



# 2015-2016 WINTER NEWSLETTER

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## SUPREME COURT

### Intellectual Property Cases Before the Supreme Court

As indicated in the next article of this newsletter, the U.S. Supreme Court ("Supreme Court") heard oral arguments in *Halo Electronics v. Pulse Electronics* and *Stryker Corp. v. Zimmer*. In both cases the Supreme Court reviewed a rigid rule created by the U.S. Court of Appeals for the Federal Circuit ("Federal Circuit") for awarding enhanced damages. Commentators believe that the Supreme Court will give federal District Courts discretion to increase damage awards within a more flexible framework. What remains to be seen is the framework that the Supreme Court will provide.

On January 15, 2016, the Supreme Court granted writ of certiorari in *Cuozzo Speed Tech. v. Lee* and in *Kirtsaeng v. John Wiley & Sons, Inc.* In the *Cuozzo v. Lee* case, the Supreme Court is answering the following questions:

1. Whether the court of appeals erred in holding that, in IPR proceedings, the Board may construe claims in an issued patent according to their broadest reasonable interpretation rather than their plain and ordinary meaning.
2. Whether the court of appeals erred in holding that, even if the Board exceeds its statutory authority in instituting an IPR proceeding, the Board's decision whether to institute an IPR proceeding is judicially unreviewable.

This case has lots of interested parties filing briefs on each question - especially in light of the highly fractured *en banc* opinion of the Federal Circuit below. Whichever way the Supreme Court rules, we will get the viewpoint of the Supreme Court on the American Invents Act's post grant proceedings.

In the *Kirtsaeng v. John Wiley & Sons* case, a copyright infringement action, the Supreme Court is answering the following question:

1. What constitutes the appropriate standard for awarding attorneys' fees to a prevailing party under section 505 of the Copyright Act.

This case is a follow up of a previous Supreme Court case, *Kirtsaeng I*, where the Supreme Court ruled that copyright exhaustion applies to international sales of the copyrighted work that were lawfully made abroad.

## SUPREME COURT

### **Supreme Court to Review Enhanced Damages Analysis in Halo Electronic (a.k.a. Stryker)**

On October 19, 2015, the U.S. Supreme Court (“Supreme Court”) granted two petitions for a writ of certiorari to review decisions by the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”). In both petitions, *Halo Electronics v. Pulse Electronics* and *Stryker Corporation v. Zimmer, Inc.* (collectively the “Stryker case”), the patent owner is challenging a rigid rule created by the Federal Circuit for awarding enhanced damages.

In 2007, the *en banc* Federal Circuit decided *In re Seagate Technology*. *In re Seagate* interpreted 35 U.S.C. § 284, which states that “the court may increase the damages up to three times the amount found or assessed.” The Federal Circuit’s interpretation of that statute required that the patent owner prove willful infringement in order to award triple damages. In turn, willfulness is shown when there was an objectively high likelihood that the infringer’s actions constituted infringement and that the likelihood was either known or so obvious that it should have been known to the accused infringer.

On February 23, 2016, the Supreme Court heard oral arguments in the “Stryker case.” Commentators indicate that the Supreme Court will likely replace the willfulness test. First, many characterize the Federal Circuit’s willfulness test as disconnected from the statute. Second, the Supreme Court has already replaced a similar Federal Circuit test regarding § 285 for awarding attorney fees. In *Octane Fitness v. Icon Health and Fitness*, 572 U.S. \_\_\_ (2014), the Supreme Court interpreted 35 U.S.C. § 285, which states that “the court in exceptional cases may award reasonable attorney fees to the prevailing party.” The Supreme Court held that § 285 merely required that the case be “exceptional” - meaning “uncommon,” “rare,” or “not ordinary” to grant attorney fees to the prevailing party, rather than the rigid rule the Federal Circuit practiced.

Therefore, commentators believe that the Supreme Court will give federal District Courts discretion to increase damage awards within a more flexible framework. What remains to be seen is the framework that the Supreme Court will provide.

## FEDERAL CIRCUIT

### **The Claimed Source of Electronic Data Has Patentable Weight in *In re: Distefano***

The U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”) recently reversed a decision by the U.S. Patent and Trademark Office Patent Trial and Appeal Board (“PTAB”) in *In re: Distefano*, and found that the printed matter doctrine does not apply when the origin of database content is claimed. As explained by the Board in *Distefano*, printed matter analysis requires two steps. First, it must be determined whether the limitation in question is directed towards printed matter. Second, if the limitation is directed towards printed matter, then it should only be accorded patentable weight if it has a functional or structural relation to the underlying substrate.

In *Distefano*, claim 24 was the only independent claim being considered. And within claim 24, the element at issue was the “selecting” limitation.

24. A method of designing, by a user in a user interface having first and second display regions each capable of displaying a plurality of element [sic], an electronic document, comprising: selecting a first element from a database including web assets authored by third party authors and web assets provided to the user interface or outside the use interface by the user.... App. No. 10/868,312, claim 24 (emphasis added).

Because, in the PTAB’s words, the “web assets’ origins have no functional relationship to the claimed method,” the PTAB accorded the selecting limitation no patentable weight. In reversing, the Federal Circuit explained that the PTAB’s decision skipped the first step of printed matter analysis, i.e., first determining *whether* the element(s) in question should be considered printed matter.

The Federal Circuit observed that “both our predecessor court and our court have consistently limited the printed matter rule to matter claimed for its communicative content.” The Federal Circuit then reviewed several cases that found that the element(s) in question were printed matter, including one case concerning a chart of characteristics of real estate properties, *In re Reeves*, one case concerning markings on meat to identify the meat, *In re McKee*, one case concerning dosage instructions on a medical product, *AstraZeneca LP v. Apotex, Inc.*, and one case concerning instructions on how to perform a DNA test, *In re Ngai*. In contrast, the Federal Circuit also identified a case in which the element in question, a computer-based structural database, was not treated as printed matter, i.e., *In re Lowry*. As the Federal Circuit noted, the “common thread amongst all of these case is that printed matter must be matter claimed for what it communicates.”

Turning back to the selecting limitation at issue in *Distefano*, the Federal Circuit explained that, “although the selected web assets can and likely do communicate some information, the content of the information is not claimed. And where the information came from, its ‘origin,’ is not part of the informational content at all.” Therefore, the “PTAB erred in finding that the origin of the web assets constituted printed matter.”

## FEDERAL CIRCUIT

### **Shukh v. Seagate: Federal Circuit upholds Present-Tense Assignment to Future Inventions Doctrine**

On October 2, 2015, the U.S. Court of Appeals for the Federal Circuit ("Federal Circuit") affirmed the "hereby assign" doctrine of *Filmtec Corp. v. Allied-Signal, Inc.*, 939 F.2d 1568 (Fed. Cir. 1991). The *Filmtec* doctrine's basic rule is that a pre-invention contract that states "I hereby assign" potential future inventions is deemed an effective transfer of title even though the future inventions have not yet been conceived. This allows for automatic assignment of legal title from an inventor to the employer upon conception of an invention.

Subsequently, Dr. Shukh, the alleged inventor of the Seagate patents at issue, sought *en banc* review of the full Federal Circuit to over-rule the "automatic assignment" rule. The Federal Circuit declined to review his case.



## FEDERAL CIRCUIT

### **Damages Analysis for an Infringed Patent in *Commonwealth v. Cisco***

In *Commonwealth v. Cisco*, the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”) provided an excellent overview of several key aspects of patent infringement damages analysis. The patent at issue, U.S. Patent 5,487,069 (“’069”), relates to WiFi technologies. Specifically, the ’069 patent is practiced by several, but not all, 802.11 WiFi standards, including 802.11a, 802.11g, 802.11n, 802.11ac.

The patentee, *Commonwealth*, agreed to license the ’069 license on reasonable and non-discriminatory (“RAND”) terms in exchange for 802.11a practicing the ’069 patent’s subject matter. However, the patentee refused to allow the ’069 patent to be encumbered by RAND obligations for the subsequent 802.11 standards.

At the U.S. District Court, the parties stipulated to the patent’s infringement and validity. Thus, the only question remaining was the amount of liability for the infringer.

### ***The Effect of Standardization on the Georgia-Pacific Factors***

At the Federal Circuit, the infringer Cisco successfully argued that the District Court failed to properly account for the fact that the ’069 patent is essential to several 802.11 standards. Because the ’069 patent is not encumbered by RAND obligations for 802.11 standards *other than* 802.11a, the patentee argued that the fact that the ’069 is standards essential for the other 802.11 standards is irrelevant.

The Federal Circuit agreed with the infringer, largely because of the *Ericsson* opinion, which was issued December 4, 2014. Simply put, the Federal Circuit stated that “the royalty for SEPs should reflect the approximate value of that technological contribution, not the value of its widespread adoption due to standardization.”

Thus, the Federal Circuit once again emphasized that the value of a patent is found in the “incremental value that the patented invention adds to the product, not any value added by the standardization of that technology.”

### ***The Apportionment Principle of Damages Calculations***

The Apportionment Principle provides that damages awarded for patent infringement “must reflect the value attributable to the infringing features of the product, and no more.” (Emphasis added). Thus, the value of a product’s infringing features must be separated from the value of the product’s non-infringing features.



## FEDERAL CIRCUIT

### **Damages Analysis for an Infringed Patent (cont'd.)**

However, the Federal Circuit allowed that “there may be more than one reliable method for estimating a reasonable royalty.” One method is to identify the “smallest salable patent-practicing unit,” and determine an appropriate royalty for that item. Another method is to base the damages determination on the terms indicated by the parties’ negotiations.

In this case, the District Court elected the latter method. Specifically, the District Court used the patentee’s royalty request (\$1.90 per unit) as an upper bound and the infringer’s royalty offer (\$0.90 per unit) as a lower bound.

The Federal Circuit affirmed the District Court’s decision to use the parties’ informal negotiations as a starting point, stating that this decision did not violate the principles of apportionment.

### ***The Relevance of a Pending License Agreement***

Finally, the Federal Circuit reversed the District Court’s determination that a previous patent license agreement between the parties was not informative of the damages determination. As background, the patentee and a licensee agreed upon a Technology License Agreement (“TLA”) in the late 1990s. The infringer, Cisco, purchased the licensee in 2001. During the infringer’s acquisition of the licensee, the patentee and the infringer renegotiated the terms of the TLA in 2001, and later again in 2003.

The District Court refused to consider the terms of the TLA when determining the appropriate royalties. In reversing the District Court and finding that the terms of the TLA should have been considered, the Federal Circuit identified several failings of the District Court’s decision.

First, contrary to the patentee’s assertions, the patentee was empowered to terminate the TLA. Second, the District Court failed to acknowledge the importance of the fact that the terms of the TLA were amended during renegotiations between the infringer and the patentee. And third, the District Court should not have wholly discounted the relevance of the TLA’s terms simply because the TLA dictated royalties for chip prices (rather than the value of the ‘069 patent itself).

## FEDERAL CIRCUIT

### **Dow v. Nova: Federal Circuit holds that Biosig v. Nautilus Changed Definiteness Standard**

On August 28, 2015, the U.S. Court of Appeals for the Federal Circuit ("Federal Circuit") held in *Dow v. Nova* that the U.S. Supreme Court's opinion in *Biosig v. Nautilus* changed the definiteness standard under 35 U.S.C. 112. In *Biosig*, the Supreme Court "modified the standard by which lower courts examine allegedly ambiguous claims; we may now steer by the bright star of 'reasonable certainty,' rather than the unreliable compass of 'insoluble ambiguity.'" *Biosig v. Nautilus*, 783 F.3d 1374 (Fed. Cir. 2015) (on remand from the Supreme Court).

In 2010, Dow obtained an infringement judgment against Nova, with a jury rejecting Nova's indefiniteness argument. The Federal Circuit affirmed in 2012, holding that the patents were not indefinite under its pre-*Nautilus* precedent. On remand, the U.S. District Court held a bench trial on supplemental damages for the period after the judgment through expiration of the patents (October 2011). While Nova's appeal was pending, the Supreme Court issued *Nautilus*. Nova argued that this intervening decision required the supplemental damages award to be vacated because the patents are invalid for indefiniteness.

The Federal Circuit agreed - since *Nautilus* changed the standard, Nova was allowed to re-litigate the definiteness of the claims at issue. Now, the outcome was different under the *Nautilus* standard than under the pre-*Nautilus* case law. Here, the issue was a measurement problem: which methodology should be applied to determine the "slope of strain hardening." The patent did not explain which of several possible methods, each resulting in different results, were to be used. The Federal Circuit did not address whether it would be sufficient to have an expert testify as to which methodology a person of ordinary skill in the art would have used, even with the variances.



## FEDERAL CIRCUIT

### **Mentor Graphics Corp. v. Synopsys: USPTO Review in IPR limited to only Portion of Challenged Claims is Fine**

On February 10, 2016, the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”) decided *Synopsys, Inc. v. Mentor Graphics Corporation*, 2014-1516 (Fed.Cir. 2016). Mentor Graphics sued Synopsys for infringing Mentor’s patent on a “method of tracing bugs, i.e., errors in coding, in the design of computer chips.” A jury in the 2014 U.S. District Court decision held that Synopsys infringed the patent and awarded Mentor \$36 million in damages. That district court case is currently pending appeal at the Federal Circuit.

Concurrently, Synopsys filed a petition for inter partes review (“IPR”) with the U.S. Patent and Trademark Office Patent Trial and Appeal Board (“PTAB”) of most of the claims of the patent at issue. After Mentor filed a preliminary response, the PTAB instituted review of only some of the claims. After discovery and an oral hearing, the PTAB issued its final decision. The PTAB found only a few of the claims invalid and affirmed the patentability of the remaining claims under review.

Synopsis appealed the PTAB’s final decision on the basis that the PTAB must address each and every claim petitioned for review in its final decision. Synopsis argued that the statute compels the PTAB to address each claim because the statute says “[i]f an inter partes review is instituted and not dismissed under this chapter, the Patent Trial and Appeal Board shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under section 316(d). 35 U.S.C. § 318 (a)”(emphasis added). Basically, Synopsis challenged the PTAB practice of only instituting review of a sub-set of challenged claims and, in turn, only addressing those claims in its final decision.

The Federal Circuit disagreed with Synopsis. The Federal Circuit panel majority argued that Congress envisioned only claims that were “more likely than not to be unpatentably” at the institution stage which would be addressed in the final written decision. The panel majority argued that this was supported by 35 U.S.C. § 314(a), which specifies that the Board may not institute inter partes review unless “the information presented in the petition . . . and any response filed . . . shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. § 314(a) (emphasis added). The difference in language – “claims challenged in the petition” and “claim challenged by a petitioner” – shows different meaning. Moreover, the “at least 1” language envisions a claim-by-claim determination – if a claim does not appear more likely than not unpatentable, the PTAB is not required to address it in its final decision using a preponderance standard.

## FEDERAL CIRCUIT

### **Lexmark v. Impression: Federal Circuit Affirms Patent Owner's Right to Control Patent Exhaustion**

On February 12, 2016, the *en banc* U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”) issued its decision in *Lexmark International, Inc. v. Impression Products* (Fed. Cir. 2016) (*en banc*). The holding is simple: *Mallinckrodt, Inc. v. Medipart, Inc.*, 976 F.2d 700 (Fed. Cir. 1992) and *Jazz Photo Corp. v. International Trade Comm’n*, 264 F.3d 1094 (Fed. Cir. 2001) are re-affirmed.

*Mallinckrodt* stands for the principle that a seller can use its patent rights to block both resale and reuse of a product, much like how a copyright owner can restrict subsequent resale by leasing the copyrighted work, usually software, instead of selling it. *Jazz Photo* stands for the principle that authorized sales of a product abroad do not exhaust the U.S. patent rights associated with that product.

In this case, Lexmark: (1) sold regular priced ink cartridges to U.S. customers or sold “single use” ink cartridges at a discount to U.S. customers; and (2) sold ink cartridges abroad with no restrictions. The “single use” ink cartridges have a hardware chip that makes the ink cartridge unusable after the ink has been used. However, third parties collected these cartridges and replaced the hardware chip with another and refilled the cartridge. These third parties then sold the refurbished ink cartridge to retailers such as Impression. Impression received some refurbished “single use” and foreign-sale-only ink cartridges and sold them in the United States.

Lexmark sued Impression for patent infringement for selling the patented ink cartridges. Impression argued that patent exhaustion ended Lexmark’s patent rights with regard to the ink cartridges it sold its customers. Specifically, Impression argued that *Mallinckrodt* was overruled by a subsequent U.S. Supreme Court case - *Quanta Computer, Inc. v. LG Electronics, Inc.*, 553 U.S. 617 (2008) and that *Jazz Photo* was overruled by a subsequent U.S. Supreme Court case as well - *Kirtsaeng v. John Wiley & Sons, Inc.*, 133 S. Ct. 1351 (2013). In *Quanta*, the U.S. Supreme Court held that a licensee that sells an article embodying the patented method, with no restrictions on the sale, exhausts the method patent. In *Kirtsaeng*, the U.S. Supreme Court held that authorized sales outside the U.S. of a copyrighted work exhausts the U.S. copyright as well. Impression is expected to seek U.S. Supreme Court review.

## USPTO

### **USPTO Launches Global Dossier Service**

As a part of the United States Patent and Trademark Office ("USPTO") continuing collaborative efforts to enhance patent quality globally, the USPTO launched the USPTO Global Dossier Service on Friday, November 20, 2015. Global Dossier Service is an online suite of functions that make it easier for patent applicants to "quickly and easily view, monitor, and manage intellectual property (IP) protection around the world by providing access to the dossiers of related applications filed at participating offices," the USPTO press release explained.

Dossier Access was the first function launched. Through Dossier Access, "the public will be able to obtain data that is timely, reliable, understandable, standardized, and of high quality," the press release explained. Currently, the European Patent Office, Korean Intellectual Property Office and China's State Intellectual Property Office also provide a Global Dossier portal to the public. The Japanese Patent Office is expected to introduce its portal in 2016. Moreover, the press release indicated that the USPTO was also evaluating a better mechanism for sharing documents between global patent offices.

Director of the USPTO, Michelle K. Lee, said that the USPTO was continuing to collaborate with IP offices around the world to "modernize information technology tools" as a part the USPTO's Enhanced Patent Quality Initiative. Director Lee explained that the USPTO believes "quality increases when the public and examiners gain greater insight into and consider non-English-language patent applications and prior art."

Staas & Halsey LLP welcomes the USPTO's continued work towards better patent quality and easier inter-office communication. It is believed applicants will benefit from the leading Intellectual Property offices working together. Better prior art searches could produce better examination, which could save applicants substantial time and money, and easier inter-office communication could reduce procedural costs and barriers.

## USPTO

### USPTO Trends: Fiscal Year 2015 v. Fiscal Year 2014\*

#### U.S. PATENT APPLICATION & ISSUED PATENT TRENDS:

Patent		2014	2015	Δ%
Filings	Total UPR	582,203	580,327	-0.32%
	UPR w/o RCE	407,137	411,733	1.13%
	RCE	175,066	168,594	-3.70%
	Design	36,254	37,735	4.09%
Issued	Total	330,058	323,438	-2.01%
	UPR	305,605	297,985	-2.49%
	Design	24,453	25,453	4.09%

Average Application pendency to first Office Action: 2014: 18.4 months  
2015: 17.3 months

#### U.S. POST-GRANT PROCEEDING TRENDS:

Inter Partes Review		
	FY2014	FY2015
Filed	1310	1737
Instituted	557	801
Joinders	15	116
Not Instituted	193	426
Transitional Program for Covered Business Method		
	FY2014	FY2015
Filed	177	149
Instituted	91	91
Joinders	1	10
Not Instituted	30	43
Post Grant Review		
	FY2014	FY2015
Filed	2	11
Instituted	0	3
Not Instituted	0	0

\*USPTO fiscal year: October 1 through September 30. UPR: Utility, Plant, and Reissue applications and issued patents; UPR includes Request for Continued Examinations (RCEs) filings unless otherwise noted.



## TRADEMARK

### USPTO Trademark Trends

U.S. TRADEMARK APPLICATIONS AND REGISTRATIONS Fiscal Year 2015 v. Fiscal Years 2014-1995\*:

Trademark Applications Filed			
Year	For Regis.	For Renewal	§ 8 Affidavit
1995	175,307	7,346	23,497
1996	200,640	7,543	22,169
1997	224,355	6,720	20,781
1998	232,384	7,413	33,231
1999	295,165	7,944	33,104
2000	375,428	24,435	28,920
2001	296,388	24,174	33,547
2002	258,873	34,325	39,484
2003	267,218	35,210	43,151
2004	298,489	32,352	41,157
2005	323,501	39,354	47,752
2006	354,775	36,939	48,444
2007	394,368	40,786	49,241
2008	401,392	42,388	68,470
2009	352,051	43,953	65,322
2010	368,939	48,214	61,499
2011	398,667	49,000	65,771
2012	415,026	63,636	76,646
2013	433,654	74,280	93,174
2014	455,017	67,865	107,823
<b>2015</b>	<b>503,889</b>	<b>63,981</b>	<b>88,486</b>

Trademarks Registered and Renewed		
Cert. of Regis. Issued	Renewed	Regis. (Inc. Classes)
65,662	6,785	75,372
78,674	7,346	91,339
97,294	7,389	112,509
89,634	6,504	106,279
87,774	6,280	104,324
106,383	8,821	127,794
102,314	31,477	124,502
133,225	29,957	164,457
143,424	34,370	185,182
120,056	34,735	155,991
112,495	32,279	143,396
147,118	37,305	188,899
150,064	47,336	194,327
209,904	42,159	274,250
180,520	42,282	241,637
164,330	46,734	221,090
177,661	44,873	237,586
182,761	59,871	243,459
193,121	63,709	259,681
206,555	56,166	279,282
<b>208,660</b>	<b>58,284</b>	<b>282,091</b>

\*USPTO fiscal year: October 1 through September 30; "Trademark" refers to both trademark and service mark applications or registrations.



## TRADEMARK

### USPTO Trademark Trends

#### AVERAGE U.S. TRADEMARK APPLICATION PENDENCY:

Pendency - Average Months						
Year (FY)		2011	2012	2013	2014	2015
Between Filing and Examiner's First Action		3.1	3.2	3.1	3	<b>2.9</b>
Between Filing, Registration	—including suspended and inter partes proceedings	12.6	12	11.7	11.5	<b>11.5</b>
	—excluding suspended and inter partes proceedings	10.5	10.2	10	9.8	<b>10.1</b>

#### U.S. TRADEMARK TRIAL AND APPEAL BOARD:

Activity		Ex parte	Opposition	Cancellations	Concurrent Use	Total
Cases pending as of 9/30/2014 (Total)		1,330	5,564	1,757	32	8,683
Cases filed During FY 2015		2,992	5,290	1,763	19	10,064
Disposals During FY 2015 (Total)		3,038	5,604	1,760	14	10,416
	Before oral hearing or briefing	2,599	5,514	1,728	13	9,854
	After hearing (no oral hearing)	382	75	30	1	488
	After oral hearing	57	15	2	—	74
Cases pending as of 9/30/2015 (Total)		1,284	5,250	1,760	37	8,331
	Awaiting Decision	81	23	7	1	112
	In process before hearing or final briefing	1,203	5,227	1,753	36	8,219
Requests for Ext. of Time to Oppose FY 2015		—	17,132	—	—	17,132





## TRADEMARK

### **In re Tam: Federal Circuit holds that the Trademark Act §2(a)'s Ban on Disparaging Trademarks is Unconstitutional**

On December 22, 2015, the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”), issued its decision in *In re Tam* (Federal Circuit 2015) (*en banc*). At issue: Does the bar on registration of disparaging marks in 15 U.S.C. § 1052(a) violate the First Amendment? Section 2(a) of the Lanham Act provides that the United States Patent and Trademark Office (“USPTO”) may refuse to register a trademark that “[c]onsists of or comprises immoral, deceptive, or scandalous matter; or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute.” 15 U.S.C. § 1052(a).

Simon Tam was attempting to register the name of his band “The Slants” as a trademark. However, registration was denied under Section 2(a) of the Lanham Act as a disparaging mark. In particular, Tam’s band is an Asian-American band and the term “slant” (according to the Urban Dictionary) is “A derogatory term used to refer to those of Asian descent.” Tam argued to the USPTO Trademark Trial and Appeal Board (“TTAB”) that his band was not using the mark in a derogatory manner; rather, they were reclaiming the term for Asian-Americans, i.e., using the term in a positive manner. The TTAB granted such may be true, but that § 2(a)’s restriction on disparaging marks applies when the mark is “objectively” disparaging – when a substantial cross section of a subject population would find the mark disparaging. The Federal Circuit, in the first instance, affirmed the TTAB decision because it was bound by precedent - *In re McGinley*, 660 F.2d 481, 484 (C.C.P.A. 1981). The full Federal Circuit *sua sponte* took the case *en banc*.

The Federal Circuit nine-member majority wrote:

The government cannot refuse to register disparaging marks because it disapproves of the expressive messages conveyed by the marks. It cannot refuse to register marks because it concludes that such marks will be disparaging to others. The government regulation at issue amounts to viewpoint discrimination, and under the strict scrutiny review appropriate for government regulation of message or viewpoint, we conclude that the disparagement proscription of § 2(a) is unconstitutional. Because the government has offered no legitimate interests justifying § 2(a), we conclude that it would also be unconstitutional under the intermediate scrutiny traditionally applied to regulation of the commercial aspects of speech.

Therefore, the TTAB refusal to register “The Slants” was without basis. This case will likely have consequences for the National Football League’s Redskin litigation in the U.S. Court of Appeals for the Fourth Circuit. In the Redskins case, *Pro Football v. Blackhorse* (E.D.Va. 2015), the U.S. District Court affirmed the TTAB’s decision to cancel the Redskin’s trademark because it was disparaging. The Redskins appealed to the Fourth Circuit, which will issue its opinion soon.

## DISTRICT COURT LITIGATION

### **Greatbatch Ltd. v. AVX Corp. et al.: Greatbatch Wins First Round in Medical Device Patent Trial**

On January 26, 2016, a Delaware U.S. District Court jury found AVX liable for \$37.5 million in damages for infringing U.S. patents assigned to Greatbatch Ltd., a medical implant maker for medical devices, such as pacemakers. The jurors also rejected AVX's defenses - the patent claims were invalid as obvious or anticipated.

Greatbatch had filed its initial patent suit in 2013 and amended it a year later, accusing AVX of infringement in connection with six U.S. patents. AVX argued that Greatbatch's accusations targeted only parts of AVX's devices that are not supposed to be covered under the patent language, while broadly disputing the patents' validity.

U.S. District Court Judge Leonard P. Stark split the case into two parts for trial. The first part, a two week proceeding focused on alleged infringement of two of the patents: U.S. Patent No. 5,333,095, for a filter capacitor assembly and related installation method that can be used in a pacemaker; and U.S. Patent No. 5,905,627, for an internally grounded ceramic feed through filter capacitor assembly that can protect such a device from interference signals from devices like cell phones. The second proceeding focused on the invalidity contentions.

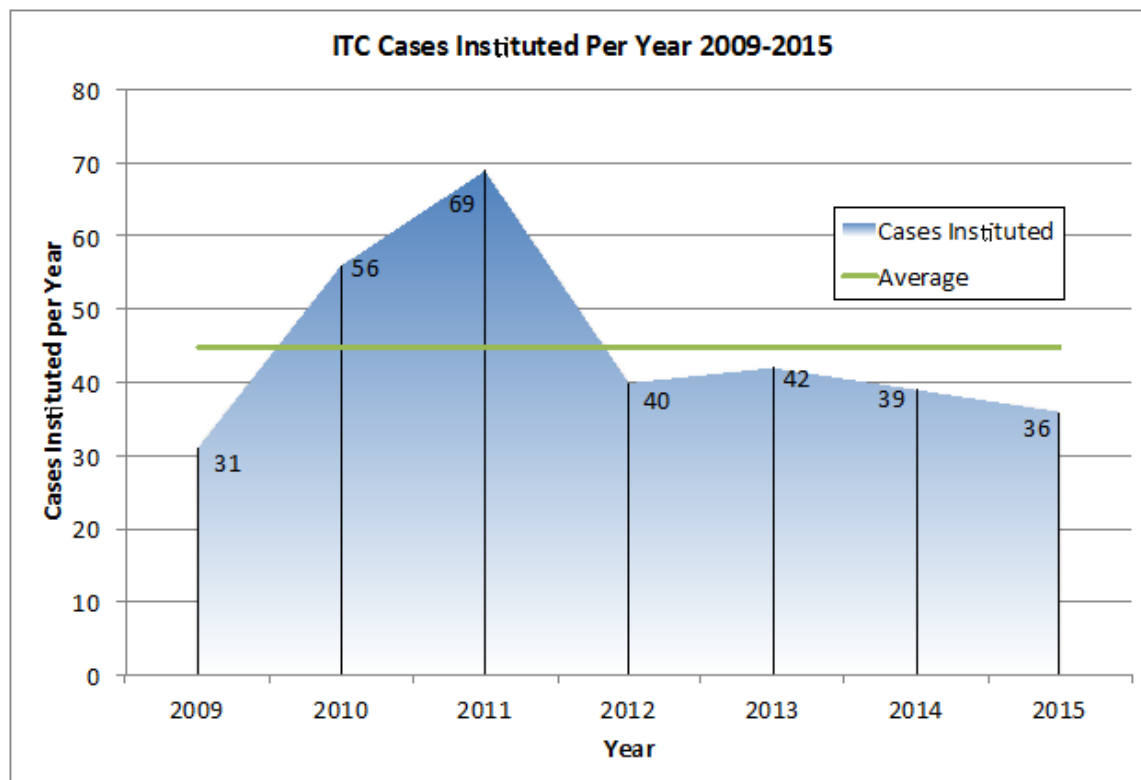
The jury found that AVX infringed and that the claims were not invalid. The parties are still litigating several other issues in post-trial motions.



## U.S. INTERNATIONAL TRADE COMMISSION

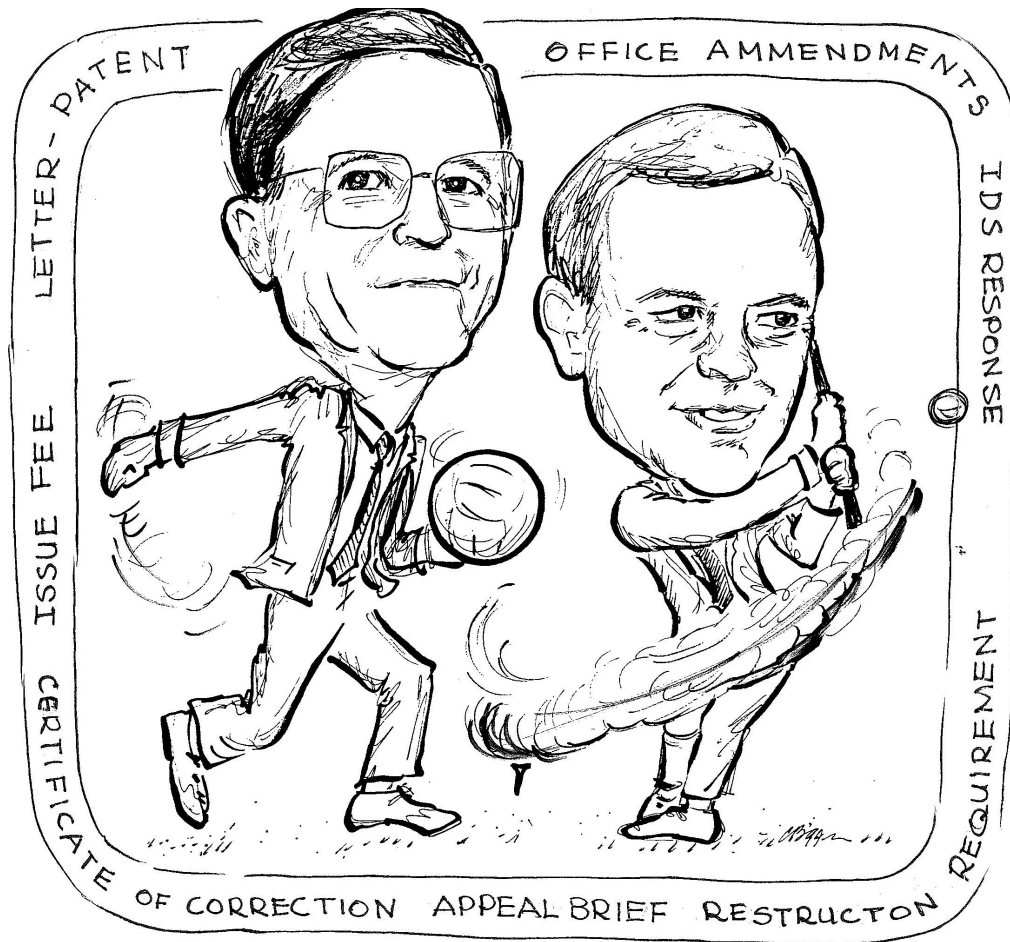
### ITC § 337 Case Filings Down in 2015

The smart phone wars appear to be cooling down a bit, at least for the U.S. International Trade Commission (“ITC”). ITC instituted § 337 patent cases are down in 2015 – almost as low as they were before the smart phone wars.



Commentators speculate that recent ITC litigation cases such as *Suprema v. ITC* and *ClearCorrect Operating v. ITC* caused interested parties to hesitate. *Suprema v. ITC* caused hesitation because at first on appeal at the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”) held that allegations of induced infringement under 35 U.S.C. § 271 (b) was not a valid exercise of ITC jurisdiction. That Federal Circuit panel opinion was overturned by the *en banc* Federal Circuit – removing doubts as to ITC utility. Meanwhile, in *ClearCorrect Operating* a Federal Circuit panel held that the ITC’s jurisdiction is limited to only material objects that are imported, i.e., the ITC’s jurisdiction does not reach transmission on the internet from a foreign server to a U.S. computer. However, *ClearCorrect Operating* has requested Federal Circuit *en banc* review – therefore, the issue may not be dead.

## FIRM NEWS



### 45th Anniversary of Staas & Halsey LLP

In 1971, H.J. Staas and James D. Halsey Jr. decided to form a law firm dedicated to providing the best legal intellectual property service and consulting based on their mutual beliefs of fairness, integrity, honesty, loyalty, and commitment to clients. They decided on an intellectual property law firm called Staas & Halsey LLP. That was the beginning of what today is a Washington, D.C. based law firm dedicated to providing IP solutions to inventors and businesses in the U.S. and around the world.

In celebration of our 45th anniversary, Staas & Halsey LLP will be launching a new mobile friendly website and will be having a Gala to thank all those who throughout the years have contributed to the success of the firm. Staas & Halsey will be announcing the Gala event particulars in the months to come. We look forward to having you celebrate with us.

**FIRM NEWS****Staas & Halsey LLP Announces Sonny S. Choi as Firm Partner**

Our firm is pleased to announce the Mr. Sonny S. Choi has recently been promoted to a partner of the firm. Mr. Choi has been with the firm since 2010. Currently, his practice includes all aspects of intellectual property with a focus on prosecution and procurement of U.S. patents.

Before earning his law degree, Mr. Choi worked as a Software Engineer and Application Systems Analyst at the North American Headquarter of Toyota/Lexus Corporation in Torrance, California. He participated in designing and implementing the company's national business applications, and he also played a role in analyzing and performing optimization for new and existing software applications.

Mr. Choi has an Interdisciplinary Science degree (B.S.) from Rensselaer Polytechnic Institute (RPI) in Troy, New York. He also has a law degree (J.D.) and a Master of Laws (LL.M.) degree from the University of New Hampshire, School of Law (Franklin Pierce Law Center) with a concentration on Intellectual Property Law, including Patent, Trademark, and Copyright. He is currently pursuing a Master of Science in Electrical and Computer Engineering at Johns Hopkins University.

Mr. Choi is admitted to practice in New York and to practice before the U.S. Patent and Trademark Office. He holds memberships in the American Intellectual Property Law Association, the New York State Bar Association, and the American Bar Association.





CHRISTMAS  
AT THE  
WHITEHOUSE





## FIRM NEWS

### New Website

This spring, in celebration of our 45<sup>th</sup> Anniversary, Staas & Halsey LLP will launch its newly updated mobile friendly website. With this newly formatted website, the visitor will be able to view our site with ease of use on any mobile device. The website will also have new features that will permit the visitor to access information such as attorneys specialized in a particular industry or articles on cases that impact patent or trademark procedures. The firm website will also have a new section, FAQ. This section will permit inventors and start-ups to gain useful information about the patent, trademark, copyright, and licensing process. Staas & Halsey LLP invites you to come and visit our new website and get to know us and our services in more depth.

### Celebrity Patent Inventor: Steven Spielberg



We are featuring a new section in our newsletter dedicated to highlighting famous patent inventors. One of the most famous Hollywood directors and the man behind movies such as Jaws, E.T., the Indiana Jones Collection, Jurassic Park, Men in Black, just to name a few, Steven Spielberg is a celebrity patent holder. In 1999, he received a patent for a dolly switch and in 2011, he filed for a patent for "Method and apparatus for annotating a document." This patent allows the editing of a digital document from anywhere and it also allows verbal annotations to the document. He has also filed a patent application for a holodeck.

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