



Lackebach Siegel Client Alert

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Trademarks, Domain Names and the Internet



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With the growth and popularity of the Internet, an increasing number of individuals and corporations are being sued for trademark

infringement. As the Internet domain name registries continue to grow, the importance of trademark searching and protection cannot be overstated.

Due diligence requires trademark searching prior to the adoption and use of a trademark or service mark. Good sense dictates the filing of a federal trademark application promptly after the receipt and review of your trademark search report. While a good written legal opinion letter can be of considerable value in ³close call² situations, the opinion letter will have little value if you wait several months to file a federal trademark application and a third party files a federal trademark application in the interim.

Moreover, it is extremely advisable to register your proposed trademark or service mark as an Internet domain name as soon as possible. If your new trademark or service mark takes off and becomes a hit, it would be a shame if you lose the opportunity to use it as an Internet domain name as well. Registering Internet domain names is easy (if the name is available), and can be done at networksolutions.com or by contacting our office.

Did you know that if you form a corporation without conducting a trademark search, you are exposing yourself to a potentially significant liability? The reason is simple. The fact that one of the fifty state Secretary of State offices in the United States accepts your business name as a corporate name does not mean that you are free to use that name in commerce to identify products or services. The Secretary of State offices do not clear names for trademark or service mark use, nor do they evaluate or assess the risks associated with such use.

Some points to consider:

1. The ³vast majority of courts have stated that the acceptance of a corporate name by a state agency will be given **no judicial weight at all** in litigation over rights to the name.² 1 J.T. McCarthy, McCarthy on Trademarks and Unfair Competition, §9:8 (4th ed. 2000).
2. The mere fact that you have obtained a certificate of incorporation for a particular business name is **no defense²** to a trademark infringement claim based upon prior actual use of that - or any confusingly similar - name, as a trademark, in commerce. Id. citing United States Ozone Co. v. United States Ozone Co., 62 F.2d 881 (7th Cir. 1932).
3. A ³state does not pass upon the legality of a corporate name by merely permitting incorporation under that name.² Hulburt Oil & Grease Co. v. Hulburt Oil & Grease Co., 371 F.2d 251 (7th Cir. 1966), cert. denied, 386 U.S. 1032 (1967).
4. Some states actually codify this rule, and clearly declare that approval by the Secretary of State of a business name does not determine the legal right to use that name as a trademark.
5. A company is ³**well advised** to obtain a preliminary determination as to possible conflict with previously applied-for marks, registered marks and used marks . . . **to avoid liability for infringement and expensive and time-consuming legal battles²** over prior and potentially superior rights. 3 J. T. McCarthy, McCarthy on Trademarks and Unfair Competition, §19:6 (4th ed. 2000).

We can help you do **your due diligence**. Our trademark searches and considered advice can provide you with a preliminary indication as to whether or not a proposed trademark, service mark, Internet domain name, or business name may encounter a potential conflict or infringement problem.

The benefits of doing ***your due diligence*** and protecting your marks far outweigh the relatively nominal costs. When it comes to trademarks and the Internet, it pays to be proactive. The Internet is the next business frontier. Protection of corporate assets, e.g. your trademarks, domain names, etc. is paramount.

To discuss these issues further, please contact: haronson@LSLLP.com or glandau@LSLLP.com

THE SUPREME COURT GIVETH AND TAKETH AWAY - THE DOCTRINE OF EQUIVALENTS AFTER FESTO

By Myron Greenspan (mgreenspan@LSLLP.com)

Throughout its history, the patent law in the United States has placed an important emphasis on the language (in particular the claims) in a patent to define the scope of the invention of as a measure of the exclusive rights granted by a patent. However, the constitutional provision that Congress shall have the power to "promote the progress of science..." has engendered a public policy that inventors be given a strong incentive to conceive new inventions and disclose them to the public.

Early practice in the United States, even before the 1836 Patent Act, was to claim the invention in general terms—often "substantially as herein described." In assessing infringement a defendant could not escape infringement by the substitution of "well known equivalents." As early as 1853, the Supreme Court held that a mere change in the form of the patented product that does not essentially vary the nature of the product or its mode of operation or organization will not justify its use without the consent of the patentee. *O'Reilly v. Morse*, 56 U.S. 62, 123 (1853). In *Winans v. Denmead*, 56 U.S. 330 (1853) the Supreme Court rendered its first decision using the doctrine of equivalents ("DOE") to do serious damage to the literal meaning of the language of a patent claim. The DOE was re-affirmed in modern patent law in *Graver Tank & Mfg. Co. v. Linde Air Products Co.*, 339 U.S. 605 (1950). The Court stated:

In determining whether an accused device or composition infringes a valid patent, resort must be had in the first instance to the words of the claim. If accused matter falls clearly within the claim, infringement is made out and that is the end of it.

But courts have also recognized that to permit imitation of a patented invention which does not copy every literal detail would be to convert the protection of the patent grant into a hollow and useless thing...Outright and forthright duplication is a dull and very rare type of infringement. To prohibit no other would place the inventor at the mercy of verbalism and would be subordinating substance to form. It would deprive an inventor of the benefit of his/her invention and would foster concealment rather than disclosure of inventions, which is the primary purpose of the patent system.

The doctrine of equivalents evolved as a remedy of an equitable nature in response to this experience. The essence of the doctrine is that one may not practice a fraud on a patent... The doctrine operates not only in favor of the patentee of a pioneer or primary invention, but also for the patentee of a secondary invention consisting of combination of old elements or ingredients which produce new and useful results or a new combination..

The Supreme Court, in *Graver Tank*, indicated that Equivalence (under the DOE), in the patent law, is not a prisoner of a formula and must not be considered in a vacuum. However, the court clearly approved the judicially created DOE to prevent an accused infringer from avoiding liability for infringement by changing only minor or insubstantial details of a claimed invention while retaining the invention's essential identity. In affirming these goals, however, the court also recognized that the DOE attempts to strike a balance between ensuring that the patentee enjoys the full benefit of his patent and ensuring that the claims give "fair notice" of the patent's scope. This is not unlike the carefully worded language staking out or precisely defining the boundaries of a piece of land in a deed. This balance, however, can be easily upset because the DOE, when broadly applied, conflicts with the definitional and public-notice functions of the statutory claiming requirements.

One of the considerations that has evolved in the application of the DOE is

"prosecution history estoppel", which prevents the DOE from vitiating the notice function of claims. Prosecution history estoppel precludes a patentee from claiming protection under the DOE for subject matter that had been relinquished during the prosecution of an underlying patent application that matures into a patent being enforced in a patent infringement litigation. In essence, one cannot re-capture that which has been given up during prosecution before the U.S. Patent and Trademark Office. Therefore, the Supreme Court has stated that the DOE is "subservient to prosecution history estoppel." The logic of prosecution history estoppel is that the patentee, during prosecution, has created a public record that fairly notifies the public that the patentee has surrendered the right to claim particular matter as within the reach of the patent.

Because the DOE is a complicated one to apply and entails a fair amount of subjectivity, it has consistently over the years been under attack. A major recent clarification of the DOE by the Supreme Court was contained in *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*, 520 U.S. 17 (1997). The Court dismissed the arguments of the alleged infringer that the DOE, as established in *Graver Tank*, was abrogated in the most recent codification of the patent laws (1952 revisions of the Patent Act—Title 35 of the United States Code). While giving the DOE another breath of air, the Court nevertheless noted its concern the "the doctrine of equivalents, as it has come to be applied since *Graver Tank*, has taken on a life of its own." However, the Court rejected the argument that the reason for an amendment during patent prosecution is irrelevant to any subsequent estoppel. It noted that traditionally estoppel was tied to amendments to avoid the prior art, and saw no compelling reason for requiring a more rigid rule for invoking estoppel regardless of the reasons for an amendment or change to the claims as proposed by *Hilton Davis*. Yet, in a major tightening of the DOE the Supreme Court held that "where no explanation is established,...the court *should presume* that the patent applicant had a substantial reason related to patentability for including the limiting element added by the amendment." Under those circumstances, prosecution history estoppel would bar the application of the DOE of equivalents as to that element.

It is interesting to note that the DOE is judicially created as an equitable (fair) doctrine, and notwithstanding the many years of its existence has never been codified by Congress. Thus, while the Patent Act makes reference to the term "equivalents" in 35 U.S.C. §112, ¶6, as being included within the scope of a "means for...(performing a given function)" phrase, permitted by the statute as an alternate to the recitation of a specific element recited in a claim, the range of such equivalents is significantly limited to equivalents that have the *identical* function as the recited means phrase, and

these are only to be included in a literal infringement analysis. Thus, the statutory provision has very little, if anything, to do with the traditional DOE. Not bound by statutory provisions, the Supreme Court can, in theory, drastically modify, restrict or even eliminate the DOE if public policy considerations warrant it. For now, at least the Court of appeals for the Federal Circuit ("CAFC") appears to be ready to effect a major retrenchment on the applicability of the DOE to severely limit the use of the DOE pending the final word of the Supreme Court.

In a very recent decision, *Festo Corporation v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 234 F.3d 558 (Fed. Cir. 2000), the CAFC, on remand by the Supreme Court and on rehearing en banc, reversed a decision of the District Court of Massachusetts that one of two patents in suit was infringed. The majority decision, by Circuit Judge Schall, was further elaborated upon by six additional opinions filed by circuit judges who concurred or concurred in part and dissented in part.

Although the *Festo* decision is a lengthy one, the CAFC tried to fully implement the letter and spirit of the Supreme Court's decision in *Hilton Davis* and held that while that decision focused on amendments made to overcome or avoid the prior art there are a number of statutory requirements that must be satisfied before a valid patent can issue and that thus relate to "patentability". The CAFC perceived the "notice" function of claims to be sufficiently important that it decided that prosecution history estoppel should also arise from amendments made for other "non-prior art" reasons related to patentability. Thus, the court held, substantial reasons related to patentability include 35 U.S.C. §§ 101 (statutory subject matter and utility), 112 (enablement and definiteness) as well as 102 (novelty) and 103 (obviousness). However, the principle still remains that an amendment, *per se*, does not always preclude infringement by equivalents of that element. Thus, if a patent holder can show, from the prosecution history, that the claim amendment was not motivated by patentability concerns, the amendment will not give rise to prosecution history estoppel.

The CAFC also held that voluntary as well as examiner-required amendments narrowing the scope of a claim, for reasons related to statutory requirements, will give rise to prosecution history estoppel as to the amended claim element. Both forms of amendments, the court reasoned, signal to the public that subject matter has been surrendered, either because the examiner or the applicant were of the opinion that the original claim(s) were unpatentable under the statute. The court noted that in *Warner-Jenkinson* the amendment to the claims had been voluntary and the Supreme Court found prosecution history estoppel.

A less predictable and more significant part of the *Festo* decision concerns the range of equivalents available for an amended claim element. Since the Supreme Court had not fully addressed the range of equivalents that is available once prosecution history estoppel is determined to be applicable, the CAFC decided to remedy the confusion that its own decisions had created. The CAFC had, over the years, developed two lines of authority—the so-called "flexible bar" approach and the "strict bar" approach. In the "flexible bar" approach a court recognize that amendments to the claims did not invariably preclude all equivalents, while under the "strict bar" approach a court refused to speculate whether a narrower amendment would have been allowed by the examiner. While most CAFC panels followed the "flexible bar" approach in appellate decisions from 1984 to 1997, the full court found numerous reasons for dropping the "flexible bar" approach in favor of the "strict bar" approach. Such reasons include the difficulty in predicting the outcome with the flexible bar approach. Further, the strict bar approach is easier to apply, more workable, and results in better notice function. As between the inventor and the public, it is clearly within the discretion of the inventor as to whether to amend the claims. If the inventor disagrees with the examiner the inventor can appeal from a rejection. Thus, amendments made by the inventor "must be strictly construed against the inventor and in favor of the public. The court concluded that while a flexible bar standard may provide an inventor some benefit of the doubt as to what has been disclaimed, a complete bar best serves the notice requirements of claims. The court confirmed that the purpose of claims is not only to define the scope of protection for the invention and to secure to the inventor all to which he is entitled but to also apprise the public of what is still open to them by providing the public, and the patentee, with definite notice as to the scope of the claimed invention. No more need for speculation—and potentially expensive and uncertain litigation to determine the range of equivalents.

Four of the judges strongly dissented from the majority's decision to drop the "flexible bar" approach in determining the range of equivalents. The dissenting judges felt that the "flexible" approach was more fair to the patent owner. One called the "no equivalence" rule a fail safe method to allow a copyist to use an invention without liability. As one of the concurrent opinions has stated the dropping of the "flexible bar" approach is "a second best solution to an unsatisfying situation." Because of the strong dissenting opinions on this issue it is that more likely that the Supreme Court will review the case on certiorari.

The *Festo* case still leaves many questions unanswered. What happens

when a claim is amended to be substantially coextensive with another claim of record which has not been amended? Which claim controls and to what extent does the DOE apply? Also, when does a patentee lose the benefit of the DOE when an amendment to a claim is made due to "a substantial reason related to patentability." When are certain minor changes made solely for purposes of clarification "related to patentability"? A claim that is otherwise definite under the statute may lose the benefit of the DOE if clarifications are made by the applicant or requested by the examiner. Will this include grammatical, idiomatic, syntax and/or spelling corrections? If such changes are made the applicant will need to be very clear and explain why the changes have been made and that they were not made for reasons related to patentability. Under both *Hilton Davis* and *Festo* an unexplained amendment will be presumed to have been made for patentability purposes.

It is not clear if *Festo* is a signal that the DOE is on its last leg. It is also unclear if *Festo* will be affirmed by the Supreme Court on its dropping of the "flexible bar" approach. What is most unclear, however, is how this decision will impact on inventors and industry and, ultimately, on the economy. One thing is clear. The courts have concluded that the DOE as it has existed has not served the public or even inventors well. The pendulum has swung to the other end, where it is likely to stay until the full impact of the new approach can be better evaluated.

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