

FEDERAL CIRCUIT SUMMARY FOR WEEK ENDING DECEMBER 13, 2019**Bank v. Al Johnson's Swedish Restaurant & Butik, Inc., No. 2019-1880 (Dec. 9, 2019) (nonprecedential); Trademark Reg. No. 2,007,624****Key point:**

- A party must have a real interest and a reasonable basis for a belief of damage in order to have standing in a trademark cancellation proceeding.

Facts/Background: Mr. Bank filed a petition with the USPTO Trademark Trial and Appeal Board to cancel Swedish Restaurant's registration of trade dress consisting of "goats on a grass roof." The sole ground for the requested cancellation was that the registered trade dress was demeaning to goats, which offended him. The Board granted Swedish Restaurant's motion to dismiss for lack of standing, because Mr. Bank did not plead that he has any right or interest in the trade dress, his pleading of standing was vague and did not relate to the trade dress, and he did not allege that he had a reasonable belief of harm.

The Board invited Mr. Bank to amend his petition to cancel to show proper standing, but he did not do so. Accordingly, the petition was dismissed with prejudice.

Holding: Affirmed. Mr. Bank's argument—that "goats on a grass roof" is a disparagement to him because he values the "respect, dignity and worth of animals"—was foreclosed by the *Matal v. Tam* Supreme Court case (137 S. Ct. 1744, 1764 (2017)). Thus, the disparagement theory was not proper grounds for the petition itself, let alone grounds to support standing.

To establish standing in a trademark opposition proceeding, the opposer must demonstrate: (1) a real interest in the proceedings, and (2) a reasonable basis for a belief of damage. In order to establish a real interest, the opposer must have a direct and personal stake in the outcome of the opposition. However, Mr. Bank's only stake relates to disparagement, which is no longer grounds for cancellation under the *Tam* case. Additionally, the opposer must plead allegations sufficient to show a reasonable basis the assertion of damage. However, Mr. Bank did not explain how, after *Tam*, taking offense at something demeaning to goats could be a reasonable basis for asserting damage. Accordingly, the Board properly dismissed for lack of standing.

Mr. Bank also advanced several additional counterarguments on appeal that the Board misapplied the law on standing in various ways. These counterarguments were similarly without merit.

Finally, on motion of Swedish Restaurant, the Federal Circuit awarded costs and fees for Mr. Bank's frivolous appeal. Even though he was pro se, Mr. Bank is an attorney, and his only theory was based on an unconstitutional and stricken section of the Lanham Act.

In re Greenstein, No. 2019-1520 (Dec. 10, 2019) (nonprecedential); Patent Application No. 14/088,593**Key point:**

- The complexity of a financial management system has no bearing on whether claims directed to the system are patent-eligible under § 101.

Facts/Background: The claims of Mr. Greenstein's '593 application were directed to a computer-conducted method of assigning and managing the rights to receive taxes when amounts or disbursed from tax-advantaged accounts for which a prior deduction has been received. On examination, the claims were rejected under 35 U.S.C. § 101 as directed to patent-ineligible subject matter, 35 U.S.C. § 112(b) for indefiniteness, and 35 U.S.C. § 103 for obviousness. The Patent Trial and Appeal Board affirmed the §§ 101 and 112(b) rejections, but reversed the § 103 rejection because the claim scope could not be reasonably ascertained.

Holding: Affirmed on the § 101 rejection. The Federal Circuit found that the Board properly applied the two-part test of *Alice*. That is, the Board properly found that the claimed methods for managing future payment rights was a fundamental economic practice and therefore an abstract idea under the first prong of *Alice*. The Board also properly found that the claims do not add anything to transform the abstract idea into patent-eligible subject matter under the second prong of *Alice*, because the recited computer elements were generic computers performing generic computer functions without improving the computers' capabilities.

Mr. Greenstein argued that the Board ignored specifics of the claims. The Federal Circuit disagreed, noting that the Board stated that each of the particular limitations regarding managing, tracking, and transferring payments could be performed by a human using pen and paper.

Mr. Greenstein also argued that the claimed steps requires millions of calculations per second, which is not feasible with pen and paper, so a computer is required. The Federal Circuit again disagreed, quoting the Director's observation that the complexity of the claimed methods, *i.e.*, the novelty, is irrelevant to the patent-eligibility. Therefore, the Board correctly applied precedent in finding that the computer implemented method was not patentable under § 101.

The Federal Circuit did not comment on the §§ 103 and 112 issues because the claims were properly rejected under § 101.

Techtronic Indus. Co. v. ITC, No. 2018-2191 (Dec. 12, 2019) (precedential) (3-0); Patent No. 7,161,319**Key point:**

- Where a patent specification describes a feature of the only embodiment as the critical and inventive feature, the feature may be required by the claims even in the absence of corresponding claim language under the doctrine of specification disavowal.

Facts/Background: Chamberlain Group Inc. develops garage door opener technology. Chamberlain's '319 patent teaches a wall unit that includes a passive infrared detector, and a head unit which contains a motor for opening and closing the garage door. The '319 patent also asserts that having the infrared detector in the wall unit is an improvement over prior art systems in which the infrared detector is in the head unit. The wall unit also includes a microprocessor that communicates with a counterpart microprocessor in the head unit. However, no infrared detector is recited in representative claim 1.

Chamberlain filed a complaint at the ITC alleging that certain "Ryobi" garage door openers that were being imported infringed the '319 patent (and others). The Administrative Law Judge assigned to the matter concluded that the '319 specification disavowed wall consoles lacking an infrared detector. Accordingly, the ALJ granted summary judgment of noninfringement because the accused garage door openers did not have an infrared detector in the wall console.

The ITC reviewed the ALJ's decision and concluded that there was no disavowal because the specification disclosed other aspects of the invention. In addition, the ITC noted that a parent application claimed the infrared detector in the wall console, which demonstrated an intent to claim wall consoles with and without infrared detectors. The ITC also determined that there was no clear prosecution disclaimer of wall panels lacking infrared detectors. Accordingly, the ITC vacated the ALJ's initial decision and remanded with a new construction that did not require an infrared detector. The ALJ then entered a finding of infringement and the ITC entered limited exclusion orders and injunctions prohibiting importation of the accused garage door openers.

Holding: Reversed and vacated. The importers' principal argument on appeal is that the written description in the '319 patent consistently describes a wall console with an infrared detector, requiring a finding of disavowal under *Poly-America, L.P. v. API Industries, Inc.*, 839 F.3d 1131 (Fed. Cir. 2016). The ITC and Chamberlain argued that the infrared detector in the wall console is just one aspect of the '319 patent disclosure. For example, the specification also describes signals and programming of the microprocessors that allow the wall console and head unit to communicate. The Federal Circuit agreed with the importers. Each section of the '319 specification describes the garage door opener as being improved by moving the infrared detector from the head unit to the wall console. The specification also disparages prior art systems in which the infrared detector was in the head unit. Regarding the other aspects of the disclosure argued by Chamberlain, the appellate court noted that such features, *i.e.*, a data bus, were relatively generic and, in any case, were only included in the claims to enable the claims. Accordingly, even without a clear disclaimer in prosecution, the '319 specification disavowed wall consoles that lack an infrared detector.