

What's New in IP from the Supreme Court

The United States Supreme Court has been busy the past months addressing intellectual property issues that may affect you. Here are three of the Supreme Court's decisions you should know about:

- 1. A corporation can only be sued for patent infringement where it is incorporated or where it has a "regular and established place of business".**

Up until the Supreme Court's May decision in *TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, lower courts had been permitting venue for patent infringement actions in districts far away from the defendant's operations. Plaintiffs, given the opportunity to choose almost any district in which the defendant had sold a product or had business contacts, chose plaintiff-friendly districts like the infamous Eastern District of Texas as the venue for their patent infringement claims. The Supreme Court overruled the lower courts' expansive interpretation of venue in patent infringement cases that had permitted such venue shopping, holding that as Congress has required since 1897, patent infringement lawsuits can only be brought against a corporation in states where the corporation is incorporated OR where the corporation has committed the alleged infringement and has a "regular and established place of business."

- 2. A patentee that sells an item and restricts the purchaser's right to reuse or resell the item may not enforce that restriction through a patent infringement lawsuit.**

Businesses that rely on the sale of expensive supplies for their cheap products can no longer rely on its patent rights to enforce restrictions against purchaser of their products. In *Impression Prods. v. Lexmark Int'l Inc.*, Lexmark owned a number of patents covering components of printer toner cartridges and the manner in which the cartridges were used. Lexmark gave discounts to customers who agreed to return spent cartridges to Lexmark. Rather than suing its customers for breaching the return-policy contract, Lexmark brought patent infringement claims against "remanufacturers" that had been acquiring Lexmark's used cartridges, re-filling them with toner, and re-selling them. The Supreme Court held that, while Lexmark's contractual restrictions with its customers may be enforced under contract law, Lexmark "exhausted" its patent rights in the cartridges the moment it sold them to the customers.

- 3. Trademarks that are disparaging cannot be refused registration simply because the trademark is disparaging.**

Congress has long prohibited the registration of marks that "disparage" or that are "immoral, deceptive, or scandalous." But since the Supreme Court's June decision in *Matal v. Tam*, those of you using trademarks that may be disparaging have at least one less barrier to face when applying for registration. The Court held the law prohibiting the registration of marks that "disparage" to be in violation of the free-speech clause of the First Amendment of the U.S. Constitution. In light of the holding, the group of Native Americans challenging the validity of the Washington Redskin's trademark on grounds that it violated the disparagement prohibition dropped their litigation, ending a famous dispute that began in 1992. Likely, the Court's holding would also apply to the law prohibiting registration of "immoral, deceptive, or scandalous" marks, but according to a notice issued by the U.S. Patent and Trademark Office, the Office will continue to

examine registration applications for compliance with the prohibition of “immoral, deceptive, or scandalous” marks until that issue is resolved in a case pending before the Court of Appeals for the Federal Circuit.