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## Challenges to Trademark and Patent Validity

*by Paul Plaia, Jr.\**

### I. INTRODUCTION

**W**ith the increasing speed of technological development and the burgeoning of international trade, patent and trademark disputes involving imported goods have become an important factor to companies whose products are traded beyond national borders. In the United States, those who are accused of violating patent and trademark rights, including importers, may raise many challenges to the validity of the intellectual property right at issue. This paper intends to provide an overview of such challenges and the procedures for raising them.

### II. TRADEMARKS GENERALLY

A trademark is any word, name, symbol, or device, or any combination thereof, adopted and used by a manufacturer or a merchant to identify his goods and to distinguish them from those manufactured or sold by others.

Trademark rights are acquired by use. Although a trademark may be registered under the Lanham Act, registration alone does not establish rights. Rights can be established only by actually using the mark in connection with goods or services. The first to use the mark is the owner of the mark. Ownership, therefore, is established by priority of use and not by being the first to register. Federal registration, however, does confer considerable advantages.

Federal registration is available to any manufacturer or merchant that uses the mark on (1) goods shipped in interstate or foreign commerce, or (2) services which are subject to federal regulation. Marks are registered with the U.S. Patent and Trademark Office.

Federal registration confers a number of advantages, including the ability to record the mark with the Customs Service, access to federal courts, nationwide constructive notice to others who may want to adopt the mark, etc. A common law trademark, while in use, will last indefinitely. In contrast, federal registration requires filing of a declaration of use during the sixth year of registration and subsequent renewal every 20 years thereafter.

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### III. THE U.S. PATENT AND TRADEMARK OFFICE ACTIONS

#### A. *Federal Registration on the Principal Register*

A mark used by a merchant or manufacturer to identify its goods or services may be registered on the Principal Register unless registration is precluded by one of the statutory bars of § 2 of the Lanham Act.<sup>1</sup>

#### B. *Registration on the Supplement Register*

An application for a trademark that is rejected on the basis of 2(e) "descriptiveness" may be registered on the Supplemental Register. Registration on the Supplemental Register does not confer nearly as many advantages as registration on the Principal Register although access to federal courts is also a benefit of supplement registration.

#### C. *Party Opposition to Federal Registration*

Any third party may oppose an application for trademark registration if it can establish that it is at risk of being damaged by the registration of the applicant's mark, and that under the law the applicant is not entitled to registration.

Risk or likelihood of damage has been interpreted by the courts to mean that the third party has to have some general cognizable commercial interest which may be affected if registration occurs.<sup>2</sup>

Section 2 of the Lanham Act sets forth the legal grounds on which an application can be opposed. The most commonly used grounds for opposition is § 2(d) which allows opposition on the basis that the mark applied for so resembles either a common law or registered trademark of the third party that likelihood of confusion may occur. "Descriptiveness" (§ 2(e)) and "deceptive matter" (§ 2(a)) are commonly used in *in-*

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<sup>1</sup> Section 2 of the Lanham Act, 15 U.S.C. § 1052 (1975), prohibits registration of a mark which:

(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.

(b) Consists of or comprises the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof.

(c) Consists of or comprises a name, portrait, or signature identifying a particular living individual except by this written consent, or the name, signature, or portrait of a deceased President of the United States during the life of his widow, if any, except by the written consent of the widow.

(d) Consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when applied to the goods of the applicant, to cause confusion, or to cause mistake, or to deceive . . . .

(e) Consists of a mark which, (1) when applied to the goods of the applicant is merely descriptive or deceptively misdescriptive of them, or (2) when applied to the goods of the applicant is primarily geographically descriptive or deceptively misdescriptive of them, except as indications of regional origin, may be registrable under § 1054 of this title, or (3) is primarily merely a surname.

<sup>2</sup> *Tanners Council of America, Inc. v. Gray Indus., Inc.*, 440 F.2d 1404 (C.C.P.A. 1971).

*ter parte* opposition to trademark applications. Note that an application for registration on the Supplemental Register is not subject to *inter parte* opposition proceedings.

An applicant for registration is entitled to use equitable defenses of laches, estoppel and acquiescence.

#### *D. Cancellation Proceedings*

If a party can establish that (1) it is likely to be damaged by a registration, and (2) there is a legal basis for discontinuing registration, it may initiate cancellation proceedings against a mark registered on the Principal or Supplemental Registers.<sup>3</sup>

Marks that have been registered on the Principal Register for less than five years and all marks on the Supplemental Register may be challenged on the same grounds set forth in subsection C above.

Marks on the Principal Register which are over five years old may only be challenged on the following grounds:

1. Genuineness
2. Abandonment
3. Fraud on the PTO, and
4. The grounds set forth in the Lanham Act, Sections 2(a) through 2(c) and misuse of certification marks.

The equitable defenses of abandonment, laches and acquiescence are always available to the owner of the registered mark.

#### *E. Interferences and Concurrent Use Proceedings*

A situation in which more than one application for the same mark has been filed with the PTO will result in either interference proceedings or concurrent registration.

Interference proceedings take place where the two parties, each of which has applied for a trademark, attempt to show priority of use.<sup>4</sup>

Concurrent registration is allowed where the parties limit their registration as to different geographic territories.<sup>5</sup>

#### *F. Appeals from PTO Proceedings*

*Ex parte* as well as *inter parte* proceedings before the Trademark Trial and Appeal Board may be appealed to either the U.S. Court of Appeals for the Federal Circuit or the U.S. District Court.

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<sup>3</sup> *Lipton Indus., Inc. v. Ralston Purina Co.*, 670 F.2d 1024 (C.C.P.A. 1982).

<sup>4</sup> 15 U.S.C. § 1066 (1962).

<sup>5</sup> 15 U.S.C. § 1052(d) (1975).

#### IV. U.S. DISTRICT COURT TRADEMARK ACTIONS

##### A. Jurisdiction

Unlike the case with patents and copyrights, U.S. District Courts do not have exclusive jurisdiction over trademark cases. Cases based on common law trademarks are subject to the same requirements (*i.e.*, diversity of citizenship, amount in controversy, etc.) as other types of actions in determining whether it is properly before a federal court. Lanham Act based actions are commonly brought before federal courts; however, jurisdiction is shared concurrently with state courts.

##### B. Declaratory Judgment Actions

As in the case of patents, declaratory judgment is available for trademarks. 28 U.S.C. §§ 2201 and 2202 enable a party who is threatened with infringement litigation to seek a declaration that the trademark at issue is invalid and/or not infringed.<sup>6</sup>

#### V. U.S. INTERNATIONAL TRADE COMMISSION TRADEMARK ACTION

It is well-established that trademark infringement is one of the unfair methods of competition and unfair acts prohibited by § 1337.<sup>7</sup> The procedures and other aspects of § 337 actions involving trademark are the same as those involving patents and set forth in Section IX, below.

Since federal courts do not have exclusive jurisdiction over trademark actions, some courts have interpreted ITC trademark decisions as have *res judicata* effect.<sup>8</sup> Indeed, in at least one instance a District Court has stayed its proceedings pending an ITC § 337 action involving the same trademark claim stating that the ITC was well equipped to resolve the trademark issues.<sup>9</sup>

#### VI. CHALLENGES TO TRADEMARK VALIDITY IN THE U.S.

The owner of a trademark, whether registered or at common law, is entitled to bring an action of infringement to protect against uses of its mark which are likely to cause confusion regarding the source of the goods or service. In bringing such an action, the owner of the mark is subject to having its trademark challenged in the form of defenses raised by the alleged infringer.

For example, in defending against a charge of infringement, a party may challenge the validity of a trademark by arguing that the mark is generic, descriptive, lacking secondary meaning, that there was fraud in the procurement, or has been abandoned. If the mark being challenged,

<sup>6</sup> 28 U.S.C. §§ 2201-02 (1948).

<sup>7</sup> 19 U.S.C. § 1337 (1979). *See*, Certain Coin-Operated Audio-Visual Games, Inv. 337-TA-87 (June 1981); Certain Miniature Plug-in Fuses, Inv. 337-TA-114 (Jan. 1983).

<sup>8</sup> Union Mfg. Co., Inc. v. Han Baek Trading Co., Ltd., 763 F.2d 42 (2d Cir. 1985).

<sup>9</sup> Tompkins Seals, Inc. v. The West Co., 108 F.R.D. 394 (E.D. Pa. 1985).

however, has been registered on the principal register and has become incontestable pursuant to a filing of a § 15 affidavit the grounds for challenge are limited by statute.<sup>10</sup>

#### *A. Genericness*

A trademark may be challenged on the basis that the mark is generic. In other words, the mark does not function as a trademark to indicate origin but rather as the name of the goods or services. Whether a term is generic, however, is determined in terms of the meaning to consumers and not to the trade.<sup>11</sup>

#### *B. Secondary Meaning*

A trademark which is not inherently distinctive can be challenged by arguing that the mark has not attained secondary meaning. In other words, purchasers do not associate the mark as indicating a sole source.<sup>12</sup>

#### *C. Functionality*

In cases involving claims of trademark or trade dress rights in product configuration or packaging, the mark may be challenged as functional and, therefore, not subject to trademark status. If a party is able to establish that a particular product configuration for which trademark protection is sought is one of few commercially viable alternative designs, their trademark protection will be denied.<sup>13</sup>

#### *D. Abandonment*

A trademark may be challenged by arguing that the mark has been abandoned. Abandonment is usually established by showing non-use of the mark for a significant period of time or by showing extensive use by others to a degree that the mark is no longer a source of identification.<sup>14</sup>

#### *E. Acquiescence and Laches*

Acquiescence is defined as conduct on the part of the trademark owner that amounts to an express assurance to the infringer that the trademark owner would not assert its trademark rights against the infringer. Laches is similar to acquiescence except that it involves an implied assurance on the part of the trademark owner. A determination of acquiescence and laches, however, results in a loss of rights as to the particular infringer, as compared to abandonment, which results in a loss

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<sup>10</sup> See *infra* text at Section G.

<sup>11</sup> *Anheuser-Busch, Inc. v. Stroh Brewery Co.*, 750 F.2d 631 (8th Cir. 1984).

<sup>12</sup> *Warner Bros., Inc. v. Gay Toys, Inc.*, 724 F.2d 327 (2d Cir. 1983).

<sup>13</sup> *In re Morton-Norwich Products, Inc.*, 671 F.2d 1332 (C.C.P.A. 1982).

<sup>14</sup> *Sweetheart Plastics, Inc. v. Detroit Forming, Inc.*, 743 F.2d 1039 (4th Cir. 1984).

of trademark rights as to the entire world.<sup>15</sup>

### F. Confusion

An alleged infringer may argue that there is no likelihood of confusion between the trademarks because they are not confusingly similar or because they are used in a noncompetitive or unrelated manner.<sup>16</sup>

### G. Validity of Trademark Registration

A registered trademark which has not become incontestable may be challenged on any of the above grounds as well as on the basis of any of the bars to registration set forth in § 2 of the Lanham Act.

If the registered trademark, however, has become incontestable, the mark can only be challenged on statutory grounds. These include genuineness, abandonment, fraud, improper use or acquiring of a collective or certification mark, misrepresentation of source, violation of § 12(a) through (c) of the Lanham Act and use of the mark in violation of the antitrust laws.<sup>17</sup>

## VI. RECORDATION WITH THE U.S. CUSTOMS SERVICE

In order to prevent the importation of goods bearing an infringing trademark, the owner of a trademark registered on the Principal Register may record his trademark with the U.S. Customs Service.<sup>18</sup> There are no set procedures for challenging the validity of a registered trademark at the Customs Service. A party may only challenge the Customs Service determination that there is likelihood of confusion. A party that has goods seized on the basis of infringement of a recorded trademark may challenge the validity of the trademark either at the PTO or in the District Courts.

## VII. PATENTS

### A. Patents Generally

The United States Constitution confers upon Congress the power to secure to inventors, for periods of limited duration, the exclusive right to their discoveries.<sup>19</sup> A patent comes into existence when it is formally granted by the Government, after an official search and examination on the merits by the U.S. Patent and Trademark Office. The statutory provisions covering patents are contained in Title 35 of the United States Code.

<sup>15</sup> Wallpaper Mfrs., Ltd. v. Crown Wallpapering Co., 680 F.2d 755 (C.C.P.A. 1982).

<sup>16</sup> Universal City Studios v. Nintendo Co., 578 F. Supp. 911 (S.D.N.Y. 1983) *aff'd*, 746 F.2d 112 (2d Cir. 1984).

<sup>17</sup> 28 U.S.C. §§ 2201-02 (1948).

<sup>18</sup> 15 U.S.C. § 1124 (1978), 19 C.F.R. § 133 (1972).

<sup>19</sup> U.S. CONST. Art I, § 8, cl. 8.

*B. Patentability (35 U.S.C. § 101)*

Patents may be granted to those who invent or discover any “new and useful process, machine, manufacture, or composition of matter.” Patents may also be granted for improvements to or upon any prior discovery or invention to the extent of such an improvement. Patents are granted for a seventeen year period. Design patents are granted for a fourteen year period.

*C. Applications (35 U.S.C. §§ 111, 112, 113 & 115)*

Application requirements are prescribed under § 111 and must include (1) a specification as set forth in § 112, (2) drawings as set forth in § 113 and (3) an oath as proscribed by § 115.

*D. Examination (35 U.S.C. § 131)*

The application is examined on its merits by a patent office examiner. If after examination it is determined that the applicant is entitled to a patent under the law, a patent is issued.

*Interferences (35 U.S.C. § 135)*

When the examiner believes that an application would interfere with a pending application or an issued patent, notice is given to the parallel applicant and/or patentee. Thereafter, a determination as to the priority of invention is made by the board of patent interferences.

*F. Reissue (35 U.S.C. § 251)*

When through unintentional error a patent is deemed to be invalid by (1) a defect in the specification and/or (2) the overbreadth of the claims, the patent may be cured of such defect and reissued. A reissue runs for the remaining term of the original patent.

*G. Presumption of Validity (35 U.S.C. § 282)*

Once issued, patents are presumed to be valid. The presumption is strong, although rebuttable. The courts have stated that the statutory presumption of the validity of a patent is not overcome except by clear and convincing evidence.<sup>20</sup> While a party attacking the validity of a patent bears a heavy burden, the courts subject the patent's validity to close scrutiny.<sup>21</sup>

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<sup>20</sup> *Devex Corp. v. General Motors Corp.*, 321 F.2d 234 (7th Cir. 1963) *cert. denied*, 375 U.S. 971 (1984).

<sup>21</sup> *Chicago Rawhide Mfg. Co. v. Crane Packing Co.*, 523 F.2d 452 (9th Cir. 1976) *cert. denied*, 423 U.S. 1091 (1976). *See also Saf-Gard Products, Inc. v. Service Parts, Inc.*, 523 F.2d 1266 (9th Cir. 1976) *cert. denied*, 429 U.S. 896 (1976).



## VIII. U.S. DISTRICT COURT PATENT ACTIONS

### A. Jurisdiction

The U.S. District Courts have exclusive jurisdiction over U.S. patent actions. No other forum has the statutory authority to pass on the validity of patents. The District Court's jurisdiction authority over civil actions arising under *any* Act of Congress relating to patents is codified at § 1338 of Title 28, Judiciary and Judicial Procedure, United States Code.<sup>22</sup> As discussed later in this paper, the U.S. International Trade Commission considers patent actions against imported articles, but only to the extent of the International Trade Laws.

### B. Declaratory Judgment Actions

Judgment of invalidity of a U.S. patent may be sought in the U.S. District Courts.<sup>23</sup> Such actions are generally available where a charge of infringement has been made and the alleged infringer believes the patent to be invalid. Parallel challenges frequently occur when infringement actions are brought before the U.S. International Trade Commission. As a practical matter, because of the statutory time limits of § 337, the ITC is generally the first to pass on or reject the validity of the patents.<sup>24</sup>

## IX. U.S. INTERNATIONAL TRADE COMMISSION PATENT ACTIONS

### A. Jurisdiction

The ITC's jurisdiction over patent matters dates back to the 1930's when the forerunner to the ITC, the U.S. Tariff Commission, determined that patent infringement by imported goods was a violation of § 337 of the Tariff Act of 1930.<sup>25</sup>

### B. The Commission Violation

The statutory elements from which Commission jurisdiction is derived are as follows:

1. an unfair method of competition or unfair act, in
2. the importation or sale into the United States,
3. the effect or tendency of which is to destroy or substantially injure,
4. an industry, which is
5. efficiently and economically operated in the United States

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<sup>22</sup> 28 U.S.C. § 1338 (1970).

<sup>23</sup> 28 U.S.C. §§ 2201-02 (1948).

<sup>24</sup> *But see*, Certain Plastic-Capped Decorative Emblems, Inv. 337-TA-121 (Dec. 1982), where the Commission stayed its action pending the action of the District Court on the validity of the patent.

<sup>25</sup> 19 U.S.C. § 1337 (1979). *See e.g.*, *In re The Orion Co.*, 71 F.2d 458 (C.C.P.A. 1934) and *In re Northern Pigment Co.*, 71 F.2d 488 (C.C.P.A. 1934).

6. or to prevent the establishment of such an industry.<sup>26</sup>  
For the purpose of § 337, patent infringement is considered an unfair act within the statute's coverage.

### C. *U.S. Government Activities*

A Commission action involves the U.S. Government as an active participant. At the outset, the ITC staff examines the complaint of patent infringement to insure that it meets the requirements of the statute and rules. It is the Commission and not the complaining party who institutes the action. After the action is instituted, the ITC staff remains an active participant in the case with all rights of a full party.

### D. *Administrative Scheme*

ITC patent cases are initially litigated before an Administrative Law Judge who makes a detailed decision. The judge's decision may be reviewed by the Commission *sua sponte* or if such review is requested. The granting of a review, however, is discretionary with the Commission.

## X. CHALLENGES TO PATENT VALIDITY IN THE U.S.

### A. *Novelty*

In order to demonstrate that a patent lacks novelty, it must be proven by clear and convincing evidence that all of the elements of the patent (or their equivalent) are found in a single prior art reference where they do the same thing in the same way.<sup>27</sup> Simply stated, "novelty" requires that the patent holder be the original inventor and that the claimed invention not have been known or used by others prior to the inventor's discovery.<sup>28</sup> In determining "novelty," the courts have compared the subject matter disclosed in or by the reference with the claimed invention. The courts seek to determine whether the claimed invention is described in the reference asserted by the party attacking the validity of the patent. Generally, the reference is a printed U.S. or foreign publication or a structure which was in use or sold in the United States more than one year prior to the date of application in the United States. In order to prevail on this defense it is critical that all of the patented elements be contained in a *single* printed matter or in a single prior structure. The measure of whether an invention is disclosed in a prior reference is whether it would enable "one skilled in the art" to practice the invention without the assistance of the patent.<sup>29</sup>

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<sup>26</sup> 19 U.S.C. § 1337 (1979).

<sup>27</sup> *Van Gorp Mfg., Inc. v. Townley Indus. Plastics, Inc.*, 464 F.2d 16 (5th Cir. 1972).

<sup>28</sup> *Beckman Instruments, Inc. v. Chemtronics, Inc.*, 439 F.2d 1369 (5th Cir. 1970).

<sup>29</sup> *Hart v. Baarcke*, 550 F.2d 353 § 5th Cir. 1977).

## B. Utility

It is required that an invention be “useful.”<sup>30</sup> A challenge to the validity of a patent can be made on this basis. “Utility” under the patent law means that the device, process, etc. revealed by the patent is capable of performing some beneficial function.<sup>31</sup> Standing alone this type of challenge has not often served to invalidate a patent. However, this concept can be used in combination with other defenses such as by demonstrating that nothing useful or new remains over the “prior art” set forth by the party challenging the validity of the patent.

## C. Obviousness

The concept of patent validity challenge is the most difficult to deal with from both a defense and prosecution perspective. In order for subject matter of a claim to be patentable, it must not be obvious to a person having ordinary skill in the art at the time the invention is made.<sup>32</sup> While issued patents are presumed to be valid, clear and cogent, evidence of “obviousness” will invalidate an issued patent.<sup>33</sup> Whereas, under the novelty defense, all elements of a claim or the equivalent must be found in one reference, in a challenge based on obviousness, such elements may be found in several different prior art references in combination.<sup>34</sup> To be successful in an obviousness challenge, the challenger must show (1) that all of the claimed elements were known in the art prior to the invention, and (2) that combining the known elements in the same manner as in the patent would have been obvious to those skilled in the art at the time of the invention. Thus, in most cases it is necessary to present evidence, usually in the nature of testimony of a person skilled in the art at the time of the invention, to establish the level of skill to the point that the claimed invention was obvious to those persons skilled in the art.

## D. Enablement and Best Mode

“Enablement” and “best mode” challenges to patent validity arise out of the requirements of 35 U.S.C. § 112. “Enablement” is satisfied if the patent sets forth a written description of the invention which will allow skilled persons in the art to use the patent. This required written description also informs the public of what uses will infringe the patent.<sup>35</sup> In the usual course, the challenger presents expert testimony in regard to

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<sup>30</sup> 35 U.S.C. § 101 (1952).

<sup>31</sup> *Marvin Glass and Associates v. Sears Roebuck & Co.*, 448 F.2d 60 (5th Cir. 1971).

<sup>32</sup> *Tights, Inc. v. Acme-McCary Corp.*, 541 F.2d 1047 (4th Cir. 1976), *cert. denied*, 429 U.S. 980 (1976).

<sup>33</sup> *Ebeling v. Pak-Mor Mfg. Co.*, 683 F.2d 909 (5th Cir. 1982).

<sup>34</sup> *Shanklin Corp. v. Springfield Photomount Co.*, 521 F.2d 609 (1st Cir. 1975), *cert. denied*, 424 U.S. 914 (1976).

<sup>35</sup> *Lindemann Maschinenfabrik GmbH v. American Hoist and Derrick Co.*, 730 F.2d 1452 (Fed. Cir. 1984).

the inability of skilled persons to use the patent. The section further requires that the inventor set forth in the patent the "best mode" to practice the patent known to him at the time of the application.<sup>36</sup> This challenge is usually established through evidence that the inventor withheld vital information from his patent description in not providing the best way known to him of using the invention.

### *E. Inequitable Conduct*

This challenge to patent validity is based on the failure of the patent applicant to make full disclosure of the prior art relevant to his claimed invention to the Patent Office when application is made.<sup>37</sup> The issues to be determined by the courts or by the ITC are whether the omitted information was material and "intentionally" withheld. Information is material if there is a substantial likelihood that the reasonable examiner would have considered the omitted reference important in deciding whether to allow the issuance of the patent.<sup>38</sup> Intent can be demonstrated by showing an actual scheme to defraud or gross negligence.<sup>39</sup> If the challenger can prove that material information was "intentionally" withheld, the patent will be held unenforceable.<sup>40</sup>

## XI. PROCEDURES FOR CHALLENGING THE VALIDITY OF TRADEMARKS AND PATENTS

There are two forums in the United States where the validity of trademarks and patents can be challenged. These forums are the U.S. International Trade Commission and the federal courts. The general procedures in both of those forums are similar and are therefore dealt with in combination in this section.

### *A. Commencement of Proceedings*

Proceedings for enforcement of trademark and patent rights are initiated by the filing of suit papers in the federal courts and/or by filing a complaint at the ITC. In a majority of cases being brought against foreign infringers, concurrent cases proceed in both forums. While the federal courts require only notice type papers, the ITC requires a detailed complaint which sets forth the specifics of the action. The need for the more detailed complaint in the ITC arises as a result of the short statutory time in which such cases must be completed. In almost all cases, the ITC trial and decision is rendered before that of the federal court.

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<sup>36</sup> *Kohle GmbH v. Eastman Kodak Co.*, 616 F.2d 1315 (5th Cir. 1980).

<sup>37</sup> *Norton v. Curtiss*, 433 F.2d 779 (C.C.P.A. 1970).

<sup>38</sup> *J.P. Stevens & Co. v. Lex Tex Ltd., Inc.*, 747 F.2d 1552 (Fed. Cir. 1984).

<sup>39</sup> *Digital Equip. Corp. v. Diamond*, 653 F.2d 701 (1st Cir. 1981), *cited in American Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350 (Fed. Cir. 1984).

<sup>40</sup> *Certain Amorphous Metal Alloys and Amorphous Metal Articles*, Inv. No. 337-TA-143 (July 1984).

## B. Remedies

The federal courts may issue *in personam* orders of relief and award damages. The ITC may issue *in rem* exclusion orders which are very broad and far reaching. Such exclusion orders can affect parties who did not take part in the ITC case. The ITC, however, cannot award damages. The ITC, like the district courts, can issue *in personam* cease and desist orders.

## C. The Answer — Raising Challenges to Validity

In both federal court and at the ITC, challenges to validity are raised in the answer filed in response to the federal suit papers and/or the ITC complaint. All of the challenges discussed earlier for trademarks (see Section VI above) and patents (see Section X above) are set forth therein by the defendant(s) and/or respondent(s). When the answers have been filed, the case is “at issue” and the parties proceed through the discovery phase.

## D. Developing the Invalidity Case — The Discovery Phase

1. The discovery phase is regulated by the *Federal Rules of Civil Procedure* in the courts and by the *Rules of Practice and Procedure* in the ITC.<sup>41</sup> Both sets of rules are similar except that the ITC rules allow much shorter time periods owing to the short statutory time limit. For example, while parties have thirty days in which to answer interrogatories in the courts, in the ITC they must be answered within ten days. Subpoenas for necessary information and witness testimony are available in both fora.

2. During this discovery phase the validity challenge must be developed with the tools available, such as document review, deposition testimony, etc. For instance, an “on sale” challenge may be enhanced by a review of plaintiff’s/complainant’s sales invoices, customer correspondence, etc. Challenges such as functionality, genericness, etc., can be developed through plaintiff’s/complainant’s sales, promotional and technical documents, drawings and the designer’s testimony. With the broadness of discovery available in both the federal courts and the ITC, this is where the validity case is won or lost. The ITC proceedings are of their nature restricted in time and thus less advantageous from the standpoint of the defendant(s)/respondent(s).

3. As mentioned above, the ITC case must be completed within one year. While district court actions have no specific time limits, they are generally completed within three years or less.

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<sup>41</sup> 19 C.F.R. § 210.1, *et seq.* (1984).

## XII. CONCLUSION

In the United States the validity of patents and trademarks is subject to careful examination in each action where the holder of the intellectual property rights seeks to enforce such rights. Both the ITC and federal courts entertain a wide variety of challenges to validity when such challenges are raised by defendant(s)/respondent(s).

