

RECENT DEVELOPMENTS IN INTELLECTUAL PROPERTY LAW

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Notable cases concerning trade dress and patent claim interpretation were among the case law published in the period October 1, 2002 through September 30, 2003. Additionally, a bill was introduced in the Indiana General Assembly to overhaul the Indiana Trademark Act to track the provisions of the Model State Trademark Act. Each of these items will be of interest to Indiana in-house and private practitioners, and their employers or clients, in creating and protecting market share for new or established products.

I. *ECO V. HONEYWELL*

The United States District Court for the Southern District of Indiana saw an interesting trade dress case pitting Honeywell, Inc. and its assertion of protection for a round thermostat against Eco Manufacturing, Inc. and its assertion of competitive freedom. Relying on recent cases clarifying trade dress law and its limitations, the court found that protection for the round thermostat, which had been the subject of prior utility and design patent protection, was not available under the Lanham Act.

A. *Background: Lanham Act, Wal-Mart v. Samara Bros., TrafFix Devices, Inc.*

Section 43(a) of the Lanham Act provides a cause of action for one who believes he or she will be damaged against the use by another of “any word, term, name, symbol, or device, or any combination thereof . . . which is likely to cause confusion . . . as to the origin, sponsorship, or approval of his or her goods”¹ Among other things, this section provides the basis for suits for trade dress infringement. The term “trade dress” comprehends features of a product or its packaging, as opposed to “trademark,” which commonly connotes a word, phrase, picture, or logo. Trade dress is generally protectible against others’ later uses that are likely to cause consumer confusion, if the trade dress is sufficiently distinctive to merit protection and is not functional.

Into the 1990s, Section 43(a) had been generally interpreted to reach a relatively wide variety of protectible property and infringing conduct. However, the Supreme Court in *Wal-Mart Stores, Inc. v. Samara Bros.*,² began reining in trade dress law, a trend continued in *TrafFix Devices, Inc. v. Marketing Displays, Inc.*³ The *Wal-Mart* case centered around articles of clothing designed by respondent Samara. Samara brought suit against Wal-Mart under section 43(a),

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1. 15 U.S.C. § 1125(a) (2003).

2. 529 U.S. 205 (2000).

3. 532 U.S. 23 (2001); see *infra* notes 16-36 and accompanying text.

alleging that Wal-Mart had improperly copied its clothing designs.⁴ Wal-Mart had sent photographs of Samara's clothing to a foreign maker, who copied the photographs with "minor" modifications in making clothing for Wal-Mart. After the district court found against Wal-Mart and rejected its post-trial motion that Samara's designs were not protectible, which determinations were upheld by the Second Circuit, the Supreme Court weighed in.

The Court, after reviewing the pertinent parts of the Lanham Act, its historically broad interpretation, and the open issues or ambiguities in it, proceeded to discuss the concept of "distinctiveness" in trademark law.⁵ Citing its previous decision in *Two Pesos, Inc. v. Taco Cabana, Inc.*,⁶ the Court noted that "the general principles qualifying a mark for registration under . . . the Lanham Act are for the most part applicable in determining whether an unregistered mark is entitled to protection under §43(a)."⁷ Accordingly, to be protectible, unregistered material such as trade dress must be distinctive.⁸

In the realm of word trademarks, for example, to be entitled to registration a word must be either inherently distinctive—its "intrinsic nature serves to identify a particular source,"⁹—or if not inherently distinctive, it must have "acquired distinctiveness."¹⁰ A mark has acquired distinctiveness if its "primary significance . . . is to identify the source of the product rather than the product itself."¹¹ However, the *Wal-Mart* Court decided that a product's design, like its color,¹² can never be inherently distinctive.¹³ Consequently, every trade dress claim concerning the design of a product must include proof that the primary significance of the trade dress feature is to identify the source of the product rather than the product itself.¹⁴

The *Wal-Mart* case represents the Supreme Court's recognition that the configuration of a product requires more stringent showings to obtain protection under the trademark laws than word or logo marks or packaging. In other words, the trademark laws are less likely to protect the way a product looks than the name or decoration on the product's trappings. The Court was quite clear that it would be more difficult to establish rights of an indefinite duration to a product, in and of itself, via the Lanham Act.¹⁵

Following *Wal-Mart*, the Supreme Court decided *TrafFix Devices, Inc. v.*

4. 529 U.S. at 205.

5. *Id.*

6. 505 U.S. 763 (1992).

7. *Wal-Mart*, 529 U.S. at 210.

8. *Id.*

9. *Id.*

10. *Id.* at 211.

11. *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 851 n.11 (1982).

12. *See Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159 (1995).

13. *Wal-Mart*, 529 U.S. at 212.

14. *Id.*

15. *Id.* at 212-13.

*Marketing Displays, Inc.*¹⁶ The *TrafFix* case specifically considered the standards required for permissible protection under the Lanham Act for trade dress.¹⁷ As in *Wal-Mart*, the Court limited such protection in the interest of, among other things, preserving legitimate competition.¹⁸

Marketing Displays, Inc. (MDI) had applied for and received patents (the “Sarkisian patents”) disclosing a mechanism using two springs for use with outdoor signs to maintain them upright in windy or other unfavorable conditions. MDI accused TrafFix’s signs of infringing trade dress rights MDI claimed in its own goods having the two-spring mechanism.¹⁹ The Sarkisian patents had expired well before MDI’s assertion of trade dress rights against TrafFix. The Court identified the dual-spring design as “[t]he central advance claimed in the expired utility patents,” as well as “an essential feature of the trade dress MDI now seeks to protect.”²⁰ Although not apparently necessary to the holding in the case, the Court also noted, based on an analysis of a prior case for infringement of the Sarkisian patents brought by MDI against a third party, that the accused TrafFix goods would have infringed the Sarkisian patents.²¹

The Court’s analysis began with a recognition that the Lanham Act may afford protection to distinctive product packaging or design.²² Such trade dress enjoys the same shelter from uses by others that tend to cause confusion as to origin, sponsorship or approval of the goods as trademarks used with such products.²³ The Lanham Act explicitly places the burden on the one claiming trade dress rights to prove the assertedly protected features non-functional.²⁴ Indeed, the Court’s *Wal-Mart* opinion (noted above) “caution[ed] against misuse or overextension of trade dress . . . [and stated] that ‘product design almost invariably serves purposes other than source identification.’”²⁵

Perhaps most remarkable about the Court’s review of guiding principles of law is its strong statement of the place of copying in proper competitive behavior. “In general, unless an intellectual property right such as a patent or copyright protects an item, it will be subject to copying. As the Court has explained, copying is not always discouraged or disfavored by the laws which preserve our competitive economy.”²⁶ Moreover, the Lanham Act does not “reward manufacturers for their innovation in creating a particular device,” nor does it “protect trade dress in a functional design simply because an investment has been

16. 532 U.S. 23 (2001).

17. *Id.* at 28-29 (citing 15 U.S.C. § 1125(a)(1)(A) (2003)).

18. *Id.* at 33-35.

19. *Id.* at 23.

20. *Id.* at 23-24.

21. *Id.* at 24 (citing *Sarkisian v. Winn-Proff Corp.*, 997 F.2d 1313 (9th Cir. 1983)).

22. *Id.* at 28-29.

23. *Id.*

24. *Id.* at 29 (citing 15 U.S.C. § 1125(a)(3) (2003)).

25. *Id.* (citing *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 213 (2000)).

26. *Id.* (citing *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 160 (1989)).

made to encourage the public to associate” it with a given seller.²⁷ Thus, “[t]rade dress protection must subsist with the recognition” that copying is proper in appropriate circumstances.²⁸

The Court also clarified the functionality standard to be used in trade dress cases. A feature, whether utilitarian or aesthetic, is functional “if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.”²⁹ Whether a non-reputation-related disadvantage would be present if trade dress is protectible is not an issue in a trade dress case, unless aesthetic functionality of a feature is claimed and the feature does not meet the *Inwood/Qualitex* test noted above.

Where a feature is functional, certain results obtain. First, it is not necessary to analyze whether a functional feature has achieved the level of “secondary meaning” or acquired distinctiveness mandated by *Wal-Mart*.³⁰ In other words, regardless of the type of feature, the length of time of its use, the amount or nature of advertising or recognition of the feature, or other factors going to its potential distinctiveness, if the feature is functional it gets no protection.

Second, there is no reason to consider other design possibilities or speculate as to whether the accused could have done something different with his or her product. Rather, “functionality of the . . . design means that competitors need not explore whether other [designs] might be used” with the product in question.³¹ Further, the Court found it nonsensical to construe the trade dress law to require a competitor to hide or disguise a feature of a working product, particularly one that customers may demand.³² Again, a competitor is allowed to use unpatented functional features without even considering questions of what else he could have done.

Focusing on the relevance of the expired Sarkisian patents to the functionality debate, the Court found them not merely relevant but of “vital significance in resolving a trade dress claim.”³³ In fact, “a utility patent is strong evidence that the features therein claimed are functional,”³⁴ and a “heavy burden” is placed on one attempting to establish trade dress protection for features claimed in a patent.³⁵ It is noted that the Court discussed “claimed” features, and this may not have reached a case where the feature at issue was disclosed, but not claimed, in a patent.³⁶ However, such features are considered to be in the public domain and

27. *Id.* at 34-35.

28. *Id.* at 23.

29. *Id.* at 32 (quoting *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 165 (1995)); *see also Inwood Labs., Inc. v. Ives Labs., Inc.* 456 U.S. 844, 850 n.10 (1982).

30. *Id.* at 24 (“Functionality having been established, whether [MDI’s dual-spring] design has acquired secondary meaning need not be considered.”).

31. *Id.* at 33-34.

32. *Id.* at 34.

33. *Id.* at 23.

34. *Id.*

35. *Id.* at 30.

36. *Id.* at 23-24. In fact, the Court appeared to leave this question open, saying “In a case

thus unpatented and usable by all.³⁷ Further, the patent laws require that a patent include a complete written description of the best mode of the invention known at the time of filing, in such depth as to enable one of ordinary skill in that art to make and use the invention.³⁸ Features disclosed in the patent as part of the inventive device could thus be considered part of that “best mode” of the device and affect the quality of the device. In sum, while facts in each case will guide the determination, there are substantial arguments that features of a device disclosed but not claimed in a patent are also functional and copyable for purposes of the Lanham Act.

The Supreme Court specifically took issue with the opinion of the Sixth Circuit Court of Appeals that held that the design of the two-spring mechanism was not functional. The Sixth Circuit took the position that because it would require “‘little imagination to conceive of a hidden dual-spring mechanism or [another] mechanism that might avoid infringing’” the putative trade dress, then a competitor such as *TrafFix* would have to find a way “‘to set its sign apart.’”³⁹ The Court further noted the Sixth Circuit’s requirement of a “‘significant non-reputation-related disadvantage before trade dress protection is denied on functionality grounds.’”⁴⁰

Notably, the Court expressly avoided the question of whether the Lanham Act’s protection for trade dress would be precluded by a patent concerning the article simply by operation of the Patent Clause of the Constitution.⁴¹ It is unfortunate that the Court did not follow its emphatic pronouncement affirming limits on product configuration trade dress rights with an opinion on that question. Given the facts of the *TrafFix* case, with an expired utility patent devoted, at least openly—if not directly—to a feature in which trade dress rights were claimed, it seems that the Court missed an opportunity to remove further doubt as to the reach of trade dress law. Nevertheless, the Court identified the kind of case in which it would decide the issue,⁴² and the tone of this opinion

where a manufacturer seeks to protect arbitrary, incidental, or ornamental aspects of features of a product found in the patent claims, such as arbitrary curves in the legs or an ornamental pattern painted on the springs, a different result might obtain.” *Id.* at 34. Nevertheless, given the Court’s forceful tone concerning the limitations on the trade dress law elsewhere in the *TrafFix* opinion, it appears the Court may be receptive to such arguments.

37. See *Maxwell v. J. Baker, Inc.*, 86 F.3d 1098, 1106-08 (Fed. Cir. 1996).

38. 35 U.S.C. § 112 (2004).

39. *TrafFix Devices, Inc.*, 532 U.S. at 27 (quoting *Mktg. Displays, Inc. v. TrafFix Devices, Inc.*, 200 F.3d 929, 940 (6th Cir. 1999)).

40. *Id.* at 27-28 (quoting *Mktg. Displays, Inc.*, 200 F.3d at 940).

41. U.S. CONST. art. I, § 8, cl. 8 (“The Congress shall have Power . . . [t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”). Trademark and trade dress protection have indefinite durations, i.e., they are not necessarily for “limited times.”

42. *TrafFix Devices, Inc.*, 532 U.S. at 35 (“If, despite the rule that functional features may not be the subject of trade dress protection, a case arises in which trade dress becomes the practical equivalent of an expired utility patent, that will be time enough to consider the matter.”).

seems clearly to suggest the Court's direction and ultimate judgment.

B. Facts of Eco Case

The United States District Court for the Southern District of Indiana used these principles in deciding *Eco Manufacturing L.L.C. v. Honeywell International, Inc.*⁴³ In that case, Honeywell International asserted that the round shape of a thermostat was protectible trade dress and that Eco Manufacturing had infringed that trade dress by marketing a similar round thermostat.⁴⁴ Honeywell's asserted rights included a registration for the round shape obtained from the United States Patent and Trademark Office (PTO).⁴⁵

Honeywell obtained U.S. Patent No. 2,394,920 in 1946, which included a claim to a thermostat with a round shape. The *Eco* court noted that the prosecution history of that patent included Honeywell's arguments focusing on the shape of the thermostat and differentiating that shape from prior art references.⁴⁶ After submitting such arguments, the PTO issued the patent. Later, Honeywell applied for and received a design patent, No. D176,657, covering the ornamental design of a round thermostat.

After the utility patent had expired, and toward the end of the life of the design patent, Honeywell applied to the PTO to register the shape of the round thermostat as a trademark. The PTO rejected the application, claiming that it would improperly extend the patent-based monopoly on the design afforded by the design patent. At that time, the PTO noted the functionality issue, but decided not to address it. After an appeal that reversed the rejection, the PTO considered the issue of whether the round shape of the thermostat was functional, found that it was, and denied a registration for that reason. Some years later, Honeywell again tried to register the shape as a trademark; this time it succeeded.

C. Findings and Conclusions

The issue facing the district court, simply put, was whether the Honeywell thermostat shape was functional and thus incapable of protection under the trademark laws. The court first reviewed the proceedings before the PTO's Examining Attorney and Trademark Trial and Appeal Board (TTAB), by which Honeywell received its registration. It found that those proceedings did not deserve deference for several reasons.⁴⁷ First, the court found it important that the PTO proceedings were *ex parte* rather than contested.⁴⁸ The court also noted that there was significant evidence either not presented to or not understood by the PTO concerning other designs similar to Honeywell's that were available at the

43. 295 F. Supp. 2d 854 (S.D. Ind. 2003).

44. *Id.* at 856.

45. U.S. Trademark Registration No. 1,622,108.

46. *Eco Mfg. L.L.C.*, 295 F. Supp. 2d at 859-62.

47. *Id.* at 865.

48. *Id.*

time its registration application was pending.⁴⁹ Perhaps most important, however, was the recognition that the PTO used the wrong standard for functionality in its determination to grant Honeywell a registration.⁵⁰ Not only was it incorrect, but the test used by the PTO focused on the needs of competitors, a criterion specifically rejected by the Supreme Court's *TrafFix* case.⁵¹

Using the guidance of the *TrafFix* case, and beginning with the premise that "[t]he functionality doctrine has marked the critical boundary between patent law and trademark law" for more than sixty years,⁵² the court turned its focus to the evidence of functionality presented in the case. Having already found that the Honeywell utility patent claimed the round thermostat, the court refused to recognize the trademark rights Honeywell claimed:

Where recognizing a trademark right in a product configuration would prevent the public from practicing a useful invention that was the subject of an expired utility patent, the trademark is not valid because what it protects is a functional design or feature of the product. The trademark claim must give way to the public's rights under the patent bargain with inventor: exclusive rights for a limited period of time, followed by a public right to practice the invention.⁵³

This holding, while pertinent to the idea of trade dress functionality, relies more on the fundamentals and bases of the patent law, even back to the Constitutional language of providing benefit to inventors for "limited times."⁵⁴ Left out of the court's explicit language, but tacitly linking together the holding and the functionality standards reviewed by the court, is the idea that features claimed (and perhaps disclosed) in a patent are functional because they allow or enable the public to use the invention.

The court went on to address alternative bases for denying Honeywell protection for its alleged trade dress rights. The round thermostat, the court correctly found, would also fail the test of aesthetic functionality.⁵⁵ Analogizing to the *Qualitex* case which found that a color that served no purpose other than identification was protectible, the court decided that the round shape of the thermostat was appealing to users, and "therefore positively affects the 'quality' of the product, independent of any association between the shape and the source of the product."⁵⁶ Like a color, a shape can make the product attractive to

49. *Id.* at 866-68.

50. *Id.* at 866.

51. *Id.* (citing *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 33 (2001)).

52. *Id.* at 868 (citing *Kellogg Co. v. Nat'l Biscuit Co.*, 305 U.S. 111 (1938)). The *Eco* court emphasized the holding in *Kellogg* and earlier cases that the expiration of a utility patent gives the public the right to practice the invention described therein. *Id.*

53. *Id.* at 870 (citing *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 123 S. Ct. 2041, 2048 (2003)).

54. *Id.* at 876 (citing U.S. CONST. art. I, § 8, cl. 8).

55. *Id.* at 870-72.

56. *Id.*

customers. With such attractiveness, the shape serves a purpose (i.e., satisfying customer tastes) that is other than identifying the thermostat's source.⁵⁷ The trade dress laws cannot be used to prevent a competitor from making a product as visually appealing as the product at issue.⁵⁸

The court also noted an issue of estoppel against Honeywell, based on its arguments to the PTO to get its utility patent claims allowed back in 1946.⁵⁹ Since Honeywell had taken the position that its round shape was a part of the patented invention so as to obtain allowance of its patent, it should not be permitted in this trade dress case to deny such functionality.⁶⁰

Honeywell's charge that Eco tried to copy its round thermostat design was immaterial to the outcome. As the court noted, a defendant's intent to copy may be relevant in trademark issues, but "is not relevant if the design in question is functional."⁶¹ Copying is not necessarily anathema to fair competition, and, as noted above, it is axiomatic that the public is entitled to copy devices disclosed and claimed in expired patents. Honeywell's claims that Eco could use another shape and that its investments and allegedly exclusive use prove "secondary meaning" are also irrelevant due to the round shape's functionality.⁶² The court also found that the incontestibility of Honeywell's registration was not a factor, even under the "half-hearted" argument that invalidating Honeywell's rights amounted to an unconstitutional taking of property.⁶³

D. Analysis

The *Eco* case, in this commentator's view, interprets properly the Supreme Court's *TrafFix* and related opinions, and with *TrafFix* provides a clear roadmap for several of the issues faced in litigating trade dress cases. A threshold issue in all such cases must be whether the asserted trade dress can support any rights under the Lanham Act. In cases where the alleged trade dress consists of the form or features of the given product itself, that threshold is rightly going to be relatively high. The proponent of protection must establish that its trade dress does not affect the cost or quality of the goods, even if that "quality" concerns the tastes of purchasers or other aesthetic properties. Where a trade dress configuration is functional, most other questions concerning protection under the Lanham Act fall out in the name of effective competition.

While both *Eco* and *TrafFix* focus on the functionality evidence provided by a utility patent, the cases also adequately indicate what kind of evidence and what kind of inquiry is relevant to functionality. The *Eco* opinion noted also the existence of a design patent, but did not discuss at great length what effect it had

57. *Id.* at 871.

58. *Id.* (citing *Publ'ns Int'l, Ltd. v. Landoll, Inc.*, 164 F.3d 337, 339 (7th Cir. 1998)).

59. *Id.* at 872-73.

60. *Id.* at 873.

61. *Id.* at 874.

62. *Id.* at 875.

63. *Id.* at 876.

on the functionality debate. The design patent would be an independent basis for the court's position prohibiting trademark protection after expiration of a patent; the public should be no less entitled to use the subject matter of an expired design patent than it is entitled to use the subject matter of an expired utility patent. Further, that a design is the subject of a design patent would appear to indicate the value of that design, suggesting that the design would affect the quality or desirability of the article to which it is applied. It is noted that *TraFFix* appears to leave open the question of whether some appearance or ornamentation noted in a utility patent could still form the basis for trade dress protection. Nevertheless, there would seem to be little to differentiate the functionality analysis concerning a product configuration claimed in a design patent versus one claimed in a utility patent.

II. PROPOSED REVISIONS TO THE INDIANA TRADEMARK ACT

In 2003, Senator Vi Simpson (D-Bloomington) offered Senate Bill 119,⁶⁴ which would replace the current Indiana Trademark Act⁶⁵ with provisions of the model state trademark act. At the time of going to press, no action beyond introduction had been taken on the bill. By its language, the bill would not be effective before July 1, 2004, but given the current status of the bill it does not appear that it could be enacted before that date.

In many respects, the bill appears to update or rearrange the language of the Act without providing significant substantive changes. For example, the current Act uses the phrase "applied to" to denote the association of a mark with its respective goods. Thus, the current Act makes unregistrable a mark that "when applied to the goods or services of the applicant," is merely descriptive, deceptively misdescriptive, or would be likely to cause confusion.⁶⁶ The proposed bill would change "applied to" to "used on or in connection with," language most Indiana practitioners will be familiar with from the provisions of the Lanham Act.⁶⁷ This commentator is not aware of any case law or other interpretation of the phrase "applied to" that would make it significantly different from the sense of "used on or in connection with" used by the U.S. Patent and Trademark Office (PTO) and federal courts. If there is any difference in the two phrases, the proposed new language would appear to be somewhat more broad, particularly if "applied to" requires a physical contact of a mark with the goods, as opposed to use "in connection with" goods, as on package inserts.

Perhaps the most notable change proposed by the bill, both from the perspective of practitioners and government officials, is proposed new section 4.5 (which would be codified as Indiana Code section 24-2-1-4.5), which provides that the Secretary of State or other designated person or agency "may examine the

64. S.B. 119, 113 Gen. Assem., 2d Reg. Sess. (Ind. 2004), *available at* www.in.gov/legislative/bills/2004/IN/IN0119.1.html (last visited Mar. 14, 2004).

65. IND. CODE § 24-2-1-1 (2004).

66. *Id.* § 24-2-1-3(e) to -3(f).

67. *See, e.g.*, 15 U.S.C. § 1051 (2004).

application [for trademark registration] for conformity with this chapter.”⁶⁸ The section includes provisions that would (1) require an applicant to provide any additional pertinent information, such as a description of a design mark; (2) permit rejections of applications and amendments thereto; (3) allow the Secretary to require disclaimer of an “unregisterable component” of a mark; and (4) identifying a priority system for applications based on order of filing.⁶⁹ Although obviously not as detailed as PTO procedures⁷⁰ detailed in Title 37, C.F.R., the outline of examination procedure found in this proposed new section appears to approximate the normal examination provided by the PTO.

The section concerning applications permits the secretary to require a drawing of the mark satisfying requirements to be specified, and a statement from the applicant indicating whether the mark is the subject of a federal registration application.⁷¹ If a federal application has been filed, the applicant is to provide status information on the application that includes if the application has been finally refused or “otherwise not resulted in a registration” and the reasons for such refusal or nonregistration.⁷² The option to require a drawing will not be unusual to practitioners familiar with federal trademark registration practice. The request for status information, however, is a significant change from standard PTO practice. As noted, the status information refers to reasons for a final refusal to register or other nonregistration, and thus would not appear to require constant updating of the progress of a related federal application. In this commentator’s view, this is a positive step toward promoting consistency in trademark determinations among jurisdictions. A final rejection issued by the PTO would be reported to the Indiana Secretary of State (“Secretary”), and barring some fact that would justify a state registration where a federal registration cannot be obtained, would provide the same basis for rejection of the state registration. Thus, the chance of inconsistent registration decisions being handed down by PTO and Indiana would be diminished.

Similarly, the Secretary would be empowered under proposed changes to section 10 (Indiana Code section 24-2-1-10) to cancel from the register, in addition to the marks identified in current subsections (2) to (4), any mark that has become the generic name for goods or services (or a part of them) for which the mark was registered, and any mark likely to cause confusion, deception or mistake with a mark federally registered by another before the filing date of the Indiana registration.⁷³ These new grounds for cancellation are not new ideas in trademark law. What is new is that the Secretary would apparently be allowed to consider and decide on the generic nature and likelihood of confusion issues. The current Act provides that the secretary is to cancel a registration when a court

68. S.B. 119, 113th Gen. Assem., 2d Reg. Sess. § 4 (Ind. 2004).

69. *Id.*

70. *See* 37 C.F.R. § 2.1 (2002); Trademark Manual of Examining Procedure (TMEP) (3d ed. 2002).

71. *Id.* § 3.

72. *Id.*

73. *Id.* § 11.

of competent jurisdiction shall find that the “registration was granted improperly”⁷⁴ or “shall order cancellation of a registration on any ground.”⁷⁵ Thus, the place to challenge an Indiana registration under the current law is in court. Under the proposed change, however, it would appear that a new place to challenge registrations, at least in cases of alleged genericness or confusion with a federal registration, is in the Secretary’s office. Here, again, this section would appear to require the creation of procedures and capabilities for the Secretary or other designated agency to attend to such duties.

Section 6 of the Act (Indiana Code section 24-2-1-6) would be amended to reduce the term of the registration to five years from the present term of ten years.⁷⁶ From coinciding with the term of a federal registration, this change would make the term of an Indiana registration coincide with the terms provided in Illinois and other states. A renewal application “complying with the requirements of the secretary” must be filed within the six-month period prior to the end of the five-year term.⁷⁷ Changes to section 7 (Indiana Code section 24-2-1-7) would require such renewal applications to include a verified statement that the mark “has been and is still in use” as well as a specimen showing actual use of the mark.⁷⁸ That same section grandfathers prior registrations so that they continue in effect for their unexpired term.⁷⁹ Other than the somewhat awkward reference of both sections to renewal, their provisions appear quite straightforward.

One substantive change is proposed to section 8 (Indiana Code section 24-2-1-8), which concerns assignments of marks. A time period of three months is added for recordation of an assignment with the Secretary in order to accord it constructive notice of the transfer.⁸⁰ Thus, the amended provision would make an assignment void as against a subsequent purchaser for value without notice unless recorded in that three month period after the date of the assignment or prior to the subsequent purchase. Clearly, this amended provision places a burden of diligent recordal of an assignment on an assignee in order to perfect the transfer. Changes of name of a trademark registration owner may be filed under proposed new section 8.5 (which would be codified as Indiana Code section 24-2-1-8.5).⁸¹ That same proposed new section would allow recordal, in the secretary’s discretion, of other instruments (originals or photocopies) affecting title or interests in a trademark, such as licenses, security interests and the like.⁸² The bill’s new provision does not necessarily require a recording system specific to trademarks, and thus it could be possible to include trademarks in other property

74. IND. CODE § 24-2-1-10(4)(C) (2004).

75. *Id.* § 24-2-1-10(5).

76. S.B. 119, 113th Gen. Assem., 2d Reg. Sess. § 6 (Ind. 2004).

77. *Id.*

78. *Id.* § 7.

79. *Id.*

80. *Id.* § 8.

81. *Id.* § 9.

82. *Id.*

filings with the Secretary. However, for Indiana businesses and trademark practitioners, a trademark-only filing system would seem to be preferable at least for ease of researching trademark title.

Turning to section 13 (Indiana Code section 24-2-1-13), changes to the infringement provision of the current Act appear to be relatively minor, but appearances could be deceiving. The first change of possible note is that use of a "reproduction, counterfeit, copy, or colorable imitation" of a registered mark in connection with distribution of goods or services is made actionable.⁸³ "Distribution" is a proposed addition to "sale, offering for sale, or advertising."⁸⁴ The addition may broaden the potential range of defendants. Further, an intent to cause deception, confusion or mistake, replaces knowledge of intent to cause such conditions in determining damages in certain cases. Whether either of these changes would constitute a significant alteration to the current law is unclear.

New causes of action are also provided by the bill. A new section 13.5 would be added that would provide a cause of action for trademark dilution.⁸⁵ The section would provide "an injunction and other relief" against dilution of a famous mark.⁸⁶ In determining whether a mark is famous, the court "may" consider a non-exclusive list of factors.⁸⁷ Several of the factors, including degree of distinctiveness, extent of publicity, and degree of recognition of the mark, are specifically tied to Indiana, making this dilution provision at least somewhat geography-specific.⁸⁸ Notwithstanding the provision permitting "other relief," subsection (b) specifically limits relief to injunctive relief unless it is proven that the defendant "willfully intended to trade on the owner's reputation or to cause dilution of the famous mark."⁸⁹ Not actionable under this section are (1) "[f]air use . . . in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark," (2) noncommercial uses, and (3) news reporting and news commentary.⁹⁰ It is noted that the "fair use" exception appears to be specifically tailored to fit narrow cases.

Other new causes of action, for cancellation of a registration and for mandamus to compel registration, are provided in proposed new section 14.5 (which would be codified as Indiana Code section 24-2-1-14.5).⁹¹ The section identifies that such actions are available without providing substantive bases for proving such cases; presumably such substantive bases are those identified in prior sections of the Act. A mandamus action would be restricted to the record of the registration application that was before the Secretary, and thus would appear to be analogous to an appeal in federal registration practice, i.e., from an

83. *Id.* § 14.

84. *Id.*

85. *Id.* § 15.

86. *Id.*

87. *Id.*

88. *See id.*

89. *Id.*

90. *Id.*

91. *Id.* § 17.

Examining Attorney to the TTAB, or from the TTAB to the Court of Appeals for the Federal Circuit. A cancellation action would not include the Secretary in the first instance, but the proposed section would allow the Secretary to intervene.⁹²

Where damages are available, an addition to section 14 (Indiana Code section 24-2-1-14) would permit a court to assess treble damages and attorney's fees where a party "committed wrongful acts with knowledge, in bad faith, or otherwise as according to the circumstances of the case."⁹³ This section specifically deals with infringement suits. There would thus seem to be a strong argument that the treble damages and fees provision would be applicable only in such suits. There is no apparent provision in the proposed new act for such damages and fees for claims (e.g. cancellation claims) brought outside the context of an infringement suit.

Note the permissive language of several sections, and particularly the examination section, i.e. that the Secretary "may" examine applications.⁹⁴ Presumably, "may" is a purposeful addition that would either (1) give the Secretary the option not to examine some or all applications or (2) leave the decision as to whether to begin examining for later rule-making or legislation, or both. Previously, no such examination has been made in Indiana of registration applications. Thus, the Secretary or other designated agency or department will have to establish procedures, databases, systems, and other infrastructure to be able to conduct examinations. The permissive examination provision seems to allow some time to tackle issues relating to examination and to allow the secretary or other designated agency a significant amount of latitude in creating procedures and enforcing the proposed new provisions.

III. CLAIM INTERPRETATION

In the realm of patent law, among the cases concerning interpretation of patent claims handed down by the United States Court of Appeals for the Federal Circuit was one particularly important, perhaps seminal, opinion. In *Texas Digital Systems, Inc. v. Telegenix, Inc.*⁹⁵ the Federal Circuit reaffirmed holdings from *Teleflex, Inc. v. Ficosa North America Corp.*⁹⁶ that the starting point for claim interpretation was the "ordinary meaning" of the claim terms,⁹⁷ and only a "manifest disavowal" of claim scope in the specification or prosecution history would limit such scope.⁹⁸ It also provided a clear roadmap for proper interpretation. That road-map appears to begin to reverse trends in other parts of the patent law that limit patent coverage.

92. *Id.*

93. *Id.* § 16.

94. *Id.* § 4.

95. 308 F.3d 1193 (Fed. Cir. 2002), *cert. denied*, 123 S. Ct. 2230 (2003).

96. 299 F.3d 1313 (Fed. Cir. 2002).

97. *Tex. Digital Sys.*, 308 F.3d at 1202 (citing *Teleflex, Inc.*, 299 F.3d at 1325).

98. *Id.* at 1204 (citing *Teleflex, Inc.*, 299 F.3d at 1324).

A. Texas Digital

Texas Digital began its analysis of claim construction with the premise that “terms used in the claims bear a ‘heavy presumption’ that they mean what they say and have the ordinary meaning that would be attributed to those words by persons skilled in the relevant art.”⁹⁹ The court then proceeded to go into how that “ordinary meaning” is determined. Previously dictionaries and other sources of word meaning were considered usable for claim interpretation, and “extrinsic evidence” was to be consulted only if the claims remained ambiguous after referring to the patent file.¹⁰⁰ Expert or other evidence relating to how one of ordinary skill in the art would interpret a term, even though plainly “extrinsic,” was offered.¹⁰¹

Texas Digital, however, started from the premise that the source of “ordinary meaning” is the dictionary. It is hardly possible to overstate the value the court places on such resources:

Dictionaries, encyclopedias and treatises, publicly available at the time the patent is issued, are objective resources that serve as reliable sources of information on the established meanings that would have been attributed to the terms of the claims by those of skill in the art. *Such references are unbiased reflections of common understanding not influenced by expert testimony or events subsequent to the fixing of the intrinsic record by the grant of the patent, not colored by the motives of the parties, and not inspired by litigation. Indeed, these materials may be the most meaningful sources of information* to aid judges in better understanding both the technology and the terminology used by those skilled in the art to describe the technology.¹⁰²

The court goes on to say effectively that it is improper to refer to those resources as “extrinsic evidence.”¹⁰³ Thus, the starting point for claim interpretation, rather than reference to the patent specification or prosecution history, is now “ordinary meaning” provided by relevant dictionaries.¹⁰⁴

Once appropriate dictionary definitions are found, the patent specification and file history are to be consulted to determine if any of those definitions are not consistent with the patentee’s usage in those areas.¹⁰⁵ It is not necessary to choose only one definition; rather, where “more than one dictionary definition is consistent with the use of the words in the intrinsic record, the claim terms may be construed to encompass all such consistent meanings.”¹⁰⁶ Further, the intrinsic

99. *Id.* at 1202 (citations omitted).

100. *Id.* at 1202-03, 1212.

101. *Id.* at 1212.

102. *Id.* at 1202-03 (emphasis added).

103. *Id.* at 1203.

104. *Id.* at 1202.

105. *Id.* at 1204.

106. *Id.* at 1203.

record (specification and file history) should also be consulted to see if the “heavy presumption” in favor of the ordinary meaning of claim terms has been rebutted.¹⁰⁷ That presumption could potentially be overcome in a given case if the patentee specifically identified a particular definition for a term, or if he or she has “disavowed or disclaimed scope of coverage, by using words or expressions of manifest exclusion or restriction, representing a clear disavowal of claim scope.”¹⁰⁸

If any doubt were left as to the order of steps in claim interpretation, the Federal Circuit answered them directly.

Consulting the written description and prosecution history as a threshold step in the claim construction process, before any effort is made to discern the ordinary and customary meanings attributed to the words themselves, invites a violation of our precedent counseling against importing limitations into the claims. . . . Indeed, one can easily be misled to believe that this is precisely what our precedent requires when it informs that disputed claim terms should be construed in light of the intrinsic record But if the meaning of the words themselves would not have been understood to persons of skill in the art to be limited only to the examples or embodiments described in the specification, reading the words in such a confined way would mandate the wrong result and would violate our proscription of not reading limitations from the specification into the claims. By examining relevant dictionaries, encyclopedias and treatises to ascertain possible meanings that would have been attributed to the words of the claims by those skilled in the art, and by further utilizing the intrinsic record to select from those possible meanings the one or ones most consistent with the use of the words by the inventor, the full breadth of the limitations intended by the inventor will be more accurately determined and the improper importation of unintended limitations from the written description into the claims will be more easily avoided.¹⁰⁹

Texas Digital thus harmonizes the principles that (1) a patent claim should not necessarily be limited to the example(s) described and shown in the specification, and (2) claims are a part of the specification. Only where there are “manifest disavowals” of claim scope, whether in the claims, the specification or the file history, will the claims be so limited. Parties who start with the specification and get to dictionaries later, or not at all, will be more likely to miss a sound claim construction.

Texas Digital, as indicated above, is a significant change to the prior prevailing wisdom on claim interpretation. By starting with dictionary definitions because of their objectivity in the context of litigation, the opinion calls into substantial question the usefulness of expert testimony as to the meaning of claim

107. *Id.* at 1202-03.

108. *Id.* at 1204.

109. *Id.* at 1204-05 (citations omitted).

terms. Indeed, since expert testimony is only admissible if helpful to the trier of fact,¹¹⁰ *Texas Digital* forms the basis not only for development of evidence contrary to an expert opinion, but for a challenge to the admissibility of an opinion on claim meaning in the first place.

The opinion also specifically provides that claim terms can have several dictionary meanings so long as they are not contradicted by the specification or file history of the patent.¹¹¹ This is certainly consistent with the idea running through patent law, i.e. in the Doctrine of Equivalents, that language is many times inadequate to fully express the concepts to be protected by a patent. The metes and bounds of patent protection may suffer given such inadequacies. Giving a certain term used in the claim all of its various senses that are in harmony with the patent tends to compensate for language's shortcomings. Indeed, it would seem that unless a "manifest disavowal" is intended, claim language is to be interpreted somewhat more broadly than may have been the case before *Texas Digital*.

To summarize, the patent bar and interested Indiana practitioners and businesses may wish to reassess patent language under the *Texas Digital* principles to ensure the coverage of such language is accurately determined. Note that later cases, including *Kumar v. Ovonic Battery Co.*,¹¹² have already taken *Texas Digital*'s pronouncements to heart and expounded on them.

110. FED. R. EVID. 702.

111. *Tex. Digital Sys., Inc.*, 308 F.3d at 1203.

112. 351 F.3d 1364 (Fed. Cir. 2003).