

**FEDERAL CIRCUIT SUMMARY FOR WEEK ENDING NOVEMBER 15, 2019****In re Copeland-Smith, No. 2018-1968 (November 12, 2019) (nonprecedential); Trademark Application No. 85/498,107.****Key point(s):**

- Generic terms are generally not enough to distinguish a mark from another mark.
- Evidence of third-party use bears on the strength of a mark, but the third-party use must be in a related field of use.

**Facts/Background:** Copeland-Smith had a registered trademark BEAST MODE SOCCER for “coaching services in the field of soccer; providing group coaching and learning forums in the field of soccer.” He started selling merchandise (e.g., t-shirts, soccer balls) and filed for the mark BEAST MODE SOCCER (TM Application No. 85/498,107) for “T-shirts” and for “sporting goods and equipment for soccer training, namely, balls.”

The Examining Attorney refused registration of the mark because of likelihood of confusion with BEAST MODE owned by retired NFL football player Marshawn Lynch (U.S. Reg. 3,650,781 for “T-shirts” and U.S. Reg. 4,254,213 for “Men’s, women’s and children’s clothing, namely, shirts, sweatshirts; headwear, namely hats, caps.”). Copeland-Smith argued that Lynch’s marks are “weak due to the existence of multiple third party uses and registrations of trademarks featuring BEAST MODE” and submitted examples. The Examining Attorney did not agree and entered a final refusal. The Board affirmed.

**Holding:** Affirmed. The Board and the Federal Circuit looked at the DuPont factors, and while the Board looked at factors 1-4, 6-8, Copeland-Smith appealed only factors 1 and 6.

**Factor 1 (Appearance, Sound, Connotation, Commercial Impression):** The mark incorporates the entirety of Lynch’s BEAST MODE mark and adds only the disclaimed word SOCCER, which was not enough to distinguish as it was a generic term in terms of appearance, sound, connotation, and commercial impression. Copeland-Smith argued that Lynch’s marks are associated with Lynch’s personal nickname during his NFL career, and that there is no association with soccer. The Board found the registered marks were not restricted to football-themed clothing and that BEAST MODE had more meanings to the consumer than an association with Lynch.

**Factor 6 (Number and Nature of Similar Marks with Similar Goods):** Copeland-Smith argued that “Beast Mode” is a well-known phrase referring to “high effort or energy in exercise or sports” and points out 31 third-party uses, 3 third-party registrations, and 15 third-party applications with the term “Beast Mode.” The Board found that the evidence was too far removed from the relevant fields of use for the marks at issue, and thus did not show that Lynch’s mark was weak.

The Federal Circuit held that the DuPont factors 1-4, 6-8 weighed in favor in likelihood of confusion and held that the Board’s finding were supported by substantial evidence.

**Galperti, Inc. v. Galperti S.R.L., No. 2019-1150 (November 13, 2019) (nonprecedential); Trademark Reg. No. 3,411,812**

**Key point(s):**

- In a claim for fraud on the Trademark Office, a “substantially exclusive” use does not merely involve any other use of the mark, but the use of the mark has to be “significant.”

**Facts/Background:** Galperti, Inc. (a Texas corporation) (Appellant) and Galperti SRL (an Italian LLC) (Appellee) both manufacture and sell metal flanges and related products. In April 15, 2008, Appellee obtained a trademark registration for the mark GALPERTI in “in standard characters for ironmongery in the form of metal hardware, namely, flanges, ring-shaped fittings of metal, and forgings” with a priority date of September 26, 2006 based on an Italian registration application. Appellee claimed that the mark was distinctive, meaning that it had used the mark exclusively and continuously for at least 5 years before September 26, 2007.

Appellant petitioned for cancellation of the mark based on (1) its own use of the mark predating Appellee’s rights, and (2) the registration of the mark was allegedly being based on fraud because Appellee knew about Appellant’s use of the mark.

The Board concluded that Appellant did not show by a preponderance of the evidence that it had rights in the mark prior to September 26, 2006 (the priority date of its foreign registration), and also disagreed with the argument regarding priority in the mark as a trade name. The Board rejected the argument as the issue was not included in the Petition to the Board and not tried by implied consent. The Board pointed out that Appellee “was not put on notice” that Appellant was attempting to try the trade name issue. The Board found that “even if Appellee aware of Appellant’s presence . . . that did not make its claim of substantial exclusive use ‘per se false.’”

**Holding:** Affirmed-in-part, Vacated-in-part. Appellant argued that the Board should have considered Appellant’s use of the mark prior to April 15, 2008 (Appellee’s US registration date). The Federal Circuit held that the Board was correct in using the September 26, 2006 date as the U.S. registration date applies to a trademark infringement analysis, not to a cancellation proceeding. In a cancellation proceeding, Appellant needed to have shown its use of the mark prior to Appellee’s priority date of September 26, 2006, despite it being the priority date from the Italian registration application. Accordingly, the Federal Circuit affirmed that Appellant did not prove priority in the mark.

The Federal Circuit held the Board erred in analyzing the fraud claim. From 2005 to late 2006, Appellant and Appellee were involved in a trademark dispute in Texas related to the usage of the GALPERTI mark. The managing director of Appellee was deposed in the Texas case, confirmed her awareness of Appellant and its use of the mark. Less than a year later, the manager director submitted a declaration to the USPTO of “substantially exclusive and continuous” use of the GALPERTI mark. While the Board did correctly conclude that Appellee was aware of Appellant, the Board erred in the “substantially exclusive” analysis because it did not analyze whether Appellant’s use of the mark was “significant” enough to make Appellee’s claim false, or whether it was “inconsequential” such that Appellee’s claim of “substantially exclusive” use was not false. Accordingly, the Federal Circuit vacated and remanded this portion of the Board’s decision concerning fraud.

**Columbia Sportswear N.A., Inc. v. Seirus Innovative Accessories, Inc., Nos. 2018-1329, 2018-1331, 2018-1728 (November 13, 2019) (precedential) (3-0); Patent Nos. 8,453,270, D657,093**

**Key point(s):** While the district court can find waiver based on litigation conduct, it can excuse waiver because of an intervening change in the law.

**Facts:** Columbia owns U.S. Patents Nos. 8,453,270 ('270 patent) and D657,093 ('093 patent). The '270 patent is a utility patent directed to materials that use a pattern of heat-directing elements coupled to a base fabric to manage heat through reflection or conductivity. The '093 patent is a design patent drawn to the "ornamental design of a heat reflective material." Columbia sued Seirus in D. Oregon, and Seirus moved to dismiss for improper venue or alternatively transfer to S.D. California (which was denied). The Oregon court granted summary judgment of infringement of the '093 patent. After *TC Heartland*, Seirus moved again to transfer the case (which was granted). The case was transferred to S.D. California, and in that court, a jury determined that claims 2 and 23 of the '270 patent were invalid as anticipated and obvious. Both parties filed post-trial motions for JMOL and for a new trial, which were denied.

**Holding:** Affirmed-in-part, Reversed-in-part, and Remanded. Columbia argued that the district court erred in denying its motion for JMOL that the '270 was not anticipated and not obvious, and a new trial was warranted on the validity issues of the '270 patent. Seirus cross-appealed the grant of summary judgment of infringement. The Federal Circuit agreed that substantial evidence supports the jury verdict of obviousness, and so did not address Columbia's anticipation arguments. Columbia argued that Fottinger fails to disclose the placement of (1) "discrete heat directing elements," (2) "each individually coupled" to a base material, on the "innermost surface" of a garment. The appellate court agreed with the district court that the jury was allowed to rely on Fottinger's disclosed "discontinuous coating comprising a binder and metal powder" as the claimed "discrete heat directing element," and on Fottinger's disclosure that the coating is "on at least one face" and could be used as "lining fabrics for articles of clothing" to mean that Fottinger's coated face was on the innermost surface of a garment.

Columbia also argued that the district court should have included jury instructions on ranges, but the Federal Circuit held that this did not matter because the jury found the claims obvious under other jury instructions. Columbia also argued that Seirus's expert provided false testimony with regard to Fottinger's ranges, but the Federal Circuit held that the jury could have verified the testimony, so the expert's misstatements did not warrant a new trial.

On cross-appeal, the Federal Circuit held that the Oregon court erred in granting summary judgment. The district court improperly declined to consider the effect of Seirus's logo in its infringement analysis. The district court also resolved a series of disputed fact issues that should have been tried to a jury (*e.g.*, design patent infringement, identity of the ordinary observer).

Columbia challenged the transfer of the case to California, asserting *TC Heartland* only excused rule-based waiver, not litigation conduct-based waiver. The district court had initially denied the dismissal/transfer motion because (1) Seirus's litigation conduct amounted to waiver of an objection to venue and (2) Seirus had filed a Rule 12 motion without challenging venue. However, the district court excused Seirus's waiver because of *TC Heartland*. The Federal Circuit held that the district court had *authority* to find waiver outside of the context of Rule 12, but did not prohibit a district court from excusing litigation conduct-based waiver based on an intervening change in the law.

**Koninklijke KPN N.V. v. Gemalto M2M GMBH., Nos. 2018-1863, 2018-1864, 2018-1865 (November 15, 2019) (precedential) (3-0); Patent Nos. 6,212,662**

**Key point(s):**

- A claim directed to improving the functionality of one tool (e.g., error checking device) in an existing system (e.g., data transmission error detection system) does not necessarily need to recite how that tool is applied in the overall system (e.g., to perform error detection) to constitute a technological improvement that is patent-eligible.

**Facts:** Koninklijke KPN N.V. (KPN) owns U.S. Patent No. 6,212,662 ('662 patent), and sued Gemalto and others (collectively, "Gemalto") for patent infringement. Gemalto filed a Rule 12(c) motion alleging that the '662 patent was ineligible under § 101. The district court granted the motion, concluding that the claims recite no more than mere abstract data manipulation operations, such as "reordering data and generating additional data." The district court focused its analysis on claim 1. Under *Alice* step 1, the district court found that claim 1 of the '662 patent was directed to the "abstract idea of reordering data and generating additional data," and did "not say how data is reordered, how to use reordered data, how to generate additional data, how to use additional data, or even that any data is transmitted." Under *Alice* step 2, the district court found KPN's "purported inventive concept [was] *not captured in the claims.*" This appeal followed.

**Holding:** Reversed. On appeal, KPN only challenged the district court's ineligibility decision with respect to dependent claims 2–4. Under *Alice* step 1, the Federal Circuit held that the claims were directed to an improved check data generating device that enables a data transmission error detection system to detect a specific type of error that prior art systems could not. The dependent claims required modifying a permutation "in time" for varying original data used for generating check data. By requiring that the permutation applied to original data be modified "in time," claim 2, from which claims 3 and 4 depend, recites a specific implementation of varying the way check data is generated that improves the ability of prior art error detection systems to detect systematic errors. Gemalto argued the claims are ineligible because they fail to recite a last application step that uses the generated check data to actually perform error detection. However, the Federal Circuit held that a "claim that is directed to improving the functionality of one tool (e.g., error checking device) that is part of an existing system (e.g., data transmission error detection system) does not necessarily need to recite how that tool is applied in the overall system (e.g., perform error detection) in order to constitute a technological improvement that is patent-eligible." What is more important is a specific means or method that improves the relevant technology or is directed to a result or effect.

Gemalto did not dispute that varying the way check data is generated provides an improvement to an existing technological process, and instead argued that the improvement is not adequately captured in the claims because the claims fail to tie the permuted data with the generation of new check data. However, the Federal Circuit disagreed.