FLORIDA BAR BUSINESS LAW SECTION

CASE LAW UPDATE SERIES - INTELLECTUAL PROPERTY

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OCTOBER 21, 2020

MATULIS IP LAW

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TRADEMARK

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TRADEMARK

Romag Fasteners, Inc v. Fossil, Inc., 140 S. Ct. 1492, 206 L. Ed. 2d 672 (2020)

Issue: Is willfulness a pre-requisite to an award of infringer's profits under the Lanham Act 15 USC 1125(a)?

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TRADEMARK

Romag Fasteners, Inc v. Fossil, Inc. (cont'd)

- Section 1117 – Jury finds Defendant liable
  - Finds Defendant acted "in callous disregard of Plaintiff's rights"
  - Does *not* find infringement was willful
- Infringer's profits awarded to Plaintiff
- Defendant argued: no infringer's profits under section 1117 without a finding of willfulness

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TRADEMARK

Romag Fasteners, Inc v. Fossil, Inc. (cont'd)

15 U.S.C. § 1117(a) sets forth some of Plaintiff's remedies:

(a) Profits; damages and costs; attorney fees

"***When*** a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, ***a violation under section 1125(a)*** or (d) of this title, or a willful violation under section 1125(c) of this title, ***shall have been established ..., the plaintiff shall be entitled…subject to the principles of equity, to recover (1) defendant's profits***, (2) any damages sustained by the plaintiff, and (3) the costs of the action."

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TRADEMARK

Romag Fasteners, Inc v. Fossil, Inc. (cont'd)

- But no requirement of willfulness for violations 1125(a)

"***When*** a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, ***a violation under section 1125(a)*** or (d) of this title, **or a willful violation under section 1125(c)** of this title, ***shall have been established ..., the plaintiff shall be entitled*****, .. and** ***subject to the principles of equity, to recover (1) defendant's profits*** …."

- No support in this section for requiring willful violations to get lost profits

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TRADEMARK

Romag Fasteners, Inc v. Fossil, Inc. (cont'd)

- Section 1117 – remedies section of Lanham Act
  - Infringer's profits do require willful violations of 1125(c)

"***When*** a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, ***a violation under section 1125(a)*** or (d) of this title, **or a willful violation under section 1125(c)** of this title, ***shall have been established ..., the plaintiff shall be entitled*****, .. and** ***subject to the principles of equity, to recover (1) defendant's profits*** …."

15 U.S.C. § 1117(a)

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TRADEMARK

Romag Fasteners, Inc. v. Fossil, Inc. (cont'd)

- Lanham Act often specifies mental state:
  - 1117(b) – counterfeiting: intentionally and with knowledge
  - 1117(c) – dilution: willful violations
  - 1118 – destruction of infringing items: any violation of 1125(a) / or any violation of 1125(c)
  - 1114 – injunctions only: innocent infringers
  - 1125(d) – cybersquatting: "bad faith intent"

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TRADEMARK

Romag Fasteners, Inc v. Fossil, Inc. (cont'd)

(a) Profits; damages and costs; attorney fees

"*When* a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, *a violation under section 1125(a)* or (d) of this title, or a willful violation under section 1125(c) of this title, *shall have been established ..., the plaintiff shall be entitled*, subject to the provisions of sections 1111 and 1114 of this title, and ***subject to the principles of equity***, *to recover (1) defendant's profits,* (2) any damages sustained by the plaintiff, and (3) the costs of the action."

15 U.S.C. § 1117(a)

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TRADEMARK

Romag Fasteners, Inc v. Fossil, Inc. (cont'd)

"subject to the principles of equity" – too vague to be "an inflexible precondition" to recovering infringer's profits

Held: willfulness *not* a "pre-requisite to an award of profits under the Lanham Act 15 USC 1125(a)

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TRADEMARK

United States Patent & Trademark Office v. Booking.com B. V., 140 S. Ct. 2298, 207 L. Ed. 2d 738 (2020)

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USPTO v. Booking.com (cont'd)

- Generic vs. Descriptive
  - Generic
    - Not Registrable as a Mark
  - Descriptive
    - Registrable with secondary meaning only
- "Booking" and ".com" both generic
  - What if add them together?
  - PTO argued "generic.com" combo is ALWAYS generic

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TRADEMARK

USPTO v. Booking.com (cont'd)

- SCOTUS Held –
  - "Generic.com" mark only generic if consumers see it as generic – and not as a brand
  - "Booking.com" not perceived by consumers as generic
    - 74.8% of survey respondents id'd as a brand
  - So Booking.com not generic
  - Case by Case based on customer's perception
  - Now: flood of Generic.com Applications being filed

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TRADEMARK

Hard Candy, LLC v. Anastasia Beverly Hills, Inc., 921 F.3d 1343 (11th Cir. 2019)

- Issue: Jury trial if no "actual damages" sought?
- Trademark Plaintiffs may be entitled to
  - actual damages,
  - accounting/disgorgement of Defendants' profit,
  - injunctive relief,
  - declaratory relief,
  - punitive damages,
  - fees and costs.

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TRADEMARK

Hard Candy, LLC v. Anastasia Beverly Hills, Inc., 921 F.3d 1343 (11th Cir. 2019)

- Plaintiff's Actual Damages
  - Not always easy to prove
  - Allows for invasive discovery into finances, sales
- But they're *only* remedy that provides for a jury trial
- Held – not seeking actual damages? Bench trial only.

Practice Pointer – seek actual damages in the complaint, can always drop them later if you decide you want a bench trial

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TRADEMARK

Tiffany & Co. v. Costco Wholesale Corp., 971 F.3d 74 (2d Cir. 2020)

- *Issues*: SJ and Fair Use of Trademark
- Facts
  - Charles Tiffany founded Tiffany's in 1837
  - He created a ring with a six-prong diamond setting
  - Now known as a "Tiffany setting" or "Tiffany set" or "style"
  - Costco sold six-prong ring

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TRADEMARK

Tiffany v. Costco

- Placards differed
  - "Tiffany Set" vs "Tiffany"
- Tiffany sued – TM infringement & counterfeiting

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Tiffany v. Costco (cont'd)

- Summary Judgement GRANTED for Tiffany's
  - Rare in Trademark Cases
- Court entered award of
  - $11.1 Million in Profits ($3.7 MM Trebled by Court)
  - $1.8 Million in Tiffany's actual damages
  - $8.25 Million in Punitives

  = $21 Million+

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Tiffany v. Costco (cont'd)

- 2nd Circuit Reversed
  - Issues of Fact as to:
    - Actual Confusion
    - Costco's Good Faith
    - Consumer Sophistication, and thus
    - Overall Likelihood of Confusion
  - Fair Use Defense

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Tiffany v. Costco (cont'd)

- Fair Use Defense
  - Evidence Not Used "as a Mark"
  - Evidence Used Descriptively
    - "over a century's worth of documents suggesting Tiffany…is widely understood to refer to a particular setting"
      - Either alone or in combination with "set" or "setting" or "style"
- Watch for Trial Results on Remand

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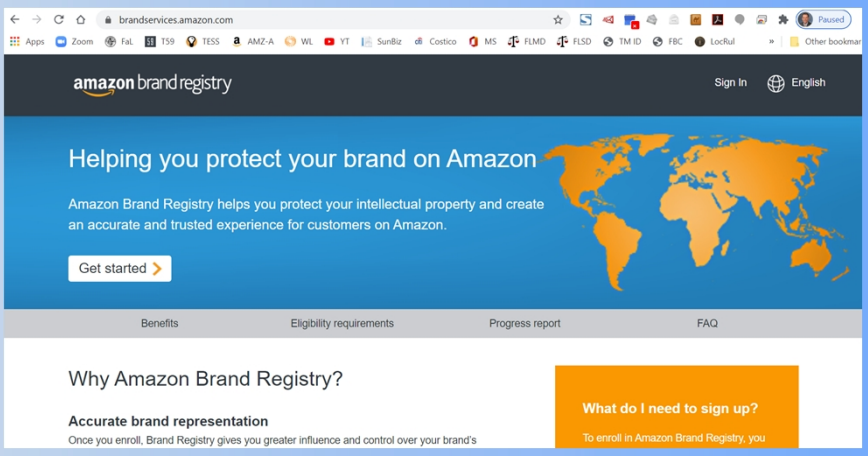
Amazon's Brand Registry



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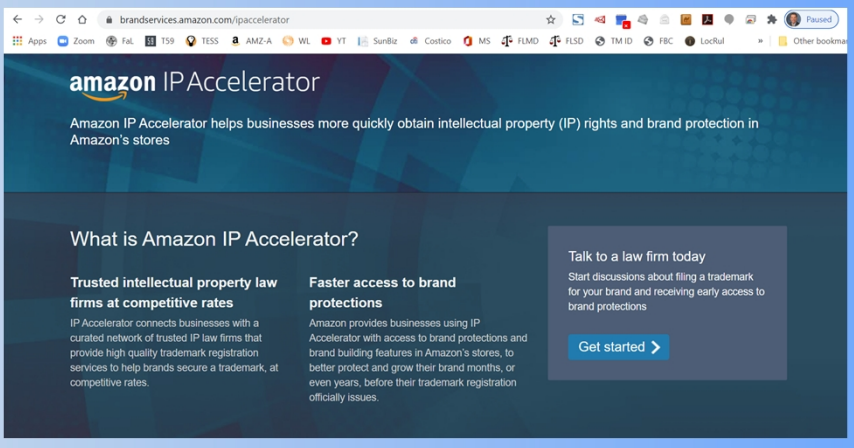
Amazon's IP Accelerator



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Fourth Estate Pub. Benefit Corp. v. Wall-Street.com, LLC, 139 S. Ct. 881, 885 (2019)

- 17 U. S. C. §411(a) requires registration of copyright before holder can file action for infringement
- Circuit Split
  - filed application was sufficient vs
  - Registration required
- *Held*: "Registration" means after Copyright Office reviews and registers the copyright, not when application is submitted

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PATENT

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PATENT

Arthrex, Inc. v. Smith & Nephew, Inc., 941 F.3d 1320 (Fed. Cir. 2019), cert. granted sub nom. UNITED STATES v. ARTHREX, INC

CAFC Held : Having Administrative Patent Judges at PTO issue final decisions on behalf of PTO violates the Appointments Clause of the U.S. Constitution.

- They are "Officers of the United States"
  - Must be appointed by the President with A&C of Senate

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PATENT

Arthrex, Inc. v. Smith & Nephew, Inc.,(cont'd)

CAFC Solution : Prospectively remove APJs from the protections against removal at 5 USC 7513(a).

SCOTUS: Has agreed to hear the case, addressing only these two issues

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PATENT

Helsinn Healthcare S.A. v. Teva Pharm. USA, Inc., 139 S. Ct. 628 (2019)

Issue: Do "secret sales" trigger the "on-sale" bar to patentability set forth at current (AIA) version of 35 USC 102?

- America Invents Act ("AIA") Changes in 2012
  - Pre-AIA - First to Invent
  - AIA - First to File
- Includes change to 35 USC 102 – "on sale bar"

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PATENT
Helsinn Healthcare Teva Pharm (cont'd)

35 USC 102 (pre-AIA)	35 USC 102 (Current)
"A person shall be entitled to a patent unless— the invention was … *in public use or on sale in this country*, more than one year prior to the date of the application for patent in the United States	"A person shall be entitled to a patent unless ... the claimed invention was … *in public use, on sale,* ***or otherwise available to the public*** before the effective filing date of the claimed invention.

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PATENT
Helsinn Healthcare Teva Pharm. (cont'd)

- "Pfaff Rule" for Pre-AIA 35 USC 102
- on-sale bar applies even if the sale does not divulge the details of the invention to the public.
  - It is the commercialization that bars patenting in the on-sale bar, not public disclosure
- Did that change with AIA revision?
- *Helsinn* - two confidential agreements for licensee to distribute in the US
  - Filed Patent Application 2 years later

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PATENT
Helsinn Healthcare v. Teva Pharm. (cont'd)

35 USC 102 (pre-AIA)	35 USC 102 (Current)
"A person shall be entitled to a patent unless— the invention was … *in public use or on sale in this country*, more than one year prior to the date of the application for patent in the United States	"A person shall be entitled to a patent unless ... the claimed invention was … *in public use, on sale,* ***or otherwise available to the public*** before the effective filing date of the claimed invention.

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PATENT
Helsinn Healthcare v. Teva Pharm. (cont'd)

- *Held*: "Secret Sales" trigger one-year deadline to file patent application
  - Takeaway - File Application within one-year of any commercial sale

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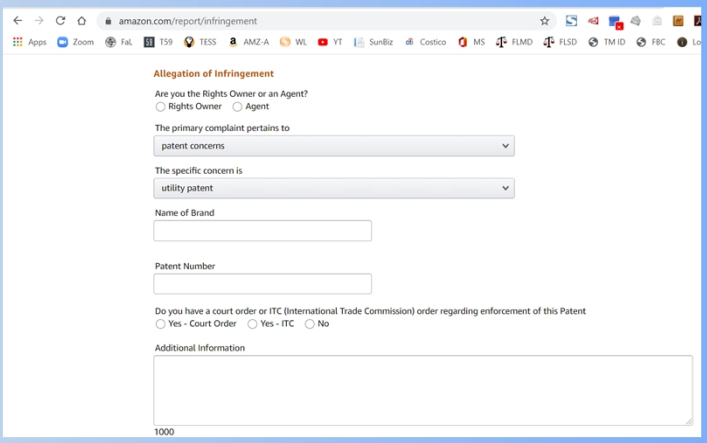
PATENT –
AMAZON'S PATENT NEUTRAL EVALUATION PROGRAM



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THANK YOU

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IP LITIGATION AND MEDIATION THROUGHOUT FLORIDA

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