

The John Marshall Law School
Center for Intellectual Property, Information & Privacy Law
62nd Annual Intellectual Property Conference
**Current Developments in Intellectual Property,
Information Technology & Privacy Law**

Friday, November 2, 2018

**Plenary Session IV:
Current Developments in Trademark Law**

Moderator:

Hugh C. Hansen

Professor of Law, Fordham Law School

Founding Director, Annual Conference on IP Law & Policy; IP Law Institute

Panelists:

Graeme Dinwoodie

*Global Professor of Intellectual
Property Law,
Chicago-Kent College of Law*

Antony J. McShane

*Partner, Neal Gerber
& Eisenberg LLP*

Christine Haight Farley

*Professor of Law, American University
Washington College of Law*

Martin Schwimmer

Partner, Leason Ellis LLP

Marshall Leaffer

*Professor of Law; Distinguished
Scholar in Intellectual Property Law;
University Fellow, Indiana University
Maurer School of Law*

Jeffery Handelman

*Shareholder, Brinks
Gilson & Lione*

* * *

PROF. HANSEN: Welcome. The final session of the morning is on trademarks, where there have been a lot of interesting developments.

Jeffery, first of all, tell us a little bit about yourself before talking about the current genericness issues.

MR. HANDELMAN: Good morning, everybody. Good morning, Hugh.

My name is Jeff Handelman. I'm with Brinks Gilson & Lione here in Chicago. I'm going to say a few words about genericness.

I have been practicing in the IP field for about thirty-four years with Brinks. I have had the pleasure of participating on other panels with a number of these folks in the past. We have some good information today and an exciting roster of topics that Hugh put together.

PROF. HANSEN: Jeff, what do you think of the program so far?

MR. HANDELMAN: When you start off with Judge Newman and learn all about the origin of the Federal Circuit, you can't do much better than that.

PROF. HANSEN: Yes, she was great.

MR. HANDELMAN: She's very inspiring.

The first case involves the mark BOOKING.COM. "Booking" of course is a dictionary word. The trademark holder added ".com" onto the end of "booking" and filed a trademark application to register BOOKING.COM for two classes of services: travel agency services in Class 39 and hotel reservation services in Class 43. This was an *ex parte* case that was argued before the Trademark Trial and Appeal Board (TTAB).¹ Is BOOKING.COM entitled to registration as a trademark in the United States? The TTAB concluded: No, BOOKING.COM is a generic term; no one company should be entitled to register that term.

As many of you know, there are two options available for appealing a TTAB decision. The losing party can appeal to the Federal Circuit, in which case the record is closed; the Federal Circuit will decide the case on the administrative record. Alternatively, you can appeal an *ex parte* decision to a district court. If you choose the district court route, you have two venue options: you can appeal in the judicial district where the applicant resides; or, alternatively, you can take the appeal to the Eastern District of Virginia, which is where the USPTO resides. Booking.com appealed to the Eastern District of Virginia.²

The district court option gives the applicant the opportunity to present additional evidence, to broaden the record, which the applicant did. In particular, the applicant submitted a consumer survey regarding whether consumers understood BOOKING.COM to be generic or a brand.

Very briefly, the survey they conducted was based on the "[Teflon Survey Methodology](#)."³ Under this approach, you educate respondents about the difference between a brand name and a common or generic name by using examples. For instance, CHEVROLET is a brand, "automobile" is a generic term; PEPSI is a brand, "soda" is a generic term. After going through that training session, you ask about a number of terms, one of which is the term in question, "BOOKING.COM." There were 400 respondents in the survey, and they were asked to categorize these terms as either generic or brand. Again, this survey evidence was presented before the district court, not before the TTAB.

Here are the results of the survey: PEPSI was recognized as a brand by 99.3 percent of the respondents; E*TRADE.COM was recognized as a brand by 96.8

¹ [In re Booking.com B.V.](#), Serial No. 79114998 (Feb. 18, 2016) [not precedential].

² [Booking.com B.V. v. Matal](#), Civ. Action No. 1:16-cv-425-LMB-IDD (E.D. Va. Aug. 6, 2017).

³ E. I. Du Pont de Nemours & Co. v. Yoshida Int'l, Inc., [393 F. Supp. 502, 525-527](#) (E.D.N.Y. 1975). A "Teflon Survey" consists largely of a series of closed-ended questions to determine whether the challenged mark is a brand name or a common name.

percent of the respondents; SHUTTERFLY was recognized as a brand by 96.8 percent of the respondents; BOOKING.COM was recognized as a brand by 74.8 percent of the respondents; “supermarket” was found to be a common or generic term by 100 percent of the respondents; “sporting goods” was found to be a common or generic name by 99.5 percent; and, lastly, “washingmachine.com” was found to be a common name by 60 percent of the respondents. So you end up with three brand identifiers and three generic terms. BOOKING.COM is somewhat in the middle but above 50 percent.

The Eastern District of Virginia noted that substantially fewer respondents categorized washingmachine.com as a brand, compared to the 74.8 percent who thought that BOOKING.COM was a brand. This disparity tilted the scales in favor of the registrability of BOOKING.COM. The court held that BOOKING.COM is not generic and is recognized as a brand by the majority of consumers for hotel reservation services. The court held that, as to hotel reservation services, the mark has secondary meaning; as to travel agency services, there is no secondary meaning. Thus, the registration was granted for the hotel reservation services.

This case illustrates an interesting use of consumer surveys and the strategy of bringing the appeal to a district court to allow for submission of additional evidence.

PROF. HANSEN: Is there an appeal on that?

MR. HANDELMAN: My understanding is that one of the issues on appeal has to do with the USPTO’s attorney’s fees. I think Jonathan is going to talk about that.

PROF. HANSEN: Well, that’s different.

MR. HANDELMAN: Yes. There is an appeal currently pending in the Fourth Circuit from the district court’s determination that the mark is registrable and the award of \$76,873 for USPTO’s attorney’s fees.

MR. JENNINGS: The oral argument was heard a couple days ago before the Fourth Circuit.⁴

PROF. HANSEN: What do you think is going to happen on appeal?

MR. HANDELMAN: I think BOOKING.COM is going to be found to be generic. I think that the court of appeals is going to be concerned that taking a dictionary word, adding “.com” on to it, and transforming that into a brand name, would have a chilling effect on the use of the English language.

PROF. HANSEN: I think ninety-nine out of a hundred in the past would have said, “This is generic.” It seems like they went astray on this. Would you agree with that?

MR. HANDELMAN: To give another example, HOTELS.COM was found to be generic.⁵ That appeal went up to the Federal Circuit rather than the district court. The Federal Circuit upheld the TTAB’s ruling that HOTELS.COM is generic.⁶ If HOTELS.COM is generic, why would BOOKING.COM not be?

⁴ Booking.com v. US Patent & Trademark Office, No. 17-2458, [Oral Argument](#) Oct. 31, 2018 (4th Cir.).

⁵ [In re Hotels.com, L.P.](#), Serial No. 76414272 (Sept. 11, 2006) [not citable].

⁶ *In re: Hotels.com, L.P.*, [573 F.3d 1300](#) (Fed. Cir. 2009).

MR. McSHANE: Can I add something? To me the key in that case was the finding that “booking” is generic and “.com” is generic, but the evolution of the law is that the combination of the two, since it can only relate to one entity, can be protectable upon the acquisition of secondary meaning.

I think the evidence that Jeff went through that identified how they established the high levels of recognition distinguishes it from HOTELS.COM, and, more critically, it allows the space for others to use “booking” and “.com” for their competitive services. As I read the decision, Travelocity could have a website, and even use the term “Travelocitybooking.com,” and yet stay outside of the scope of rights that would be given to BOOKING.COM.

PROF. HANSEN: Jeff?

MR. HANDELMAN: Turning quickly to the second genericness case, [*Royal Crown Company, Inc., et. al. v. The Coca-Cola Company*](#) involved the term ZERO used for soft drinks. Coca-Cola filed seventeen trademark applications to register various marks containing the term ZERO, including COKE ZERO, SPRITE ZERO, and others.

Royal Crown filed a [Notice of Opposition](#) with the TTAB claiming that the term ZERO is either generic or merely descriptive, identifying soft drinks with zero or very low calories. Royal Crown said that Coke could register COKE ZERO and SPRITE ZERO but should be required to disclaim the ZERO portion of the mark, meaning you’ve got to tell the public that you are not claiming exclusive rights in ZERO.

What was really going on here is Coke was trying to avoid the disclaimer requirement. The goal was to obtain a federal registration giving Coke exclusive rights in COKE ZERO without a disclaimer, which could then be used as a sword, as part of enforcement efforts against other companies selling soft drinks using the term ZERO.

The losing party, Royal Crown, appealed to the Federal Circuit.⁷ It was a closed record. The court vacated the TTAB’s decision finding no genericness, and in the process used a somewhat modified test for determining genericness. Under the Lanham Act, it is well-known that a term is generic if it is regarded as the name of the genus or of the product category in question. In ruling on the COKE ZERO case, the Federal Circuit held that a term can be generic also if a consumer understands the term to refer to a “key aspect of the genus.” Traditionally, a term that refers to a key aspect or a characteristic of the genus would be descriptive, not generic.

There is some concern that this opinion blurs the line between generic terms and descriptive terms, sweeping more descriptive terms into the genericness bucket, which precludes any possibility of trademark protection.

The case has been remanded to the TTAB. In my view, the Federal Circuit could have adhered to the original test of genericness — a generic term has to name the genus of the product, not an aspect of the genus. The court could have held that ZERO was descriptive of a characteristic of the soft drink (that is, that it

⁷ *Royal Crown Co., v. The Coca-Cola Co.*, No. 2016-2375, 2018 U.S. App. LEXIS 16670 (Fed. Cir., June 20, 2018) (precedential).

has no calories) and is without secondary meaning and, therefore, has to be disclaimed. Nonetheless, the case is now on remand before the TTAB and we are awaiting the TTAB's opinion.

PROF. HANSEN: Thanks, Jeff.
Christine?

PROF. FARLEY: Good morning. I'm delighted to be here. Thank you, Daryl, for organizing such an excellent conference. I teach at American University Washington College of Law in Washington, D.C.

I'm going to talk about free speech. I'm going to talk a little bit about [Matal v. Tam](#),⁸ which, as you know, was the Supreme Court case that found the prohibition on registering disparaging marks unconstitutional.

While *Tam* was being decided, there was another case waiting in the wings, called [In re Brunetti](#).⁹ Mr. Brunetti sought to register the mark F-U-C-T. This mark was prohibited registration¹⁰ based on an analogous provision also in [Lanham Act Section 2\(a\)](#), the same Section that bars the registration of scandalous and immoral marks.¹¹

The question is whether the Supreme Court's decision in *Tam* bears on the question of whether this provision is also unconstitutional. The Federal Circuit had already had [oral argument](#)¹² and briefs in *Brunetti*, but they sought additional briefing and had another [oral argument](#)¹³ on the topic of whether *Tam* controls and, if so, to what extent.

The Federal Circuit held that the scandalous marks provision is also unconstitutional. Judge Dyk wrote a very interesting concurrence, an alternative approach that had not yet been brought into this discussion: this provision could be found to be constitutional, which is what courts should endeavor to do, by just changing the test that the Trademark Office used; instead, the Trademark Office should ban only obscene material because obscenity is not protected by the First Amendment. He nevertheless joined the majority because he did not find this particular mark to be obscene.

The Solicitor General on behalf of the Director of the United States Patent and Trademark Office filed a [petition for certiorari](#) with the Supreme Court in September, which is pending. Mr. Brunetti's [responsive brief](#) will be filed next week [November 8, 2018].

Many have written off this case, believing that the Supreme Court will not grant cert. I am not so sure that will be the case. When the government petitions the Supreme Court, the Supreme Court pays closer attention. When a federal stat-

⁸ *Matal v. Tam*, 137 S. Ct. 1744 (2017).

⁹ *In re Brunetti*, 877 F.3d 1330 (Fed. Cir. 2017).

¹⁰ Trademark Trial & App. Bd., [Serial No. 85310960](#) (Aug. 1, 2014), 2014 WL 3976439.

¹¹ 15 U.S.C. § 1052(a): "No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it — (a) Consists of or comprises immoral, deceptive, or scandalous matter; or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute"

¹² *In re Brunetti*, Appeal No. 2015-1109, Oral Argument, 2015-1109.mp3 (Nov. 6, 2015).

¹³ *In re Erik Brunetti*, Appeal No. 2015-1109, Oral Argument, 2015-1109_8292017.mp3 (Aug. 29, 2017).

ute is held to be unconstitutional, the case becomes more interesting to the Supreme Court. I think there is a chance that the Supreme Court will take this case.

The provision in this case is even older than the disparaging marks provision, which was enacted in the 1946 Lanham Act. The scandalous and immoral provision has been federal law since the 1905 Trade-Mark Act. Therefore, the Federal Circuit held unconstitutional a federal law that had been in place for 113 years.¹⁴

Additionally, the composition of the Supreme Court has changed. When *Tam* was decided, there were only eight Justices. That decision produced two [opinions](#), each speaking for only four Justices. The only holding that garnered the agreement of all eight Justices was that the disparaging marks bar was viewpoint discrimination. Justice Kennedy, who wrote one of those opinions, is no longer on the Court. Now we have two new Justices.

There is not a strong argument that the scandalous and immoral marks provision discriminates against viewpoint; that is, it is viewpoint-neutral. What is the viewpoint of F-U-C-T? To be viewpoint-discriminatory there has to be a viewpoint. In the case of profanity, there are not two different sides of a debate. This is a different type of provision from *Tam*.

The Federal Circuit majority opinion, written by Judge Moore, who also wrote the majority opinion in *Tam*, found that the scandalous marks bar was content-discriminatory. She had also held the same with regard to the disparaging bar. In [Reed v. Gilbert](#)¹⁵ the Supreme Court held that content discrimination is also subject to strict scrutiny. Here the government conceded that it could not survive strict scrutiny with these prohibitions.

So this is a different case. The unanswered questions from *Tam* persist. Is it constitutional for the government to discriminate based on content? This is precisely what the government does when it evaluates trademark applications under Section 2; it evaluates content and makes registration decisions based on content. So, if it cannot do that, then there will be many other cases.

PROF. HANSEN: But those are trademark-related. This is not trademark related, so it's not exactly the same argument, is it?

PROF. FARLEY: Recently there was an application for the mark [ANYONE BUT TINY HANDS](#). That mark was prohibited registration because it identified a living individual, Donald Trump.

PROF. HANSEN: There is a specific provision for that.

PROF. FARLEY: There *is* a specific provision for that. Section 2(c) prohibits registration of a mark that identifies "a particular living individual." And what is the government doing when it prohibits that registration? It is making an evaluation as to content and it is denying what the Supreme Court has now held is speech.

¹⁴ The prohibition against the registration of marks that consist of or comprise immoral or scandalous matter was originally enacted as § 5(a) of the Trademark Act of 1905 and was reenacted as part of § 2(a) of the Lanham Act in 1946.

¹⁵ *Reed v. Town of Gilbert*, 135 S. Ct. 2218 (2015).

PROF. HANSEN: But it's not the trademark standard; it was the specific provision.

MR. McSHANE: Applications that cover cannabis products and refer to marijuana usage in the mark itself or in the description of goods are being rejected, and that's content-based.

PROF. FARLEY: That is content-based, yes.

So the question is not whether these provisions entail content discrimination. They certainly entail content discrimination. The question that you are raising, Hugh, is whether the government could survive some level of scrutiny based on the content discrimination it is engaged in. If it is strict scrutiny, I am not sure that these provisions can survive.

The prohibition on registering the name of a living person does not require any confusion. What is it that the government is doing in prohibiting these registrations? What is it that the government is doing in prohibiting registrations of flags? These bars are not predicated on confusion or deception. So we have to ask: is there a compelling purpose?

PROF. HANSEN: There may be all sorts of things that can flow from this.

But let me just say, from a legal realist analysis of this, courts do not want to knock this out. It was before three circuits. The Court of Customs and Patent Appeals said not unconstitutional.¹⁶ Three separate circuits, without almost discussion, agreed with it. No one wants to be the one that allows "smut bucket" stuff to be in trademarks. That is something that is not appealing.

PROF. FARLEY: Yes.

PROF. HANSEN: That is one reason why the Supreme Court, if it wants to go that way, will probably deny cert., because "Oh, they denied cert., so it is really the Federal Circuit that did it."

The other thing is the government has an interesting argument: "No, Judge Dyk is wrong; you can't do that; it's all or nothing in this. You can't just apply it to obscene works." That is for two reasons. One is, "If you're going to adopt his approach, you're going to let a lot of smut in and everything else, and just be aware of that." Second, can you imagine in their registration system figuring out whether a gazillion things are obscene or not? It would be a nightmare. So they can't have Judge Dyk's approach; just administratively it would be a disaster. So I don't think that part will fly.

Christine, what's your final take on this? What is your prediction?

PROF. FARLEY: I will go against the grain. I think the Supreme Court may grant cert. Justice Gorsuch has some definite views on the First Amendment. I think all the things that were unanswered in *Tam* could be answered this round. I do not know, however, if that will be a good thing or a bad thing.

We were going to talk about fair use cases in trademark. I do think that these decisions have led us down a path of more strongly considering the First Amendment in trademark law, and these decisions will have a bearing not just on registration, but on how we view the speech rights of people who use trademarks.

¹⁶ See, e.g., *In re McGinley*, 660 F.2d 481, 485 n.6 (CCPA 1981); *Riverbank Canning Co.*, 95 F.2d 327, 329 (CCPA 1938).

PROF. HANSEN: My view on this is every Supreme Court decision is ad hoc. That's why they have so many different rules now under the First Amendment — there used to be three: rational basis review, exacting scrutiny, and intermediate scrutiny. Now there are many.

Even then they play around with the rational basis test, adding “rational basis with a bite.” Justice Kennedy — I actually agree with his results — used rational basis for overturning laws with regard to same-sex marriage. The Supreme Court makes a decision, then chooses or adds a test to apply.

So the Court is going to reexamine everything. My guess is they are going to chicken out and they are going to deny cert. and just let the Federal Circuit decide. The press won't even pay attention to it — well, maybe a little bit. But if they take the case there is going to be a lot of press and controversy about this case. I'm not sure the Court actually wants that attention. But we'll see.

PROF. FARLEY: If the Supreme Court does not take the case, then the Federal Circuit rule controls because the only way these cases get to a court of appeals is by going to the Federal Circuit.

PROF. HANSEN: That's true, yes. That's actually a benefit for the Supreme Court, if they agree with the Federal Circuit, because it won't come up any other way.

PROF. FARLEY: But what is dilution by tarnishment? Is that not viewpoint discrimination? I do think there are takeaways from the case that will have reverberations in trademark law. Someone will make that argument.

PROF. HANSEN: Your prediction is?

PROF. FARLEY: They will take it.

PROF. HANSEN: Thank you.

Graeme, how are you?

PROF. DINWOODIE: I'm well.

PROF. HANSEN: Graeme Dinwoodie was an associate at Sullivan & Cromwell, then he went to his current post, then he went to England and became this big muckamuck at Oxford, and now he is back.

What was Oxford like for an IP person. Does the faculty take IP seriously?

PROF. DINWOODIE: It does, but in a strange way. The undergraduate students take twelve courses of which ten are mandatory, so they get to pick only two courses in their entire degree, only one of which can be an IP course. So I taught mostly graduate students.

PROF. HANSEN: Did you enjoy the experience?

PROF. DINWOODIE: Yes, I enjoyed it. But I missed teaching large classes. I mostly taught small seminars and doctoral supervisions at Oxford. It is nice to be back in front of large classes, which always give me energy.

PROF. HANSEN: Okay.

PROF. DINWOODIE: I am going to talk about the development of the *Rogers* defense, which has come up in a couple of interesting cases in the Ninth Circuit in the last year.

Just as a recap for everyone, *Rogers* is a defense that comes out of [Rogers v. Grimaldi](#) in the Second Circuit.¹⁷ Ginger Rogers sued to stop the use of the name “Ginger” in the title of the movie *Ginger and Fred*, which was about a dancing couple. The Second Circuit said: Look, this is an artistic use. There are free speech/expressive values on the side of the movie producer. So where the defendant is using the trademark in the title of an artistic work it is not going to be trademark infringement, unless you can show either there is no artistic relevance behind the use of “Ginger” in the title or the defendant is doing something that is explicitly misleading about the source of the work. The defendant prevailed.

Rogers has been accepted and applied now in a number of circuits, and it is slowly expanding in interesting ways. Two recent Ninth Circuit cases are illustrations of both its broad potential and perhaps also a little bit of a pushback. Let me just say a little bit about them.

One of the things that happened between *Rogers* and these two cases is that the defense was expanded not just to uses in the title of an artistic work but also to uses of the mark in the content of an artistic work — for example, the use of a mark in the middle of a videogame.¹⁸ And it has expanded to pretty mundane products — for example, using the color mark of the University of Alabama football team in prints or on a calendar.¹⁹

Every time the Ninth Circuit has, until the last five months, decided a case where *Rogers* has been triggered, it has found *Rogers* satisfied and the defendant won, and it has done so as a matter of law. The cases did not have to go to any fact finding.

The [Twentieth Century Fox v. Empire Distribution](#) case came up about a year ago.²⁰ A record company in California named Empire, which is pretty well-known for its hip-hop recordings, produces music under the title of, for example, “Empire Presents: Ratchet Music,” “Empire Presents: Yike 4 Life,” and “Empire Presents: Triple X-Mas.”

Fox comes along and produces the *Empire* television show that portrays a fictional hip-hop music label, “Empire Enterprises,” that is based in New York. Fox said it picked the name “Empire” because New York is “the Empire State.” That sounds like it might easily trigger the *Rogers* defense.

The show features songs in every episode, including some original music. Under an agreement with Fox, Columbia Records releases music from the show after each episode airs, as well as soundtrack albums at the end of each season. Fox has also promoted the *Empire* show and its associated music through live musical performances, radio play, and consumer goods, such as shirts and champagne glasses bearing the show’s name “Empire.”

The Empire record company sued Fox and they lost. *Rogers* was found by the Ninth Circuit to immunize Fox’s uses.

¹⁷ *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989) (establishing the “*Rogers* test” for protecting uses of trademarks that implicate intellectual freedom issues).

¹⁸ [Electronic Arts Inc. v. Textron Innovations Inc.](#), No. 3:2012cv00118 - Document 79 (N.D. Cal. July 25, 2012).

¹⁹ [University of Ala. v. New Life Art](#), 683 F.3d 1266 (11th Cir. 2012).

²⁰ *Twentieth Century Fox v. Empire Distrib.*, 875 F.3d 1192 (9th Cir. 2017).

There are a couple of interesting arguments that were advanced by the defendant that I think show the different components of this defense.

First, Empire said, “All the cases where *Rogers* had been applied before have been cases where the defendant’s use was actually referring to the plaintiff. For example, in *Ginger Rogers* the movie producers were referring to Ginger Rogers. In this case, when the defendants were talking about ‘Empire’ they were not referring to us. Therefore, this falls outside *Rogers*.” The court rejected that limit on *Rogers*. But what it raised, interestingly, is the connection between the *Rogers* defense, on the one hand, and the nominative fair use defense, on the other, which is what a referential use really is. I think that is something that the case law hasn’t really grappled with.

Second, Empire said: “If you look at the reasoning in *Rogers*, the kind of meaning that the movie producer was meant to be using was not just the source-identifying meaning; it was some of the broader cultural meaning that attached to the name ‘Ginger.’ Here there is no broader cultural meaning that attached to ‘Empire,’ and therefore *the Rogers* defense doesn’t apply.” Again, the court rejected the defendant’s argument and said the test was met, “and, what’s more, we are going to extend the test to immunize not only the use of the mark in the title and content of the television show, but also to all the promotional material as well, including the sale of the songs.” So, there is now actually music being distributed under “Empire” that not produced by Empire. I think that’s a pretty broad reading of the *Rogers* case.

That may or may not have led to a bit of a pushback in the Ninth Circuit in [Christopher Gordon v. Drape Creative, Inc., et. al.](#),²¹ a case, that was decided in July.²² In this case, Christopher Gordon created “Honey Badger” YouTube videos. He eventually became so well-known and associated with Honey Badger that he started using “Honey Badger Don’t Care” on a number of products and he secured a trademark registration for the mark for, among other things, greeting cards. He tried to negotiate a deal with American Greetings for a line of Honey Badger-themed greeting cards. The deal fell apart, but the card company went ahead anyway and produced a line of unlicensed cards in which the punchline is in some form “Honey Badger Don’t Care” or various alternatives to that phrase.

The YouTuber who owned the registration in “Honey Badger Don’t Care” sued the greeting card company. The defendant pled *Rogers*, saying, “A greeting card is an expressive work, this use is artistically relevant, and we are not explicitly misleading as to the source of the work.”

Interestingly, the Ninth Circuit remanded it back to the district court and said, “You cannot apply *Rogers* as a matter of law.” The reason they gave was: “We want a little bit more assessment of what was the artistic relevance of this defendant’s use.”

There has only been a single case in which a court confronted with the assertion of *Rogers* has even questioned artistic relevance, which is the [Rosa](#)

²¹ Gordon v. Drape Creative, Inc., No. 16-56715 (9th Cir. 2018).

²² Note: Since the conference, the Ninth Circuit has issued a [revised opinion](#) (Nov. 20, 2018).

[Parks](#) case²³ in the Sixth Circuit, where the court refused to grant summary judgment when the OutKast band had used “Rosa Parks” in the lyrics of their song. And, even there, the court did not grant summary judgment; they sent it back to the district court.

In this case, the Ninth Circuit said, “We want to see that you have added something, that you haven’t simply appropriated their mark but that you have actually added something artistically yourself in order to make this a case of artistic relevance.”

It sounds a little like the transformativeness requirement from copyright law. This has caused a bit of a pushback, at least among academics, and the losing party has petitioned for rehearing en banc in the Ninth Circuit, which is still pending.²⁴

One of the concerns is that this will push all these decisions that were decided as a matter of law back to factual questions. One of the benefits of *Rogers* was that it got rid of cases pretty quickly and stopped nuisance lawsuits. In that respect, if that is what the Ninth Circuit is doing, it will in some ways replicate what has happened post-[KP Permanent](#)²⁵ on descriptive fair use. After *KP Permanent*’s main ruling, I think some people thought, *This will move us back towards more rulings as a matter of law*. But actually, if you look in the fifteen years since *KP Permanent*, there have been large numbers of reversals of district court grants of summary judgment on the basis that there are factual issues as to the descriptive fair use defense.

So I think it is a very interesting case to watch as to what happens in this case on rehearing.

MR. SCHWIMMER: Can I ask a quick question? If BMW claims trademark in its kidney grilles and I paint a painting of a BMW and reproduce their grilles, is my defense that it has artistic relevance to my work of art?

PROF. DINWOODIE: That’s actually a very good question. It allows me to note a fundamental problem that hasn’t been understood from *Rogers*. When *Rogers* was first articulated, it was phrased as a balancing of concerns about confusion, on the one hand, with concerns about artistic freedom, on the other. You have infringement when, in performing that balancing, there is a lot of confusion on the one side and a lesser claim of artistic relevance on the other side.

It has become not so much a balancing now. If you read the Ninth Circuit’s decision in *Gordon*, they talk about the question as implicating a dichotomy between a misappropriation of goodwill, on the one hand, versus artistic use, on the other. The problem with that way of thinking is that these uses give rise to both a misappropriation of some goodwill and concerns about artistic freedom. That is why we need a rule to try to work out which one has more weight. I think

²³ *Parks v. LaFace Records*, 329 F.3d 437 (6th Cir. 2007).

²⁴ The panel issued a [revised opinion](#) on November 20, after the conference. In that opinion, the court concluded that the use at issue was artistically relevant as a matter of law, but that factual questions remained as to the second leg of *Rogers*, and shifted its analysis of what the defendant added to the discussion of that second leg (which it will now be for the trial court to apply).

²⁵ *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 125 S.Ct. 542 (2004).

one of the conceptual shifts that we have to think through is whether we think of this as a dichotomy or whether it is a balancing test.

PROF. HANSEN: Thank you very much, Graeme. That was excellent. Marshall?

PROF. LEAFFER: I'm going to talk about [Pinkette Clothing v. Cosmetic Warriors](#)²⁶ involving the laches defense in trademark law. I must admit it's not as sexy as some of the other cases we've heard about.

MR. McSHANE: Don't sell yourself short.

PROF. LEAFFER: Thanks, but it's the truth.

It's doesn't have much artistic relevance to it, but I find it interesting for a number of reasons. The issue in *Pinkette* was whether a defense of laches can be asserted in an action to cancel a mark that has not acquired incontestability. The reason why this is interesting to me is it puts into perspective the big difference between trademark law, on the one hand, and copyright and patent law, on the other, on when a laches defense may be asserted.

The Ninth Circuit held that laches is available as a defense because the Lanham Act has no statute of limitations, again highlighting the difference between these branches of intellectual property. Laches is specifically mentioned in the Lanham Act. [Section 19](#) and [Section 33](#) make laches a defense to an action for cancellation and likelihood of confusion.

PROF. HANSEN: How long was the delay in the case?

PROF. LEAFFER: The delay was a little over four years, and incontestability just didn't quite come into play as an issue.

What happened in the case is interesting because the plaintiff, the senior user, Cosmetic Warriors, had the trademark LUSH for a line of cosmetics. In 2010 the junior user registered the mark LUSH for a line of clothing. The senior user sat on his rights. He didn't police his mark, made no objection the use, and waited until the very last moment, the fifth year, before he brought an action for cancellation because the mark shouldn't have been granted in the first place. He asserted that defendant's mark caused likelihood of confusion and should be canceled.

The junior user asserted the defense of laches because the senior user knew or should have known about defendant's use of the mark. The senior user argued that laches was not an appropriate defense. The senior user pointed to two Supreme Court decisions, [Petrella](#)²⁷ and [SCA Hygiene](#),²⁸ in which the Court held that the three-year statute of limitations in copyright and the six-year statute of limitations in patent are not subject to laches. In other words, a patentee or copyright owner can wait to assert his rights until the statute runs.

Unlike these areas of intellectual property, trademark law has no statute of limitations. In trademark law, a senior user who does not police his mark is subject to laches in the appropriate situation.

How do you assess that laches is properly asserted? How do you evaluate the senior user's conduct? The court in *Pinkette* ruled that you can use as a surro-

²⁶ *Pinkette Clothing, Inc. v. Cosmetic Warriors Ltd.*, 894 F.3d 1015 (9th Cir. 2018).

²⁷ *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 134 S.Ct. 1962 (2014).

²⁸ *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, 137 S.Ct. 954 (2017).

gate for a statute of limitations the pertinent statute under state trademark law. In this instance, the appropriate statute of limitations would be the California statute for trademark violations. In addition, you must incorporate into your analysis in determining laches equitable considerations, such as harm to the junior user; in other words, were there any good reasons why the senior user didn't assert his rights sooner.

To make a long story short, in this case the court maintained that there was nothing to suggest that the senior user could have not known about the fact that the junior user had registered the mark and was using it in the marketplace.

It's hard to say how importantly this case will play out in the future. The laches defense involves intensely factual matters and such cases are decided in an ad hoc manner.

But there's one sidelight I'd like to mention. The senior user argued bad faith on the part of the junior user; in other words, the junior user shouldn't have a laches defense because he didn't have clean hands because the junior user tried to get the LUSH trademark registered in Canada and was turned down because the senior user already had obtained a registration and was using the mark in Canada. The court rejected this argument, ruling that it would not take judicial notice of a proceeding outside of the country.

That's my summary. I'll cede my time to other distinguished members of the panel.

PROF. HANSEN: In trademark you're crazy if you're letting any conflicting uses go by. If you do, you're not policing your trademark. In any case, the preliminary injunction is king — and the longer you let it go on, then people might think there's something else going on, that maybe you're a bad guy waiting for more damages or something else. I think this fact pattern of delay in seeking a preliminary injunction is rare in trademarks. The whole thing in trademarks is stopping the other party from using your client's mark.

PROF. LEAFFER: It might be a kind of an outlier to that extent. But I think it suggests that the fact is that you have an affirmative duty to police your mark in trademark law. In this instance, what does it show? It shows that this senior user was sloppy. And it might suggest how little the senior use valued his trademark and that you must balance this lack of interest against the harm to the junior user.

PROF. HANSEN: Interesting. Thank you very much.

Moving on, Marty.

MR. SCHWIMMER: Thank you for the invitation.

I am Marty Schwimmer. I am a partner in the firm of Leason Ellis, which is an intellectual property boutique in White Plains, New York, where I practice all sorts of copyright and trademark and domain name law.

There are two cases that I've been involved in that I would like to talk about because I think there is a pretty interesting fact pattern, and it's a blind spot in the Lanham Act, cross-border reputation cases. We can talk about *Converse* or

we can talk about *Prolacto*.²⁹ I think they are equally interesting. If you'd like to talk about trade dress, which is *Converse* sneakers, we could talk about sneakers. If you want to talk about Mexican ice cream, please seek me out during lunch.

This week, on October 30th, the Federal Circuit came down with a decision in *International Trade Commission v. Converse*.³⁰

Has anyone gotten a chance to read it yet?

[Show of hands]

Is it fair to say that it's a little bit of a hot mess? What do you guys think?

All right.

How many here had *Converse* sneakers when they were growing up?

[Show of hands]

When I was growing up, everything that was kind of cheap was referred to as "skips." This is Queens, New York, in the 1960s and 1970s. That would be *Converse Low Top, All Stars*; then there would be *PRO-Keds*, which is a low top; then *High Top Converse*; then higher in status would be *Adidas*.

What's the trade dress of *Adidas*? You all know.

MR. McSHANE: Stan Smith also.

MR. SCHWIMMER: You were probably in a better neighborhood because tennis shoes entered into it. Stan Smith was not part of our hierarchy. But at the top of our world was suede *Clyde Pumas*.

In any event, in your head you have some sort of vision of both the *Converse Low Top* with its distinctive toe cap and the *Converse High Top* with its distinctive ankle cap, a circle with a star, and things like that.

As you would expect, it is a target for knockoffs, and *Converse* began proceedings against various bad guys. But swept up in their net were people who could afford to defend an action, including *New Balance* and *Skechers*.

Trade dress is a very difficult concept to prove. This case illustrates some of the difficulties.

How do you prove what people thought when they saw a *Converse* sneaker fifteen years ago? Getting an admissible secondary meaning survey in the present is hard enough, and then proving confusion is hard enough, but *Converse* had the challenge of showing what people were thinking when *Skechers* and *New Balance* began, which was, I believe, ten years prior to the start of the action. There is some discussion of how to cut corners and get some evidence in in that regard.

The problem is *dicta*, which is that the Federal Circuit pretty much tosses out everything that the ITC had ruled with regard to confusing similarity and the validity of *Converse's* mark.

Converse makes an argument that seems somewhat puzzling. They try to argue that because they have a registration for their trade dress, they have a presumption of secondary meaning. But, like in the case of any registration, the pre-

²⁹ *Paletteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A.*, 188 F.Supp.3d 22 (DDC 2018).

³⁰ *Converse v. ITC and Skechers, New Balance, et al.*, No. 2016-2497 (Fed. Cir. Oct. 30, 2018) (holding that the ITC applied "the wrong standard" to both its invalidity and infringement determinations).

sumption tends to not extend to priority that dates back prior to the registration date. In other words, because New Balance and/or Skechers had used their marks prior to Converse obtaining its registration, Converse still needed to prove that it had obtained secondary meaning prior to the adoption. Straightforward point, so far so good.

But as long as they're on the topic, they start talking about how to award secondary meaning for trade dress and how to do a confusing similarity analysis. You have to remember that we could use the word "similarity" twice when talking about the likelihood of confusion case. Our ultimate legal conclusion is: are the two marks confusingly similar; are they likely to cause confusion?

But what about the marks themselves, the first prong of the multifactor test adopted by the ITC?³¹ We use the terms "similar" and "substantially similar." Perhaps we should use the term "perceptually similar." I'm afraid that this case was simply not careful in articulating how to assess similarity.

The Federal Circuit said on page 24, "We will look to the similarity between defendant's product and plaintiff's trade dress." I've read this sentence over and over. I've asked people in this field what they think. I hate to say this in a roomful of people, especially when Judge Newman appeared by video, but I think that is simply not the correct standard.

The closest I could come is to say, "What we're going to compare are the nonfunctional elements of the defendant's design and determine whether they are *perceptually similar* to the plaintiff's claimed trade dress." That's the best I can do. I think in a non-trade dress case the trier of facts compares the marks to each other and considers the relatedness of the goods/services. I think the trier of facts should compare the nonfunctional elements of defendant's design or configuration to the claimed trade dress (and would also consider the relatedness of the goods/services).

They are imprecise with what type of similarity. And then, just to make things really bad, they referred to the *Egyptian Goddess* case.³²

I spent quite a bit of time trying to teach myself how there are three different concepts of functionality and three different concepts of similarity between the theories of trade dress, design, patent, and useful articles that claim copyright.

³¹ See, e.g., *Flynn v. AK Peters, Ltd.*, 377 F.3d 13, 20 (1st Cir. 2004); *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc.*, 696 F.3d 206, 226 (2d Cir. 2012); *Parks LLC v. Tyson Foods, Inc.*, 863 F.3d 220, 231 (3d Cir. 2017); *Grayson O Co. v. Agadir Int'l LLC*, 856 F.3d 307, 316 (4th Cir. 2017); *Test Masters Educ. Servs., Inc. v. Robin Singh Educ. Servs., Inc.*, 799 F.3d 437, 445 (5th Cir. 2015), *cert. denied*, 137 S. Ct. 499 (2016); *General Motors Corp. v. Lanard Toys, Inc.*, 468 F.3d 405, 418 (6th Cir. 2006); *Platinum Home Mortg. Corp. v. Platinum Fin. Grp., Inc.*, 149 F.3d 722, 728 (7th Cir. 1998); *Stuart Hall Co. v. Ampad Corp.*, 51 F.3d 780, 789–90 (8th Cir. 1995); *Miller v. Glenn Miller Prods., Inc.*, 454 F.3d 975, 991 (9th Cir. 2006) (*per curiam*); *Forney Indus., Inc. v. Daco of Mo., Inc.*, 835 F.3d 1238, 1253 (10th Cir. 2016); *FN Herstal SA v. Clyde Armory, Inc.*, 838 F.3d 1071, 1084 (11th Cir. 2016), *cert. denied*, 137 S. Ct. 1436 (2017). See generally, 2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, § 19:3 (5th ed. 2017 & Supp. 2018).

³² *Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665, 670 (Fed. Cir. 2008) (en banc) (quoting *Gorham Co. v. White*, 81 U.S. 511, 528 (1871)).

When I try to talk to people about it, they tend to ask, “Why are there these separate theories?” I don’t have a good answer for them.

I think it is somewhat counterproductive for the court to conflate these theories in this decision, and I would suggest that the case is so disturbingly confusing that the intervenors and the plaintiff should actually submit a joint motion for reconsideration to clarify some of what might be typographical, grammatical, and diction errors.

That’s all I have to say about *Converse*.

PROF. HANSEN: That’s very good.

In the ITC the administrative law judge came down on Converse’s side and the Commission overruled the administrative law judge. So we’ve had some back and-forth on this.

Forget for a minute what should be the test. Overall on the merits of who should win, Marty, where do you come out?

MR. SCHWIMMER: I will acknowledge that Converse’s trade dress is one of the truly strong product configurations or appearances and a lot of the people who defaulted were, simply put, counterfeiters and knockoff artists. It’s a strong trade dress that deserves a fair range of protection.

What’s troubling in all kinds of trade dress cases — for example, when Adidas goes after someone for using two stripes — is it’s very difficult for us to articulate the boundaries of trade dresses that are not identical or nearly identical. That’s why we really need the correct words and the courts to agree on a really good test about the perceptual similarity of nonidentical trade dress.

PROF. HANSEN: Yes. I’m a big fan of IP, but I think this is an area where you could end up giving almost design patent-like protection where it’s not deserved.

PROF. FARLEY: I just wonder when the four parties who are still in the case first started using the trade dress what secondary meaning Converse had then. That has not been clear.

PROF. HANSEN: One of the problems is going back and proving secondary meaning in the past. It’s a mess.

PROF. FARLEY: Right.

PROF. HANSEN: Thank you very much.

Tony?

MR. McSHANE: Forgive the shameless foreshadowing. I started the IP practice at Neal Gerber around the turn of the century and we’ve built up about a forty-man group that practices trademarks, copyrights, trade secrets, patents, licensing, and enforcement as well. But long before I did that, I wanted to be Stan Smith. I spent the better part of my teen years trying to be him.

Just a quick show of hands. Who knows who Stan Smith is?

[Show of hands]

All right. These are our people.

I want to talk about the [adidas/Skechers](#) case.³³ It involved two Adidas shoes, what is the iconic and, frankly strangely, unregistered trade dress of the

³³ *adidas Am., Inc. v. Skechers USA, Inc.*, 890 F.3d 747 (9th Cir. 2018).

Stan Smith sneaker, and the famous well-registered, well-known Three-Stripe Adidas sneaker. Let me explain what the two sneakers look like.

The Stan Smith sneaker has an all-white top and a very well-known —as unique as the Converse tag —little green pattern on the back heel. There's a little color on the tongue. Skechers really knocked it off. The competitive device looks exactly the same; it just doesn't have the word "Adidas" on the back of the heel.

The Three-Stripe design is very well-known, very iconic. The knockoff of that was called the Cross Court shoe. That was very similar, but it wasn't exactly the same, not as much as the Stan Smith knockoff was. It had three stripes going down, but not all the way down the side of the shoe, and there were a lot of other indicia of Skechers' brands, including the word "Skechers" on the product.

The interesting thing about this case, in my view, is that it's kind of a nightmare for practitioners. A preliminary injunction was granted against both of the infringing sneakers. On appeal, the determination by the appellate court was that there was not a sufficient showing of irreparable harm with respect to the knockoff of the Three-Stripe design. It is interesting to look at the evidence of record.

But the beginning of this analysis is to really understand that back in the day, when we started the practice at Neal Gerber and when I still wanted to be Stan Smith, you could walk into court arguing for a preliminary injunction and the element of the discussion of injury took no time at all because there was a very clear presumption of irreparable harm. If you could establish likelihood of success on the merits, then you could presume irreparable harm and move on to the balancing of equities and the rest of the argument.

Supreme Court rulings in 2006 and 2008 scaled back on that in general preliminary injunction settings.³⁴ The recent *adidas/Skechers* case very loudly holds that you cannot rely upon a presumption; you have to prove it. So let's look for a moment at what the proof was.

With respect to the Stan Smith sneaker, Adidas introduced evidence of efforts to promote the Stan Smith design through controlled media, specific social media ads, specific product placement. They had oodles of unsolicited media attention focusing on the brand — again I'm wondering why they chose not to ever register the trade dress, but that's for another day. They showed injury if the market was flooded by another product. In other words, they tried to control the supply of the sneaker so as to maintain its uniqueness and value. They also had a survey showing 20 percent confusion.

With respect to the Three-Stripe design, they didn't have much evidence. They had essentially self-serving — highly criticized by the court — statements of employees that identified their ability to control the quality and character of what was associated with their brand. But, of course, there was no evidence that the Three-Stripe brand was a premium brand and no evidence that the Cross Court brand was a lesser brand.

³⁴ [eBay, Inc. v. MercExchange](#), LLC, 126 S.Ct. 1837 (2006); [Winter v. Natural Res. Def. Council, Inc.](#), 129 S.Ct. 365 (2008).

Finally, the court looked at the issue of secondary confusion. Adidas argued, and it was persuasive at least at the district court level,³⁵ that the secondary confusion — someone seeing me wearing those sneakers would perceive a lesser quality — would irreparably injure the brand. The appellate court decided it just didn't make any sense to them that someone from across a room could determine the lesser quality of the brand, and of course there was no record evidence of the lesser quality.

What happened on appeal was that the preliminary injunction was upheld for the Stan Smith knockoff but not the Three-Stripe brand. The reason why that is in my perspective a nightmare from a practitioner's standpoint is that if you look at the case from afar, it looks like you need to have more proof of likelihood of confusion to establish the irreparable harm element.

If you think about the case, at the lower court level, and at the appellate level because the appellate court affirmed the rulings on likelihood of confusion, there was sufficient evidence to show likelihood of confusion. That same evidence, which was stronger with respect to the Stan Smith brand, was found sufficient to show irreparable harm, but with respect to the Three-Stripe knockoff it wasn't. Therefore, in order to approach a preliminary injunction now you really need to go all-in on survey evidence. You can imagine why there wasn't a survey with respect to the Cross Court knockoff, because I'm sure pilots were run and they didn't have it.

That changes the dynamic of how you go after a preliminary injunction. I really think this case stands for the notion that you have to establish a very high level of likelihood of confusion — actually more than *likely* success on the merits, but *actual* success on the merits — if you are going to get over the hurdle of the irreparable harm element.

I will raise one last point that at least I found interesting, lauding the IP community. The American Intellectual Law Association (AIPLA), Intellectual Property Owners Association (IPO), and the Intellectual Trademark Association (INTA) have pushed efforts recently to effect legislative change. They wrote a [joint letter](#) to the Senate Judiciary Committee asking them to take up the issue of amending the Lanham Act to write in the rebuttable presumption of irreparable injury when the likelihood of confusion or likelihood of success on the merits is established.³⁶

An interesting note that I think you might all appreciate is that they wrote the letter simultaneously to The Honorable Charles Grassley and The Honorable Dianne Feinstein. So maybe after the election next week we'll have common ground found by these two members of the Senate and we'll have a new statute going forward in the new millennium that will address this issue.

PROF. HANSEN: Thank you.

In my experience from looking at traditional trademark cases, irreparable harm is easier to prove, and damages are very difficult and expensive to prove. It

³⁵ adidas Am., Inc. et al v. Skechers USA, Inc., No. 3:2015cv01741 - [Document 184](#) (D. Or. 2017)

³⁶ Letter from AIPLA/IPO/INTA to The Honorable Charles Grassley and The Honorable Dianne Feinstein, Senate Judiciary Committee (Sept. 4, 2018).

may be that this is more *sui generis* for a trade dress case than it is representative of trademark cases generally. Do you think that might be the case or not?

MR. McSHANE: I don't. I view, and I have always viewed, the trade dress elements at issue in the case as clearly a trademark as a word mark. I think it establishes, at least in this case, that you really have to have survey evidence and more profound evidence than was at issue in this case.

PROF. HANSEN: Thank you.

MR. JENNINGS: I am going to address the subject that keeps me awake at night: who is going to pay the USPTO's attorney's fees? I really want to know that. I kid about it, but what is at issue here is really what has been fashioned as questions of a First Amendment issue, the right to petition for grievances, the access to justice, if you are faced with having to pay the USPTO's attorney's fees to appeal.

PROF. HANSEN: Why don't you go over exactly what can happen with the fees?

MR. JENNINGS: If you appeal a TTAB decision, or in some cases under an analogous statute a patent decision, to, for example, the Eastern District of Virginia, there is a provision that says "expenses" shall be paid by the applicant. The question is: win or lose, do you pay the USPTO's attorney's fees? There is a difference of opinion.

The Federal Circuit last summer decided *NantKwest*,³⁷ which said basically attorney's fees are not included in "expenses." The Fourth Circuit in 2015 in *Shammas v. Focarino*,³⁸ a trademark case, said that attorney's fees are included in "expenses"; in other words, the USPTO's personnel expenses should be awarded.

Finally, we circle back to the *Booking.com* case,³⁹ which is now on appeal to the Fourth Circuit from the Eastern District of Virginia, where Judge Brinkema awarded attorney's fees to the USPTO despite the fact that the USPTO lost. The issue now before the Fourth Circuit is whether they want to reevaluate their holding in *Shammas* that attorney's fees for the USPTO are an "expense" that should be awarded.⁴⁰

Although *NantKwest* was a patent decision, there are very analogous provisions,⁴¹ so it is seen as a circuit split and there could be a petition for cert. in that case. I understand it is getting close to the deadline when the USPTO has to decide whether it wants to push the issue.

We are faced with an interesting decision. What it gets back to is the interpretation of the American Rule. The American Rule says that each party is

³⁷ *NantKwest, Inc. v. Iancu*, No. 16-1794 (Fed. Cir. July 27, 2018); [860 F.3d 1362](#) (Fed. Cir. 2017) (panel opinion), *vacated*.

³⁸ 784 F.3d 219 (4th Cir. 2015).

³⁹ *Booking.com B.V. v. Matal*, 1:16-cv-425 (LMB/IDO), 2017 WL 4853755 (E.D. Va. Oct. 26, 2017).

⁴⁰ *Booking.com v. US Patent & Trademark Office*, No. 17-2458 (4th Cir. 2018), [Oral Argument](#) (Oct. 31, 2018).

⁴¹ 35 U.S.C. § 145 [Patent Act]: "All the expenses of the proceedings [appeal of a PTAB decision] shall be paid by the applicant." 15 U.S.C. § 1071 [Lanham Act]: "all the expenses of the proceeding [appeal of a TTAB decision] shall be paid by the party bringing the case, whether the final decision is in favor of such party or not."

responsible for paying its own attorney's fees unless specific authority granted by statute or contract allows the assessment of those fees. The English Rule provides that the party who loses in court pays the other party's legal costs. So the American Rule is in contrast to the English Rule where the loser pays. That's how you get to the access to justice issue.

PROF. HANSEN: The statute in this case was traditionally never enforced in the past and is only being enforced now. Is that because the USPTO needs money?

MR. JENNINGS: There is a provision now that says "expenses whether you win or lose." In the past the understanding that most people had was that "expenses" included, for example, experts' fees, costs of depositions, printing, travel expenses, and the like. In 2014 the USPTO changed its view and said, "We interpret attorney's fees to be included in expenses."

You might ask why they did that. Well, there are far more appeals to the U.S. district court than appeals to the Federal Circuit in play, so obviously they are looking for a way to pay for that. Their position is they never said that they couldn't do that, that they never interpreted "expenses" as not including attorney's fees.

It will be interesting to see how this decision will come out. The Federal Circuit ruled one way and then in a rehearing en banc ruled the other way.⁴² Judge Stoll ruled that there was no provision for attorney's fees in expenses. The Federal Circuit disagreed explicitly with the Fourth Circuit's decision in the *Shammas* case where they found that the American Rule didn't apply, and that "expenses" included attorney's fees.

So you have the situation now that if you go to the Eastern District of Virginia and you are in the Fourth Circuit, you have to pay the USPTO's attorney's fees whether you win or lose. That's disturbing to some people and that's what makes this an interesting question.

The access to justice issue that arises is: if you have that kind of potential penalty, essentially, of having to pay the USPTO's attorney's fees, will you choose to appeal to the district court? Now, you might say, "Well, there's no access to justice issue there because you can always go to the Federal Circuit and not pay it. You have that choice." But I think, as we've discussed, and Jeff has told us, there is a real difference here.

⁴² *NantKwest, Inc. v. Iancu*, No. 2016-1794 (Fed. Cir. July 27, 2018) (en banc). The district court denied the PTO's motion with respect to attorney's fees, citing the "American Rule." The PTO appealed, and a divided panel of the Federal Circuit reversed the district court's judgment. Later, the Federal Circuit voted *sua sponte* to hear the appeal en banc and vacated the panel's judgment. The court held that the American Rule applies to § 145, that § 145's recitation that "[a]ll the expenses of the proceedings shall be paid by the applicant" lacks the "specific and explicit" congressional authorization required to displace the American Rule. The "specific and explicit" requirement demands "more than language that merely *can be* and *is sometimes used* broadly to implicitly cover attorneys' fees." The court concluded that a statutory right to expenses does not include an implicit authorization to award attorney's fees. Chief Judge Prost authored a lengthy dissent, joined by Judges Dyk, Reyna, and Hughes, which argued that when Congress said, "all the expenses," they meant all the expenses. For the present, applicants who invoke § 145 are not required to pay the PTO's attorney fees.

PROF. LIM: A lot of great discussion. This really was meant to be like a *Face the Nation* model. Those of you who have seen John Dickerson on *Face the Nation* know that the moderator in this format really does the yeoman's work, and I think you will agree with me that Hugh Hansen has done a stellar job. And a round of applause for the panel.