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MARCH 2006

PLEASE VISIT OUR WEBSITE: www.frosszelnick.com.

*ADMITTED IN NORTH CAROLINA

WE ARE DELIGHTED TO ANNOUNCE THAT ON FEBRUARY 1, MARIO AIETA JOINED THE FIRM AS A PARTNER in the Litigation group. Mario comes to us from the New York office of Seattle-based Garvey Schubert Barer where he supervised and conducted litigation and arbitration concerning trademarks, copyrights, right of publicity, and other areas. He has been active in the International Trademark Association (INTA), currently serving on the Internet Committee and having served on the U.S. Subcommittee of the International Amicus Committee. Mario is a graduate of Harvard University (B.A., History and Sociology, *cum laude*, 1981). He received his law degree from New York University in 1984.

ROGER ZISSU, DAVID DONAHUE and LAURA POPP-ROSENBERG won the appeal in the Winnie the Pooh copyright termination case. In the first judicial treatment of the new termination right enacted in the U.S. Copyright Term Extension Act of 1998 with respect to the twenty-year extension of protection added therein, the U.S. Court of Appeals for the Ninth Circuit affirmed the District Court decision rejecting an attempt by Disney and Clare Milne to terminate a 1930 agreement and thereby cut off Stephen Slesinger, Inc.'s right to receive royalties under a 1983 agreement that replaced the 1930 agreement. (See the U.S. Section of this Information Letter for further details on this case.)

CRAIG MENDE, MICHAEL CHIAPPETTA AND EVAN GOURVITZ obtained a preliminary injunction on behalf of Troll Company A/S of Denmark, copyright owner of the famous fuzzy-haired Good Luck Troll doll, against Uneeda Doll Co., Ltd., which had recently begun distributing large quantities of "Wish-nik" dolls to Wal-Mart. Troll Co. regained its U.S. copyright in 1996 pursuant to the Uruguay Round Agreements Act, U.S. legislation enacted to implement GATT treaty requirements and restore U.S. rights to certain foreign authors whose works had fallen into the public domain for failure to comply with statutory "formalities" under prior U.S. copyright law. The District Court ruled that Uneeda's "Wish-nik" dolls were copied from the Good Luck Troll, and that Uneeda – which alleged it had sold its dolls over a 30-year

period while the Good Luck Troll was in the public domain in the U.S. – failed to show *continuous* sales required to qualify as a “reliance party” entitled to notice and a one-year sell-off period under the restoration legislation.

WE ARE PLEASED TO NOTE THAT NINE OF OUR ATTORNEYS were listed in The International Who's Who of Trademark Lawyers 2006, namely, **MICHAEL I. DAVIS, SUSAN UPTON DOUGLASS, MARIE DRISCOLL, DAVID W. EHRLICH, JANET HOFFMAN, RONALD J. LEHRMAN, PETER J. SILVERMAN, DAVID WEILD III and ROGER L. ZISSU**. The publication noted: “Our research suggests that specialist IP firms still exert a strong grip on the upper end of the market. One such firm is Fross Zelnick Lehrman & Zissu, PC. It has the greatest number of leading individuals within the state [NY] – nine lawyers on the final list. According to one respondent, the firm is ‘for trademarks, the top address in the US and each individual is outstanding.’”

RICHARD LEHV was recently interviewed by Managing Intellectual Property for an article on a “flavor” trademark. The article may be found at <http://www.managingip.com/default.asp?Page=9&PUBID=198&SID=600424&ISS=20855>.

NADINE H. JACOBSON will be speaking on “Pervasive Prosecution Problems” at INTA's International Trademark Registration Strategies Forum that will take place on Monday, March 6, and Tuesday, March 7, 2006 at the Intercontinental Barclay Hotel in New York City.

WE ARE PLEASED TO WELCOME CHRISTOPHER M. KINDEL, who joined us as an associate in our International group. Chris comes to us from Nelson Mullins Riley & Scarborough, LLP where he was an associate since August 2003. From September 2001 until August 2003, Chris worked as an associate at Moore & Van Allen, PLLC. Chris is a 2001 graduate, with *honors*, from the University of North Carolina School of Law. He received his Bachelor's Degree with *high honors* in 1998 from the University of Texas at Austin, where he was elected to Phi Beta Kappa.

WE ARE PLEASED TO WELCOME AIMEE ALLEN, who joined us recently as an attorney in our Litigation group. Aimee comes to us from Dorsey & Whitney where she was a litigation associate from September 2004 to September 2005. Prior to that, she was a litigation associate at Debevoise & Plimpton from the fall of 2002 through the fall of 2004. Aimee graduated from Columbia Law School's Double Degree program in 2002 with a J.D. and a French *Maîtrise en droit* from the Université de Paris III – Panthéon-Sorbonne. She received her Bachelor's Degree from Yale University in 1997.

WE ARE PLEASED TO WELCOME TODD MARTIN, who joined us recently as an attorney in our Litigation group. Todd comes to us from The Rosen Law Firm P.A. where he was a litigation associate from April 2004 to September 2005. He was a contract attorney from July 2002 to April 2004 at various law firms. Prior to that Todd was a litigation associate at Darby & Darby from September 2000 through July 2002. He is a 2000 graduate of New York University School of Law, and received his Bachelor's Degree from the University of California, San Diego, in 1997.

FROSS ZELNICK LEHRMAN & ZISSU, P.C.

Information Letter

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UNITED STATES

COPYRIGHT DECISION

- Test Case for 1988 Copyright Term Extensions Act

MADRID PROTOCOL

- USPTO Clarification of Deadlines

Copyright Decision: TEST CASE FOR 1988 COPYRIGHT TERM EXTENSIONS ACT

Milne v. Stephen Slesinger, Inc., 430 F.3d 1036 (9th Cir. 2005)

The firm has won the first test by an appellate court of the newly added right of authors' heirs to terminate prior copyright grants under the 1998 Copyright Term Extension Act ("CTEA"), 17 U.S.C § 304 (d). The U.S. Court of Appeals for the Ninth Circuit affirmed the Central District Court of California's summary judgment in favor of Stephen Slesinger, Inc., holding legally ineffective a notice of copyright termination served by A.A. Milne's granddaughter, Clare Milne. The notice of termination was intended to recapture merchandising rights in the Winnie the Pooh characters that A.A. Milne had granted to Slesinger in 1930 and that Slesinger in 1961 had assigned to Disney Enterprises. Slesinger contended that the 1930 grant was no longer in existence because in 1983 it had been revoked and replaced with a new grant with significantly increased financial benefits for the Milne participants that was not subject to termination. The Court noted that the 1983 agreement had been signed

by Disney; the trust created under the will of A.A. Milne; his son Christopher Robin Milne, who at the time possessed the right to terminate the 1930 grant under section 304 (c); and Slesinger. The Ninth Circuit rejected the argument that the 1983 agreement was a prohibited "agreement to the contrary" under the statute. It ruled that the 1983 agreement was a permitted exercise of freedom of contract because (1) it was made five decades after the Pooh works were first published when their value could be assessed, (2) Christopher Robin Milne was at the time empowered to terminate the 1930 grant under section 304 (c) and therefore not without bargaining power, (3) it provided significantly increased compensation to the Milne trust, and (4) Congress had envisioned with approval such a voluntary termination and regrant of rights in the legislative history. ROGER ZISSU, DAVID DONAHUE and LAURA POPP-ROSENBERG represented Slesinger. Treatise author David Nimmer of Irell & Manella in Los Angeles represented Ms. Milne.

- RLZ

This Information Letter is provided as a public service to interested persons and its receipt does not imply an attorney-client relationship, even with our firm's former clients. It is designed to highlight items of current interest and is not intended to be a full review of any subject matter, for which specific legal advice should always be obtained.

Madrid Protocol: USPTO
CLARIFICATION OF DEADLINES

The USPTO has clarified the deadline for filing a response to an Office action that issues in a request for extension of protection of an International Registration to the U.S. The response is due six months after the date the refusal is sent to the International Bureau. That date is identified on the USPTO's online database (TARR) as either "Refusal sent to IB/Non-Final Office action Mailed" or "Refusal sent to IB." The USPTO's' online database can be accessed at <http://tarr.uspto.gov/>. Extensions of protection can be looked up on that system by either the International Registration number or the U.S. Serial Number.

- JAS

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INTERNATIONAL

INDIA

- Personal Jurisdiction Decision

IRAQ

- Deadline to Reconstitute Files

ROMANIA

- New Customs Law

SOUTH KOREA

- Revised Rules for Administrative Proceedings

VIETNAM

- New Intellectual Property Law

India: PERSONAL JURISDICTION DECISION

In December 2005, the Indian Supreme Court issued a landmark decision that appears likely to have a significant impact on protection of intellectual property rights in India. (*Dhodha House v. SK Maingi*, Case No. 6248 of 1997, December 15, 2005.)

Plaintiff Dhodha House, which conducts business in the state of Uttar Pradesh, owns the registered trademark DHODHA HOUSE and uses it on goods in Class 30 in conjunction with a distinctive colored packaging, for which it owns a copyright registration. In the state of Punjab, defendant Maingi conducts a similar business under the trade name VRK Todha Sweet House and uses packaging similar to Dhodha's. Dhodha filed claims of trademark and copyright infringement and passing off in the Uttar Pradesh District Court.

The District Court ruled in favor of Dhodha, but the High Court overturned the decision on the ground that the District Court did not have territorial jurisdiction. The Supreme Court affirmed, reversing long-standing precedent, stating that territorial jurisdiction of a court can only be invoked in "composite actions" (trademark and copyright infringement combined with passing off or infringement of unregistered trademarks) if the *defendant* "resides or carries on business in the territory."

The most recent Indian Copyright Act (1957) and Trade Marks Act (1999) allow a plaintiff to bring an infringement action "in the territory where it resides or carries on business." The general Civil Procedure Code, which governs matters involving unregistered trademarks and passing off, requires that actions be filed "where the defendant resides or carries on business" or where "the cause of action . . . arises."

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Previously, courts considered defendants to be “carrying on business” in a territory if:

- defendant’s trademark was advertised in the nationally published trademarks journal (thereby exposing the trademark in every territory),
- defendant’s infringing goods were available in the territory,
- defendant solicited business by advertising in the territory, or
- defendant’s Internet presence reached into the territory.

This made it quite easy for a plaintiff to claim territorial jurisdiction in its territory of choice. The Supreme Court ruled out these possibilities in the *Dhodha House* case by interpreting the phrase “carrying on business” to mean that a defendant must have a central or branch office in the subject territory, or that a defendant conducts business through a special or exclusive agent in the territory. Mere availability of a defendant’s goods, or sale of a defendant’s goods through an agent that does the same for any paying customer, would not meet the requirements for “carrying on business.” This interpretation cuts both ways, as the plaintiff in a Copyright or Trademark infringement case who would invoke territorial jurisdiction must also establish that it is carrying on business in that territory.

An additional complication arises in trademark infringement cases filed under the old Trade Marks Act (1958), which mirrored the Civil Procedure Code on questions of territorial jurisdiction. In such cases, courts must consider whether the defendant was “carrying on business” in the territory in the new stricter sense to determine whether territorial jurisdiction is proper. In cases that combine copyright and trademark infringement, and invoke the 1958 Trade Marks Act, there may be a

consideration of whether the trademark or copyright infringement claim is prevalent or incidental when making the determination. There are, apparently, cases pending that will be affected by this ruling.

As if the decision does not have a large enough impact on future actions, the Supreme Court stated that any *past* decisions issued by a court without proper territorial jurisdiction would be void and could not be cured by mutual consent of the parties. The full impact of this retroactive ruling has yet to be seen.

In short, owners of registered trademarks and copyrights may still bring infringement actions in their home territories going forward (based on the Copyright Act of 1958 and the Trade Marks Act of 1999), but actions for passing off or actions based on unregistered trademark rights must now be filed where the *defendant* carries on business, in the strict sense. The decision could encourage infringers to operate their businesses in remote territories where enforcement will be more expensive and less effective, and where district courts are less savvy and unlikely to be sympathetic to trademark and copyright owners.

- JG

Iraq: DEADLINE TO RECONSTITUTE FILES

As reported in our December 2005 INFORMATION LETTER, all the databases and files in the Iraq’s Trademark Office were destroyed during the first months of the war in a fire at the facility housing the Trademark Office. The Trademark Office is still in the process of rebuilding its pre-existing files.

We have recently been advised that a deadline of **March 31, 2006** has been imposed for submitting photocopies of applications, registration certificates, etc. to help the Trademark Office reconstitute the destroyed files. The Trademark Office has also indicated that it will bear no

responsibility for any damage sustained to a trademark owner who does not submit the requested documents by this deadline.

- AK

Romania: NEW CUSTOMS LAW

A new customs law came into effect in Romania on **February 3, 2006**. Any applications filed with Customs prior to February 3 must be updated to conform to the provisions of the new law. Under the new law, there will be no fee for recordal with Customs or for guaranteeing that goods seized by Customs are infringing. The rights holder will be responsible, however, for the cost of holding the goods, as well as costs incurred in the seizure and destruction of the goods. Rights owners must also assume liability for false or incorrect statements in their applications, including a later finding that the goods were not infringing. In addition, in some cases goods may be destroyed without commencing a lawsuit

- JLH

South Korea: REVISED RULES FOR ADMINISTRATIVE PROCEEDINGS

Recent changes to Korean Intellectual Property Office ("KIPO") rules allow the Intellectual Property Tribunal ("IPT") to review administrative actions on an expedited basis, *sua sponte*, regardless of whether the parties have requested such review. The new rules apply to all administrative actions conducted before the IPT, including invalidation actions, cancellations (e.g., based on non-use or improper use), scope confirmation actions (similar to declaratory judgments), and appeals of final rejection of trademark applications. The rules do not apply to trademark oppositions or copyright matters.

Although a proceeding may qualify for expedited review, the discretion to expedite lies with the IPT, and there is no way to

predict whether or not the IPT will choose one matter over another. Exceptions are administrative proceedings that are associated with pending infringement actions, which will automatically be reviewed on an expedited basis. We note that parties can also request expedited review. There is no guarantee that a request will be granted, however, unless the proceeding is one of the automatically expedited matters (in which case a request would be redundant). The ability of parties to request expedited review is not new. The IPT would consider such a request in urgent matters or in any IPT administrative proceedings connected to pending civil or criminal trials. The new rules, in effect, seem to expand the IPT's discretion, and create an automatic category.

For all matters that will receive expedited review, the IPT expects to conduct all proceedings and issue final decisions within six months of the filing date of a proceeding. Within that six-month period, the IPT will conduct an "intensive review procedure," with certain notable deadlines, including: review of formalities within 15 days of the filing date; notification to the parties of expedited review within one month of the filing date; submission of a response by the Respondent within 30 days of receipt of the notice of expedited review (extendible one time for one month); filing of any required amendments within two months of the filing date; and conducting of any additional proceedings (such as oral arguments) within three months of the filing date.

The change is intended, in part, to prevent use of intentional delays as a defensive tactic by parties in administrative proceedings, and is consistent with recent efforts by the KIPO to speed up administrative proceedings in general.

- JG

Vietnam: NEW INTELLECTUAL PROPERTY LAW

On November 19, 2005 the National Assembly of Vietnam enacted the Law on Intellectual Property (the “new Law”) which will come into effect on **July 1, 2006**. It covers copyrights, industrial property rights, rights in plant varieties and the enforcement of these rights. With respect to “industrial property rights,” the current Civil Code only contains provisions relating to patents, utility models, industrial designs, trademarks and appellations of origin. Under the new Law, “industrial property rights” will also encompass geographical indications, unfair competition, trade names and trade secrets.

The new Law incorporates into one code all the various IP provisions that had previously been set out in 40 different codes and laws, including the Civil and the Criminal Codes, the Customs Law and Competition Law. The new Law also seeks to harmonize Vietnam’s legislation with international standards and treaties to which Vietnam is a party. To avoid conflict with other national laws and international treaties, Article 5 of the new Law specifically provides that: 1) where another law includes IP-related provisions contrary to the new Law, the latter will apply; 2) where an IP-related civil matter is not provided for in the new Law, the Civil Code will apply; and 3) where the new Law’s provisions are contrary to an international treaty to which Vietnam is a party, the treaty provisions will apply.

Highlights of the new Law in respect of copyrights and trademarks include the following:

Copyrights and Related Rights

For the first time in Vietnam, the term “related rights” has been defined in the law. Article 3 of the new Law defines “related rights” as including “performances, sound recordings, video recordings; broadcasting

programs; satellite signals carrying encrypted programs.”

Trademark Eligibility Requirements and Non-Distinctiveness Criteria

Article 72 stipulates what signs are eligible for protection. A sign may be registered if it meets the following two conditions: (1) it is a visible sign in the form of letters, words, pictures, figures, including three-dimensional figures, or a combination thereof, and represented in one or more colors; *and* (2) it is capable of distinguishing goods or services of the trademark owner from those of others.

The new Law specifically provides protection for unregistered marks that have a reputation in Vietnam. Article 74(2) specifies the types of marks that are non-distinctive and provides that a mark is not distinctive if, *inter alia*, it is identical with or confusingly similar to another person’s mark “having been widely used and recognized in respect of the similar or identical goods or services,” or that is “recognized as well-known in respect of the goods or services that are identical with or similar to those bearing the well-known mark; or in respect of dissimilar goods or services if the use of such marks may prejudice the distinctiveness of the well-known mark, or the registration of such signs is aimed at taking advantage of goodwill from the well-known mark.”

Criteria for “Well-Known Mark” Status

Article 4(20) of the new Law provides that a “well-known mark is a mark widely known throughout the territory of Vietnam,” and Article 75 sets out the criteria for determining whether a mark is “well-known,” as follows:

- number of consumers who are aware of the trademark through purchase or use of the goods or services bearing the trademark, or through advertising;

- territorial scope of circulation of the goods/services bearing the trademark;
- sales figures or the volume of goods sold or services supplied;
- period of continuous use of the trademark;
- widespread goodwill of the goods or services bearing the trademark;
- number of countries that have granted protection for the trademark;
- number of countries that recognize the trademark as well known; and
- the value of the trademark through assignment, licensing, or investment capital contribution.

Stipulated Examination Period for Trademark Applications

Under the new Law, it should take about 9 to 10 months to obtain a trademark certificate, absent an initial refusal or amendment requirements. The schedule for processing applications is found in Articles 110 and 120 and is as follows:

- examination as to form will take place one month from the filing date;
- applications will be published within 2 months of the date the application is accepted as formally valid; and
- substantive examination will take place within six months of the publication date.

Enforcement of Rights

Strengthening Vietnam's intellectual property enforcement regime, three whole chapters of the new Law (Part Five) are devoted to this area. The features relating to trademarks will include the following:

- Trademark owners may apply for preliminary injunctive measures in civil cases, including seizure, attachment, prohibition against changing status or

displacing, sealing, prohibition against transfer of ownership, and other measures as stipulated by the Civil Procedure Code. The party seeking such measures will have to deposit an amount worth 20% of the value of the goods to which such measures are to be applied, or the amount of VND 20,000,000 (US\$1,300), if the value of the goods cannot be determined.

- The new Law stipulates the types of damages that can be awarded, as well as the factors for determining the amount of damages. Damages caused to a trademark owner as a result of an infringement include material damages and moral damages. Material damages comprise actual loss in property, decrease in income and profits, reasonable expenses, reasonable attorneys' fees and other tangible losses, loss of business opportunity, decrease in business reputation and other intangible losses. Moral damages comprise loss to honor, dignity, prestige, reputation, and the like. The amount of compensation for material damages will be determined by the court based on actual losses. Where it is impossible to determine the rate of compensation in accordance with the above provisions, that rate will be fixed by the court but will not exceed D500 million (US \$32,000). The rate of compensation for moral damages will range from D5 million to D50 million (US \$320 to \$3,200), depending on the level of damage.
- Trademark owners may apply also to competent administrative authorities for preventative remedies, including temporary detention of persons in accordance with administrative procedure, temporary detention of goods, means and implements used in the alleged infringement, search of persons in accordance with

administrative procedure, and search of places where infringing goods, means and implements are stored.

- Trademark owners may also ask Customs officers to temporarily suspend clearance procedures for import/export of goods that are suspected to be infringing. The party requesting such measures must deposit an amount worth 20% of the value of the goods on which such measures are to be applied, or the amount of VND 20,000,000 (US\$1,300), if the value of the goods cannot be determined.

Transitional Provisions

Applications filed before July 1, 2006 will be handled in accordance with the national laws and regulations currently in effect.

- AK

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