Litigation

During FY 2000, there were a total of 65 ex parte appeals taken from decisions of the Board of Patent Appeals and Interferences (Board), the Trademark Trial and Appeal Board (TTAB), and 12 civil actions filed against the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (Director). There were 37 inter-partes appeals from USPTO Board decisions taken to the Court of Appeals for the Federal Circuit. Most of the opinions entered by the Federal Circuit and the district courts involving the USPTO were not precedential. This section highlights some of the significant precedential rulings of FY 2000.

Supreme Court - Product Design Not Inherently Distinctive

The United States participated as amicus curiae in *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 54 USPQ2d 1065 (2000). The Respondent, Samara Bros., a designer of children's clothing, filed suit in federal district court alleging that Wal-Mart's selling of a "knockoff" line of clothing constituted, inter alia, infringement of unregistered trade dress under § 43(a) of the Lanham Act. The jury found for Samara Bros. and the district court judge denied Wal-Mart's renewed motion for judgment as a matter of law. Wal-Mart argued that there was insufficient evidence to establish that Samara Bros.' clothing had acquired distinctiveness under § 43. The appeals court affirmed the district court and certiorari to the Supreme Court was granted. The Supreme Court held that a product design, like a color, could not be inherently distinctive, but that it could become distinctive if it developed secondary meaning. The Court reversed and remanded the case because in an action for infringement of an unregistered trade dress under the Lanham Act, Samara Bros. was required to show that its products' design had acquired secondary meaning.

Anticipation - Sufficiency of Board Opinion

In *In re Hyatt*, 211 F.3d 1367, 54 USPQ2d 1664 (Fed. Cir. 2000), the Federal Circuit affirmed the Board's decision rejecting four claims as anticipated by a prior art reference. The claimed invention related to curing the problem of defects in a display system. The Federal Circuit found the Board's decision, although not lengthy, sufficient for judicial review since it provided the Court with a basis for rejecting each of the four claims. The Court agreed with the Board that the prior art reference taught each claim limitation for all four claims. The Federal Circuit also noted that Hyatt was precluded from raising one argument because it was not raised in a timely manner before the Board.

Standard of Review

In *In re Gartside*, 203 F.3d 1305, 53 USPQ2d 1769 (Fed. Cir. 2000), the Federal Circuit held that the Board's factual findings relating to its determination that Gartside's claims were unpatentably obvious were supported by substantial evidence. This case is important in that it was the first case to unequivocally state that the Board's factual determinations will be upheld unless unsupported by substantial evidence.

Gartside's claims were directed to a cracking process that generated low molecular weight, purified hydrocarbons. Gartside copied claims of a patent to Forgac into his application in order to provoke an interference. During the interference, the Board determined that Gartside's claims were unpatentable as obvious over a previous patent issued to Gartside in view of other cracking prior art.

The Federal Circuit noted that the Supreme Court in *Dickinson v. Zurko*, 527 U.S. 150, 50 USPQ2d 1930 (1999), held that the Court must apply one of the standards set forth in the Administrative Procedure Act (APA) when reviewing the Board's decisions. After detailing the various standards available under the APA, the Federal Circuit decided that substantial evidence was the appropriate standard to apply. After reviewing the factual evidence before the Board, the Court determined that substantial evidence supported the Board's findings on obviousness. The Court held that all of the elements of Gartside's claims were indeed found in the prior art and that one of ordinary skill in the art would be motivated to combine the references.

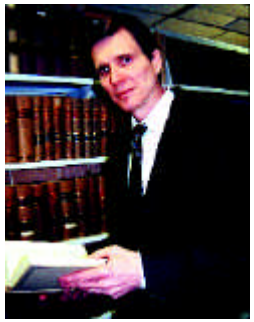
In addition, the Court found that the Board did not err in maintaining jurisdiction over the interference proceeding despite the withdrawal of the junior party. The Court relied on case law that requires the Board to decide all issues fairly raised and fully developed during the interference despite the fact that one party withdraws. Here, all of the facts concerning patentability had been adduced at the time the junior party withdrew and therefore the Board properly made the patentability determination of Gartside's claims. Furthermore, the Court found that by resolving both priority and patentability when these questions were fully presented settles not only the rights before the parties but also rights of concern to the public.

Trademark - Geographical Misdescriptive

In *In re Wada*, 194 F.3d 1297, 52 USPQ2d 1539 (Fed. Cir. 1999), the Federal Circuit affirmed the TTAB's refusal to register NEW YORK WAYS GALLERY for various kinds of leather bags, luggage, backpacks, etc., as primarily geographically deceptively misdescriptive. Wada argued that the primary significance of the mark is not geographic. Instead, Wada claimed that the mark evokes a gallery featuring New York "ways" or "styles." The Federal Circuit upheld the TTAB's findings that (a) the primary significance of the mark is geographical, (b) New York is well-known as a place where leather goods and handbags are designed and manufactured, and (c) Wada had failed to refute the goods/place association between New York and the identified goods. The Federal Circuit rejected Wada's argument that disclaiming the term NEW YORK should permit registration as a whole, noting that the public would still be likely to mistakenly believe that products bearing the mark are connected with New York. The Federal Circuit affirmed the TTAB's holding, based on the NAFTA amendments to the Lanham Act and the USPTO's policy stated in an Official Gazette notice, that geographically deceptively misdescriptive marks are no longer registrable under any circumstances, even with a disclaimer.

Trademark - Laudatory Mark Merely Descriptive

In *In re The Boston Beer Co.*, 198 F.3d 1370, 53 USPQ2d 1056 (Fed. Cir. 1999), the Federal Circuit affirmed the TTAB's refusal to register the mark THE BEST BEER IN AMERICA on the principal register. In affirming the TTAB, the Federal Circuit held that registration on the principal register was properly refused on the grounds that (a) Boston Beer failed to show that the phrase has acquired secondary meaning, and (b) the phrase is so highly laudatory and descriptive of the qualities of its product that the slogan does not and could not function as a trademark to distinguish Boston Beer's goods and to serve as an indication of origin.



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