



Caution: False Marking Risks

The Court of Appeals for the Federal Circuit recently ruled in *Forest Group, Inc. v. Bon Tool Co.*, 590 F.3d 1295 (Fed. Cir. 2009) that 35 U.S.C. § 292 damages prescription of “not more than \$500 for every such offense” applied per marked article. Damages could reach as high as \$50,000 per 100 marked units. The Court considered a range of cases dating back to *London v. Dunbar*, 179 F. 506 (1st Cir. 1910). Some rulings had considered an ‘offense’ to be the decision to mark a product falsely, or the continuation of a false marking for some period of time (*e.g.*, per day, per week, *etc.*). The Court found those interpretations made the provision ineffective.

Recognizing a recent increase in false marking claims coming to the Court, they reinforced lower courts’ discretion to limit the per-article damages with the range of “not more than \$500” to avoid unjust results.

We recommend that clients marking their products periodically review patent expirations, and update their packaging material to avoid costly litigation.

Looking Beyond *Bilski*

Much attention has been given of late as to whether or not so called “business method” patents should be patentable, in light of the recent oral arguments in *Bilski v. Kappos* before the Supreme Court. While *Bilski* primarily relates to the issue of whether or not business methods, often implemented by computers, are patentable subject matter at all, other more subtle issues related to how such computer related applications are written are equally important.

A recent precedential opinion by an expanded panel of the United States Patent and Trademark Office’s Board of Patent Appeals and Interferences (the Board) highlights some of these issues. In particular, this opinion highlights some of the problems that may arise in computer related applications in which so called “means plus function” (MPF) claim language is used. In short, the Board adopts the Federal Circuit position in *Aristocrat Techs. Austl. Pty Ltd. v. Inter. Game Tech.*, 521 F.3d 1328(Fed. Cir.), that MPF claims are indefinite under 35 U.S.C. §112, paragraph 2, unless the

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**OSTROLENK FABER Congratulates
Steve Madden’s Milestone 20th Year**

OSTROLENK FABER is proud to join Footwear News in recognizing Steve Madden Ltd.'s long-standing success. In its Feb. 22nd, 2010 cover story, FN hailed Madden’s growth from an “ambitious startup to a diverse global company”, due to Madden’s own “innovative strategy and outsized personality.”

Steve Madden Ltd. is now in 46 countries worldwide. Here’s to another 20 years!



Looking Beyond *Bilski*

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specification identifies the algorithms used to provide the recited functionality.

In this case, *Ex parte Rodriguez*, 08-0693 (BPAI 2009), the Applicant appealed the final rejection of claims 1-4 and 6-20 under 35. U.S.C. §102(b) as allegedly being anticipated by U.S. Patent No. 6,076,180. While the Board reversed the rejection under 102(b), the Board chose this case to illustrate how it would interpret recent case law regarding indefiniteness of MPF claims in the context of a computer related application.

Pursuant to 35 U.S.C §112, paragraph 6, “[A]n element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof.” That is, paragraph 6 essentially authorizes the use of MPF-type claim elements, and governs their construction. Where a claim expressly uses the term “means” there is a presumption that paragraph 6 applies to its construction. Even if the word “means” is not used in a particular claim element, the element may be interpreted to fall under paragraph 6 where there is “no structural context for determining the characteristics of the [claim element] other than to describe its function.” See, *Rodriguez*, Slip Op. at 14, quoting *Welker Bearing Co. v. PHD, Inc.*, 550 F.3d 1090, 1096(Fed. Cir. 2008).

In its decision, the Board concludes that the claims at issue include several elements which fall under Section 112, paragraph 6. Only one of these elements, the recitation of the “means for generating a random system configuration file of a structurally variable and complex system” in claim 10 explicitly uses the term “means.” Nonetheless, the Board found that several other claim elements, both in claim 10 and in the remaining claims, were

also properly considered MPF claim elements, despite the fact that they did not use the term “means.” With respect to claim 10, the board concluded that the remaining elements thereof did not recite any structure that would perform the recited functions, and thus, fell under the purview of paragraph 6. Further, with respect to remaining claims, for example, apparatus claim 1, the Board determined that even though there was putative recitation of some structure in the claim, the recitation of a “system configuration generator,” “system builder” and “simulation verification environment” was not a description of structure, but merely inclusion of verbal constructs as “a substitute for the term ‘means for.’” See, *Rodriguez*, Slip Op. at 23. Thus, the Board decided it was appropriate to construe all claims under Section 112, paragraph 6.

Since these terms invoke Section 112, paragraph 6, they must be construed “to cover the corresponding structure, material, or acts described in the specification and equivalents thereof,” as recited in the statute. Upon reviewing the specification of the application, however, the Board determined that there was no disclosure of any specific structure that would perform the recited functions, except for the general assertion that “appropriate software coding can readily be prepared by skilled programmers” to perform certain of these functions. The Board likened this situation to that of *Aristocrat*, where the Federal Circuit ruled that reference to “appropriate programming” was not sufficient to transform a general purpose computer into a specific structure for the purposes of Section 112, paragraph 6. Thus, the Court held such claim elements lacking corresponding support in the specification indefinite under Section 112, paragraph 2.

The Board also agreed with the Court’s position in *Aristocrat* that an algorithm for operating the computer should also be provided in the specifica-



Fraud on the Trademark Office? A New Standard of Proof May Have Eliminated It

A recent trend in rulings from the U.S. Patent and Trademark Office finding fraud by trademark owners and canceling registrations may have been stopped in its tracks by the Court of Appeals for the Federal Circuit's August 31, 2009 opinion in *In re Bose Corp.*, ___ F.3d ___, 91 USPQ2d 1938, 2009 U.S. App. LEXIS 19658 (Fed. Cir. 2009). The *Bose* decision significantly reduced, if not eliminated altogether, the risk of committing fraud on the Trademark Office.

While *Bose* changed the standard for proving fraud, the elements remain the same, *i.e.*, fraud in obtaining or maintaining a trademark registration occurs when the owner knowingly makes a false, material representation of fact with the intent to deceive the Patent and Trademark Office.

The Trademark Trial and Appeal Board (TTAB) had been finding fraud not only where the trademark owner knew that a false material representation had been made in an application or concerning a registration, but also where the owner "should have known" that the representation was false. With the *Bose* decision, the "should have known" test no longer applies and fraud now requires proof that the trademark owner had an actual intent to deceive the Patent and Trademark Office.

The TTAB's position had some severe consequences. For example, in one case, *Medinol Ltd. v. Neuro Vasz Inc.*, 67 USPQ2d, 1205 (TTAB 2003), the application identified neurological stents and catheters. The standard form box in the Statement of Use was checked by the applicant for "those goods/services identified in the Notice of Allowance for this Application." At that time, however, the mark was in use only on catheters. What may have been nothing more than a careless mistake on the Statement of Use form resulted in the cancellation of the entire registration. In another case, *Stan-*

dard Knitting Ltd. v. Toyota Jidosha Kabushiki Kaisha, 77 USPQ2d 1917 (TTAB 2006), there was no question that the mark was in use on some of the goods listed in each of the Statements of Use and the TTAB implicitly acknowledged that there was no actual intent to deceive the Trademark Office. Nonetheless, the registrations were cancelled in their entirety.

The *Bose* ruling changed the fraud standard by equating "should have known" with "simple negligence" and even "gross negligence" – conduct that does not justify an inference of fraud, dishonesty or intent to deceive. Carelessness and negligence are no longer grounds for fraud as a false misrepresentation occasioned by an honest misunderstanding or inadvertence without a willful intent to deceive does not constitute fraud.

Is There Any Reason to Still Be Concerned About Fraud?

Will it ever be possible to commit fraud on the Trademark Office? It appears that going forward, the worst that can happen to a trademark owner who makes a false material representation is the removal of certain goods or services from the registration. There will still be, however, situations where it should be immediately apparent to anyone associated with a trademark that a false material representation will constitute fraud. Even under the *Bose* standard, filing a Statement of Use for ten goods when the mark was in use on only one of them, or renewing a registration for goods that have not been sold for the past five years, may be regarded as clear and convincing evidence of an intent to deceive.

Thus, the *Bose* ruling should not lull trademark owners into exercising less care when preparing documents for the Trademark Office. Certain filings should be especially scrutinized:



Fraud on the Trademark Office?

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Electronic Filings

An attorney's reliance on "information and belief" that the client's representations are accurate may not be sufficient because the attorney is in a position to know or to inquire as to the truth of the statements providing reason to believe.

Intent to Use Applications

These are particularly vulnerable to fraud because they tend to include goods or services that are never produced. When the Statement of Use is prepared months, or even years, later, the application should be carefully reviewed, retaining only those goods and services that are in actual commercial use.

Claims of Use of the Mark

An allegation of fraud arises most frequently in connection with one of the four documents a trademark owner submits to the Trademark Office claiming use of a mark: use based application; Statement of Use for an intent-to-use application; Section 8 Declaration; and Renewal. When these documents are filed, make sure that the statement concerning use of each of the listed goods or services is accurate. For example, if an ITU application lists the goods as handbags, luggage and wallets, and a Statement of Use is due, the applicant must be using the mark on all of the goods in order to file a proper Statement of Use — or remove those goods in the Notice of Allowance on which the mark is not in use. It is insufficient to file a Statement of Use for all goods in the Notice of Allowance if, for example, the mark is used only on handbags, but not luggage or wallets. Including a passage along the lines of the following in communicating with the trademark owner should serve as a sufficient warning:

The [*application; Statement of Use; Section 8 Declaration; Renewal*] must include only those goods/services for which you are actually using the mark in

commerce at this time. If there are any goods/services listed in the [*application; Notice of Allowance; registration*] for which the mark is not currently in use, they must be deleted. The failure to do so could result in the cancellation of part or all of the registration.

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Looking Beyond *Bilski*

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tion, in order to provide the required definiteness in cases like this. As a result claims 1-4, 6-10 19 and 20 were rejected for indefiniteness by the Board, even though the Board reversed all of the prior art rejections that were the subject of the appeal.

This decision serves as a timely reminder to Applicants who are pursuing computer based applications to ensure that they have completely described their inventions. It is entirely possible that one could meet the questionable requirements for patentability under Section 101 that are at issue in *Bilski* and still fail to obtain the desired protection because they have not sufficiently described at least one example of an algorithm that provides the recited functionality if the claims. It is very tempting, particularly in the computer arts, to provide broad descriptions in order to ensure that all of the many possible ways to achieve a desired result are covered. However, failure to provide detailed disclosures is far more risky. Even if, as was the case above, the applicant does not intend to use MPF type claims, they may be interpreted as such. Regardless of interpretation, however, providing a complete and detailed specification will avoid the danger of an indefiniteness rejection.

by Keith J. Barkaus