

DOUBLE-PATENTING

IDEAS ON INTELLECTUAL PROPERTY LAW

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Source: Ant-Like Persistence blog

Families of patents could face more double-patenting challenges

Can a patentee extend a patent term for the same invention by claiming a second patent for claims that aren't "patentably distinct"? This is known as obviousness-type double patenting (ODP). The U.S. Court of Appeals for the Federal Circuit recently resolved a long-standing question about the interplay between ODP challenges and patent term adjustments (PTAs) granted by the U.S. Patent and Trademark Office (USPTO) because of delays in patent processing.

Allowing applicants to benefit from their failure to file a terminal disclaimer would frustrate Congress's intent regarding patent term adjustments.

A THREAT TO THE FAMILY

Collect owns a family of patents related to devices with image sensors that all claim priority from the same application. Four of the patents had different expiration dates because the USPTO granted each a PTA. Another patent that claimed priority from the application didn't receive a PTA and expired 20 years after the application's filing.

None of the patents were subject to "terminal disclaimer" during patent prosecution. With a terminal disclaimer, the patent applicant essentially agrees that the later patent's term won't extend beyond the earlier patent's term.

ODP is based on the principle that an inventor can obtain only a single patent for an invention. An ODP determination depends on whether the claims of the later-expiring patent would've been obvious based on an earlier-expiring patent owned by the same party. If so, absent a terminal disclaimer, the later-expiring claims are invalid.

After Collect sued Samsung for infringement, Samsung asked the USPTO to re-examine the four patents, arguing that the patents were unpatentable based on ODP. The patent examiner found the challenged claims in the four patents were obvious variants of expired reference patent claims.

Normally, a patentee can cure an ODP rejection by filing a terminal disclosure, but Collect couldn't do so because the reference patent had expired. As a result, the ODP rejections invalidated the four patents. The



EQUITY CONSIDERATIONS ARE IRRELEVANT

The U.S. Court of Appeals for the Federal Circuit also dismissed the patentee's equitable arguments against an obviousness-type double patenting (ODP) rejection in *Collect*. (See main article.) *Collect* argued that the equitable concerns underlying ODP, including potential harassment by multiple patent assignees and improper patent term extension, didn't exist here.

But the court found that, because the patents had expired less than six years earlier, the risk remained that multiple assignees would pursue past infringement damages. It rejected *Collect*'s argument that *Collect* had abrogated the risk of such harassment with its promise not to sell its expired patents.

The court also found that *Collect* had indeed received unjustified extensions of patent term. The patent claims were obvious based on a patent that expired 20 years after filing, so any extension beyond that time was inappropriate. And *Collect*'s good faith during patent prosecution didn't entitle it to a patent term to which it wasn't otherwise entitled. A patentee's lack of "gamesmanship" in obtaining a patent term adjustment is insufficient to overcome a finding that the patentee received an unjust timewise term extension.

Patent Trial and Appeal Board (PTAB) affirmed, and *Collect* appealed.

THE EXTENSION QUESTION

Patent term extension (PTE) extends the overall patent term for a single invention because of regulatory delays in product approval (for example, during review by the U.S. Food and Drug Administration). *Collect* argued that, because ODP doesn't negate a validly obtained PTE, the PTAB should hold that ODP also can't negate a PTA. The court has previously held that, when a patent has a PTE, the ODP expiration date is the expiration date *before* the PTE was added.

Collect contended that unpatentability under ODP similarly should be determined based on the expiration dates of the patents *before* any PTA is added. Under this reasoning, if a later patent would've expired on or before the earlier patent's expiration date in the absence of a PTA, the later patent can't be invalid for ODP because it wouldn't have impermissibly extended the earlier patent term.

The USPTO, however, asserted that PTA and PTE should be treated differently when determining whether claims are unpatentable under ODP. The Federal Circuit agreed, noting that PTA and PTE

derive from different statutes and deal with different circumstances. While both are statutorily authorized extensions of a patent term, each has its own independent statutory framework.

According to the Federal Circuit, Congress intended that the filing of a terminal disclaimer in a patent subject to PTA would prevent any patent from being extended beyond the disclaimed expiration date. By contrast, the PTE statutory provision includes no reference to terminal disclaimers.

Allowing applicants to benefit from their failure to file a terminal disclaimer would frustrate Congress's intent regarding PTAs. Thus, the court concluded that ODP for a patent that has a PTA must be based on the patent's expiration date *after* the PTA has been added — regardless of whether a terminal disclaimer is required or has been filed.

FAMILY MATTERS

The court's ruling is bad news for life sciences and other companies that commonly use continuation patents to protect families of patents. It leaves the owners of patents with PTAs more vulnerable to ODP challenges. Such patents now can be invalidated by earlier-expiring patents in the same patent family. □

Does derivative work copyright registration cover unregistered original works?

Copyright registration is a prerequisite for bringing an infringement action. But do you have recourse for an unregistered work if you registered a derivative work? According to a ruling in a case of first impression before the U.S. Court of Appeals for the Ninth Circuit, you might.

CHARTING THE CASE'S COURSE

Doctor Mary Lippitt and her company Enterprise Management Ltd. advise organizations on how to accomplish organizational change. In her more than 40 years in the field, she's developed many materials for presentations and consulting activities on the topic. She eventually distilled the essence of this work into a one-page chart, titled "Managing Complex Change," showing the components necessary for organizational change.

Lippitt testified that the initial version of the chart was included in a collection of presentation materials that she registered with the Copyright Office in 1987. The Office subsequently destroyed its copy of the materials as part of routine practice, though, and Lippitt didn't save a copy either.

In 2000, she registered more presentation materials, including a "derivative" chart, titled "Aligning for Success," based on the initial version. She registered the derivative work again in 2003, as part of a different presentation.

Steve McConnell, CEO of Construx Software Builders, made a YouTube video that incorporated a chart similar to Lippitt's second chart. He subsequently used that chart in his book and business presentations.

Lippitt sued McConnell, alleging infringement of both versions of the chart. Before trial, the court ruled in McConnell's favor regarding the first chart, finding Lippitt failed to show that it was included in the presentation materials she registered in 1987.



A jury returned a verdict for McConnell with regard to the second chart.

BRAVING THE ELEMENTS

On appeal, the Ninth Circuit first found that Lippitt's detailed and consistent declaration and testimony that she included the first chart in 1987 raised a genuine issue of material fact that should've gone to trial. It then weighed whether Lippitt might have an alternative theory of how she registered certain elements of her original chart.

Specifically, the court considered whether a copyright owner who creates an original work, but doesn't register it, and subsequently registers a derivative work, registers the original work's elements that are included in the derivative work. In other words, could Lippitt argue that she registered the elements of the first chart that were also included in the

registered second chart? The court concluded that the answer was yes.

In support of its conclusion, it pointed out that the owner of an original work can register it at any time, and the registration applies to all of the material deposited that constitutes copyrightable subject matter. The court noted that the other federal appellate courts that have addressed the question — the Second, Fourth and Tenth Circuits — have reached the same conclusion.

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It wasn't a disputed fact that Lippitt created the first chart. Further, the parties agreed that:

- Lippitt was the author of the second chart,
- The second chart was a derivative work of the original chart, and
- The second chart included elements of the original chart.

As a result, Lippitt could argue that she registered the elements of the first chart that also were in the second chart — and bring an action for infringement of those elements.

BEGINNING AGAIN

Because Lippitt raised a genuine dispute over whether she registered elements of the first chart by registering the derivative chart, as well as whether she registered the original chart directly in 1987, the Ninth Circuit reversed the trial court's pretrial judgment for McConnell and sent the case back to the trial court for another hearing. It also overturned the jury verdict in his favor because the trial court didn't allow Lippitt to introduce any evidence or argument about the first chart at trial. ■

Ups and downs

Words matter in trademark licensing agreement

A garage door company probably thought its settlement with a competitor over alleged trademark violations left it free from additional lawsuits regarding its use of the competitor's marks. A court ruled otherwise, instead holding that a trademark licensee could sue the company even though its licensing agreement didn't expressly authorize it to do so.

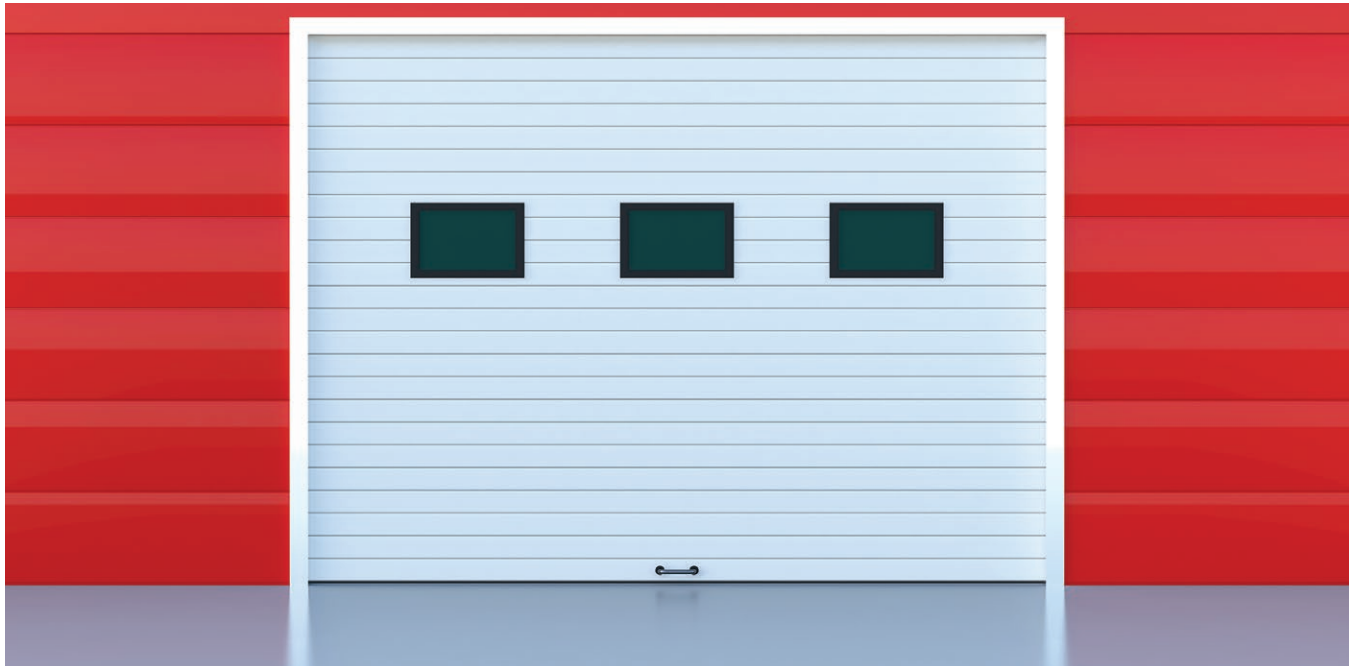
SHUT ONE DOOR...

Garage door company D.H. Pace Company (Pace) had a licensing agreement with Overhead Door Corporation (ODC). As part of the agreement, Pace used ODC's marks. Pace has spent millions of dollars advertising and promoting the marks

through its websites, on social media, through search engines and at trade shows.

Pace sued its competitor Overhead Garage Door (OGD) for violations under the Lanham Act, the federal trademark law, regarding the licensed marks. Additionally, before this lawsuit, ODC and OGD had been in litigation over OGD's alleged trademark infringement and unfair trade practices. The prior litigation eventually settled.

A trial court found that Pace could make a claim against OGD, noting the "scores" of examples of customer confusion and that Pace's goodwill and company reputation fell squarely within the Lanham



Act’s “zone of protection.” Nonetheless, the court dismissed the claim before trial.

It found that Pace couldn’t sue OGD because 1) the licensing agreement didn’t grant Pace a right to sue, 2) Pace was a nonexclusive licensee with insufficient ownership rights in ODC’s marks, and 3) the settlement agreement extinguished Pace’s claims. Pace then turned to the U.S. Court of Appeals for the Eleventh Circuit for relief.

A licensing agreement can limit a licensee’s otherwise broad ability to bring a Lanham Act claim.

...OPEN A NEW DOOR

The appeals court concluded that none of the reasons enumerated by the trial court blocked Pace’s ability to sue OGD. It first found that the trial court erred when it read a ruling in a previous case to mean that a licensing agreement must include a right-to-sue provision before a licensee can bring a Lanham Act claim. Rather, the Eleventh Circuit explained, the earlier case simply acknowledged that a licensing agreement can limit a licensee’s otherwise broad ability to bring such a claim.

The agreement at issue here, though, didn’t contain such a limitation. The court held that without the licensing agreement posing a contractual bar on Pace’s ability to sue, Pace was free to bring a Lanham Act claim.

Pace’s status as a nonexclusive licensee also didn’t bar it from suing OGD. The Eleventh Circuit found that none of the cases the trial court cited in support of its finding to the contrary were binding on the appellate court. They were either from lower-level trial courts or appellate courts in other jurisdictions. Moreover, the facts in those cases were different from those in the present case. For example, the previous cases cited all dealt with trademark registrants, but Pace wasn’t a registrant.

Finally, the Eleventh Circuit disagreed that OGD and ODC’s settlement agreement barred the lawsuit. The agreement specifically stated that it wasn’t binding on “current and future licensees.”

LOOK IN THE REARVIEW MIRROR

While OGD obviously had no input on the licensing agreement, it did have a say in the settlement agreement. Alternative language in the settlement agreement could have blocked the lawsuit it now faces anew. □

Mandatory deposit of copyright works is unconstitutional

To the frustration and annoyance of many, the Copyright Act requires the owner of a copyright in a work to deposit two copies of the work with the U.S. Library of Congress within three months of its publication. Those parties should be encouraged by how the U.S. Court of Appeals for the District of Columbia ruled when it was recently asked for the first time to address the requirement's constitutionality.

PUBLISHER CHECKS OUT OF REQUIREMENT

The question arose in a lawsuit filed by Valancourt Books, a small on-demand publisher of rare and out-of-print fiction. In 2018, it received a letter from the U.S. Copyright Office demanding physical copies of 341 of its published books for the Library of Congress, under threat of fines.

Valancourt responded that it couldn't afford to deposit physical copies and that much of what it published was in the public domain. The Copyright Office narrowed the list of demanded works but continued to threaten a fine for noncompliance.

Valancourt sued the government. It contended that the deposit requirement in Section 407 of the Copyright Act amounted to an unconstitutional taking of its property under the Fifth Amendment of the U.S. Constitution. After a trial court ruled for the government before trial, Valancourt appealed.

COURT TURNS THE PAGE

The appeals court agreed with Valancourt that the Copyright Office's application of Sec. 407 against it was an unconstitutional taking of the publisher's property. The Takings Clause requires the government to provide "just compensation" if it physically acquires private property for a public use.



Requiring physical copies of works is "classic taking," the court said, but copyright owners receive no additional benefit (compensation) from forfeiting works. Mandatory deposit isn't necessary to obtain or maintain copyright protection, which arises automatically.

The court also dismissed the Copyright Office's claim that Valancourt could avoid relinquishing the property by disavowing copyright protection. It pointed out that such an option has never been made known in any regulation, guidance or communication — it was mentioned for the first time during the case. Regardless, the court found that the option couldn't save a demand for property that didn't disclose the option.

NOT NECESSARILY THE FINAL CHAPTER

It's worth noting that the court tied its decision to the particular circumstances of the case: 1) the Copyright Office issuing a demand letter with no option other than surrendering the property or paying a fine, and 2) Valancourt having no indication from any other source of the option to disavow copyright protection. In such circumstances, the court said, a pretrial judgment for the publisher was warranted. ▣

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