

SCOTUS spotlight

Perkins Coie's **Nathan Kelley** and **Tara Kurtis** provide a brief overview of cases that made their way to the Supreme Court this year



The Supreme Court of the US (SCOTUS) offered the US Patent and Trademark Office (USPTO) a mixed bag in 2020. It agreed with the patent side of the agency that decisions whether to institute *inter partes* review (IPR) are not appealable in most cases. But it disagreed with the trademark side of the agency on the issue of trademark registration for internet domain names with generic terms. While 2020 was relatively quiet for IP at the court, the new year may prove more dramatic.

IPR time bar not appealable

Thryv v Click-to-Call

In this case, SCOTUS held that parties cannot appeal the Patent Trial and Appeal Board's (PTAB) determination that an IPR petition was timely filed.¹

Click-To-Call sued Thryv's predecessor for patent infringement in 2001, but the case was voluntarily dismissed. Twelve years later, Thryv filed an IPR petition challenging the same patent. Click-To-Call argued that the petition was barred by 35 USC section 315(b), which allows a defendant only one year to pursue an IPR after being sued. The board found that the dismissed complaint did not trigger section 315(b)'s time bar and instituted review. After losing on the merits, Click-To-Call appealed the time-bar issue, testing the reach of 35 USC section 314(d)'s command that institution decisions "shall be final and non-appealable".

Rejecting Click-To-Call's challenge, the Supreme Court doubled down on the non-appealability of institution decisions. The late Justice Ginsburg authored the opinion for the seven-justice majority, following the precedent the court established in *Cuozzo Speed Technologies, LLC v Lee*.² In *Cuozzo*, the court held that the board's application of a different requirement for IPR petitions was not reviewable because it was a condition of institution. But the *Cuozzo* court declined to define the precise boundaries of section 314(d), holding instead that the appeal bar

applies to issues "closely tied to the application and interpretation of statutes related to" institution decisions.

In *Thryv*, the majority held that application of section 315(b)'s time bar easily satisfies *Cuozzo*'s "closely tied" standard because the provision "is integral to, and indeed a condition on, institution". Because section 315(b) "expressly governs institution" and Click-To-Call's appeal was merely a "dispute about the application of" an institution-related statute, the board's decision to institute review was unappealable. The majority added that the "purpose and design" of the America Invents Act, which created the IPR process to efficiently weed out weak patent claims, provided further support. The majority refused to "unwind the agency's merits decision" and "resurrect" the patent owner's canceled patent claims based on a time bar. The majority concluded that a "statutory scheme so consistently elevating resolution of patentability" would be undermined by institution-related challenges like Click-To-Call's.

Further strengthening the section 314(d) appeal bar, the majority clarified language in *SAS Institute Inc v Iancu*³ that seemed to limit *Cuozzo*'s holding to the board's "'initial determination' under section 314(a) that 'there is a "reasonable likelihood" that the claims are unpatentable'". The *Thryv* majority concluded that SAS's statement was "incomplete" and reminded readers that *Cuozzo* itself applied the appeal bar to provisions beyond section 314(a).

Top level domains

USPTO v Booking.com

In this case, SCOTUS held that the combination of a generic term for a good or service and a top-level domain may qualify as a registered trademark.⁴

An applicant that seeks to register its trademark must demonstrate that the mark will serve to distinguish its goods or services from the goods or services of others. Marks that are

more distinctive are more readily registered. Arbitrary marks like "Camel" for cigarettes or "Kodak" for film are inherently distinctive and easily registered, while a term that identifies the good itself, such as "wine," is considered generic and ordinarily cannot be registered. In this case, SCOTUS considered an issue at the crossroads of historic trademark practice and modern commerce: the registrability of an internet domain name with only a generic term for the good or service offered.

Booking.com sought to register its name as a trademark for hotel reservation services. The parties agreed that "booking" is a generic term for those services but disagreed how the addition of ".com" altered the analysis. Booking.com argued that its name is a distinct term that is nongeneric in the eyes of consumers despite its inclusion of the generic term "booking". The USPTO argued for a rule that adding a top-level domain cannot save a generic term any more than adding a corporate designation such as "Co." or "Inc." can save a generic term, as the Supreme Court had previously held.

By an 8-1 vote, the court disagreed with the USPTO. Because consumers understand that an internet address identifies a particular business, the court held that a term like "booking.com" is meaningfully different from the term "booking" by itself. Corporate designations are different, the court explained, because they do not change the meaning of the term in the same way the addition of ".com" transforms a generic term into a unique internet address. The USPTO's concern that registration of "booking.com" might encroach on competitors' right to use the generic term "booking" by itself did not sway the court because it concluded that consumers were unlikely to be confused about other uses of "booking" and such uses would likely be protected by the fair use doctrine.

The decision highlights an oddity in the statutory scheme that governs judicial review of decisions by the USPTO's Trademark Trial

and Appeal Board (TTAB). TTAB decisions can be directly appealed to the US Court of Appeals for the Federal Circuit, so the TTAB is bound by that court's decisions. But aggrieved parties can alternatively seek review in the US District Court for the Eastern District of Virginia, where the USPTO is headquartered. That court is bound by decisions of the US Court of Appeals for the Fourth Circuit, not the Federal Circuit, which has exclusive jurisdiction over patent cases but not trademark cases. Booking.com's choice to pursue its challenge in the district court allowed it to avoid the Federal Circuit's repeated rulings that top-level domain names like "hotels.com" and "lawyers.com" were generic.

Coming attractions: copyrights, software and fair use

Google LLC v Oracle America, Inc

In this case, argued in October 2020, the Supreme Court is poised to answer fundamental questions about copyright protection for software code and the "fair use" doctrine.

The case addresses the copyrightability of code in light of the merger doctrine codified in 17 USC section 102(b) and the application of the fair use doctrine of 17 USC section 107. The merger doctrine provides that works are not copyrightable if the idea contained therein can be expressed in only one way. The fair use doctrine allows for unlicensed use of a copyrighted work "for purposes such as criticism..., scholarship, or research" and sets forth four nonexclusive factors for determining whether a use is "fair".

Google's Android operating system includes well-known and widely used lines of Java code that call up various functions. Google included this Java "declaring" code so that Android app developers could perform Java call functions without learning a new programming language. The Federal Circuit first held that Oracle had a valid copyright in the code and later reversed a jury verdict to find Google's use not "fair" as a matter of law.⁵ As to the latter, the Federal Circuit also held that the fair-use determination is a legal one drawn from underlying factual determinations and, therefore, the ultimate conclusion was for the court, not the jury.

The recent Supreme Court argument centered on two questions. The first question was whether the merger doctrine prohibits copyright protection for the "declaring" code. Google argued that the merger doctrine applies because the Java call functions require using the Java-specific code. Oracle and the US solicitor general argued that the Java declaring code is not required to perform call functions, but merely convenient. The second

question was whether, assuming the code is copyrightable, Google made "fair use" of it. The court was interested in the Federal Circuit's decision to treat the fair-use issue as a question of law subject to *de novo* review.

The argument offered a few insights into how some of the justices may view the dispute. Chief Justice Roberts expressed skepticism about Google's uncopyrightability theory, saying "cracking the safe may be the only way to get the money that you want, but that doesn't mean you can do it." Justice Breyer, however, noted that if the QWERTY keyboard configuration had been copyrighted, that copyright holder would control all keyboards, "which really has nothing to do with copyright". The questions were more homogenous on the fair-use issue, with many justices questioning the Federal Circuit's application of *de novo* review.

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Challenge to the appointment of USPTO patent judges

Arthrex, Inc v Smith & Nephew, Inc

In this case, in which the Supreme Court granted *certiorari* in October, the court will consider whether administrative patent judges (APJs) are principal officers of the US who must be appointed by the president and confirmed by the Senate. The Federal Circuit concluded that under the existing statutory scheme, APJs were principal officers who were not properly appointed, but the court solved the problem prospectively by severing the statutory provision that gave APJs federal civil-service protections. Without those protections, the Federal Circuit reasoned, the USPTO's director had a greater measure of control over the APJs, and they, in turn, had less power.

If the court agrees with the Federal Circuit that APJs are principal officers, but disagrees that a judicial fix is possible, the result will be dramatic given that none of the 250+ APJs are presidential appointees.

Patent eligibility

American Axle & Manufacturing, Inc v Neapco Holdings LLC

In the new year we can expect yet another high-profile petition asking the Supreme Court to revisit the controversial question of subject matter eligibility under 35 USC section 101. The Federal Circuit split sharply – and evenly – when it denied a petition for rehearing *en banc* in this case.⁶ The denial from rehearing elicited five separate opinions. The dissenting judges argued that the Federal Circuit had taken the Supreme Court's eligibility precedent too far when concluding that a method of manufacturing a vehicle's driveshaft was not patent-eligible subject matter. Given the vocal dissents, the seemingly industrial invention, and the change in the court since its earlier *Alice* decision,⁷ this may be a petition that grabs the court's attention.

Footnotes

1. 140 S Ct 1367 (2020).
2. 136 S Ct 2131 (2016).
3. 138 S Ct 1348 (2018).
4. 140 S Ct 2298 (2020).
5. 750 F.3d 1339 (Fed Cir 2014); 886 F.3d 1179 (Fed Cir 2018).
6. 966 F.3d 1347 (Fed Cir 2020).
7. *Alice Corp v CLS Bank Int'l*, 573 US 208 (2014).

Authors



Nathan Kelley is a partner in Perkins Coie's Washington, DC office. He represents clients before the Federal Circuit as well as the PTAB. He formerly served for more than a decade at the top levels of the US Patent and Trademark Office, most recently as solicitor and deputy general counsel for IP law.

Tara Kurtis is an associate in Perkins Coie's Chicago office. She is an advocate for her clients' patent interests across all stages of litigation. With a deep understanding of appellate practice and procedures, Kurtis helps clients identify and navigate difficult legal issues to achieve their objectives. Kurtis did not contribute to the discussion of *Arthrex* or *American Axle*.