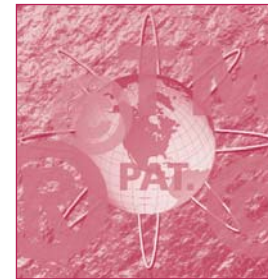


Bright Ideas

A publication of the Intellectual Property Law Section
of the New York State Bar Association



Message from the Chair

My last Message for 2003 is filled with pride in the accomplishments of the Intellectual Property Law Section and gratitude to the people who made it all happen. The Section's 2003 Calendar was filled with great programming. Between the January 2003 Annual Meeting, the Bridge the Gap CLE programs, the Women in IP program, the Fall Meeting, and the ongoing individual Committee meetings, barely a month went by in 2003 when the Section was not fulfilling its educational programming—not to mention networking—missions. Indeed, for those who attended the Fall Meeting at The Sagamore in October, I do not think I exaggerate when I say it may have been one of the



best programs the Section has ever organized. I will not list all the names of people to thank for fear of missing one, but you know who you are, and the Section and I owe you a debt of gratitude for putting on a great show in 2003.

The Section has also published more written material on Intellectual Property than ever before. In addition to this excellent edition of *Bright Ideas*, the two previous 2003 *Bright Ideas* issues rank among the best work ever published by the Section. The Section also just published a "LegalEase" pamphlet for the NYSBA, which should help bring more awareness of intellectual property issues to general practice attorneys and lay business owners. And for the first time, Annual and Fall Meeting written materials are now available online at www.nysba.org/ipi. The Section and I thank all those responsible for these publishing achievements.

Inside

U.S. Intellectual Property Law and the Biotech Challenge: Searching for an Elusive Balance.....3 (Peter J. Gardner)	
<i>Festo</i> : The Latest Chapter8 (Edward R. Reines)	
Re-Stating IP Law: Congress Proposes Withholding Intellectual Property Protection from Sovereignities That Do Not Waive Immunity11 (Matthew David Brozik)	
Second Circuit Refines "Total Concept and Feel" Test for Copyright Infringement.....17 (Robert J. Bernstein and Robert W. Clarida)	
Trade Dress Protection and the Future of Dilution After the Supreme Court's Decision in the Victoria's Secret Case.....20 (George R. McGuire)	
Scenes from the 2003 Fall Meeting21	

U.S. Joins Madrid Protocol: New International Filing Opportunities for U.S. Trademark Owners29 (Jason M. Vogel)	
Disparaging Trademarks in Context: <i>Pro-Football, Inc. v. Suzan Shown Harjo</i>32 (Jonathan Matkowsky)	
EU Expansion: Implications and Expectations for Community Trademarks.....35 (Eleanor Fairley)	
Trade Winds37	
Intellectual Property Law Section 2004 Annual Meeting Program38	
December 2003 Report of the Nominating Committee of the Intellectual Property Law Section.....40	
Intellectual Property Law Section Membership Application...41	
Committee Assignment Request.....42	
Section Committees and Chairs43	

2004 promises to be even better. The January 27, 2004 Annual Meeting will present a panel on intellectual property litigation and forensic discovery, and it will provide an opportunity to hear from MaryBeth Peters, Register of Copyrights, as well as the Honorable Judges Shira Scheindlin, Denise Cote, and Jed Rakoff. The Section is also planning a February 24, 2004 program at Benjamin N. Cardozo School of Law entitled "Intellectual Property and the Supreme Court." Check the Web site and your e-mail for program information. Also in the works is a "Copyright Office Day" program. All of this does not even include the four Roundtable programs presently planned for 2004 (up from the three we presented in 2003), the Bridge the Gap CLE programs, the Second

Annual Women in IP program, and the October Fall Meeting. I urge you to look out for the Section's 2004 Calendar in your mailbox shortly.

On the horizon for the Section is the formation of an International Issues Committee. The Section expects that such a committee will attract new members who practice in the international intellectual property arena, as well as expose the Section to the ever-increasing number of global intellectual property issues that arise in our practice.

I look forward to seeing you at upcoming Section and Committee events.

Marc A. Lieberstein

Thank You

The Intellectual Property Law Section extends its gratitude to the following for their significant sponsorship over the past year:

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U.S. Intellectual Property Law and the Biotech Challenge: Searching for an Elusive Balance

By Peter J. Gardner

I. Introduction

The American intellectual property law regime has for more than two centuries struggled to keep up with rapid technological change, yet it seems always to have managed to do so in the end. The biotechnology revolution, however, will create unprecedented challenges to our intellectual property rights system, perhaps especially in the allocation of rights to balance the interests of scientists, investors, and those from whom valuable genetic material is obtained. Indeed, for human DNA, some question whether there should be any property rights at all.



II. DNA and Genes

DNA is a molecule with four chemical components symbolized as A, C, G and T. The human genome sequence is estimated to comprise roughly three billion pairs of these letters.¹ It would be about six feet long if stretched out² and would fill two hundred New York City phone books.³ To “sequence” DNA is to determine the precise order of these letters along the DNA molecule. A “gene” is a length of DNA that contains all the information necessary to make a protein—the “business end”⁴ of the cellular process that creates cellular structure and directs certain cellular functions. The “human genome” itself is all the hereditary material in our cells—approximately 31,000 genes.⁵

Scientists seek to identify the comparatively few genes in the vast sea of DNA and to determine the protein each gene encodes.⁶ The biotechnology and pharmaceutical industries seek to find the disease-causing genes that could lead to new drug treatments.⁷

III. The Legal and Statutory Framework

American intellectual property law, which includes patent law, is designed to advance knowledge and to stimulate innovation for the benefit of society.⁸ To encourage this goal, a patent grants an inventor a 20-year limited monopoly with which to profit from his or her invention.⁹

Not everything under the sun is patentable, however. Justice Douglas wrote in 1948 that “patents can-

not issue for the discovery of the phenomena of Nature” which, he asserted, “are part of the storehouse of knowledge of all men.”¹⁰ Eighteen years later, the Supreme Court expressed concern that a monopoly of knowledge granted through a patent “may confer power to block off whole areas of scientific development, without compensating benefit to the public.”¹¹

But in 1980 the Court held that a genetically engineered strain of bacteria “with markedly different characteristics from any found in nature” was patentable,¹² and in 1991 the Federal Circuit upheld the patentability of human DNA sequences that are “purified and isolated” from the original object in nature.¹³ So although one cannot patent a fundamental scientific breakthrough, one can patent a specific technological application enabled by that breakthrough.¹⁴

“The biotechnology revolution . . . will create unprecedented challenges to our intellectual property rights system, perhaps especially in the allocation of rights to balance the interests of scientists, investors, and those from whom valuable genetic material is obtained.”

The 1998 Federal Circuit decision that an abstract idea (a mathematical algorithm in that case) is patentable if it has practical utility¹⁵ presages a bioinformatics industry¹⁶ built on the creation of the genomic information that is now a key strategic and competitive business asset independent of applied products.¹⁷

Within this case-law setting, an innovation or invention must also meet Patent and Trademark Office requirements to be patented.¹⁸ A key requirement in the gene patent context is that an invention be “useful,”¹⁹ although until recently human DNA sequences and gene fragments were permitted to be patented without any knowledge of their biological function.²⁰ In 2001, however, the Patent Office revised its guidelines to emphasize specific, substantial, and credible utility,²¹ that is, a “real world context for using the invention”²² as distinct from a con-

text that requires further research to establish or verify usefulness.²³

An additional key requirement is that an invention not have been previously known or described in a written publication.²⁴ With this in mind, the 1996 “Strategy Meetings on Human Genome Sequencing” hosted in Bermuda by the Wellcome Trust resulted in an agreement among participants that all raw sequence data from human genome sequencing efforts should be “freely available and in the public domain.”²⁵ As a result, sequence data are now released daily into public databases, which destroys patentability in a raw sequence itself.²⁶

Even without property rights, though, genomic companies seek to profit from information in the public domain by providing easier or more efficient access,²⁷ as Lexis and Westlaw do for legal research. Celera Genomics Group, for example, derives its revenues primarily from database subscription fees rather than from patent rights.²⁸

IV. The Intersection of Law, Policy and Morality

To treat his leukemia, John Moore was asked over a seven-year period to provide his physician at the UCLA Medical Center with certain bodily materials, including DNA which, it turned out, had the unusual characteristic of overproducing proteins that regulate the immune system.²⁹ With these materials, the physician, without telling Moore, developed and patented the “Mo cell line” and granted a license to, and received stock options and a consulting arrangement from, a biotech company.³⁰ The Mo cell line produced three billion dollars worth of drugs.³¹ Once he learned of the cell line and the drugs, Moore sued the physician, the University of California, the patent assignee, and various biotech firms.

Moore argued in part that the defendants had misappropriated his property—DNA, cells, and tissue—to develop the cell line and drugs.³² The California Supreme Court rejected Moore’s possessory claims to the patented cell line because the line was “factually and legally distinct” from his own, but held that physicians do have a fiduciary duty to inform patients of any personal research or economic interest unrelated to the patient’s health.³³ The court thus used the doctrine of lack of informed consent rather than property law to balance the interests of patients and researchers by protecting both scientific innovation and a patient’s right not to participate in research.³⁴ Moore and the defendants eventually reached a settlement whereby Moore reportedly received a few hundred thousand dollars—enough to cover his legal bill.³⁵

The *Moore* case is certain to figure in the pending case of *Greenberg v. Miami Children’s Hospital Research Institute, Inc.*³⁶ In *Greenberg*, the plaintiffs claim that they helped the defendant physician collect data and bodily materials from families afflicted with Canavan disease, a rare neurological disorder that leads to brain degeneration, that the defendant received a patent on the disease-causing gene and a diagnostic test and, shortly thereafter, that the defendant’s assignees began notifying testing centers, including the plaintiffs’ testing centers, of their intention to defend their patent rights. The plaintiffs allege they assisted the defendant physician with the implicit understanding that he shared their goal of developing an affordable and accessible diagnostic test and, echoing *Moore*, that the physician should have disclosed his profit motives.³⁷

Is it outrageous for physicians and scientists secretly to profit literally from the bodies of their research subjects? Surely. Is it unfair to deny to research subjects property rights in their own bodily materials? Perhaps not.

Public policy that limits donor rights is rooted in the concern that granting property rights in an individual’s own tissue will commoditize DNA³⁸ and human beings³⁹ and will subject poor people in particular to exploitation in “particularly vicious fashion.”⁴⁰ The concern is that poor people may be persuaded, induced, or compelled to sell parts of their bodies to pay for, say, heating bills, food, or a child’s education, or to cover the costs of needed medication or even medical care itself. A somewhat extreme, but perhaps not an entirely implausible, version of the issue was highlighted in the most recent James Bond film, *Die Another Day*, which involves a Cuban DNA clinic that caters to wealthy international clients who seek to improve or modify their own cell lines. The source DNA to make these improvements, the clinic director says, comes from orphans and poor people “who are not likely to be missed.”

V. Biotech Research Versus Commercialization

The advent of the Human Genome Project⁴¹ and greatly increased patenting opportunities for universities under the Bayh-Dole Act⁴² have led basic biomedical research to become intensely commercialized,⁴³ which has created tension between investors who seek profits and scientists who want to do research.⁴⁴

This tension was suggested early on in the Human Genome Project, ironically a nonprofit undertaking, when J. Craig Venter, then a biologist at the National Institutes of Health, proposed patenting vast numbers of human gene fragments called expressed sequence tags, or “ESTs.”⁴⁵ Although an

EST is unique and identifies the gene of which it is a part,⁴⁶ it reveals nothing of the utility or function of the full gene. Nobel Laureate James D. Watson, then head of the NIH genome project, resigned in opposition to NIH attempts to patent ESTs,⁴⁷ the NIH eventually withdrew all its EST patent applications, and Venter himself eventually moved to for-profit Celera.

The biotech industry argues that without strong patent protection firms could not justify the risk, time, energy, and money necessary to create new pharmaceutical products.⁴⁸ Only one in as many as 10,000 compounds screened is likely to receive Food and Drug Administration approval, which may take as long as 13 years to obtain, and a successful new product may require a half-billion dollars for development by the time it comes to market.⁴⁹ It is particularly critical for start-up biotech companies whose sole asset may be their intellectual property to obtain patent protection to attract capital.⁵⁰

"In this charged and exceedingly complicated environment, American intellectual property law will seek, as it always has, a tenable balance of interests and allocation of rights."

In contrast to investors, academic and basic researchers fear that proprietary rights in basic research results will hinder scientific progress by impeding access to fundamental information or by blocking the use of experimental tools.⁵¹ The need to pay licensing fees, scientists say, will dissuade them from experimenting on patented genes.⁵²

On religious or philosophical grounds, many people regard the human genome as a common birthright of humanity⁵³ and an intimate part of human life⁵⁴ and believe that granting *any* rights in it violates a moral code.⁵⁵

To others, however, the morality of patenting human DNA sequences lies in its promise of medical innovations that will benefit humanity⁵⁶ and, to them, the question would be not whether to prohibit all patenting but whether to permit "fair patenting."⁵⁷

VI. Conclusion

Notwithstanding conflicting industrial, scientific, moral, philosophical, and religious interests, biotech research and commercialization are of rapidly growing importance to the U.S. economy.⁵⁸ Yet the intellectual property law system, and especially the patent system, may not adequately address challenges created by biotechnological inventions,⁵⁹

including the need to determine how proprietary rights should be allocated to encourage investment,⁶⁰ the extent to which a patent monopoly should be granted on basic biochemistry,⁶¹ and the rights a research subject may have in a patent derived from his or her genetic material.⁶²

Where genomics research creates overlapping property rights that require a developer to secure several licenses and, potentially, to incur high transaction costs,⁶³ it has been proposed as one possible solution that Congress enact a compulsory licensing statute coupled with an experimental-use exemption to ensure that researchers have access to DNA sequence data they require for experimentation.⁶⁴

Still in its infancy, the genetic revolution is a "scientific, technical and cultural phenomenon" that promises "a discourse tangled in false expectations and misguided, ill-informed denunciations."⁶⁵ In this charged and exceedingly complicated environment, American intellectual property law will seek, as it always has, a tenable balance of interests and allocation of rights.

Endnotes

1. E-mail correspondence from Robert H. Gross, Associate Professor of Biological Sciences and Director of the Center for Biological and Biomedical Computing, Dartmouth College, Hanover, N.H., to the author (Nov. 18, 2002) (on file with the author).
2. Dr. Kathy Hudson of the National Human Genome Institute at the National Institutes of Health (NIH), commenting in *The Human Genome Project, DNA Science and the Law: The American Legal System's Response to Breakthroughs in Genetic Science*, 51 Am. U.L. Rev. 431, 433 (2002) (footnote omitted).
3. Charles Vorndran and Robert L. Florence, *Bioinformatics: Patenting the Bridge Between Information and the Life Sciences*, 42 J.L. & Tech. 93 (2002) (citing Elizabeth Pennisi, *The Human Genome: News*, 291 Sci. 1177, 1178 (2001)).
4. Donna M. Gitter, *International Conflicts Over Patenting Human DNA Sequences in the United States and the European Union: An Argument for Compulsory Licensing and a Fair-Use Exemption*, 76 N.Y.U.L. Rev. 1623, 1633 (2001) (citing R. Scott Hawley & Catherine A. Mori, *The Human Genome: A User's Guide* 7-8 (1999)).
5. Dr. Kathy Hudson, *supra* note 2, at 436 (footnote omitted).
6. Allen C. Nunnally, *Note: Commercialized Genetic Testing: The Role of Corporate Biotechnology in the New Genetic Age*, 8 B.U. J. Sci. & Tech. L. 306, 314-315 (2002).
7. Mary Breen Smith, *Comment: An End to Gene Patents? The Human Genome Project Versus the United States Patent and Trademark Office's 1999 Utility Guidelines*, 73 U. Colo. L. Rev. 747, 755 (2002) (citing Andrew Pollack, *Double Helix With a Twist*, N.Y. Times, Feb. 13, 2001, at C1).
8. Linda R. Cohen and Roger G. Noll, *Intellectual Property, Antitrust and the New Economy*, 62 U. Pitt. L. Rev. 453 (2001).
9. 35 U.S.C. § 154(a)(2) (1994); Lawrence M. Sung, *Collegiality and Collaboration in the Age of Exclusivity*, 3 DePaul J. Health Care L. 411, 412-413 (2000) (citing U.S. Const. art. I, § 8, cl. 8 (Congress shall have power "To promote the Progress of Science and the useful Arts, by securing for limited Times to

- Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”). See also Linda R. Cohen and Roger G. Noll, *supra* note 8 (the benefit of a rights regime is the inducement effect: if creators derive personal gain from their work, they are likely to produce a more creative product).
10. *Funk Brothers Seed Company v. Kalo Inoculant*, 333 U.S. 127, 130 (1948) (quoted by Rebecca Eisenberg commenting in *Molecules vs. Information: Should Patents Protect Both?*, 8 B.U. J. Sci. & Tech. L. 190, 194 (2002)).
 11. *Brenner v. Manson*, 383 U.S. 519, 534 (1966) (quoted in Gitter, *supra* note 4, at 1664).
 12. *Diamond v. Chakrabarty*, 447 U.S. 303, 305, 310 (1980) (quoted in Gitter, *supra* note 4, at 1640-41).
 13. Gitter, *supra* note 4, at 1642 (citing *Amgen v. Chugai*, 927 F.2d 1200, 1206 (Fed. Cir. 1991)). See also Smith, *supra* note 7, at 760 (footnote omitted) (as a legal matter, DNA is a chemical compound that satisfies the patentable subject matter requirement).
 14. Eisenberg, *supra* note 10, at 196.
 15. *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 149 F.3d 1368, 1375 (Fed. Cir. 1998) (“The question of whether a claim encompasses statutory subject matter should not focus on which of the four categories of subject matter a claim is directed to . . . but rather on the essential characteristics of the subject matter, in particular, its practical utility.”) (quoted in Stephen G. Kunin, Mark Nagumo, Brian Stanton, Linda S. Therkorn, and Stephen Walsh, *Reach-Through Claims in the Age of Biotechnology*, 51 Am. U.L. Rev. 609, 623 (2002)).
 16. Scott D. Locke and David A. Kalow, *Preparing For Bioinformatics Litigation: How Will the Courts Confront the Next Generation of Biotechnology Patents*, 1 Buff. Intell. Prop. L.J. 76, 91-92 (2001) (footnote omitted).
 17. Clarisa Long, *Re-engineering Patent Law: The Challenge of New Technologies: Part II: Judicial Issues: Patents and Cumulative Innovation*, 2 Wash. U. J.L. & Pol’y 229, 233 (2000) (footnote omitted). See also Eisenberg, *supra* note 10, at 192 (most DNA sequence information identified today will have its primary value as an information resource for future research).
 18. Alexander K. Haas, *The Wellcome Trust’s Disclosures of Gene Sequence Data into the Public Domain & the Potential for Proprietary Rights in the Human Genome*, 16 Berkeley Tech. L.J. 145, 153 (2001) (the requirements for patentability established in 35 U.S.C. 101 *et seq.* (1994) are patentable subject matter, novelty, nonobviousness, utility, and enablement).
 19. 35 U.S.C. 101 (1994).
 20. Haas, *supra* note 18, at 160 (citing *American Society of Human Genetics Position Paper on Patenting of Expressed Sequence Tags* (Nov. 1991)).
 21. Locke and Kalow, *supra* note 16, at 93 (citing 66 Fed. Reg. 1092) (Jan. 6, 2001). See also Smith, *supra* note 7, at 765 (the utility requirement compels applicants to specify and demonstrate a specific, commercial utility to obtain a patent for a chemical compound).
 22. Kunin, Nagumo, Stanton, Therkorn, and Walsh, *supra* note 15, at 623 (citing U.S. Patent and Trademark Office, Manual of Patent Examining Procedure 2107.01 (8th ed. Aug. 2001)).
 23. *Id.* at 624 (citing U.S. Patent and Trademark Office, Manual of Patent Examining Procedure 2107.01 (8th ed. Aug. 2001)).
 24. 35 U.S.C. 102(a) (1994).
 25. Haas, *supra* note 18, at 152 (citing *The Human Genome Organisation, Summary of Principles Agreed at the International Strategy Meeting on Human Genome Sequencing* (Feb. 25-28, 1996) (the purpose of such disclosures is to “encourage research and development and to maximize [the] benefit to society”).
 26. Eisenberg, *supra* note 10, at 201 (“We are seeing a lot of free disclosure of unpatented DNA sequence information into the public domain, much of it coming from the private sector. Some of these private sector benefactors of the public domain are explicitly trying to create prior art that will defeat the patent claims of others.”).
 27. Haas, *supra* note 18, at 162 (explaining that legal databases such as Lexis-Nexis profit because their publicly accessible records would be too difficult for many people to use or access without their services).
 28. Long, *supra* note 17, at 234 (citing *Celera Up Close* at <http://www.celera.com> (visited Feb. 15, 2000)).
 29. Larry I. Palmer, *Disease Management and Liability in the Human Genome Era*, 47 Vill. L. Rev. 1, 21 (2002) (citing *Moore v. Regents of California*, 51 Cal. 3d 120 (Cal. 1990)).
 30. *Id.* (footnote omitted).
 31. *Id.* at 22 (citing Michael Baram et al., *Patent Rights and Licensing*, 6 B.U. J. Sci. & Tech. L. 3, 38 (2002) (patent rights for Mo cell line yielded fifteen million dollars for Sandoz Pharmaceutical Corporation and an estimated three billion dollars worth of drugs that followed from it)).
 32. *Id.* (footnote omitted).
 33. Anne Nichols Hill, *Note: One Man’s Trash is Another Man’s Treasure, Bioprospecting: Protecting the Rights and Interests of Human Donors of Genetic Material*, 5 J. Health Care L. & Pol’y 259, 264, 266 (2002) (citing *Moore*, at 142).
 34. Palmer, *supra* note 29, at 22-23.
 35. *Moore* is reported to have settled for between \$200,000 and \$400,000. Richard Cairney, *Venting His Spleen (Doctor Patented Quirk in Patient’s Unusual Genetic Code)*, Can. Med. Ass’n J., Dec. 15, 1998, at 1451.
 36. No. 00C6779 (N.D. Ill. filed Oct. 30, 2000).
 37. Palmer, *supra* note 29, at 8-13 (footnotes omitted).
 38. Shira Pridan-Frank, *Human-Genomics: A Challenge to the Rules of the Game of International Law*, 40 Colum. J. Transnat’l L. 619, 653 (2002) (citing Bartha Maria Knoppers, Marie Hirtle and Kathleen Cranley Glass, *Commercialisation of Genetic Research and Public Policy*, 286 Sci. 2277-78 (Dec. 17, 1999)).
 39. Daniel J. Kevles and Ari Berkowitz, *The Gene Patenting Controversy: A Convergence of Law, Economic Interests, and Ethics*, 67 Brooklyn L. Rev. 233, 242 (2001) (citing Richard D. Land and C. Ben Mitchell, *Patenting Life: No, 63 First Things* 20, 20-22 (1996)).
 40. George Annas, commenting in *Molecules vs. Information: Should Patents Protect Both?*, 8 B.U. J. Sci. & Tech. L. 190, 209 (2002).
 41. The Human Genome Project is a joint effort by the National Institutes of Health and Department of Energy to sequence the entire human genome.
 42. 35 U.S.C. §§ 200-11 (1994). The Bayh-Dole Act permits research institutions to obtain intellectual property rights on government-funded research.
 43. Long, *supra* note 17, at 240 (citing Tiffany Ayers ed., *Science and Technology Leaders Discuss Innovations for the Future*, 286 Sci. 1753 (1999)).
 44. Hill, *supra* note 33, at 259 (citing Sheldon Krinsky, *The Profit of Scientific Discovery and Its Normative Implications*, 75 Chi.-Kent L. Rev. 15 (1999)). See also Long, *supra* note 17, at 229-301 (the shift from a scientific research to a business focus has created a tension between the desire to maximize profits from a patented invention on the one hand and allowing research to be conducted on the invention on the other).

45. ESTs are sections of DNA that code for proteins with as yet undetermined biological functions.
46. Kevles and Berkowitz, *supra* note 39, at 235-36 (citing Mark D. Adams *et al.*, *Complementary DNA Sequencing: Expressed Sequence Tags and Human Genome Project*, 252 Sci. 1651, 1651 (1991)).
47. *Id.* at 237 (citing Michael Waldholz & Hilary Stout, *A New Debate Rages Over the Patenting of Gene Discoveries*, The Wall St. J., Apr. 17, 1992, at 1).
48. Gitter, *supra* note 4, at 1626.
49. Kunin, Nagumo, Stanton, Therborn, and Walsh, *supra* note 15, at 610, 614 (footnotes omitted).
50. *Id.* at 615 (citing Rebecca Eisenberg, *Patenting Research Tools and the Law*, in *Intellectual Property Rights and Research Tools*, in Molecular Biology 6 (Nat'l Academy Press 1997)). See also Smith, *supra* note 7, at 758 (citing David Malakoff and Robert F. Service, *Genomania Meets the Bottom Line*, 291 Sci. 1193, 1193 (2001) (funds are required "not only for the initial research and development, but also to go through the regulatory approval process necessary to get a product—particularly a pharmaceutical product—on to the market")).
51. Sung, *supra* note 9 (citing Ronald Kotulak, *Taking license with your genes: Patenting human genes threatens to hamstring research and boost the price of some diagnostic tests*, Chi. Trib., Sept. 12, 1999, at C1 ("The controversial practice of patenting human genes and profiting from them has begun to impede medical research, interfere with clinical practice and raise healthcare costs, doctors warn.")). See also Cohen and Noll, *supra* note 8 (excessively strong IP protection can reduce economic welfare by inhibiting technological change); Arti K. Rai, *The Human Genome Project, DNA Science and the Law: The American Legal System's Response to Breakthroughs in Genetic Science*, 51 Am. U.L. Rev. 371, 386-87 (2002) (expressing concern about property rights that may unduly hinder access to basic research that enables a broad variety of further research).
52. Gitter, *supra* note 4, at 1626.
53. Kevles and Berkowitz, *supra* note 39, at 248.
54. Annas, *supra* note 40, at 211.
55. Kevles and Berkowitz, *supra* note 39, at 233-34.
56. Gitter, *supra* note 4, at 1659 (footnote omitted).
57. Annas, *supra* note 40, at 209.
58. Gitter, *supra* note 4, at 1660, 1690-91 (citing Peter Drahos, *Biotechnology Patents, Markets and Morality*, 21 Eur. Intell. Prop. Rev. 441, 442-43 (1999) and Alison Abbott and Ulrike Hellerer, *Politicians Seek to Block Human-Gene Patents in Europe*, 404 Nature 802, 802 (2000)).
59. Kojo Yelapaala, *Biotechnology and the Law: Owning the Secret of Life: Biotechnology and Property Rights Revisited*, 32 McGeorge L. Rev. 111, 218 (2000).
60. Haas, *supra* note 18, at 147 (citing *The Pharmaceutical Industry Profile: R&D The Key to Innovation* (Pharmaceutical Research and Manufacturers of America) at <http://www.phrma.org/publications/publications/profile00/chap2.phtml> (visited Feb. 1, 2001) (a typical drug averages half a billion dollars to reach the market)).
61. Josh Sarnoff, commenting in *The Human Genome Project, DNA Science and the Law: The American Legal System's Response to Breakthroughs in Genetic Science*, 51 Am. U.L. Rev. 371, 374 (2002).
62. John Kilyk, Jr., commenting in *The Human Genome Project, DNA Science and the Law: The American Legal System's Response to Breakthroughs in Genetic Science*, 51 Am. U.L. Rev. 371, 384 (2002).
63. Rai, *supra* note 51, at 387-88.
64. Gitter, *supra* note 4, at 1679 (footnote omitted). "Congress should codify an experimental-use exemption for public-sector researchers at the federal level and nonprofit researchers to permit scientists to pursue research on patented DNA sequences for noncommercial purposes free of any licensing fee and without facing liability in an infringement action." *Id.* at 1684-85 (footnotes omitted).
65. Timothy Caulfield, *Underwhelmed: Hyperbole, Regulatory Policy, and the Genetic Revolution*, 45 McGill L.J. 437, 440-44 (2000).

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Festo: The Latest Chapter

By Edward R. Reines

I. Introduction

On September 26, 2003, the Federal Circuit Court Of Appeals, acting *en banc*, issued the latest opinion in the on-going saga of *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*¹ In this round, the Federal Circuit received the remand from the Supreme Court and answered some open questions regarding the doctrine of prosecution history estoppel. It left unanswered other questions for future case-by-case development. This article describes what this latest *Festo* decision resolved—and what it did not.



II. The Supreme Court Remand

The Supreme Court, in its 2002 *Festo* ruling, vacated the Federal Circuit's 2000 decision in which the Federal Circuit, among other things, had adopted an "absolute bar" to the doctrine of equivalents.² The absolute bar applied if disputed claim language was added during patent prosecution for reasons related to patentability. The Supreme Court replaced the "absolute bar" with a presumption of a bar.³ The Supreme Court provided some guidance on the circumstances in which the presumption could be overcome.⁴ The Court remanded the case to the Federal Circuit for the presumptive bar to be applied to the particular facts of the *Festo* case and, as appropriate, to develop rules implementing the presumption.⁵

III. The Federal Circuit *Festo* Ruling on Remand

At the outset, the Federal Circuit, on remand, confirmed that the prosecution history estoppel rules set forth in its 2000 decision that had not been addressed by the Supreme Court were still good law.⁶ Specifically, the court re-stated that "voluntary" amendments made for purposes of patentability, in addition to amendments made in response to a Patent Office rejection, give rise to the presumption of a prosecution history estoppel.⁷

Next, the court turned to the specific questions it had formulated *en banc* for the remand proceedings. First, the court answered the question of whether a judge or jury should determine if the presumptive bar on the doctrine of equivalents is rebutted.⁸ The court emphatically concluded that application of prosecution history estoppel, including the presump-

tive bar, falls within the "exclusive province of the court."⁹ The court reached this conclusion even though it candidly acknowledged that such an analysis can include underlying questions of fact.¹⁰ The court reasoned that, because prosecution history estoppel has traditionally been considered equitable in nature, resolution of issues related to the implementation of the estoppel are properly allocated to the judge.¹¹

The second question posed by the court was which factors a judge should consider when determining if a litigant has overcome the presumption of a prosecution history estoppel bar. As a baseline, the court explained that the test set forth by the Supreme Court was that "a patentee may rebut the presumption of surrender by showing that 'at the time of amendment one skilled in the art could not reasonably be expected to have drafted a claim that would have literally encompassed the alleged equivalent.'"¹²

Significantly, the Federal Circuit clarified the time perspective of the analysis, which had been confused by conflicting statements in the Supreme Court's *Festo* opinion. The Supreme Court stated that whether a person skilled in the art could reasonably have literally encompassed the alleged equivalent should be measured at the time of the amendment giving rise to the presumption.¹³ However, the Court also suggested that it should be measured at the time that the patent application was filed.¹⁴ The Federal Circuit pronounced that the relevant point in time for the *Festo* analysis is the time of amendment.¹⁵

The Federal Circuit also observed that the Supreme Court had identified three ways that the presumption could be overcome:

1. If the alleged equivalent would have been "unforeseeable."
2. If the rationale underlying the narrowing amendment is peripheral or tangential to the alleged equivalent.
3. If there is some other reason why the patentee could not reasonably have been expected to have described the insubstantial substitute in question.¹⁶

The Federal Circuit decided not to specify exhaustive tests for how these three prongs of the analysis should be applied. Instead, the court set forth some basic rules and provided what it termed "general guidance."¹⁷

With respect to the foreseeability prong, the court stated that it is an objective inquiry that is independent of what the inventors or patent attorneys actually foresaw when they submitted the disputed amendment to the Patent Office.¹⁸ The court appeared to assume that what must have been unforeseeable was the accused equivalent in the alleged infringer's product and not simply claim language which would have encompassed the accused equivalent. This distinction is important, because it is easier to foresee broad claim language that captures an equivalent than it is to foresee the particular equivalent employed by the accused infringer. Put simply, given the rich array of available claiming techniques, such as negative claiming and generic claiming, the foreseeability prong will be more difficult for the patentee to establish if the alleged infringer merely has to show that a claim could reasonably have been drafted that would have covered the alleged equivalent. However, as of now, the Federal Circuit appears focused on whether the alleged equivalent would have been foreseeable.

In providing general guidance on the foreseeability prong, the court observed that after-developed technology usually will be unforeseeable.¹⁹ On the other hand, the court explained that if the alleged equivalent was known technology when the amendment was made, "it certainly should have been foreseeable."²⁰ This is not as simple as it may sound, because the court also observed that what must be foreseeable is the accused equivalent "in the context of the invention."²¹ If the patent is valid, and the invention is therefore novel, it is unlikely that even an old element will have been known in the context of the invention. Nevertheless, if the accused product is available before the disputed claim amendment, an unforeseeability argument would be challenging to pursue.

As to the contentious issue of extrinsic evidence, the Federal Circuit acknowledged that the foreseeability inquiry can involve fact questions and that extrinsic evidence such as expert testimony properly may be considered.²² For this reason, the Federal Circuit remanded the case to the district court to address the foreseeability issue in the first instance on the specific facts of the case.²³

The court next turned to the "tangential relationship" prong, which allows for the presumption to be overcome where the rationale of the claim amendment is tangential to the equivalent.²⁴ This is the last vestige of the now-rejected flexible bar rule. In practice, the flexible bar often entailed an evaluation of the particular rationale of a claim amendment and then a determination as to whether coverage of the equivalent was consistent with the rationale or not. Depending on how narrowly it is applied, the tangen-

tial relationship prong in practice may not be that far from the flexible bar test. The Federal Circuit did observe that an amendment made to overcome prior art which contains the equivalent is, by definition, not tangential to the equivalent.²⁵

The Federal Circuit ruled that the rationale for the amendment would be determined objectively from the prosecution record.²⁶ The court specified that testimony from those skilled in the art about what the record shows would be permitted when necessary, but apparently other forms of extrinsic evidence would not be.²⁷ Based on the prosecution record, the court determined that *Festo* had no legitimate "tangential relation" argument and refused to remand that issue to the district court.²⁸

Finally, the court addressed the third prong, which allows for the presumption to be overcome for any other reason why the patentee could not have reasonably been expected to draft a claim to cover the accused equivalent.²⁹ The court termed this prong vague but narrow.³⁰ The only reason that the court could identify as falling into this category was that "shortcomings" of language may have made it reasonable to fail to cover an equivalent.³¹ The court stated that, in general, if the equivalent is in the prior art, this prong cannot be satisfied.³² However, as noted above, an equivalent can be in the prior art without being known in the context of the particular invention. Reflecting suspicion of extrinsic evidence, the court stated that when "at all possible" only the prosecution history should be considered when addressing this third prong.³³

The court rejected *Festo*'s argument that the inferiority of the accused equivalent was a legitimate reason under the third prong why the patentee could not reasonably have been expected to include the accused equivalent within the amended claim language and refused to remand on this issue.³⁴ The court reasoned that the quality of the equivalent is simply not a reason to exclude it from a claim amendment.³⁵

In the end, the court remanded so *Festo* could attempt to overcome the presumption that it was barred from pursuing infringement under the doctrine of equivalents, but only under the foreseeability prong.³⁶

Judge Rader wrote a concurring opinion which, among other things, criticized the frequency of shifts in patent law.³⁷ He also derided the complexity of the tests developed in the *Festo* case.³⁸

Judge Newman, joined by Chief Judge Mayer, dissented.³⁹ They generally protested what they believed was the undue limiting of the doctrine of equivalents.⁴⁰ Further, they criticized the court for limiting the remand to the district court to only the

foreseeability prong, because they believed the case should generally have been remanded to the district court for its evaluation of all the issues concerning the presumptive bar without prejudging by the Federal Circuit.⁴¹ In addition, they argued that all three of the prongs could involve fact questions and could warrant the consideration of extrinsic evidence.⁴²

IV. Conclusion

In conclusion, the Federal Circuit's most recent *Festo* decision settled that judges will resolve the prosecution history estoppel issues and provides some guidance as to how they should analyze efforts to rebut the *Festo* presumption. The decision confirmed the evidentiary underpinnings of the unforeseeability prong. This suggests that some judges will hold *Festo* hearings to resolve "unforeseeability" issues in the limited situations where that may be the only issue in the case requiring an evidentiary hearing. Such a situation would arise, for example, when there is no literal infringement, and the only argument to keep a doctrine of equivalents claim alive is an unforeseeability argument.

How broadly the tangential prong will be applied remains to be seen. Although the Federal Circuit decision may be read to suggest it should be narrowly applied, more cases than expected may satisfy the test set forth by the court. How close the tangential prong will be to the flexible bar in application awaits further developments.

The "some other reason" prong remains somewhat of a mystery. The only circumstance identified by the court as properly falling under this prong is the vague notion of "shortcomings of language."

Although the *Festo* decision provided some guidance, this fundamental area of patent law will continue to develop, and will continue to do so in ways that are critical to patent prosecutors and patent litigators—and, most important, to companies and individuals that those lawyers serve. One thing, however, is clear: the to and fro in this area of patent law will continue because of the inevitable tension between a viable doctrine of equivalents and the need for notice and clarity as to the scope of patents generally.

Endnotes

1. 2003 U.S. App. LEXIS 19867 (Fed. Cir. Sept. 26, 2003).
2. 535 U.S. 722 (2002).
3. *Id.* at 737-41.
4. *Id.* at 740-41.
5. *Id.* at 742.
6. *Festo*, 2003 U.S. App. LEXIS 19867, at *12.
7. *Id.*
8. *Id.* at *16-18.
9. *Id.* at *18.

10. Interestingly, the court relied upon claim construction as precedent for allocating an issue to a judge for decision even though it involves underlying factual issues. This may foreshadow a reconsideration by the court of its *Cybor Corp. v. FAS Technologies, Inc.*, 138 F.3d 1448 (Fed. Cir. 1998), decision in which it refused to acknowledge that claim construction can involve underlying questions of fact.
11. *Festo*, 2003 U.S. App. LEXIS 19867, at *17-18.
12. *Id.* at *19-20.
13. 535 U.S. at 738.
14. *Id.* at 740.
15. *Festo*, 2003 U.S. App. LEXIS 19867, at *21-22.
16. One major question that has not been directly answered is whether satisfying one of the three prongs automatically satisfies the ultimate test of showing that "at the time of amendment one skilled in the art could not reasonably be expected to have drafted a claim that would have literally encompassed the alleged equivalent." The answer to this question could have significant consequences for the analysis.
17. *Festo*, 2003 U.S. App. LEXIS 19867, at *20.
18. *Id.* at *21-22.
19. *Id.* at *21.
20. *Id.*
21. *Id.* at *29.
22. *Id.* at *22.
23. *Id.* at *36.
24. *Id.* at *22-23.
25. *Id.* at *22.
26. *Id.* at *23.
27. *Id.* at *24.
28. *Id.* at *26.
29. *Id.* at *24-25.
30. *Id.* at *24.
31. *Id.* at *25.
32. *Id.*
33. *Id.*
34. *Id.* at *30.
35. *Id.* at *30-31.
36. *Id.* at *36.
37. *Id.* at *38-44.
38. *Id.* at *46-47.
39. *Id.* at *48-72.
40. *Id.* at *50-51.
41. *Id.* at *64-72.
42. *Id.*

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Re-Stat[ing] IP Law: Congress Proposes Withholding Intellectual Property Protection from Sovereign[ies] That Do Not Waive Immunity

By Matthew David Brozik

I. Introduction

On June 5, 2003, Lamar Smith (R-TX) and Howard Berman (D-CA) in the House of Representatives and Patrick J. Leahy (D-VT) in the Senate introduced a bill “[t]o restore Federal remedies for infringements of intellectual property by States, and for other purposes.”¹ The same day, the bill was referred to the House and Senate Judiciary Committees. On June 10, 2003, the bill was referred to the House Subcommittee on Courts, the Internet, and Intellectual Property, which held hearings on the bill on June 17, 2003.

The intent of the proposed law is to persuade states to waive their sovereign immunity from federal suits for infringement of intellectual property rights by conditioning future federal protection of each state’s intellectual property interests on such waiver. That is, if a state wants the full benefit of the intellectual property protections provided by the federal copyright, trademark, and patent laws, that state will have to respect others’ rights just as non-sovereigns do, including specifically by submitting to being sued.

II. Congress Versus the Courts

A. *Wihtol v. Crow*

Whether states are immune from federal suits for infringement of intellectual property rights is not a new question, the issue arguably having first arisen in 1962, when the United States Court of Appeals for the Eighth Circuit upheld the dismissal of a copyright infringement suit against a state agency on the grounds of sovereign immunity in *Wihtol v. Crow*.² Defendant Crow was an employee of defendant Clarinda, Iowa School District; the school district was “an instrumentality of the State of Iowa,” the court found, “constituting a part of its educational system and engaged in performing a state governmental function under state law and at state expense.”³ Inasmuch as the plaintiffs had sought a judgment against the school district for damages payable out of state funds, the court of appeals held that the trial court had lacked jurisdiction to entertain the action as against the school district.

B. *Parden v. Terminal Railway of Alabama; Atascadero State Hospital v. Scanlon*

Perhaps fortunately, before more courts could rule as the Eighth Circuit had, in 1964 the U.S. Supreme Court held in *Parden v. Terminal Railway of Alabama*, a non-intellectual property case, that “when a state leaves the sphere that is exclusively its own and enters into activities subject to congressional regulation, it subjects itself to that regulation as fully as if it were a private person or corporation.”⁴

“The intent of the proposed law is to persuade states to waive their sovereign immunity from federal suits for infringement of intellectual property rights by conditioning future federal protection of each state’s intellectual property interests on such waiver.”

The *Parden* rule gave way, however. In 1985, in *Atascadero State Hospital v. Scanlon*, the Supreme Court articulated a more demanding requirement to effect a waiver of state sovereign immunity by act of Congress. A “general authorization for suit in federal court,” the Court held, “is not the kind of unequivocal language sufficient to abrogate the Eleventh Amendment.”⁵ In order to abrogate a state’s sovereign immunity, Congress must enact a statute that is “unmistakably clear” in its inclusion of states in the defendant class.⁶

C. The Rise and Fall of the Intellectual Property Remedy Clarification Acts after *Alden*, *College Savings Bank*, and *Florida Prepaid*

Atascadero engendered uncertainty regarding which federal laws were unmistakably clear in their intent to subject states to liability. Some courts, in applying the *Atascadero* standard to the Copyright, Trademark, and Patent Acts then in effect, found states immune.⁷ Congress consequently sought to eliminate the uncertainty that followed *Atascadero* by enacting first the Copyright Remedy Clarification Act (CRCA)⁸—which added to Title 17 of the U.S. Code the provision that the States “shall not be immune,

under the Eleventh Amendment of the Constitution . . . or any other doctrine of sovereign immunity, from suit in Federal Court . . . for a violation of the exclusive rights of a copyright owner. . . .”⁹—then, in 1992, both the Trademark Remedy Clarification Act¹⁰ (TRCA) and the Patent and Plant Variety Protection Remedy Act¹¹ (PPRA), which amended Titles 15 and 35, respectively, in a similar fashion.

In 1999, however, the Supreme Court issued its interrelated opinions in *Alden v. Maine*,¹² *College Savings Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*,¹³ and *Florida Prepaid Postsecondary Educ. Expense Bd. v. College Savings Bank*,¹⁴ holding two of the three Intellectual Property Remedy Clarification Acts unconstitutional and making it even more difficult for Congress to abrogate the sovereign immunity of states.

In *Alden*, employees of the State of Maine sued the state, alleging violations of the federal Fair Labor Standards Act. The Court affirmed the decision of the Maine Supreme Judicial Court dismissing the suit, holding that “the States’ immunity from suit is a fundamental aspect of the sovereignty [that] the States enjoyed before the ratification of the Constitution, and which they retain today . . . except as altered by . . . certain constitutional Amendments.”¹⁵

In *College Savings Bank*, the Court considered whether Congress had the authority to abrogate state sovereign immunity from lawsuits brought under section 43(a) of the Lanham Act. The Court based its decision that Congress lacked that authority on its earlier holding in *Seminole Tribe of Florida v. Florida*¹⁶ that there is only one source of constitutional authority from which Congress may abrogate state sovereign immunity: the enforcement power in section 5 of the Fourteenth Amendment.¹⁷ The Fourteenth Amendment provides, in relevant part, that “No State shall . . . deprive any person of . . . property, without due process of law.”¹⁸ Because the Court found that the plaintiff in *College Savings Bank* had not been deprived of a property right within the meaning of the Fourteenth Amendment, the State of Florida’s sovereign immunity could not have been abrogated by the TRCA.¹⁹ The Court then considered whether Florida had impliedly waived its sovereign immunity by participating in a scheme enforceable in federal court, and it not only rejected the concept of implied waiver of sovereign immunity but expressly overruled “[w]hatever may remain of our decision in *Parden*.”²⁰

In the third case, *Florida Prepaid*, the Supreme Court considered whether Congress had the authority to abrogate state sovereign immunity from lawsuits under the Patent Act by way of the PPRA. The

Court acknowledged that patents are property within the meaning of the Fourteenth Amendment, but it held that the legislative enactment at issue did not fall within Congress’s Fourteenth Amendment power for three reasons:

First, Congress “must identify conduct transgressing the Fourteenth Amendment’s substantive provisions, and must tailor its legislative scheme to remedying or preventing such conduct.”²¹ The Supreme Court found that Congress had failed to meet this burden because it had not identified a pattern of infringement by states.²² Second, the Court found, patent infringement by a state is not a violation of the Fourteenth Amendment if the state provides a remedy. Because the PPRA had been drafted to apply to all states regardless of state-provided remedies, the Court held the statute to be overbroad.²³ Third, noting that “a state actor’s negligent act that causes unintended injury to a person’s property does not ‘deprive’ that person of property within the meaning of the Due Process Clause,” and that a claim for patent infringement requires no demonstration of intent, the Supreme Court reiterated its conclusion that the statute was overbroad.²⁴

The Supreme Court has thus held both the TRCA and the PPRA unconstitutional. While the Court has not passed directly on the constitutionality of the CRCA, the Fifth Circuit in *Chavez v. Arte Publico Press*²⁵ (involving a suit by an author claiming copyright infringement by the University of Houston) applied the Supreme Court’s recent rulings and refused to enforce the CRCA.

In her June 17, 2003, statement before the House Subcommittee on Courts, the Internet, and Intellectual Property, Register of Copyrights Marybeth Peters remarked: “Given the current Supreme Court precedent, it is difficult to find fault with the ruling in *Chavez*, and [the Copyright Office] believe[s] that the CRCA would most likely be held unconstitutional by the current Supreme Court.”²⁶

III. The Proposed Intellectual Property Protection Restoration Act of 2003

Congress now again seeks to address the current imbalance, the ability of owners of intellectual property to obtain complete relief when their rights are violated being central to the balance of interests sought to be embodied in the intellectual property acts. Senator Leahy, who introduced the bill to enact the Intellectual Property Protection Restoration Act of 2003 in the Senate, stated: “The [Supreme] Court ruled in [*College Savings Bank* and *Florida Prepaid*] that States and their institutions cannot be held liable for damages for patent infringement and other viola-

tions of the Federal intellectual property laws, even though they can and do enjoy the full protection of those laws . . . themselves.”²⁷ He continued: “If we truly believe in the free market, we cannot tolerate a situation where one class of market participants [has] to play by the rules and others do not.”²⁸

The Intellectual Property Protection Restoration Act of 2003 has three principal components: (1) a scheme designed to persuade states to waive their sovereign immunity from federal suits seeking monetary damages for infringement of intellectual property rights by granting the full benefits of the federal intellectual property acts only to those states that do; (2) a carefully circumscribed abrogation of state sovereign immunity with respect to intellectual property suits in order to provide a remedy against states that choose not to waive their immunity; and (3) a codification of the rule, first articulated by the Supreme Court at the turn of last century, that notwithstanding a state’s sovereign immunity, employees of a state may be enjoined by a federal court from engaging in illegal conduct.

A. Persuading the States to Waive Sovereign Immunity

The first part of the bill is the bargain: A state that chooses not to waive its sovereign immunity to suit for monetary damages for infringement of the intellectual property rights of another will be unable to obtain monetary damages if and when it sues to enforce its own intellectual property rights; a state that does waive its immunity will have available to it all damages remedies. Specifically, the bill provides in pertinent part as follows:

SEC. 3. INTELLECTUAL PROPERTY REMEDIES EQUALIZATION.

(a) AMENDMENT TO PATENT LAW - Section 287 of title 35, United States Code, is amended by adding at the end the following:

“(d)(1) No remedies under section 284 or 289 shall be awarded in any civil action brought under this title for infringement of a patent issued on or after January 1, 2004, if a State or State instrumentality is or was at any time the legal or beneficial owner of such patent, except upon proof that—

“(A) on or before the date the infringement commenced or January 1, 2006, whichever is later, the State has waived its immunity, under the

eleventh amendment of the United States Constitution and under any other doctrine of sovereign immunity, from suit in Federal court brought against the State or any of its instrumentalities, for any infringement of intellectual property protected under Federal law; and

“(B) such waiver was made in accordance with the constitution and laws of the State, and remains effective.”

* * *

(b) AMENDMENT TO COPYRIGHT LAW - Section 504 of title 17, United States Code, is amended by adding at the end the following:

“(e) LIMITATION ON REMEDIES IN CERTAIN CASE

“(1) No remedies under this section shall be awarded in any civil action brought under this title for infringement of an exclusive right in a work created on or after January 1, 2004, if a State or State instrumentality is or was at any time the legal or beneficial owner of such right, except upon proof that—

“(A) on or before the date the infringement commenced or January 1, 2006, whichever is later, the State has waived its immunity, under the eleventh amendment of the United States Constitution and under any other doctrine of sovereign immunity, from suit in Federal court brought against the State or any of its instrumentalities, for any infringement of intellectual property protected under Federal law; and

“(B) such waiver was made in accordance with the constitution and laws of the State, and remains effective.”

* * *

(c) AMENDMENT TO TRADE-MARK LAW- Section 35 of the Trademark Act of 1946 (15 U.S.C. 1117) is amended by adding at the end the following:

“(e) LIMITATION ON REMEDIES IN CERTAIN CASES-

“(1) No remedies under this section shall be awarded in any civil action arising under this Act for a violation of any right of the registrant of a mark registered in the Patent and Trademark Office on or after January 1, 2004, or any right of the owner of a mark first used in commerce on or after January 1, 2004, if a State or State instrumentality is or was at any time the legal or beneficial owner of such right, except upon proof that—

“(A) on or before the date the violation commenced or January 1, 2006, whichever is later, the State has waived its immunity, under the eleventh amendment of the United States Constitution and under any other doctrine of sovereign immunity, from suit in Federal court brought against the State or any of its instrumentalities, for any infringement of intellectual property protected under Federal law; and

“(B) such waiver was made in accordance with the constitution and laws of the State, and remains effective.”

The rationale of the bargain is that the cost of being unable to obtain monetary relief for future infringements of a state’s intellectual property rights will be too great to justify its holding out against waiver. The principle underlying the bargain is that the sovereign immunity of a state is “a personal privilege [that] it may waive at its pleasure”²⁹ and that Congress properly may seek to induce states to waive their immunity by conditioning “a gift or gratuity” on such waiver.³⁰ Federal protection of intellectual property rights is such a gift, and the fact that Congress has allowed states to enjoy such federal protections for states’ works until now does not preclude Congress from striking a new bargain.

B. Abrogating State Sovereign Immunity

The second part of the bill is Congress’s attempt to provide a day in court for those whose intellectual property rights are infringed by states that do not waive sovereign immunity by means of legislative abrogation of that immunity. The Supreme Court has made such legislative abrogation virtually impossible. *Florida Prepaid* requires a showing, in the legislative record of any attempt at abrogation, of both an extensive history of (willful) infringements by states and the inadequacy of remedies in state courts. Congress evidently has not attempted to meet this standard. Instead, Congress has drafted an abrogation

provision that applies when a plaintiff can demonstrate in his, her, or its particular case that the state has violated the Fourteenth Amendment, which would obviate the need for a record of a state’s epidemic infringement.³¹ It will be the state’s burden to show that state remedies are adequate or that the state’s infringement was the result of negligence. The bill provides:

SEC. 5. LIABILITY OF STATES FOR CONSTITUTIONAL VIOLATIONS INVOLVING INTELLECTUAL PROPERTY.

(a) DUE PROCESS VIOLATIONS

Any State or State instrumentality that violates any of the exclusive rights of a patent owner under title 35, United States Code, of a copyright owner, author, or owner of a mask work or original design under title 17, United States Code, of an owner or registrant of a mark used in commerce or registered in the Patent and Trademark Office under the Trademark Act of 1946, or of an owner of a protected plant variety under the Plant Variety Protection Act (7 U.S.C. 2321 et seq.), in a manner that deprives any person of property in violation of the fourteenth amendment of the United States Constitution, shall be liable to the party injured in a civil action in Federal court for compensation for the harm caused by such violation.

(b) TAKINGS VIOLATIONS-

(1) IN GENERAL- Any State or State instrumentality that violates any of the exclusive rights of a patent owner under title 35, United States Code, of a copyright owner, author, or owner of a mask work or original design under title 17, United States Code, of an owner or registrant of a mark used in commerce or registered in the Patent and Trademark Office under the Trademark Act of 1946, or of an owner of a protected plant variety under the Plant Variety Protection Act (7 U.S.C. 2321 et seq.), in a manner that takes property in violation of the fifth and fourteenth amendments of the United States Constitution, shall be liable to the party injured in a civil action in Fed-

eral court for compensation for the harm caused by such violation.

(2) EFFECT ON OTHER RELIEF- Nothing in this subsection shall prevent or affect the ability of a party to obtain declaratory or injunctive relief under section 4 of this Act or otherwise.

(c) COMPENSATION- Compensation under subsection (a) or (b) –

(1) may include actual damages, profits, statutory damages, interest, costs, expert witness fees, and attorney fees, as set forth in the appropriate provisions of title 17 or 35, United States Code, the Trademark Act of 1946, and the Plant Variety Protection Act; and

(2) may not include an award of treble or enhanced damages under section 284 of title 35, United States Code, section 504(d) of title 17, United States Code, section 35(b) of the Trademark Act of 1946 (15 U.S.C. 1117 (b)), or section 124(b) of the Plant Variety Protection Act (7 U.S.C. 2564(b)).

(d) BURDEN OF PROOF- In any action under subsection (a) or (b) –

(1) with respect to any matter that would have to be proved if the action were an action for infringement brought under the applicable Federal statute, the burden of proof shall be the same as if the action were brought under such statute; and

(2) with respect to all other matters, including whether the State provides an adequate remedy for any deprivation of property proved by the injured party under subsection (a), the burden of proof shall be upon the State or State instrumentality.

C. Codifying *Ex Parte Young*

The third part of the bill is a codification of the court-made rule that notwithstanding a state's immunity, state employees may be enjoined by federal courts from engaging in illegal activity, such as infringing the intellectual property rights of others. The Supreme Court first articulated this rule in *Ex*

Parte Young,³² wherein it reasoned that state employees are covered by a state's immunity only to the extent that they are acting within the scope of their official duties, so long as those official duties do not, by their nature, include illegal acts.³³ The bill provides:

SEC. 4. CLARIFICATION OF REMEDIES AVAILABLE FOR STATUTORY VIOLATIONS BY STATE OFFICERS AND EMPLOYEES.

In any action against an officer or employee of a State or State instrumentality for any violation of any of the provisions of title 17 or 35, United States Code, the Trademark Act of 1946, or the Plant Variety Protection Act (7 U.S.C. 2321 et seq.), remedies shall be available against the officer or employee in the same manner and to the same extent as such remedies are available in an action against a private individual under like circumstances. Such remedies may include monetary damages assessed against the officer or employee, declaratory and injunctive relief, costs, attorney fees, and destruction of infringing articles, as provided under the applicable Federal statute.

IV. Congress: Incredible and Shrinking, or International and Stalwart?

The Intellectual Property Protection Restoration Act of 2003 will, if enacted, correct an imbalance, and it also might serve other purposes, as articulated by Senator Leahy: "[T]he current Supreme Court majority has overturned Federal legislation with a frequency unprecedented in American constitutional history," he remarked in introducing S.1191.³⁴ He continued:

In doing so, the Court has more often than not relied on notions of State sovereign immunity that have little if anything to do with the text of the Constitution.

Some of us have liked some of the results; others have liked others; but that is not the point. This activist Court has been whittling away at the legitimate constitutional authority of the federal government. At the risk of sounding alarmist, this is the fact of the matter: We are faced with a choice. We can respond—in a careful

and measured way—by reinstating our democratic policy choices in legislation that is crafted to meet the Court’s stated objections. Or we can run away, abdicate our democratic policy-making duties to the unelected Court, and go down in history as the incredible shrinking Congress.³⁵

“We need to assure American inventors and investors, and our foreign trading partners,” Leahy added, “that as State involvement in intellectual property becomes ever greater in the new information economy, U.S. intellectual property rights are backed by legal remedies.”³⁶

V. Conclusion

Whether Congress will enact the Intellectual Property Protection Restoration Act of 2003, sending the message to the Supreme Court that Congress is no shrinking violet and instilling confidence in the international community of this country’s dedication to the cause of safeguarding its private citizens’ intellectual property rights against infringement by the states, remains to be seen. If it does, which states will accept the bargain, and which will take their chances? And will the Supreme Court find this legislation objectionable, as it has Congress’s prior efforts toward abrogation? Only time will tell. Meanwhile, however, if you hold a copyright, trademark, or patent, you might consider starting your own country.

Endnotes

1. H.R.2344/S.1191, the “Intellectual Property Protection Restoration Act of 2003.” On June 19, 2003, Representative John Conyers, Jr. (D-MI) became a co-sponsor in the House.
2. *Wihltol v. Crow*, 309 F.2d 777 (8th Cir. 1962).
3. *Id.* at 782.
4. *Parden v. Terminal Railway of Alabama*, 377 U.S. 184, 196 (1964).
5. *Atascadero State Hospital v. Scanlon*, 473 U.S. 234, 246 (1985).
6. *Id.* at 242.
7. See, e.g., *Woelffer v. Happy States of America, Inc.*, 626 F. Supp. 499 (N.D. Ill. 1985); *BV Engineering v. UCLA*, 657 F. Supp. 1246 (C.D. Cal. 1987), *aff’d*, 858 F.2d 1394 (9th Cir. 1988), *cert. denied*, 109 S. Ct. 1557 (1989).
8. Pub. L. No. 101-553, 104 Stat. 2749.
9. 17 U.S.C. § 511.
10. Pub. L. 102-542, 106 Stat. 3567.
11. Pub. L. 102-560, 106 Stat. 4230.
12. 527 U.S. 706 (1999).
13. 527 U.S. 666 (1999).
14. 527 U.S. 627 (1999).
15. *Alden*, 527 U.S. at 713.
16. 517 U.S. 44 (1996).
17. *College Savings Bank*, 527 U.S. at 670.
18. U.S. Const. amend. XIV.
19. *College Savings Bank*, 527 U.S. at 675.
20. *Id.* at 680.
21. *Florida Prepaid*, 527 U.S. at 639.
22. *Id.*
23. *Id.* at 645-647.
24. *Id.* at 647.
25. 204 F.3d 601 (5th Cir. 2000).
26. *Intellectual Property Protection Restoration Act of 2003: Hearing on H.R.2344 Before the House Subcomm. on Courts, the Internet, and Intellectual Property of the House Comm. on the Judiciary*, 108th Cong. 9 (2003) (statement of Hon. Marybeth Peters, Register of Copyrights).
27. Leahy, Patrick J. June 5, 2003. Senator Patrick J. Leahy of Vermont introducing the Intellectual Property Protection Restoration Act of 2003. 108th Congress, First Session. Cong. Rec., June 5, 2003, Vol. 149, No. 82, S7479.
28. *Id.*
29. *College Savings Bank*, 527 U.S. at 675 (*quoting Clark v. Barnard*, 108 U.S. 436, 447 (1883)).
30. *Id.* at 687.
31. *Kimel v. Florida Board of Regents*, 528 U.S. 62 (2000).
32. 209 U.S. 123 (1908).
33. *Id.* at 159-60.
34. 149 Cong. Rec. at S7480.
35. *Id.*
36. *Id.*

Matthew David Brozik is an attorney in Great Neck. He is writing a novel detailing an exercise of eminent domain over a teenage girl’s poems by the United States Postal Service and the hilarity that ensues.

Second Circuit Refines “Total Concept and Feel” Test for Copyright Infringement

By Robert J. Bernstein and Robert W. Clarida

I. Introduction

On July 30, 2003, in *Tufenkian Import/Export Ventures, Inc. v. Einstein Moomjy, Inc., et al.*,¹ the Second Circuit reversed the Southern District and held that defendants had infringed plaintiff’s copyright in a carpet design. The decision may mark an important development in the Second Circuit’s approach to analyzing substantial similarity in the context of visual works. Writing for the court, Circuit Judge Guido Calabresi held that defendants’ design was substantially similar to, and therefore infringed, plaintiff’s design, notwithstanding differences in the “total concept and feel” of the two designs. The court of appeals therefore reversed the district court’s holding of noninfringement, which had been based on the differences in “total concept and feel,” on the ground that there were sufficient specific similarities of protectible expression that the lower court had failed to consider.

II. The Works at Issue

Tufenkian is one of America’s leading designers and manufacturers of Oriental-style carpets. Its designs have been featured in prominent interior design publications. Among the many original designs created by Tufenkian since 1985 is the design at issue in this case, called the “Floral Heriz” (Fig. 1).

In 1993 Tufenkian’s principal, James Tufenkian, created the Floral Heriz design by selecting two completely unrelated public-domain rug designs as source material, combining and altering portions of those designs, subtracting hundreds of original elements from the source material, and adding numerous original graphic elements of his own creation, including two detailed rectangular borders featuring motifs unrelated to the public domain source material.



Robert J. Bernstein



Robert W. Clarida

One of the sources James Tufenkian incorporated into the design of his Floral Heriz was a traditional public-domain Persian carpet sold by Battilossi (Fig. 3). James Tufenkian selected a small, off-center section of the Battilossi carpet, comprising roughly 17 percent of the entire Battilossi design, as the starting point for the central portion (the “field”) of his Floral Heriz design. From this portion of the Battilossi field, Tufenkian eliminated numerous details to create a more modern, spacious look, and elongated and modified the remaining elements.

The second public domain source James Tufenkian selected for incorporation into his Floral Heriz design was an unrelated Indian Agra carpet design sold by Doris Leslie Blau. Tufenkian adapted the Blau design to create the largest of the three Floral Heriz borders. The Blau design was from an Indian rug, geographically and stylistically incongruous with the fragment of the Battilossi design selected as the basis of Floral Heriz field. As with the Battilossi design, Tufenkian made non-trivial adaptations of individual elements from the Blau design. The resulting Floral Heriz border, derived from the unrelated Blau design, was overscaled relative to the Floral Heriz field as compared to the Battilossi design.

Sometime in 1995, defendant Bashian Brothers retained the services of Michael Nichols-Marcy, an independent contractor, to oversee the design of the accused work, called the “Bromley 514” (Fig. 2). Nichols-Marcy had been an employee of Tufenkian prior to founding defendant Noreen Seabrook Marketing. The Bromley 514 was Nichols-Marcy’s first design for Bashian Brothers, and the design work on the Bromley 514 began in

May 1996, more than two years after the successful introduction of the Tufenkian design.



Fig. 1: Tufenkian Design

Nichols-Marcy and his Nepalese subcontractor, Nepal Carpet Enterprises, had access to an advertisement showing the Tufenkian Floral Heriz design at the time the Bromley 514 was created. Before marketing the Bromley 514, they changed its large border at least in part to distinguish it from the Floral Heriz's border, but various other similarities remained between the two rug designs. Most significantly, the defendants' design largely replicated Tufenkian's original selection of which elements of the public domain designs were retained in the new work and which were eliminated.



Fig. 2: Defendant's Design

III. The District Court Decision: No Infringement

On cross-motions for summary judgment, the district court found that Tufenkian's Floral Heriz design contained sufficient original expression to be copyrightable, and that defendants had in fact copied the design. However, the court held that defendants' Bromley 514 design did not infringe because its "total concept and feel" (or "overall aesthetic") was not the result of copying protectible elements from plaintiff's design but, instead, was due to defendants' use of similar public-domain elements in combination with their own original efforts.²

In comparing the two works, the district court factored out the elements of the Floral Heriz design that it deemed derived from public domain sources. The court observed that the public-domain material in the Tufenkian design did not constitute protectible expression and could not form the basis of a finding of infringement, which requires substantial similarity of protectible expression. According to the district court, the overall aesthetic of both works was predominantly derived from their common use of public-domain elements. Therefore, as a matter of law, their "total concept and feel" could not form the basis of a finding of infringement.

IV. The Court of Appeals Reversal

In reversing the district court, Judge Calabresi, writing for the panel, took the opportunity to examine what he called "Conundrums of Infringement by Inexact Copies."³ Judge Calabresi first quoted Judge Learned Hand's admonition that "'no plagiarist can excuse the wrong by showing how much of his work he did not pirate.'"⁴ He later repeated this maxim to emphasize that the Bromley 514 design did indeed contain "a near-exact copy" of substantial, protectible

portions of the Floral Heriz design and that the Bromley 514 was no less infringing because it contained additional matter, even if defendants' additions resulted in a different "total concept and feel."

Judge Calabresi also traced the Second Circuit's development of the "total concept and feel" test for copyright infringement, noting the criticisms of its amorphous nature and the danger in using the word "concept" as part of an infringement test. "Concept," after all, is a synonym for an "idea," which is not copyrightable. He ultimately opined that the "total concept and feel" formulation is nevertheless sometimes useful because it

functions as a reminder that, while the infringement analysis must begin by dissecting the copyrighted work into its component parts in order to clarify precisely what is not original, infringement analysis is not simply a matter of ascertaining similarity between components viewed in isolation.⁵

Rather, the overall impression created by the combination of elements contained in the two works also must be considered.

This interesting discussion, however, devolved into *dicta* because the appellate holding was not based on whether the "total concept and feel" of the two designs was similar but, instead, upon the precise similarities of material, protectible portions of the works. In this regard, Judge Calabresi observed that in creating the Floral Heriz, Tufenkian made numerous, original choices as to which detailed elements of the public-domain designs would be included or omitted from the Floral Heriz. This constituted a sufficiently original, and thus copyrightable, selection of public-domain elements under the Supreme Court's *Feist* decision.⁶ In addition, certain elements of the public-domain carpet designs were modified and adapted in the Floral Heriz in more than a trivial way, thus making the modifications themselves also copyrightable. In the Bromley 514 design, the Second Circuit found that defendants copied almost exactly both the selections and the modifications made by Tufenkian.

Thus, unlike the decision below, the Second Circuit's analysis did not turn on the "total concept and feel" of the respective designs. Rather, the infringe-

ment was based on a more conventional analysis—the unlawful appropriation of a significant amount of identifiable, protected expression. Judge Calabresi summarized the district court’s basic error as follows:

[I]n its comparison of the two rugs, the district court failed to consider—apart from total concept and feel—whether *material portions*, of the Bromley infringed on corresponding parts of the Heriz. . . . “[T]otal concept and feel should not be viewed as a *sine qua non* for infringement—similarity that is otherwise actionable cannot be rendered defensible simply because of a different “concept and feel.” (citation omitted).⁷

In clarifying this limitation on the permissible uses of the “total concept and feel” doctrine, the Second Circuit essentially endorsed the reasoning of its earlier unpublished decision in *Lynx Ventures, LLC v. Miller*,⁸ which also cited the Learned Hand “no plagiarist” maxim in support of its conclusion that “[w]here the whole-sale and verbatim copying of original text is at issue, as here, reliance on the total concept and feel test effectively immunizes the infringer who appends original material to plagiarized text.” This approach is also consistent with a 1987 decision by then-District Judge Pierre N. Leval, *Merton Toy Co. v. Tony Trading of Hong Kong Ltd.*,⁹ which held defendant’s Christmas-themed snow globe to be an infringement of plaintiff’s globe, despite numerous differences:

Defendants are correct that if one starts with an infringing copy and makes enough changes eliminating the copied expression, the object eventually will cease to infringe. This may occur even before the last copied vestige has disappeared if the copied elements have been reduced to *de minimis* proportions. But, on the other hand, a defendant does not escape infringement merely by showing that there are differences between his work and the plaintiff’s. If sufficient portions of the work infringe, it is an infringement

notwithstanding absence of similarity in overall appearance. (Emphasis added).

As in *Lynx Ventures* and *Merton Toy*, the Second Circuit has now made it clear that differences in “concept and feel” are not themselves sufficient to constitute a defense to copyright infringement.

V. Conclusion

The *Tufenkian* decision reminds us that there is more than one test for copyright infringement and that the tests are not mutually exclusive. Thus, there may be contexts, such as in *Tufenkian*, where a court must engage in a comparison of both “total concept and feel” and of specific similarities of protectible expression before reaching a conclusion on infringement. In either case, the analysis is often difficult and elusive.

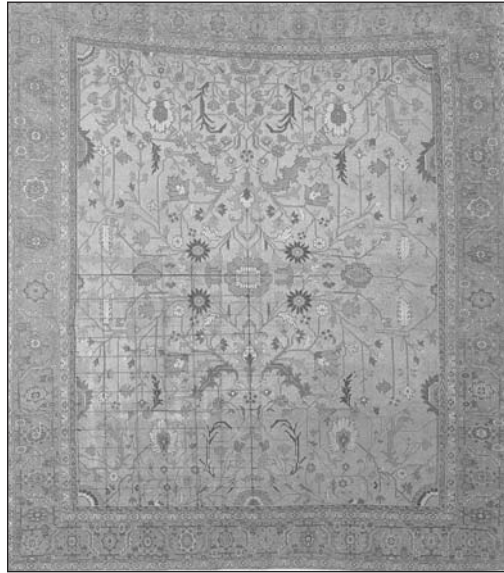


Fig. 3: Public Domain Design

Endnotes

1. 338 F.3d 127 (2d Cir. 2003). One of the authors of this article, Robert W. Clarida, and the authors’ firm, Cowan, Liebowitz & Latman, P.C., are counsel to plaintiff-appellant Tufenkian Import/Export Ventures, Inc.
2. *Tufenkian Import/Export Ventures, Inc. v. Einstein Moomjy, Inc., et al.*, 237 F. Supp. 2d 376 (S.D.N.Y. 2002).
3. 338 F.3d at 132.
4. *Id.* (citing *Sheldon v. Metro-Goldwyn Pictures Corp.*, 81 F.2d 49, 56 (2d Cir. 1936) (Learned Hand, J.)).
5. *Id.* at 134 (footnotes omitted) (emphasis in original).
6. *Feist Publ’ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340 (1991). The Second Circuit expressly did not decide whether certain other selections and arrangements of elements, such as the combination of the Blau-inspired border with the altered Batilossi field, might themselves be copyrightable, but noted that “the district court probably erred in categorically dismissing” that combination from its analysis. 338 F.3d at 135, n. 11.
7. 338 F.3d at 135 (emphasis in original) (quoting 3 *Nimmer on Copyright* § 13.03[A][1][c]).
8. 64 U.S.P.Q.2d 1542 (2d Cir. 2002).
9. 6 U.S.P.Q.2d 1156 (S.D.N.Y. 1987).

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Trade Dress Protection and the Future of Dilution After the Supreme Court's Decision in the Victoria's Secret Case

By George R. McGuire

I. Introduction

Over the past decade there have been several Supreme Court decisions and amendments to the Lanham Act that directly affect trade dress protection. Among the notable decisions that have shaped the trade dress landscape are *Two Pesos, Inc. v. Taco Cabana, Inc.*,¹ *Qualitex Co. v. Jacobson Products Co.*,² *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*,³ *Traffix Devices, Inc. v. Marketing Displays, Inc.*,⁴ and *V. Secret Catalogue, Inc. v. Victor Moseley*.⁵ To determine whether trade dress protection is available, and what protections it will afford if available, it is necessary to understand where the law of trade dress currently stands. This article will discuss the general nature and types of trade dress, provide working examples of the limits/benefits of those protections, and briefly touch on the issue of trade dress dilution.



II. Nature and Types of Trade Dress

"Trade dress" includes the design and appearance of a product, as well as that of the container and all elements making up the total visual image by which the product is presented to the consumer.⁶ In contrast to trademark, trade dress may include product features such as size, shape, color, color combinations, texture, or graphics.⁷ The categories of trade dress addressed in the Supreme Court decisions noted above include product configuration,⁸ product packaging,⁹ and color.¹⁰

A. Product Configuration

Product configuration may be protected if it has acquired distinctiveness and is non-functional.¹¹ The lemon juicer (Fig. 1) is an example of a product configuration that will be analyzed herein. The "Flying Lady" statuette (Fig. 2) is another product configuration that will be discussed herein. It should be pointed out, however, that the lemon juicer example is truly product configuration trade dress, as the shape of the actual good, *i.e.*, a juicer, is the subject of protection. By contrast, the "Flying Lady" statuette is more accurately categorized as a three-dimensional trademark, as it is not being used to identify and distinguish statuettes but rather automobiles. The Supreme Court has held that product configuration trade dress can only be protected under the Lanham Act only upon a showing of secondary meaning.¹²

B. Product Packaging

Products generally are not sold in unadorned packages, merchants instead choosing to "dress up" the product with a label, package, or display card. Such product packaging trade dress has been held to be protectable under the Lanham Act if it is inherently distinctive or if it has acquired distinctiveness through secondary meaning.¹³ Thus, product packaging trade dress, unlike product configuration trade dress which can only become distinctive through the acquisition of secondary meaning, can be inherently distinctive and subject to protection without any direct evidence that consumers attribute source-identifying characteristics to it. It is possible, however, that some may characterize certain trade dress as product packaging trade dress, while others may characterize it as product configuration trade dress, *i.e.*, the shape of a coca-cola bottle may be packaging for the soda consumer, but configuration for the bottle collector, or the décor of a restaurant may "package" the restaurant's services or define the restaurant. The Supreme Court has offered guidance, however, indicating, in cases where it is unclear whether the trade dress is packaging or configuration, to err on the side of caution and require a showing of secondary meaning.¹⁴ The AJAX detergent bottle (Fig. 3) includes a particular shape and label with graphics and words. The trade dress of this product package will be analyzed herein.

C. Functionality

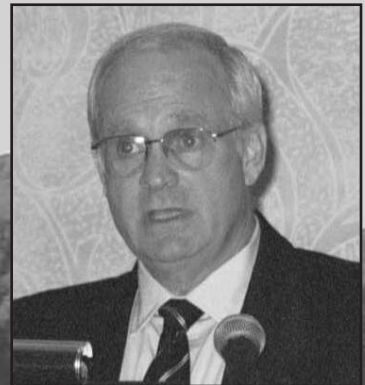
Regardless of whether trade dress is characterized as product configuration or product packaging, courts recognize that trade dress cannot be *de jure* functional (as opposed to *de facto* functional).¹⁵ *De facto* functionality connotes "functionality" in the lay sense, "indicating that although the design of a product, a container, or a feature of either is directed to the performance of a function, it may be legally recognized as an indication of source" (*e.g.*, a bottle may be protected as trade dress despite the fact that the bottle functions to contain a liquid).¹⁶ A product feature that is *de facto* functional may be protected.¹⁷ The legally relevant inquiry centers on *de jure* functionality.¹⁸

De jure functionality identifies a purely legal conclusion, irrespective of whether the feature concerned is directed to the performance of a function.¹⁹ Although courts often confuse *de jure* functionality and *de facto* functionality, and therefore confuse the standard, it is generally accepted that the *de jure* functionality inquiry seeks to determine whether protection of the element

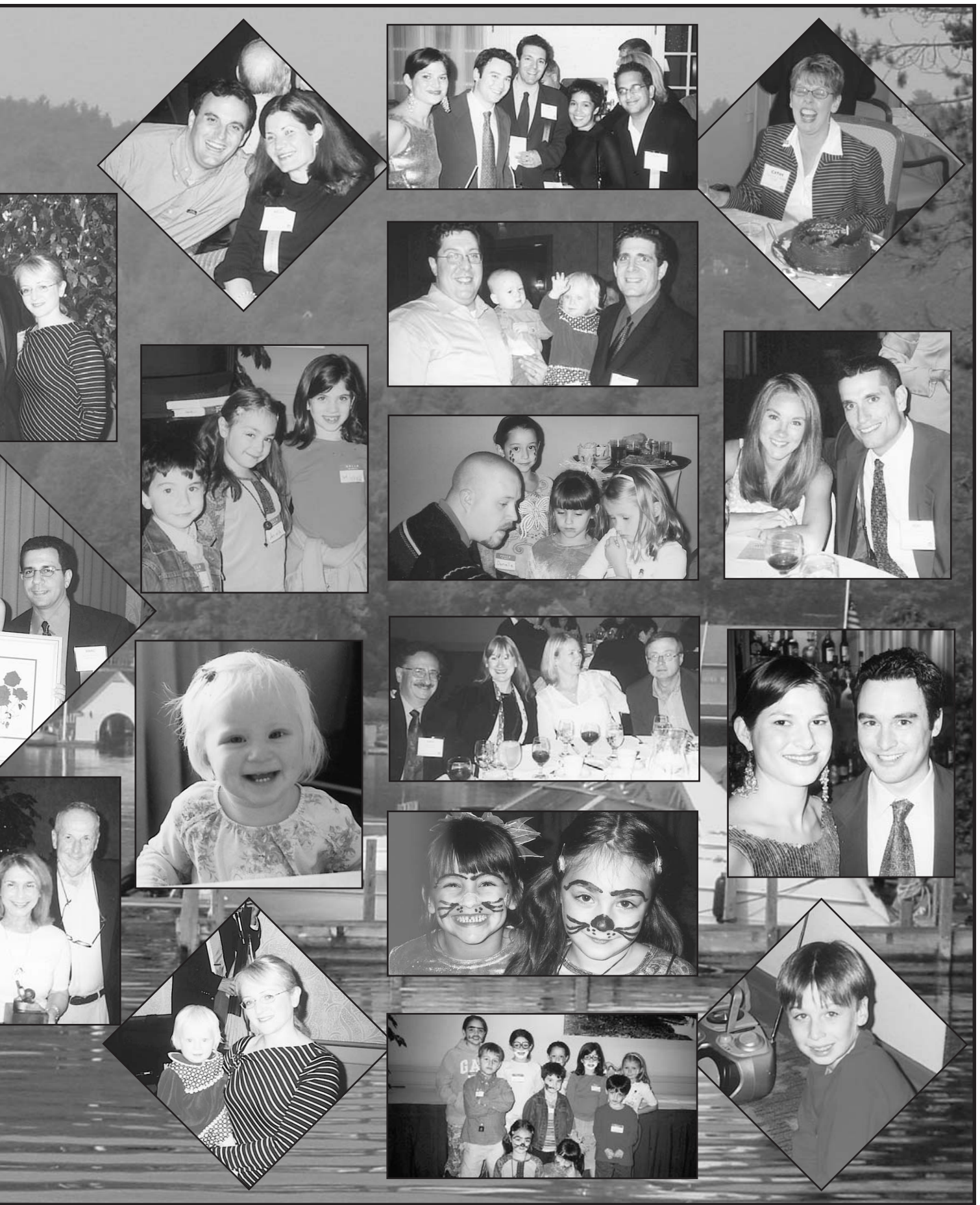
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from imitation will interfere unreasonably with a competitor's ability to fairly compete, thereby balancing the Lanham Act's goals of proscribing unfair competition and false designation of origin against economic efficiency, although the standard was clarified in the Supreme Court's *Traffix* decision.²⁰

In *Traffix*, the Supreme Court directly addressed the question of what effect an expired utility patent has on a claim of trade dress infringement where the alleged trade dress consists of a feature claimed in the patent.²¹ The Court answered unanimously that a utility patent is "strong" evidence that the features therein claimed are functional and therefore not protectible as trade dress.²² In so holding, the Court clarified the functionality doctrine, holding that a feature is functional, and therefore ineligible for protection as a trademark or trade dress, where the feature is "essential to the use or purpose of the device or when it affects the cost or quality of the device."²³ This holding reiterates the Court's classic definition of functionality in its 1982 *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.* decision.²⁴ However, the *Traffix* Court held that where the design is functional under the *Inwood* formulation, there is no need to consider if there is a competitive need for the feature.²⁵ Thus, competitive necessity, including the availability of alternative designs, which had often been the crux of prior decisions, is no longer necessary, except in cases of so-called aesthetic functionality.²⁶ Instead, functionality analysis will focus on the absolute utility of the feature rather than its competitive necessity within the relevant product market.

III. The Lemon Juicer

The lemon juicer (Fig. 1) is defined by three elongated legs that extend in a triangular plan-form from the bottom of a central oblong (teardrop-shaped) body

member. It resembles a spider or an alien space craft as illustrated in the parody picture (Fig. 4). The body member is essentially circular in cross-sections taken through horizontal planes and is of a wider diameter toward its top end, tapering uniformly to relatively pointed top and bottom ends (*i.e.*, teardrop-shaped). A series of parallel, longitudinally extending grooves are formed in the body member. The legs initially extend upwardly at their junctions with the body member before extending downwardly to form a stable platform for the juicer. The juicer is silver in color.

In use, one would place a lemon half on the top end of the body member and push down on the lemon while twisting it back and forth. The pointed top end of the juicer and its outwardly tapering shape facilitate the "juicing" of the lemon in this manner. The juice trickles down the body member, most likely in the pathways formed by the longitudinal grooves. A glass is positioned beneath the bottom end of the central body member and between the legs. Those longitudinal grooves that are not interfered with by the legs permit the juice to fall directly from the grooves into the glass. Those longitudinal grooves that do intersect with the legs cause the juice to flow around the legs and to another groove extending downwardly from the legs and ultimately into the glass. The fact that the legs initially project upwardly from the body member prevents the juice from flowing down the legs and missing the glass.

To protect the lemon juicer product configuration as trade dress, it must be shown that the configuration is distinctive, having acquired secondary meaning, and that its features are non-functional. To determine whether the juicer configuration has acquired distinctiveness, several inquiries would need to be made. For instance, it would be useful to know how long the juicer has been sold in commerce in that particular configura-



Figure 1



Figure 2

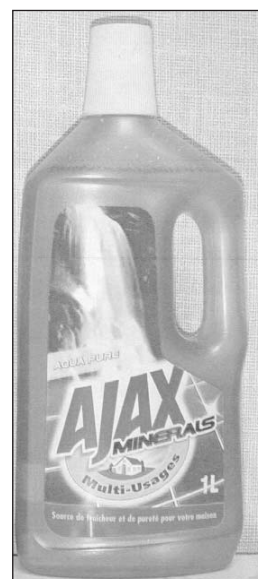


Figure 3

tion and if there was only a single source for it during that time. The longer exclusive use of the product configuration has been made, the easier it will be to prove secondary meaning. Length and exclusivity of use have been held to be one of the most important factors in determining whether secondary meaning has been established.²⁷ However, other factors may negate the effectiveness of long and continuous use of the trade dress, and length and exclusivity of the use might not in and of itself establish secondary meaning.²⁸

It also would be useful to look into the extent and amount of advertising that had been done for the juicer. If the advertisements consistently connote the distinctive look of the product in an effort to produce a source identifying characteristic, that would help prove secondary meaning.²⁹ Lack of advertising, on the other hand, can weigh against a finding of secondary meaning.³⁰ Also, extensive advertising without further evidence of secondary meaning may result in a finding of no secondary meaning having been established.³¹

Another factor to look into is the extent of sales of the product. A finding of sales success or popularity of product has been cited as a factor in ruling that secondary meaning had been established.³² The lack of sales, by contrast, has been held to weigh against a finding of secondary meaning.³³

Assuming secondary meaning can eventually be established, the design still will have to withstand an attack based on its functionality. Under *TrafFix*, if there was an expired utility patent claiming the structure that defines the trade dress, then the presumption of functionality would be difficult to overcome. If there is an expired utility patent (and if there is not an unexpired utility patent that would someday become an expired utility patent) claiming the trade dress features, then a strong presumption would need to be overcome that the features are not functional. Even if no patent exists, it still is necessary to prove that the trade dress features are not essential to the use or purpose of the device and that they do not affect the cost or quality of the device.

There are good arguments that the trade dress features, *i.e.*, the long spider-like legs, the striated, teardrop-shaped central body portion, the casting in silver, are not essential to the use or purpose of the device, nor do they affect the cost or quality of the device. There are, however, counterarguments that the legs and rounded body with pointed top and bottom ends are all functional constraints of the design (see description of the functions above) that are not protectible under *TrafFix* due to their functionality (*i.e.*, the device must stand up and there needs to be some object against which to press the lemon to get the juice out, and that juice must be able to run into a container). However, certain aspects of the design, like the striated body and curvature of the legs, are most likely not functional. Further, assuming this is a case where aesthetic functionality

may be at issue, there are good arguments that the trade dress features are not necessary to compete effectively in the marketplace, *i.e.*, there are many different forms that a lemon juicer could take that would not infringe upon the trade dress and that would not impede the effectiveness of the device in the marketplace.

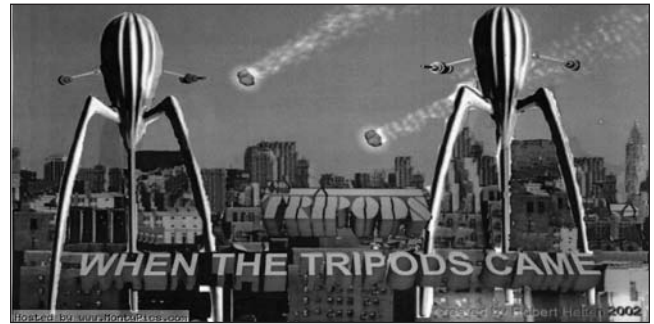


Figure 4

A. Practical Considerations

To decide whether it is worthwhile to put the proper mechanisms in place to create secondary meaning, it is wise to consider some practical implications. For instance, the potential market that could be captured by having effective trade dress protection should be considered. In the instant case, the lemon juicer is far more of a novelty item than the “run of the mill” lemon juicers that consumers could purchase for substantially less money, and no degree of trade dress protection is going to displace the market for those “run of the mill” lemon juicers. Consequently, trade dress protection will provide a remedy against “knock-off” lemon juicers and may therefore provide a tool for the owner to maintain a larger market share of what is most likely a very small market for high-end lemon juicers.

It is also wise to consider the life of the product in the marketplace. Because trade dress protection offers perpetual protection so long as the dress is used in commerce, if the product life is believed to be short there may be no need to seek trade dress protection. If, however, the product life could be long, as it would seem to be with this juicer design, trade dress protection could offer the most comprehensive tool for maintaining exclusivity in the marketplace for the particular design.

With respect to this trade dress, it also may be wise to consider other forms of protection to help bolster the trade dress claim. For instance, the design may be protected by a design patent, assuming the design is novel and non-obvious. Existence of a design patent would offer an additional tool to prevent knock-offs and similar designs from being sold in the marketplace for about 14 years, thereby providing time for secondary meaning to develop, for sales to increase, and for advertising campaigns to take hold. Copyright protection, if available, would provide a further mechanism to maintain exclusivity in the marketplace with the design.

IV. The “Flying Lady”

The “Flying Lady” statuette (Fig. 2) could and should undoubtedly be protected as trade dress. The statuette serves no purpose other than identifying certain automobiles with a particular source of origin, *i.e.*, Rolls-Royce (this is even assuming that the “Flying Lady” is a new mark for Rolls-Royce and not one that has been used for the better part of a century). The statuette qualifies for protection under the Lanham Act, as it is attached to the goods in question, *i.e.*, it is a hood ornament used on automobiles, thereby permitting consumers to rely on its presence to identify and distinguish the automobiles as being Rolls-Royce brand automobiles. In fact, the “Flying Lady” is covered by U.S. Federal Trademark Registration Number 850,902, and was further held to be protectable in *Rolls-Royce Motors Limited v. A&A Fiberglass, Inc.*³⁴

It should be noted that the “Flying Lady” statuette is not trade dress in its strict sense in that it is not packaging particular goods, nor is it the configuration for the goods it is used to distinguish. Rather it is a trademark that happens to be embodied by a three-dimensional statuette and placed on the goods it is used to identify and distinguish. Thus, to be protected as a trademark, the statuette either must be inherently distinctive or have acquired distinctiveness. The “Flying Lady” bears absolutely no relation to automobiles and serves no utilitarian purpose. Consequently, it should be deemed an arbitrary trademark that is inherently distinctive.

In addition, copyright protection also should be considered for protecting the work. During its term, copyright protection would offer its owner the ability to prevent copyists from using the statuette in connection with non-competitive goods (*e.g.*, as the handle for an umbrella). If trademark protection were to be solely relied upon, the foregoing example would require proceeding under a theory of trademark dilution as opposed to trademark infringement, and until such time as the “Flying Lady” becomes famous, which (assuming this is a new mark for Rolls-Royce, not one that has been used for a long time) may take some time.

Further, design patent protection also may be available for the statuette. The design patent would have to describe it as a hood ornament for an automobile, and the disclosure might need to disclose, but not claim, a car (*i.e.*, the car should be shown in phantom lines and described as being shown for illustrative purposes only and forming no part of the claims invention). This would most likely satisfy the subject matter requirement that the design be applied to an article of manufacture.³⁵

V. The AJAX Bottle

The AJAX bottle (Fig. 3) presents a difficult question. The bottle considered in isolation, *i.e.*, separate from the label that covers its front face, appears to be nondescript. It includes a light green, rectangularly-

shaped body and a white plastic top. A nondescript handle is formed to permit picking up the container from its side. In isolation from the label, there does not appear to be anything distinctive to the shape of the bottle. If, however, the bottle shape is thought to be distinctive, it would be necessary to investigate other bottle designs for liquid detergents and compare them to the present one to determine if there are in fact enough distinguishing features that would permit it to serve as a source identifier.

Assuming the bottle itself is not sufficiently distinct to serve as a source identifier, the question becomes whether the bottle coupled with the label bearing the words “AJAX minerals”³⁶ positioned over a small image of a house and further containing images of falling water and a sparkling tile floor, all on a light blue background, is protectible as trade dress. When the bottle is considered in combination with the label, it almost certainly would be classified as product packaging, as opposed to product configuration, thus qualifying for protection if it is inherently distinctive or if it has acquired distinctiveness. The trade dress considered as a whole, *i.e.*, the graphics coupled with the words, all printed on a label that covers the majority of the front surface of a certain shaped bottle, certainly could be deemed inherently distinctive, as it may be at most suggestive of detergent (*i.e.*, falling water and sparkling tile have suggestive connotations of cleanliness, as does the light blue background color, but do not actually describe the qualities or characteristics of the goods—detergent).

Assuming the trade dress can be proven to be inherently distinctive, there would be no need to rely on secondary meaning. Moreover, functionality would not be an issue where the label and the printing thereon were parts of the overall trade dress. From a practical viewpoint, trade dress is the best and perhaps the only way to protect the “look and feel” of the bottle and label dress, although copyright protection will offer some protection for the label details.

VI. A Note on Dilution of Trade Dress

The Supreme Court has made proving dilution under the Federal Trademark Dilution Act (FTDA) a bit more difficult, requiring that actual dilution, as opposed to a mere likelihood of dilution, be proven.³⁷ In addition, the Supreme Court has made proving a claim of trade dress infringement more difficult by requiring that secondary meaning be proven for product configuration cases³⁸ and taking away the need for a defendant to show competitive necessity in making its case for functionality.³⁹ The Supreme Court has not addressed whether trade dress can be diluted, and there is a debate about whether the FTDA even covers trade dress.

The opponents of dilution protection for trade dress generally argue that it would be unconstitutional to extend trade dress protection to product configuration trade dress, as doing so would impinge upon the Constitution's Patent Clause, Article I, Section 8, Clause 8.⁴⁰ The proponents of dilution protection for trade dress argue simply that the FTDA includes all marks protected under the Lanham Act, and trade dress is unquestionably within that field.⁴¹ For the time being, it seems that dilution protection is available for trade dress, but that actual dilution must be proven.

Endnotes

1. 505 U.S. 763 (1992).
2. 514 U.S. 159 (1995).
3. 529 U.S. 205 (2000).
4. 532 U.S. 23 (2001).
5. 537 U.S. 418 (2003).
6. *Jeffrey Milstein, Inc. v. Greger, Lawlor, Roth, Inc.*, 58 F.3d 27 (2d Cir. 1995).
7. *International Jensen, Inc. v. Metrosound U.S.A., Inc.* 4 F.3d 819 (9th Cir. 1993).
8. See *Wal-Mart Stores, Inc.*, 514 U.S. 159; *Traffix Devices, Inc.*, 532 U.S. 23.
9. See *Two Pesos, Inc.*, 505 U.S. 763.
10. See *Qualitex Co.*, 514 U.S. 159.
11. *Wal-Mart*, 529 U.S. 159.
12. *Id.*
13. *Two Pesos*, 505 U.S. 763.
14. *Wal-Mart*, 529 U.S. at 315.
15. Schortgen, *Note: Dressing Up Computer Software Interface Protection: The Application Of Two Pesos To "Look and Feel,"* 80 Cornell L. Rev. 158, 183 (1994).
16. *Id.* Citing *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 1337 (C.C.P.A. 1982).
17. *Id.*
18. *Id.*
19. *Id.*
20. *Id.*
21. *Traffix*, 532 U.S. 23.
22. *Id.* at 35.
23. *Id.* at 32.
24. 456 U.S. 844 (1982).
25. *Traffix*, 532 U.S. at 33.
26. To square *Traffix* with *Qualitex*, in cases where traditional concepts of "use" and "purpose" of the feature are an ill fit, it is proper to inquire into competitive necessity.
27. See *Isaly Co. v. Kraft, Inc.*, 812 F.2d (11th Cir. 1985) (holding that consistent use of silver, white and blue wrapper with the words KLONDIKE and ISALY'S and image of a polar bear printed thereon for over 50 years was sufficient to evidence secondary meaning).
28. See *In Re Certain Vacuum Bottles & Components Thereof*, 219 U.S.P.Q. 637 (U.S. Int'l Trade Comm., 1982) (holding that there was no evidence that a stainless steel vacuum container with a plastic lined stainless steel cup had achieved secondary meaning separate from the word "Uno-Vac," despite the manufacturer having sold the subject bottle exclusively and continuously since 1965, because the product alone, without the company's mark, had not been shown to have a consumer association).
29. See *Freddie Fuddruckers, Inc. v. Ridgeline, Inc.*, 589 F. Supp 72 (N.D. Tex. 1984), *aff'd without opinion*, 783 F.2d 1062 (5th Cir. 1984) (holding that secondary meaning had been established based in part on the advertising and promotion of the restaurant's features in which trade dress was claimed—glassed-in butcher shop, exposed on-premises bakery, and various other items); *Kraft Gen. Foods v. Allied Old English*, 831 F. Supp 123 (S.D.N.Y. 1993) (holding that manufacturer of barbecue sauce who spent about \$5 million annually for eight years on print and television ads established that product's trade dress had acquired secondary meaning).
30. See *Metro Kane Imports, Ltd. V. Rowoco, Inc.* 618 F. Supp 273 (S.D.N.Y. 1985) (holding that secondary meaning had not been established in the trade dress of a hand-operated orange juice squeezer based in part on the lack of advertising).
31. See *Commerce Foods, Inc. v. PLC Commerce Corp.*, 612 F. Supp 986 (S.D.N.Y. 1980) (holding that it was improbable that secondary meaning could be established in the design of fruit and mint candy tins in spite of substantial advertising. The court noted that while \$800,000 in advertising expenditures since 1969 may be evidence of secondary meaning, they were relevant only to the extent that they created or reflected an identification in the mind of the consuming public of the trade dress with the manufacturer or distributor.).
32. See *Kraft Gen. Foods*, 831 F. Supp 123 (holding that manufacturer of barbecue sauce with annual sales of \$45 million and 9.5 percent market share of total barbecue sauce sales established secondary meaning in product's trade dress).
33. See *Metro Kane Imports*, 618 F. Supp 273 (holding that importer failed to establish secondary meaning based in part on lack of sales data).
34. 428 F. Supp. 689 (N.D. Ga. 1976).
35. 35 U.S.C. § 171 (Whoever invents any new, original and ornamental design for an article of manufacture . . . may obtain a patent therefore, subject to the conditions and requirements of this title).
36. AJAX is a registered trademark of Colgate-Palmolive.
37. *Victoria's Secret*, 537 U.S. 418.
38. *Wal-Mart*, 529 U.S. 205.
39. *Traffix*, 532 U.S. 23.
40. See *Planet Hollywood, Inc. v. Hollywood Casino Corp.*, 80 F. Supp. 2d 815, 901 (N.D. Ill. 1999), clarified, 1999 WL 1186802 (N.D. Ill. 1999) (the anti-dilution provisions of 43c) only cover marks, which does not include trade dress. The Court concludes that Section 43(c) was not intended to provide a cause of action for trade dress dilution); and *I.P. Lund Trading ApS v. Kohler Co.*, 49 U.S.P.Q.2d 1225, 1242 (1st Cir. 1998) (We doubt that Congress intended the reach of the dilution concept under the FTDA to extend this far and our doubts are heightened by the presence of constitutional constraints (the court did hold that Section 43(c) applies to all marks recognized by the Lanham Act, and that includes marks derived from product designs, but the court avoided the constitutional question by finding that the dress in question was not famous)).
41. See 87 C.J.S. Trade-Marks, Trade-Names, and Unfair Competition § 229.

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U.S. Joins Madrid Protocol: New International Filing Opportunities for U.S. Trademark Owners

By Jason M. Vogel

I. Introduction

On November 2, 2003, the United States joined the Madrid Protocol, a multinational intellectual property treaty that facilitates the international registration of trademarks throughout the 60 member states. As international commerce grows and foreign countries become increasingly significant markets for U.S. companies, it has become more important for U.S. companies to secure trademark protection abroad for their brand names, product names, slogans, logos, and other product and service identifiers.



Unlike the United States, where trademark rights can be obtained merely by commencing use of a mark in commerce, in most foreign countries protection can be obtained only through registration of one's marks with the local trademark authority. Accordingly, it is possible for third parties to file applications for your company's marks and, if they are the first to file, effectively prevent your company from using its marks in that country. This is true in many countries even where your company had used its marks prior to the filing of the third-party application. Accordingly, it is wise to register trademarks in any country that is, or may in the foreseeable future become, an important market for your company's products or services. The Madrid Protocol provides a convenient and cost-effective method for securing such registrations in many commercially significant jurisdictions.

II. The Advantages of Obtaining International Trademark Protection Through Madrid

Prior to the United States joining the Madrid Protocol, obtaining protection for trademarks in foreign countries required the filing of a separate trademark application in each individual foreign country of interest for each mark. Since it is not uncommon for large companies to require protection for hundreds of trademarks in dozens of countries (if not more), national trademark filing can result in international trademark portfolios of thousands of applications and registrations. Managing such large international portfolios involves considerable administrative effort and expense, produced in part by the necessity of:

- retaining local trademark counsel or agents in each country;

- obtaining legal authentication of documents through a burdensome multi-step process involving the U.S. State Department and the embassy of the country involved;
- translating documents into multiple languages;
- docketing of separate registration terms and renewal deadlines in each country filing renewal applications on a country-by-country basis;
- recording assignments, mergers, corporate name or address changes, licenses, or other developments affecting foreign registrations in each country.

By contrast, the Madrid Protocol establishes an international registration system under which trademark owners can file a single international application for each mark without the need for foreign counsel and without any legal authentication of documents or translation requirements. The resulting international registration provides trademark protection in as many Protocol member countries as the applicant desires for a single ten-year registration term. Moreover, the filing of renewals and recording of assignments or other developments affecting rights in the mark can be handled centrally with one trademark registration authority. Thus, by bringing a large portfolio of trademark rights in numerous countries under the umbrella of a single international registration, the administrative burden and expense associated with foreign trademark filing programs and portfolio management is greatly reduced.

At present, as noted, there are 60 member states of the Madrid Protocol, including practically all of Europe, all of the former Soviet Republics, Australia, Japan, China, South Korea, and Singapore, and a handful of less commercially significant countries. Absent from the Madrid Protocol are Canada, Mexico, most of Latin America, New Zealand, South Africa, Taiwan, Hong Kong, Malaysia, the Philippines, Indonesia, Thailand, India, and most of the Middle East. However, the United States' accession to the Protocol has increased the pressure on many of these countries to join, and the list of members is likely to increase over the next several years.

III. How the Madrid System Works

The mechanics of filing for an International Registration (IR) under the Madrid Protocol are tricky. As an initial matter, the international registration system is

only available to individuals or legal entities that are nationals of, are domiciled in, or have a real and effective commercial or industrial establishment in, a country that is a member of the Madrid Protocol. Such country in which the international applicant qualifies for participation in the Madrid system is referred to as the applicant's "Country of Origin." For U.S. companies, the Country of Origin typically will be the United States.

Before filing an application for an IR, the applicant must already own a trademark registration or application in its Country of Origin for the mark for which international protection is sought. This application or registration is referred to as the "basis" for the IR. Once a basis registration or application is secured, the applicant files an international application with the trademark office in its Country of Origin, which is designated under the Protocol as the "Office of Origin." The Office of Origin examines the international application to certify that the formalities for international filing are met, including that the owner of the basis application or registration is the same as the owner of the international application and that the goods and services covered by the international application are not broader than those covered under the basis application or registration. If everything is in order, the Office of Origin transmits the international application to the World Intellectual Property Organization (WIPO), a branch of the United Nations, which administers the international registration system under the Madrid Protocol.

At this stage, a second round of examination of the application is conducted by WIPO. If any irregularities are identified, WIPO will notify the applicant, who will then be given an opportunity to correct the problems. If everything is in order, WIPO issues the IR and notifies the local trademark offices in the countries in which the applicant has requested that the protection of the IR be extended. The applicant can request extension of the IR to as few of, or as many of, the Madrid Protocol countries as are desired. However, the IR cannot be extended back to the Country of Origin.

The local trademark offices are required to treat requests for extension of the IR in the same manner as applications filed directly with such trademark office. Thus, IR extensions are subject to examination under the same standards as regularly filed applications. However, under the Protocol, the local trademark offices must issue any objections they have to the extension within twelve months (or in some countries eighteen months) of receiving notification of the IR from WIPO. If no objections are issued by this deadline, the extension will be granted, and the owner of the IR will have secured the same degree of protection given to holders of national registrations in that country.

Once the national extensions have been granted in all of the countries of interest, the international registration owner will effectively have obtained protection throughout all of the covered foreign countries under the umbrella of the single IR. There are a number of advantages to filing internationally through this system as opposed to filing individual national applications, including:

- Only one application need be filed, in one language, with one fee payment made in one currency. No translation or legal authentication of documents is required.
- The fees associated with filing through the Madrid system are generally lower than the fees involved in national filings. Additionally, foreign attorneys need not be engaged in connection with the application except where an objection is raised.
- The IR is a single registration with one registration number that covers numerous countries.
- The IR is easy to expand, since subsequent extensions to further countries may be requested at any time.
- The IR has a single ten-year registration term, resulting in one renewal deadline, which can be handled with one renewal application.
- Assignments, mergers, name changes, licenses, and other transactions or developments affecting the IR are much easier to handle, since recording is only necessary with WIPO and is effective against all of the countries where protection is extended.

IV. The Dependency Rule

There is, however, a significant disadvantage to filing through the Madrid system in that under the "Dependency Rule" IRs remain dependent upon the base application or registration for a period of five years. As a result, any cancellation, invalidation, or limitation of the basis application or registration will also apply to the IR. This rule is particularly problematic for U.S. filers, given a number of aspects of U.S. practice, including the fact that registrations can only be granted for the goods and services on which the mark is actually used in the United States, and such goods and services must be very specifically defined in the application. As a result, IRs based upon U.S. applications or registrations can cover only the narrow range of goods or services that are acceptable under U.S. trademark practice. Most countries that are parties to the Madrid Protocol have much more lenient standards for identifying the goods and services that can be defined in national applications and no requirement that the mark be used as a precondition to registration or renewal. As a result, U.S. trademark owners filing

IRs through the Madrid Protocol will, in many circumstances, obtain narrower coverage in many countries than they would have had they filed national applications.

An additional result of the Dependency Rule is that IRs are vulnerable to so-called "central attack." This is a strategy that can be employed by adverse third parties to invalidate the entire IR, including all the extensions of protection to the covered countries. Central attack essentially consists of an opposition or cancellation proceeding filed against the basis application or registration within the first five years of the IR, when it remains dependent. If such action results in the invalidation of the basis application or registration, all of the rights associated with the IR will be invalidated as well. This result is not quite as onerous as it seems, however, because the IR owner has the right, within three months of such invalidation, to transform the IR into national applications in each extension country without a loss of priority dating back to the date of the IR. Nevertheless, such transformation can be very expensive, since it requires payment of new national filing fees in each extension country.

The dependency of IRs is particularly troublesome for U.S. filers, because U.S. applications and registrations are vulnerable to challenge on a number of bases that are unique to U.S. practice. Such vulnerabilities include the risk of challenge based upon prior unregistered common-law marks (which are not always disclosed during the trademark clearance process). Many Madrid Protocol countries do not protect common-law marks and, of those that do, none accord as strong a degree of protection to such marks as the United States does. In addition, U.S. registrations are vulnerable to challenge based upon abandonment at any time. By contrast, in most other Madrid Protocol countries registrations are invulnerable to such challenge during a grace period for use that typically lasts from three to five years. Thus, U.S.-based IRs would appear to be at somewhat greater risk of central attack and other dependency problems than IRs based upon foreign applications or registrations.

V. When Should You Use the Madrid Protocol?

Given the disadvantages of Madrid filing resulting from the narrow coverage of goods and services that U.S. trademark owners will receive and the vulnerabilities associated with the Dependency Rule, U.S. trademark owners might be well advised to avoid use of the Madrid Protocol for their principal trademarks in those countries that are their most important markets. International filing through the Madrid Protocol may be better suited for less important marks in second-tier countries. In particular, Madrid filing might be advisable in countries from which your products are

sourced or manufactured, countries in which piracy may be a problem, and countries in which you may have long-range, but not short-term, plans to do business. The Madrid system can also be used as a relatively simple and inexpensive means of obtaining an international portfolio for smaller companies or for less important marks. However, for your principal marks in your principal markets, national filings may be the better choice in view of their independence from your Country of Origin filings and in view of the broader scope of permissible coverage in most countries.

One final caveat is that as of May 1, 2004, the European Union will be expanded to include 25 countries, including most of continental Europe. Trademark protection throughout the European Union can be obtained by filing a single European Community Trademark (CTM) application. After expansion of the EU, the 25 countries will make up a significant chunk of the 60 countries in the Madrid Protocol (and constitute most of the commercially significant Protocol countries). Since CTM applications are not dependent on a home-country filing and may be obtained for a broadly defined list of goods and services, there may be advantages to filing in Europe using the CTM system instead of the Madrid system. Discussions are underway that may lead to the CTM system itself joining the Madrid Protocol, which would mean that U.S. trademark owners could take advantage of the administrative ease of the Madrid system to file and obtain protection throughout the European Union as a whole through a single extension of protection to the Community Trademark system. However, for the time being, such CTM applications must be filed independently.

VI. Conclusion

The Madrid Protocol offers new opportunities for U.S. trademark owners to obtain trademark protection in many commercially important countries through a simplified and cost-effective centralized filing system. Nevertheless, there are some significant disadvantages and risks associated with utilizing this system, which arise from the dependency of the IR on the filer's basis application or registration in the United States. Accordingly, it may not be best suited for use in connection with your company's most important trademarks or in countries that are your company's most important markets. However, it is an option worth considering for less important marks in second-tier countries.

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Disparaging Trademarks in Context: *Pro-Football, Inc. v. Suzan Shown Harjo*

By Jonathan Matkowsky

I. Introduction

In the “long-running trademark cancellation case” *Pro-Football, Inc. v. Suzan Shown Harjo*,¹ the United States District Court for the District of Columbia reversed the cancellation by the Trademark Trial and Appeal Board (TTAB) of six federal trademark registrations of THE WASHINGTON REDSKINS, REDSKINS, REDSKIN-ETTES, and their associated emblems. The TTAB had canceled the marks pursuant to section 2(a) of the Trademark Act on the ground that they tended to disparage Native Americans as a people.² The Redskins registrations are owned by Pro-Football, Inc. (“Pro-Football”), the owner of The Washington Redskins professional football franchise, one of the thirty-two member clubs of the National Football League (NFL).

II. Section 2(a) of the Trademark Act

Federal trademark law restricts eligibility for registration not only on the basis of likely confusion and actual dilution, but also on the basis of a mark’s content or subject matter.³ Prior to 1947, only marks comprising “scandalous and immoral” content were barred from registration.⁴ In 1947, the Lanham Act expanded the definition of offensive matter in section 2(a) of the Trademark Act of 1946⁵ to also bar the registration of trademarks that consist of or comprise matter that may “disparage” or bring into “contempt” or “disrepute” persons (living or dead), institutions, beliefs, or national symbols.⁶

III. Facts and Procedural History

“Redskins” was first adopted in 1933—approximately four years before the franchise moved to the Washington, D.C. area from Boston—when “Boston Braves” was changed to “Boston Redskins” to honor the team’s head coach, William “Lone Star” Dietz, who was Native American.⁷ After the Boston Redskins moved, the franchise was renamed the “Washington Redskins.”⁸ Around this time, the Redskins began to use the stylized mark THE REDSKINS for “football exhibitions rendered live in stadia and through the media of radio and television broadcasts,” and Pro-Football registered the mark without any opposition in the late 1960s.⁹ The Redskins adopted and registered five similar variations of the “Redskin(s)” mark for “presentations of professional football contests” in the 1930s through the 1970s.¹⁰

In 1992, Suzan Shown Harjo and six other Native Americans petitioned the TTAB to cancel the Redskin trademark registrations, arguing that the use of the word “redskin(s)” was “scandalous,” “may . . . disparage” Native Americans, and may cast Native Americans into “contempt, or disrepute” in violation of section 2(a).¹¹ Pro-Football countered that “through long, substantial and widespread use, advertising and promotion . . . and media coverage,” the marks had acquired “a strong secondary meaning identifying the entertainment services provided by [Pro-Football] in the form of professional games in the [NFL].”¹²

Pro-Football also raised several affirmative defenses, including constitutional defenses under the First and Fifth Amendments to the U.S. Constitution and the equitable defense of laches.¹³ The TTAB refused to allow Pro-Football to raise constitutional defenses on the ground that assessing constitutionality of a statute is beyond its authority.¹⁴ The TTAB also determined that laches was not an available defense because petitioners were advocating a broad public interest.¹⁵

In 1999, the TTAB issued an order scheduling the cancellation of the contested marks on the basis that they “may be disparaging of Native Americans to a substantial composite of this group of people” and “may bring Native Americans into contempt or disrepute.”¹⁶ The TTAB relied upon the testimony of expert linguists and survey evidence commissioned by petitioners to prove that “Redskin(s)” was disparaging.¹⁷ The TTAB found the survey flawed but accorded it some probative value.¹⁸ From the linguists’ testimony the TTAB made five findings of fact: (1) the word “redskin(s)” has been used historically to refer to Native Americans, and is still understood, in many contexts, as a reference to Native Americans; (2) from at least the mid-1960s to the present, the word “redskin(s)” has dropped out of written and most spoken language as a reference to Native Americans; (3) from at least the mid-1960s to the present, the words “Native American,” “Indian,” and “American Indian” are used in spoken and written language to refer to Native Americans; (4) from at least the mid-1960s to the present, the word “redskin(s)” appears often in spoken and written language only as a reference to Pro-Football’s football team; and (5) until at least the middle of this century, spoken and written language often referred to Native Americans in a derogatory, or at least condescending, manner, and references to

Native Americans were often accompanied by derogatory adjectives and/or in contexts indicating savagery and/or violence.¹⁹

Notably, the TTAB concluded that the registrations at issue did not comprise “scandalous matter,”²⁰ finding that disparagement, contempt and disrepute is a separate and distinct ground for cancellation under section 2(a).²¹ Pro-Football appealed.

IV. The Court Decision

The issue before the court was whether the TTAB’s decision that the registered “Redskin(s)” marks more likely than not “may disparage”²² Native Americans as a people, bringing them into “contempt or disrepute”²³ was supported by substantial evidence.²⁴ In deciding whether the trademarks likely “may disparage” under the Lanham Act, the court agreed with the TTAB that the test was not whether American society as a whole viewed the marks as dishonoring (as is the test with scandalous trademarks), but whether a substantial composite of the relevant group, in this case Native Americans, viewed it as such.²⁵

Because the disparagement bar targets certain protected persons, institutions, and ideals . . . only the perceptions of those persons who are referred to, identified, described, or implicated in some meaningful manner by the particular trademark in question are relevant to the determination of disparagement under Section 2(a).²⁶

“If that were not the law,” the court noted, “the perceptions of minority religious, racial, and other groups that are within the disparagement standard’s zone of protection would be disregarded and left unprotected.”²⁷ Significantly, the TTAB and the court also agreed that whether a substantial composite of Native Americans viewed the Redskin(s) trademarks as disparaging had to be determined as of the dates of registration of the marks.²⁸

The court explained that to ascertain the meaning of a mark requires consideration of the entire mark, which includes not only the elements that make up the features of the mark but also the nature of the goods and/or services and the manner in which the mark is used in the marketplace in connection with those goods and/or services.²⁹ However, the court disagreed with how the TTAB applied this legal standard to its own findings of fact.³⁰ The court emphasized that the survey evidence relied upon by the TTAB was flawed because it did not test the participants’ view of the term “Redskin(s)” in the context of Pro-Football’s services, and it did not measure the

attitudes of the survey participants during the relevant time periods.³¹ The court found no substantial evidence to support the TTAB findings that the term “Redskin(s)” as used in connection with Pro-Football’s entertainment services was disparaging of Native Americans to a substantial composite of this group.³²

While the TTAB found evidence of the conduct of Pro-Football’s fans and the media relevant to determining if the marks were disparaging to Native Americans, the court concluded that such evidence had no bearing on whether a substantial composite of Native Americans finds the term “Redskin(s)” to be disparaging when used in connection with Pro-Football’s marks for the services in issue.³³

The court also concluded that Pro-Football was entitled to summary judgment on its laches claim because (1) the petitioners delayed more than 25 years in seeking cancellation of the first trademark and (2) Pro-Football had invested heavily in marketing and developing its brand during that time.³⁴ Petitioners’ assertion of a public-interest exception to laches had no reasonable bounds and would undermine the entire policy of seeking registration in the first instance, the court held.³⁵ The petitioners had received constructive notice on 12 separate occasions—when the six marks were each published and registered—yet they did not file an opposition at any of these times.³⁶

V. Conclusion

Trademark law is contextual. Much as one cannot evaluate likelihood of confusion based on confusing similarity alone, the meaning of a trademark cannot be determined in the abstract. A trademark is a source identifier for particular goods or services, and the only way to ascertain whether a trademark is scandalous or likely to disparage a particular group of persons is to evaluate the overall commercial impression of the mark as it is encountered in the marketplace in connection with the particular goods or services.

Unlike cases addressing scandalous matter, survey evidence for disparagement cases must focus on whether a substantial number of persons in the relevant group would likely consider the designation, as used in connection with the goods or services, to hold them in contempt or disrepute.

Non-trademark owners from minority institutions or nationalities who deem certain terms disparaging should monitor the *Official Gazette* for newly published marks, as objections should be raised before the owner invests heavily in the trademark. However, it should be noted that denial of trademark registration on the basis of disparagement would pose challenging

First Amendment questions that have yet to be fully addressed by the courts.³⁷

Endnotes

1. 2003 U.S. Dist. LEXIS 17180, at *3 (D.D.C. Sept. 30, 2003)
2. See *Harjo v. Pro-Football, Inc.*, 50 U.S.P.Q.2d 1705 (T.T.A.B. 1999). The controversy dates back to 1992. See, e.g., 83 TMR 801, 846 n.239 (1993) (comparing Leonard Shapiro, *Native American Coalition Files Action on "Redskins,"* Washington Post, Sept. 11, 1992, at C1, C4 ("Because the word 'redskin' has historically and is still commonly used as a pejorative, derogatory term, the . . . registrations of the Washington Redskins should not have been granted and are subject to cancellation.") with Hadley D. Kress, Letter to the Editor, Washington Post, Mar. 14, 1992, at A22 ("If the Washington Redskins football team was an organization comparable in character to—for example, the Ku Klux Klan—then our Native Americans should well be perturbed. Since the football team is a group of highly competent and generally well behaved athletes, well coached and managed, no persons or group should object to being identified with them.")).
3. Among other such content-based restrictions, section 2(a) of the Trademark (Lanham) Act of 1946, 15 U.S.C. § 1052, as amended provides that no trademark shall be refused registration unless it "consists of or comprises immoral, deceptive, or scandalous matter, or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt or disrepute."
4. See 83 TMR 661, 666 (1993).
5. 15 U.S.C. § 1052(a).
6. See, e.g., 83 TMR 801, 802 (1993) (discussing content-based restrictions to registrability); 83 TMR 661, 667 and n.16 (discussing evolutionary development of content-based registrability restrictions). As in nearly all states, section 361(a) of the New York General Business Law similarly prohibits state trademark registration of scandalous or disparaging marks.
7. *Pro-Football, Inc. v. Suzan Shown Harjo*, 2003 U.S. Dist. LEXIS 17180, at *19 (D.D.C. Sept. 30, 2003).
8. *Id.* at *20.
9. *Id.* at *21.
10. *Id.* at *5, 21-22.
11. *Id.* at *5. It should be noted that in a cancellation proceeding the issue is only whether a trademark's registration should be cancelled, not whether the trademark may be used in commerce.
12. *Harjo v. Pro-Football, Inc.*, 1999 TTAB LEXIS 181, at *4 (T.T.A.B. 1999).
13. *Pro-Football, Inc.*, 2003 U.S. Dist. LEXIS 17180, at *5 (internal citations omitted).
14. Some have suggested that in order to preserve addressing its constitutional claims, Pro-Football sought *de novo* review instead of appealing to the Federal Circuit, predicting the court would rule on the constitutional grounds. See, e.g., Jeffrey Lefstin, *Does the First Amendment Bar Cancellation of RED-SKINS?*, 52 Stan. L. Rev. 665, 666 n.15 (2000). However, the court never had to reach the constitutional issues under the doctrine of constitutional avoidance, which forecloses assessment of constitutional claims where the issue can be resolved on nonconstitutional claims. *Pro-Football, Inc.*, 2003 U.S. Dist. LEXIS 17180, at *8 (internal citations omitted). As opposed to a direct appeal to the Federal Circuit, see *id.* at *45, Pro-Football sought *de novo* review of the TTAB's decision in the United States District Court for the District of Columbia based on 15 U.S.C. § 1071(b)(4), which confers such jurisdiction where the defendants "reside in a plurality of districts not embraced within the same State. . . ." *Id.* at *13.
15. See *id.* at *6-7, *113-19 (internal citations omitted).
16. *Id.* at *6 (citing *Harjo*, 50 U.S.P.Q.2d at 1748).
17. *Id.* at *25-26.
18. *Id.* at *32-39. The survey's purpose was "to determine the perceptions of a substantial composite of the general population and of Native Americans to the word 'redskin(s)' as a reference to Native Americans." *Id.* at *32. Pro-Football hired an expert witness to critique the survey, and numerous criticisms were offered. *Id.* at *35-38.
19. *Id.* at 27-28.
20. *Pro-Football, Inc.*, 2003 U.S. Dist. LEXIS 17180, at *41 (internal citation omitted).
21. *Harjo*, 1999 TTAB LEXIS 181, at *111. "Scandalous" looks at the reaction of American society as a whole, whereas "disparage" focuses on particular "persons, living or dead, institutions, beliefs or national symbols." *Id.* at *112 (citing section 2(a)).
22. The TTAB and court concluded that the addition of the term "may" before the word "disparage" in section 2(a), was to avoid an interpretation which would require an intent to disparage. *Id.* at *80 (internal citation omitted).
23. *Id.* at *44-45, *70.
24. The "substantial evidence" test derives from the Administrative Procedure Act, 5 U.S.C. § 706. *Pro-Football, Inc.*, 2003 U.S. Dist. LEXIS 17180, at *13. The substantial evidence standard requires the reviewing court to ask whether a "reasonable mind might accept" a particular evidentiary record as "adequate to support a conclusion." *Id.* at *51 (internal citations omitted).
25. *Id.* at *77-78. In contrast, the Native American petitioners commissioned survey expert Dr. Ivan Ross, who stated that the purpose of the survey was "to determine the perceptions of a substantial composite of the general population and of Native Americans to the word 'redskin(s)' as a reference to Native Americans." *Id.* at *32 (internal citation omitted).
26. 83 TMR 661, 667 and n.18.
27. *Id.* and n.19.
28. *Pro-Football, Inc.*, 2003 U.S. Dist. LEXIS 17180, at *82 (internal citation omitted). The focus of the determination of the issue of disparagement was on the time periods between 1967 and 1990, when the registrations were issued. *Id.*
29. *Pro-Football, Inc.*, 2003 U.S. Dist. LEXIS 17180, at *81 (internal citation omitted).
30. *Id.* at *82.
31. *Id.* at *88.
32. *Id.* at *105.
33. *Id.* at *109.
34. *Pro-Football, Inc.*, 2003 U.S. Dist. LEXIS 17180, at *114-36.
35. *Id.* at *119.
36. *Id.* at *123.
37. For an interesting analysis of the constitutional issues, see Jeffrey Lefstin, *Does the First Amendment Bar Cancellation of RED-SKINS?*, 52 Stan. L. Rev. 665 (2000).

**Jonathan Matkowsky is an associate with
Seward & Kissel LLP (New York office).**

EU Expansion: Implications and Expectations for Community Trademarks

By Eleanor Fairley

I. Introduction

On May 1, 2004, the European Union (EU) will expand, with an additional ten countries joining: the Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovenia, and Slovakia. The EU was originally established in 1958 with six member states, and since 1995 there have been fifteen: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom. In practical terms, the EU will therefore expand from 15 to 25 countries and from approximately 380 to 455 million people, and will increase in size by almost one-third.

The accession to the EU of the ten new member states has implications for both the Community Trade Mark (CTM) and Community Design (CD), both of which provide a method for intellectual property holders to protect their rights throughout the EU by a single application.

It is the first time the EU has undergone an enlargement since the implementation of the CTM and CD systems, and the enlargement raises a number of issues as to how existing Community and national rights are to coexist. The purpose of this article is to examine the effects of the enlargement on CTMs, national rights, and their proprietors.

II. Existing CTMs

In order to ensure that the unitary character of CTMs is preserved, the European Union and the acceding countries have agreed that all CTMs registered or applied for before the date of accession (May 1, 2004) will automatically be extended to the new Member States without (1) any administrative intervention by the Office for Harmonization in the Internal Market (OHIM); (2) any request by the owner; or (3) any additional fees being paid. Further, a CTM automatically extended to the new Member States will not be subject to attack on the basis of:

- (1) absolute grounds applicable in one of the new Member States at the time of the original filing of the CTM (*e.g.*, that the mark is descriptive in



the language of one of the new Member States). The law at the time of the original filing will be applicable;¹ or

- (2) national rights registered, applied for, or acquired prior to the accession.

III. Co-Existence with National Rights

An extended CTM will be valid in the new Member States as of May 1, 2004, and will be able to be invoked against national rights applied for after this date.² The automatic extension does not, however, necessarily mean that the CTM is available for use in the new countries. The use of an extended CTM in a new Member State can be opposed and prevented by holders of earlier valid national rights.

A registrant of a CTM cannot prohibit use of earlier national rights in the new Member States.³ It is irrelevant whether such earlier national rights are in absolute terms earlier or later than the respective CTM registration or application. What matters is that the right existed in the new Member State as of May 1, 2004.

IV. Opposition Window

Owners of earlier national rights will not have a general right to oppose or cancel an automatically extended CTM. There is, however, one important exception when earlier national rights holders will be able to oppose an extended CTM. This is known as the "opposition window." CTM applications filed within a period of six months before the accession, *i.e.*, between November 1, 2003 and April 30, 2004, may be opposed by holders of earlier national rights. This right of opposition is exercisable in respect of all CTM applications filed within that time frame irrespective of their eventual date of publication.

The earlier national rights can consist of:

- national registered trademarks
- international trademarks
- well-known trademarks
- unregistered rights, *e.g.*, name and portrait rights, copyrights and industrial designs

The "opposition window" is restricted to opposing registration of an application. It cannot be relied

upon to seek invalidation once registration has been secured at a later date.

V. Bad-Faith Filings

It is expected that there may be bad-faith filings in the new Member States. In this context, bad-faith filings are filings made in order to obtain registration of trademarks that are identical with or confusingly similar to trademarks registered in other jurisdictions, with a view to blocking market access and either claiming pecuniary compensation or benefiting from the reputation of the trademark owner. The exceptional opposition right mentioned above cannot be successfully used when an earlier right was acquired in bad faith. However, it would be necessary for the CTM proprietor to take action in the Member State to establish bad faith.

VI. Absolute Grounds

Absolute grounds for refusal of a CTM application are set out in article 7(1) of the CTM Regulations. Although the wording of this article remains the same, whether a mark is, in fact, treated as devoid of any distinctive character or descriptive may change. After the date of accession, the mark that is the subject of a CTM application will be viewed from the perspective of each of the new Member States as well as from that of the existing Member States. Therefore, if a mark consists of a word that is non-distinctive or is descriptive in Bulgaria but would not have been objectionable in any other Member State, it will be refused as a CTM, whereas prior to the date of accession it would not have been objectionable on that ground.

VII. Action Points for Intellectual Property Holders

All CTM applications filed prior to May 1, 2004 will automatically be extended to the ten additional countries at no extra cost to the applicant. They will

also have the benefit of examination on absolute grounds, without reference to the ten new Member States. As mentioned above, if a mark is descriptive in, for example, Bulgaria only, an objection will not be raised on that ground, whereas after May 1, 2004 it could be. Wherever appropriate, therefore, protection should be sought prior to this date. Intellectual property holders who filed CTM applications prior to November 1, 2003 will also have the benefit that although the owners of conflicting national rights in the new Member States will be able to object to use of their mark, they will not be able to oppose the application for registration.

"[I]ntellectual property holders should be considering, sooner rather than later, whether they need further protection in Europe."

Given the above, intellectual property holders should be considering, sooner rather than later, whether they need further protection in Europe. The benefits of a CTM that covers 25 countries with one application are substantial, and the earlier applications are filed the easier it is likely to be to secure registration.

Endnotes

1. Legal basis art. 142a, para. 2 CTMR. This is a new provision which has been incorporated into the CTMR to regulate the implications of enlargement.
2. By virtue of CTMR art. 14.
3. By virtue of CTMR arts. 106 and 107. Art. 106 prohibits the use of CTMs that are contrary to national law and art. 107 safeguards the prior rights applicable to particular localities.

Eleanor Fairley is an attorney with Rouse & Co. International in London. She can be reached at efairley@iprights.com.

Trade Winds

Trade Winds offers Section members a way to keep up on the comings and goings of their colleagues and upcoming events of interest. Has there been a change in your practice? Any recent or forthcoming articles or lecture presentations? Won any awards recently? Please e-mail submissions to Jonathan Bloom at jonathan.bloom@weil.com.

Welcome New Members:

Ozge Akin	Adrienne R. Fields	Jed P. Koslow	Hillery Pous	Joseph B. Teig
Robert C. Atkinson	Thomas A. Frederikse	Adam E. Kraidin	Sander Marc Rabin	Tini Thomas
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Bright Ideas Available on the Web

Back issues of the *Intellectual Property Law Section Newsletter (Bright Ideas)* (2000-2003) are available on the New York State Bar Association Web site.

www.nysba.org/ipi

Click on Member Materials

Back issues are available at no charge to Section members only. You must be logged in as a member to access back issues. For questions, log-in help or to obtain your user name and password, e-mail webmaster@nysba.org or call (518) 463-3200.

Intellectual Property Law Section Newsletter (Bright Ideas) Index

For your convenience there is also a searchable index in pdf format.

To search, click "Find" (binoculars icon) on the Adobe tool bar, and type in search word or phrase.

Click "Find Again" (binoculars with arrow icon) to continue search.

Intellectual Property Law Section Annual Meeting

TUESDAY, JANUARY 27, 2004
New York Marriott Marquis
1535 Broadway, New York City

MORNING PROGRAM, 8:45 a.m.
Marquis Ballroom, 9th Floor

LUNCHEON, 12:30 p.m.
16th Floor Sky Lounge

AFTERNOON PROGRAM, 2:00 p.m.
Marquis Ballroom, 9th Floor

IMPORTANT INFORMATION

Under New York's MCLE rule, this program has been approved for a total of up to 7 credit hours, consisting of 7 credit hours in practice management and/or areas of professional practice. **This course will not qualify for credit for newly admitted attorneys because it is not a basic practical skills program.**

Discounts and Scholarships: New York State Bar Association members may apply for a discount or scholarship to attend this program based on financial hardship. Under that policy, any member of our Association who has a genuine financial hardship may apply in writing not later than two working days prior to the program, explaining the basis of his/her hardship, and if approved, can receive a discount or scholarship, depending on the circumstances. For more details, please contact: Linda Castilla at: New York State Bar Association, One Elk Street, Albany, New York 12207.

Section Chair/Program Co-Chair

Marc A. Lieberstein, Esq.

Ostrolenk, Faber, Berg & Soffen LLP
New York City, New York

Program Co-Chair

Victoria A. Cundiff, Esq.

Paul, Hastings, Janofsky & Walker LLP
New York City, New York

8:15 - 8:45 a.m.

Continental Breakfast

The Intellectual Property Law Section would like to thank **Thomson & Thomson** for sponsoring breakfast. Their continued support of the Section is greatly appreciated.

THOMSON & THOMSON

8:45 - 9:00 a.m.

Welcoming Remarks and Section Nominations

Marc A. Lieberstein, Esq.

Section Chair

9:00 - 11:30 a.m.

Intellectual Property Litigation: A "Forensic" Look

A distinguished panel of experts will discuss jurisdictional, forensic discovery and litigation strategy issues that arise in intellectual property litigation.

Moderator:

Victoria A. Cundiff, Esq.

Paul, Hastings, Janofsky & Walker LLP
New York City, New York

Speakers:

Isabel Davies, Esq.

Howrey Simon Arnold & White
London, England

Gene Klimov

CTO/Director - E-Discovery
DOAR Litigation Support &
Trial Service
Lynbrook, New York

Richard E. Donovan, Esq.

Kelley Drye & Warren, LLP
New York City, New York

Michael W. Quinn, Esq.

Senior Counsel
Time Warner Cable
Stamford, Connecticut

11:30 - 11:35 a.m.

Break

11:35 a.m. - 12:25 p.m.

The Register Speaks

Keynote Speaker:

Honorable Marybeth Peters

Register of Copyrights
United States Copyright Office
Washington, D.C.

12:30 - 1:45 p.m.

Lunch - 16th Floor Sky Lounge

The Intellectual Property Law Section would like to thank **CCH CORSEARCH** for sponsoring Lunch. Their support of the Section is greatly appreciated.



2:00 - 2:25 p.m.

NameProtect Writing Contest Award Presentation

Presented by:

Mark McGuire

President
NameProtect Inc.
Madison, Wisconsin



The Intellectual Property Law Section would like to thank **NameProtect Inc.** for sponsoring the Writing Competition Awards. Their support of the Section is greatly appreciated.

2:25 - 2:35 p.m.

Coffee Break

2:35 - 4:15 p.m.

A View From the Bench

Moderator:

Professor Justin Hughes

Benjamin N. Cardozo School of Law
Yeshiva University
New York City, New York

Judges:

Honorable Denise L. Cote

Judge, United States District Court
Southern District of New York
New York City, New York

Honorable Jed S. Rakoff

Judge, United States District Court
Southern District of New York
New York City, New York

Honorable Shira A. Scheindlin

Judge, United States District Court
Southern District of New York
New York City, New York

4:20 - 4:45 p.m.

An Intellectual Property Professional Liability Insurance Solution

Speakers:

George Rawding

Vice President, Business Development
Bertholon-Rowland Corp.
New York City, New York

Annamarie D. Haught, Esq.

Assistant Vice President
Lawyers Professional Liability
Farmington, Connecticut

4:45 p.m.

Closing Remarks and Adjournment

Marc A. Lieberstein

Section Chair



If you need assistance relating to a disability, please contact the NYSBA Meetings Department sufficiently in advance so that we can make every effort to provide reasonable accommodations.



For overnight room accommodations, please call the New York Marriott Marquis at 1-800-843-4898 and identify yourself as a member of the New York State Bar Association. Room rates are \$214.00 for single/double occupancy. Reservations must be made by Monday, December 22, 2003.



For questions about this specific program, please contact Linda Castilla at 518-487-5562. For registration questions only, please call 518-487-5621.



DECEMBER 2003

REPORT OF THE NOMINATING COMMITTEE

OF THE

INTELLECTUAL PROPERTY LAW SECTION

The Nominating Committee is pleased to report the following nominations for consideration by the Intellectual Property Law Section of the New York State Bar Association at the Annual Meeting to be held in New York City on January 27, 2004. The Committee nominates: Debra Ivy Resnick for the office of Vice Chair; Joyce L. Creidy for the office of Treasurer and Paul Fakler for the office of Secretary. Terms for these offices will commence on June 1, 2004.

In accordance with the Bylaws of the Intellectual Property Law Section (Article III., Section 1), Richard Ravin shall become Chair of the Section on June 1, 2004.

The Committee further nominates the following members-at-large: Michael B. Carlinsky; Miriam M. Netter; Blaze D. Waleski; Philip Gilman; Irving N. Stein. The terms for Members-at-Large shall also commence on June 1, 2004.

Respectfully submitted,

Nominating Committee

Marc Ari Lieberstein, Chair

Richard L. Ravin, Vice-Chair

Victoria A. Cundiff, Former Chair

MEMBERSHIP APPLICATION

New York State Bar Association:

INTELLECTUAL PROPERTY LAW SECTION

Membership in the New York State Bar Association's Intellectual Property Law Section is a valuable way to:

- enhance professional skills;
- keep up-to-date with important developments in the legal profession;
- join colleagues in exciting Section events.

OPPORTUNITIES FOR EDUCATION

The Intellectual Property Law Section offers both the experienced and novice practitioner excellent opportunities to enhance their practical and legal knowledge and expertise. Through Section activities, including conferences on intellectual property (an annual fall event), members may examine vital legal developments in intellectual property law. The Section's Web site provides current information regarding Section events and offers "members only" access to current issues of *Bright Ideas* and current Committee bulletins providing updates on intellectual property law. The Section plans to sponsor continuing legal education (CLE) credit-bearing programs for Section members at reduced rates. Recent programs offered by the Section related to computer software and biotechnology protection, conducting intellectual property audits, and practical considerations in trade secret law. The Section sponsors an annual Intellectual Property Law writing contest for New York State Law Students.

OPPORTUNITIES FOR PROFESSIONAL DEVELOPMENT

Intellectual Property Law Section committees address unique issues facing attorneys, the profession and the public. The Section offers opportunities to serve on committees such as Patent Law; Trademark Law; Copyright Law; Internet Law; Trade Secrets; Technology, Transfer and Licensing and Young Lawyers.

Committees allow you to network with other attorneys from across the state and give you the opportunity to research issues and influence the laws that can affect your practice. Committees are also an outstanding way to achieve professional development and recognition. Law students are automatically members of the Young Lawyers Committee. Section members may join more than one committee.

A VOICE IN THE ASSOCIATION

The Intellectual Property Law Section takes positions on major professional issues that affect practitioners and advocates those positions within the New York State Bar Association, the legislature, and the public.

See page 42 to become a member of the Intellectual Property Law Section

COMMITTEE ASSIGNMENT REQUEST

Please designate, from the list below, those committees in which you wish to participate. For a list of Committee Chairs and their e-mail addresses, please refer to page 43 of this issue.

- | | |
|--|-----------------------------|
| ___ Copyright Law (IPS1100) | ___ Trade Secrets (IPS1500) |
| ___ Internet Law (IPS1800) | ___ Trademark Law (IPS1600) |
| ___ Patent Law (IPS1300) | ___ Young Lawyers (IPS1700) |
| ___ Technology, Transfer and Licensing (IPS1400) | |

Please e-mail your committee selection(s) to Naomi Pitts at: npitts@nysba.org

* * *

To be eligible for membership in the Intellectual Property Law Section, you first **must** be a member of the NYSBA.

- ☐ As a member of the NYSBA, I enclose my payment of \$30 for Intellectual Property Law Section dues. (Law student rate: \$15)
- ☐ I wish to become a member of the NYSBA and the Intellectual Property Law Section. I enclose both an Association and Section application with my payment.
- ☐ Please send me a NYSBA application. No payment is enclosed.

Name _____

Office _____

Office Address _____

Home Address _____

E-mail Address _____

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Please return payment and application to:

Membership Department
New York State Bar Association
One Elk Street
Albany, New York 12207
Telephone: 518/487-5577
FAX: 518/487-5579
<http://www.nysba.org>

Section Committees and Chairs

The Intellectual Property Law Section encourages members to participate in its programs and to contact the Section officers or Committee Chairs for information.

Committee on Copyright Law

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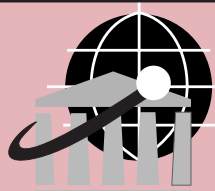
Submission of Articles

Anyone wishing to submit an article, announcement, practice tip, etc., for publication in an upcoming issue of *Bright Ideas* is encouraged to do so. Articles should be works of original authorship on any topic relating to intellectual property. Submissions may be of any length.

Submissions should preferably be sent by e-mail to Jonathan Bloom, Editor-in-Chief, at the address indicated on this page. Submissions for the Spring/Summer 2004 issue must be received by March 1, 2004.

Bright Ideas Liaisons

Trademark Law—Jonathan Matkowsky
Internet Law—Marc D. Hiller



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