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JUNE 2008

WE ARE PROUD TO ANNOUNCE that twelve of our attorneys were named to the 2008 list of the World's Leading Trademark Law Practitioners published by Legal Media Group. The list includes **LARRY APOLZON, STEPHEN BIGGER, MICHAEL DAVIS, SUSAN DOUGLASS, DAVID EHRLICH, MARK ENGELMANN, JANET HOFFMAN, NADINE JACOBSON, RON LEHRMAN, RICHARD LEHV, PETER SILVERMAN** and **BARBARA SOLOMON**.

MANAGING INTELLECTUAL PROPERTY NAMED FROSS ZELNICK "US Firm of the Year" for trademarks, in both contentious and prosecution categories, calling it "the quintessential IP firm." These honors were announced on April 3, 2008 at MIP's first North American Awards dinner and closely follow the Tier One rankings that Fross Zelnick achieved in the MIP annual global survey (March issue). MIP also recognized Fross Zelnick as among the top law firms in the U.S. for copyright law (April issue).

CRAIG MENDE, litigation partner, was recognized in the "Top 50 Under 45" article in IP Law and Business (May issue) for his achievements in trademark and copyright litigation. A reprint of Craig's profile may be viewed on the firm website at www.frosszelnick.com.

RICHARD LEHV and **NICHOLAS EISENMAN** won a judgment of copyright infringement on behalf of Crown Awards, Inc., against Discount Trophy & Co., Inc. in federal court in New York. The judgment, entered on March 20 following a trial, holds that the defendant infringed the copyrights in our client's popular Spin Trophy, by selling a trophy that court found "strikingly similar" to the Spin Trophy. The judgment permanently enjoined the defendant from selling the infringing trophy and ordered it to pay Crown its profits from the infringement. Following the entry of the judgment, we filed a motion to recover our client's attorneys' fees from the defendant.

ROGER ZISSU, JAMES WEINBERGER and **BETSY NEWMAN** are part of the defense team in the ongoing copyright termination litigation between the heirs of Jerome Siegel, one of the co-creators of the first Superman comic strip (which first appeared in 1938's *Action Comics #1*)

and Time Warner, DC Comics, Warner Bros. Entertainment Inc. and related companies. On March 26, 2008, Judge Stephen G. Larson of the U.S. District Court for the Central District of California issued a major ruling granting-in-part and denying-in-part the parties' cross-motions for summary judgment, and setting the stage for a trial in the fall of 2008. Although the court ruled that plaintiffs, the heirs of Mr. Siegel, had (under Section 304(c) of the Copyright Act) successfully terminated the first grant of rights in Superman, dating back to 1938, resulting in a recapture of a one-half share of rights to the first Superman comic story and entitling them to an accounting of profits attributable to that story as exploited in new comics, films and other works by the defendants after 1999, the effective date of the termination, the court issued several rulings limiting the scope of that termination, including denying the plaintiffs the right to recover profits from foreign exploitation of Superman, profits arising from exploitation of pre-1999 Superman derivative works and profits attributable to DC's famous Superman-related trademarks. This was the first time a court applied the limiting provisions and exceptions of Section 304(c). The Court also ruled that a black and white depiction of the iconic cover of *Action Comics #1* was not subject to termination because it was published outside of the statutory timeframe for serving a termination notice. The decision can be found at *Siegel v. Warner Bros. Entm't Inc.*, 542 F.Supp.2d 1068 (C.D. Cal. 2008).

ON MAY 12, 2008, DAVID DONAHUE gave a presentation entitled "Statutory Termination of Transfers Under the Copyright Act" as part of the Practising Law Institute's Advanced Copyright Law Seminar. The program was held in New York City and webcast throughout the country. In addition, David was quoted in the March 2008 issue of *IP Law & Business Magazine* in an article about the appeal pending in the copyright termination case involving author John Steinbeck's works (where he suggested that the U.S. Court of Appeals for the Second Circuit should reverse the district court's ruling that termination notices served by Steinbeck's heirs are valid), and in the May 2008 issue of *Managing Intellectual Property* regarding the Second Circuit's recent decisions in the *ITC Limited v. Punchgini* case (where he expressed concerns about the court's narrow interpretation of the Lanham Act to exclude protection for well-known foreign marks not yet used in the U.S.). On May 19, 2008, at the International Trademark Association's Annual Meeting in Berlin, David presented a "Table Topic" on "U.S. Copyright & Trademark Law." That discussion focused on the intersection of copyright and trademark protection – an area in which Fross Zelnick has litigated many of the leading cases.

SUSAN DOUGLASS will be speaking on June 17, 2008 at the New York Intellectual Property Law Association Program at the Harvard Club in New York City on "Hot Topics in Trademark Law." Susan's talk will address clearing conflicts in the context of trademark searching and opinions.

WE WELCOME KAREN LIM as an associate in our U.S. Prosecution Group. Karen comes to us from Patterson Belknap Webb & Tyler LLP, where she was an associate since October 2006. Before that (2005-2006), Karen was Law Clerk to the Honorable Harold Baer, Jr., U.S. District Court for the Southern District of New York, after working as an associate (2004-2005) at White & Case LLP in New York City. Karen is a *magna cum laude* graduate of Fordham University School of Law, where she was Notes and Articles Editor of the Fordham

Law Review. While in law school, Karen interned with Hon. Reena Raggi (then U.S. District Court for the Eastern District of New York) and Hon. Shira Scheindlin (U.S. District Court for the Southern District of New York). Karen received her Masters of Fine Arts from the University of Michigan, specializing in theater design, and her Bachelors degree from Cambridge University (Cambridge, U.K.) where she studied English literature.

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Information Letter

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UNITED STATES

TRADEMARK DECISIONS

- No Presumption of Irreparable Harm Caused by Infringement
- Right of Publicity

TTAB

- Invalidity in Intent-To-Use Application (Fraud) (L.C. Licensing v. Berman)
- Curing Fraud (University Games v. 20Q/net)

Trademark Decision: NO PRESUMPTION OF IRREPARABLE HARM CAUSED BY INFRINGEMENT

North American Medical Corporation v. Axiom Worldwide, Inc., 522 F.3d 1211 (11th Cir. 2008)

A recent decision of the United States Court of Appeals for the Eleventh Circuit presents good news and bad news for trademark owners: While the court held that a defendant's use of a competitor's trademark as a metatag constitutes use of a trademark and can give rise to an infringement claim, it also held that in light of *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006), a finding of infringement in a trademark may not result in an automatic presumption of "irreparable harm" sufficient for the court to issue a preliminary injunction.

The case involved a dispute between a manufacturer of medical spinal traction devices, North American Medical ("NAM"), and its competitor, Axiom Worldwide

("Axiom"). NAM sued Axiom for trademark infringement based on Axiom's use of NAM's trademarks (ACCU-SPINA and IDD THERAPY) as metatags in the source code of Axiom's web site. NAM alleged that Axiom used the trademarks as metatags to influence Internet search results, and was quite successful in doing so – Google searches for the trademarked terms returned Axiom's website as the second most relevant search result. The U.S. District Court for the Northern District of Georgia found for NAM on its infringement claim and issued an injunction against Axiom without independently analyzing whether the principles of equity permitted or required injunctive relief.¹ Axiom appealed.

On appeal, the United States Court of Appeals for the Eleventh Circuit found that Axiom's use of NAM's trademarks as

¹ The court also ruled for NAM on an unrelated false advertising claim based on Axiom's marketing practices with regard to its own spinal traction devices. We will not discuss that claim further in this report.

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metadata constituted use of the trademarks in commerce that was likely to cause confusion among consumers. It rejected Axiom's comparison to the Second Circuit's *1-800-Contacts v. WhenU* case, where the court held that the use of a trademarked term to trigger browser "pop-up" advertisements was not an actionable use of the mark "in commerce." *1-800-Contacts, Inc. v. WhenU.com, Inc.*, 414 F.3d 400 (2nd Cir. 2005). First, unlike in *North American Medical*, in *1-800-Contacts* the defendant did not use the plaintiff's trademark; rather, it used the plaintiff's website address, which differed slightly from the mark. Second, the defendant in *1-800-Contacts* never caused the plaintiff's trademarks to be displayed to consumers, whereas in *North American Medical*, Axiom caused NAM's trademarks to be displayed to the consumer in the search results' description of Axiom's website. The Eleventh Circuit therefore upheld the district court's finding of likelihood of confusion.

Despite the above findings, the court vacated the preliminary injunction entered by the trial court, citing the Supreme Court's decision in *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006). In *eBay*, the Federal Circuit held that where the plaintiff prevails on a patent infringement claim, irreparable harm to the plaintiff is presumed and an injunction should follow. The Supreme Court disagreed with the Federal Circuit, holding that in patent infringement cases injunctions are not automatic; rather, they "may issue only in accordance with the principles of equity" applied on a case-by-case basis.

Although *eBay* dealt with the U.S. Patent Act, the Eleventh Circuit in *North American Medical* reasoned that a "strong case could be made" that *eBay's* holding extends to a grant of preliminary injunction under the U.S. Trademark (Lanham) Act: "Similar to the Patent Act," the court stated, "the

Lanham Act grants federal courts the 'power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable.'" In addition, "no obvious distinction exists between permanent and preliminary injunctive relief to suggest that eBay should not apply to the latter."

Notably, the court declined to comment further on the effect of *eBay* on the case at hand, including whether the presumption of irreparable harm made by the district court would actually be rejected by the *eBay* holding. The court gave three reasons for its decision not to rule definitively on *eBay's* application: first, the briefing on appeal was inadequate on this issue; second, the district court had not addressed the effect of *eBay*; and finally, the district court could well conclude on remand that it could readily reach an appropriate decision by fully applying *eBay* even without automatically presuming irreparable harm. Accordingly, the Eleventh Circuit remanded the case to the district court for further proceedings consistent with its opinion. Nevertheless, the decision suggests that at least in the Eleventh Circuit, plaintiffs may no longer rely on a presumption of irreparable harm flowing from trademark infringement and must be prepared to explain to courts exactly why they would suffer irreparable harm under the circumstances of each particular case. (Of course, good litigators have long done this anyway, notwithstanding the presumption of irreparable harm that existed before *eBay*.) It remains to be seen whether any of the other twelve U.S. Circuit Courts will follow suit.

- CGB

Trademark Decision: RIGHT OF PUBLICITY

In our March 2008 Information Letter we reported two major decisions involving Marilyn Monroe's estate and California's

effort to extend a post-mortem Right of Publicity: *Milton H. Greene Archives, Inc. v. CMG Worldwide, Inc.*, No. 05-CV-02200, slip op. (May 14, 2007, C.D. Cal.) (“Greene”); *Shaw Family Archives Ltd. v. CMG Worldwide, Inc.*, 486 F. Supp. 2d 309 (S.D.N.Y. 2007) (“Shaw”). In each case, the district court held, *inter alia*, that the beneficiaries of Marilyn Monroe’s estate could not stop exploitation of images of Ms. Monroe because at the time of her death (in 1962), neither California nor New York recognized a post-mortem right of publicity, and, accordingly, Ms. Monroe could not have included such rights in her testamentary estate. In reaction to the decisions in *Greene* and *Shaw*, promptly thereafter the California legislature amended its post-mortem right of publicity statute to clarify that although the state’s post mortem right of publicity was not created until 1985, the law was intended to be retroactive and thus rights of publicity could have been bequeathed by the will of a celebrity who had died within the prior 70 years. Promptly thereafter, the *Greene* court granted a motion for reconsideration and found that Ms. Monroe’s beneficiaries could own her post mortem rights of publicity.

The central issue in the *Greene* case became whether, at the time of her death, Ms. Monroe was domiciled New York or California. If Monroe died a domiciliary of New York, which does not provide for a post-mortem right of publicity, she could not have bequeathed any rights of publicity through her residual clause at the time of her death. If she died a domiciliary of California, her heirs would own an enforceable right under California’s amended statute.

In March, the *Greene* court held that Ms. Monroe was domiciled in the state of New York at the time of her death, and thus, her beneficiaries lacked standing to bring a claim under the California Right of Publicity

law. *Milton H. Greene Archives, Inc. v. CMG Worldwide, Inc.*, CV 05-2200 MMM (C.D. Cal. March 17, 2008). The court held that Monroe’s heirs were judicially estopped from asserting that Monroe was domiciled in California at the time of her death because in 1966 the executor of Monroe’s estate had argued that Monroe was a domiciliary of New York at the time of her death so that her estate would not have to pay certain California inheritance taxes. Finding that plaintiffs benefited from the executor’s statements, the court held that they were precluded from now advancing a contrary position.

As a result of this holding, the court dismissed plaintiffs’ publicity claims. Ms. Monroe’s heirs have publicly stated that they will appeal the ruling so the saga will undoubtedly continue. Stay tuned.

-BJN

TTAB: INVALIDITY IN INTENT-TO-USE APPLICATION

L.C. Licensing, Inc. v. Cary Berman, ___ USPQ 2d ___ (TTAB March 28, 2008)

During the last several years, as discussed in prior issues of our Information Letter, the Trademark Trial and Appeal Board (“TTAB”) (the USPTO administrative tribunal) has found many use-based applications and registrations, for marks for multiple goods, to be completely invalid in oppositions and cancellations, based on fraud, where the mark was not in use in the U.S. for one of the goods covered in the application or registration. Now, for the first time in many years, the TTAB has designated for publication a decision on fraud’s sister doctrine of invalidity in an ITU application.

This case involved was an opposition. The opposer, owner of the well-known mark ENYCE for clothing, opposed an ITU application for the same mark for various automotive accessories. The TTAB found

that confusion was likely, based upon the fame of ENYCE as an urban lifestyle brand and the association of the urban lifestyle with car culture, together with the applicant's evident intentional copying of the opposer's mark.

As an alternative ground for opposition, the opposer also alleged that the applicant lacked the requisite bona fide intention to use the mark. The applicant claimed to have an intention to use the mark, but admitted that he had neither a specific business plan on how he would use the mark, nor any documentation about his plans to use the mark. The TTAB held that the application was invalid because the applicant lacked the necessary bona fide intention. It stated that the applicant's "mere assertion of an intent to use the mark without corroboration of any sort" was insufficient to establish the requisite bona fide intention. This holding is neither new nor surprising. The TTAB previously held, in *Commodore Electronics Ltd. v. CBM Kabashiki Kaisha*, 26 USPQ 2d 1503 (TTAB 1993), that an applicant's failure to submit documentary proof of an intention to use a mark was strong evidence that no such intention existed. However, the TTAB's decision to designate this case for publication is interesting. The TTAB may intend its publication of this latest case as a warning to ITU applicants that the TTAB will extend its present aggressive fraud findings in use-based applications to ITU applications.

Practice Tips:

Based on this case, and others like it, a prudent ITU applicant should not claim goods or services in an ITU application unless it is able to prove, with credible testimony and documentation, that the applicant is moving forward with genuine plans to use the mark in the U.S. for all the claimed goods or services. An ITU applicant should not claim excess goods or services and should, indeed, err on the

side of omitting rather than including doubtful goods or services. An ITU applicant should especially refrain from using overbroad standard lists and class heading language, both of which clearly signal that the ITU applicant has not really considered what goods or services it really intends to sell in the U.S. under the mark concerned. In other words, if the application is opposed, an applicant who carelessly claimed excess goods based on a standard list, class heading, or desire to broaden coverage, would very probably find itself unable to satisfy the requirement for credible testimony and documentation to prove the necessary bona fide intention for the excess goods, under the rule stated in the Berman case. Less is more. The Berman case presented an extreme example of this situation because the TTAB obviously thought that Berman had no intention to use the mark on any of the goods. However, it is only a small step for the TTAB to apply the same standard to an applicant who has a bona fide intention to use the mark for some of the goods claimed in its application, but not others. In such a case, the TTAB might well follow the rule already laid down in its use-based fraud cases, and hold the ITU application fraudulent and invalid as to all goods.

In addition to being risky, claiming excess goods is also unnecessary in the U.S. This is because the "related goods" rule expands the protective scope of the application to related goods not listed in the application.

Non-U.S. Applicants:

Applicants based outside the U.S. should also note that the TTAB will probably apply the same strict standard to U.S. applications based on foreign applications and registrations, and to U.S. extensions of international registrations under the Madrid Protocol. Such applications and extensions must, by law in the U.S., include exactly the same claim of bona fide intention to use the

mark in the U.S. as an application based solely on intention to use. This usually means that the U.S. application should cover fewer goods or services than the foreign application or registration, since foreign applications and registrations usually list goods in addition to the owner's actual goods, or even whole class headings.

- DWE

TTAB: CURING FRAUD (UNIVERSITY GAMES V. 20Q.NET)

A recent Trademark Trial and Appeal Board ("Board") precedential decision provides important relief to applicants from the stringent standard regarding fraud on the USPTO imposed in Medinol¹ and subsequent Board decisions. Under that line of cases, it is fraudulent to claim use for goods or services broader than those for which the subject mark is actually in use in the U.S. A finding of fraud has the harsh result of invalidating an entire application or registration.

On May 2, 2008, the Board issued its decision in *University Games Corporation v. 20Q.net Inc.*, ___USPQ2d ___ (TTAB 2008), holding that opposer University Games Corp.'s ("University") amendment of its identification of goods during ex parte prosecution constituted a rebuttable presumption that University lacked the willful intent to deceive necessary for a finding of fraud. Consequently, the Board denied applicant 20Q.net Inc.'s ("20Q") motion for summary judgment on its proposed fraud counterclaim.

In this case, 20Q had applied to register the mark 20Q for goods and services in various classes, including a stylized version of the mark for a "hand-held unit for playing electronic games" in International Class 28. University opposed registration on the

ground that the applied-for marks were likely to cause confusion with and dilute its previously registered mark TWENTY QUESTIONS for a board game in International Class 28. After discovery, 20Q moved first to amend its answers to University's notices of opposition to add a counterclaim of fraud and then for summary judgment on its proposed fraud counterclaim.

University had promoted board games at gift and toy fairs by distributing catalogs, promotional cards, and t-shirts bearing the mark TWENTY QUESTIONS. University then filed a use-based application to register the mark for "board games, t-shirts and supporting promotional materials including videos and paper products" in International Class 28. The examining attorney objected that the classification of goods was improper because t-shirts did not fall under Class 28 and the wording "supporting promotional materials including videos and paper products" was indefinite. In response, University deleted t-shirts, paper products, and videos from its identification of goods. The remaining identification, which the examining attorney approved, was restricted to "a board game for correctly identifying well-known persons, places, things and years using game cards and board pieces." The amended application subsequently issued to registration on the Supplemental Register.

During discovery, University's response to 20Q's interrogatory request that University identify the products and services for which it had or was using the term "twenty questions" was that it had sold board games under its TWENTY QUESTIONS mark continuously since November 1986. Based on this response, 20Q argued that, at the time of filing its application, University had fraudulently misrepresented that it used its mark on t-shirts, paper products, and videos, and that such fraud

¹ *Medinol Ltd. v. Neuro Vasx Inc.*, 67 USPQ2d 1205 (TTAB 2003)

could not be cured by a subsequent amendment deleting those goods.

The Board disagreed. It stated that University's response to 20Q's interrogatories and the *ex parte* prosecution history of University's registration failed to establish that there was no genuine issue of material fact as to University's intent to deceive the USPTO. First, issues of material fact remained as to the nature of the use University made of its mark on t-shirts and other promotional goods. Second, even if such use were insufficient to support registration, 20Q had failed to adduce facts to rebut the presumption of no intent to commit fraud arising from University's deletion of those goods from its application during examination.

In reaching its decision, the Board referred to dicta in another recent decision, *Hurley International LLC v. Volta*, in which it noted that "a misstatement in an application as to the goods or services on which a mark has been used does not arise to the level of fraud where an applicant amends the application prior to publication."² The *University Games* decision appears to go beyond *Hurley* in that it does not expressly limit the period in which an amendment may cure an originally over-broad claim to the period before publication. In other words, *University Games* suggests that deletions of over-claimed goods and services at any time during prosecution, including in Allegations of Use filed after publication – during the Notice of Allowance period – would effect such a cure.

In light of the reprieve offered by *University Games*, we strongly recommend that our clients take the opportunity to delete excess goods and services during prosecution of their U.S. applications, including after publication, so as to benefit

from the presumption of no intent to deceive (and likely immunity from a later fraud claim) extended by the Board in this decision.

- KL

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² *Hurley International LLC v. Volta*, 82 USPQ2d 1339 (TTAB 2007), citing *Universal Overall Co. v. Stonecutter Mills Corp.*, 154 USPQ 104 (CCPA 1967).

Information Letter

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INTERNATIONAL

BANGLADESH

- Service Mark Coverage

CHINA

- New Judicial Interpretation in Civil Trademark Disputes

IRELAND

- Valid Unregistered Community Design Right Established

ISRAEL

- License Recordal

KOSOVO

- Revalidation of Serbian Applications and Registrations (October 1, 2008 Deadline)

MADAGASCAR

- Trademark Protection

MEXICO

- New IP Court

MONTENEGRO

- Intellectual Property Office Opens (November 28, 2008 Deadline)

WIPO

- Protection of Domain Names

Bangladesh: SERVICE MARK COVERAGE

In March 2008, the government of Bangladesh announced a Service Mark Law. The Bangladeshi Trademark Registry has been accepting service mark applications. We note that the law does not provide for multi-class filing and services are being classified per The International Classification of Goods/Services (Nice Classification – 8th Edition), namely, in Classes 35 to 45.

- J/LH

China: NEW JUDICIAL INTERPRETATION IN CIVIL TRADEMARK DISPUTES

At the 1444th meeting of the Judicial Committee of the Supreme Court on February 18, 2008, the Judicial Committee of the Supreme People's Court of the People's Republic of China issued an Interpretation on civil disputes relating to registered trademarks, company names and certain other prior rights.

The objective of the Interpretation, which became effective on March 1, 2008, was to

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clarify the relevant court or competent authority to hear such disputes. The Interpretation was formulated based on the Civil Procedure Act, the General Principles of the Civil Law, the Trademark Law, the Unfair Competition Law and other specific laws deemed relevant by the Supreme Court.

The Interpretation delineates the jurisdiction of the People's Court when disputes arise between 1) two registered trademarks, 2) a registered trademark and an existing company name, 3) a registered trademark and a "copyrighted mark," 4) two company names, and 5) a registered trademark and a patented design.

The Interpretation not only gives prior rights owners clearer direction on which body to address for various conflicting rights, but it is also likely to result in speedier resolution of such disputes (decisions from the Trademark Review and Adjudication Board (TRAB) typically take 3 -4 years).

The new interpretation ruling also permits holders of prior rights to pursue companies who, either intentionally or unintentionally, register trade names either identical or similar to pre-existing trade names or trademarks. Previously, only the holders of marks which had been judicially recognized as well-known marks could have pursued these types of infringements.

Where the prior right in question is an earlier registered trademark, its owner is still required to invalidate a subsequently registered trademark at the TRAB before initiating a civil action before the court unless unauthorized use of the newer registered mark is being made in respect of goods or services beyond the specification of the registration, or if the mark has been altered in some manner after registration.

The proper causes of action to be pleaded before the court include infringement and unfair competition. For example, the owner of a trade name may rely on unfair

competition law to commence an action before the court against use of an identical or similar subsequently registered trade name if use of the trade name is likely to cause confusion among consumers. Mere conflict between competing trademarks, however, must still be reviewed by the TRAB. Where the plaintiff brings a lawsuit on the ground that another party's registered mark, which is being used in accordance with its registration on approved good or services, is similar or identical to their prior mark, the court must redirect the plaintiff to the relevant administrative body for resolution.

The Interpretation notably provides that:

Article 1: The court can hear cases filed on the grounds that the character or graph used in the registered trademark of the other party infringes upon the plaintiff's copyright, design patent, company name or other prior right.

Article 2: The court can hear cases filed on the grounds that a registered company name used by one party is identical or similar to a prior registered company name of the plaintiff, which will likely confuse the public as to the source of the defendant's goods, thus violating the unfair competition law.

Article 3: The court has been allocated the responsibility to determine civil disputes over registered trademarks, company names and conflicts between certain prior rights, based on the Civil Procedure provisions and to apply suitable provisions, considering the claims of the plaintiff and the nature of the dispute.

Article 4: If a defendant's company name infringes the exclusive rights of a registered trademark of a plaintiff or constitutes unfair competition, the court shall decide that the defendant must bear such civil liabilities as cessation of use or bringing their current use into non-infringing compliance.

Although the implementation of this ruling has yet to be tested, it is, undoubtedly, good news for foreign trademark and trade name registrants who do not hold well known status decisions for their prior rights and have, in the past, been frustrated not only by the length of time it takes to obtain a decision from the TRAB but also by their lack of options to pursue infringers.

- SW

Ireland: VALID UNREGISTERED COMMUNITY DESIGN RIGHT ESTABLISHED

Karen Millen Limited v. Dunnes Stores and Another [2007] IEHC 449 (Judgment December 21, 2007).

In *Karen Millen Limited v. Dunes Stores and Another*, the Commercial Division of the High Court heard the country's first unregistered community design case. In this case, the court considered several important issues relating to unregistered community designs, including the burden of proof for establishing and challenging design rights, what an "informed user" is and how to compare prior designs to assess "overall impression".

The plaintiff, Karen Millen ("KM"), is a successful up-market chain of women's clothing stores and is part of the €1.2 billion UK registered conglomerate, Mosaic Retail Group ("MRG"). The defendant, Dunnes Stores ("DS"), is Ireland's largest retailer. Two other subsidiaries of MRG, Coast and Whistles, have filed nearly identical claims against the defendant which were deferred pending the outcome of this case.

On January 2, 2007 KM sued DS based on EC Regulation No. 6/2002, which created both registered and unregistered community design rights. KM initially claimed infringement of its unregistered community design rights (UCDR), passing off and copyright infringement but by the time the case made it to court the latter two claims had been dropped.

The proceedings arose when the plaintiffs learned, in 2006, that DS was offering for sale three items of clothing (two shirts and one knit top) which were alleged infringements of the plaintiff's designs. DS did not deny copying the designs in question. In fact, DS disclosed in pre-trial discovery having arranged for the KM clothing to be purchased and copied on its behalf. However, DS claimed that KM was not entitled to UCDR protection since the designs were commonplace and could not therefore be infringed.

Regulation No. 6/2002 provides for both registered and unregistered community design rights. To qualify for protection the owner must show that its design is both new and has individual character. An unregistered design is protected for three years from the date it is disclosed, while a registered design, provided it is registered with OHIM within 12 months of its first public disclosure, gets protection for an initial five-year period which can be extended in 5 year increments up to a total of 25 years. The validity of a design may be challenged on the grounds that it does not fulfill these requirements.

Recital 16 of the Regulation makes clear that the UCDR is intended for goods with a short time-span of marketability. The plaintiffs here claimed that this is especially applicable to the fashion industry, most particularly at high end retail stores where evidence overwhelmingly suggests that the life of each design is short. The court appeared to be in agreement with this sentiment and stated that "*the unregistered community design right is intended in particular for products frequently having a short market life where protection without the burden of registration formalities is advantageous*".

Burden of Proof – The court highlighted that it was necessary to distinguish between the legal burden of proof and the evidentiary burden of proving certain facts. The court

found that the legal burden of proving the right to a UCDR is with the plaintiff, and that the plaintiff can easily prove this by showing that the design was made available to the public, that it was not identical to pre-existing designs and that it had been copied within three years by the defendant. Once the existence of the UCDR is challenged, the burden then shifts to the defendant to establish, on the balance of probabilities, that one or more grounds for invalidity exist.

In this case, since the plaintiff was claiming that its rights had been infringed and the defendants denied that such rights exist, the burden of proof initially rested on the plaintiff. DS claimed that this initial burden also included the plaintiff proving that the designs were new and had individual character, while KM contended that the onus for same should fall on the defendant in the context of their claim of invalidity. When considering applications for registered design rights, OHIM does not examine the novelty or originality of a design sought to be protected. In this respect it differs from patents which are vigorously examined for these requirements prior to registration. In addition, under the terms of the EC regulation, in an action for infringement of a registered community design the court is required to treat the registration as valid unless challenged by a counterclaim. Here, the court held that an interpretation of the regulation that would impose a significantly higher burden on the claimant of an unregistered design, over that imposed on the owner of a registered design, would not appear consistent with the intent of the regulation, which was intended to be advantageous to designs without full registration. Therefore, once the plaintiff establishes that the right exists, the burden shifts to the defendant to prove that the right is invalid, if so claimed.

Informed Use and Overall Impression – The level of originality mandated for an unregistered design is *that “the overall*

impression that it produces on the informed user differs from the overall impression produced on such a user by any design which has been made available to the public”. The defendant argued that the subject designs did meet this requirement.

In considering the attributes of an “*informed user*”, the notion of “the man on the street” was roundly rejected by all parties involved, as “informed” would seem to require a degree of familiarity. From this perspective the court found the “informed user” to be a notional person who is expected to have a more extensive knowledge than an average consumer in possession of average information, awareness and understanding; in particular, they had to be open to design issues and be familiar with them. The informed user is thus savvier about designs and products than the average trademark consumer. They are the end user of the products to which the design relates and are aware of similar designs which form part of the relevant design corpus although they are not necessarily aware of every such design. They should be considered to be familiar with the functional or technical requirements of the design or product for which the design is intended. They do not, however, need to have extensive knowledge, akin to that of a specialist. In this instance, “*the notional informed user for the designs at issue is a woman with a keen sense of fashion, a good knowledge of designs of women’s tops and shirts previously available to the public, alert to design and with a basic understanding of any functional or technical limitations on designs for women’s tops and shirts”*. The limitations on the freedom of a designer when designing clothes were not seen as very restrictive. Further, the features of the KM clothing that had been copied by the defendants in this case were not functional features of the top.

The defendants proffered evidence from people they had selected with the characteristics of an informed user. The

court found it unnecessary and irrelevant, and stated that it was for the court to make its own assessment either from its own observations or based on submissions of the parties.

Where it is alleged that a design does not produce a different overall impression than previously existing designs, the burden is on the defendant alleging the absence of novelty to produce such prior designs. DS argued that the court should consider an amalgam of the entire design corpus already existing. The court rejected this and instead held that the proper test of comparison of the overall impression created by the whole design is with a specific single prior design and not a hypothetical composition of several previous designs as the defendant had claimed. Interestingly the defendants also argued that, in the absence of express permission from the third party designer and manufacturer of the fabric, the plaintiffs could not claim a right to the design of the shirts made with it. The court however disagreed, not only because the plaintiff had in fact customized the color of the original fabric swatch for their own needs but also because they were claiming a right to the design of the shirt as a whole and not to the design of the fabric with which it was made.

The court suggested that issues of whether the test for overall impression should be “differs” or “clearly differs” might remain for another court to consider, but did not need to be examined in this instance since, even applying the higher standard of “clearly differs”, the judge felt that the plaintiff’s clothing created a different overall impression to the other prior designs put into evidence by the defendants.

The court found that KM was the owner of valid unregistered community design rights in the three items of clothing at issue and that DS had infringed those rights. The defendants were restrained from selling or

otherwise disposing of the infringing items which were to be delivered up to the plaintiff for destruction. As requested by the plaintiff, an order for an accounting of profits was also issued. DS apparently intends to appeal the decision.

- SW

Israel: LICENSE RECORDAL

A recent decision by an Israeli Trademark Office Examiner appears to establish that trademark license agreements must be recorded to maintain the validity of the licensed trademark, and to prevent the registration from being cancelled for non-use.

Gigiesse Confezioni SpA (“Gigiesse”) registered its mark ZIP in Class 25 in 1998 in Israel. During 1993-2001, Vampon Ltd. (“Vampon”), acted as Gigiesse’s exclusive distributor in Israel, and directly imported Gigiesse products. (It appears that the parties had a verbal agreement, and it is unclear whether this was a distribution or license agreement. For purposes of this report, we will assume the agreement amounted to a license.) In 2004, Israeli Customs Authorities notified Gigiesse that goods bearing the ZIP mark, imported by Vampon, had been seized. In response, Gigiesse commenced an infringement action against Vampon, and in turn Vampon filed a non-use cancellation action before the Commissioner of Patents, Designs and Trademarks (the “Commissioner”). To preserve its rights in the ZIP mark, Gigiesse had to prove use of the mark in Israel during the three years prior to the filing of the cancellation action. Gigiesse submitted evidence of use of the mark on its webpage, through which it sold goods worldwide during 2001 and evidence that Vampon held ZIP-marked products in its inventory during 2001. Moreover, Gigiesse claimed that Vampon continued to commercialize ZIP products within the three years prior to the filing of the cancellation action.

The Commissioner addressed two specific issues: (i) whether Gigiesse had used the mark during the relevant three years, and (ii) whether Gigiesse could keep the registration even though the parties' license agreement had never been recorded. As to the first issue, the Commissioner held that use on the Gigiesse website was not more than advertisement and, thus, did not constitute use. Regarding the second issue, the Commissioner ruled against Gigiesse, reasoning that the purpose of recording licenses is to avoid misleading the public. He held that because Gigiesse had not recorded the license agreement with the Trademark Office, and Vampon had been using the mark, the consuming public might mistakenly believe that ZIP products originated with Vampon. In any event, the Commissioner found no evidence of a license agreement, concluding instead that there was some type of unwritten agreement, which ended in 1999. As there was no evidence of use by Gigiesse, or by any authorized licensee, the Commissioner cancelled the mark.

Based on this ruling, it appears that where the only use by a trademark owner is through license, the license agreement must be recorded with the Israeli Trademark Office, to ensure that use of the licensed mark will inure to the trademark owner.

-X7

Kosovo: REVALIDATION OF SERBIAN APPLICATIONS AND REGISTRATIONS – OCTOBER 1, 2008 DEADLINE

As previously reported in our Information Letter of March 2008, Kosovo established an Intellectual Property Office, which began operating on November 19, 2007. Serbian national applications and registrations will not be recognized in Kosovo unless they are revalidated. The deadline for revalidation is October 1, 2008. To be eligible for revalidation, the rights involved

must have been applied for or registered in Serbia before October 1, 2007.

We note that intellectual property rights obtained in the prior State Union of Serbia and Montenegro are recognized in Serbia without any formalities.

-JLH

Madagascar: ACCESSION TO MADRID PROTOCOL

Madagascar's accession to the Madrid Protocol became effective on April 28, 2008.

-X7

Mexico: NEW IP COURT

On March 2008 the Mexican Federal Court of Tax and Administrative Affairs (the "MFCTAA Court") created a specialized intellectual property ("IP") Court. In 2000 the MFCTAA Court had initially been given jurisdiction to hear and review IP decisions made by the Mexican Trademark Office. However, as in many jurisdictions around the world, the backlog of cases became significant. Decisions in IP matters were therefore subject to delay. The IP caseload currently represents 1% of the cases handled by the MFCTAA Court. With the creation of a specialized IP Court, delays should lessen.

The specialized IP Court will have general subject matter jurisdiction over IP matters ranging from copyrights to plant varieties. The IP Court's three President-appointed Magistrates are expected to take office within the next 4 to 6 months, and will take over all pending IP cases currently filed with the MFCTAA Court. Although there are certain concerns in having cases decided solely by a 3-judge bench, the specialized IP Court's decisions can be appealed to any Circuit Court, which in the past have reviewed IP rulings. The MFCTAA Court will continue to have jurisdiction, however, as

the highest court in IP matters for purposes of setting precedents.

The creation of a specialized IP Court in the fall of 2008 in Mexico is expected to bring a significant improvement in efficiently handling IP caseloads and creating consistent case law in IP matters.

-X7

Montenegro: INTELLECTUAL PROPERTY
OFFICE OPENS – NOVEMBER 28, 2008
DEADLINE

The Intellectual Property Office opened in Montenegro on May 28, 2008. Owners of patent, trademark or design applications pending in Serbia on the date of the opening of the Montenegro office may revalidate those rights in Montenegro, retaining the priority of the Serbian filing. Refiling must take place within six months of May 28, namely, November 28, 2008. International Registration extensions to Serbia filed with WIPO during the period June 3, 2006-December 4, 2006 must also be revalidated in Montenegro by filing a request with the Montenegro IP Office, to retain the priority the Serbian extension. Serbian national rights registered before May 28, 2008 will automatically be recognized in Montenegro. To obtain a Montenegrin Certificate of Registration, the rights owner must request issuance of such Certificate, based on proof that its trademark, patent, or design was validly registered in Serbia as of May 28, 2008.

-JLH

WIPO: PROTECTION OF DOMAIN NAMES

Fiat Group Automobiles Switzerland SA v. Mattioli, WIPO Case DCH2007-0020, February 15, 2008).

A recent Expert Decision of the World Intellectual Property Organization Arbitration and Mediation Centre (“WIPO”) in a domain name dispute brought under the dispute resolution procedures for .ch

domain names,¹ is an important reminder that trademark owners should act quickly to protect their marks against improper use in domain names.

This case was brought by Fiat SpA (“Fiat”), the well-known automobile manufacturer and owner of an International Trademark Registration (“IR”) for FIAT CINQUECENTO. This mark is the Italian equivalent of FIAT 500, and is the name of an ultra-compact automobile model that Fiat sold throughout Europe for almost twenty years from 1957 – 1975. Although Fiat ceased production of the Cinquecento model in 1975, these tiny cars remained popular in European cities well beyond the mid-seventies. In 1992, Fiat obtained an IR for FIAT CINQUECENTO mark and, in 2006, re-launched and began producing an updated version of the Cinquecento model. That same year, Fiat registered the FIAT 500 mark.

In 1997, Claudio Mattioli, a Swiss individual, registered the domain name fiat500.ch for his website directed to fans of the Fiat Cinquecento model. Although the website offers toy cars for sale, its purpose is to provide information on various iterations of the Fiat Cinquecento and related automobiles.

On December 11, 2007, Fiat filed this proceeding before WIPO against Mr. Mattioli, seeking transfer of the domain name to Fiat, on the ground that he infringed Fiat’s mark. Although WIPO considered FIAT CINQUECENTO well-known, it determined also that Mr. Mattioli’s fiat500.ch website was informational in nature, and found no evidence that Mr. Mattioli was holding himself or his website out to be affiliated with Fiat. Accordingly, WIPO concluded that there would be no likelihood of confusion among consumers.

¹ “.ch” is the country-code top-level domain designated for Switzerland. Proceedings before WIPO for .ch domain names are similar to proceedings brought under the Uniform Domain Name Dispute Resolution Policy (“UDRP”).

Notably, WIPO held that, even if Mr. Mattioli was acted in bad faith, a transfer of the domain name would not be justified. WIPO noted that by waiting over ten years to commence an action against Mr. Mattioli, Fiat forfeited its rights to the fiat500.ch domain name. While WIPO did not set forth a *per se* rule on how long it would take for a trademark holder to forfeit its right to institute a domain name dispute proceeding, this decision suggests that trademark owners who fail to act quickly to enforce their marks against infringements in domain names proceed at their own peril.

- NHE

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