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ON BEHALF OF FIRM CLIENT **DC COMICS**, **PATRICK T. PERKINS** (along with former FZLZ partner **CAROL SIMKIN** and former associate **JESSICA MANN**) successfully defeated a motion for summary judgment against Kryptonite Corporation. In ruling for DC Comics, the U.S. District Court for the Southern District of New York held that DC Comics owns strong rights in the KRYPTONITE mark, based upon its consistent use with Superman over the past 60+ years. The Court further held that all of DC Comics' claims could proceed to trial while granting DC's cross-motion to dismiss a number of Kryptonite Corporation's counterclaims. The case is discussed in greater detail in the United States section of this Information Letter.

ROGER ZISSU, **PATRICK T. PERKINS**, **DAVID DONAHUE** and **LAURA POPP-ROSENBERG** successfully represented Stephen Slesinger, Inc. ("Slesinger") in obtaining leave from the U. S. District Court for the Central District of California to assert additional counterclaims against Disney Enterprises, Inc. ("Disney"), for breach of contract, rescission and unfair business practices. Each counterclaim arises out of Disney's attempt to use the U.S. Copyright Act's termination provisions to cut off Slesinger's right to receive royalties from Disney emanating from Disney's exploitation of merchandizing rights to *Winnie-the-Pooh*. The court noted that if Slesinger were to prevail on its counterclaims, rescission of a 1983 license from Slesinger to Disney might be appropriate. Under this scenario, Slesinger would take back U.S. and Canadian merchandizing rights to *Winnie-the-Pooh* from Disney. Earlier in the case, the court granted in part Slesinger's motion for judgment on the pleadings, holding that a termination notice served by A. A. Milne's granddaughter Clare Milne under the Copyright Act purporting to cut off Slesinger's interest in *Winnie-the-Pooh* was invalid as a matter of law because the parties' 1983 agreement, which replaced A. A. Milne's

1930s grant to Slesinger, was not subject to termination under Section 304(d) of the statute.

ROGER ZISSU, JOHN MARGIOTTA and DAVID DONAHUE successfully represented Timex Corporation in its cross-appeal of a jury verdict from the U.S. District Court for the District of Montana that awarded plaintiff Polar Bear Productions, Inc. \$2.415 million for Timex's copyright infringement of a kayaking video entitled "PaddleQuest." On appeal, Timex challenged the jury verdict as unsupported by the evidence or the law. The Ninth Circuit vacated the entire \$2.1 million profit award under Section 504(b) of the Copyright Act as unduly speculative and cut the damage award from \$315,000 to \$115,000 on the same grounds. *Polar Bear Productions, Inc. v. Timex Corporation*, 384 F.3d 700 (9th Cir. 2004). Polar Bear's motion for panel reconsideration and an en banc hearing has been denied.

ON A MOTION TO DISMISS, PATRICK T. PERKINS AND DAVID DONAHUE succeeded in dismissing a number of claims on behalf of defendant Gillette in a copyright infringement and breach of contract action in the U.S. District Court for the District of Massachusetts. Among other things, the court held that plaintiff's breach of contract claims against Gillette were preempted by the U.S. Copyright Act, to the extent such claims were based on Gillette's alleged unauthorized use of photographs outside the scope of the parties' agreements.

PATRICK T. PERKINS, ALLISON STRICKLAND, LAURA POPP-ROSENBERG and DAVID DONAHUE successfully obtained a preliminary injunction against ice cream company CoolBrands on behalf of the firm's client FrozFruit. The U.S. District Court for the Southern District of New York held that FrozFruit was likely to prevail on the merits of its claim that CoolBrands' re-designed packaging for its frozen fruit bar was an infringement of FrozFruit's trade dress.

MANAGING INTELLECTUAL PROPERTY'S Litigation and Enforcement Focus 2004 includes JAMES WEINBERGER's article, "The Arbitrary Nature of Reverse Confusion Claims," which examines recent trends in reverse confusion actions under the Lanham Act. The article is at: <http://www.legalmediagroup.com/mip>.

LISA PEARSON'S article *Navigating the Bramble Bush in Idea Submission Cases* was published by the John Marshall Review of Intellectual Property Law in the November 2004 issue. It is available on the Internet at <http://www.jmls.edu/ripl/vol4/issue1/pearson.pdf> and on our website. Hard copies are available upon request.

TAMAR NIV BESSINGER spoke on ethical issues in trademark searches and opinions at the Intellectual Property Law Section meeting of the New York State Bar Association, held at The Sagamore in Bolton Landing, New York, on October 8, 2004.

ALLISON STRICKLAND spoke at the INTA Trademark Administrator's Conference in Alexandria, Virginia on October 4, 2004 on the topic of "The Madrid Protocol - One Year Later." On October 13, 2004, she made a presentation at the Annual Meeting of the

U.S. Group of the Association Internationale pour la Protection de la Propriété Intellectuelle (AIPPI) in Washington, D.C. on "Current Developments in Intellectual Property Law Including International Developments of Interest to U.S. Practitioners." Allison also delivered the annual "Year in Review-Trademarks" presentation at the AIPLA Annual conference in Washington, D.C. on October 16, 2004.

ON NOVEMBER 4, 2004, MICHELLE FOXMAN spoke on a panel at New York University Law School on the subject of intellectual property as a career choice.

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Information Letter

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UNITED STATES

TRADE DRESS INFRINGEMENT/ ADVISORY JURY

- Spotted Cow Design

TRADEMARK AND BREACH OF CONTRACT DECISION

- Character Rights/KRYPTONITE

U.S. COPYRIGHT OFFICE PRACTICE

- Copyright Registration

U.S. PATENT AND TRADEMARK OFFICE

- Recording Changes of Address

Trade Dress Infringement/Advisory Jury: SPOTTED COW DESIGN

Gateway, Inc. v. Companion Products, Inc.,
No. 03-3410 (8th Cir. Sept. 13, 2004)

Gateway, a manufacturer of computers and related products, sued for infringement of its registered trade dress consisting of, as described in the registration, "a stylized design representing cow spots, consisting of black amorphous shapes on a white background." (Reg. No. 1,725,231.) For over a decade, Gateway has used black and white cows as its corporate emblem. Gateway packages its products in boxes bearing an all-over cow spot design, uses the design on mouse pads and other computer accessories, decorates its "Gateway Country" stores with black and white cow spots, and sells black and white stuffed toy cows at its stores.

Defendant Companion Products sells stuffed animals with elastic bodies designed

to wrap around a computer monitor, with an opening for the screen positioned so that the animal's head rests on top of the monitor. One of the defendant's stuffed animals is a black and white cow which, when wrapped around a monitor, covers the monitor entirely with a black and white spotted design. By its own admission, Companion Products had created this product "with Gateway in mind," and had unsuccessfully pitched the product to Gateway before going on to sell it directly to consumers.

Gateway claimed that Companion Products' sale of its black and white cow infringed and diluted Gateway's cow-spot trade dress. After a full trial before an advisory jury pursuant to Fed. R. Civ. P. 39(c), the jury rendered a verdict against Gateway on all of its claims. The district court, rejecting the jury verdict in part, ruled for Gateway on the infringement claims.

The Eighth Circuit affirmed the district court decision on appeal, holding that Gateway

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had established that (i) its trade dress is distinctive; (ii) its trade dress is not functional; and (iii) Companion Products' use of a similar trade dress in connection with its stuffed animals creates a likelihood of confusion. First, on the basis of Gateway's extensive advertising of its trade dress as well as survey evidence presented by Gateway, the court found that Gateway's trade dress has acquired distinctiveness through secondary meaning; i.e, the public has come to identify black and white cow spots with Gateway. Second, the court found that black and white cow spots are nonfunctional in relation to computers, serving no purpose except to identify and distinguish Gateway as the source of products bearing that design. The court also held that the black and white design is not essential to the function of the defendant's products, since there are many ways of depicting cows without using a black and white spotted design. Finally, the court found for Gateway on the likelihood of confusion analysis, emphasizing the strength of Gateway's trade dress, the defendant's intent to confuse (as evidenced by the fact that Gateway was the initial inspiration for the defendant's cow product), and actual confusion as demonstrated by survey evidence. - ZH

Trademark and Breach of Contract

Decision: CHARACTER RIGHTS/ KRYPTONITE

DC Comics v. Kryptonite Corp., ___ F. Supp. 2d ___, 2004 WL 2101927 (S.D.N.Y. Sept. 20, 2004).

In a recent decision, PATRICK T. PERKINS successfully represented plaintiff/counterclaim defendant DC Comics in connection with cross-motions for summary judgment in a trademark, unfair competition and breach of contract suit in the U.S. District Court for the Southern District of New York.

DC Comics is the publisher of various comic books and magazines, including those featuring Superman, the famous superhero whose lone vulnerability is "Kryptonite" – an element from Superman's home planet, Krypton. DC Comics invented Kryptonite in 1943 in connection with *The Adventures of Superman* radio program and, since then, has incorporated Kryptonite into various comic books, magazines, movies, television shows and consumer products. KC is a manufacturer of bicycle and motorcycle locks and accessories under the KRYPTONITE trademark. After DC Comics objected to KC's use of the KRYPTONITE trademark, the parties entered into a coexistence agreement in 1983 whereby KC agreed, *inter alia*, (i) to limit its use of KRYPTONITE and two other related marks to security devices, accessories for such devices and accessories primarily for two-wheeled vehicles, (ii) not to use or apply to register KRYPTONITE or any other KRYPT-formative marks for any other products and (iii) not to associate its products with DC Comics' other SUPERMAN-related trademarks. In turn, DC Comics promised not to use its marks on KC's products or in a manner that otherwise would suggest that DC Comics' products are associated with KC's products.

The present dispute arose in the 1990s, when KC sought to register and/or use KRYPTONITE and KRYPT-formative marks for a wide variety of goods outside the limited products permitted under the parties' 1983 agreement and used "super" in its advertising and promotional materials for its KRYPTONITE products in violation of the parties' 1983 agreement. Based on this conduct, DC Comics sued KC for breach of contract, trademark infringement and dilution, unfair competition and various state law claims. KC filed counterclaims against DC Comics seeking a declaration that DC Comics owns no trademark rights in KRYPTONITE, rescission of the 1983 agreement, and cancellation of DC Comics'

trademark registrations for KRYPTONITE. Moreover, KC alleged that DC Comics breached the 1983 agreement by licensing others to use elements of the Superman story on KC's products and requested the court to enjoin any further such use by DC Comics or its licensees.

At the close of discovery, KC moved for summary judgment seeking dismissal of all of DC Comics' claims. In turn, DC Comics moved for partial summary judgment seeking dismissal of KC's counterclaims and judgment as a matter of law in its favor on two aspects of its breach of contract claim against KC.

The court denied KC's summary judgment motion in its entirety. With respect to DC Comics' breach of contract claim, the court found that KC failed to prove that no triable issues of fact existed as to whether KC breached the parties' 1983 Agreement in the manner alleged by DC Comics. The court also went one step further, finding that KC breached the contract *as a matter of law* with respect to its use of KRYPT-formative marks beyond those allowed in the agreement and its use of "Super" in connection with advertising for its KRYPTONITE products. Accordingly, the court granted summary judgment to *DC Comics* on these portions of its breach of contract claim.

The court also found that triable issues of fact existed as to DC Comics' trademark infringement and unfair competition claims. In this connection, the court rejected KC's argument that DC Comics does not own trademark rights in KRYPTONITE. KC had argued that DC Comics never used KRYPTONITE in commerce for purposes of the Lanham Act and simply had used the mark as a story element that is not entitled to trademark protection. In rejecting this argument, the court cited "undisputed law" of the Second Circuit to the following effect: Where the plaintiff's product is an entertainment property, an ingredient of the

product itself can amount to a trademark protectable under § 43(a) of the Lanham Act if the ingredient has come to symbolize the plaintiff or its product in the public mind. The court then found that on the factual record before it, "Kryptonite, its green glowing appearance, and other related indicia ... represent trademarks of DC Comics." Having also found that material issues of fact existed on the issue whether KC's use of KRYPTONITE outside the context permitted under the parties' agreement was likely to cause confusion as to the source of the parties' goods, the court rejected KC's motion for summary judgment on DC's trademark and unfair competition claims.

Turning to DC Comics' cross motion for partial summary judgment, the court dismissed all but one of KC's counterclaims against DC Comics. KC's counterclaim for rescission failed because KC did not raise a triable issue of fact as to whether the public interest would be injured if the parties' freely bargained trademark settlement agreement were allowed to stand. In dismissing KC's counterclaims seeking declarations that DC Comics owned no trademark rights in KRYPTONITE and seeking cancellation of DC Comics' KRYPTONITE marks, the court reiterated that the undisputed facts before it established that DC Comics *does* own rights in the trademarks. With respect to KC's counterclaim for cancellation, the court also held that since the trademark registrations in question are incontestable, KC is estopped from claiming that DC Comics' use of the marks as set forth in the trademark registrations does not constitute use in commerce. - DD

U.S. Copyright Office Practice: COPYRIGHT REGISTRATION

At one time, an owner of copyright rights in a foreign work could not commence a copyright infringement lawsuit in the United States of America without first obtaining a

U.S. copyright registration. The U.S. Congress removed this procedural impediment for owners of copyright rights in foreign works when it amended the U.S. Copyright Act through the Berne Convention Implementation Act of 1988, to permit adherence to the Berne Convention. This does not mean, however, that owners of copyright rights in foreign works should forego registering U.S. copyrights for their works. Rather, given the significant benefits of obtaining a U.S. copyright registration and the relatively low cost of doing so, it generally is advisable to obtain a U.S. copyright registration as soon as possible after an original or updated work is created.

Some important benefits to obtaining a U.S. copyright registration are available only where the copyright owner obtains a registration soon after the work is created or at least before an infringement of the work. Thus, if the U.S. copyright registration is obtained within three months after publication of the work or prior to an infringement of the work, the prevailing copyright owner in an infringement action in U.S. court may recover, in the court's discretion, statutory damages between \$750.00 and \$30,000.00 for non-willful violations and up to \$150,000.00 for willful violations per infringed work. Without a copyright registration, the copyright owner still would be entitled to secure injunctive relief, but monetary relief would be limited to an award of its actual damages and the infringer's profits, each of which can be difficult (or, in some cases, impossible) to prove.

Similarly, where the copyright owner obtains a U.S. copyright registration within three months after publication of the work or prior to an infringement of the work, U.S. courts have discretion to allow the copyright owner to recover its attorneys' fees should the copyright owner prevail in the infringement action. The possibility that the court will depart from the "American Rule" – whereby

U.S. litigants generally bear their own costs and attorneys' fees regardless of who prevails – could have a major impact on whether to commence an infringement action. This is particularly true where there is a blatant infringement of the work but the copyright owner's potential recovery of damages and profits is met or exceeded by the potential attorneys' fees that the copyright owner would incur in successfully litigating the infringement action.

Another time-sensitive benefit of obtaining a copyright registration is that where a U.S. copyright registration is obtained within five years of or before first publication of the work, the registration will constitute *prima facie* evidence of the validity of the copyright and of the facts stated in the registration certificate in U.S. courts. This evidentiary presumption, though rebuttable, can be very useful in U.S. litigation where ownership of copyright in the work is in dispute or where the infringer claims that an allegedly infringed work is not entitled to protection under copyright.

Even if a copyright owner fails to secure a copyright registration within the time periods set forth above, additional benefits apply no matter when the registration is obtained. The most obvious benefit is to establish a public record of the owner's copyright claim. A copyright registration puts potential infringers on constructive notice of the copyright owner's rights. Where infringement already has occurred, a copyright owner's citation to its ownership of a U.S. copyright registration in a cease and desist letter signals to the infringer that the copyright owner is serious about enforcing its rights in the U.S. Registration also is valuable in securing preliminary injunctive relief. Moreover, the owner of a U.S. copyright registration also may record the registration with the U.S. Customs Service, which provides valuable protection against importation of infringing copies of the registered work.

There are benefits to obtaining a copyright registration outside the litigation/enforcement context as well. For example, in the transactional context, ownership of a U.S. copyright registration may help streamline the due diligence process where the transaction involves a grant of U.S. copyright rights.

Generally speaking, U.S. copyright registrations may be obtained at little cost. The current official basic application fee is \$30.00 per work. Significantly, the U.S. Copyright Office's procedures do not permit third parties to challenge applications to register copyrights; thus, unlike the U.S. trademark registration process, a copyright application cannot be the subject of costly *inter partes* proceedings. Although the U.S. Copyright Office's refusal to register a work will not be conclusive on the copyrightability issue in a subsequent infringement action in a U.S. court, when a registration has been secured, U.S. courts tend to give a degree of deference to the U.S. Copyright Office's determinations on copyrightability. The U.S. Copyright Office's refusal to register copyright in a work may be appealed within the U.S. Copyright Office itself and, if necessary, to the U.S. District Court for the District of Columbia.

One important *caveat* in relation to obtaining registration as described above is that the U.S. provides more limited copyright protection than a number of foreign jurisdictions with respect to useful articles – i.e., works that serve a utilitarian function. Thus, if the U.S. Copyright Office considers that a work solely or primarily serves a utilitarian function and otherwise lacks a minimum amount of pictorial or graphic authorship, it has the authority to deny an application to register a copyright in the work. Although the Copyright Office's denial of a registration would not bind a U.S. court in subsequent litigation on the issue of copyrightability, a foreign copyright owner may wish to have the copyrightability

determination made by a U.S. court rather than the U.S. Copyright Office.

In seeking protection in the U.S., it is prudent for a foreign copyright owner to seek legal advice as to the copyrightability of the work in question. For example, fabric designs or jewelry in some cases may, due to a minimum quantum of creativity, come close to the line separating copyrightable and non-copyrightable works. In addition, U.S. rules regarding the non-protectability of utilitarian works differ significantly from the approach taken in most foreign countries.

- DD

U.S. Patent and Trademark Office: RECORDING CHANGES OF ADDRESS

The U.S. PTO has recently announced that trademark owners can now electronically record address changes in PTO records for their federal trademark applications and registrations. The change of address form is available at <http://teas.uspto.gov/V2.0/coa250/>. There is no fee. The electronic form can be signed either by the owner or its attorney. Address changes are requested by entering one or more 8-digit serial numbers (application numbers), even if a registration has issued. While the electronic system previously allowed applicants and registrants to change an address for PTO correspondence (which was usually their lawyer's address), a paper filing was required to change an applicant's or registrant's address. A separate paper filing was required for each registration or application. Changes in applicants' addresses had to be submitted to the Examining Attorney for each application. Changes in registrants' addresses required a request for correction of the registration, with a \$100 fee per registration. The new, free electronic address change procedure is a big improvement. Note that recording address changes is optional in the U.S.

- DWE

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Information Letter

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INTERNATIONAL

CANADA

- Date of First Use Decision

ICELAND

- Icelandic Language Domain Names

INDIA

- Prior Use Decision

JAPAN

- Consent Requirement for Registration of Person's Name

LIBYA

- Revalidation of Applications and Registrations
Deadline: December 31, 2004

MADRID PROTOCOL

- Accession of European Union

MOROCCO

- New Industrial Property Law

PAKISTAN

- Accession to Paris Convention

SYRIA

- Accession to Berne Convention

TAIWAN

- Amendments to Copyright Law

UNITED KINGDOM

- Residual Goodwill Sufficient to Deny Registration

Canada: DATE OF FIRST USE DECISION

Effigi Inc. v. Attorney General of Canada, July 16 2004

On December 19, 2000, Effigi Inc. applied to register the trademark MAISON UNGAVA, based on the proposed use in Canada for various goods, including bedding and table linens. On October 19, 2001, Tricorn Investments Canada Ltd. filed an application for UNGAVA for similar goods, claiming use in Canada since October 19, 1981. The Registrar cited

Tricorn's application against Effigi's application and then ultimately refused Effigi's application on the ground that Effigi was not the person entitled to registration since its application was likely to be confusing with Tricorn's trademark which had been used previously in Canada. Effigi appealed to the Federal Court of Canada. The Federal Court overturned the Registrar's decision and agreed with Effigi that it was not within its jurisdiction to refuse the application on such a basis.

The Registrar had refused the application under subsection 37(1)c) of the Canadian

Trade-marks Act, which provides that the Registrar can refuse an application *if satisfied that the applicant is not the person entitled to registration because the trademark is confusing with another for which an application is pending*. The court found that the Registrar went beyond Section 37 and held that the Registrar does not have the jurisdiction to refuse an application on the basis that it is confusing with a trademark previously used or made known. The court noted that at the examination stage, an examiner does not have enough information to grant priority to an application that was filed later simply on the ground that the later application claims an earlier date of first use.

Tricorn has appealed this decision to the Federal Court of Appeals. If the decision is upheld, applicants like Tricorn who can claim an earlier first use date will have resort to opposition proceedings and prove its earlier date of first use in order to have the earlier application refused.

- AK

Iceland: ICELANDIC LANGUAGE DOMAIN NAMES

As of July 1, 2004, the Iceland Network Information Centre (ISNIC) has been accepting registration of internationalized domain names containing the letters á,é,_,ú,í,ó,_,æ,_, and ö, in order to support Icelandic language domains. During the registration "sunrise" period, which runs until December 31, 2004, preference will be given to registrants of corresponding non-Icelandic language domain names.

- AK

India: PRIOR USE DECISION

In *Milment Oftho Industries v Allergan Inc.*, Allergan Inc. sought an injunction, as part of a passing off action, against Milment Oftho Industries' use of OCUFLOX in India. Allergan claimed prior rights to OCUFLOX

for eye care products, containing Ofloxacin (among other compounds), dating back to 1992. Allergan relied on its marketing of OCUFLOX products in Europe, Australia, South Africa and South America as well its corresponding registrations in Australia, Bolivia, Ecuador, Mexico, Peru, South Africa, Canada and the United States. Allergan relied also upon pending applications in several other countries, including India. Allergan was not using OCUFLOX in India, however.

Milment Oftho Industries sold medicinal preparations for the eye and the ear, containing CIPROFLOXACIN HCL, under the OCUFLOX brand in India. Milment Oftho Industries claimed that it coined the word "OCUFLOX", by combining the prefix "OCU" from "OCULAR" with "FLOX" from "CIPROFLOXACIN", the basic component in its product. The Food and Drug Control Administration in India granted Milment Oftho Industries' registration for OCUFLOX on August 25, 1993. Milment Oftho Industries also owned a pending trademark application in India for OCUFLOX, filed in September 1993.

The Supreme Court found that, when assessing likelihood of confusion or deception, courts should consider the "international character" of the medical field. Goods are widely advertised in internationally circulated newspapers, periodicals and other media which are available in India. Thus, products can achieve a worldwide reputation reaching India. When ascertaining prior rights, "the ultimate test should be who is first in the market". In this case, the "market" was not limited to India, but rather was broadened to include use outside the country. Accordingly, the decision seems to indicate that a trademark owner, who has prior use outside of India, may therefore rely on such use to prevent a subsequent trademark owner from using its mark in India. The court did state, however, that multinational corporations, having no intention of entering the Indian marketplace, should not be able to prevent an Indian company from selling its products in the jurisdiction if the Indian company has genuinely

“adopted [its] mark and developed the product and is first in the market”.

- LG

Japan: CONSENT REQUIREMENT FOR REGISTRATION OF PERSON’S NAME

Japanese Trademark Law precludes the registration as a trademark of “the portrait of another person or the name, famous pseudonym, professional name or the pen name of another person or the famous abbreviation thereof, unless the consent of the person concerned has been obtained.”

Leonard Kamhout is a well-known jewelry designer in Japan. KK Matsu International applied to register the trademark LEONARD KAMHOUT, and filed evidence with the Japanese Patent Office (“JPO”) to show that Mr. Kamhout had consented to the use of his name by KK Matsu. Mr. Kamhout subsequently filed a written withdrawal of his consent and JPO examiner rejected KK Matsu’s application. KK Matsu appealed the examiner’s decision to the Tokyo High Court. On appeal, KK Matsu argued that once a consent is submitted to the JPO, the exception is satisfied; the issue of whether the exception has been satisfied is to be determined at the time of filing; and a party who gives consent cannot later withdraw it.

The Tokyo High Court held that an applicant applying to register another’s personal name as a trademark must have that person’s permission at the time of examination; it is not sufficient that the consent existed at the time of filing. KK Matsu appealed, but the decision was upheld by the Supreme Court of Japan.

- AK

Libya: REVALIDATION OF APPLICATIONS AND REGISTRATIONS

The Libyan Trademark Office, which for many years had not processed any trademark applications beyond receiving documents and issuing filing receipts, has

announced that trademark owners and applicants must revalidate any trademark registrations and/or applications filed prior to 1981 in order to retain rights in their marks. The deadline for doing so is **December 31, 2004**.

- JLH

Madrid Protocol: ACCESSION OF EUROPEAN UNION

On October 1, 2004, the European Union’s accession to the Madrid Protocol went into effect. International Registrations under the Madrid Protocol may now be extended to the European Community Trademark (CTM) system. Thus, U.S. companies (and companies from other Madrid Protocol countries) have four options for protecting their marks in European Union countries: 1) national trademark applications filed directly in the local trademark offices of the countries of interest; 2) a CTM application filed with the European Community Trademark Office; 3) an International Registration designating the specific countries of interest; and, now, 4) an International Registration designating the CTM system as a whole.

There may be several advantages to filing a CTM application through the Madrid system. First, over the long term, costs may be lower when filing through Madrid because no European agent fees must be paid (except fees incurred in the event of an objection or opposition). However, extensions to the CTM through Madrid may involve more initial expense because the full amount of the filing fees must be paid at the time of filing. By contrast, when a CTM application is filed directly, the fees are broken into two installments--a front-end application fee and a back-end registration fee. To compensate for this, if a Madrid extension is refused by the CTM Office, the applicant will receive a refund equivalent to the registration fee.

Also, filing through Madrid allows the applicant to take advantage of the “opting-back” provision, which, in the event of a refusal, allows the applicant to convert the CTM Madrid extension into either national applications or Madrid extensions in the EU member states of interest. A standard CTM can only be converted into national applications, not Madrid extensions. This option allows filers to reduce the expense of conversion when filing through Madrid.

However, there can also be some disadvantages to filing a CTM application through the Madrid system. International Registrations must be based upon a home country registration. For a U.S. company, this generally means that the IR will be based on a U.S. application or registration. The IR will remain dependent on this basic registration for a period of five years. If the basic registration becomes invalidated or restricted during this dependency period, the IR will be similarly affected. Basing a CTM Madrid extension on a U.S. registration or application can be risky since U.S. registrations are comparatively difficult to obtain and maintain in view of a number of aspects of U.S. practice, including rigorous examination standards, the risk of challenge based upon prior registered or unregistered marks (which are not always disclosed during the trademark clearance process), use requirements and the lack of a grace period for use. By contrast, a CTM application filed directly (and not through Madrid) is completely independent of the applicant’s home country application or registration and therefore would be unaffected by problems encountered by the applicant’s U.S. trademark applications or registrations.

Additionally, Madrid extensions can only extend to the goods or services covered by the basic home country application or registration. Thus, U.S.-based Madrid extensions to the CTM can cover only the narrow goods and services specifications

that would be acceptable under U.S. practice. By contrast, a directly-filed CTM application can cover a very broad range of goods or services since class heading filing is permissible. Thus, directly-filed CTM applications will, in most instances, provide a broader scope of protection than Madrid extensions to the CTM for U.S. filers.

On balance, we believe that in many instances, the disadvantages of filing CTM applications through the Madrid system may outweigh the benefits. However, choosing a filing strategy for the European Union involves a complicated, fact-driven analysis. Therefore, we encourage clients seeking to protect their marks to speak with a member of our international group to decide the best course of action given the particular circumstances.

- JV

MOROCCO: NEW INDUSTRIAL PROPERTY LAW

The Implementing Regulations of Law No. 17-97 on the Protection of Industrial Property in Morocco will enter into force on **December 18, 2004**. The new provisions abolish the two co-existing laws on industrial property (the Dahir law of June 23, 1916 governing the Casablanca zone and the law of October 4, 1938 governing the Tangier zone). Accordingly, on December 18, 2004 all patents, trademarks, designs or models registered or filed for in the Casablanca zone before that date will automatically extend to the Tangier zone, and vice versa.

- JLH

Pakistan: ACCESSION TO PARIS CONVENTION

The Government of Pakistan deposited its instrument of accession to The Paris Convention for the Protection of Industrial Property on April 22, 2004, and the Convention entered into force in Pakistan

on July 22, 2004. The Paris Convention is one of the key IP conventions administered by the World Intellectual Property Organization (WIPO). It provides protection of patents, utility models, industrial designs, trademarks, service marks, trade names, indications of source or appellations of origin, and protects against unfair competition.

- AK

Syria: ACCESSION TO BERNE CONVENTION

Syria deposited its instrument of accession to the Berne Convention for the Protection of Literary and Artistic Works on March 11, 2004, and the Convention entered into force in Syria on June 11, 2004. The Berne Convention establishes international standards for use of copyright and the protection of copyrighted works. Works of nationals of Berne Union countries or works that were first published in a Berne Union country are eligible for protection in all Berne Union countries without having to observe any formal prerequisites.

- AK

Taiwan: AMENDMENTS TO COPYRIGHT LAW

Taiwan's Legislative Yuan passed amendments to the Copyright Act in August 2004 intended to provide for better government enforcement of intellectual property rights and heavier penalties for infringers. The amendments were promulgated on September 1, 2004 by Taiwan's Office of the President and took effect on **September 3, 2004**. Taiwan, which has been on the U.S. Special 301 Priority Watch List of countries with inadequate protection of intellectual property rights, has been making efforts to conform to international standards. The new amendments also modernize the copyright law to reflect the development of digital and Internet technologies.

The following are the most notable features of the newly amended Taiwan copyright law:

1. Copy control protection measures which forbid the tampering or removal without authorization of any controls (particularly technological/digital controls) that protect copyrighted works;
2. new provisions empowering Taiwan's Customs to suspend the customs clearance and release of goods (both imports and exports) that are suspected of copyright infringement;
3. stricter penal provisions which abolish the law's former distinction between profit and not-for-profit infringements, and which increase the fines and lengthen the prison sentences for copying of optical discs (such as CDs and DVDs) for sale or rental;
4. provisions broadening the definition of infringing use of computer software in business, by eliminating the earlier limitation that an infringer must have knowledge that the copy of computer software used in business was infringing.

At the same time, the new amendments seek to maintain protections for "fair use" of copyrighted works, such as use or reproduction of copyrighted materials for personal reference. The new copy control protection measures thus have a number of exemptions, including exemptions for file-archiving institutions, educational institutions, public libraries, encryption research, security testing, and reverse engineering. The newly amended law also requires Taiwan's Intellectual Property Office to complete guidelines by December 31, 2004 defining fair use relating to photocopying in libraries and for educational use, and in relation to distance learning offered by educational institutions.

- ISA

**United Kingdom: RESIDUAL
GOODWILL SUFFICIENT TO DENY
REGISTRATION**

In the Matter of Trade Mark Registration No. 2226541 in The Name of Farmacia Chemists Limited and In the Matter of an Application for a Declaration of Invalidity Under No. 80906 by Pharmacia AB – August 9, 2004

On March 21, 2000, Farmacia Chemists Limited, a UK company, obtained a registration for the trademark FARMACIA URBAN HEALING & Design for: toilet and cosmetic preparations; perfumes; preparations for the hair; aromatherapy preparations; deodorants and air fresheners in Class 3; herbal remedies and nutritional products; vitamins and minerals; deodorants, in Class 5; and pharmacy advice, medical clinics and surgeries, in Class 42.

Pharmacia AB, a Swedish subsidiary of Pfizer, sought a declaration that the registered mark was invalid on the following grounds: 1) Section 5(2)(b) of the Trade Marks Act 1994 (the “Act”) (earlier UK registrations for PHARMACIA covering pharmaceuticals and various medical products and equipment); 2) Section 5(3) of the Act (use of the mark would take unfair advantage of, or be detrimental to, the distinctive character or repute of its earlier marks); and 3) Section 5(4)(a) of the Act (use of the registered marks would result in passing off).

Pharmacia had used the PHARMACIA mark as a house mark in the UK for a wide range of pharmaceutical products since the 1960’s. When it merged with Upjohn Company in 1995, Pharmacia started using PHARMACIA & UPJOHN instead, and this use continued until April 2000 when they branded their products again with PHARMACIA per se.

The Hearing Officer upheld the objection under Section 5(2)(b) in respect of “toilet preparations, preparations for the hair, herbal remedies and nutritional products, vitamins and minerals, deodorants, and pharmacy advice”, which he considered likely to be confusing with Pharmacia’s, but rejected it for all others. He also rejected the additional two grounds, having concluded that Pharmacia had failed to establish its reputation under the mark PHARMACIA as of March 21, 2000. His conclusion was based on the fact that from 1995 until March 2000, the trademark used by Pharmacia was PHARMACIA & UPJOHN, and also that PHARMACIA and PHARMACIA & UPJOHN had only been used as “secondary” trademarks.

Pharmacia appealed. The appointed person of the UK Patent and Trademark Office allowed the appeal in part. He agreed that the Hearing Officer erred in failing to consider that goodwill had been generated under the PHARMACIA trademark by 1995 and that it had been maintained, not abandoned, over the next 5 years, given the use of the mark PHARMACIA & UPJOHN during that period. He noted that it was well established that even where a trader ceases to carry on a business, the goodwill attached to that business can be retained for a period of time, and that while the goodwill is retained, a trader must be able to enforce their rights in respect of any name attached to that goodwill. Accordingly, if another pharmaceutical company started using the trademark PHARMACIA in March 2000, Pharmacia could have sought to enjoin such activity in a passing off action. He concluded also that the Hearing Officer erred by dismissing the use of PHARMACIA and PHARMACIA & UPJOHN as “secondary marks,” observing that PHARMACIA had been used by Pharmacia as a house mark on products, product literature and advertising and promotional materials in the UK for some 30 years by 1995.

The appointed person allowed the appeal in relation to the “medical clinics and surgeries” services since they are closely connected to Pharmacia’s core pharmaceutical business and held that there was a likelihood of confusion if both companies used such similar names. He dismissed the appeal, however, in relation to “cosmetic preparations, perfumes, aromatherapy preparations, deodorants and air fresheners in Class 3,” and “deodorants in Class 5” because these goods differ in nature from pharmaceuticals, and are not in competition with them. No evidence had been filed by Pharmacia to explain why the use of Farmacia’s mark in relation to these goods might result in passing off. Moreover, Farmacia had sold these goods for many years without any confusion coming to light.

- AK

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