

INFORMATION LETTER

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WE ARE PLEASED TO REPORT THAT Who's Who Legal Awards 2016 named Fross Zelnick the trademarks law firm of the year worldwide for the eleventh consecutive year. See more at WhosWhoLegal.com.

MANAGING INTELLECTUAL PROPERTY presented Fross Zelnick with the "Firm of the Year – Northeast" award for Trademark Prosecution. The MIP 2016 IP Stars Handbook ranks the firm in the First Tier of law firms in the Trademark Prosecution, Trademark Contentious, and Copyright categories in the United States. The rankings may be viewed at www.ipstars.com. Individually listed as IP Stars were [LAWRENCE APOLZON](#), [CARA BOYLE](#), [CARLOS CUCURELLA](#), [DAVID DONAHUE](#), [MARK ENGELMANN](#), [NADINE JACOBSON](#), [JOHN MARGIOTTA](#), [CRAIG MENDE](#), [BARBARA SOLOMON](#), [ALLISON STRICKLAND RICKETTS](#), [JAMES WEINBERGER](#), and [ROGER ZISSU](#).

CHAMBERS GLOBAL 2016 ranked Fross Zelnick in Band 1 for Intellectual Property: Trademark, Copyright & Trade Secrets in the United States. Special mention was made of [SUSAN UPTON DOUGLASS](#) ("commended for her handling of Trademark Trial and Appeal Board oppositions"), and [ROGER ZISSU](#) ("copyright guru . . . well known for trying and winning significant cases concerning content in all media"). See more at www.chambersandpartners.com.

LAW 360 listed Fross Zelnick as a "Ceiling Smasher" for being one of the top twenty-five best U.S. law firms for female partners. 37.5 percent of the firm's partners are women, compared to the national average of 22 percent for law firms in general, and 19 percent for IP boutiques. In an April 18, 2016 article, the publication quoted [LYDIA GOBENA](#), who attributed the firm's success to "a team mentality." See www.law360.com.

SUPERLAWYERS published its Top Women Attorneys in New York list in March 2016, naming [SUSAN DOUGLASS](#), [JANET HOFFMAN](#), [NADINE JACOBSON](#), and [BARBARA SOLOMON](#) as SuperLawyers, and [KAREN LIM](#), [HINDY DYM](#), and [JENNIFER INSLEY-PRUITT](#) as Rising Stars.

[ALLISON STRICKLAND RICKETTS](#) was named to *Managing Intellectual Property's* list of the top 250 women in IP worldwide. The list can be viewed at www.ipstars.com.

[ROGER ZISSU](#) received a 2016 Client Choice award for Intellectual Property Copyright in United States: New York.

[LAURA POPP-ROSENBERG](#) and [JASON JONES](#), on behalf of our client The Gap, Inc. (“Gap”), obtained an affirmance from the United States Court of Appeals for the Eleventh Circuit of the denial of a preliminary injunction in a trademark infringement claim brought against Gap in the U.S. District Court for the Middle District of Florida. In its complaint, plaintiff Hoop Culture, Inc. (“Hoop Culture”) alleged that the sale of t-shirts by Gap featuring the phrase *Eat Sleep Ball* on the chest infringed Hoop Culture’s purported rights in the phrase EAT...SLEEP...BALL. In the District Court, Hoop Culture requested a preliminary injunction to halt Gap’s sales of the accused t-shirts pending trial. Following an evidentiary hearing, the District Court denied Hoop Culture’s request for a preliminary injunction, finding that Hoop Culture had failed to prove either likelihood of success on the merits of its infringement claim or that it would suffer irreparable harm if an injunction was not entered – both of which are prerequisites to obtaining a preliminary injunction. Hoop Culture appealed to the Eleventh Circuit and, on April 28, 2016, the Eleventh Circuit affirmed the District Court’s denial of preliminary injunctive relief. Specifically, the Eleventh Circuit stated that Hoop Culture had failed to demonstrate irreparable harm. And the Eleventh Circuit further held that there was no possibility of irreparable harm, as all of Gap’s accused shirts were sold out and Gap had no plans to sell the shirts in the future. The Eleventh Circuit stated that these two facts “flatly contradict” any claim that Hoop Culture would suffer irreparable harm absent a preliminary injunction. The case will return to the trial court for further proceedings.

[KAREN LIM](#) and [JASON JONES](#)’ article “From Disparagement to Fame and Other Key Developments in U.S. Trademark Law” was published in *The International Comparative Legal Guide to Trademarks 2016 Edition*, Global Legal Group, Ltd., London. A .pdf of the chapter may be downloaded at www.iclg.co.uk.

[JOHN MARGIOTTA](#) was quoted in *Law360* on March 14, 2016 in an article about the Fourth Circuit Court of Appeals ruling in *Shammas v. Focarino*. He commented that the ruling that trademark applicants who file a *de novo* appeal of a decision of the United States Patent and Trademark Office to a federal district court must bear all expenses of the proceeding, including the Office’s full attorneys’ fees, “directly contradicted the American Rule.”

On April 6, 2016, [ROGER ZISSU](#) participated in a panel of copyright, mystery writers, and Conan Doyle experts convened at New York’s historic Salmagundi Club by the Mystery Writers of America to discuss the Seventh Circuit Court of Appeals’ decision holding the early Sherlock Holmes stories to be in the public domain. The panelists addressed Judge Posner’s decision as well as the nature and duration of copyright protection for literary characters.

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Information Letter

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UNITED STATES

FOURTH CIRCUIT COURT OF APPEALS

- Foreign Owner Without Use or Registration in United States May Bring Unfair Competition, False Advertising, and Cancellation Actions
Belmora LLC v. Bayer Consumer Care AG

NINTH CIRCUIT COURT OF APPEALS

- First Amendment Bars Right of Publicity Suit In Unusual Circumstances
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CENTRAL DISTRICT OF CALIFORNIA

- First Amendment Protection Under *Rogers v. Grimaldi* Expanded to Cover Title of Television Series
Twentieth Century Fox Television, et al. v. Empire Distribution Inc.

TRADEMARK TRIAL AND APPEAL BOARD

- In Unusual Circumstances, TTAB Rejects a Coexistence Agreement (Consent to Registration)
In re Bay State Brewing Company, Inc.

Fourth Circuit Court of Appeals:

FOREIGN OWNER WITHOUT USE OR REGISTRATION IN UNITED STATES MAY BRING UNFAIR COMPETITION, FALSE ADVERTISING, AND CANCELLATION ACTIONS

Belmora LLC v. Bayer Consumer Care AG, [No. 15-1335], 2016 WL 1135518; ___ F.3d ___ (4th Cir., March 23, 2016)

A foreign trademark owner is not required to own a federal trademark registration or use its mark in U.S. commerce in order to bring a claim for unfair competition or false advertising under Section 43(a) of the Lanham Act, or to petition to cancel a

registration under Section 14(3) of the Lanham Act. Rather, to bring such claims, it is only necessary to allege that the foreign owner is likely to be damaged by the defendant's use of its mark.

In *Belmora LLC v. Bayer Consumer Care AG*, [No. 15-1335] (4th Cir., March 23, 2016), the Court of Appeals for the Fourth Circuit reversed and remanded the District Court's decision in *Belmora L.L.C. v. Bayer Consumer Care AG*, 84 F. Supp. 3d. 490 (E.D. Va. 2015), allowing Bayer's claims for false association, false advertising, and trademark cancellation to go forward.

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.

Background Facts

Bayer owns the trademark FLANAX in Mexico and had sold naproxen sodium pain reliever under the FLANAX mark in Mexico since the 1970s. Bayer had never used the FLANAX mark in the U.S.; it sells its naproxen sodium pain reliever under the mark ALEVE in the U.S.

Belmora registered the FLANAX mark in the U.S. Patent and Trademark Office and has used the FLANAX mark in the U.S. since 2004 for its naproxen sodium pain reliever. Originally, Belmora's product (shown on the left) was packaged using a trade dress highly similar to Bayer's Mexican FLANAX product (shown on the right), but later made some minor changes to the packaging to make it a bit less similar.



Belmora marketed its FLANAX pain reliever to the Hispanic market in the U.S., implying that it was the same product sold by Bayer in Mexico. Its sell sheets to distributors stated that Belmora's FLANAX was the brand sold to Latinos "for generations" and that FLANAX was a brand that Latinos "know, trust and prefer." There were instances of actual confusion made of record.

Procedural History

In 2007, Bayer filed a cancellation action in the Trademark Trial and Appeal Board ("TTAB") based on claims that Belmora's use and registration of the FLANAX mark were deceptive under Section 14(3) of the Lanham Act. Bayer also made a claim under Section 6*bis* of the Paris Convention, as made applicable to the Lanham Act under Section 44 of the Act. The TTAB, consistent

with all of its prior holdings, dismissed the Paris Convention claim on the basis that 6*bis* is not self-executing, and that Section 44 of the Lanham Act does not provide for an independent cause of action. However, the Section 14(3) claim for cancellation on the ground of deceptiveness went forward, and after a full proceeding, the TTAB issued a decision in 2014 that Belmora had knowingly traded on Bayer's reputation in the FLANAX mark, copied the packaging, and misrepresented the source of its product to consumers in the U.S. The TTAB ordered cancellation of the FLANAX registration. *Bayer Consumer Care AG v. Belmora LLC*, 110 U.S.P.Q.2d 1623 (TTAB 2014).

Belmora appealed the decision to the district court for the Eastern District of Virginia. Meanwhile, Bayer filed an action in the district court for the Southern District of California, alleging false association and false advertising under Section 43(a) of the Lanham Act. The cases were consolidated in the Virginia action, and the District Court reversed the TTAB's decision, dismissing Bayer's actions on the pleadings. *Belmora LLC v. Bayer Consumer Care AG*, 84 F. Supp.3d 490, 115 U.S.P.Q.2d 1032 (E.D. Va. 2015). The district court held that Bayer lacked standing to bring the action on the basis that the Lanham Act does not permit the owner of a foreign mark that is not registered in the U.S. and has never been used in U.S. commerce to assert priority rights over a mark that is used and registered by another party. The district court relied on the Supreme Court decision in *Lexmark International, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377 (2014). Our detailed discussion of the district court opinion can be viewed at [June 2015 Newsletter](#).

Bayer appealed the dismissal of the action on the pleadings, and the Court of Appeals for the Fourth Circuit reversed and remanded the case to allow for a full trial in the district court.

Analysis

The Fourth Circuit determined that the district court misread the *Lexmark* decision, and conflated the requirements for trademark infringement under Section 32(1) of the Act—which requires use or registration—with the plain language of Section 43(a) of the Act, which does not. After citing the language of Section 43(a), the circuit court concluded that it is the defendant's use in commerce that creates the injury under the statute. There is no requirement that the plaintiff use the mark and there is no basis to read this requirement into the statute. Thus, the district court's dismissal of Bayer's Section 43(a) claims on this basis was reversible error. See *Belmora LLC v. Bayer Consumer Care AG*, [No. 15-1335], 2016 WL 1135518, at *6-7 (4th Cir., March 23, 2016).

The court then referred to a two-part test from the *Lexmark* decision. First, Bayer must show that the acts of unfair competition are within the Lanham Act's "protected zone of interests." False advertising and false association, the claims raised by Bayer, clearly fall within that scope. Second, Bayer must prove that it was likely to be damaged by Belmora's use of the FLANAX mark and that such use was the proximate cause of injury to Bayer. The *Lexmark* case requires that the plaintiff show "economic or reputational injury flowing directly from the deception wrought by the defendant's advertising; and that occurs when deception of consumers causes them to withhold trade from the plaintiff." Bayer alleged that it lost sales from Mexican consumers living near the border who would instead purchase the products in the U.S. *Id.* at *8.

The court noted in a footnote that a plaintiff "who relies only on foreign commercial activity may face difficulty proving a cognizable false association injury under § 43(a)," noting that a few isolated instances of confusion with little reputation among a large number of consumers would not allow

the plaintiff to prevail. *Id.* at *12, n. 8. In contrast, Belmora was alleged to have engaged in extensive passing off to consumers and distributors, linking its product to the one sold in Mexico. Also, Bayer spent millions of dollars promoting its FLANAX product to Mexican consumers along the U.S. border and had hundreds of millions of dollars of sales to Mexican consumers, including those living in border towns with the U.S., putting it in a good position to prove the requisite harm. *Id.* at *12, n. 9.

The Court's Holdings

These facts were sufficient to permit the case to go forward on claims of false association and false advertising under Section 43(a). However, the burden of proof is on Bayer to prove that Belmora's conduct was the proximate cause of its lost sales. Moreover, if Bayer prevails on its false advertising and false association claims, the district court has discretion to fashion an appropriate remedy. The remedy might include instructions to Belmora to use the mark in a manner that does not create confusion (for example, making changes to the trade dress), to use a disclaimer, or to use Belmora's house mark. The Fourth Circuit, while remanding the case, held that "any remedy should take into account traditional trademark principles relating to Belmora's ownership of the mark." *Id.* at *10. Turning to Bayer's cancellation action, Section 14(3) of the Trademark Act allows the plaintiff to petition to cancel a registration if a mark is used to misrepresent the source of the goods. The Fourth Circuit held that as with Section 43(a), there is no requirement in Section 14(3) that the plaintiff use its mark in commerce as a prerequisite to obtaining relief in the form of cancellation of the registration. Therefore, Bayer could proceed with its cancellation action as well. The court noted, however, that even if Bayer were to succeed in cancelling Belmora's registration, that would not affect Belmora's

underlying common law rights in the FLANAX mark. Id. at *11 (citing *B & B Hardware Inc. v. Hargis Industries, Inc.*, 135 S. Ct. 1293, 1300 (2015)).

Additional Thoughts

The court's conclusion that claims for false advertising, false association, passing off, and related unfair competition claims under Section 43(a) do not require use in commerce as a prerequisite to bringing an action is helpful in limited circumstances, when a well-known mark is involved and a substantial number of people in the U.S. are familiar with the foreign mark. Even still, the court suggests that limited remedies are available—although with a strong fact pattern, it is possible that a successful plaintiff could secure an injunction. Also, a successful cancellation action might provide only limited relief since the lack of a U.S. registration by the plaintiff does not invalidate the defendant's acquired common law rights.

Considering the lengthy and expensive proceedings involved here, with the case pending since 2007 and only now going back to the beginning of the discovery and trial phase in the district court (assuming no further appeals), the better course is for foreign trademark owners to register their successful and important marks used overseas if there is any intention of bringing the brand to the U.S. But this strategy would not have helped Bayer, who could not file an application in the U.S. since it had no intention to use the FLANAX mark here (the applicant must have a bona fide intent to use the mark in the U.S. even if it files based on a home-country registration). Here, the only option is to bring a lawsuit under Section 43(a) and a cancellation action in court. While the TTAB is receptive to cancellation actions, the sole remedy available from the TTAB is cancellation of the registration; the TTAB has no authority to issue an injunction or award money damages.

[-SUD](#)

Ninth Circuit Court of Appeals: FIRST AMENDMENT BARS RIGHTS OF PUBLICITY IN UNUSUAL CIRCUMSTANCES

Sarver v. Chartier, 813 F.3d 891 (9th Cir. Feb. 17, 2016)

The Ninth Circuit recently affirmed a ruling by the Central District of California, No. 2:10-cv-09034-JHN-JCx, 2011 WL 11574477 (C.D. Cal. Oct. 13, 2011), that the First Amendment barred a right of publicity suit brought by an individual who alleged that he was portrayed, without his permission, in the film *The Hurt Locker*.

According to the plaintiff, Jeffrey Sarver, he was interviewed in 2004 by journalist Mark Boal while Boal was reporting on Sarver's Explosive Ordnance Disposal ("EOD") team in Baghdad. Boal later wrote the screenplay that became the film *The Hurt Locker*. Sarver subsequently sued Boal, the film's director Kathryn Bigelow, and the producer Nicholas Chartier, among others, for violating his right of publicity, false light invasion of privacy, defamation, breach of contract, intentional infliction of emotional distress, fraud, and negligent misrepresentation. After the case was transferred from New Jersey to the Central District of California, the defendants moved to strike the complaint based on California's anti-SLAPP (strategic lawsuit against public participation) statute, which was enacted to facilitate early dismissal of meritless suits aimed at chilling speech. The district court struck the complaint in its entirety, and Sarver appealed. *Sarver v. Chartier*, 813 F.3d 891, 897 (9th Cir. 2016).

The Ninth Circuit upheld the district court's ruling. After determining that California, not New Jersey, law applied and that the defendants had timely brought their anti-SLAPP motion, the court evaluated Sarver's right of publicity claim, which it appeared to consider Sarver's strongest cause of action. It laid out the two prongs to an anti-SLAPP suit: (1) the plaintiff's suit arose from an act

by the defendant made in connection with a public issue in furtherance of the defendant's right to free speech under the U.S. or California constitution; and (2) if the defendant has made such a showing, whether the plaintiff is likely to prevail on her claim. *Id.* at 901.

Concerning the first prong, the Ninth Circuit found that Sarver's lawsuit involved an issue of public concern, namely, the Iraq War and the use of improvised explosive devices ("IEDs") during the war. *Id.* at 902. Sarver argued that the question was not whether the Iraq War was an issue of public concern, but rather whether his private persona was of public interest. He maintained that his private persona was not of public interest prior to the film because he had not been in the public eye. *Id.* The Ninth Circuit rejected that argument. It reasoned that Sarver's work while in Iraq was an issue of public concern, and the portrayal of Sarver's personal characteristics was merely incidental to depicting his work, as the two are necessarily entwined. *Id.*

Concerning the second prong, the Ninth Circuit found that even if Sarver could establish all of the elements of his right of publicity claim, it would be barred by the First Amendment. In so finding, the court distinguished *Zacchini v. Scripps*, a Supreme Court case upholding California's right of publicity law. There, a journalist videotaped and broadcast plaintiff Zacchini's entire 15-second "human cannonball" act. Zacchini sued, alleging a violation of his right of publicity. The Court balanced Zacchini's interest in earning a living from his performance against the defendant journalist's interest in broadcasting the entire performance (as opposed to Zacchini's name or photograph), and found in favor of Zacchini. *Id.* at 904.

According to the Ninth Circuit, *Zacchini* has been interpreted as upholding the constitutionality of right of publicity laws

against First Amendment challenges where the defendant appropriates the economic value that the plaintiff has built in an identity or performance. The Ninth Circuit reasoned that in Sarver's case, in contrast to *Zacchini*, the state has no interest in giving Sarver an economic incentive to live his life as he otherwise would. *Id.* at 905. "In sum," the court found, "*The Hurt Locker* is speech that is fully protected by the First Amendment, which safeguards the storytellers and artists who take the raw materials of life—including the stories of real individuals, ordinary or extraordinary—and transform them into art, be it articles, books, movies, or plays." In other words, the court concluded that to the extent Sarver could make out a right of publicity claim, it would be barred by the First Amendment as a content-based restriction on speech. *Id.* at 905-06.

Finally, the Ninth Circuit rejected Sarver's claims for defamation and false light because it found that the film portrayed him as a hero, not in a negative light. *Id.* at 906-07. It also rejected his claim for intentional infliction of emotional distress, as simply portraying him accurately in a film (as his complaint alleged the defendants did) did not amount to "extreme" or "outrageous" conduct. *Id.* at 907.

This outcome is surprising in that it appears to provide less privacy protection for private individuals than for those who intentionally place themselves in the public eye. It may provide some comfort to creators who use the raw materials of real life to create their historically-based works, but should not be viewed as giving carte blanche to portray real people inaccurately or in wholly fictional works.

[-FK](#)

Central District of California: FIRST AMENDMENT PROTECTION UNDER *ROGERS V. GRIMALDI* EXPANDED TO COVER TITLE OF TELEVISION SERIES

Twentieth Century Fox Television, et al. v. Empire Distribution Inc., 2016 WL 685106, __ F. Supp. 3d __ (C.D. Cal. Feb. 1, 2016)

In a declaratory judgment case, the United States District Court for the Central District of California recently held that the title of Twentieth Century Fox Television's ("Fox") hit television series "Empire" (the "Empire Series") did not infringe the EMPIRE trademark of Empire Distribution Inc. In so holding, the Court extended the First Amendment protection for titles of expressive works provided under *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989) from individual works to an entire series.

The Empire Series, which debuted in January 2015, focuses on the life of a rapper turned music mogul named Lucious Lyon and his music and entertainment company, "Empire Enterprises." Music, including original songs, is heavily featured on the Empire Series, and Fox has marketed soundtracks consisting of songs from the Series.

Empire Distribution is a record label, music distributor, and publishing company founded in 2010. Empire Distribution has released more than 11,000 albums and singles of hip hop, rap, urban, and R&B music, including those of such famous artists as Snoop Dogg, Shaggy, and Busta Rhymes. Empire Distribution uses the EMPIRE mark and EMPIRE-inclusive trademarks EMPIRE DISTRIBUTION and EMPIRE RECORDINGS.

Shortly after the Empire Series began, Empire Distribution sent Fox a letter demanding that Fox discontinue use of the EMPIRE mark in the title of the Series. Fox then brought a lawsuit against Empire Distributions seeking a declaratory judgment of non-infringement. Empire Distribution asserted counterclaims for trademark infringement and related causes of action.

In December 2015, Fox filed a motion for summary judgment on all of the claims and counterclaims in the action. Fox claimed that its use of "Empire" was governed by the rule set forth in *Rogers v. Grimaldi* and adopted by the Ninth Circuit in *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 900 (9th Cir. 2002), which provides that "[a]n artistic work's use of a trademark that otherwise would violate the Lanham Act is not actionable unless the use of the mark has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless it explicitly misleads as to the source or the content of the work." *Twentieth Century Fox Television, et al. v. Empire Distribution Inc.*, 2016 WL 685106, at *3, __ F. Supp. 3d __ (C.D. Cal. Feb. 1, 2016) (quoting *E.S.S. Entm't 2000, Inc. v. Rock Star Videos, Inc.*, 547 F.3d 1095, 1099 (9th Cir. 2008)). Empire Distribution, on the other hand, contended that Rogers should not apply in cases involving series titles used as source-identifying trademarks, and that the court should instead apply the likelihood of confusion factors set forth in *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979). *See id.*; *see also* Empire Distribution, Inc.'s Memorandum of Points and Authorities in Opposition to Fox's Motion for Summary Judgment, Case No. 2:15-cv-02158 (C.D. Cal. Jan. 6, 2016). Empire Distribution further contended that in order for the Rogers test to apply, the EMPIRE mark should have cultural significance apart from its source-identifying function.

In rejecting Empire Distribution's push to apply *Sleekcraft* rather than *Rogers*, the court held that "the only relevant legal framework for balancing the public's right to be free from consumer confusion against First Amendment rights is the *Rogers* test." *Empire Distribution*, 2016 WL 685106, at *3 (internal quotation omitted). The court further held that no cultural significance inquiry is required under *Rogers*, and that the use of a mark can be protected by the First Amendment even if that mark has not

transcended its identifying purpose. *See id.* at **3-4.

Applying the first prong of the *Rogers* test, the court disregarded Empire Distribution's argument that *Rogers* required the junior user of a mark to be referring to the senior user, instead finding that the only requirement was that the title have relevance and not be arbitrarily chosen to exploit the senior user's mark. *Id.* at **4-5. Judge Anderson found that Fox's use of "Empire" had artistic relevance to the Empire Series and thus satisfied this inquiry, including because the Series told the story of characters working in and around an entertainment company called "Empire Enterprises" and the Empire Series was set in New York, the Empire State. *Id.* at *4.

On the second prong of *Rogers*, which requires that the junior user's work not explicitly mislead as to its source or content, Empire Distribution argued that the court should apply a likelihood of confusion analysis under *Sleekcraft* and find that Fox's use of EMPIRE was likely to confuse the public. In rejecting this argument, Judge Anderson found that "[t]o be relevant, evidence must relate to the nature of the behavior of the identifying material's user, not the impact of the use." *Id.* at *6. Accordingly, only an "explicit indication, overt claim, or explicit misstatement" as to the source of the work, and not simple evidence of consumer confusion, is pertinent. *Id.* at **6-7. Because Fox's title was not "explicitly misleading," it satisfied this second component of the *Rogers* test as well and Judge Anderson found that Fox was entitled to summary judgment.

As Empire Distribution noted in this litigation, series titles such as "Empire" can assume a traditional, source-identifying role as trademarks even in the absence of secondary meaning, and thus had previously been considered outside blanket First Amendment protection. *See, e.g.,* Empire Distribution, Inc.'s Memorandum of

Points and Authorities in Opposition to Fox's Motion for Summary Judgment, Case No. 2:15-cv-02158 (C.D. Cal. Jan. 6, 2016). The Court ignored this prior distinction, expanding the rule of *Rogers* from single-title works to series titles and potentially making trademark infringement in such titles more difficult to prove in the future.

-JIP

Trademark Trial and Appeal Board: IN UNUSUAL CIRCUMSTANCES, TTAB REJECTS A COEXISTENCE AGREEMENT (CONSENT TO REGISTRATION)

In re Bay State Brewing Company, Inc., 117 U.S.P.Q.2d 1958 (T.T.A.B. 2016)

In a precedential case decided on February 25, 2016, the Trademark Trial and Appeal Board ("TTAB") took the unusual step of rejecting a coexistence agreement as a sufficient basis to remove a blocking citation of a prior registration, in an appeal of the examining attorney's rejection of the agreement. This is an unusual outcome because United States Patent and Trademark Office examining attorneys almost always accept coexistence agreements as sufficient to remove blocking citations, based on a long line of precedents holding that coexistence agreements are entitled to great weight, so long as they state some credible reasons why confusion is unlikely.

Such coexistence agreements often include provisions that each party will use the mark at issue only with a distinguishing house mark and that the parties will use distinctly different trade dress. The agreement under review in this case included both those provisions. However, the applicant's mark, TIME TRAVELER BLONDE for beer, with the descriptive term BLONDE disclaimed, was essentially identical to the prior registered mark, TIME TRAVELER for beer. The registrant apparently agreed to the coexistence only because the applicant had

priority, based on earlier use, although the registrant had the earlier filing date. The TTAB held that these confusion-avoiding provisions were insufficient to avoid confusion given the identity of the goods and the near identity of the marks. *In re Bay State Brewing Company, Inc.*, 117 U.S.P.Q.2d 1958, 1967 (T.T.A.B. 2016). The TTAB was also troubled by the fact that the two parties were located in adjacent states in New England, and that the coexistence agreement allowed the parties to use their marks in the same geographic area. *Id.* at 1964. The TTAB's opinion noted that beers are often ordered on draft, so that consumers might not ever see the different product labels bearing distinguishing house marks and different trade dress. *Id.* at 1967 n.16. Also, the TTAB noted that beer can be inexpensive and bought on impulse, another factor that makes it easy for consumers to be confused. *Id.* at 1960.

Apart from the agreement's inadequacy to prevent consumer confusion, the TTAB also expressed concern that the registration resulting from the agreement would not reflect commercial reality. The applicant sought a nationwide registration, with no geographic restriction, but the coexistence agreement required the applicant to limit its use of the mark to New England and New York. Therefore, the "registration would be misleading." *Id.* at 1965. In a footnote, the TTAB said that "we see harm to the registration system of searching and clearing marks when the register includes marks that appear to be in direct conflict with each other and yet are on the register at the same time." *Id.* at 1965 n.11.

This case is a reminder that trademark coexistence agreements do not always work and that especially thorough and convincing provisions to avoid confusion will be necessary when both the marks and goods are very close. In most coexistence agreements, either the marks or the goods are more different than those involved in this

case. In addition, when marks and goods are very close, the applicant may wish to include a provision in the coexistence agreement requiring the registrant to (1) provide an additional and more detailed coexistence agreement, if possible, if the first agreement is rejected by the USPTO examining attorney, and (2) consent to a further application for the mark plus additional matter, such as a house mark or the whole proposed label containing the mark, or to voluntarily cancel or amend its registration (in cases where the applicant has priority), if the coexistence agreement for the applicant's mark in standard characters is rejected.

-DWE

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Information Letter

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INTERNATIONAL

BRAZIL

- Case-By-Case Disclaimers In Trademark Registrations Eliminated

CAMBODIA

- Declarations of Actual Use Required

CANADA

- Sale of Goods Destined For Canada Does Not Qualify As First Use When Goods Enter Country At Later Date
Constellation Brands Québec Inc. v Sociedad Vinícola Miguel Torres, S.A

EGYPT

- Certain Products Exported to Egypt Must Be Registered With GOEIC

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Brazil: CASE-BY-CASE DISCLAIMERS IN TRADEMARK REGISTRATIONS ELIMINATED

On February 18, 2016, the Brazilian Patent and Trademark Office ("BPTO") enacted

Resolution No. 161 that provides for the insertion of a standard disclaimer in all trademark registration certificates instead of traditional case-by-case disclaimers. The standard disclaimer reads:

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.

“The protection granted by this trademark registration, taking into consideration what is foreseen on Section 124, items II, VI, VII, XVIII e XXI, of Law No. 9.279, of May 14, 1996, will not forbid third parties to use the following terms, that may be part of this trademark, in their real meaning or in the composition of other marks that differ from this one in their entirety:

- a) a letter, a digit or a date;
- b) sign of a generic, necessary, common, usual or simply descriptive character, when related to the product or service specified on the registration;
- c) sign commonly used to designate a characteristic of the product or service specified in the registration, with respect to its nature, nationality, weight, value, quality and time of production or of giving a service;
- d) colors and its names;
- e) a technical term used in the industry, science and art, when related to the products or services to be distinguished; and
- f) the necessary, common or usual shapes of a product or of its packaging, or, furthermore, shapes that cannot be disassociated from a technical effect.”

The Resolution in effect removes the determination of whether the registrant is entitled to exclusive rights in certain terms from the administrative sphere to the Brazilian courts, as parties seeking to challenge the registrant’s rights in terms that may lack inherent distinctiveness must now do so in a court proceeding. The Resolution removes the possibility of inconsistent decisions by the BPTO regarding similar terms. But as courts unfamiliar with trademark law have granted preliminary injunctions against the use of non-distinctive terms in the past, the Resolution is unlikely to result in greater legal certainty.

[-KL](#)

Cambodia: DECLARATIONS OF ACTUAL USE REQUIRED

On February 24, 2016, the Office of Cambodia informed WIPO that holders of international registrations designating Cambodia must file declarations of actual use of the mark together with evidence to that effect. The declarations and accompanying fee must be filed directly with the Office of Cambodia:

- within a one-year period, following five years counted from the date on which protection was granted in Cambodia, as indicated in the statement sent by the Office of Cambodia to the International Bureau of WIPO under either Rule 18ter(1) or (2) of the Common Regulations;
- within a one-year period, following five years counted from the date of each renewal of the international registration.

Failure to file the prescribed declaration will result in ex officio declarations by the Office that the mark is no longer protected in Cambodia.

[-KL](#)

Canada: SALE OF GOODS DESTINED FOR CANADA DOES NOT QUALIFY AS FIRST USE WHEN GOODS ENTER COUNTRY AT LATER DATE

Constellation Brands Québec Inc. v Sociedad Vinícola Miguel Torres, S.A., 2016 TMOB 4

The Canadian Trade-Marks Opposition Board recently granted an opposition and rejected an application on the basis that the sales date of wine that was subsequently shipped to Canada did not qualify as a first-use date.

On February 9, 2012, Sociedad Vinícola Miguel Torres, S.A. (“Miguel Torres”) applied to register the mark HEMISFERIO for wines, based on use of the mark in Canada since at least as early as October 28, 2011. Constellation Brands Québec Inc. (“Constellation Brands”), who claimed to be Miguel Torres’ former sales representative, opposed the application on August 6, 2013, on the basis, among other grounds, that the HEMISFERIO application did not contain the actual first-use date of the mark in Canada, as required by Sections 30(b) and 4(1) of the Trade-Marks Act, RSC 1985, c T-13 (“the Act”).

Section 30(b) of the Act states that “An applicant for the registration of a trade-mark shall file with the Registrar an application containing ... (b) in the case of a trade-mark that has been used in Canada, the date from which the applicant or his named predecessors in title, if any, have so used the trade-mark in association with each of the general classes of goods or services described in the application; ...”

Section 4(1) of the Act states that “A trade-mark is deemed to be used in association with goods if, at the time of the transfer of the property in or possession of the goods, in the normal course of trade, it is marked on the goods themselves or on the packages in which they are distributed or it is in any other manner so associated with the goods that notice of the association is then given to the person to whom the property or possession is transferred.”

In defense of its application, Miguel Torres submitted nine sample invoices, the earliest of which was dated October 28, 2011, showing sales of the wine bearing the HEMISFERIO mark to a distributor in Canada. Among the details included in the October 28, 2011, invoice were (a) Miguel Torres’ name and address in Chile, (b) the name and Canadian address of the distributor in Canada to whom the invoice

was issued, (c) a product description reading “HEMISFERIO SB 750cc,” and (d) the October 28, 2011, date. Miguel Torres also filed price lists, product descriptions, sample wine labels, and promotional materials/articles, all featuring the HEMISFERIO mark, as well as a wine list from a Canadian restaurant on which “MIGUEL TORRES ‘HEMISFERIO’” wine appeared.

At the hearing, Constellation Brands contended that Miguel Torres’ own evidence refuted its claimed first-use date of October 28, 2011, as the 2011 invoice also included a notation in Spanish showing an approximate arrival date for the goods shipped into Canada of January 26, 2012; thus, the transfer of possession would have only occurred in January 2012, not October 2011.

The Board determined that given the available evidence, it was reasonable to conclude that Miguel Torres’ claimed first-use date stemmed from the transaction between Miguel Torres and the Canadian distributor reflected in the October 28, 2011 invoice. In examining the invoice, the Board noted that Miguel Torres had failed to translate the Spanish inscription “fecha de llegada aproximada” (“approximate date of arrival”) corresponding to the January 26, 2012, date even though it had translated other portions of the invoice into English. Even if it were to disregard the Spanish inscription, the Board reasoned, other notations on the invoice indicated that the wine was being shipped from Chile to an entity in Canada via a vessel. Since merchandise shipped on board a vessel could not have arrived in Canada on the same day that it departed from Chile, it concluded that transfer of property in or possession of the wine bearing the HEMISFERIO mark did not take place in Canada until after October 28, 2011.

Relying on Section 4(1) of the Act, the Board concluded that sale of goods on a

particular date, but destined to arrive in Canada at a later date, cannot form the basis of a date of first use and rejected the application.

This case underscores the dangers of claiming an overly aggressive first-use date in Canada, and applicants are encouraged to designate a first-use date that reflects the date that goods would have actually arrived and changed possession in Canada.

[-CCW](#)

Egypt: CERTAIN PRODUCTS EXPORTED TO EGYPT MUST BE REGISTERED WITH GOEIC

On March 16, 2016, Decree 43 for the year 2016 came into effect, requiring factories and companies that own Egyptian trademarks to register them with the General Organization for Export and Import Control (“GOEIC”) in order to export the goods listed below to Egypt and have them released for trade purposes.

No.	Commodity
1	Milk and dairy products (except for children milk), not exceeding 2 kg
2	Preserved and dried fruits prepared for retail sale, not exceeding 2 kg
3	Oils and greases prepared for retail sale in packs, not exceeding 5 kg
4	Sugar products
5	Chocolates and other food items that include cocoa prepared for retail sale, not exceeding 2 kg
6	Dough and foods prepared for cereals, bread products, and baked goods
7	Fruit juices prepared for retail sale in packs not exceeding 10 kg
8	Fresh/ mineral waters and soft drinks
9	Cosmetics and oral or dental care products, deodorants, bathing

	products and perfumes
10	Soap and detergents, prepared for retail sale
11	Table, eating, and kitchen utensils
12	Tubs, basins, wash-basins, toilet seats, toilet covers and other sanitary products
13	Sanitary paper, cosmetic paper, diapers, towels and table cloths
14	Floor and wall tiles
15	Glass items for table and kitchen use
16	Reinforcing steel
17	Household appliances (refrigerators, ACs, fans, washing machines, electric water heaters, televisions, radios, etc...)
18	Home and office furniture
19	Bicycles and motorbikes
20	Watches
21	Light sets for household use
22	Toys for children
23	Furniture, except that used for professional protection, diving and medical uses
24	Rugs, floor and wall coverings, and textile and non-textile rugs
25	Shoes

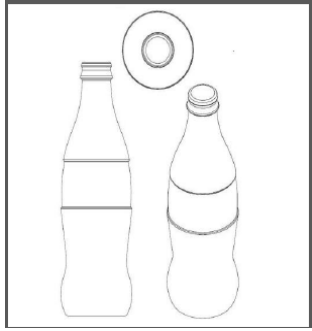
Further information on the registration procedure is available on request.

[-KL](#)

European General Court: GENERAL COURT (EIGHTH CHAMBER):

The Coca-Cola Company v. OHIM (Case T-411/14) (February 24, 2016) (“Court Decision”)

On December 29, 2011, The Coca-Cola Company (“Coca-Cola”) applied to register a Community Trademark in Classes 6, 21, and 32 for the three-dimensional bottle design depicted below:



The application was rejected on the ground that the mark was non-distinctive, the OHIM (now EUIPO) having concluded that Coca-Cola's proposed evidence of acquired distinctiveness was insufficient. Appeals to the Second Board of Appeal and the General Court were dismissed essentially on the same grounds. Coca-Cola had argued, *inter alia*, that the shape sought to be registered was, in effect, its well-known and recognized contour-shaped bottle, but without the fluting. The Board of Appeal found, however, that the fluting was "an eye-catching feature of the contour bottle with fluting," the absence of which rendered the newly-applied-for bottle shape devoid of distinctive character, rather than what the public would consider "a natural evolution of the contour bottle with fluting." See *Court Decision* ¶¶ 12-13. Accordingly, the Board concluded that the bottle shape "did not depart significantly enough from the norms and customs of the relevant sector so as to enable the relevant public to immediately and directly identify the commercial origin of the goods." *Id.*, ¶ 14. The Board, moreover, had also raised doubts about the reliability of Coca-Cola's survey evidence, especially since they had not been conducted by a "recognized market search company" but by a former director of such company "who had become an independent market research consultant." *Id.*, ¶ 16. While the Court did not express such doubts (*Id.*, ¶ 74), it nonetheless found the proposed evidence of acquired distinctiveness insufficient.

In reaching its conclusion, the Court noted that "the criteria for assessing the

distinctive character of three-dimensional trade marks consisting of the appearance of the goods themselves are no different from those applicable to other categories of trade mark." *Id.*, ¶ 36, citing *Freixenet SA v. OHIM* (C-344/10 P and C-345/10 P, ECR, EU:C:2011:680). In applying those criteria, however, the Court stressed that "account must be taken of the fact that the perception of the average consumer is not necessarily the same in relation to a three-dimensional mark consisting of the appearance of the goods themselves as it is in relation to a word or figurative mark consisting of a sign which is independent of the appearance of the goods it designates." *Court Decision*, ¶ 37. In this case, the Court stated that "the average consumer will perceive the packaging first and foremost simply as a form of container...[and that] [a] three-dimensional trade mark consisting of such a container is not distinctive unless it permits the average consumer of the goods concerned, who is reasonably well informed and reasonably observant and circumspect, to distinguish those goods from the goods of other undertakings without any detailed examination or comparison and without being required to pay particular attention." *Id.*, ¶ 38. On the facts of this case, the Court agreed with the Board that the mark did not depart "significantly" enough "from the norms or customs of the sector" to indicate the origin of the goods and, thus, had not achieved acquired distinctiveness. *Id.*, ¶ 39.

Concluding that the shape itself, including as a whole, did not distinguish the proposed mark from other bottles available in the market (*Id.*, ¶¶ 45-52), the Court rejected the evidence submitted by Coca-Cola in support of registration, which included (1) how the mark was used in the EU, (2) survey evidence conducted in ten EU countries, (3) sales and advertising figures, as well as (4) photos, articles, and website extracts. With respect to the survey

evidence, the Court pointed out that a mark must be shown to have distinctive character “throughout the European Union.” *Id.*, ¶ 77. The surveys were conducted in ten of the twenty-seven EU Member States which were part of the EU at the time of application. The Court found that, especially with respect to the countries which joined the EU in 2004, the results could not be extrapolated from the surveys that were conducted in Poland and Estonia. Moreover, the Court found that “the applicant has not demonstrated that certain Member State markets covered by the surveys are comparable to others and that the results of those surveys could be extrapolated to them.” *Id.*, ¶ 80. With respect to the evidence on how the mark was used, as well as the sales and advertising figures and other documentary evidence submitted, the Court found that much of this “secondary evidence” did not

¹ “The surveys were conducted in 10 EU Member States, namely Denmark, Germany, Estonia, Greece, Spain, France, Italy, Poland, Portugal and the United Kingdom, even though the European Union had 27 Member States at the date on which the application for registration was lodged. It is true that the surveys in question concluded that the mark applied for had acquired a distinctive character in the 10 Member States where they were carried out, with the recognition rate being between 48% (Poland) and 79% (Spain); however, they did not establish that that was also the case in the other 17 Member States. The results of those surveys cannot be extrapolated to the 17 Member States in which no surveys were conducted. In that regard, it must be pointed out that, particularly in respect of the countries that became members of the European Union after 2004, the surveys provide almost no information regarding the perception of the relevant public in those Member States. Even though surveys were conducted in Poland and Estonia, there is no justification for extrapolating the conclusions relating to those two countries to the other states which became members of the European Union after 2004. Furthermore, the applicant has not demonstrated that certain Member State markets covered by the surveys are comparable to others and that the results of those surveys could be extrapolated to them. It is not for the Court to make assumptions in that regard.” *Id.* ¶ 80.

sufficiently relate to the mark sought to be registered. *Id.*, ¶¶ 82-88.

This case demonstrates the difficult path to proving acquired distinctiveness for a three-dimensional European Union Trade Mark, especially one consisting of a container for goods. The decision also provides guidance on what it takes to prepare acceptable survey results where only a selection of EU Member States is covered.

-JLH

Indonesia: NEW REGULATION FOR RECORDAL OF IP LICENSE AGREEMENTS

The Indonesian Ministry of Law and Human Rights has now issued the Regulation on Requirements and Procedures for Recordation of Intellectual Property License Agreement, Ministerial Regulation No. 8 of 2016. It has been a longstanding requirement in Indonesia that license agreements for trademarks, copyrights, and patents be recorded in order for the license holder to enforce the licensed rights against an infringer, and for the license holder’s use of the intellectual property to be recognized as “actual use” by the rights owner. However, it was not possible to record license agreements in Indonesia until now as there were no implementing regulations and guidelines.

Under the new Regulation, the following documents are required to record a license agreement:

1. A copy of the license agreement or proof of the license agreement;
2. A copy of the valid intellectual property certificates;
3. An original signed Power of Attorney; and;
4. A signed Statement from the applicant confirming that the IP Rights comply with the laws and regulations.

According to the Regulation, recordal applications will be examined within ten days from the filing date.

[-KL](#)

Mozambique: NEW INDUSTRIAL PROPERTY CODE

On March 30, 2016, a new Industrial Property Code came into effect in Mozambique. The new law maintains and reinforces its similarity with Portuguese intellectual property law. Noteworthy changes include the following:

- The deadline to correct formalities in applications has been extended from fifteen to thirty days, counted from the notification date.
- A certified copy of the priority application must be submitted in support of a priority claim.
- The trademark opposition deadline has been shortened from sixty to thirty days (but a sixty-day extension is available on request). Where no allegations are filed by the applicant, the application is deemed withdrawn.
- The new law clarifies that a prior trademark is a ground for refusal if it covers goods or services that are identical or similar to an applied-for mark (the former law specified only “identical” goods or services).
- The deadline to invalidate IP rights based on the plaintiff’s prior rights has been shortened from one year to ninety days, counted from publication of the grant of the right.
- Prior rights for trademarks, logos, and other distinctive signs registered by the Mozambique PTO may constitute grounds to invalidate confusingly-similar company names, with the action being instituted

within five years after publication of the company by-laws.

- Appeals of Office decisions may be made to the Director of the Industrial Property Institute within thirty days after publication of the decision. Further, the Director’s decision may be appealed to the competent supervising Minister of the Government of Mozambique or to the Administrative Court.
- Rules applied to national registrations also apply to African Regional Intellectual Property Organization (ARIPO) registrations.

[-KL](#)

Poland: AMENDMENTS TO INDUSTRIAL PROPERTY LAW

In December 2015, we reported that two long-awaited amendments to the Polish Industrial Property Law of June 30, 2000 would come into force in 2015 and 2016 respectively. See [December 2015 Newsletter](#). The second amendment, which took effect on April 15, 2016, transforms the trademark application examination and opposition process. The salient features of the amendments include:

- Applications will be examined for formal requirements and on absolute grounds only (previously, they were also examined on relative grounds).
- The Polish Patent Office will inform the applicant of the existence of prior identical or similar marks for identical or similar goods/services. But the Office will not inform the owners of earlier marks about applied-for new marks.
- Oppositions may be filed within three months of the publication date.

- There will be a cooling-off period of two months in opposition proceedings, with a further extension of up to six months available on unanimous written request of the parties.
- In response to an opposition, the applicant may allege non-use of the opposer's earlier mark for an uninterrupted period of five years before the filing date of the opposed application. Such an allegation, if accepted, will be the basis for dismissal of the opposition.
- Parties may file a motion for reconsideration of the Polish Patent Office's decision on an opposition to the Office's adjudicative boards for litigation matters.
- Legal interest is no longer required to file a request for cancellation. But only owners of prior rights may refer to those rights.
- A request for cancellation may not be filed if an earlier valid decision was issued dismissing an opposition based on the same legal grounds.

-KL

South Korea: AMENDMENTS TO TRADEMARK ACT

The first comprehensive amendment to the South Korean Trademark Act will take effect on September 1, 2016. Key changes include the following:

- Legal standing will no longer be required to file non-use cancellation actions.
- Relative-grounds rejections may be based only on third-party marks that are active at the time the applied-for mark is examined, instead of at the filing date, thus

avoiding rejections based on marks removed from the register due to non-renewal after the filing date.

- Applicants need no longer wait one year before registering a mark that is similar or identical to one expunged from the register.
- The agent or representative of a party that owns a registered mark in a treaty member country may not register a similar or identical mark in Korea at any time (presently, there is a bar of one year from termination of the relationship). Further, the trademark owner may seek to invalidate any such registrations at any time (presently, there is a five-year statute of limitations).
- "Electronic use" of trademarks will be recognized as trademark use.
- Administrative scope confirmation actions may be filed for a limited number of goods (presently, they must be filed for all classes in a registration, with attendant class-by-class costs).

-KL

Uganda: LIBERAL APPROACH TO TERRITORIALITY PRINCIPLE

Nairobi Java House Ltd. v. Mandela Auto Spares Ltd. (Civil Appeal No 13 of 2015) [2016] UGCOMM 12 (9 February 2016)

A recent decision by the Ugandan High Court affirms that evidence of use of a mark in one member state of the East African community could be relevant in a proceeding in another member state to establish that the mark has acquired distinctiveness through use.

Nairobi Java House Ltd. v. Mandela Auto Spares Ltd. (February 9, 2016), involved an

appeal against a May 2015 decision of the registrar of trademarks refusing registration of the trademarks below in Class 43 filed by Nairobi Java House in August 2013:



The refusals followed an opposition by Mandela Auto Spares, the owner of the mark in Class 30 below filed in July 2009:



The refusals were based on the similarity of the marks.

The Uganda High Court set aside the registrar's refusal to register the Nairobi Java House marks, finding no confusing similarity with the Mandela Auto Spares mark. It ruled that Nairobi Java House may register JAVA as part of its composite mark provided that a disclaimer of JAVA, a common descriptive word, is entered.

Notably, in reaching this decision, the court relied on Article 6 of the Paris Convention, Sections 9, 10, 44, and 45 of the Ugandan Trademarks Act 2010, and the Treaty for the Establishment of the East African Community (as amended on December 14, 2006 and August 20, 2007). It found that the Nairobi Java House marks had been registered in Kenya since May 2000, and noted that the length of time that the marks had been in use in Kenya is a relevant factor under Article 6(C)(1) of the Paris Convention. Under that Article, read together with Uganda's Trademarks Act 2010, the registrar may not refuse to register the Nairobi Java House marks given their proven continuous use in Kenya, their country of origin. The court also found that the registrar's refusal constituted a

violation of the guaranteed freedoms under the Treaty for the Establishment of the East African Community, that provides for the free movement of goods, persons, labor, services, capital, information, and technology among the member states. It held that the registrar's decision unjustifiably barred registration in Uganda of marks that had been earlier registered in Kenya.

It remains to be seen whether the Ugandan High Court's liberal approach to applying the territoriality principle within regional economic blocs is followed by other East African Community member states.

[-KL](#)

United Kingdom: SUPREME COURT AFFIRMS LIMITED SCOPE OF PROTECTION OF REGISTERED COMMUNITY DESIGN RIGHTS

PMS International Group Plc v. Magmatic Limited (Appellant), 2016 UKSC 12

In a decision issued March 9, 2016, the Supreme Court of the United Kingdom rejected the claim of plaintiff, Magmatic Limited ("Magmatic"), against PMS International Group Plc ("PMS"), alleging infringement of one of Magmatic's registered European Community designs. The basis for Magmatic's claim was its registered Community Design for a ride-on suitcase for children, in the shape of an animal, which it markets as the "Trunki." PMS offers a competing children's ride-on suitcase, also shaped like an animal, called the "Kiddee Case."

Background

Under European Council Regulation No. 6/2002 governing Community designs, a "design shall be protected by a Community design to the extent that it is new and has individual character." Protection is granted to the appearance of the design, in whole or in part, that "result[s] from the features of, in particular, the lines, contours, colours,

shape, texture and/or materials of the product itself and/or its ornamentation.”

Magmatic’s founder, Robert Law, won a prize in 1998 for his design for a ride-on children’s suitcase, which featured four wheels and a handle, called the “Rodeo.” Magmatic registered an updated version of the Rodeo in 2003 as Community Design No. 43427-0001 (“the Design”). Magmatic’s Design consisted of six monochrome images created using a computer assisted design (CAD) program. Two of the six images are shown below.



Magmatic’s Registered Design No. 43427-0001 (the “Design”)

Today, Magmatic manufactures and markets ride-on children’s suitcases under the name “Trunki” in a variety of colors and styles. Magmatic’s first Trunki products closely resembled the Design, without additional ornamentation other than coloring. Subsequent Trunki models have included ornamentation such as stripes, spots, noses, and whiskers. Magmatic has also sought to protect some of these more elaborate Trunki designs by registering them as Community designs.

Magmatic filed a complaint against PMS in 2013, upon discovering that PMS had begun selling a line of children’s ride-on luggage called the “Kiddee Case.” PMS had developed the Kiddee Case when it noticed the successful Trunki design and realized there was no discount model on the market. Magmatic claimed that the Kiddee Case infringed Magmatic’s registered Design No. 43427-0001, as it did not “produce on the informed user a different overall impression” from Magmatic’s Design.



Kiddee Case offered by PMS

Trial Court

The trial judge noted that the three most important elements in a case involving registered designs are: (1) the registered design; (2) the accused object; and (3) the prior art, and that the paramount consideration is what the designs at issue look like. Applying this standard, the trial court held that Magmatic’s Design is protectable and, notwithstanding differences between the designs, the Kiddee Case infringes the Design. Crucially, the trial court held that Magmatic’s Design is for a particular shape in the form of an animal. Accordingly, the relevant feature of the Kiddee Case was its shape, which the court considered similar, while the ornamental markings on the Kiddee Case were deemed irrelevant.

The trial judge held that the scope of the Design was somewhat reduced by the prior art, namely, Robert Law’s previous “Rodeo” design that was disclosed in 1998. Nevertheless, the court believed that the “overall impression” of the Kiddee Case shares with the Design “the slimmer, sculpted, sophisticated, modern appearance, prominent ridge and horn-like handles and clasps” which resemble “the nose and tail of an animal,” but which the Rodeo lacked.

Court of Appeal

The Court of Appeal reversed the decision, holding that the trial judge had made two material errors. First, the judge failed to fully consider the nature of Magmatic’s Design. In doing so, the judge overlooked the fact that the shape of the Design as a whole resembles a “horned animal,” while

the Kiddee Case's overall impression is quite different, resembling an insect with antennae or an animal with ears. Related to this first criticism, the Court of Appeal held that the trial judge failed to consider the impact of the designs' surface ornamentation on their overall visual impression. Specifically, the impression created by the shape of the Kiddee Case is "clearly influenced" by its ornamental features, such as the coloring of the body and spots on its sides, resulting in the impression of an animal—but not one with horns.

Second, the appellate court held that the trial judge failed to take into account "the color contrast" between the wheels of Magmatic's Design and the body of the Design, as shown in the CAD renderings. The appellate court deemed this contrast a "fairly striking" feature of the Design.

Decision of the Supreme Court

Magmatic appealed, and the Supreme Court agreed that the trial court materially erred in failing to fully consider: (1) the overall impression created by Magmatic's Design of a horned animal; (2) the impact of the presence and absence of ornamentation on the overall impression of the Design and the Kiddee Case; and (3) the significance of the color contrast of the Design.

(i) Horned Animal Appearance

The Supreme Court agreed with the Court of Appeal's assessment that, although the trial court conducted a detailed analysis of the similarities and differences between Magmatic's Design and the Kiddee Case, it failed to mention or identify the horns of the Design, and more particularly its impression of a "horned animal." The Supreme Court noted that, where a judge has offered a "full and careful judgment," it can be concluded that the "failure to mention a significant point means that he has overlooked it." The failure to articulate

the Design's horned animal impression was all the more significant, as it is the "overall impression" of the Design that is the central inquiry of an infringement case.

(ii) Ornamentation or Lack Thereof

The Supreme Court held that the second criticism of the trial judge's analysis was in fact an extension of the first, namely, that the lack of ornamentation on the Design supported the impression of an animal with horns, while the ornamentation on the Kiddee Case suggested animals with ears or antennae. The Supreme Court observed that, while the appellate court's criticism was correct, "it amounted to a relatively minor point which simply reinforced the first criticism."

Magmatic claimed that the case should be referred to the Court of Justice of the European Union, arguing that the issue of whether absence of decoration could be a feature claimed by a registered design was a point of EU law that had not been determined (or that left room for reasonable doubt). The Supreme Court disagreed, stating in dicta that lack of ornamentation can clearly be a feature of a registered design, citing case law and noting that it would be quite strange if a design right system did not "cater" to simplicity or minimalism, which are "notorious" design elements.

Further, the Court held that whether the lack of ornamentation in Magmatic's Design is an aspect of the specific right claimed turns on the analysis of the images submitted, and not on a general principle of EU law. The Supreme Court noted that a line drawing (as opposed to a CAD rendering) is more likely to be interpreted as not excluding ornamentation, given that the broadest claims are typically obtained by line drawings. Ultimately, however, the Supreme Court decided it was unnecessary to determine whether Magmatic's Design specifically claims a lack of ornamentation,

as this did not alter the determination of non-infringement.

(iii) Two-Tone Coloring of Magmatic's Design

The Supreme Court agreed that the trial court erred in failing to consider the two-tone nature of Magmatic's Design. PMS could not rely on the colors of its products as a distinguishing feature, given that Magmatic's Design was filed in black and white (and thus was presumed to cover all colors). However, the Court noted that the Design consists of a grey body, with a black strip on its front, a black strap on top, and black wheels. In particular, the Court held that other parts of the Design (such as the clasps and the horns) were not shown in a contrasting color, and thus there was no logical connection between color and function. The Court concluded that the trial court was obligated to take into account the coloring of the Kiddee Case and compare it with the two-tone monochrome coloring of the Design.

Because the Court of Appeal determined the issue of infringement using the correct law, the Supreme Court held that it should be slow to "interfere" with the appellate court's judgment of non-infringement. The Supreme Court added that it would likely have reached the same conclusion. Accordingly, it allowed the decision to stand.

* * * * *

Registered Community designs are intended to be inexpensive and reasonably easy to obtain. However, this decision makes clear that owners of registered Community designs will need to think ever more carefully about the images they submit for registration, and the impact that their submissions will have on the scope of protection. The UK Supreme Court and Court of Appeal have signaled that the scope of protection for registered Community designs is quite narrow,

particularly for those designs that are represented in CAD renderings and that contain even moderate levels of detail. However, an attempt to obtain broader protection by submitting less-detailed images may create its own challenges, in terms of distinguishing one's new design from the existing design corpus.

[-KLD](#)

FROSS ZELNICK LEHRMAN & ZISSU, P.C.