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Supreme Court to weigh in on copyright registration errors; mulls pending petitions in IP cases

By Thomas Long, J.D.

After an active 2020–2021 term on the intellectual property front, the Supreme Court so far has only taken on one IP case for the 2021–2022 term—a dispute involving the question of when inaccurate information in a copyright registration warrant referral to the Register for advice as to whether the inaccuracies were material enough to render the registration void. This marks the second time in three terms that the Court has addressed the “registration requirement” of Section 411 of the Copyright Act.

Pending petitions to watch include patent cases involving the Patent Trial and Appeal Board’s hotly contested *NHK-Fintiv* Rule and Section 101 subject-matter eligibility, prior art challenges of drug patents, trade-dress functionality, and the scope of protection to be afforded registered service marks.

Below is a close look at the granted case in *Unicolors, Inc. v. H&M Hennes & Mauritz, L.P.*, as well as brief discussions of six pending requests for review.

Clarity sought on question of when copyright application errors can invalidate registration

The only IP case currently on the docket for argument involves the “registration requirement” of Copyright Act Section 411—a provision the Supreme Court addressed a few terms earlier. Section 411 requires a copyright owner to register a copyright before commencing an infringement suit. In *Fourth Estate Public Benefit Corp. v. Wall-Street.com, LLC*, 139 S. Ct. 881 (2019), the Court [held](#) that the registration requirement is satisfied only when the Copyright Office registers a copyright, and not when the application is filed. In the *Unicolors* case, the Court will address the issue of inaccuracies in filings, and when errors or misstatements trigger an inquiry into whether an issued registration is invalid. The [petition](#) for *certiorari* in *Unicolors, Inc. v. H&M Hennes & Mauritz, LP*, Dkt. No. 20-915, was granted June 1. Oral argument is scheduled for November 8.

Textile design company Unicolors is seeking review of a Ninth Circuit [decision](#) that vacated a jury’s verdict and damages award in favor of Unicolors for a retailer’s infringement of a copyrighted design. The Ninth Circuit ordered the district court on remand to seek a determination from the Register of Copyrights regarding whether inaccurate information that Unicolors had supplied in its underlying copyright application would have changed the Office’s decision to issue the registration, which consisted of 31 separate designs.

Copyright dispute. Unicolors creates designs for use on textiles and garments. Unicolors sued retailer H&M Hennes & Mauritz L.P. in a California federal district court, alleging that H&M sold garments that violated Unicolors' copyright in a design it created in 2011 and sold in 2015. In 2011, Unicolors had obtained a copyright registration for two-dimensional artwork that consisted of 31 separate designs, including the design that was the subject of the lawsuit. The designs were registered together as a single-unit registration, apparently to save money on registration costs. At trial, the jury found in favor of Unicolors and awarded it just under \$850,000.

Validity challenge. In a post-trial motion, H&M contended that the registration was invalid, and therefore the infringement claims should be dismissed. According to H&M, Unicolors secured the registration by including known inaccuracies, namely, using a single copyright registration for 31 separate works. Unicolors argued that H&M could not register the works together as a collection unless it offered all 31 designs for sale in some integrated way. At least nine of the 31 designs had been sold separately and exclusively to certain customers who had paid for that right, and thus those designs had not been offered for sale on the same day as the other 22 designs. The district court rejected that argument, holding that: (1) to invalidate the registration, Unicolors needed to demonstrate an intent to defraud, which it had not done; and (2) the fact that nine of the designs were sold separately did not mean that they were not made available on the same day. The Ninth Circuit concluded that the lower court was wrong on both counts.

Intent to defraud. With respect to the first point, the Ninth Circuit acknowledged that several of its opinions had implied that an intent to defraud was a requirement for registration invalidation. However, the court also had recently explicitly [stated](#) that no intent-to-defraud requirement existed. In the Ninth Circuit's view, Unicolors erred when it sought to register a collection of works that were not initially published as a singular, bundled collection. Furthermore, Unicolors included the inaccurate information knowing that it was inaccurate. This did not automatically render judgment in favor of H&M, the appellate court said. Rather, it required the district court to stop the proceedings and to ask the Register of Copyrights to advise the court whether the inaccurate information, if known, would have caused the Register to refuse registration. Because the district court never took that statutorily required step, the court concluded that the case had to be remanded to allow the court to make the request.

Question addressed. The grant of *certiorari* is limited to the first of two questions posed by Unicolors' petition: whether the Ninth Circuit erred in holding that 17 U.S.C. § 411 requires referral to the Copyright Office when there is no indicia of fraud or material error as to the work at issue in the subject copyright registration. Unicolors also asked for, but was not granted, High Court review of whether the Ninth Circuit misapplied the publication standard by applying Copyright Office requirements that were not in place at the time of registration and by analyzing publication as of the date of registration as opposed to the later registration application date.

Petitioner's contentions. In its [petition](#), Unicolors asserts that the Ninth Circuit widened a circuit split (specifically with at least the Third and Eleventh Circuits) and departed from its own precedent, which had required an intent-to-defraud showing. According to Unicolors, the "Prioritizing

Resources and Organization for Intellectual Property Act of 2008” (“PRO IP Act”), Pub. L. No. 110-403, § 101, 122 Stat. 4256, 4257-58—which amended Section 411(b) of the Copyright Act to provide that, instead of relying solely on the court’s own assessment of the Register’s response to an inaccuracy, courts are obligated to obtain an opinion from the Register on the matter—was intended to codify the doctrine of fraud on the Copyright Office. In fact, the petition notes, the Copyright Office itself had interpreted the PRO-IP Act in this way.

In its [brief](#), Unicors contends that the statutory text requires subjective awareness of the inaccurate information in the filing, and that requirement is not satisfied when the applicant makes an innocent mistake. Citing the statutory terms, Unicors reasons that under Section 411(b) an applicant who makes an innocent mistake of law does not have “knowledge” that the “information” is “inaccurate.” Unicors also argues that in the 2008 amendment Congress could not have intended to establish a rule that would severely override copyright holders’ rights and remedies and disrupt infringement litigation.

Respondent’s contentions. In its [brief](#), H&M asserts that Section 411 requires only *knowledge*, not intent to deceive. In H&M’s view, Unicors’ argument regarding the scope of knowledge for purposes of Section 411 is not properly before the Court, and even if it is, the Court should rule against Unicors because Section 411(b) is triggered by either actual or constructive knowledge of the inaccuracy. Moreover, H&M argues, Section 411(b) does not excuse mistakes of law.

Amicus briefs. Amicus briefs have been filed by the Copyright Alliance, the American Intellectual Property Law Association, and the United States, among others. The government takes the position in its [brief](#) that a registration containing information reflecting an “erroneous view of applicable law” remains valid if the applicant believed that its view of the law was correct.

Noteworthy petitions for *certiorari* in IP cases

Below are noted several petitions for certiorari that, if granted, would resolve important questions of interest to the intellectual property law community. Issues surrounding challenges to the validity of issued patents remains a hot topic.

[American Axle & Manufacturing, Inc. v. Neapco Holdings LLC](#)

Patent subject-matter eligibility—natural laws. A patent owner seeks review of whether certain patent claims directed to adding a liner to reduce vibrations and noise in a vehicle were ineligible for protection under 35 U.S.C. § 101 because they merely amounted to an application of Hooke’s law. Following a petition for rehearing by the patent owner, the U.S. Court of Appeals for the Federal Circuit modified and reissued an October 3, 2019, [opinion](#) in which it held that the challenged claims did not pass Section 101 muster. In the [modified opinion](#), issued July 31, 2020, the appellate court affirmed in part and vacated in part a decision of the federal district court in Delaware, which had concluded that the challenged claims were invalid because the claims do nothing more than apply a law of nature. Circuit Judge Kimberly Moore dissented, asserting that the majority “inflated”

Section 101 beyond the statutory language and Supreme Court precedent. The [petition for review](#) (No. 20-891) was filed December 28, 2020. The Court invited the Solicitor General to file a brief in this case expressing the views of the United States on May 3, 2021.

Questions presented. (1) What is the appropriate standard for determining whether a patent claim is “directed to” a patent-ineligible concept under step 1 of the Court’s two-step framework for determining whether an invention is eligible for patenting under 35 U.S.C. § 101? (2) Is patent eligibility (at each step of the Court’s two-step framework) a question of law for the court based on the scope of the claims or a question of fact for the jury based on the state of art at the time of the patent

Ezaki Glico Kabushiki Kaisha v. Lotte International America Corp.

Trade dress—functionality. The inventor and maker of the popular Japanese confection Pocky seeks High Court review of whether the design of the chocolate-covered cookie stick product was protectable as trade dress or whether it was unprotectable as merely functional. The Third Circuit [held](#) that the design was functional and affirmed dismissal of an infringement lawsuit filed against the maker of a copycat chocolate-covered cookie. Evidence of functionality may be found in a design that makes a product work better, and Pocky’s design made it work better as a snack, the Third Circuit said. The feature of a “handle” that was uncoated by chocolate made the snack useful: it was easy to hold, and a consumer could eat it without getting chocolate on their hands. It also made the snack easy to pack. The possibility of other designs and shapes did not make Pocky’s design any less useful, the court explained. The [petition for review](#) (No. 20-1817) was filed June 24, 2021.

Questions presented. (1) Whether trade dress is “functional” if it is “essential to the use or purpose of the article” or “affects the cost or quality of the article,” as this Court and nine circuit courts have held, or if it is merely “useful” and “nothing more,” as the Third Circuit held below. (2) Whether the presence of alternative designs serving the same use or purpose creates a question of fact with respect to functionality, where the product’s design does not affect cost or quality and is not claimed in a utility patent.

Mylan Laboratories Ltd. v. Janssen Pharmaceutica, N.V.

Drug patents—inter partes review institution decisions. Drug maker Mylan Laboratories has asked the Court to evaluate the constitutionality of a six-factor standard (the “*NHK-Fintiv* Rule”) used by the Patent Trial and Appeal Board for evaluating whether to deny institution of inter partes review (IPR) when there is an earlier trial date in a co-pending district court proceeding. Mylan also challenges the Federal Circuit’s holding that Board decisions not to institute IPR are nonappealable. After the Board denied Mylan’s petition to institute IPR of a patent for a drug used to treat schizophrenia, the Federal Circuit [held](#) that Mylan failed to show that it was entitled to mandamus relief compelling the Board to institute review. The Federal Circuit concluded that judicial review through a petition for mandamus relief is available in extraordinary circumstances to protect the court’s prospective jurisdiction, but Mylan failed to show it was entitled to such an extraordinary remedy. The [petition for review](#) (No. 21-202) was filed August 9, 2021.

Questions presented. (1) Does 35 U.S.C. § 314(d) categorically preclude appeal of all decisions not to institute inter partes review? (2) Is the *NHK-Fintiv* Rule substantively and procedurally unlawful?

Apple Inc. v. Optis Cellular Technology, LLC

Appealability of IPR institution decisions. Apple Inc. also is attempting to upend the *NHK-Fintiv* Rule in a dispute over patents owned by Optis Cellular Technology, LLC. The Board applied the *NHK-Fintiv* Rule to deny Apple's IPR petitions, and the Federal Circuit summarily turned away Apple's appeal on the ground that 35 U.S.C. § 314(d) eliminated its appellate jurisdiction over IPR institution decisions. The [petition for review](#) (No. 21-118) was filed July 26, 2021.

Question presented. Whether the U.S. Court of Appeals for the Federal Circuit may review, by appeal or mandamus, a decision of the U.S. Patent & Trademark Office denying a petition for inter partes review of a patent, where review is sought on the grounds that the denial rested on an agency rule that exceeds the PTO's authority under the Leahy-Smith America Invents Act, is arbitrary or capricious, or was adopted without required notice-and-comment rulemaking.

Biogen MA Inc. v. EMD Serono, Inc.

Drug patents—anticipation. Pharmaceuticals manufacturer Biogen MA Inc. has asked the Court to decide whether the Federal Circuit erred when it [held](#) that a reasonable jury could find that its patent for treating viral conditions with recombinant interferon- β was invalid as anticipated by prior art references. The Federal Circuit vacated a district court's judgment as a matter of law of no anticipation after the jury found the asserted patent claims not anticipated. The [petition for review](#) (No. 20-1604) was filed May 14, 2021. The case was docketed for Conference of September 27.

Question presented. Whether courts may disregard the express claim term “recombinant” so as to render a method-of-treatment patent anticipated—and thus invalid—in light of prior-art treatments that used the naturally occurring human protein, where it is undisputed that the recombinant protein was not used in the prior art.

Sportswear Inc. v. Savannah College of Art and Design, Inc.

Service mark registrations—scope of protection. In a trademark infringement dispute between a nonprofit college and an Internet-based seller of customizable apparel and fan clothing, the seller is seeking review of an Eleventh Circuit [decision](#) holding that protection of the college's registered marks was not limited to the goods specified on the registration certificate but extended to any goods on which the use of an infringing mark was likely to cause confusion. The marks at issue were for two designs and for the words “Savannah College of Art and Design” and “SCAD,” registered by the college in connection with the provision of educational services. The college sued for infringement after the seller began offering bearing the marks. The appellate court reversed a district court's grant of summary judgment in favor of the seller because the college failed to establish that its registered marks covered apparel or that it had actually used its marks on clothing prior to the seller's use. According to the appellate court, case law had extended protection for federally registered service

marks to goods and therefore beyond the area of registration listed in the certificate. The [petition for review](#) (No. 20-1391) was filed March 31, 2021. The case was docketed for Conference of September 27.

Questions presented. (1) Does the scope of a federally-registered service mark extend to unrelated goods bearing that service mark? (2) Does the defendant's copying of a mark, without proof of consumer confusion as to the source of the parties' goods or services, establish trademark infringement merely because consumers recognize the mark?