

FROSS ZELNICK LEHRMAN & ZISSU, P.C.

EDITOR: JANET L. HOFFMAN

Partners

Ronald J. Lehrman
Stephen Bigger
Roger L. Zissu
Richard Z. Lehv
David Ehrlich
Susan Upton Douglass
Janet L. Hoffman
Peter J. Silverman
Lawrence Eli Apolzon
Barbara A. Solomon
Mark D. Engelmann
Nadine H. Jacobson
Andrew N. Fredbeck
Craig S. Mende
J. Allison Strickland
John P. Margiotta
Lydia T. Gobena
Carlos Cucurella
James D. Weinberger
David Donahue
Nancy E. Sabarra
Charles T.J. Weigell III

Special Counsel

Michael I. Davis

Counsel

James D. Silberstein
Joyce M. Ferraro
Michelle P. Foxman
Robert A. Becker
Michael Chiappetta
Evan Gourvitz
Tamar Niv Bessinger
Diane Marcovici Plaut
Nancy C. DiConza

Associates

Laura Popp-Rosenberg
Cara A. Boyle
Marilyn F. Kelly
Betsy Judelson Newman
Suzanne White
Karen Lim
Grace W. Kang
Casey M. Daum
Xiomara Triana
Jason Jones
Todd Martin

JUNE 2009

WE ARE PLEASED TO ANNOUNCE THAT FROSS ZELNICK received top honors in several categories in *Managing Intellectual Property Magazine's* annual survey of U.S. intellectual property law firms. The firm was recognized for trademark non-contentious and overall copyright work, based on the publication's annual survey of more than 2,000 corporate and private practice IP specialists worldwide and in-house researchers. Partners Allison Strickland and David Donahue accepted both the "U.S. Trademark Prosecution Firm of the Year Award" and the "U.S. Copyright Firm of the Year Award" on the firm's behalf on Thursday, March 26, at MIP's annual North American Awards dinner in Washington, D.C.

RICHARD LEHV won a decision in the United States Court of Appeals for the Second Circuit on April 21, 2009 in a copyright case for client Crown Awards, Inc. against Discount Trophy & Co, Inc. The Court affirmed the district court ruling on infringement and damages, after a trial, as well as the award of Crown's attorneys' fees, which the court found fair and reasonable. The aggregate amount awarded was \$188,373. The case is discussed further in the U.S. section of this Information Letter.

DAVID DONAHUE and **BETSY JUDELSON NEWMAN** successfully defended an appeal before the New York State Supreme Court Appellate Division, First Department on behalf of defendant documentary filmmakers John Grace and Mike Miller. The plaintiffs had alleged defamation and related claims against Mr. Grace and Mr. Miller, as well as co-defendants NBC-Universal Inc., several NBC-Universal employees, including Stone Phillips and John Hockenberry, and a reporter for the *Albuquerque Journal* newspaper. The claims arose out of allegedly defamatory statements about the plaintiffs in a *Dateline NBC* telecast entitled "Rescue or Ripoff," which investigated whether plaintiff Doug Copp was a hero or whether he sought to capitalize on the 9/11 tragedy by gaining access to Ground Zero under the false pretense of providing disaster recovery services and, later, by obtaining a payment of \$600,000 from the 9/11 Victim Compensation Fund for illnesses supposedly caused by his exposure to toxic chemicals at Ground Zero. The appellate court affirmed the lower court's dismissal of plaintiffs' defamation claims against Mr. Grace and Mr. Miller on grounds that they are not subject to personal jurisdiction in New York State. The appellate court also upheld the lower court's dismissal of the plaintiffs' complaint on the merits.

DAVID DONAHUE spoke before the Association of the Bar of the City of New York on "Popular Motion Strategies in Trademark Infringement Litigation." David's presentation was part of the Bar Association's "Litigating A Trademark Infringement Case" program, which took place on May 12, 2009 in New York City.

NADINE JACOBSON was a featured speaker on a panel entitled "Madrid Protocol Workshop: Update, Questions and Answers" covering recent changes to the Madrid system and their implications at the 2009 INTA Annual Meeting in Seattle, Washington.

MICHAEL I. DAVIS moderated a panel on the topic "Taming Dragons & Tigers: Practical Solutions for Trademark Protection in Asia," at the recent AIPLA meeting held on May 12-13 in San Diego. Presentations were made by attorneys who practice in the jurisdictions which had been selected for review, namely, China, Japan, Korea, Taiwan and India. In relation to China, the speaker noted that although Hong Kong and Macao were now under Chinese sovereignty, following the termination of United Kingdom and Portuguese rule, the pre-existing Trademark Laws of each were still in force, and practitioners need to be aware of this circumstance. The basics of the laws and practices in the above jurisdictions were emphasized by the respective speakers, who stressed the need to adhere to local laws and procedures for the due protection of trademark rights.

NADINE JACOBSON will be speaking at the New York Intellectual Property Law Association's CLE Half-Day Trademark & Copyright Program on Wednesday, June 3, 2009 on "Recent and Proposed Changes to The Madrid Protocol – Repeal of the Safeguard Clause and the Issue of Replacement."

CARA BOYLE will be speaking at the AIPLA 2009 Trademark Boot Camp in Alexandria, Virginia on June 17, 2009 on "International Applications." The First Annual Trademark Boot Camp is designed for new trademark practitioners or others interested in learning the basics of trademark application preparation and prosecution.

FROSS ZELNICK LEHRMAN & ZISSU, P.C.

Information Letter

FROSS ZELNICK LEHRMAN & ZISSU, P.C.

Tel: 212-813-5900
E-Mail: fzlz@frosszelnick.com
Editor: Janet L. Hoffman

UNITED STATES

CHANGE IN GOOGLE ADWORDS POLICY

COPYRIGHT DECISION

- Infringement (*Crown Awards v. Discount Trophy*)

TRADEMARK DECISION

- Sale of Marks as Keywords "Use in Commerce" (*Rescuecom v. Google*)

TTAB DECISIONS

- Fraud Case Suggests Deletion of Excess Goods after Registration May Cure Fraud (*Zanella Ltd. v. Nordstrom, Inc.*)
- Lack of Bona Fide Intent to Use Mark in U.S. Commerce (*Honda v. Winkelmann*)

Change in Google AdWords Policy

Google has announced major changes to its AdWords trademark policy that go into effect in the United States on June 15, 2009. These changes only affect advertisements in the United States and are in addition to the changes to Google's international AdWords policies, discussed later in this Information Letter.

For the USA, as of June 15, 2009, advertisers will be allowed to use trademarked terms in their ad text even if they do not own rights to those marks or have permission to use the marks in their advertising. The new rule will allow all AdWords users to bid on trademarked keywords. The new rule will also allow use of trademarked terms in ad text, except

when the advertisement links to a website that:

- Sells or facilitates the sale of counterfeit goods;
- Primarily sells or facilitates the sale of competitive goods or services;
- Is primarily focused on criticism of the trademarked good or service;
- Lacks substantial information or the advertisement itself is unclear.

Google will review all advertisements before they go live on the site, but will retain a complaint procedure for any trademark owners that believe an advertisement is in violation of the revised policy.

Fross Zelnick is working with Google to learn more about how this policy will be enforced. If you are interested in further information on this new policy or how Fross

DISCLAIMER: This Information Letter is provided as a public service to interested persons and its receipt does not create an attorney-client relationship, or revive a concluded attorney-client relationship, between the firm and recipients. 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.

Zelnick can assist you with Google-related issues, please contact us.

- TM

Copyright Decision: INFRINGEMENT

Crown Awards, Inc. v. Discount Trophy & Co., Inc., No. 08-1674-cv (2d Cir. April 21, 2009)

As we reported in our June, 2008 Information Letter, on March 13, 2008 Fross Zelnick partner Richard Lehv won a judgment of copyright infringement on behalf of client Crown Awards, Inc., against Discount Trophy & Co., Inc. in federal District Court (Southern District) in New York. The judgment, entered after a trial, held that the defendant infringed the copyrights in Crown's popular Spin Trophy, by selling a trophy that the 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 judgment, the trial court granted our motion to recover attorneys' fees from the defendant. The trial judge wrote that Crown and Fross Zelnick "prevailed in every stage of the litigation" and that Crown was entitled to recover its legal fees in full. The trial judge commented further that "Fross Zelnick's hourly rates for legal services have repeatedly been found to be fair by courts evaluating them," and that "as a result of Fross Zelnick's expertise in the field of copyright law, it does not expend extra time to understand the issues involved in a copyright case, and therefore spends only a reasonable number of hours to litigate the case." (The aggregate amount awarded was \$188,373.)

The defendant appealed. In April 2009, after oral argument a month earlier, the Court of Appeals affirmed the judgment in all respects. The Court of Appeals said, "[W]e agree with the district court's

determination that Crown established actual copying.... Discount's product... mimics Crown's protectable aesthetic decisions in the arrangement of the trophy's elements to an extent that their 'total concept and feel' are the same." The Court of Appeals also affirmed the award of Crown's attorneys' fees.

- RZL

Trademark Decision: SALE OF MARKS AS KEYWORDS "USE IN COMMERCE"

Rescuecom Corp. v. Google, Inc., 562 F.3d 123 (2d Cir. April 3, 2009)

Keyword advertising has long been a controversial issue in legal circles. In general terms, a keyword advertisement is any advertisement that is triggered when an Internet user types a certain term (the "keyword") into an Internet search engine query page. The keyword may be a generic term – such as "car" or "jeans" – or it can be a known trademark – such as CHEVROLET or LEVI'S. When the Internet user types in the keyword as a search query, the search engine results page will list both the organic search results from the query as well as paid advertisements resulting from the keyword at issue. Usually, the paid keyword advertisements appear separate from the organic search results, either in a special section above or to the side of the organic results.

The use of trademarks as keywords has pitted trademark owners against both competitors – who purchase the keywords – and Internet search engines – who sell the keywords. To date, courts have been somewhat divided about the legality of using third party trademarks as keywords. What has most divided the courts so far has not been whether the use of keyword advertisements is likely to cause confusion, but whether the sale of trademarks as keywords even constitutes "use in commerce" under the federal trademark act, the Lanham Act.

As background, the two primary federal law provisions at issue in the keyword advertising (and most trademark) cases are Sections 32 and 43 of the Lanham Act, both of which impose liability on, *inter alia*, unauthorized “use in commerce” of another’s mark. Neither defines what “use in commerce” means in the context of those sections. Elsewhere, however, the Lanham Act provides that “a mark shall be deemed to be in use in commerce . . . on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce.” 15 U.S.C. § 1127.

A Circuit-level court has finally weighed in on the debate on whether the sale of trademarks as keywords constitutes “use in commerce”: in *Rescuecom Corp. v. Google, Inc.*, --- F.3d ---, 2009 WL 875447 (2d Cir. April 3, 2009), the Second Circuit decided that Google’s practice of selling trademarks as keywords constitutes “use in commerce.” At issue in *Rescuecom* were Google’s AdWords service and its Keyword Suggestion Tool. Google’s AdWords program allows advertisers to purchase keywords, including third-party trademarks, to trigger the advertiser’s advertisements. Google’s Keyword Suggestion Tool recommends keywords to advertisers. For example, the Keyword Suggestion Tool might recommend that a car dealer purchase the keyword “Chevrolet” in addition to purchasing the keyword “car.”

Rescuecom claimed that Google’s practice of offering Rescuecom’s trademark to third party advertisers as part of its keyword advertising programs amounted to trademark infringement, false designation of origin and dilution under the Lanham Act, among other claims. Google moved to dismiss all three Lanham Act claims, on the ground that Google did not use Rescuecom’s trademark in commerce within the meaning of the Lanham Act.

The federal district court granted Google’s motion to dismiss, holding that Google’s use of Rescuecom’s trademark in its keyword advertising programs did not constitute “use in commerce” sufficient to bring Google’s practice within the confines of the Lanham Act. *Rescuecom Corp. v. Google, Inc.*, 456 F.Supp.2d 393 (N.D.N.Y. 2006). In so ruling, the district court relied on *1-800 Contacts, Inc. v. WhenU.com, Inc.*, 414 F.3d 400 (2d Cir. 2005), where the Second Circuit held that a software program voluntarily downloaded by users on their computers that generated pop-up advertisements depending on the website or search term the user entered in a browser did not constitute “use in commerce” of the plaintiff’s trademark under the Lanham Act.

The Second Circuit in *Rescuecom* rejected the district court’s reliance on *WhenU*, finding the case distinguishable. 2009 WL 875447 at *5. In *WhenU*, it was the plaintiff’s website address, not its trademark *per se*, which had generated the pop-up advertisements at issue; Google, on the other hand, used Rescuecom’s actual trademark in its keyword advertising programs. *Id.* Further, while Google allowed and even encouraged its advertising customers to purchase Rescuecom’s trademark as a keyword, *WhenU* did not; rather, its software generated pop-up ads based on a proprietary category assignment program that was not revealed to advertisers. *Id.*

Unfettered by its *WhenU* decision, the Second Circuit easily determined that Google’s practices amounted to “use in commerce” of Rescuecom’s trademark:

Google displays, offers, and sells Rescuecom’s mark to Google’s advertising customers when selling its advertising services. In addition, Google encourages the purchase of Rescuecom’s mark through its Keyword Suggestion Tool. Google’s utilization of

Rescuecom's mark fits literally within the terms specified by 15 U.S.C. § 1127.

2009 WL 875447 at *5. Accordingly, the Second Circuit reversed the district court's dismissal and remanded the case to the district court for further proceedings. *Id.* at *7.

Assuming the case moves forward, the primary issue will be whether Google's activities cause a likelihood of confusion. While the Second Circuit expressed no opinion as to whether Google's use of Rescuecom's trademark causes a likelihood of confusion, *id.* at * 7, the Second Circuit did make a seemingly relevant statement on this point. In a footnote, while digressing on a somewhat tangential topic, the Second Circuit stated that allowing advertisers to pay to have their results appear as part of the organic search results "would be highly likely to cause consumer confusion," contrasting that practice to displaying keyword advertisements as "separate 'sponsored links'" or in a "paid advertisement section," which is what Google does. *Id.* at *16, n.4. So while the *Rescuecom* decision is likely to be influential even beyond the Second Circuit on whether Google's use of third-party trademarks constitutes "use in commerce," there is still an open question as to whether such use amounts to trademark infringement or unfair competition – and therefore still leaves open whether Google will change its keyword advertising program in the U.S. to exclude the purchase of third-party trademarks, as it does in some jurisdictions, most notably European jurisdictions such as France, Germany, Italy and Spain.

- LPR

TTAB Decision: FRAUD CASE
SUGGESTS DELETION OF EXCESS GOODS
AFTER REGISTRATION MAY CURE FRAUD

Zanella Ltd. v. Nordstrom, Inc., Opp. No. 91177858 (October 23, 2008 and May 13, 2009)

The issue of whether fraud can be cured has arisen in several Trademark Trial and Appeal Board (TTAB) cases. The most recent is *Zanella Ltd. v. Nordstrom, Inc.*, Opposition No. 91177858, in which the applicant filed a cancellation counterclaim based on fraud against registrations pleaded by the opposer. On October 23, 2008, the TTAB entered an order denying applicant's motion for summary judgment on its counterclaim. The order was originally designated as non-precedential, that is, not for publication. On further consideration, the TTAB designated the order precedential, in an order dated May 13, 2009.

The applicant requested summary judgment that several registrations pleaded by opposer were fraudulent because they falsely claimed use on multiple excess goods. However, many years before the opposition proceeding was filed, the opposer deleted the excess goods, either by filing an amendment under Section 7 of the U.S. Trademark Act or by deleting the goods as part of a Section 8 continued use declaration. In some of the registrations, the false claim of use for many excess goods was made in both the original application and the subsequent Section 8&15 declaration six years later.

Notwithstanding these multiple acts of overclaiming, in its October 23 order, the TTAB held that the "timely proactive corrective action with respect to these registrations raises a genuine issue of material fact regarding whether the opposer had the intent to commit fraud." The TTAB added that "opposer's action in correcting any false statements prior to any

actual or threatened challenge to the registrations creates a rebuttable presumption that opposer did not intend to deceive the Office,” citing *University Games Corp. v. 20Q.net Inc.*, 87 U.S.P.Q. 2d 1465, 1468 (TTAB 2008). In that case, the TTAB denied an opposer’s motion for summary judgment, based on fraud, against an application with a use claim for excess goods because the excess goods were deleted prior to publication. This raised an issue of fact as to the applicant’s intent.

The October 23, 2008 order remands the case for further proceedings. However, there will be no further proceedings, such as a trial, in this case because the opposition and cancellation counterclaim were settled and dismissed by stipulation in March, 2009. If the case had continued to trial, the applicant could have tried to prove that, considering all the facts and circumstances, the opposer still had the intent to commit fraud, which was not cured by corrective action years after the serious overclaiming.

That this case was designated for publication suggests that it reflects more than the views of just the panel of three TTAB members who decided it originally. This is also the second recent TTAB published decision limiting the very broad fraud rule stated in prior cases. As reported in the March, 2009 issue of this Information Letter, the TTAB held, on January 9, 2009, that fraud in a multi-class registration resulted in invalidity only in the class concerned.

However, the *Zanella* case does not hold that fraud can always be cured by a timely correction prior to the commencement of a TTAB proceeding or claim, but only that a timely correction makes the fraud attack unsuitable for decision on summary judgment. It remains to be seen whether a timely correction will be held to cure fraud in a case decided after a full trial or, more

broadly, whether the TTAB will continue to back-pedal on fraud.

- DWE

TTAB Decision: LACK OF BONA FIDE INTENT TO USE MARK IN U.S. COMMERCE

Honda Motor Co., Ltd. v. Friedrich Winkelmann, Opposition No. 91170552, __ U.S.P.Q. 2d __ (TTAB April 8, 2009)

In March, 2008 the Trademark Trial and Appeal Board issued its first precedential opinion sustaining an opposition on the ground of lack of bona fide intent to use (as well as likelihood of confusion) in *L.C. Licensing, Inc. v. Berman*, 86 U.S.P.Q. 2d 1883 (TTAB 2008). That decision was followed in September, 2008 by another precedential decision, *Boston Red Sox Baseball Club Ltd. Partnership v. Brad Francis Sherman*, 88 U.S.P.Q. 2d 1581 (TTAB 2008), in which the Board sustained an opposition based on the grounds of lack of bona fide intent and that the mark was scandalous and disparaging. Now, the Board has issued its first precedential opinion refusing registration of a Section 44(e) application (home-country registration basis), as well as its first decision sustaining an opposition on the sole ground of lack of bona fide intent. The decision is *Honda Motor Co., Ltd. v. Friedrich Winkelmann*, Opposition No. 91170552, __ U.S.P.Q. 2d __ (TTAB April 8, 2009).

Friedrich Winkelmann (“Winkelmann”) filed an application to register the mark V.I.C. for “vehicles for transportation on land, air or water . . .” in Class 12 based on his German application for the same mark. Honda Motor Co. Ltd. (“Honda”) opposed the application on the basis of a likelihood of confusion between its registrations for CIVIC for “automobiles” and “automobiles and structural parts therefor” and Winkelmann’s applied-for mark. After discovery, Honda amended its notice of opposition to add a claim that Winkelmann lacked a bona fide intent to use the

applied-for mark in U.S. commerce at the time he filed his application. Honda then filed a motion for summary judgment on the newly-added ground.

The United States Patent and Trademark Office requires that applicants who file under Section 44(e) (home-country registration basis), as well as applicants who file under the intent-to-use statute, Section 1(b), must verify in writing that they have a bona fide intent to use the mark in U.S. commerce. When determining whether an applicant has the required bona fide intent, the Board applies the same analysis to applications filed under Section 44(e) as it does to those filed under Section 1(b).

In a 1993 decision, *Commodore Electronics Ltd. v. CBM Kabushiki Kaisha*, 26 U.S.P.Q. 2d 1503 (TTAB 1993), the Board established that an applicant's lack of any documents verifying its bona fide intent to use the mark is sufficient to establish a rebuttable presumption that the applicant lacked such an intent. If an opposer is able to show that an applicant lacks such documents, the burden then falls on the applicant to rebut the presumption that she or he lacked the requisite bona fide intent.

Here, Honda asserted that Winkelmann's interrogatory responses and lack of document production demonstrated that he had no current business plans, ongoing discussions, promotional activities, or anything else to corroborate his claim of a bona fide intent to use the applied-for mark in U.S. commerce. In response to Honda's interrogatories, Winkelmann answered that he "ha[d] not had any activities in the U.S. and ha[d] not made or employed a business plan, strategy, arrangements or methods there." Further, he answered that he "ha[d] not identified channels of trade that [would] be used in the United States." Winkelmann stated in response to one of the interrogatories that he did have a bona fide intent to use the mark on or in

connection with the goods claimed in the application at the time he filed the application. But in response to the following interrogatory requiring him to identify any and all evidence supporting his claim of a bona fide intent, Winkelmann answered "not applicable."

In response to requests for production of documents sufficient to identify all intended uses of his mark on or in connection with the claimed goods, identify products associated with the applied-for mark, and documents that he intended to use to promote, advertise, publicize or sell goods and/or services under his mark, Winkelmann responded "no such documents exist." Instead, Winkelmann produced only printouts from his German-language website, his German, European, and WIPO trademark registrations, and official correspondence with the United States Patent and Trademark Office. He responded to the summary judgment motion with statements of subjective intent made by declarants on his behalf.

Based on this record, the Board held that Winkelmann had failed to raise a genuine issue of material fact as to his lack of a bona fide intent to use the applied-for mark in U.S. commerce. The Board held that evidence of Winkelmann's foreign registrations and website printouts did not demonstrate use of the applied-for trademark in connection with the claimed goods. Nor did the documents show that Winkelmann had an intent to use the mark in the United States. The website printouts demonstrated only that the mark was used to identify car care packages or promotional materials, but not the cars themselves. At most, the printouts supported an intention to use the mark for promotional services for dealerships, but not for "vehicles for transportation." The Board therefore sustained Honda's opposition on the lack of bona fide intent ground.

In a footnote, the Board contrasted the situation here with that in *Lane Ltd. v. Jackson International Trading Co.*, 33 U.S.P.Q. 2d 1351 (TTAB 1994). There, the Board found that applicant Jackson had the requisite bona fide intent. The *Honda* panel pointed out that Jackson had submitted evidence that it had succeeded in marketing tobacco in the United States by locating a non-U.S. licensee which then exported tobacco to the United States under a previous version of the applied-for mark. Jackson also submitted a declaration from its principal that he was attempting to find a licensee for its new mark. The Board in *Lane* held that this evidence was relevant to establish that Jackson was engaged in the tobacco-marketing business, and corroborated Jackson's claimed bona fide intention to use the new mark in U.S. commerce.

We note that the bona fide intent to use requirement also applies to extensions of protection to the United States of international registrations filed under Section 66(a). Under the rules of the Madrid Protocol, however, an opposition once filed may not be amended to add grounds for opposition. Therefore, a prudent opposer to a Section 66(a) application should include a claim of lack of bona fide intent in the initial notice of opposition if there is any basis for making this allegation. A lack of bona fide intent could be inferred from an inherently implausible and overbroad description of goods and services, for example, or from the applicant's history of filing numerous intent-to-use applications for which no statements of use were actually filed.

Fross Zelnick has cautioned clients for many years to limit the goods and services in their applications to those for which they have a provable bona fide intent to use the applied-for mark, notwithstanding a home-country registration with a broad identification. The *Honda* decision bears

out this position, and makes clear that applicants do not get a "free pass" simply because they rely on a home-country registration basis. The decision underlines the advisability of not applying for marks for which an applicant does not have a bona fide intent to make use in U.S. commerce. Applicants should also vigilantly delete from their applications any goods or services for which they no longer have a bona fide intent to use the mark as early as possible between filing and registration, and even beyond. *Zanella Ltd. v. Nordstrom, Inc.*, Opposition No. 91177858 (October 23, 2008) (not precedential), suggests that the proactive deletion of goods and services from already-issued registrations would create the rebuttable presumption that the registrant did not intend to deceive the Office. Once a third party challenges an application or registration, however, the cases strongly suggest that it is too late to narrow the description of goods and services in order to avoid a claim of lack of bona fide intent.

Moreover, it would be prudent for all applicants to maintain documentation showing marketing plans, product sourcing contacts, cross-over plans with existing businesses and the like, supporting plans to use their trademarks in the U.S. Such proof, even if not pertaining to the immediate future, could well have resulted in a different outcome in the *Honda* case.

Finally, the law is still unsettled as to the outcome if an applicant is able to demonstrate a bona fide intent to use the mark on some, but not all, of the goods in the challenged application. *Wet Seal Inc. v. FD Management Inc.*, 82 U.S.P.Q. 2d 1629 (T.T.A.B. 2007), suggests that the remedy then is to strike from the application the goods or services for which the applicant was not able to prove a bona fide intent. But the same decision also leaves open the possibility that if a claim of fraud were included in the notice of opposition,

the applicant's inability to show a bona fide intent as to all of the claimed goods and services would support the fraud claim, and the entire application or registration in the affected class could be invalidated. The Federal Circuit will be deciding an appeal of the Board's decision in *Bose Corp. v. Hexawave, Inc.*, 88 U.S.P.Q. 2d 1332 (TTAB 2007) (not precedential) in the coming months, and we anticipate a significant ruling on the fraud and invalidity doctrine.

- KL

FROSS ZELNICK LEHRMAN & ZISSU, P.C.

Information Letter

FROSS ZELNICK LEHRMAN & ZISSU, P.C.

Tel: 212-813-5900
E-Mail: fzlz@frosszelnick.com
Editor: Janet L. Hoffman

INTERNATIONAL

CANADA

- Trademarks and French Language Requirements in Quebec

DENMARK

- Amendment to Anti-Counterfeiting Laws

GERMANY

- Keywords Cases

INTERNATIONAL

- Google AdWords Policy Change

IRAN

- New Copyright, Industrial Design, Patent and Trademark Law

TURKEY

- Amendment to Trademark Decree Law

Canada: TRADEMARKS AND FRENCH LANGUAGE REQUIREMENTS IN QUEBEC

The Province of Quebec's Office of the French Language has revised its guidelines regarding the regulation of trademarks in the context of the French language requirement in Quebec. The Regulation Respecting the Language of Commerce and Business creates a trademarks exception to the Charter of the French Language requirement that all product markings, promotional materials, signage and the like be in French (with accompanying translations permitted). Namely, the exception permits "recognized trade-marks" to be presented solely in a language other than French, unless the French version of the mark is registered. Previously, "recognized trade-marks" was

interpreted to include both registered and unregistered marks. Under the new guidelines, however, the exception applies only to registered marks. Thus, trademark proprietors doing business in Quebec should be aware of this change, and should seek registration for their relevant marks.

- CMD

Denmark: AMENDMENT TO ANTI-COUNTERFEITING LAWS

A bill to amend and strengthen various Danish anti-counterfeiting laws entered into force on January 1, 2009. The new legislation is intended to increase the sanctions against counterfeiting, providing better protection for both IP holders and consumers. The bill increased

DISCLAIMER: This Information Letter is provided as a public service to interested persons and its receipt does not create an attorney-client relationship, or revive a concluded attorney-client relationship, between the firm and recipients. 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.

penalties and fines, and expands liability to include both intentional infringement and gross negligence. Further, the new legislation expands customs and tax authorities' abilities to contact IP holders directly regarding possibly infringing goods discovered in the course of routine activities.

- CMD

Germany: KEYWORDS CASES

The Federal Supreme Court of Germany recently heard three cases related to trademarks and AdWords (Google's program selling keywords to advertisers, in which purchasers' advertisements appear next to search results when users search for the purchased keywords): *bananabay*, *PCB* and *Beta Layout GmbH*. Directly at issue in the *bananabay* case was whether the use of a trademark as an AdWord constitutes use "as a trademark" in the context of trademark infringement claims; the Supreme Court has referred this issue to the European Court of Justice for a preliminary ruling. The Supreme Court did not consider this issue in the *PCB* case, as in *PCB* it simply held that use of descriptive matter as an AdWord does not constitute trademark infringement. Similarly, in the *Beta Layout GmbH* case, the Supreme Court did not reach the issue of AdWords as trademarks, instead holding that use of a company name as an AdWord does not constitute trademark infringement.

-CMD

International: GOOGLE ADWORDS POLICY CHANGE

Google is implementing a major change to its AdWords trademark policy. As of June 4, 2009, Google will no longer restrict or monitor trademarks used as keywords in the majority of countries around the world.

Before this change, in most countries, when Google received a valid complaint from a

trademark owner it ceased selling the subject registered trademark as a keyword to its AdWords advertisers in that country. The only exceptions to this policy were the United States, Canada, the United Kingdom and Ireland, where advertisers have long been free to bid on others' trademarks as keywords (but are not free to use the trademarks in ad text).

On June 4, however, the exception became the rule, as Google expands its controversial permissive trademark regimen in place in the United States, Canada, the United Kingdom and Ireland to nearly 190 countries. The full list of the countries affected can be found at <https://adwords.google.com/support/bin/answer.py?answer=144298>. Excluded from the list are all members of the European Union (except the U.K. and Ireland), and several other European countries including Iceland, Liechtenstein, Moldova, Monaco, Norway and Switzerland. Other notable exclusions include Australia, Brazil, China and New Zealand. In these countries, Google will continue to restrict the sale of registered trademarks as keywords to its AdWords advertisers.

Fross Zelnick is well-versed in Google's AdWords policies, and has a good working relationship with Google. We have successfully enforced many clients' trademarks using Google's complaint procedures, and have also negotiated additional terms with Google beyond its standard policy. If you are interested in learning more about how we can assist you with Google issues, please contact us.

- LPR

Iran: NEW COPYRIGHT, INDUSTRIAL DESIGN, PATENT AND TRADEMARK LAW

On March 10, 2009 the new copyright, industrial design, patent and trademark law, published in April of 2008, came into effect. Some salient features of the new law, for trademarks, follow:

- Applicants will have 60 days from the filing of an application to complete all formalities (with a possible 60-day extension at the discretion of the Office).
- Cancellation for non-use has been introduced into the law for the first time; a mark may be cancelled on this basis if it has not been used for an uninterrupted period of three years.
- New opposition procedures have been introduced. For example, if an opposition is filed based on an unregistered right (such as well-known status), the opposer must simultaneously file a trademark application with the opposition.
- A trademark owner may now apply for renewal twelve months before the renewal date; a six-month grace period has been introduced (additional fee).
- A trademark owner may now rely on its mark in enforcement proceedings as soon as it has been published, without waiting until the mark is registered. Of course, this could lead to a third-party defendant opposing the application. But this is a matter of strategy.
- Finally, penalties for intellectual property violations have been strengthened.

We note as well that the law included, for the first time, registration of industrial designs. Finally, the Intellectual Property Office has substantially increased its official fees.

- J LH

Turkey: AMENDMENT TO TRADEMARK DECREE LAW

An amendment to Decree Law 556 on the Protection of Trademarks entered into force on January 28, 2009. The amendment strengthens trademark rights, for example, by providing protection against dilution

(trademark registration owners can prevent use of identical/similar signs in connection with goods/services not similar to those for which the proprietor's own marks are registered, to prevent unfair advantage and/or damage to distinctiveness), and expanding the scope of Customs enforcement. The amendment also specifically includes within the definition of trademark infringement use of another's mark "on the Internet, as a domain name, leading code or keyword, in a way that creates a commercial impact, without a legitimate right or interest." However, there remains some uncertainty as to how the new law will be interpreted and implemented, and a draft Trademark Law which may modify the law is currently under review.

-CMD

FROSS ZELNICK LEHRMAN & ZISSU, P.C.