This Article addresses recent developments in intellectual property law. In particular, this Article provides an overview and discussion of six pivotal intellectual property law cases decided between October 1, 2016 and September 31, 2017. All but one of these decisions come from the U.S. Supreme Court. The cases are:

- **SCA Hygiene Prods. Aktiebolag et al. v. First Quality Baby Products LLC,**
- **Star Athletica LLC v. Varsity Brands, Inc.,**
- **Helsinn Healthcare S.A. v. Teva Pharmaceuticals USA, Inc., et al.,**
- **TC Heartland LLC v. Kraft Foods Group Brands LLC,**
- **Impression Products, Inc. v. Lexmark International Inc.,** and
- **Matal v. Tam.**

### I. LACHES IN PATENT CASES: SCA HYGIENE PRODUCTS AKTIEBOLAG ET AL. V. FIRST QUALITY BABY PRODUCTS LLC

In **SCA Hygiene**, the Supreme Court, led by Justice Alito, held that “[l]aches cannot be interposed as a defense against damages where the infringement occurred within the period prescribed by [35 U.S.C.] § 286.”

#### A. Background

In October 2003, Petitioners, SCA Hygiene Products Aktiebolag and SCA Personal Care, Inc. (together, “SCA”), sent a letter to Respondents, First Quality Baby Products, LLC (“First Quality”), alleging that First Quality was infringing U.S. Patent No. 6,375,646 (the “’646 Patent”), which is directed to an “Absorbent pants-type diaper.” In response, First Quality maintained that the ’646 Patent was invalid and could not support an infringement claim” in view of First
Quality’s antedating patent (referred to as the “Watanabe patent”) purportedly covering the same subject matter. SCA never replied, and First Quality “proceeded to develop and market its products.”

Without notifying First Quality, in July 2004, SCA requested a reexamination proceeding at the U.S. Patent and Trademark Office (the “PTO”) to determine whether the ’646 Patent was invalid in view of the Watanabe patent, as First Quality maintained. In March 2007, the PTO found that it was not. Approximately three years later, in August 2010, SCA asserted the ’646 Patent against First Quality in the Western District of Kentucky.

This timeline of events is shown in graphic form, below:

Based on SCA’s seven-year silence, First Quality moved for summary judgment based on laches and equitable estoppel, which the district court granted on both grounds. SCA appealed, and the Federal Circuit affirmed the district court’s laches holding based on A.C. Aukerman Co. v. R.L. Chaides Construction Co., 960 F.2d 1020 (Fed. Cir. 1992) (en banc), and, in a six to five decision, the Federal Circuit reaffirmed the decision en banc. While the appeal was pending, the Supreme Court decided a similar issue in the copyright context in Petrella v. Metro-Goldwyn-Mayer, Inc., et al., 134 S. Ct. 1962 (2014), which is discussed in more detail below.

**B. Analysis**

The Supreme Court reversed the Federal Circuit, primarily based on its reasoning in Petrella, and dismissed First Quality’s two arguments in opposition.

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9. Id.
10. Id.
11. Id.
12. Id.
13. Id.
14. Id.
15. Id.
1. Petrella and Its application to SCA Hygiene.—In Petrella, the Court held that “laches cannot defeat a damages claim brought within the period prescribed by the Copyright Act’s statute of limitations.”\textsuperscript{17} The Court’s reasoning was two-fold.\textsuperscript{18} First, the Court found that separation-of-powers principles necessitated this holding.\textsuperscript{19} At issue was the statute of limitations set forth in 17 U.S.C. § 507(b), which requires a copyright holder claiming infringement to file suit “within three years after the claim accrued.”\textsuperscript{20} According to the Court, “[w]hen Congress enacts a statute of limitations, it speaks directly to the issue of timeliness and provides a rule for determining whether a claim is timely enough to permit relief.”\textsuperscript{21} Permitting courts to apply laches to a claim falling within a statute of limitations “would give judges a ‘legislation-overriding’ role that is beyond the Judiciary’s power.”\textsuperscript{22}

Second, the Court found that “[a]pplying laches within the limitations period would also clash with the purpose for which the defense developed in the equity courts.”\textsuperscript{23} Specifically, “[l]aches is a gap-filling doctrine, and where there is a statute of limitations, there is no gap to fill.”\textsuperscript{24}

After briefly summarizing its decision in Petrella, the Court determined that its “reasoning easily fits the provision at issue here”—35 U.S.C. § 286.\textsuperscript{25} Under § 286 of the Patent Act, “[e]xcept as otherwise provided by law, no recovery shall be had for any infringement committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action.”\textsuperscript{26} Because this “provision represents a judgment by Congress that a patentee may recover damages for any infringement committed within six years of the filing of the claim,” the Court found that the same logic applied in Petrella applies here to preclude a laches defense to claims brought within § 286 of the Patent Act.\textsuperscript{27}

2. First Quality’s Arguments to the Contrary.—In reaching its decision, the Court also addressed and dismissed First Quality’s two main arguments against its holding.\textsuperscript{28} First, First Quality argued that the reasoning in Petrella should not apply as § 286 is “not a true statute of limitations.”\textsuperscript{29} Specifically, First Quality argued that because § 286 “runs backward from the time of suit,” it is not a true statute of limitations, which purportedly “runs forward from the date a cause of

\begin{small}
\begin{enumerate}
\item SCA Hygiene, 137 S. Ct. at 960.
\item Id.
\item Id.
\item Id.
\item Id.
\item Id.
\item Id. at 961.
\item Id.
\item Id.
\item Id.
\item Id. at 961, 967.
\item Id. at 961-66.
\item Id. at 961.
\end{enumerate}
\end{small}
action accrues.” Thus, according to First Quality, § 286 “turns only on when the infringer is sued, regardless of when the patentee learned of the infringement.”

The Court was unconvinced. Notably, the Court explained that “Petrella described the Copyright Act’s statute of limitations in almost identical terms” by stating that this provision “allows plaintiffs . . . to gain retrospective relief running only three years back from the date the complaint is filed.”

Second, First Quality argued that § 282 creates an exception to § 286. Section 286 begins with the phrase “[e]xcept as otherwise provided by law.” Section 282 states, in relevant part: “The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded: (1) Noninfringement, absence of liability for infringement or unenforceability.” According to First Quality, a laches defense is covered by the “unenforceability” provision in § 282 and, therefore, constitutes “a provision that provides otherwise.” In fact, First Quality argued, prior to the enactment of the Patent Act in 1952, there was a “well-established practice of applying laches to such damages claims.” As a result, “in adopting § 282, [Congress] must have chosen to codify” the laches defense.

No dice, said the Court. The Court found this to be a strained reading of §§ 282 and 286, explaining that “it would be exceedingly unusual, if not unprecedented, if Congress chose to include in the Patent Act both a statute of limitations for damages and a laches provision applicable to a damages claim.” Further, the Court disagreed with First Quality that there was a “well-established practice of applying laches to such damages claims,” recognizing, instead, a smattering of decisions, which failed to amount to the “broad and unambiguous consensus of lower court decisions [necessary to] support the inference that” Congress codified a laches defense in § 282.

In concluding, and in response to policy concerns that First Quality and various amici raised, the Court clarified that although laches is not a defense in patent cases, “the doctrine of equitable estoppel provides protection against . . . unscrupulous patentees inducing potential targets of infringement suits to invest in the production of arguably infringing products.”

30. Id.
31. Id. at 962.
32. Id. at 961.
33. Id. at 962-63.
34. Id. at 961.
35. Id. at 963.
36. Id. at 962.
37. Id. at 963.
38. Id.
39. Id. at 963-66.
40. Id. at 967.
C. Justice Breyer’s Dissent

In dissent, Justice Breyer primarily resorted to policy-based reasoning. Specifically, Justice Breyer explained that there is a gap in the Patent Act that the laches defense should fill because § 286 “does not set forth a period of time in which to sue, beginning when a claim accrues and then expiring some time later.”41 Thus, a gap exists because, without a laches defense, “a patentee may wait for a decade or more while the infringer . . . invests heavily in the development of the infringing product . . . while evidence that the infringer might use to, say, show the patent is invalid disappears with time.”42 According to Justice Breyer, “[t]he possibility of this type of outcome reveals a ‘gap,’” which laches should fill.43

D. Moving Forward

This decision is a boon for patent owners. Whereas previously, defendants could limit the six-year damages window provided in § 286 by invoking and proving laches, that is no longer the case after the Court’s SCA Hygiene decision. The silver lining for defendants is the possibility that an equitable estoppel defense could provide laches-like protection against “unscrupulous patentees inducing potential targets of infringement suits to invest in the production of arguably infringing products.”44

II. COPYRIGHT PROTECTION FOR ARTISTIC FEATURES OF USEFUL ARTICLES: STAR ATHLETICA LLC v. VARSITY BRANDS INC.

In March 2017, the Supreme Court issued a decision in Star Athletica, L.L.C. v. Varsity Brands, Inc. that addressed copyright protection for design features incorporated into a useful article.45 The decision set out a two-part test for interpreting Section 101 of the Copyright Act to determine whether a feature incorporated into the design of a useful article is eligible for copyright protection. Under that test, such a feature is entitled to copyright protection only if “the feature (1) can be perceived as a two- or three-dimensional work of art separate from the useful article and (2) would qualify as a protectable pictorial, graphic, or sculptural work either on its own or in some other medium if imagined separately from the useful article.”46

A. Procedural History

Varsity Brands and Star Athletica are manufacturers of cheerleading
uniforms. Varsity Brands has obtained over 200 copyrights for two-dimensional designs appearing on its uniforms. The "designs are primarily 'combinations, positionings, and arrangements of elements' that include 'chevrons . . . , lines, curves, stripes, angles, diagonals, inverted [chevrons], coloring, and shapes.'" Varsity Brands brought suit against Star Athletica in the District Court for the Western District of Tennessee, alleging that Star Athletic infringed Varsity Brands’ copyrights by copying five of its designs. The district court granted a motion for summary judgment filed by Star Athletica, ruling that the five designs were not entitled to copyright protection because "the designs served the useful, or ‘utilitarian,’ function of identifying the garments as ‘cheerleading uniforms’ and therefore could not be ‘physically or conceptually’ separated under [17 U.S.C.] §101 ‘from the utilitarian function’ of the uniform.

Varsity Brands appealed the district court’s judgment to the Sixth Circuit Court of Appeals. The Sixth Circuit reversed the District Court’s ruling, finding that Varsity Brands’ designs were copyrightable pictorial, graphic, or sculptural works. Star Athletica petitioned for certiorari to the Supreme Court, and the petition was granted on May 2, 2016.

The Supreme Court heard oral argument, and Justice Thomas wrote the opinion of the Court, ultimately setting out a two-part test for separability of the copyrightable feature of a useful article. Justice Ginsburg wrote a concurring opinion, and Justice Breyer authored a dissenting opinion in which Justice Kennedy joined.

B. Justice Thomas’s Decision of the Court

Justice Thomas started the opinion of the Court by providing an overview of the Copyright Act’s protection for pictorial, graphic, or sculptural works associated with useful articles. The Copyright Act protects only "original works of authorship fixed in any tangible medium of expression." The Act states that

47. Id. at 1007.
48. Id.
49. Id.
50. Id. at 1007-08.
51. Id. at 1008 (quoting Varsity Brands, Inc. v. Star Athletica, LLC, No. 10-2508, 2014 WL 819422, at *8-9 (W.D. Tenn. Mar. 1, 2014)).
53. Id. at 494.
55. Varsity Brands, 137 S. Ct. at 1016.
56. Id. at 1018-19 (Ginsburg, J., concurring).
57. Id. at 1030-36 (Breyer, J., dissenting).
58. Id. at 1008.
59. Id. (quoting 17 U.S.C. § 102(a)).
“works of authorship” include “pictorial, graphic, and sculptural works,” which include “two-dimensional and three-dimensional works of fine, graphic, and applied art, photographs, prints and art reproductions, maps, globes, charts, diagrams, models, and technical drawings, including architectural plans.” The Copyright Act addresses situations in which pictorial, graphic, or sculptural works are incorporated into useful articles, stating that “the design of a useful article” is “considered a pictorial, graphical, or sculptural work only if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.” The analysis of whether a pictorial, graphic or sculptural feature can be identified separately from the utilitarian aspects of the article is referred to as “separability.”

The Court described its task in Star Athletica as assessing the separability of the designs at issue from the useful articles (the cheerleading uniforms). The first step in performing this task was answering the question of whether the separability analysis was even necessary. Varsity Brands argued that the separability analysis need not apply because the designs at issue merely “appear on useful articles” and are therefore not “designs of useful articles.” The Court disagreed, noting that “[t]he statute requires separability analysis for any ‘pictorial, graphic, or sculptural features’ incorporated into the ‘design of a useful article,’” even if that pictorial, graphic, or sculptural feature is a two-dimensional work of art appearing on the surface of the useful article. Thus, the separability analysis should be applied to the designs on the cheerleading uniforms.

Having concluded that the separability analysis was necessary, the Court next addressed what test to use in performing the analysis. The Court noted that the appropriate test is rooted in the Copyright Act and “depends solely on statutory interpretation.” The Court then identified the two elements of the separability test under the Copyright Act and explained their meaning. A “‘pictorial, graphic, or sculptural feature’ incorporated into the ‘design of a useful article’ is eligible for copyright protection if it (1) ‘can be identified separately from,’ and (2) ‘is capable of existing independently of, the utilitarian aspects of the article.’” For the first element of the test, the Court explained that “[t]he...
decisionmaker need only be able to look at the useful article and spot some two- or three-dimensional element that appears to have pictorial, graphic, or sculptural qualities.” The Court explained that the second element, the independent-existence requirement, is more difficult to satisfy, and a decisionmaker must be satisfied that the feature is “able to exist as its own pictorial, graphic, or sculptural work as defined in §101 once it is imagined apart from the useful article.” After explaining the two-part test, the Court analyzed the text and history of the Copyright Act, concluding that both supported the Court’s outcome.

The Court then applied its separability test to Varsity Brands’ designs. First, it concluded that the designs had pictorial, graphic, or sculptural qualities.” Second, it concluded

if the arrangement of colors, shapes, stripes, and chevrons on the surface of the cheerleading uniforms were separated from the uniform and applied in another medium—for example, on a painter’s canvas—they would qualify as "two-dimensional . . . works of . . . art.”

Therefore, the separability test was satisfied and the designs were subject to copyright protection. After concluding that its two-part separability test was satisfied, the Court addressed an argument by Justice Breyer in his dissent that if the colors, shapes, stripes, and chevrons of the design were lifted from the cheerleading uniforms on which they appeared, they would be nothing more than pictures of the uniforms. The majority was not persuaded by this reasoning, explaining that “[t]his is not a bar to copyright,” and that “[j]ust as two-dimensional fine art corresponds to the shape of the canvas on which it is painted, two-dimensional applied art correlates to the contours of the article on which it is applied.” In other words, of course a two-dimensional work of art that appears on a cheerleading uniform may have dimensions that correspond to that cheerleading uniform, but this does not diminish that it is a work of art that falls within the scope of the Copyright Act.

The Court concluded by addressing three arguments by Star Athletica and the Government (which had filed an amicus brief) that it ultimately rejected. First, Star Athletica argued that “a feature may exist independently only if it can stand alone as a copyrightable work and if the useful article from which it was extracted would remain equally useful.” In other words, if there is any utilitarian

73. Id.
74. Id.
75. Id. at 1010-12.
76. Id. at 1012.
77. Id.
78. Id. (quoting 17 U.S.C. § 101).
79. Id.
80. Id.
81. Id.
82. Id. at 1013.
83. Id.
benefit to the feature, such that when it is removed from the useful article, then it is not eligible for copyright protection.\textsuperscript{84} The Court rejected this argument, noting that the statute does not protect only “solely artistic” features that have no role in the utilitarian function of the useful article.\textsuperscript{85} It concluded that the text of the Copyright Act shows “that separability is a conceptual undertaking,” and it “does not require the underlying useful article to remain” when the artistic feature has been separated.\textsuperscript{86}

Next, the Court addressed Star Athletica’s argument that the Court should add two “objective” factors into its test to aid the lower courts in applying it.\textsuperscript{87} Star Athletica suggested incorporating the questions of: (1) “whether the design elements can be identified as reflecting the designer’s artistic judgment exercised independently of functional influence,” and (2) “whether ‘there is [a] substantial likelihood that the pictorial, graphic, or sculptural feature would still be marketable to some significant segment of the community without its utilitarian function.”\textsuperscript{88} The Court rejected both proposals, finding that they were not “grounded in the text of the statute.”\textsuperscript{89} The first test would require consideration of the “methods, purposes and reasons” for creating the designs, but “[t]he statute’s text makes clear . . . that [the] inquiry is limited to how the article and feature are perceived, not how or why they were designed.”\textsuperscript{90} Regarding the second test, the Court also reasoned that there is nothing in the Copyright Act that depends on market surveys or popularity.\textsuperscript{91}

Finally, the Court disagreed with Star Athletica’s argument that copyright protection for designs on the surface of a useful article is inconsistent with Congressional intent.\textsuperscript{92} Star Athletica pointed to a number of opportunities, which the Congress had to enact limited design protection for useful articles, but the Court refused to read into legislative inaction to infer that Congress did not intend for copyright protection to extend to artistic features of useful articles.\textsuperscript{93} Justice Thomas’s opinion concluded by holding that:

an artistic feature of the design of a useful article is eligible for copyright protection if the feature (1) can be perceived as a two- or three-dimensional work of art separate from the useful article and (2) would qualify as a protectable pictorial, graphic, or sculptural work either on its own or in some other medium if imagined separately from the useful

\textsuperscript{84} Id.
\textsuperscript{85} Id. at 1014.
\textsuperscript{86} Id.
\textsuperscript{87} Id. at 1015.
\textsuperscript{88} Id.
\textsuperscript{89} Id.
\textsuperscript{90} Id. (citing Brandir Int’l, Inc. v. Cascade Pac. Lumber Co., 834 F.2d 1142, 1152 (2d Cir. 1987) (Winter, J., concurring in part and dissenting in part)).
\textsuperscript{91} Id.
\textsuperscript{92} Id.
\textsuperscript{93} Id.
Because the cheerleader uniforms at issue in the case met this test, the Court upheld the Sixth Circuit’s judgment.

C. Justice Ginsburg’s Opinion Concurring in the Judgment

While Justice Ginsburg concurred in the judgement of the Court, she disagreed with the reasoning in the majority opinion. Instead of addressing the question of the appropriate test for separability of a design from a useful article, she would have decided the case by finding that the designs at issue were copyrightable because they were “copyrightable pictorial or graphic works reproduced on useful articles.” She reasoned that because pictorial, graphic or sculptural works are copyrightable under 17 U.S.C. § 102(a)(5), and a copyright in a pictorial, graphic or sculptural work gives the holder “the right to reproduce the work in or on any kind of article, whether useful or otherwise,” then when, as in this case, a pictorial, graphic or sculptural work is reproduced on a useful article, the copyright holder can pursue a copyright claim against a would-be infringer. According to Justice Ginsburg, there was therefore no need in this case to consider the separability analysis because the designs in question were not useful articles—they were standalone pictorial, graphic or sculptural works that were entitled to copyright protection on that basis.

D. Justice Breyer’s Dissent

Justice Breyer wrote that while he agreed with much of the majority opinion, he did not agree that Varsity Brands’ designs were entitled to copyright protection. He explained that he did not believe that the designs could “be perceived as . . . two- or three-dimensional works of art separate from the useful article.” He reasoned that if one looks at the pictures of the designs on the cheerleading uniforms, one sees only a picture of the cheerleading uniform, and that the designs are simply not “capable of existing independently of[†] the utilitarian aspects of the article.”

94. Id. at 1016.
95. Id.
96. Id. at 1018.
97. Id. (emphasis in original).
99. Id.
100. Varsity Brands, 137 S. Ct. at 1019.
101. Id. at 1030.
102. Id.
103. Id. at 1031 (quoting 17 U.S.C. § 101).
III. ON-SALE BAR POST-AIA: HELLSINN HEALTHCARE S.A. V. TEVA PHARMACEUTICALS USA, INC., ET AL.

In *Helsinn*, the Federal Circuit most notably held that “the AIA did not change the statutory meaning of ‘on sale’ in the circumstances involved here”\(^{104}\) in an opinion authored by Judge Dyk.

**A. Background**

Helsinn Healthcare S.A. (“Helsinn”) owns four patents covering a formulation including a “0.25 mg dose of palonosetron,”\(^{105}\) which was thought to “reduc[e] or reduc[e] the likelihood of chemotherapy-induced nausea and vomiting (‘CINV’).”\(^{106}\) Although all four patents “claim priority to a provisional patent application filed on January 30, 2003,” three of these patents (the “pre-AIA patents”) “are governed by the pre-Leahy-Smith America Invents Act (‘pre-AIA’) version of § 102,” and the fourth (U.S. Patent No. 8,598,291, or the “‘219 Patent”) “is governed by the AIA version of § 102[.]”\(^{107}\) As a result, the critical date—or the date on which a sale of the invention can be invalidating under 35 U.S.C. § 102—is January 30, 2002.\(^{108}\)

In April 2001, two years before filing the application leading to these patents, Helsinn entered into a License Agreement and a Supply and Purchase Agreement with MGI Pharma, Inc. (“MGI”) covering the marketing and distribution of products covered by Helsinn’s patents.\(^{109}\) Under the License Agreement, “MGI agreed to pay $11 million in initial payments to Helsinn, plus additional future royalties on distribution of ‘products’ in the United States.”\(^{110}\) The Supply and Purchase detailed the terms—including an FDA approval condition—under which “MGI agreed to purchase exclusively from Helsinn, and Helsinn agreed to supply MGI’s requirements of” patent covered products.\(^{111}\) The agreements were “announced in a joint press release,”\(^{112}\) except that the price terms and specific dosage formulations (e.g., 0.25 mg of palonosetron) were redacted.\(^{113}\)

In 2011, Teva Pharmaceuticals USA, Inc. and Teva Pharmaceutical Industries, Ltd. (together, “Teva”) filed an abbreviated new drug application (“ANDA”) “seeking FDA approval to market a generic 0.25 mg palonosetron product.”\(^{114}\) “Helsinn then brought suit under the Hatch-Waxman Act . . . alleging

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105. *Id.* at 1361.
106. *Id.* at 1360.
107. *Id.*
108. *Id.*
109. *Id.* at 1361.
110. *Id.*
111. *Id.*
112. *Id.*
113. *Id.* at 1362.
114. *Id.* at 1363.
infringement of the patents-in-suit by the ANDA filing.”

In a bench trial, the district court rejected Teva’s on-sale bar argument based on pre-AIA 35 U.S.C. § 102(b) that the pre-AIA patents were invalid. “In addressing the on-sale issue, the court applied the two-step framework of Pfaff v. Wells Electronics, Inc., 525 U.S. 55 (1998), which requires that there was a sale or offer for sale and that the claimed invention was ready for patenting for the on-sale bar . . . to apply.” Although the court found that the Supply and Purchase Agreement “constituted a sale under § 102(b),” the court found that “the claimed invention was not reduced to practice before the critical date of January 30, 2002.” Therefore, the court found that the pre-AIA patents were not invalid.

The district court treated the ’219 Patent differently. Recognizing that the ’219 Patent was governed by AIA 35 U.S.C. § 102(a)(1), the court found that “the AIA changed the meaning of the on-sale bar” by “requir[ing] a public sale or offer for sale of the claimed invention.” “To be public,” the court reasoned, “a sale must publicly disclose the details of the invention.” Because the public disclosure of the Supply and Purchase Agreement did not include “the 0.25 mg dose,” the Supply and Purchase Agreement “did not constitute a public sale or commercial offer for sale.” As with the pre-AIA patents, the court also found that the ’219 Patent was not ready for patenting before the critical date. Therefore, the court found that the ’219 Patent was not invalid.

Teva appealed both of the court’s on-sale bar determinations.

B. Analysis

Addressing each step of the Pfaff framework separately, the Federal Circuit reversed the district court, finding that Helsinn’s patents “were subject to an invalidating contract for sale prior to the critical date of January 30, 2002,” and that the patents’ claims “were also ready for patenting prior to the critical date.”

1. Offer for Sale?—Like the district court, the Federal Circuit addressed the pre-AIA patents separately from the ’219 Patent, which is governed by the AIA. Although the Federal Circuit agreed with the district court regarding the pre-AIA patents, it disagreed with the court regarding the AIA-governed ’219 Patent.

Regarding the pre-AIA patents, the Federal Circuit agreed that the Supply and Purchase Agreement constituted a commercial contract for sale of the patented invention. Specifically, the court found that the Supply and Purchase

115. Id.
116. Id.
117. Id.
118. Id.
119. Id.
120. Id.
121. Id.
122. Id. at 1360.
123. Id. at 1364.
Agreement “bears all the hallmarks of a commercial contract for sale,”124 such as “price, method of payment, and method of delivery.”125 Further, the court rejected Helsinn’s argument that the FDA approval condition included in the Supply and Purchase Agreement somehow rendered it something other than a commercial contract.126 In the Federal Circuit’s words, “[t]here can be no real dispute that an agreement contracting for the sale of the claimed invention contingent on regulatory approval is still a commercial sale as the commercial community would understand that term.”127

Regarding the '219 Patent, however, the Federal Circuit disagreed with the district court, concluding that “after the AIA, if the existence of the sale is public, the details of the invention need not be publicly disclosed in the terms of the sale.”128 In opposition, Helsinn argued that the AIA changed the on-sale bar by adding “otherwise available to the public,” such that the “on-sale bar now does not encompass secret sales and requires that a sale make the invention available to the public in order to trigger application of the on-sale bar.”129 For reference, the pre-AIA and AIA on-sale bar provisions are shown side-by-side, below, with the pertinent text in bold and italics:

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<th>Pre-AIA On-Sale Bar</th>
<th>AIA On-Sale Bar</th>
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<tr>
<td>“A person shall be entitled to a patent unless . . . the invention was . . . in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States.”</td>
<td>“A person shall be entitled to a patent unless . . . the claimed invention was . . . on sale, or otherwise available to the public before the effective filing date of the claimed invention.”</td>
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Helsinn primarily relied on “floor statements made by individual members of Congress” to support this argument.130

The Federal Circuit, however, distinguished these floor statements, explaining that these statements “do not identify any sale cases that would be overturned by the amendments,”131 but instead referred to the “public use” prong of § 102(b).132 In any event, the Federal Circuit reasoned, the only confidential aspects of the Purchase and Supply Agreement were “the price and dosage levels,”133 which is not required to implicate the on-sale bar. Instead, “an invention is made available to the public when there is a commercial offer or

124. Id.
125. Id. at 1365.
126. Id.
127. Id.
128. Id. at 1371.
129. Id. at 1368.
130. Id.
131. Id. at 1369
132. Id. at 1368.
133. Id. at 1369.
contract to sell a product embodying the invention and that sale is made public.”

The primary rationale for this rule “is that publicly offering a product for sale that embodies the claimed invention places it in the public domain, regardless of when or whether actual delivery occurs.”

2. Reduction to Practice—For reasons beyond the scope of this Article, the Federal Circuit further disagreed with the district court’s finding that Helsinn’s inventions were not ready for patenting prior to the critical date.

C. Moving Forward

Whether Helsinn remains good law is an open question, as Helsinn filed a writ for certiorari on February 28, 2018. If it does remain good law, patent owners should approach all pre-filing activities with caution. The safest route is for patent owners to file applications before engaging third parties in discussions regarding, for example, manufacturing and distribution of patent-covered products.

IV. VENUE IN PATENT CASES: TC HEARTLAND LLC v. KRAFT FOOD BRAND GROUP LLC

In TC Heartland LLC v. Kraft Foods Group Brands LLC, the Supreme Court made a significant decision impacting patent venue. Specifically, the Court held that “a domestic corporation ‘resides’ only in its State of incorporation for purposes of the patent venue statute.”

A. Background

The case originated in the District of Delaware where Kraft sued TC Heartland. A manufacturer of flavored drink mixes, TC Heartland is incorporated (assumed based on pleadings) and located in Indiana, but is not registered to do business in Delaware and has no meaningful local presence. At the district court, in a motion to dismiss or transfer venue to the Southern District of Indiana, TC Heartland argued that venue was improper because it did not “reside” in Delaware and had no ‘regular and established place of business’ in Delaware under the patent venue statute, set forth in 35 U.S.C. § 1400(b). Following established Federal Circuit precedent, the district court denied the motion, finding that venue was proper. And, following the same established Federal Circuit precedent, the Federal Circuit denied TC Heartland’s mandamus

134. Id. at 1370.
135. Id.
137. Id. at 1517.
138. Id.
139. Id. at 1515.
140. Id.
petition. In this established Federal Circuit precedent, the venue and personal jurisdiction determinations for patent cases usually collapsed into a single inquiry: if a party sold products in a venue, the requirements for venue and personal jurisdiction were satisfied. The basis for this singular inquiry was the Federal Circuit’s precedent in VE Holding Corp. v. Johnson Gas Appliance Co., in which the Federal Circuit held that 28 U.S.C. § 1391(c) supplied the definition of “resides” for purposes of § 1400(b). Looking at §1391(c) and §1400(b) together shows how the Federal Circuit patched the two statutory sections together.

<table>
<thead>
<tr>
<th>28 U.S.C. §1391(c)</th>
<th>28 U.S.C. §1400(b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>“[A]n entity with the capacity to sue and be sued in its common name under applicable law, whether or not incorporated, shall be deemed to reside, if a defendant, in any judicial district in which such defendant is subject to the court’s personal jurisdiction with respect to the civil action in question . . .”</td>
<td>“Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.”</td>
</tr>
</tbody>
</table>

Because TC Heartland had sold accused products into Delaware, that single inquiry satisfied both personal jurisdiction and venue under Federal Circuit precedent.

B. Analysis

After granting TC Heartland’s writ of certiorari, the Supreme Court reversed this established Federal Circuit precedent. Focusing on the meaning of “where the defendant resides” in § 1400(b), the Supreme Court found that its prior case Fourco Glass Co. v. Transmirra Products Corp., 353 U. S. 222 (1957) controls the analysis. In short, the Court found that its decision in Fourco “definitively and unambiguously held” that “for purposes of §1400(b) a domestic corporation ‘resides’ only in its State of incorporation.”

Notably, in a footnote, the Court clarified that its ruling left open the issue of venue for foreign corporations under Brunette Machine Works, Ltd. v. Kockum

141. Id.
142. Id. at 1519-20.
143. 917 F.2d 1574 (1990).
144. TC Heartland, 137 S. Ct. at 1519-20.
145. Id. at 1517-18.
146. Id. at 1520.
147. Id.
148. Id. at 1517, 1520.
C. Moving Forward

Now that “resides” is limited in this manner, parties to lawsuits and courts have been navigating boundaries of the other prong of §1400(b): “where the defendant has committed acts of infringement and has a regular and established place of business.” The Federal Circuit provided clarity on the scope of this prong by setting forth three requirements for a “regular and established place of business . . . (1) there must be a physical place in the district; (2) it must be a regular and established place of business; and (3) it must be the place of the defendant. If any statutory requirement is not satisfied, venue is improper under § 1400(b).” Parties continue to litigate venue issues to determine the contours of this new test.

Another important post-TC Heartland Federal Circuit decision was In re Micron Technology, Inc. When TC Heartland issued, many district court cases had proceeded past the stage when parties were able to make venue objections. Yet, parties still attempted to make venue objections in view of the Court’s TC Heartland clarification of venue law. In response to these “late” motions for improper venue under TC Heartland, several district courts weighed in on whether TC Heartland was a change in the law. On one hand, Federal Circuit precedent had been clear for years that the “resides” portion of §1400 collapsed into a singular inquiry with the personal jurisdiction determination. Indeed, the Federal Circuit denied TC Heartland’s writ of mandamus on that basis. On the other hand, the Supreme Court said that its precedent in Fourco controlled, and thus it could be argued that no change in law was made in TC Heartland.

In Micron, the Federal Circuit addressed whether defendants waived objections to the propriety of venue by not raising them prior to the Supreme Court’s ruling in TC Heartland. In short, the Federal Circuit found that TC Heartland was a change of law, opening the door to venue challenges:

[T]he Rule 12 waiver question presented here is whether the venue defense was “available” to Micron in August 2016. We conclude as a matter of law that it was not. The venue objection was not available until the Supreme Court decided TC Heartland because, before then, it would have been improper, given controlling precedent, for the district court to dismiss or to transfer for lack of venue.

The Federal Circuit set forth a “basic legal framework governing determinations of forfeiture of a venue defense,” turning first to the waiver provisions in the

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149. Id. at 1520 n.2.
151. 875 F.3d 1091 (Fed. Cir. 2017).
152. See generally TC Heartland, 137 S. Ct. 1514.
153. See generally Micron Tech, 875 F.3d 1091.
154. Id. at 1096.
Federal Rules. The Court examined Rule 12(h)(1), which provides two circumstances in which a 12(b)(3) objection to venue may be waived under the Rules:

(A) omitting it from a motion in the circumstances described in Rule 12(g)(2); or

(B) failing to either:

(i) make it by motion under this rule; or

(ii) include it in a responsive pleading or in an amendment allowed by Rule 15(a)(1) as a matter of course.

Further, as noted in Micron, waiver may also be derived from the court’s “inherent powers . . . to achieve the orderly and expeditious disposition of cases.” However, the exercise of such an inherent power “must be a ‘reasonable response to the problems and needs’ confronting the court’s fair administration of justice” and “cannot be contrary to any express grant of or limitation on the district court’s power contained in a rule or statute.”

V. PATENT EXHAUSTION: IMPRESSION PRODUCTS, INC. v. LEXMARK INTERNATIONAL, INC.

In Impression Products, the Court held that “a patentee’s decision to sell a product exhausts all of its patent rights in that item, regardless of any restrictions the patentee purports to impose on the location of the sale,” abrogating long-established Federal Circuit precedent in its wake.

A. Background

Respondent Lexmark International, Inc. manufactures and sells toner cartridges in the United States and around the world and owns several patents that cover components of these cartridges. As a result of the re-usability of toner cartridges, a secondary market has developed in which companies known as “remanufacturers” acquire empty cartridges, like Lexmark’s, “refill them with toner, and then resell them at a lower price than the new ones Lexmark” sells. One of those remanufacturers is Petitioner Impression Products, Inc.

155. Id. at 1094.
156. Id. at 1096 (quoting Fed. R. Civ. P. 12(h)(1)).
157. Id. at 1100 (quoting Link v. Wabash R. Co., 370 U.S. 626, 630-31 (1962)).
158. Id. (quoting Dietz v. Bouldin, 136 S. Ct. 1885, 1892 (2016) (citation omitted)).
159. 137 S. Ct. 1523, 1529 (2017).
160. Id.
161. Id.
162. Id. at 1530.
In an effort to combat this secondary market, in addition to selling toner cartridges at full price, Lexmark developed a “Return Program” in which it offered customers a twenty percent discount.\textsuperscript{163} In exchange, customers sign a contract “agreeing to use [the cartridge] only once and to refrain from transferring the empty cartridge to anyone but Lexmark,” and Lexmark installed a microchip in each cartridge to enforce the agreement and prevent reuse.\textsuperscript{164} Undeterred, remanufacturers simply found ways to override these microchips and continue profiting from the secondary market for toner cartridges, leading to this lawsuit.\textsuperscript{165}

Lexmark argued that Impression, and others: (1) infringed its cartridge patents in violation of the Return Program contract by refurbishing and reselling its cartridges; and (2) importing into the United States refurbished cartridges that Lexmark had sold abroad.\textsuperscript{166} In response, Impression filed a motion to dismiss, arguing that the doctrine of patent exhaustion protected Impression from Lexmark’s infringement claims.\textsuperscript{167} The district court agreed-in-part, granting the motion with respect to those cartridges sold domestically, but denied the motion with respect to the cartridges that Lexmark sold abroad.\textsuperscript{168}

On appeal, the Federal Circuit, en banc, reversed-in-part and affirmed-in-part the district court’s decision. Regarding the domestically sold cartridges, the Federal Circuit relied on its decision in \textit{Mallinckrodt, Inc. v. Medipart, Inc.},\textsuperscript{169} to reverse the district court, explaining that “a patentee may sell an item and retain the right to enforce, through patent infringement lawsuits, ‘clearly communicated, . . . lawful restriction[s] as to post-sale use or resale.’”\textsuperscript{170} Regarding the internationally sold cartridges, the Federal Circuit relied its decision in \textit{Jazz Photo Corp. v. Int’l Trade Comm’n},\textsuperscript{171} to affirm the district court, explaining that exhaustion “does not occur when the patentee sells overseas, where the American patent offers no protection and therefore cannot bolster the price of the patentee’s goods.”\textsuperscript{172}

\textbf{B. Analysis}

On both counts, the Supreme Court disagreed with the Federal Circuit.

\textit{1. Domestic Sales and Mallinckrodt.}—According to the Court, “[t]he single-use/no-resale restrictions in Lexmark’s contracts with customers may have been clear and enforceable under contract law, but they do not entitle Lexmark to

\textsuperscript{163} Id. at 1529-30.
\textsuperscript{164} Id. at 1530.
\textsuperscript{165} Id.
\textsuperscript{166} Id.
\textsuperscript{167} Id.
\textsuperscript{168} Id.
\textsuperscript{169} 976 F.2d 700 (Fed. Cir. 1992).
\textsuperscript{170} \textit{Impression Prods.}, 137 S. Ct. at 1530 (quoting Lexmark Int’l, Inc. v. Impression Prods., Inc., 816 F.3d 721, 735 (Fed. Cir. 2016)).
\textsuperscript{171} 264 F.3d 1094 (Fed. Cir. 2001).
\textsuperscript{172} \textit{Impression Prods.}, 137 S. Ct. at 1531.
retain patent rights in an item that it has elected to sell.”

The Court explained that the Federal Circuit “reached a different result largely because it got off on the wrong foot.” Under the doctrine of patent exhaustion, when “a patentee chooses to sell an item, that product ‘is no longer within the limits of the monopoly’ and instead becomes the ‘private, individual property’ of the purchaser, with the rights and benefits that come along with ownership.” “Exhaustion reflects a default rule that a patentee’s decision to sell an item ‘presumptively grant[s] authority’ to the purchaser to use it and resell it.”

But, the Court explained, the Federal Circuit mistakenly understood that exhaustion is not a presumption but, rather, “a limit on ‘the scope of the patentee’s rights.’” That is, under the Federal Circuit’s logic, a “patentee does not have to hand over the full ‘bundle of rights’” in every instance, but can withhold “a stick from the bundle.” A patent, however, is a limited right to prevent others from engaging in the right to use, sell, or import patent-covered products—it does not grant positive rights to engage in those activities. And “[e]xhaustion extinguishes that exclusionary power.” In so ruling, the Court abrogated established Federal Circuit precedent to the contrary stemming from Mallinckrodt, Inc. v. Medipart, Inc.

2. International Sales and Jazz Photo.—According to the Court, “[a]n authorized sale outside the United States, just as one within the United States, exhausts all rights under the Patent Act.” In opposition, Lexmark primarily argued that “there is no patent exhaustion from sales abroad because there are no patent rights abroad to exhaust.” The Court disagreed, explaining that “[e]xhaustion is a separate limit on the patent grant” that “does not depend on the patentee receiving some undefined premium for selling the right to access the American market.” Purchasers buy “item[s], not patent rights,” and “exhaustion is triggered by the patentee’s decision to give that item up and receive whatever fee it decides is appropriate,” without regard for where that sale takes place.

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173. Id.
174. Id. at 1533.
175. Id. at 1531 (quoting Bloomer v. McQuewan, 55 U.S. 539, 549-50 (1853)).
176. Id. at 1533 (quoting Lexmark Int’l, Inc. v. Impression Prods., Inc., 816 F.3d 721, 742 (Fed. Cir. 2016)).
177. Id. at 1534 (quoting United States v. Gen. Elec. Co., 272 U.S. 476, 489 (1926)).
178. Id. at 1533-34 (quoting Lexmark Int’l, 816 F.3d at 741).
179. Id. at 1534.
180. Id.
181. 976 F.2d 700 (Fed. Cir. 1992).
182. Impression Prods., 137 S. Ct. at 1535.
183. Id. at 1536.
184. Id. at 1537.
185. Id.
This portion of the Court’s decision abrogated Federal Circuit precedent to the contrary stemming from *Jazz Photo Corp. v. International Trade Commission*. 187

**C. Justice Ginsburg’s Dissent**

Justice Ginsburg dissented from the Court’s opinion regarding international sales. 188 According to Justice Ginsburg, “[p]atent law is territorial,” and “[b]ecause a sale abroad operates independently of the U.S. patent system, it makes little sense to say that such a sale exhausts an inventor’s U.S. patent rights.” 189

**VI. THE LANHAM ACT’S DISPARAGEMENT CLAUSE: MATAL V. TAM**

In *Matal v. Tam*, the Supreme Court found that the disparagement clause of the Lanham Act, which prohibits federal trademark registration for marks that might disparage any persons, living or dead, was facially invalid because it violated the First Amendment’s protection of speech.190

**A. Background**

Tam was the lead singer of a band named “The Slants.”191 The term “slant” is considered a “derogatory” word “for persons of Asian descent.”192 Tam filed for trademark registration for the band’s name, taking the position that the name reflected the band’s effort to “reclaim’ and ‘take ownership’ of stereotypes about people of Asian ethnicity.”193 The USPTO denied the registration, applying the disparagement clause, on the grounds that “there is . . . a substantial composite of persons who find the term in the applied-for mark offensive.”194 Tam unsuccessfully sought review of the examiner’s decision with the Trademark Trial and Appeal Board, and then appealed to the Federal Circuit.195 The en banc Federal Circuit held that the anti-disparagement clause in the Lanham Act was an unconstitutional ban on speech under the First Amendment,196 and the U.S. Government then sought certiorari to the Supreme Court.197

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186. *Id.*
187. 264 F.3d 1094 (Fed. Cir. 2001).
188. *Impression Prods.*, 137 S. Ct. at 1538.
189. *Id.* at 1538-39.
191. *Id.*
192. *Id.* at 1751.
193. *Id.* at 1754.
194. *Id.*
195. *Id.*
196. *In re Tam*, 808 F.3d 1321 (Fed. Cir. 2015).
The Supreme Court granted certiorari in September 2016. In an opinion authored by Justice Alito, the Court affirmed the Federal Circuit’s ruling, holding that the anti-disparagement clause “violates the Free Speech Clause of the First Amendment,” and “offends a bedrock First Amendment principle: Speech may not be banned on the ground that it expresses ideas that offend.” Justice Kennedy, Ginsburg, Sotomayor, and Kagan joined the opinion, concurring in part, and offered an opinion expanding on why the First Amendment’s viewpoint protection applies to trademarks. Justice Thomas also concurred in part, authoring a short opinion that the majority should not have addressed the government’s statutory argument regarding whether the disparagement clause applies to racial and ethnic groups because that argument had not been raised below and certiorari had not been granted on it, and noting that he believed that strict scrutiny should have been applied to the USPTO’s restriction on speech, rather than the more relaxed standard applied by the majority.

B. The Lanham Act’s Anti-Disparagement Clause

The anti-disparagement clause is a part of Section 2(a) of the Lanham Act, which reads:

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it—

(a) Consists of or comprises immoral, deceptive, or scandalous matter; or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute; or a geographical indication which, when used on or in connection with wines or spirits, identifies a place other than the origin of the goods and is first used on or in connection with wines or spirits by the applicant on or after one year after the date on which the WTO Agreement (as defined in section 3501(9) of title 19) enters into force with respect to the United States.

Trademark examiners applying the anti-disparagement clause in Section 2(a) have applied a two-part test. First, the examiner considered “the likely meaning of the matter in question, taking into account not only dictionary definitions, but also the relationship of the matter to the other elements in the mark, the nature of the goods or services, and the manner in which the mark is used in the marketplace in connection with the goods or services.” Step two: if the

198. Id. at 1751.
199. Id. at 1765.
200. Id. at 1769.
202. Matal, 137 S. Ct. at 1753.
203. Id.
meaning of the mark was “found to refer to identifiable persons, institutions, beliefs, or national symbols,” was to ask “whether that meaning may be disparaging to a substantial composite of the referenced group.” If the answer at step two was “yes,” the examiner found a prima facie case of disparagement, and the burden shifted to the trademark applicant to prove otherwise.

In addition to allowing the USPTO to deny registration for marks that “may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute,” Section 2(a) is also applied to prevent registrations of material the USPTO finds scandalous or immoral.

C. The Supreme Court Opinion

Justice Alito began the opinion of the Court by acknowledging that trademarks exist outside of federal law, and that the system of federal registration for trademarks helps ensure that they are protected and promotes the free flow of commerce. He then addressed the Government’s statutory argument that Section 2(a) does not apply to racial and ethnic groups, such as Asian people who are disparaged by the use of the term “slants,” because the statute refers only to “persons.” According to the Government, “persons” includes only “natural and juristic persons,” not “non-juristic entities such as racial and ethnic groups.”

The Court rejected this argument based on the plain text of the disparagement clause, which refers to “persons,” noting that a mark that disparages a substantial population of a given racial or ethnic group necessarily disparages “persons.” Nor did the Court agree with the Government’s argument that the legislative history and early enforcement practices of the disparagement clause supported the exclusion of racial and ethnic groups from its reach.

After finding that the disparagement clause does apply to members of racial and ethnic groups, the Court next addressed whether the clause violates the First Amendment. The Government had three main arguments about why the disparagement clause did not violate the First Amendment: (1) that trademarks are government speech, not private speech, (2) that trademarks are a form of government subsidy, and (3) that the constitutionality of the disparagement clause

204. Id. at 1753-54.
205. Id. at 1754.
206. Id. at 1757 n.5. In the Supreme Court’s decision in Matal, Justice Alito included a footnote referencing how the USPTO’s guidelines for determining whether a mark is scandalous or disparaging “is necessarily a subjective one.” This leads to the question of whether more scrutiny will be given to that test in the future. Id.
207. Id. at 1752.
208. Id. at 1755.
209. Id.
210. Id. at 1756.
211. Id.
212. Id. at 1757.
should be tested under a new ‘government-program’ doctrine.”

Addressing the Government’s first argument, the Court reasoned that trademarks are private, not government, speech. The Court noted that “[t]rademarks have not traditionally been used to convey a Government message,” and explained that “there is no evidence that the public associates the contents of trademarks with the Federal Government.”

The Court next addressed the Government’s argument that trademarks are a form of government subsidy, and therefore a line of cases in which the Supreme Court has “upheld the constitutionality of government programs that subsidized speech expressing a particular viewpoint.” The Court found that trademarks are not a form of government subsidy, noting that all of the cases the Government cited involved monetary payments by the government. In contrast, the trademark system is a registration system in which it is the applicants who pay money to fund their own trademark applications and registrations.

The Court next rejected the government’s argument that the disparagement clause should be analyzed under a new “government-program” doctrine in which some “content- and speaker-based restrictions are permitted.” The Court characterized the Government’s argument about a “government-program” doctrine as merely merging government-speech cases and government subsidy cases, which it considered inapplicable for the reasons already discussed. The Court noted that a more applicable line of cases would be those that address limited purpose public forums created by the government. However, in the limited purpose public forum cases, the Court has always found that “viewpoint discrimination” is not allowed—in other words, the Government cannot restrict certain viewpoints because they are offensive. The Court thus refused to adopt the Government’s proposal of a “government-program” doctrine that would apply to the disparagement clause.

The Court next turned to the question of what level of scrutiny to apply to the analysis of whether the disparagement clause violates the First Amendment. The Government argued that the relaxed scrutiny described in the Central Hudson Gas case should apply because the speech at issue is commercial—the central purpose of trademarks pertains to the promotion of interstate commerce.

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213. Id.
214. Id. at 1759-60.
215. Id. at 1760.
216. Id.
217. Id. at 1761.
218. Id.
219. Id. at 1763.
220. Id. at 1761-62.
221. Id. at 1763.
222. Id.
223. Id. at 1763-64.
225. Matal, 137 S. Ct. at 1763-64.
Tam, on the other hand, argued for stricter scrutiny because trademarks have an expressive component.\textsuperscript{226} The Court declined to resolve the parties’ dispute because it found that Section 2(a) does not withstand even the more relaxed \textit{Central Hudson} test.\textsuperscript{227}

“Under \textit{Central Hudson}, a restriction of speech must serve ‘a substantial interest,’ and it must be ‘narrowly drawn.’\textsuperscript{228} The Court identified two interests that the disparagement clause serves: (1) the Government’s “interest in preventing speech expressing ideas that offend”; and (2) the interest in “protecting the orderly flow of commerce” by preventing trademarks that are discriminatory.\textsuperscript{229} Regarding the interest in preventing speech that offends, the Court noted that the heart of the First Amendment is “that we protect the freedom to express ‘the thought that we hate.’”\textsuperscript{230} Therefore, the Court focused its consideration of whether the disparagement clause was narrowly tailored to the “substantial interest” of “driv[ing] out invidious discrimination.”\textsuperscript{231} The Court found that it was not, in part because “[t]he clause reaches any trademark that disparages \textit{any person, group, or institution},” not just those that discriminate.\textsuperscript{232} The Court also noted that the clause was too broad in its protection of \textit{every} person, living or dead, giving an example of the inconceivability “that commerce would be disrupted by a trademark saying ‘James Buchanan was a disastrous president’ or ‘slavery is an evil institution.’”\textsuperscript{233}

On the basis of the foregoing, the Supreme Court held “that the disparagement clause violates the Free Speech Clause of the First Amendment,” and affirmed the Federal Circuit’s judgment.\textsuperscript{234}

\begin{itemize}
  \item \textsuperscript{226} \textit{Id.} at 1764.
  \item \textsuperscript{227} \textit{Id.}
  \item \textsuperscript{228} \textit{Id.} (quoting \textit{Cent. Hudson}, 447 U.S. at 564-65).
  \item \textsuperscript{229} \textit{Id.}
  \item \textsuperscript{230} \textit{Id.} (quoting \textit{United States v. Schwimmer}, 279 U.S. 644, 655 (1929) (Holmes, J., dissenting)).
  \item \textsuperscript{231} \textit{Id.} at 1764-65.
  \item \textsuperscript{232} \textit{Id.} at 1765 (emphasis in original).
  \item \textsuperscript{233} \textit{Id.}
  \item \textsuperscript{234} \textit{Id.}
\end{itemize}