449-50, 454 (S.D.N.Y. 2011).

⁹ *Christian Louboutin S.A. v. Yves Saint Laurent America, Inc.*, ___ F.3d ___, 2012 WL 3832285, at *12 (2d Cir. Sept. 5, 2012) (quoting *Inwood Labs., Inc. v. Ives Labs., Inc.* 456 U.S. 844, 851 n.11 (1982)).

¹⁰ *Id.* at *14.

Maker's Mark Distillery, Inc. v. Diageo North America Inc., 679 F.3d 410 (6th Cir. 2012), Maker's Mark Distillery, Inc. (Maker's Mark) accused Jose Cuervo International Inc., Tequila Cuervo La Rojena S.A. de C.V., and Diageo North America, Inc. (collectively Jose Cuervo) of trademark infringement regarding Jose Cuervo's use of a red dripping wax seal on its tequila bottles. The bottles and asserted registration are shown below:



On appeal from the district court's grant of a permanent injunction barring Jose Cuervo "from using red dripping wax on the cap of a bottle in the sale, offering for sale, distribution or advertising of Cuervo tequila products at any locality within the United States,"¹¹ Jose Cuervo argued that Maker's Mark's trademark on its red dripping wax seal was an aesthetically functional feature of Maker's Mark's bourbon bottles. The U.S. Court of Appeals for the Sixth Circuit disagreed and upheld the district court's ruling barring Jose Cuervo from selling its tequila in bottles with a red dripping wax seal.¹² ■

¹¹ *Maker's Mark Distillery, Inc. v. Diageo North America Inc.*, 703 F. Supp. 2d 671, 701-02 (W.D. Ky. 2010)

¹² *Maker's Mark Distillery, Inc. v. Diageo North America Inc.*, 679 F.3d 410, 418-19 (6th Cir. 2012)

FEDERAL CIRCUIT REVERSES MARINE POLYMER DECISION



BY: CHRISTOPHER L. MCKEE

Federal Circuit issues *en banc* decision in *Marine Polymer Techn. v. Hemcon* case. The decision clarifies when

intervening rights can arise as a result of a patent reexamination. Arguments alone cannot result in intervening rights.

The patent community was taken by surprise when, in September of 2011, a three judge panel of the Court of Appeals for the Federal Circuit vacated a jury verdict of \$29.4M in past damages for infringement of Marine Polymer's patent, on the grounds of intervening rights arising as a result of a reexamination of the patent.

The most notable aspect of the Federal Circuit panel decision was that it found intervening rights applied as a result of arguments presented in the reexamination, and despite the fact that no amendments had been made to the language of the claims.

The most notable aspect of the Federal Circuit panel decision was that it found intervening rights applied as a result of arguments presented in the reexamination, and despite the fact that no amendments had been made to the language of the claims. The panel majority determined that the reexamination arguments disavowed claim scope and thus changed the scope of the original (pre-reexamination) claims. The panel majority held that in these circumstances it was appropriate for intervening rights to apply.

In its *en banc* ruling issued on March 15, 2012, a 6-4 majority of the full Court agreed that

the rule of reexamination intervening rights announced by the earlier panel decision was wrong.

Under the Federal Circuit's *en banc* ruling, intervening rights cannot result from a patent reexamination in the absence of an actual change (i.e. amendment) to the language of the claims. The Court ruled that this was dictated by 35 U.S.C. § 307(b), which limits the application of intervening rights to the case of "amended or new" claims. In the majority's view, the governing language is "plain and unambiguous," and precludes argument alone giving rise to intervening rights.

The *en banc* decision is welcome news for patent holders. Following the panel decision, patent owners feared having their

patents pulled into reexamination, and then being unable to defend their claims by arguing against asserted rejections without incurring the potentially devastating impact of intervening rights (i.e., loss of all claims for past damages). But for the possibility of Supreme Court review, that concern is put to rest.

On the other side, some patent challengers will not be happy with the decision, fearing that patent holders will "game" the system by seeking to change claim scope in reexamination by argument alone, thereby correcting their patent while avoiding the consequences of intervening rights.

The *en banc* majority viewed the latter scenario as “highly unlikely.” In this regard, the majority noted: “If, in reexamination, an examiner determines that particular claims are invalid and need amendment to be allowable, one would expect the examiner to require

construction and the \$29.4M infringement damages award, intact. In the dissent’s view, given the majority’s ruling on claim construction, its discussion of the law intervening rights was unnecessary and *dictum*, since there was no change of claim scope pre

Following the *en banc* decision, accused infringer Hemcon filed its own petition for rehearing *en banc*, seeking reconsideration limited to the Court’s split decision on claim construction.

amendment rather than accept argument alone.” Nonetheless, the majority recognized “patent applicants’ actions and arguments during prosecution, including prosecution in a reexamination proceeding, can affect the proper interpretation and effective scope of their claims.”

Also of interest, the *en banc* Court’s affirmance of the District Court’s final judgment was by an equally divided Court. The Court split 5-5 on the issue of whether the District Court had properly construed the claims (pre-reexamination). This left the District Court’s final judgment, including its claim

and post reexamination to give rise to the intervening rights issue. On the other hand, in the majority’s view, it was appropriate to rule on the law of intervening rights the way it did “as an alternative ground for decision.”

Following the *en banc* decision, accused infringer Hemcon filed its own petition for rehearing *en banc*, seeking reconsideration limited to the Court’s split decision on claim construction. Hemcon also separately filed for bankruptcy. The Federal Circuit has stayed further appeal proceedings during the pendency of the bankruptcy proceedings. ■

HUSKY INJECTION MOLDING SYSTEMS RECOGNIZED AS INNOVATIVE LEGAL DEPARTMENT BY *INSIDECOUNSEL* MAGAZINE

InsideCounsel named Husky as a 2012 IC-10 winner in its September issue. IC-10 is an annual list compiled by *InsideCounsel* through nominations submitted by readers. Those who make the list show a knack for creatively solving problems facing law departments. Husky was recognized for its innovative approach to risk assessment and intellectual property protection.

Banner & Witcoff congratulates firm client Husky Injection Molding Systems for its achievement. Read more about Husky’s winning concept at www.insidecounsel.com.

Banner & Witcoff

is dedicated to excellence in the specialized practice of intellectual property law, including patent, trademark, copyright, trade secret, computer, franchise and unfair competition law. The firm actively engages in the procurement, enforcement and litigation of intellectual property rights throughout the world, including all federal and state agencies, and the distribution of such rights through licensing and franchising.

 Follow us on Twitter @BannerWitcoff

 Follow us on LinkedIn

JOURNAL OF INTELLECTUAL PROPERTY LAW 2012 NOW AVAILABLE.

Please send an email to
info@bannerwitcoff.com to request a copy.

EDITORIAL BOARD

EXECUTIVE EDITORS

Scott A. Burow

sburow@bannerwitcoff.com

Katie L. Becker

kbecker@bannerwitcoff.com

CONTRIBUTORS

Matthew P. Becker

mbecker@bannerwitcoff.com

Gary D. Fedorochko

gfedorochko@bannerwitcoff.com

Katherine Laatsch Fink

kfink@bannerwitcoff.com

Christopher L. McKee

cmckee@bannerwitcoff.com

Paul M. Rivard

privard@bannerwitcoff.com

Richard S. Stockton

rstockton@bannerwitcoff.com

Victoria R.M. Webb

vwebb@bannerwitcoff.com

You are receiving this newsletter because you are subscribed to B&W's Intellectual Property Update. To unsubscribe from this list, please send an e-mail to newsletter@bannerwitcoff.com with "Remove Newsletter" in the subject line.

This is a publication of Banner & Witcoff, Ltd. and is intended to provide general information with regard to recent legal developments. The material contained within should not be construed as a source of legal advice or as a substitution for legal consultation. Please consult an attorney with any specific legal questions.

©2012 Banner & Witcoff, Ltd.

WWW.BANNERWITCOFF.COM

CHICAGO

10 South Wacker Dr.
Suite 3000
Chicago, IL 60606
312.463.5000
312.463.5001 (fax)

WASHINGTON

1100 13th St., NW
Suite 1200
Washington, DC 20005
202.824.3000
202.824.3001 (fax)

BOSTON

28 State St.
Suite 1800
Boston, MA 02109
617.720.9600
617.720.9601 (fax)

PORTLAND

601 SW Second Ave.
Suite 1900
Portland, OR 97204
503.425.6800
503.425.6801 (fax)