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JUNE 2002

WE ARE VERY PLEASED TO ANNOUNCE that in the May 2002 issue of Intellectual Property Today, Fross Zelnick was named the top firm (out of 359) in terms of numbers of registrations obtained in 2001 for its clients in the U.S. Patent and Trademark office.

DAVID EHRLICH and **JAMES SILBERSTEIN** won a trademark opposition for our clients INTERLEGO AG, KIRKBI AG and LEGO Systems, Inc. (all part of the famous LEGO® toy company) against a U.S. trademark application for MEGO for toys, after a full trial and oral hearing, Opposition No. 103,612, opinion dated March 8, 2002. The Trademark Trial and Appeal Board found confusion likely, especially since “LEGO is one of the most famous toy marks in the United States.” The TTAB rejected the applicant’s argument that co-existence between LEGO and a prior MEGO trademark twenty years ago, allegedly without confusion, proved that confusion was not likely today.

ROGER ZISSU, **EVAN GOURVITZ** and **JAMES SILBERSTEIN** were successful in defeating at trial the claims of the heirs of artist Burne Hogarth against Edgar Rice Burroughs, Inc. for ownership of the renewal copyright in two illustrated Tarzan books published by Watson-Guption publications in 1972 and 1976. Hogarth had drawn the Tarzan newspaper strips from 1937 to 1950 as works made for hire and had been engaged in the 1970’s to illustrate the books at issue which contained shortened versions of various original Tarzan stories written by Edgar Rice Burroughs. Hogarth’s children sued for a declaration that the books were solely authored by the artist and that ownership of the copyright renewal terms reverted to them after their father died. But the U.S. District Court for the Southern District of New York found that Hogarth had provided the illustrations for the books at the “instance and expense” of Edgar Rice Burroughs, Inc. and ruled that both books were therefore works made for hire under the 1909 Copyright Act and owned by the employer.

ELECTRONIC BOOKS PUBLISHER **ROSETTA BOOKS** won affirmance by the U.S. Second Circuit Court of Appeals of the District Court's decision denying Random House a preliminary injunction against Rosetta's e-book publication of various works of Kurt Vonnegut, Robert Parker and William Styron. **ROGER ZISSU** argued the appeal for Rosetta. The District Court had held that Random House's contracts with the authors from the 1960s and 1970s, granting it the right to print, publish and sell their novels "in book form," did not include e-book rights, a new form of use that did not exist in the earlier time frame.

ON **APRIL 22**, **JANET L. HOFFMAN** spoke on "Geographic Indications and Trademarks" at a Judicial Seminar in Kiev, Ukraine, sponsored by the Coalition for Intellectual Property Rights. The Seminar was attended by judges from throughout Ukraine, as well as officials from the patent and Trademark office and legislative bodies.

CAROL SIMKIN, **PATRICK PERKINS** and **EVAN GOURVITZ** successfully defended comic book publisher DC Comics and obtained summary judgment against a claim that the character depicted in the Warner Brothers animated television series *Batman Beyond* infringed the copyright in an unsolicited proposal allegedly sent to DC by the plaintiff more than a decade earlier. This case is further detailed in the U.S. section of this INFORMATION LETTER.

WE ARE VERY PLEASED TO WELCOME TWO NEW ASSOCIATES TO OUR FIRM:

JASON VOGEL joins us as an associate in the International group. Jason comes to us from Kramer Levin Naftalis & Frankel where he was an associate since October 1999. Jason was an associate for Herrick, Feinstein during the summer of 1998. For the summer and fall of 1997, Jason was an intern for Warner Music International. Prior to that, he was a recording engineer and record producer from 1988 to 1997 for his own company. Jason is a *summa cum laude* 1999 graduate of Benjamin N. Cardozo School of Law. He received his Bachelor's degree *cum laude* in 1998 from Berklee College of Music.

JAMES WEINBERGER joins us as an associate in the Litigation group. James comes to us from Dewey Ballantine where he was an associate since the summer of 1998. For the spring through the winter of 1998, James was an intern for the Volunteer Lawyers for the Arts. Prior to that he was an associate at Solomon, Zauderer, Ellenhorn, Frischer & Sharp for the summer of 1997. James is a 1999 graduate of Columbia Law School. He was the recipient of the Carroll G. Harper Prize and was a Harlan Fiske Stone Scholar. James received his Bachelor's degree with honors from Wesleyan University in 1996.

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Information Letter

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UNITED STATES

COPYRIGHT DECISION:

- Protectability of Fictional Characters

PATENT AND TRADEMARK OFFICE:

- Trademark Manual of Examining Procedures

Copyright Decision: PROTECTABILITY OF FICTIONAL CHARACTERS

CAROL F. SIMKIN, PATRICK T. PERKINS and EVAN GOURVITZ successfully defended comic book publisher DC Comics against a claim of copyright infringement in the Southern District of New York in *Sapon v. DC Comics*, 00 Civ. 8992 (WHP) (S.D.N.Y. Mar. 28, 2002). The Court's decision in this case may be particularly helpful in protecting fictional characters in the future.

Plaintiff Jeffrey Sapon, a Florida security guard, brought this suit against DC Comics in November 2000, alleging that the futuristic Batman character depicted in the Warner Brothers animated television series *Batman Beyond* infringed his copyright in an unsolicited proposal for a character – described by Sapon as “The New Batman” or “The Black Bat” – that he claimed he had sent to DC in 1984. In its answer and counterclaim for copyright infringement, DC contended that not only did the “Batman Beyond” character not infringe Sapon’s “Black Bat” character, but that Sapon’s work was in fact an unauthorized derivative work based on DC’s famous Batman character. DC moved for summary judgment dismissing Sapon’s infringement claim and finding that Sapon infringed DC’s copyright in Batman.

In an opinion evidencing an impressive knowledge of comics and pulp-fiction history, the Court granted both parts of DC’s motion for summary judgment.

First, the Court found that Sapon’s “Black Bat” character, as an unauthorized derivative work based on DC’s Batman, lacked sufficient originality to be found copyrightable, and hence to support a copyright infringement claim. The Court noted that, while the author of a derivative work can obtain a copyright only in original material that he or she contributes, the attributes that Sapon claimed were original to his “Black Bat” character actually (i) were copied from DC’s Batman, (ii) amounted to ideas rather than copyrightable expression, or (iii) were “trivial differences insufficient to support a copyright claim.” The Court also stated that “viewing the Black Bat as a whole,” rather than as its individual parts, “no reasonable jury could find that it satisfies the requirements of originality.” Since the Black Bat was not original and thus not copyrightable, DC could not have infringed Sapon’s work.

Next, the Court found that, given DC’s valid copyright in Batman, Sapon’s access to works featuring that character, and substantial similarities between the protected elements of Batman and Sapon’s “Black Bat,” Sapon’s character infringed DC’s copyright in Batman. The Court noted that under Second Circuit law, “copyright protection is available for characters portrayed in cartoons,” and that “courts have held Batman both alone and with Robin as copyrightable and infringed in a number of cases.”

This decision offers very favorable language regarding the copyrightability and protectability

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of Batman that other character owners may find useful in protecting their literary characters. The Court stated that, despite various changes in his costume and depiction over the course of his more than sixty-year history, Batman maintains “an immediately recognizable identity,” with certain “core protectable elements” that distinguish him from other superheroes and fictional characters.

- EG

Patent and Trademark Office:
TRADEMARK MANUAL OF EXAMINING
PROCEDURES

The U.S. Patent and Trademark Office’s (“USPTO”) manual governing the examination of trademark applications, the Trademark Manual of Examining Procedure (“TMEP”), has undergone a major reorganization and an update of its contents. This update, which is available only at the USPTO web site (<http://www.uspto.gov/web/offices/tac/tmep/>), collects many of the administrative and substantive changes which have come about since the last version of the TMEP was published in 1997. For example, recent decisions about color as a trademark and trade dress are now included. The revised TMEP also includes all of the changes which resulted from the 1999 amendments to U.S. law, which liberalized the filing requirements for trademark applications.

- DM

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Information Letter

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INTERNATIONAL

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AUSTRALIA

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- Administrative Liability for IP Violations

UNITED KINGDOM

- Stamp Duty Exemption for Good Will

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- Domain Name Decision

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Hong Kong

Argentina: NICE CLASSIFICATION

As of April 1, 2002, Argentina adopted the 8th Edition of the Nice Classification of Goods and Services, incorporating three additional services classes: 43, 44 and 45. Additionally, some services have been reclassified into old Classes 35, 40 and 41. Upon renewal of Class 42 service marks, it will be necessary to reclassify, and a separate renewal application will be required for each class for which the mark is renewed. It is not necessary, however, to reclassify pending applications filed prior to April 1, 2002.

Australia: BUD_JOVICK_BUDVAR'S GOOD FAITH DEFENSE REJECTED; USE OF BUDWEISER RULED AN INFRINGEMENT

The Federal Court of Australia (first instance decision of Justice Allsop) ruled on April 5, 2002 in *Anheuser-Busch Inc v. Bud_jovick_Budvar* [2002] FCA 390 that use of the term BUDWEISER as part of the "English" version of defendant's name, i.e., "Budweiser Budvar, National Corporation," infringes plaintiff Anheuser-Busch's BUD and BUDWEISER trademarks in Australia.

The defendant Czech company imported beer into Australia under a variety of similar labels featuring the trademark BUD_JOVICK_BUDVAR prominently in the upper part of the label, but also featuring the words "Budweiser Budvar" less prominently on the lower portion of the label, as part of its trade name. There was no dispute over ownership of the trademarks BUDWEISER or BUD in Australia. They

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clearly belonged to the U.S. company Anheuser-Busch, Incorporated, which owns several trademarks registered for beers and other class 32 goods in Australia. The defendant Czech company argued that its use of BUDWEISER as part of its name was a good faith use of the term. The Court determined that a principal witness for the defendant knew that the plaintiff's BUDWEISER trademark enjoyed a reputation in Australia, that he knew of the wide sales around the world of the plaintiff's BUDWEISER beer and that the reputation of the plaintiff's BUDWEISER trademark was not insignificant. The Court concluded that it was difficult to see how the defendant company could hold the view that no confusion would arise. The Court also noted that any alleged good faith defence to trademark infringement would be very closely scrutinized, and that defendant bore the onus of meeting a stringent threshold of proof. The Court concluded that in this case the defendant failed to meet that burden, stating that the defendant "did not use, and does not intend to use, its own name in good faith..."

The Court also ruled that the defendant's infringing uses on invoices sent only to its distributor were infringing, as was distribution of point of sale catalogues that include prominent uses of "Budweiser Budvar." Defendant's prominent use of "Bud_jovick_Budvar" on the label, however, was held not to infringe the BUDWEISER and BUD trademarks of the plaintiff.

Finally, the Court held that the defendant's cross-claim against Anheuser-Busch complaining of threats of legal proceedings made by solicitors for Anheuser-Busch must also fail, having determined that the threat of legal proceedings were justified as to the labels of the defendant company.

- J LH

Chile: NICE CLASSIFICATION

As of May 2002, the Chilean Industrial Property Department also expects to have adopted the 8th Edition of the Nice Classification of Goods and Services. Existing registrations will be reclassified only at the time of renewal.

Denmark: INFRINGING COMPACT DISC SALES PROHIBITED

Edgar Rice Burroughs, Inc., the family company which owns the rights to the TARZAN properties based on the original TARZAN work of the late Edgar Rice Burroughs, has had

another successful result in the infringement proceedings it initiated in Denmark arising from the unauthorized use of its TARZAN mark and related properties by local individuals and companies (*Edgar Rice Burroughs, Inc. v Toy Box et al, Spin Music ApS and Edel Records Denmark A/S in Denmark*).

The infringement involved the production and marketing of a song entitled *TARZAN AND JANE* on CDs including marketing and selling the CDs over the Internet.

Initially, Burroughs had brought proceedings in the Bailiffs Court in Copenhagen, seeking urgent preliminary relief. After hearing the parties, the Bailiffs Court declined to grant such urgent relief, and Burroughs then moved for a trial before the Court having jurisdiction, namely, the Maritime and Commercial Court in Copenhagen. Burroughs prepared for trial of the action, and, in particular, had made arrangements for its President to testify personally before the Court as to Burroughs' vigorous enforcement policies, the Defendants having sought to argue that Burroughs had not been diligent in its enforcement efforts.

Immediately before the Trial was due to commence, Defendants acknowledged Plaintiff's claims, and the Court rendered a judgment in Burroughs' favor, prohibiting the Defendants from exporting the compact discs in question, and from using the designations *TARZAN AND JANE* and representations of the TARZAN and JANE figures. This Decision has followed another recent ruling in Burroughs' favor in Europe, namely that of the Court of Appeal in Amsterdam, which was noted in our Information Letter of December, 2001. This matter in Denmark was handled by Karen Dyekjaer-Hansen and Johnny Petersen of the Plesner Svane & Gronborg firm in Copenhagen, and at Fross Zelnick, by MICHAEL DAVIS.

- MID

European Union: COMMUNITY TRADEMARK REGULATION

After the success witnessed by the Community Trademark Regulation¹, on December 12, 2001, the Council of the European Union passed Regulation (EC) No. 6/2002 on Community Designs ("the Community Design Regulation" or CDR) in a further attempt to harmonize the Intellectual Property Laws of the Member States

¹ See Council Regulation (EC) No. 40/94 of December 20, 1993 in the Community trademark.

and to create a real single market in the European Union.

The Community Design Regulation provides for a unified system for obtaining a Community design registration to which uniform protection is given with uniform effect throughout the fifteen Member States of the European Union. As with the Community Trademark, Community Design protection will coexist with the national laws of the Member States for the protection of designs². There are no limitations as to who can benefit from protection under the Community Design Regulation. Protection is available to any individual or company anywhere in the world.

For a product to fall within the scope of protection of the Community Design Regulation, three prerequisites must be met: 1) it must be a 'design' as defined by the Regulation; 2) the design must be novel; and 3) the design must have individual character.

A 'design' is defined in Art. 3 CDR as "the appearance of the whole or part of a product resulting from the features of, in particular, the lines, the contours, colours, shape, texture and/or materials of the product itself and/or its ornamentation."

The second prerequisite is that the design be 'new'. A design will be considered 'new' if no identical design has been made available to the public anywhere in the world before a) the filing date or priority date of the Registered Community Designs; or b) for Unregistered Community Designs (see below), the date on which the design claimed has first been made available to the public (Art. 5 CDR).

The third prerequisite is 'individual character'. A design will be deemed to have individual character if "the overall impression it produces on the informed user differs from the overall impression produced on such user by any design which has already been made available to the public" (Art. 6 CDR).

The most innovative feature of the Regulation on Community Designs is probably the protection afforded to Unregistered Community Designs. As of March 6, 2002, any design that meets the conditions listed above and that is made available to the public in the EU for the

² The national laws of the Member States of the European Union for the protection of designs were harmonized by means of the Council Directive 98/71/EC of October 13, 1998. The deadline to implement the Directive was October 28, 2001.

first time, will automatically (without any formalities) be protected in the EU for a period of three years from the date on which the unregistered design is made available to the public in the EU. If the design has first been made available outside the EU, then the design is not protectible in the EU as an Unregistered Community Design. In this event, the only remedy for the holder of the design is to apply for a Registered Community Design within a year from the date on which the design was first made available to the public outside the EU. The holder of an Unregistered Community Design will only be entitled to prevent a third party from using the protected design, if it can be proved that the third party copied the protected design. Only designs that are made available to the public after the Community Trademark Regulation comes into force will be protected as Unregistered Community Designs. Pre-existing designs will not enjoy such protection.

By contrast, Registered Community Designs will be protected from the date of filing for a period of 5 years, renewable four times, up to total term of 25 years from the date of filing. The owner of a Registered Community Design has the exclusive right to use the design in the EU, and the ability to prevent any unauthorized third parties from using the design in the EU, regardless of whether copying is involved. Registered Community Designs will be handled by the Office for Harmonization in the Internal Market in Alicante, Spain. OHIM will probably start accepting applications for Registered Community Designs in early 2003.

- CC

India: SERVICE MARK REGISTRATION

We have been advised that The Trademarks Act, 1999 which, among other things, provides for service mark registration in India, will come into force upon a Government notification which is expected very shortly. It could be that the law will have come into effect prior to the publication of this issue of our Newsletter. We urge clients for whom service mark protection is important to monitor this development closely.

- JLH

Russian Federation: ADMINISTRATIVE LIABILITY FOR IP VIOLATIONS

The new Russian Code of Administrative Offenses will come into force on July 1, 2002. The Code creates administrative liability for unlawful uses of trademarks, service marks and appellations of origin, as well as for violations of advertising law. The unlawful use applies to

identical or similar marks/appellations for similar goods, and includes manufacture, use, import, offering for sale, sale, or other business uses, or storage for such purposes. There is a two-month statute of limitations for trademark offenses from the date the unlawful act was committed. For a continuing offense, the period runs from the date the unlawful conduct was discovered. The extent of liability depends on the identity of the perpetrator, namely, for individuals there is a fine of 15-20 times the minimum monthly statutory wage (“MMW”); for officials the fine is 30-40 times the MMW; and for legal entities, 300-400 times the MMW. The current MMW is 450 rubles (about \$15 US). These penalties are not mutually exclusive. Moreover, for all three types of offenders, the penalty includes confiscation of the infringing goods. This remedy goes beyond that provided for in the current Trademark Law, which requires only removal of the unlawfully applied mark or designation from the goods or their packaging.

United Kingdom: STAMP DUTY EXEMPTION FOR GOOD WILL

It will be recalled that the former requirement that Stamp Duty be paid in United Kingdom on the value of trademark transfers was abolished in 2001.

An outstanding issue remained with respect to such Stamp Duty being payable in relation to a transfer of Goodwill in connection with a transfer of Trademarks and other Intellectual Property. As of April 23, 2002, Stamp Duty on Goodwill was also abolished. However, transactions entered into prior to April 23, 2002 will still be subject to Stamp Duty in relation to the value of Goodwill transferred thereunder.

It should further be noted that the requirement that Stamp Duty be paid in connection with Trademark transfers remains in force in Ireland, so that Trademark Assignments in Ireland will continue to be subject to the payment of Stamp Duty as before.

Please note also that Assignment Deeds for all European Union countries with the exception of Great Britain will require monetary consideration to be stated in Euros. The U.K. has not joined the currency system and still uses pounds.

- MID

WIPO: DOMAIN NAME DECISION

An administrative panel of the WIPO Arbitration and Mediation Center rendered a decision under the Uniform Domain Name Dispute Resolution Policy (UDRP) requiring transfer of the domain name www.peterframpton.com to the famous musician Peter Frampton, owner of the web site www.frampton.com, on a strong showing of the respondent’s bad faith, notwithstanding that the respondent’s principal was named Lyle Peter Frampton. *Peter Frampton v. Frampton Enterprises, Inc.*, Case No. D2002-0141, April 17, 2002. The respondent had registered the domain name in July 1997. In August 2001, the complainant applied for a federal trademark registration for PETER FRAMPTON for entertainment services and music recordings, and his mark was registered in January 2002. The respondent’s web site used logos taken from the complainant’s web site and contained links to web sites selling Peter Frampton’s music and videos, and also listed “Mr. Frampton” as a contact for vaguely described “income opportunities.”

The panel held that the respondent’s use of www.peterframpton.com created likely confusion as to an affiliation between the site and the musician. The panel held that “the name ‘Peter Frampton’ has become so distinctive, acquired such secondary meaning and hence fame to the point where a significant proportion of the world’s population is likely to recognize that name as signifying a specific, unique and widely recognized source of, *inter alia*, music and entertainment services.” The panel noted that, although the federal registration for PETER FRAMPTON postdated the respondent’s registration of the contested domain name, the complainant’s common-law trademark rights in his name predated the respondent’s registration of the domain name by decades. The panel stated clearly that such common-law trademark rights are protected under the UDRP insofar as they are protected under the national law governing the respondent’s actions. In this case, because the PETER FRAMPTON mark was protected under § 43(a) of the Lanham Act prior to its registration, the panel held that UDRP ¶ 4(a) protected the musician’s rights therein “to the same extent as [rights] emanating from registered marks,” constructively giving him longstanding priority over the respondent.

In light of its conclusion concerning the complainant’s prior rights and its finding that the respondent was “intentionally seeking to exploit user confusion by diverting Internet users away from the Complainant’s site to the Respondent’s

web site for the latter's own benefit, *i.e.*, by capitalizing on the celebrity reputation and fame of the Complainant's name," the fact that the respondent shared the name Peter Frampton did nothing to persuade the panel that the respondent had any legitimate right to use the name in connection with the web site at issue.

The panel observed that "[w]hile . . . any individual has a right to use his (her) name in connection with a business, that right is not unfettered; instead, it is circumscribed by the prior trademark rights of others." Thus, to possess rights in the domain name www.peterframpton.com, the respondent would have had to show that the group of Internet users likely to access the web site located at that address primarily associated that domain name with the respondent rather than with the musician Peter Frampton. The panel acknowledged that, given the worldwide fame of the complainant, it would be "an exceedingly difficult, if not impossible, task" for the respondent to establish legitimate rights in www.peterframpton.com. The panel held that the respondent fell "way short" of doing so, and accordingly ordered the domain name transferred to the musician.

- ZH

Deadlines

A new trademark law has been passed in HONG KONG. Applications pending at the time the law goes into effect, **sometime in 2003**, will be examined under the provisions of the old law. However, applications not advertised on the date of commencement of the new law may, upon request of the applicant, be considered under the new law. Such requests will have to be made within six months of commencement of the new law.

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