



# Intellectual Property Law Section

## State Bar of Texas

Winter 2015

### Inside this newsletter...

<a href="#">Update From The Chair</a> .....	1
<a href="#">Mark Your Calendar</a> .....	2
<a href="#">In The Section</a> .....	3
<a href="#">Call for Submissions</a> .....	3
<a href="#">New Lawyers Committee</a> .....	4
<a href="#">10th Annual Advanced Patent Litigation Course Report</a> .....	4
<a href="#">In Memoriam</a> .....	8
<a href="#">Section Member Profile</a> .....	9
<a href="#">Practice Points</a> .....	10
<a href="#">Trade Dress and the Functionality Doctrine: At the Intersection of Trademark and Patent Law</a> .....	10
<a href="#">Informative Decisions of the Patent Trial and Appeal Board in 2014</a> .....	12

### Update From The Chair

By Kristin Jordan Harkins

Welcome to the IP Law Section's Winter 2015 newsletter!



I am pleased to introduce this Newsletter which has been prepared under the leadership of Neil Chowdhury, the Section's Newsletter Officer, with Mike Sebastian's steadfast assistance. Thanks are also extended to the Trademark Committee and the Patent Committee for contributing the quality, substantive articles that you will read in this edition of the Newsletter. Thanks also to Nicole Franklin, our Website Officer, who is key in distributing the Newsletter to you via her management of the Section's website.

Our Newsletter has become a valuable tool to help the Texas IP bar stay connected. In this Newsletter, we remember two individuals who have contributed greatly to

our profession. Ned Conley and Dave Alexander have passed away recently and will be missed. We honor these individuals and find much inspiration in their lives well lived.

This Newsletter reports on the 10<sup>th</sup> Annual Advanced Patent Litigation Course held in San Antonio on July 17-18, 2014 and led by Scott Breedlove, the Course Director. Many topics are highlighted including Patent Law Update, Non-Practicing Entities, The Heightened Risks for Misconduct in Patent Cases and the Potential Consequences, and Issues Relating to Electronically-Stored Information.

Also in this Newsletter, Roxanne Edwards explains Trade Dress and the Functionality Doctrine and Nathan Reese and Thomas Kelton look at Informative Decisions of the Patent Trial and Appeal Board in 2014.

The IP Section is gearing up for its annual CLEs. First, the 28<sup>th</sup> Advanced Intellectual Property Law Course will be held in Houston at the Four Seasons on March 19-20, 2015,

preceded with a half day workshop on March 18. Hope Shimabuku, the Course Director, has continued the tradition of putting together an informative CLE. The Annual Meeting follows in San Antonio at the Grand Hyatt on June 18-19, 2015 and is led by Course Director, Steve Koch. And planning for the 2015 Advanced Patent Litigation Course to be held in Dallas at the Four Seasons on July 23-24, 2015 is in full swing and led by Paul Morico.

Committees are truly the foundation of our Section and offer the best opportunity to become and stay involved in the Section. The personal benefits are great, as it is rewarding to serve the Section while getting to know your fellow IP practitioners in Texas. The chairs of these committees are listed on the website and I encourage you to reach out to them to express your interest in joining a particular committee.

Our Section leadership will be participating in our second annual retreat this spring. We will continue to explore additional ways that we can be of better service to our members. If you have ideas about Section initiatives or what we as a Section can do to better serve our members, please contact me or any of our other Section officers and council members. Our retreat will take place in early May, so please submit your ideas promptly.

Please take the opportunity to enjoy our Section's activities, including joining us at our CLE's and becoming active in committee work.

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## Mark Your Calendar

### State Bar of Texas Intellectual Property Law Section

- The 28<sup>th</sup> Annual Advanced Intellectual Property Law CLE will be held at the Four Seasons Hotel in Houston on March 19-20, 2015. Prior to the two day CLE, a half day CLE entitled "Getting Your Patent Granted" will be held on March 18, 2015.
- The SBOT IP Law Section Annual Meeting will be held in San Antonio on June 18-19, 2015, in conjunction with the State Bar of Texas annual meeting.

For more information regarding the SBOT IP Law Section CLE events, go to [www.texasbarcle.com](http://www.texasbarcle.com).

### Austin Intellectual Property Law Association

- The March CLE lunch will be held at the Westwood Country Club in Austin on March 25, 2015 beginning at 11:30 a.m. The lunch speaker will be James W. Babineau of Fish & Richardson speaking on "Drafting Claims After Alice"

For more information, go to [www.austin-ipla.org](http://www.austin-ipla.org).

### Houston Intellectual Property Law Association

- The March HIPLA luncheon will be held at Fleming's Prime Steakhouse in Houston on March 25, 2015 beginning at 11:30 a.m. The meeting will include the election of 2015 HIPLA officers and directors.

For more information, go to [www.hipla.org](http://www.hipla.org).

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Q&A

with Shannon Bates



What advice do you have for a member who is looking to become involved in the Women in IP Committee?

*I recommend contacting the committee chair (Cathryn Berryman) to be added to the committee roster, participate on the committee phone calls, attend the committee sponsored events (typically offered in conjunction with the excellent State Bar IP Section CLEs), and volunteer to help out with events being organized in your city. In other words, jump in!*

Why did you become involved with this SBOT IP Section group?

*I was one of 3 co-founders of the DFW Women in IP group that later became part of the SBOT IP Section group. We founded the DFW group to provide a networking forum for women IP attorneys in the DFW metroplex. Through the SBOT IP Section group, those networking opportunities and connections now extend across the state.*

How does your involvement in the Women in IP Committee help your practice and your business?

*Through this group, I have developed friendships and mentoring relationships, helped people locate job opportunities and hired people I met through the group, received and given business referrals, developed a network of subject matter experts I can call on when something is unfamiliar, and formed many other connections that go far beyond what I imagined I would get out of my participation.*

To register for local networking events, visit: <http://bit.ly/1EoPRzs>



## In The Section

### Call for Submissions

The IP Section Newsletter is a great way to get published! The Newsletter Committee welcomes the submission of articles for potential publication in upcoming editions of the IP Law Section Newsletter, as well as any information regarding IP-related meetings and CLE events. If you are

interested in submitting an article to be considered for publication or add an event to the calendar, please email your submission to [texasbaripsection.newsletter@gmail.com](mailto:texasbaripsection.newsletter@gmail.com).

### Article Submission Guidelines:

**STYLE:** Journalistic, such as a magazine article, in contrast to scholarly, such as a law review article. We want articles that are current, interesting, enjoyable to read, and based on your opinion or analysis.

**LENGTH:** 1-5 pages, single spaced.

**FOOTNOTES AND ENDNOTES:** Please refrain! If you must point the reader to a particular case, proposed legislation, Internet site, or credit another author, please use internal citations.

**PERSONAL INFO:** Please provide a one-paragraph bio and a photograph, or

approval to use a photo from your company or firm website.

If you have any questions, please contact Indranil Chowdhury, Newsletter Officer, at [ichowdhury@cgiplaw.com](mailto:ichowdhury@cgiplaw.com).

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### ***New Lawyers Committee***

The State Bar of Texas IP Law Section would like to announce its newest committee, titled the “New Lawyers Committee.” Membership is open to all members of the SBOT IP Law Section who have 0-10 years of legal experience. The purpose of the committee is to provide new lawyers with networking and mentoring opportunities, through CLE and social events alike. Texas-area law students are also invited to join the committee.

If you’re interested in learning more about the committee or if you’d like to add your name to the listserv, please email the New Lawyers Committee Chair, Priya Prasad ([priya.g.prasad@exxonmobil.com](mailto:priya.g.prasad@exxonmobil.com)) and/or New Lawyers Committee Liaison, Bhaveeni Parmar ([bhaveeni@ziosk.com](mailto:bhaveeni@ziosk.com)).

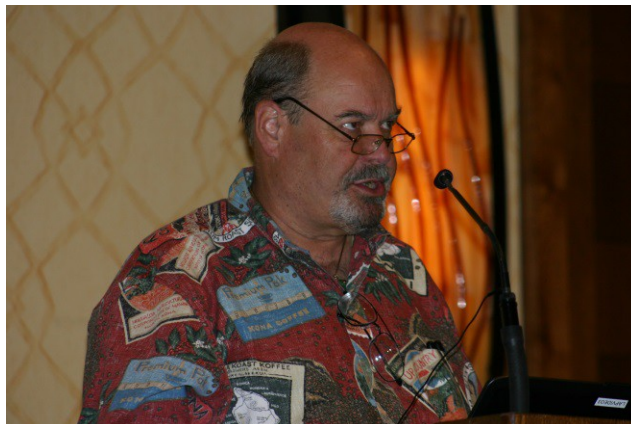
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### ***10th Annual Advanced Patent Litigation Course Report***

In July, the IP Section held its 10th Annual Advanced Patent Litigation Seminar at the JW Marriot Hill Country Resort in San Antonio. The two-day event featured twenty-two presentations and an evening social.

The seminar started on a Thursday morning with three updates about the state of patent-related law. Gale Peterson (Cox Smith Matthews, San Antonio) provided recent developments from the Supreme Court and Federal Circuit. Sharon Israel (Mayer Brown, Houston) updated attendees on proposed intellectual property legislation being

considered by Congress. Finally, Mark Whitaker (Baker Botts, Washington, D.C.) updated attendees on ITC proceedings from 2013–2014.



Gale Peterson of Cox Smith Matthews.

Michael Pegues of Bracewell & Giuliani LLP (Dallas) moderated a mid-morning panel discussion about Non-Practicing Entities (NPEs). The panel consisted of Scott Burt of Conversant IP, a Canadian intellectual property management company, and Van Lindberg of Rackspace Hosting. The panelists provided their respective views concerning NPEs, proposed NPE-related reforms, and how their respective companies handle NPE-related issues.

Over lunch, Prof. Lisa Dolak of the Syracuse University College of Law presented on the heightened risks for misconduct in patent cases and the potential consequences for such misconduct. According to Prof. Dolak, the high stakes associated with patent cases are more likely to foster litigation misconduct than other types of litigation. Prof. Dolak cautioned, among other things, that trial judges have referred attorneys involved in sanctionable conduct to their respective state bars for possible disciplinary action.

After lunch, Karen Monsen of King & Sommer, LLP (San Antonio) covered a number of issues relating to electronically-stored information, including meta-data, preservation duties, allocation of costs, and possible spoliation sanctions. ESI has



Prof. Lisa Dolak of the Syracuse University College of Law.

become the most prevalent form of discovery, and Ms. Monsen recognized a current trend towards making the parties' duty to preserve ESI proportionate to the amount at stake in the lawsuit.

Clyde Siebman of Siebman Burg Phillips & Smith, LLP moderated an hour-long panel discussion providing insight into the role of the jury in proceedings. The panel consisted of Peggy Anderson, a former deputy-in-charge for the Marshall division; Rosa Ferguson, the courtroom administrator for Chief Judge Leonard Davis; and Kirstine Rogers, a career law clerk for Judge Don Bush.

Perry Saidman, the founder of Saidman DesignLaw Group and a leading advocate for design patents, updated attendees on the state of the law in industrial designs. Notable recent cases include *High Point Design, LLC v. Buyers Direct, Inc.*, 730 F.3d 1301 (Fed. Cir. 2013), *MRC Innovations, Inc. v. Hunter Mfg., LLP*, 747 F.3d 1326 (Fed. Cir. 2014), and *Apple Inc. v. Samsung*, No. 2014-1335 (Fed. Cir.) (oral argument held Dec. 4, 2014). Mr. Saidman also addressed the scenario for continuation design patent applications where the Patent Office considered the removal of claimed subject matter from the parent application to be "new matter" in the child continuation application.

Jeanne Heffernan, a partner in Kirkland & Ellis' New York office, discussed standing issues. She also addressed recent reform efforts, including a recently proposed rule requiring the disclosure of "attributable owners" of a patent application (79 Fed. Reg. 4105). She also discussed potential legislative action requiring the disclosure in litigation of any entity that has a financial interest in the patent (H.R. 3309 (Dec. 2013); S.1720 (Nov. 2013)).

For the final Thursday presentation, Robert McAughan, Jr. of Sutton McAughan Deaver PLLC (Houston), shared his thoughts about documenting patent legal opinions. Mr. McAughan stressed the importance of documenting unfavorable opinions and ensuring completeness. He cautioned that legal opinions are no longer just for defendants given courts' recent emphasis on having a good-faith basis for infringement actions and the requirements of Fed. R. Civ. P. 11.

Friday started with Dr. Seth Kaplan, Gabe Gelb, and Scott Breedlove (Vinson & Elkins) jointly addressing the use of commercial success and industry recognition as evidence of nonobviousness of a claim. The panel stressed that, in order to be a supporting factor, there must be a nexus between commercial success and the claimed invention. An economic expert can assist with establishing a nexus by assessing trends, but-for analysis, and considering alternative causes. Both direct and indirect surveys may also be helpful in establishing the requisite nexus. Mr. Kaplan is Senior Economic Advisor for Capital Trade, Inc., a Washington, D.C. consulting firm. Mr. Gelb is a Senior Consultant for Endeavor Management in Houston.

The next two presenters focused on recent Supreme Court decisions. First, Max Ciccarelli of Thompson & Knight presented on the difference between patentable

subject matter and abstract ideas in light of *Alice Corp. v. CLS Bank Int'l*. Next, Jerry Sellinger of Patterson & Sheridan discussed divided infringement and inducement in light of *Limelight Networks, Inc. v. Akamai Technologies, Inc.*



David McCombs (left) and Douglas Cawley.

Douglas Cawley of McKool Smith and David McCombs of Haynes and Boone focused on the interplay between PTO review and district court litigation. They discussed estoppel considerations, petition and response strategies, litigation stays, finality of decisions, and ethical obligations before the PTAB and courts. They also noted the probable difficulty in continuing to meet the one-year decision period for IPR rulings if the number of filings of petitions for IPR maintains its current rate of increase.

John R. Emerson of Haynes and Boone (Dallas) presented on attorney's fees in light of *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S.Ct. 1749 (2014) and *Highmark Inc. v. Allcare Health Mgm't Sys., Inc.*, 134 S.Ct. 1744 (2014). Mr. Emerson reviewed *Medtrica Solutions, Ltd v. Cygnus Medical, LLC* (W.D. Wash.), in which the trial court granted the accused infringer's motion for summary judgment of non-infringement but denied its motion for sanctions. A day after the Supreme Court's decision in *Octane Fitness* and *Highmark, Inc.*, *Medtrica* filed a motion to reconsider its motion for fees, which the trial court granted. Ultimately, the trial court granted *Medtrica's* motion for fees because *Octane Fitness* and *Highmark* resulted in a more-flexible

framework for trial courts to find a case "exceptional" under 35 U.S.C. § 285. Because the court at one point ruled both against and in favor of fees on the same facts, *Medtrica* provides a helpful case study of the effect of *Octane Fitness* and *Highmark, Inc.* on this issue.

Bailey Harris of Fish & Richardson in Houston updated attendees on international trends in patent infringement, patent enforcement in Europe, and the Unitary Patent and Unified Patent Court package. Specialized patent courts are becoming a trend across some advanced foreign countries. Currently, applicants must obtain country-specific patents or country specific parts for European applications, and national courts in different European countries enforce national patents and national parts of European patents. Europe, however, is trending towards a unified patent that can be enforced in Unified Patent Courts across the continent.



Bailey Harris.

Jason Saunders of Arnold, Knobloch & Saunders in Houston discussed the effect of extraterritoriality on offers to sell and infringement. Usually acts outside the United States will not create patent infringement liability, but negotiations that will one day place infringing products in the United States can create liability. Liability for patent infringement can be based on an offer to sell made abroad for a product that will

eventually end up in the United States. The Federal Circuit has stated that the focus should not be on the location of the offer, but on the location of future sales pursuant to the offer. The Federal Circuit, however, has inconsistently addressed extraterritoriality over the years.

During lunch, a panel of former clerks in the Eastern District of Texas provided attendees with insight into the inner-workings of judicial chambers. The panel included Andrea Houston (Vinson & Elkins, Austin), Natalie Alfaro (Baker Botts, Houston), Betty Chen (Fish & Richardson, Redwood City, CA), and Leslie Tronche (Beck Redden, Houston).

After lunch, Decker Cammack of Friedman, Suder & Cooke in Fort Worth moderated another panel about litigating in a civil manner. The panel included Hon. Don Bush, Mark Strachan (Sayles Werbner, Dallas), Hilda Galvan (Jones Day, Dallas), and Larry Macon (Akin Gump, San Antonio).

Dr. Valerie Friedrich of The JL Salazar Law Firm (Houston) discussed the implications of *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S.Ct. 2120 (2014) on invalidity defenses based on indefiniteness of the asserted patent claims. Dr. Friedrich concluded that *Nautilus* clearly lowered the standard for proving claim indefiniteness. *Nautilus* will likely result in a defense with “teeth,” and patent owners should be wary of asserting ambiguous claims.

Christian Hurt of Nix, Patterson & Roach in Irving, addressed venue selection after the AIA. The AIA is more restrictive on joinder than pre-AIA rules. Consequently, picking the right venue is now a more weighty decision. Joining defendants under the AIA requires the same transaction, occurrence, or series of transaction relating to the infringing acts and question of fact common to all defendants.

Sanford Warren, Jr. of Akin Gump (Dallas)

delivered the final presentation of the course, which discussed damages in patent cases. Mr. Warren focused his presentation on the Comparability Requirement and the Entire Market Value Rule.



Thursday evening's social event.

## ***In Memoriam***

**David J. Alexander** (1955-2014). David Alexander, a respected member of the Texas IP community, passed away on December 14, 2014. David began his patent law career in Oklahoma City as a Patent Agent with Dunlap, Coddling, Peterson and Lee, followed by Patent Attorney roles with Halliburton Oil, Duncan, OK; Kimberly Clark, Atlanta, GA; Atlantic Richfield, Plano, TX; Exxon Corporation, Houston, TX and finally as Chief Patent Counsel with Total Petrochemicals USA of Houston, TX.

Born in New Orleans, Louisiana, David was a graduate of Louisiana State University earning a Bachelor of Science in Biochemistry and Juris Doctorate from Loyola School of Law. David served in the United States Air Force as a Judge Advocate General in Enid, OK and later trained as a Weapons Controller, fulfilling foreign assignments with AWACS.

David is survived by his wife, Connie Denise Hicks and their three children, James Andrew, Olivia Claire, and William Edward Alexander and his mother. David is also survived by his brother, Dr. Albert Edward Alexander II and his wife, Dr. Elba Batista Alexander and their children, Albert Edward III and Luis Batista Alexander, of Baton Rouge, LA; his brother Richard Hoffman Alexander, his wife Tinsley and their daughter, Kaylon Kristina; and his sister, Patricia Alexander Jeanfreau and her children, Matthew James, Rachael Anne, Juliette Marie and Kathryn Frances Jeanfreau as well as many loving family members and friends.

**Ned L. Conley** (1925-2014). Ned L. Conley passed away on the 13<sup>th</sup> of November, 2014, at the age of 88. He was born the 7<sup>th</sup> of December 1925 in Lovelady, Texas and relocated to Houston when he was 4 years old. He served his country in the United

States Navy during WWII. Ned graduated with a BS in Mechanical Engineering from Texas A&M University, Class of 1947. He then attended law school and graduated from South Texas College of Law with a jurisprudence degree in 1955. In 1947, Ned married Betty Bailey in Houston, who preceded him in death in March of 2007. In December 2007, Ned married Eve Hays of Houston.

Ned began his professional career as an engineer with Mission Manufacturing Co. of Houston, 1948-1955, and then Hudson Engineering Co., Houston, 1955-1956. He then became an Examiner with the U.S. Patent and Trademark Office in 1957. Ned began his legal career with Sun Oil Company in Philadelphia, 1957-1959. He then joined Butler & Binion of Houston, where he became a Partner and administrative head of the intellectual property section. In 1991, he founded the firm of Conley Rose now having offices in Houston, Dallas and Austin. After his retirement from Conley Rose, he continued his IP practice as a consultant and expert.

He was an accomplished leader who held many professional positions, including Chairman of the Intellectual Property Law Section of the State Bar of Texas and President of the Houston Patent Law Association. Ned was also highly active at the South Texas College of Law and the Texas A&M Alumni Association as well as his church and civic association.

Although Ned was known for his many achievements, one that stood out was his argument before the Supreme Court in *Monsanto v. Dawson Chemical*. Hal Wegner emailed "Ned Conley was a giant of the Texas patent bar, a cofounder of what is today Conley Rose, P.C., said to be the largest IP practice in Texas. Apart from serving his country in the Navy in World War II, Ned was a complete Texan, born, raised



and educated in the State who practiced patent law in Texas his entire career. He had been President of the Houston Intellectual Property Law Association. After retirement he gave his support to creation of the Houston Intellectual Property American Inn of Court as a Founding Master.” Ned was highly respected, greatly admired, and will be missed by all.

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## Section Member Profile

The following section member was asked to answer questions about her professional and personal life. These questions were:

- Where do you work?
- Describe your legal practice?
- If I weren't an attorney, I would be...
- My favorite (or dream) vacation is...
- In my spare time, I enjoy...
- The best dessert in the world is...
- My favorite movie is...
- If I won the lottery, I would...
- I recommend reading...
- Most SBOT IP Section members probably don't know that...
- You forgot to ask me about...

### Priya G. Prasad

**Work?** Exxon Mobil

**Legal practice?** Prepare and prosecute domestic and foreign patent applications in the chemical arts. Counsel on patentability, freedom to operate, and patent validity.



**If I weren't an attorney, I would be...** An engineer (my pre-law school career).

**My favorite (or dream) vacation is...** visiting the Galapagos Islands.

**In my spare time, I enjoy...** swimming, volunteering, and hearing about startups/new business ventures.

**The best dessert in the world is...** Gelato

**My favorite movie is...** *Pride and Prejudice*

(BBC series, but so long it counts as a movie).

**If I won the lottery, I would...** travel every weekend (domestic and international).

**I recommend reading...** *Open* by Andre Agassi.

**Most SBOT IP Section members probably don't know that...** I was born and grew up in Australia until I was 11 years old.

**You forgot to ask me about...** the New Lawyer's Committee, the most recently formed committee of the SBOT IP Law Section. The purpose of the committee is to provide new lawyers with networking and mentoring opportunities, through CLE and social events alike. Contact me if you're interested in learning more!

The State Bar of Texas Intellectual Property Law Section has over 2000 members and the Newsletter Committee is eager to get to know each of you! To this end, each newsletter will publish the profiles of one or two members providing information on where the member works, their practice area, interests and other fun facts! If you are interested in being profiled, send an email to the Newsletter Committee at [texasbaripsection.newsletter@gmail.com](mailto:texasbaripsection.newsletter@gmail.com) and we will email you a questionnaire.



## Practice Points

### ***Trade Dress and the Functionality Doctrine: At the Intersection of Trademark and Patent Law***

By Roxanne Edwards

The law surrounding the protection of trade dress has been a casualty of inconsistent interpretation and application for many years. While a variety of trade dress issues have fueled debate over the years, the functionality doctrine and the relationship between patent and trademark law has been a focus of controversy particularly in the last decade.

At first glance, the doctrine of functionality appears relatively straightforward; however, the courts have shown us otherwise. The esoteric concept of functionality has caused confusion and division among trademark practitioners and courts. One certainty has been the need for long overdue consistency and coherency in the interpretation and application of the functionality doctrine. Just over six months ago, the Fourth Circuit provided guidance to those trying to navigate the convoluted waters of functionality. See [McAirlaids Inc. v. Kimberly-Clark Corp.](#), 756 F.3d 307 (4th Cir. 2014). Has the *McAirlaids* court succeeded in providing some direction and clarity or has it only muddied the waters even more?

While most of us were trying to keep cool in the Texas summer heat, the Fourth Circuit decided what some believe is one, if not the most significant, case involving the

intersection of trade dress and patent law in the past decade. In *McAirlaids*, the Fourth Circuit reversed and remanded the dismissal of a trade dress infringement claim after determining that a genuine issue of fact existed as to whether McAirlaids' pixel pattern embossed on an absorbent textile material is functional. It was not disputed that the embossed pattern was important to hold the material together and must fall within certain general size and spacing parameters. McAirlaids chose a "pixel" or dot pattern and registered the pattern as trade dress. Kimberly-Clark also manufactured an absorbent bed mat incorporating a dot pattern similar to that of McAirlaids. While the parties agreed that certain elements of the product were functional, the question was whether the specific embossed pixel pattern of McAirlaids was functional.

The district court dismissed the trade dress claim on the ground that the pixel pattern is functional and thus not protectable as trade dress. In reversing the district court's dismissal, the Fourth Circuit considered McAirlaids' utility patents for the same product. McAirlaids argued that, although the utility patents cover the manufacturing process and materials of the product, the patents do not cover a particular embossing pattern—the element of the product being asserted as protected trade dress—and such pattern was ornamental and did not serve a utilitarian function. The court acknowledged McAirlaids' position, finding that, while its utility patents cover the manufacturing process and materials of the absorbent material, a question of fact remained as to whether the patents related to the pixel pattern, despite the fact that it was clear that, for the manufacturing process to work properly, the embossed design must fall within certain size and spacing parameters. The Fourth Circuit further held that, while the utility patents were evidence of the pixel pattern's functionality, they were not

dispositive, and the court should consider other factors, including the availability of alternative functionally equivalent designs. The court therefore reversed the dismissal and remanded the case for further consideration.

Over a decade ago, the Supreme Court in *TrafFix* held that the presence of a utility patent is strong evidence of functionality. See *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23 (2001). The *TrafFix* Court, however, did not provide explicit guidance on factors that could affect the weight afforded a utility patent in determining functionality, as well as the relevance of other types of evidence. In the wake of *TrafFix*, lower courts have been inconsistent when considering evidence for determining whether the design of a product feature is functional.

The Fourth Circuit distinguished *McAirlaids* from *TrafFix*. In *TrafFix*, the feature claimed as trade dress was the same feature protected by the utility patent. In *McAirlaids*, on the other hand, the utility patents did not mention the specific embossing pattern as a protected feature but cover a process and material. As such, the *McAirlaids* patents were not the same “strong evidence” as the patents in *TrafFix*. Additionally, in *TrafFix*, the element at issue was not registered as a trade dress. However, *McAirlaids*’ pixel pattern was the subject of a federal trademark registration; thus, the burden was shifted to Kimberly-Clark to show functionality by preponderance of evidence. Furthermore, the Fourth Circuit found *TrafFix*’s holding that the availability of alternative designs need not be considered after the functionality of a design element has been established inapplicable in *McAirlaids*. As such, the Fourth Circuit held that the district

court should have considered this and other relevant factors in the first instance when determining functionality.

It is clear that the facts of *McAirlaids* and *TrafFix* can be distinguished. Taking into account the distinguishing elements, did the court in *McAirlaids* actually deviate significantly from the Supreme Court’s holding in *TrafFix*? Or was the Fourth Circuit’s consideration of the existence of the utility patents in line with the holding in *TrafFix*, given the distinguishing elements of the cases? It is too soon to tell whether the

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***Even after  
McAirlaids, it remains  
clear that claims  
made in a utility  
patent, including  
expired patents,  
could have preclusive  
effects on asserting  
trade dress  
protection.***

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Fourth Circuit will prove to be the pioneer in attaining consistency in the interpretation and application of the functionality doctrine, particularly as it relates to patent law, or if the uncertainty surrounding the doctrine will continue for years to come. Regardless of your position, the *McAirlaids* decision indicates that the intersection of trade dress and patents is as complex as ever, and that courts may be inclined to look

to various factors when determining the ultimate fate of a trade dress, even in the existence of a utility patent.

For practical purposes, what does *McAirlaids* and other relevant cases mean for companies seeking intellectual property protection for its products or certain aspects of its products? Even after *McAirlaids*, it remains clear that claims made in a utility patent, including expired patents, could have preclusive effects on asserting trade dress protection. Accordingly, prior to seeking protection for intellectual property in a product or design, a company should consider the specific elements of the product and identify which are functional and which are nonfunctional. The company can then consider trade dress protection for the nonfunctional elements and utility patent

protection for the functional elements. In any case, it is clear that significant care should be taken in how the functional aspects described in a utility patent application are characterized. Otherwise, a company could face a finding of functionality for such elements that may have otherwise been afforded trade dress protection.

*The above article expresses the view of the author and not necessarily that of the State Bar of Texas IP Law Section.*



*Roxanne Edwards recently launched the intellectual property practice at Brown, PC after being a partner with a global IP law firm for nearly a decade. Her practice focuses on all facets of trademark, domain name, and copyright law including prosecution, transactional, and dispute matters.*

*She provides strategic and innovative solutions for establishing, protecting, enforcing, and optimizing clients' intellectual property assets throughout the world. She earned a J.D. from Tulane University Law School.*

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## **Informative Decisions of the Patent Trial and Appeal Board in 2014**

By Nathan Reese and Thomas Kelton

The Patent Trial and Appeal Board (PTAB) designates its more important and precedential cases as “informative,” and so far the PTAB has given seven of its 2014 cases that designation. It is notable that five of the seven cases address the discretion of the PTAB under 35 U.S.C. § 325(d). This article provides an overview of those five cases to illustrate the evolution of jurisprudence at the PTAB. More specifically, the article examines the PTAB’s use of its discretion to deny petitions for inter partes review (IPR) for using the same or similar prior art and arguments, set forth during prosecution or during an earlier filed IPR, to challenge claims already under review.

The America Invents Act (AIA) gives the

PTAB discretion in determining whether to institute a proceeding when the same or similar prior art or arguments have been in front of the USPTO. 35 U.S.C. § 325(d) provides, in part:

### (d) MULTIPLE PROCEEDINGS.—

... In determining whether to institute or order a proceeding under this chapter, chapter 30, or chapter 31, the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.

The first of these decisions is *Prism Pharma Co., LTD. v. Choongwae Pharma Corp.*, Case IPR2014-00315, Paper 14, in which the PTAB declined to institute an IPR when the petition relied on the same art and arguments overcome by the patent owner during prosecution of the patent at issue. During prosecution, the patent owner Choongwae Pharma received an unsolicited declaration (from a cofounder of the Petitioner Prism Pharma) that attempted to show that the claims in the application lacked written description, thereby receiving a later effective filing date. *Prism* at 9. The unsolicited declaration also attempted to show that the claims were anticipated by art predating the alleged effective filing date of the claims, but not predating an earlier priority date on which the patent claimed benefit. *Id.*

The patent owner submitted the declaration in an Information Disclosure Statement (IDS) to the examiner during prosecution, who then rejected the claims over the art discussed in the declaration. *Id.* The patent owner amended the claims and the specification in response to the rejection, and the examiner allowed the amended claims. *Id.* 9-12.

Prism Pharma submitted the petition for IPR alleging that the challenged claims of the

patent had a later priority date than the priority claim (due to a lack of written support for amended claims) and were anticipated by the same prior art that was discussed in the unsolicited declaration. *Id.* 12-13. The PTAB observed that the art in the petition and the art during prosecution where the same and also characterized the arguments presented by petitioner as “substantially the same.” *Id.* Thus, the PTAB determined it proper to: “exercise its discretion to deny the Petition under 35 U.S.C. § 325(d).” *Id.* at 13.

The remaining decisions discussed below each included a situation where earlier arguments and/or art were in front of the PTAB as a result of earlier IPR petitions. The second decision is *Medtronic, Inc. v. Robert Bosch Healthcare Systems, Inc.*, Case IPR2014-00436, Paper 17, where the PTAB declined to institute a proceeding based on a later-filed second petition having substantially the same art and arguments as those considered with respect to an earlier-filed first petition challenging the same patent. The petitioner, Medtronic, was also a real party in interest in the IPR from the first petition.

The earlier-filed first petition was granted as to some of the claims of the patent, but not to others: (1) claims 1, 2, and 5-10 as unpatentable over Cohen and Wahlquist under 35 U.S.C. § 103(a); and (2) claims 1, 2, and 5-10 as unpatentable over Cohen, Wahlquist, and two other prior art references under 35 U.S.C. § 103(a). *Cardiocom LLC v. Robert Bosch Healthcare Systems, Inc.*, Case IPR2013-00451, Paper 23 at 29. Petitioner, Medtronic, later filed the second petition to address all of claims 1-22 using combinations that also included Cohen and Wahlquist asserting that: (1) claims 1-22 as unpatentable over a combination of Cohen,

Kaufman, and Wahlquist, and (2) claims 1-6, 10-12, 16-18, and 22 over the combination of Cohen and Kaufman. *Medtronic* at 2.

As to claims 3-4 and 11-22 (not involved in the first IPR), the PTAB analyzed the art and arguments and determined that the petitioner failed to show a reasonable likelihood that it would prevail in showing an patentability of any of those claims. *Medtronic* at 12-13. But that is not the interesting part.

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***The America Invents Act gives the PTAB discretion in determining whether to institute a proceeding when the same or similar prior art or arguments have been in front of the USPTO.***

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As to claims 1, 2, and 5-10 (addressed in the first IPR), the PTAB used its discretion under 35 U.S.C. § 325(d) to deny the second petition, saying that the art and arguments in the second petition are the same or substantially the same as those in the first petition. Specifically, the PTAB noted that: “[t]he arguments presented with regard to Cohen are the same arguments presented in connection with the [first IPR].

In particular, the instant Petition presents Cohen as disclosing the same claim limitations with substantially the same support and arguments as presented in the [first IPR]... With regard to Wahlquist, the instant Petition asserts the same arguments presented in the [first IPR].” *Medtronic* at 11.

Accordingly, the petition was rejected as to claims 1, 2 and 5-10 and the PTAB decided to “exercise discretion and determine that the arguments presented in the instant Petition involve the same, or substantially the same, prior art... and the same, or substantially the same, arguments previously presented in the [first IPR]... [and] the overlap between the arguments and evidence in [the first IPR] and the grounds asserted in the Petition in this proceeding is substantial.” *Medtronic* at 12.

In a third decision, *Unilever, Inc. v. The Procter & Gamble Company*, Case IPR

2014-00506, Paper 17, the PTAB used its discretion under 35 U.S.C. § 325(d) to deny a later-filed second petition that included additional evidence and arguments intended to bolster unsuccessful challenges presented in an earlier-filed first petition.

Unilever filed a first petition for IPR, which was granted as to only some of the claims of the patent at issue. *Unilever* at 2. The petitioner then filed a second petition for IPR, directed only to the claims that were denied review in the first proceeding. *Id.* The PTAB first looked at the cited art and noted it was the same or substantially the same prior art as in the first IPR. *Id.* at 6. The second petition relied on thirteen pieces of prior art—six that were raised in the first petition and seven that were new to the second petition, although eight out of nine challenges relied on a reference, *Kanebo*, from the first petition, and the ninth challenge relied on three other references from the first petition. *Id.* The PTAB denied the second petition using its discretion under 35 U.S.C. § 325(d), commenting that the art in the second petition was the same or substantially the same prior art as in the first IPR. *Id.*

Independent of that reasoning, the PTAB further denied the second petition, saying that the arguments raised in the second petition are “substantially the same” as those of the first petition. *Id.* at 7. The PTAB particularly looked at the treatment of claim 13. *Id.* In the first petition, the petitioner relied on the *Kanebo* reference for all elements of the claim except for one, where it used a secondary reference, and the PTAB declined to institute review of claim 13 on this ground. *Id.* In the second petition, the petitioner merely replaced the secondary

reference with other secondary references. *Id.* The PTAB characterized the treatment of claim 13 in both petitions as “substantially the same argument,” even going so far as to refer to the claim charts of the two petitions as “essentially... identical.” *Id.*

In the fourth decision, the PTAB used its discretion to deny a petition that relied on the same art to assert that the same claims are unpatentable as was asserted in prior instituted proceedings. *Unified Patents, Inc. v. Personalweb Technologies, LLC*, Case IPR2014-00702, Paper 13. U.S. Patent No. 5,978,791 was already the subject of two other instituted IPRs: (1) a first IPR challenging claims 1-4, 29-33, and 41 as being anticipated by or obvious over the Woodhill reference, and (2) a second IPR challenging claims 1-4, 29-33, 35, and 41 also over Woodhill. *Unified Patents* at 2-3. Unified Patents filed a third petition, also based on Woodhill, challenging claims 1-4, 29-33, 35, and 41. *Id.*

The PTAB observed that, with the exception of claim 35, the first IPR covered the issues presented by the Unified Patents petition. *Id.* at 7-8. The PTAB also noted that each claim challenged by Unified Patents over Woodhill was also challenged by the second IPR. *Id.* Accordingly, the PTAB denied the Unified Patents petition using its discretion under 35 U.S.C. § 325(d) “because the same or substantially the same prior art and arguments were presented previously” and because of concerns about the “efficient administration of the Office under 35 U.S.C. § 316(b).” *Id.* at 8.

Finally, in the fifth decision, the PTAB used its discretion to deny a petition for using the

***Subsequent petitions involving the same art as an ongoing IPR proceeding for the same claims may be denied... Subsequent petitions challenging claims with obviousness combinations that rely partly on art from a prior petition and having similar obviousness analysis may be denied...***

same or similar prior art and arguments as in the previous proceeding. *Medtronic, Inc., v. Nuvasive, Inc.*, Case IPR2014-00487, Paper 8. Petitioner, Medtronic, had previously filed two petitions for IPR. *Nuvasive* at 2. The first petition had been denied, and the second petition had been granted as to claims 1-14, 19, 20, and 23-27. *Id.* Petitioner then filed a third petition challenging those same claims to remedy the deficiencies of the first petition and also to add “new arguments and evidence as to the length [sic] disclosure of [prior art reference, Frey].” *Nuvasive* at 2.

Each of the obviousness combinations against the claims relied on the *Frey* reference, and the PTAB particularly noted that the first and third petitions both relied on *Frey* to teach a particular limitation of claim 1. *Id.* at 5-6. The PTAB characterized the petitioner’s analysis as presenting “the same prior art previously presented in the [first petition], and the proposed challenges to the claims are nearly identical to the proposed challenges in the [first petition].” *Id.* at 6. Accordingly, the PTAB used its discretion under 35 U.S.C. § 325(d) to deny the petition as being directed to “the same or substantially the same prior art or arguments” that were presented in the first petition.

Looking at all the decisions together, the PTAB is likely to use its discretion to deny petitions having similar fact patterns to those above. For instance, subsequent petitions involving the same art as an ongoing IPR proceeding for the same claims may be denied. Also, subsequent petitions challenging claims with obviousness combinations that rely partly on art from a prior petition and having similar obviousness analysis may be denied. Additionally, the Board may deny petitions that challenge claims using art or arguments that were overcome during examination.

Petitioners and patent owners may glean

practice tips from these cases. For instance, in the *Nuvasive* case, the PTAB noted that the petitioner did not provide any specific reasoning as to why the challenges in the third petition were not redundant to the challenges in the ongoing IPR proceeding, nor any persuasive reasoning as to why the petition should be granted despite the use of substantially the same prior art and arguments. *Nuvasive* at 7. One practice tip may include providing a persuasive discussion with specific reasoning as to why a subsequent petition should be granted. Remember, discretion also means that in some instances the PTAB may decide to institute petitions when persuasive reasons are provided. Patent owners facing multiple petitions, especially serial petitions with the same or similar art, should consider analogizing their circumstances with some of the cases above in a Preliminary Response in an attempt to prevent institution.

*The above article expresses the view of the authors and not necessarily that of the State Bar of Texas IP Law Section.*



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