THOMPSON COBURN LLP

TC'S IP CORNER®

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TC'S IP CORNER®

Welcome to TC's IP Corner®. We are excited to share this quarterly email with our clients, colleagues, and friends as we examine hot topics, interesting cases, and weird yet entertaining happenings in the world of intellectual property.

If you have ideas for future editions, please reach out to one of the editors listed below.

DOROTHY'S FAMOUS ~~RUBY~~ [SILVER] SLIPPERS

Wicked: Part I released to theaters this November and has been very popular, already grossing over $450 million worldwide. It is a prequel to the famous story, *The Wizard of Oz,* and follows Elphaba, the future Wicked Witch of the West. Like every prequel, *Wicked: Part I* includes many of the same characters and items that we all know and love from *The Wizard of Oz*. But one item that many viewers may be surprised by is that Dorothy's slippers are not ruby but silver.

An interesting aspect of the choice to use silver shoes is that this choice holds true to the original story. The original *The Wizard of Oz* was a novel published in 1900 and it described Dorothy's shoes as silver. However, the most popular version of *The Wizard of Oz* was the 1939 film starring Judy Garland as Dorothy. It was in this 1939 film that the ruby shoes were first introduced.

When a work is based upon an earlier work, such as the creation of a film based upon an earlier novel, the later work is considered a derivative work in copyright law. Such a derivative work has a copyright term independent from the original work, but the derivative work's copyright only protects the aspects that are new to the derivative work. Thus, in the case of *The Wizard of Oz,* the copyright protection over the silver shoes is independent from the copyright protection over the ruby shoes because the silver shoes were first introduced in the original novel but the ruby shoes were first introduced in the derivative film 39 years later.

While the creators of *Wicked: Part I* have not admitted a specific reason for the choice to use silver slippers, at least one factor likely considered was the copyright term of the silver vs. ruby shoes. Because of the independent copyrights and the term of the ruby shoes' copyright beginning 39 years later, we are in a window of time where any copyright protection over the silver shoes has expired, but copyright protection over the ruby shoes remains in force. Thus, the silver shoes have entered the public domain and can be used for free without a license or risk of infringement, but the ruby shoes are still protected and require a license to use.

If your clients intend to use a character or item from a famous work of art, please consult with a member of TC's IP group for assistance in helping your clients determine what requires a license and what has entered the public domain.

PENN STATE WINS TRADEMARK INFRINGEMENT CASE OVER PENN STATE-THEMED APPAREL

Last month, a jury rendered a verdict in favor of The Pennsylvania State University ("Penn State") on its claims of trademark infringement against Defendants Vintage Brand, LLC and Sportswear Inc. (d/b/a Prep Sportswear), an affiliate of Vintage Brand. Vintage Brand, through its website, sells college-team branded clothing and accessories. Due to these activities, Vintage Brand has been sued for trademark infringement by multiple universities, including Purdue University, Baylor University, The University of Arizona, Arizona State University, The University of California at Berkeley and Los Angeles, The University of Colorado Boulder, The University of Oregon, Oregon State University, The University of Southern California, Leland Stanford Jr. University, University of Utah, University of Washington, Washington State University, and the University of Illinois. None of these prior cases reached a trial.

Penn State alleged infringement of seven of its trademarks including the marks PENN STATE and the PENNSYLVANIA STATE UNIVERSITY, and the following marks:

- the Pozniak Lion Design:
- the S Lion Logo:
- the Penn State Seal:

- and several lion logos:

In defense, Vintage Brand offered a unique argument: while it acknowledged the purpose of trademarks is to distinguish the goods sold by the mark owner from those sold by others (source identification), it argued Penn State's marks do not act as source identifiers; instead the marks served only an aesthetic purpose according to Vintage Brand. Vintage Brand argued customers purchase goods with the Penn State marks to express support for Penn State or to be associated with Penn State, not because the marks indicate the *source of the goods.* In support of its position, Vintage Brand cited the deposition testimony of Penn State's own witnesses, who claimed they purchase Penn State-branded products to "support the University" and because they "feel pride in the University."

The jury rejected Vintage Brand's position and returned a verdict in favor of Penn State on each infringement count and awarded Penn State $28,000 in damages. Penn State has now moved for attorneys' fees. As of the date of this publication, the parties are briefing the attorneys' fees motion.

This case is a win for brand owners who want to stop third parties from selling apparel bearing the brand owner's marks. It remains to be seen whether Vintage Brand will appeal and, if it does, what the result on appeal will be. It also remains to be seen whether other brand owners (such as musical bands or retail outlets) will use Penn State's win to bolster their own cases against third parties selling merchandise bearing their names/brands. But while Penn State-branded goods can no longer be found on Vintage Brand's website, Vintage Brand still offers branded goods for over 200 colleges and universities.

If you have a client who needs trademark assistance, please contact a member of TC's IP group.

CHALLENGING THE XPECTED, SOCIAL MEDIA PLATFORM "X" OPPOSES STATUS QUO AND USER'S ABILITY TO SELL AND ASSIGN SOCIAL MEDIA ACCOUNTS

Social media is one of the most effective ways for businesses to connect with new and existing customers, promote and advertise their brands, and generate revenue. We consider business social media accounts to be assets with value, and this is evidenced by the typical inclusion of social media accounts in business purchase agreements and settlement agreements. However, the social media platform X is now disrupting this practice, stepping into the legal fight over Alex Jones' Infowars, and asserting that social media accounts on the X platform are the exclusive property of X Corp., and cannot be assigned without X Corp.'s consent.

Alex Jones, founder of Infowars, a media organization, filed for bankruptcy after he was ordered to pay $1.5 billion in damages resulting from defamation lawsuits brought by the families of Sandy Hook Elementary School shooting victims. The bankruptcy judge ordered a court-supervised liquidation of Jones' assets, which included intellectual property assets. Jones' Free Speech Systems, the parent company of Infowars, was recently auctioned off to help pay the judgment. The sale included Infowars' website and social media accounts, which are followed by millions of users. The news site The Onion, with backing of the families, was declared the winner of the auction. Jones challenged the winning bid in court and in a recent order, the bankruptcy judge rejected The Onion's purchase, taking issue with the auction process.

Social media platforms typically stay out of the battles between rival claimants to social media accounts, leaving it to the courts and parties involved to come to a resolution. However, in what is believed to be the first time a social media platform has intervened, Elon Musk's X Corp. filed a limited objection to the trustee's successful bidder notice.

X Corp. did not object to the proposed sale as a general matter, but objected to any proposed sale or purported transfer of any account used by Alex Jones or Free Speech Systems that is maintained on the X platform. X Corp. states that all accounts on X are governed by the X Terms of Service. Based upon X's Terms of Service, all right, title, and interest in and to X Corp.'s services, including its various websites, short message services (SMS), application programming interface (API), email notifications, applications, buttons, widgets, ads, commerce services, and other services are X Corp.'s exclusive property.[1] Below are the relevant portions of X's Terms of Service:

> We give you a personal, worldwide, royalty-free, *non-assignable and non-exclusive license* to use the software provided to you as part of the Services. This license cannot be assigned, gifted, sold, shared or transferred in any other manner to any other individual or entity without X's express written consent. (emphasis added)
>
> All right, title, and interest in and to the Services (excluding Content provided by users) are and will remain our and our licensors' exclusive property. [2]

According to X Corp., X accounts have no value absent X's services. A user needs these services to create an account, post, react, follow others, and interact with others. The account and the services are one and the same.

In the objection, X Corp. attempts to make clear that what account holders own is their content (i.e what they submit, post, or display on or through X's services). X Corp. states that this 'content' is distinct and separate from X's services.

While the Court has not yet ruled on X Corp.'s objection, the mere submission of this argument by a social media platform may raise concerns for businesses. The sale, transfer, and assignment of social media accounts are commonplace in asset purchase agreements and settlement agreements.

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[1] *In re Alexander E. Jones,* Bankr. S.D. Tex., No. 22-33553, Doc. No. 937 *gov.uscourts.txsb.459750.937.0.pdf
[2] Terms of Service, https://x.com/en/tos

For example, when one business acquires another, they will typically acquire its social media accounts. Or in an infringement dispute, often times infringers will agree to cease use of a trademark and to transfer social media accounts to the brand owner as part of a settlement agreement.

X Corp.'s objections raises many questions - If social media accounts are non-assignable, where does this leave account holders? If one business acquires another but intends to continue to do business under the acquired business's name, do they need to create a new social media account and rebuild a following? If we want an infringer to stop using a social media account with a handle that includes our trademark, do we ask that they delete the account and hope we can create a new account with the handle before it is taken by someone else? Does this affect previous sales and assignments of X accounts? Will other social media platforms follow suit?

Moving forward, it may be worth considering what your business's objectives are when acquiring the social media accounts of another. Is your business concerned with stopping the other party's use of the social media account? Are you concerned with acquiring the social media account's handle? Would you like to benefit from the social media account's large following? All of these may be considerations that can be carefully crafted into a settlement agreement or asset purchase agreement along with provisions on how to handle any potential objection by the social media platform.

While it is still early, this unprecedented and unexpected objection is one to watch as it may change the contractual provisions on how social media accounts are sold and assigned, and how and when social media platforms may weigh in on these matters. TC's IP group is staying up to date on developments. If you or a client needs assistance in navigating future sales and assignments of social media accounts, please reach out to a member of our IP group.

SUPREME COURT PETITIONERS CHALLENGE FEDERAL CIRCUIT'S NO OPINION PRACTICE

While seemingly innocuous in their wording, Federal Rule of Appellate Procedure 36 and corresponding Federal Circuit Rule 36 have created significant consternation among patent law practitioners. FRAP 36, which concerns entry of judgment, provides in relevant part that: "The clerk must prepare, sign, and enter the judgment: . . . (2) if a judgment is rendered without an opinion, as the court instructs." Federal Circuit Rule 36(a) expands upon this, stating:

> The court may enter a judgment of affirmance without opinion, citing this rule, when it determines that any of the following conditions exist and an opinion would have no precedential value:
>
> 1. the judgment, decision, or order of the trial court appealed from is based on findings that are not clearly erroneous;
> 2. the evidence supporting the jury's verdict is sufficient;
> 3. the record supports summary judgment, directed verdict, or judgment on the pleadings;
> 4. the decision of an administrative agency warrants affirmance under the standard of review in the statute authorizing the petition for review; or
> 5. a judgment or decision has been entered without an error of law.

The Federal Circuit, which has exclusive jurisdiction over appeals of cases filed in federal district courts alleging patent infringement, regularly employs this rule, issuing opinions saying only "AFFIRMED" in as many as one-third of cases appealed from a district court or the USPTO.[3] This practice differs significantly

[3] *See* Petition for Writ of Certiorari, *Island Intellectual Property LLC v. TD Ameritrade, Inc.,* at 41 (No. 24-461). ("On average, over the past ten years, the Federal Circuit has issued one-word affirmances in approximately 35% of cases appealed from a district court or the USPTO. . . . According to its website, as of September, it had issued Local Rule 36 judgments in nearly 30% of such cases.").

from other Courts of Appeals. The First, Second, Third, Fourth, Sixth, Seventh, Ninth, Eleventh, and D.C. Circuits have no local rule authorizing one-word affirmances.[4] The Fifth, Eighth, and Tenth Circuits have such a rule,[5] but exercise it sparingly (in the last year, the Fifth Circuit has issued such an opinion only twice).[6] Accordingly, the Federal Circuit's practice has led to multiple legal challenges regarding the proprietary of such affirmances, which are now being briefed for Supreme Court review.

In *ParkerVision v. TCL Industries Holdings Co.,* No. 24-518, the petitioner has challenged the Federal Circuit's Rule 36 practice in connection with an appeal from the Patent Trial and Appeal Board ("PTAB") – an administrative body that oversees appeals during patent prosecution and certain administrative post-grant proceedings – on the basis that the Federal Circuit's practice violates 35 U.S.C. § 144. That statute provides that the Federal Circuit shall review PTAB decisions from which an appeal is taken and that "[u]pon its determination the court shall issue to the Director its mandate and opinion, which shall be entered of record in the Patent and Trademark Office and shall govern the further proceedings in the case." The petitioner in *ParkerVision* argues the term "opinion" in 35 U.S.C. § 144 is distinct from the term "judgment" in FRAP 36 and therefore requires the Federal Circuit to provide the reasons for its decisions on PTAB appeals. To support its position, it relies on prior Supreme Court precedent distinguishing the two terms.[7] If the Supreme Court agrees with the petitioner's argument, the current Rule 36 practice may be deemed to run afoul of § 144 as the Federal Circuit has previously stated that its Rule 36 affirmances do not constitute an opinion.[8]

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[4] *See* Petition for Writ of Certiorari, *ParkerVision v. TCL Industries Holdings Co.,* at 33 (No. 24-518).
[5] *See id.* (citing 5th Cir. R. 47.6; 8th Cir. R. 47B; 10th Cir. R. 36.1).
[6] And even then, the Fifth Circuit's practice is to provide at least a cursory explanation. *See* Petition for Writ of Certiorari, *Island,* at 42.
[7] *See Rogers v. Hill,* 289 U.S. 582, 587 (1933) ("The court's decision of a case is its judgment thereon. Its opinion is a statement of the reasons on which the judgment rests.").
[8] *See Rates Tech., Inc. v. Mediatrix Telecom, Inc.,* 688 F.3d 742, 750 (Fed. Cir. 2012) ("Rule 36 allows us to 'enter a judgment of affirmance without opinion' under certain circumstances. Since there is no opinion, a Rule 36 judgment simply confirms that the trial court entered the correct judgment. It does not endorse or reject any specific part of the trial court's reasoning.").

In another patent case where Supreme Court review currently is being sought, *Island Intellectual Property LLC v. TD Ameritrade, Inc.,* No. 24-461, the petitioner challenges the Federal Circuit's Rule 36 practice in connection with a district court's summary judgment decision. Unlike the statutory basis of *ParkerVision's* challenge, *Island* argues that district courts nationwide have adopted a pattern and practice of misapplying Federal Rule of Civil Procedure 56 by acting as factfinders in patent cases, and that the Federal Circuit's affirmance practice fosters erroneous district court decisions and undermines the Seventh Amendment right to trial by jury.[9]

Both petitions, and the amici supporting the petitions, also raise a host of policy considerations associated with the Federal Circuit's current practice. For instance, the current state of jurisprudence regarding the application of 35 U.S.C. § 101 (i.e., what constitutes patentable subject matter) is considered uncertain and confusing.[10] Due to the lack of certainty regarding the application of § 101, patentees often must argue by analogy and point to prior cases addressing technology of a similar nature to explain why the patent at-issue is valid. The Federal Circuit's affirmance practice, however, frustrates these efforts because the affirmances provide no explanation of whether and how § 101 applies to a given technology or issue. Additionally, the petitioners and amici argue the practice creates legitimacy concerns and undermines the Federal Circuit's accountability because it is able to decide cases without having to explain its reasoning.

The Supreme Court has yet to decide whether to grant either petition, so it remains to be seen whether the Federal Circuit's practice will be upheld.

If you have a client that needs help with a patent issue, please reach out to a member of TC's IP department.

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[9] *See* Petition for Writ of Certiorari, *Island,* at 8, 16 (noting alleged errors in underlying decision and explaining how the summary affirmance encouraged such errors).

[10] *See e.g.,* Brief of Solicitor General, *Am. Axle & Mfg., Inc. v. Neapco Holdings LLC,* available at https://www.supremecourt.gov/DocketPDF/20/20-891/226156/20220524150114156_20-891%20-%20American%20Axle%20CVSG.pdf (arguing for the Supreme Court to grant certiorari to resolve the "uncertainty and confusion" plaguing the lower courts resulting from *Alice*/*Mayo*).

YIKES! 2025 USPTO TRADEMARK FEE HIKES: PREPARE FOR THE NEW PRICING LANDSCAPE

Effective **January 18, 2025,** the United States Patent and Trademark Office ("USPTO") is implementing new fees associated with filing, prosecuting, and maintaining federal trademark applications and registrations. Highlighted below are adjustments for the most commonly encountered fees.

The most notable fee increase applies to applicants who do not use the USPTO's Acceptable Identification of Goods and Services Manual ("ID Manual"). We recommend that applicants use the descriptions of goods and services from the ID Manual whenever possible to avoid the higher costs. If relevant/accurate descriptions are not already in the ID Manual, applicants should consider whether it makes sense to submit suggested descriptions to the USPTO for inclusion in the ID Manual—e.g., to add descriptions that the applicant regularly uses in its trademark applications. Applicants who enter their identifications in the free-form text box will also face a price increase for each additional group of 1,000 characters beyond the first 1,000 (though this does not yet apply to applications based on international registrations under the Madrid Protocol).

Trademark Application Filing Fees

Fee Description	Current fee	New fee
TEAS Standard application, per class	$350	n/a (discontinued)
TEAS Plus application, per class	$250	n/a (discontinued)

Fee Description	Current fee	New fee
Base application (Sections 1 and 44), per class	n/a	$350
Application fee filed with WIPO (Section 66(a)), per class	$500	$600
Subsequent designation fee filed with WIPO (Section 66(a)), per class	$500	$600

The two current types of applications—Trademark Electronic Application System (TEAS) Plus and TEAS Standard—will be replaced with one base application, which will cost $350 per class.

Trademark Application Filing Surcharge Fees

Fee Description	Current fee	New fee
Fee for insufficient information (sections 1 and 44), per class	n/a	$100
Fee for using the free-form text box to enter the identification of goods/services (sections 1 and 44), per class	n/a	$200
For each additional group of 1,000 characters beyond the first 1,000 (sections 1 and 44), per class	n/a	$200

The USPTO is introducing additional fees for applications that are incomplete or contain custom identifications of goods or services; these fees do not apply to international registrations under the Madrid Protocol but are in addition to the base fee for other applications.

There is a $100 fee per class for applications that do not include the required information at the time of filing.[1] The required information is the same as that required in TEAS Plus applications, so many trademark owners and practitioners are already familiar with the requirements.

There will also be a $200 fee per class for applicants who choose to enter descriptions of goods and services in the free-form text box instead of using identifications from the ID Manual.

If an applicant enters its identification in the free-form text box, there will be a $200 fee for each additional group of 1,000 characters beyond the first 1,000 characters, including punctuation and spaces. Applicants who enter identifications directly from the ID Manual will not incur this fee, even if the identification exceeds 1,000 characters.

Intent-to-Use Fees

Fee Description	Current fee	New fee
Amendment to allege use (AAU), per class	$100	$150
Statement of use (SOU), per class	$100	$150

Trademark applications filed on an intent-to-use basis will be subject to the above fees increases.

Post-Registration Maintenance Fees

Fee Description	Current fee	New fee
Section 9 registration renewal application, per class	$300	$325

[11] Requirements for a base application can be found here: https://www.law.cornell.edu/cfr/text/37/2.22

Fee Description	Current fee	New fee
Section 8 declaration of use, per class	$225	$325
Section 15 declaration of incontestability, per class	$200	$250

Trademark registrations will be subject to the above maintenance fees increases.

Additional information about the fee changes can be found at the links below:

- The USPTO has provided a summary of the 2025 trademark fee changes here: https://www.uspto.gov/trademarks/fees-payment-information/summary-2025-trademark-fee-changes
- In addition, the final rule can be reviewed here: https://www.federalregister.gov/documents/2024/11/18/2024-26644/setting-and-adjusting-trademark-fees-during-fiscal-year-2025

If you have any questions regarding these fee changes or need assistance filing a trademark application, please reach out to a member of our IP group.

YES... THIS REALLY HAPPENED

CANDY CANE PATENTS

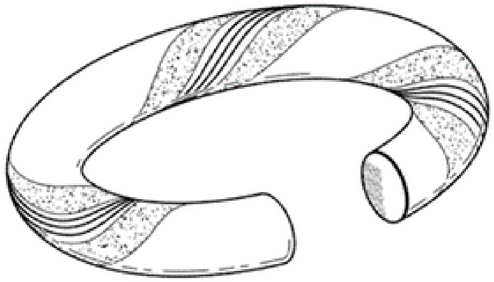
The candy cane was invented a long time ago, with sources claiming it has been around for hundreds of years. Can there possibly be new patents directed to candy canes? The answer is yes.

Design patents protect new ornamental designs for articles of manufacture, even if the article of manufacture is already in the public domain (like candy canes). Design patents apply to the designs only, not to the functional aspects of the design. This has led to patent protection for unique ornamental designs for candy canes.

For example, in 2017, an inventor obtained a patent for the ornamental design of a heart-shaped candy cane piece:

U.S. Pat. No. D785,900 (the ’900 Patent). The ’900 patent will expire in 2032.

Another inventor obtained a patent for this design of a candy cane piece:



U.S. Pat. No. D768,952 (the ’952 Patent). The ’952 Patent will expire in 2030.

Another inventor obtained a patent for the design of candy cane-shaped pasta:

U.S. Pat. No. D352,372 (the ’372 Patent). The ’372 Patent is now expired.

These examples show how public domain products may be subject to patent protection if the products are manufactured with original design elements. Design patents allow the patent owner to exclude others from practicing the invention or manufacturing products with similar designs – a useful tool this holiday season, and all year round.

If you have any questions regarding whether design patents may be a worthwhile strategy, please reach out to a member of our IP team.

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