

Colorado Bar Association
INTELLECTUAL PROPERTY SECTION
NEWSLETTER

September 2008

Upcoming Events:

September IP Section Luncheon

September 16, 2008 - Denver ChopHouse, Large Banquet Room

Open Source Update 2008

Presented by Maria Woods (General Counsel, StillSecure) and Jason Haislmaier (Partner, Holme Roberts & Owen LLP)

The past year has been one of the most active yet for legal issues relating to open source software. As the scope and profile of open source usage in companies world-wide has continued to expand, so too has the level of scrutiny. In this environment, most can now ill-afford to ignore the impact of the legal issues posed by open source software. Companies that are not taking steps to implement open source compliance measures on their own terms are increasingly finding themselves being required to comply on terms set by someone else. This session will discuss the changing open source legal landscape and what you need to know to stay on top of the legal issues posed by these changes.

Topics include:

- Changes in Open Source Compliance—how to evolve your open source compliance efforts beyond merely risk mitigation to help add value to your business;
- The "BusyBox" Lawsuits—the first lawsuits filed in the U.S. seeking to enforce the GNU General Public License (GPL), brought by the developers of the popular open source software application BusyBox;
- Open Source Software Patent Infringement—Software patents asserted by and against users and developers of Linux and other open source software such as Red Hat, Novell, Sun Microsystems and Net App; and
- The Impact of GPLv3—the ongoing use and adoption of version 3 of the most popular open source license in the world.

Cost: \$35 for IP Section Members and CU/DU Law Students may attend for free. Reservations and cancellations for the monthly luncheon must be made prior to 2:00 p.m. Monday, September 15, 2008. RSVP by calling (303) 860-1115 ext. 727 or by e-mailing lunches@cobar.org. When making your reservation, specify that you are attending the September IP Section Lunch, and include your name (and spelling), email address and phone number.

Event will be held in the large Banquet Room at the Denver ChopHouse, 1735 19th St., in LoDo, and complimentary valet parking will be provided.

Cancellations after that date and time and no-shows will be billed for the cost of the program. Checks can be sent to the Colorado Bar Association, 1900 Grant St., Suite 900, Denver, CO 80203. Also, please call or e-mail your RSVP when sending a check. Checks should be made payable to the CBA.

Announcement: Venue Change for Fall IP Section Luncheons

The IP Section is pleased to announce that, for this fall, we will be changing the Luncheon venue from the Pepsi Center to the Large Banquet Room at the Denver ChopHouse, which accommodates up to 120 attendees. Access to the ChopHouse is excellent for those driving in, and those who work Downtown. The IP Section has arranged for complementary valet parking.

October IP Section Luncheon

October 10, 2008 - Denver ChopHouse, Large Banquet Room

Insurance Coverage for IP and Technology Claims -- Data Privacy, Infringement and Errors & Omissions Coverage

Presented by Mary E. McCutcheon, James Morando, and Dennis M. Cusack.

As companies' exposure to intellectual property claims has evolved, so too has the landscape of insurance coverage for such claims. The program will cover the available sources of insurance coverage for copyright, trademark and patent infringement claims, as well as for business torts that may be appended to such claims. The Presenters will look at the implications of insurance both from the perspective of the defendant insured, and from the perspective of a plaintiff who does, or does not, want to trigger insurance coverage. New forms of insurance coverage for emerging risks involving network security and data privacy breaches, in addition to technology products liability claims, will also be discussed. Finally, the program will conclude with a discussion of practical ways to avoid common pitfalls associated with accessing available coverage.

Cost: \$35 for IP Section Members and CU/DU Law Students may attend for free. Reservations and cancellations for the monthly luncheon must be made prior to 12:00 p.m. Thursday, October 9, 2008. RSVP by calling (303) 860-1115 ext. 727 or by e-mailing lunches@cobar.org. When making your reservation, specify that you are attending the October IP Section Lunch, and include your name (and spelling), email address and phone number.

November IP Section Luncheon

November 11, 2008 - Denver ChopHouse, Large Banquet Room

"Bilski Event"

The IP Section is pleased to announce a luncheon event involving David Hanson, the attorney that argued on behalf of Mr. Bilski before the en banc panel of the Federal Circuit on May 8, 2008. More details about this exciting event will be announced soon.

Call for Suggestions or Ideas

The IP Section Officers are also soliciting your suggestions and ideas for topics and speakers for our Luncheon programs for 2008/2009. The following is a list of topics that we are

considering for future programs. Please forward any comments you may have to John Posthumus at posthumusj@gtlaw.com:

1. VC Panel with Moderator to Discuss IP Issues Facing Early Stage Companies (Set January 2009)
2. International Patent Protection Panel
3. User Generated Content and IP Issues
4. Export Control
5. Colorado Federal District Court Judge: Viewpoint on Claim Construction Hearings
6. Mock Licensing Negotiation
7. The Use of Mock Juries and Trials
8. Electronic Discovery Issues in IP Cases
9. The Use of Surveys in Trademark Infringement and Dilution Litigation
10. Copyright Exhaustion

IP Newsletter

Subject to editorial discretion and review, the IP Section newsletter is open to the submission of short articles and columns on IP topics of interest. If you are interested in contributing, please contact John Posthumus at posthumusj@gtlaw.com.

IP Section Website

Don't forget to check out the newly overhauled Colorado Bar Association website. Please refer to it often for updates on news and events.

<http://www.cobar.org/group/index.cfm?EntityID=PATENT>

The Colorado Bar Association has posted member directories for each practice section on-line. See ours at:

<http://www.cobar.org/directory/sections.cfm?section=PATENT>

Our contact at the Colorado Bar is Melissa Nicoletti, the Director of Sections and Committees. She can be reached at (303) 824-5321, or melissan@cobar.org.

Recently IP Cases Filed U.S.D.C. Colorado Cases

CAPTION	TYPE	CASE NO.	JUDGE	FILING ATTORNEY(S) - Local
Ball Dynamics International, LLC v. Gaiam, Inc.	Trademark Infringement	08cv1889	Lewis T. Babcock	F. Stephen Collins Ducker, Montgomery, Aronstein & Bess, P.C.
Bayer Schering Pharma AG et al v. Sandoz, Inc.	Patent Infringement	08cv1638	Marcia S. Krieger	Sundeep Kumar Addy Bartlit, Beck, Herman, Palenchar & Scott, LLP
Gallagher's NYC Steakhouse Franchising, Inc. v. 1020 15 th Street, Inc., et al.	Trademark Infringement	08cv1639	Edward W. Nottingham	Leonard H. MacPhee Perkins Coie, LLP
Home Design Services, Inc. v. JRJ Builders, Inc. et al	Copyright Infringement	08cv1701	Wiley Y. Daniel	Ian Thomas Holmes Parrish, Lawhon, Yarnell, PA
Home Design Services, Inc. v. Statcon Enterprises, LLC, et al	Copyright Infringement	08cv1717	Marcia S. Krieger	Anthony M. Lawhon Parrish, Lawhon, Yarnell, PA
Ideal Image Development Corporation v. Tautfest	Trademark Infringement	08cv1698	Zita L. Weinshienk	Allan L. Hale Amanda Atkinson Brudley Hale Friesen, LLP
Moodley v. Lincoln Dental Supply, Inc., et al.	Patent Infringement	08cv1891	Wiley Y. Daniel	Alan D. Sweetbaum Christopher A. Young Fisher, Sweetbaum, Levin & Sands, P.C.
OTO Software, Inc v. Highwall Technologies, LLC et al	Copyright Infringement	08cv1897	Wiley Y. Daniel	Peter R. Bornstein Law Offices of Peter R. Bornstein
Paragon Industries LP v. Denver Glass Machinery Inc	Trademark Infringement	08cv1880	Lewis T. Babcock	John "Jack" Markham Tanner Susan F. Fisher Fairfield & Woods, P.C.
Professional Bull Riders, Inc. v. Culbertson et al.	Trademark Infringement	08cv1690	Marcia S. Krieger	Timothy Paul Getzoff Holland & Hart, LLP
Rogue Wave Software, Inc. v. Arisglobal LLC	Copyright Infringement	08cv1684	Wiley Y. Daniel	James D. Kilroy Snell & Wilmer, LLP
Service Master Residential/Commercial Services, LP v. Tirella et al	Trademark Infringement	08cv1820	Edward W. Nottingham	Martha Moore Tiernay Kelly, Garnse, Hubbell & Lass, LLC

Tenth Circuit Case Alert (Trademark)

The John Allan Co. v. Craig Allen Co. (10th Cir. 8/28/08)

In 1988, John Allan Meing opened a men's salon in New York City. Since that time, the business has expanded to other salons. The salons feature a club-like environment, offering leather chairs, antique barber chairs, hot towel treatment, and shoe shine services. The salons are equipped with a pool table, bar, and (until recently) a cigar room. Patrons wear black smoking jackets and the employees wear black smocks, decorated with The John Allan Company's ("JAC's") logo. In 1996, JAC registered a design mark for haircutting and other services.

After Tatro and Leschuk visited the a JAC salon in New York City, they decided to open a men's salon in Wichita, Kansas. The two hired a designer to create a logo for the business and provided the designer with materials created by JAC. The result was a logo nearly identical to the one used by JAC. Craig's salon shared many of the features of JAC's clubs, including black smoking jackets, antique barber chairs, and a pool table. JAC sued Craig, Tatro, and Leschuk (collectively "Craig") for trademark infringement and related claims. The Kansas trial court found no likelihood of confusion; the 10th Circuit reversed and remanded.

The 10th Circuit found clear error in the trial court's application of the multi-factor test of likelihood of confusion in *Sally Beauty Co. v. Beautyco, Inc.*, 304 F.3d 964, 972 (10th Cir. 2002). The trial court found that three factors weighed in favor of JAC: the similarity of the marks, the intent to copy, and the strength of the mark. Two of the factors were found to be neutral: the similarity of products and manner of marketing; and the degree of care exercised by consumers. Finally, the trial court found that JAC had not presented any evidence of actual confusion, therefore weighing this factor in favor of Craig.

The 10th Circuit held that a finding of no likelihood of confusion on the basis of these findings suffered from internal inconsistencies. The 10th Circuit criticized the trial court for virtually ignoring its finding that Craig purposefully used the mark "Craig Allen's" to take advantage of JAC's goodwill and therefore concluded that Craig intended to copy JAC's mark. "Evidence that the alleged infringer chose a mark with the intent to copy, rather than randomly or by accident, typically supports an inference of likelihood of confusion." *Utah Lighthouse Ministry v. Found. for Apologetic Info. & Research*, 527 F.3d 1045, 1055 (10th Cir. 2008).

Moreover, the trial court relied too heavily on the fact that Craig Tatro's middle name is "Allan," and therefore that the individual should not be enjoin and individual from enjoining his own name. In this case, the 10th Circuit held, such reluctance "does not extend to cases where there has been an attempt to confuse the public."

Finally, the 10th Circuit held that the trial court's finding of no evidence of actual confusion was not supported by the record. JAC presented two witnesses who testified that they were confused as to affiliation and sponsorship between the two salons. This evidence, although it may have been *de minimis*, is probative of actual confusion and should have been weighed by the trial court.

This case note was prepared by Lucky Vidmar, Greenberg Traurig, LLP, based in part on the information published by [JurisNotes.com, Inc.](http://JurisNotes.com) Editor: Margie S. Schweitzer, J.D.; email Margie@JurisNotes.com; phone 503-763-8717; fax 503-763-8718.

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Patent Cases

The Forest Group, Inc. v. Bon Tool Co. (S.D.Tex. 7/29/08)

Single decision constituted single false marking offense.

The court found Forest liable for false marking when it, through its principal Lin, could no longer reasonably believe that the articles it was marking were covered by the '515 patent. Thus, after November 15, 2007, Forest engaged in false marking. By this date, Forest had received the opinion of counsel advising that a stilt without a resiliently lined yoke did not literally infringe, but concluding that the Warner stilt infringed under the doctrine of equivalents due to that stilt having a resiliently fastened yoke. Also by this date, Forest had received two consistent claim construction rulings indicating that the patent required a resiliently lined yoke and had received two rulings of summary judgment of non-infringement. However, Forest's single decision to mark its non-conforming stilts after such time constituted a single offense for purposes of calculating damages.

Braintree Laboratories v. Schwarz Pharma, Inc. (D.Del. 7/31/08)

Party failed to establish that suit was objectively baseless.

SPI asked the court to find bad faith in Braintree's commencement of suit under the Hatch-Waxman statutory scheme on the basis that Braintree knew, or should have known, that the '183 patent was invalid. The court agreed that the chronology of events supported the inference that Braintree's infringement suit was motivated primarily by business considerations, rather than legal ones. The inference to be drawn was that, instead of directing its efforts to launching a generic, Braintree obtained and relied upon an admittedly weak patent for protection from other generic competition. Braintree had orchestrated an "advice of scientist" defense, the flaw of which was that these scientists' views were admittedly tainted, on some level, by the confidential advice of counsel. Despite the foregoing, SPI had not shown that Braintree's suit was objectively baseless. The validity of the '183 patent had not been adjudicated and Braintree had advanced at least a colorable argument for validity and infringement.

Applied Materials, Inc. v. Multimetrix, LLC (N.D. Cal. 7/18/08)

Forged documents were submitted with intent to deceive.

During the prosecution of the patent, one of the co-inventors died. The other co-inventors submitted declarations to the PTO purportedly signed on behalf of all inventors, including the dead Margulis. There was no serious question as to the materiality of Margulis' forged signatures. The misrepresentations concerned inventorship, a critical element for obtaining a patent. That the misrepresentations did not relate to patentability did not change the court's conclusion that the forged signatures were material. The wrongful conduct involved not only the submission of false, forged and perjured affidavits on two different occasions, but the

affidavits also made misrepresentations about the critical threshold issue of inventorship. The submission of documents containing forged signatures was not an accident or an honest mistake. The surviving inventors knew that Margulis was dead and knew that his signature was a fake. There was clear and convincing evidence that the forged documents were submitted with an intent to deceive the PTO.

Delphi Corp. v. Automotive Technologies Int'l. (E.D.Mich. 7/25/08)

Actual controversy existed despite party's bankruptcy.

ATI asserted its passive occupant detection system ("PODS") automobile safety patents against various car manufacturers in Texas. Delphi, which provides PODS to some of those manufacturers, filed this declaratory judgment action. ATI contended that there was no actual controversy because it was not suing Delphi anywhere and because Delphi was in bankruptcy and therefore, was protected from an offensive infringement suit by ATI and any counterclaims that ATI would file but for the bankruptcy. The court was not persuaded by ATI's contention that the mere fact of Delphi's bankruptcy meant that there was no actual controversy before the court. The Texas litigation plainly alleged that Delphi components used by certain automotive manufacturers infringed four ATI patents. The Michigan litigation challenged whether Delphi was infringing these same four patents, which would immediately impact Delphi's business practices. The issue of infringement was a live and concrete dispute before the court. Finally, special circumstances militated against following the first-to-file rule in this case.

Research Corporation Technologies v. Microsoft (Fed. Cir. 8/1/08)

Post-patent experiments were not material to the patented invention.

RCT filed this suit for infringement of six patents claiming digital halftoning technology used in computers and printers. After applying for patents, the inventors conducted further tests, but did not disclose these tests to the PTO. On this basis, the trial court held the patents unenforceable due to inequitable conduct. The Federal Circuit reversed. Because Mista's work occurred after she and Parker had filed their patent applications, these experiments were not material to their inventive activity. In the circumstances of this case, the inventors had no obligation to report their later tests to the PTO. The experiments did not attempt to test the patented invention, but instead sought to explore the consequences of manipulating the power spectrum. In other words, these post-filing experiments were basic scientific research, not a verification of the patented technology. Because the trial court focused exclusively on candor, its findings and conclusions improperly excluded proffered testimony on the immateriality of these experiments. In sum, the trial court completely ignored the materiality prong. Furthermore, the trial court's analysis of the intent prong was clearly erroneous. For instance, the trial court focused improperly on comments that Parker made at trial regarding the purposes of the patent system. It was clear that Microsoft's summary judgment motions were granted without a proper analysis regarding inequitable conduct. The record showed many potential fact issues that would prevent entry of summary judgment.

Monolithic Power Systems v. O2 Micro Int'l. Ltd. (N.D.Cal. 8/6/08)

Covenant would not prevent suit against customers.

The court denied O2's motion to dismiss for lack of subject matter jurisdiction. O2 contended that there was no actual controversy given its proffered covenant not to sue that covered the products for which MPS was seeking a declaration of non-infringement. However, as MPS pointed out, that covenant would not prevent O2 from suing MPS's customers. If that were to happen, MPS would face injury in the form of damage to its customer relationships and could also be forced to indemnify its customers. MPS's interest in preventing such a scenario was sufficient to demonstrate a controversy between the parties. Further, the history of litigation over the '129 patent demonstrated that a lawsuit by O2 against MPS's customers was more than a theoretical possibility.

In re Certain Foam Footwear (ITC 7/25/08)

Use of foam strap was an obvious design choice.

The ITC modified the ALJ's determination, but affirmed his finding of no violation. Regarding the '789 patent, it was clear that the ALJ considered all of the similarities between the accused footwear and the '789 patent, as evidenced by the ALJ's overall infringement analysis. Each of respondents' accused shoes and each of Crocs' shoes were materially different from the '789 patent design, as none of them contained even spacing of ventilator holes around the toe portion of the sidewall of the upper. As to the '858 patent, the ALJ properly concluded that the sole remaining difference between the prior art and the claimed invention was the use of foam for the strap. The mere substitution of foam for prior art materials in back straps was not patentable. Crocs' invention was merely a combination of familiar elements according to known methods that yielded predictable results.

Prasco, LLC v. Medicis Pharmaceutical Corp. (Fed. Cir. 8/15/08)

Party failed to show an immediate and real controversy.

The trial court dismissed this declaratory judgment action for lack of jurisdiction, concluding that Prasco's complaint failed to establish a case or controversy. The Federal Circuit affirmed, finding that Prasco had not alleged a controversy of sufficient immediacy and reality to create a justiciable controversy. Prasco relied on Medicis' marking of its products with the patents-in-suit, but this was not a circumstance that supported finding an imminent threat of harm sufficient to create an actual controversy. Moreover, Medicis' previous suit premised on other patents could not alone create a real and immediate controversy. Medicis' failure to sign a covenant not to sue was simply not sufficient to establish that Prasco was at risk of imminent harm from Medicis. Not only had Medicis not taken a concrete position adverse to Prasco's position, but it also had taken no affirmative actions at all related to Prasco's current product. There could be no controversy without a showing that the threat was real, imminent, and traceable to Medicis. Medicis had not accused Prasco of infringement or taken any actions that implied such claims. In short, Medicis had taken no affirmative actions at all related to Prasco's current product.

Chicago Board Options v. Int'l. Securities Exch. (N.D.Ill. 8/8/08)

Disclosure of existence of opinion does not waive privilege.

The court denied CBOE's motion to compel ISE to produce certain documents that it had withheld as privileged or protected by the work product doctrine. ISE's vice-president and general counsel testified that the law firm of Fish & Neave conducted an infringement analysis of the '707 patent prior to its issuance, that CBOE's hybrid system was among the subjects of that analysis, and that the conclusion was reached that CBOE's hybrid system infringed the '707 patent. This testimony did not result in a waiver because nothing protected was disclosed. There was a clear difference between indicating the fact or topic of a confidential communication with an attorney and revealing its content. All that Ferraro revealed here was that the firm that ISE hired to conduct its infringement analysis did so and prepared a document that described an act that CBOE regarded as direct infringement and/or active inducement of infringement. This was some rather mundane information that was hardly confidential. Accepting CBOE's argument would mean that privilege logs and compliance with discovery rules would operate as a waiver of the attorney-client privilege.

Copyright Cases

The Cartoon Network LP v. CSC Holdings, Inc. (2d Cir. 8/4/08)

Act of buffering in DVR operation did not create copies.

The trial court held that CSC's proposed remote storage DVR system violated the Copyright Act by infringing plaintiffs' exclusive rights of reproduction and public performance. The 2nd Circuit reversed the trial court's award of summary judgment in favor of plaintiffs and vacated the injunction against CSC. In the view of the 2nd Circuit, the definition of "fixed" imposed both an embodiment requirement and a duration requirement. In this case, the works in question were embodied in the buffer for only a transitory period, thus failing the duration requirement. Accordingly, the act of buffering in the operation of the remote storage DVR did not create copies. In addition, the trial court erred in concluding that CSC, rather than its DVR customers, made the copies carried out by the DVR system. Finally, it was clear that the transmissions in question were not performances to the public.

Microsoft Corp. v. CietDirect.com LLC (S.D.Fla. 8/5/08)

First sale abroad did not bar copyright claims.

Microsoft alleges that Ciet was engaged in the illegal business of importing into the United States copyrighted Microsoft software that was made abroad and intended for schools and other qualified educational users abroad. Microsoft distributes such software at a discount to provide students with low cost access to the latest software technology and information in furtherance of their educational development. The license agreements under which such media is distributed restrict its distribution to qualified students. Microsoft alleges that Ciet distributed student media to individuals and entities not authorized to use the software. Defendants argued for the applicability of first sale doctrine. However, the prevailing view was that sales abroad of foreign manufactured United States copyrighted materials did not terminate the copyright holder's exclusive distribution rights in the United States. Thus, even

assuming Microsoft's allegations to be true, the first sale doctrine would not bar Microsoft's copyright claims because the software at issue was manufactured and first sold abroad.

Lugosch v. James Avery Craftsman, Inc. (D.Me. 7/31/08)

Merger doctrine did not apply to facts presented here.

The magistrate judge recommended denying JAC's summary judgment motion, which asserted that Lugosch could not prove illicit copying of her jewelry designs. Lugosch had submitted sufficient evidence of access and probative similarity. Regarding the issue of substantial similarity, JAC asserted that the heart shape reflected in the Lugosch designs was an uncopyrightable element of those designs that could not be considered in the court's analysis. The court, however, agreed with Lugosch that the merger doctrine was not appropriate for use in this case. This was so because the evidence showed that there were many ways of expressing the idea of a mother's love for a child.

Jacobsen v. Katzer (Fed. Cir. 8/13/08)

License terms were enforceable copyright conditions.

At issue here was the ability of a copyright holder to dedicate certain work to free public use and yet enforce an open source copyright license to control the future distribution and modification of that work. The trial court treated the license provisions as contractual covenants, rather than conditions on the copyright license. The trial court held that the open source license created an intentionally broad non-exclusive license that was unlimited in scope and thus, did not create liability for copyright infringement. The Federal Circuit reversed. The license stated on its face that the document created conditions. The clear language of the license created conditions to protect the economic rights at issue in the granting of a public license.

EMI Records Ltd. v. Premise Media Corp. (N.Y.App. 8/8/08)

Analysis of factors favored a finding of fair use.

The court denied EMI's motion for a preliminary injunction and also denied Premise's motion to dismiss. Premise used a portion of the John Lennon recording "Imagine" in a documentary film that attempted to offer evidence that proponents of intelligent design were being unfairly criticized and censored. The court found that the use of the recording could reasonably be viewed as a criticism of an anti-religious message represented in the sound recording and in general. Premise might have used the recording for a transformative purpose by criticizing the sound recording as well as the viewpoint it represented. Moreover, the duration of the recording used was a minimal portion of the secondary work. The court was not persuaded that Premise made the recording the heart of its documentary film. In sum, an analysis of the relevant factors favored a finding of fair use.

Lenz v. Universal Music Corp. (N.D.Cal. 8/20/08)

Must evaluate fair use before issuing takedown notice.

The court denied Universal's motion to dismiss this case for failure to state a claim. Lenz sued Universal alleging misrepresentation and tortious interference with her contract with YouTube and also sought a declaratory judgment of non-infringement. In the court's view, an allegation that a copyright owner acted in bad faith by issuing a takedown notice without proper consideration of the fair use doctrine was sufficient to state a misrepresentation claim. The complaint contained sufficient allegations of bad faith and deliberate ignorance of fair use to survive Universal's motion to dismiss. Although the court had considerable doubt that Lenz would be able to prove that Universal acted with the subjective bad faith required by relevant precedent, it concluded that Lenz's allegations were sufficient at the pleading stage

Io Group, Inc. v. Veoh Networks, Inc. (N.D.Cal. 8/27/08)

Safe harbor not lost due to automated processing.

Io produces and distributes a variety of adult entertainment products, including audiovisual works. Veoh provides software and a website that enables the sharing of user provided video content over the Internet. In June 2006, Io discovered that clips of some of its copyrighted films had been uploaded and viewed on Veoh's website. Io did not notify Veoh and the latter only learned of the alleged infringement via the filing of this suit. Veoh has established terms of use and acceptable use policies, which are posted on its site. As part of the uploading process, when Veoh receives a video file from a user, its system automatically converts each video into Flash format and extracts several still images from each file. These images help users understand what a video likely contains before they download it. Veoh employees occasionally spot check videos after publication for compliance with its policies and to ensure accuracy in the description of the content. The court granted Veoh's summary judgment motion, concluding that Veoh was eligible for safe harbor protection under the Digital Millennium Copyright Act. There was no triable issue as to whether Veoh implemented its repeat infringer policy in a reasonable manner. Further, Veoh was not disqualified from the safe harbor because of automated functions that facilitated access to user submitted content on its website. Veoh had simply established a system whereby software automatically processed user submitted content and recast it in a format that was readily accessible to its users. Veoh did not itself actively participate or supervise the uploading of files. Nor did Veoh preview or select the files before the upload was complete. Instead, video files were uploaded through an automated process that was initiated entirely at the volition of Veoh's users.

Omega S.A. v. Costco Wholesale Corp. (9th Cir. 9/3/08)

First sale doctrine was not available as a defense.

Omega makes watches in Switzerland and sells them through a network of authorized distributors and retailers. Engraved on the underside of the watches is a copyrighted globe design. Costco obtained watches bearing this design from the gray market and sold them to consumers in the United States without Omega's authorization. The trial court granted summary judgment in favor of Costco on the basis of the first sale doctrine and the 9th Circuit reversed. Because there was no genuine dispute that Omega made the copies of the globe design in Switzerland and that Costco sold them in the United States without Omega's authority, the first sale doctrine was unavailable as a defense to Omega's claims. The

application of 17 U.S.C. §109(a) to foreign made copies would impermissibly apply the Copyright Act extraterritorially in a way that the application of the statute after foreign sales did not. The rule that §109(a) referred only to copies legally made in the United States remained binding precedent.

Trademark Cases

Singh v. Duane Morris LLP (5th Cir. 7/30/08)

Federal court lacked jurisdiction over malpractice action

Singh sued in federal court DML and attorney Redano for malpractice allegedly committed during Redano's representation of Singh in a federal trademark lawsuit. The Fifth Circuit rendered a judgment of dismissal. The court agreed that the federal issue presented in the case was whether Singh had sufficient evidence that his mark had acquired secondary meaning. Though significant to Singh's claim, the court held that this issue did not require resort to the experience that a federal forum offered. Also, it could not be said that federal trademark law evinced any substantial interest in regulating attorney malpractice.

In re Sunshine Grille LLC (TTAb not citable 7/11/08)

Depiction of sun merely reinforced literal portion of marks.

SGL applied to register the mark "Sunshine Grille" and sun design for restaurant services. The examining attorney refused registration based on a likelihood of confusion with the registered mark "Sunshine Cafe" and design for restaurant services. The Board affirmed the refusal to register, noting that the term "Sunshine" was the dominant portion of both marks. The depiction of the sun in both marks merely reinforced the meaning conveyed by the word "Sunshine." The remaining wording in both marks was merely descriptive of the identified services. SGL's mark was highly similar in sound, connotation, and overall commercial impression to registrant's mark due to the prominent shared term "Sunshine" appearing in both marks, followed by the descriptive or generic term for an eating establishment. Any differences in the marks were far outweighed by the similarities.

E.T. Browne Drug Co. v. Cococare Products, Inc. (3d Cir. 8/5/08)

Trial court should have applied primary significance test.

Browne and CPI both sell personal care and beauty products containing cocoa butter. Browne also holds registrations on the mark "Coca Butter Formula," which CPI sought to cancel. The Third Circuit held that there was sufficient evidence for Browne to survive summary judgment on genericness. The court held that the trial court should not have ventured beyond the primary significance test to the alternative test set forth in the *Canfield* case. The instant case did not present the question involved in *Canfield*: whether to use an existing genus or a new genus in the analysis. Browne conducted a survey that posed a number of open-ended questions asking respondents to identify or describe the product category in which its products belonged. While the survey had flaws, including the use of confusing questions, these flaws did not deprive the survey of probative value. The survey was strong enough to allow Browne

to survive summary judgment on the genericness issue. But serious flaws in the evidence caused it to fail to create a fact issue on the question of secondary meaning. The core deficiency was that while the evidence showed that Browne had used the term "Cocoa Butter Formula" on many occasions over a long period of time, there was no showing that Browne succeeded in creating secondary meaning in the minds of consumers.

The Saul Zaentz Co. v. Wozniak Travel, Inc. (N.D.Cal. 7/29/08)

Plaintiff's delay in filing suit was clearly unreasonable.

The court granted Wozniak's summary judgment motion and denied SZC's summary judgment motion. SZC should have known of Wozniak's potentially infringing use long before it commenced this action in 2006. The 1988, 1992, and 2000 search reports identifying Wozniak's "Hobbit Travel" were in SZC's possession and yet, SZC conducted no further inquiry or investigation other than visiting Wozniak's website. Moreover, SZC took no action against Wozniak until SZC's licensee New Line Cinema sent a cease and desist letter in 2004. Had SZC conducted further research, it would have discovered that Wozniak had been operating a successful travel agency under the "Hobbit" mark openly and continuously for many years. SZC's delay was unreasonable and as a result, laches barred SZC's claims.

Dessert Beauty, Inc. v. Fox (S.D.N.Y. 7/31/08)

Party's use of term "love potion" clearly constituted fair use.

Fox registered the mark "Love Potion" for perfumed essential oils. Fox's products are sold in clear bottles and packaged in clear plastic bags and organza pouches. A label with the words "Love Potion Perfume" is affixed to each bottle. In 2004, DBI launched a line of beauty products that included two fragrance products described as "love potion fragrance" and "belly button love potion fragrance." DBI's logo consisted of a pink lipstick stain and the mark "Dessert" inside a black circle. Beneath the circle was the phrase "Sexy Girls Have Dessert." The court concluded that DBI's use of the term "love potion" in connection with its goods constituted fair use. DBI did not use "love potion" as a trademark because the source of its fragrance products was not identified by that term. Instead, the source was identified by DBI's "Dessert" mark in conjunction with the lipstick stain logo and catch phrase, which were prominently displayed on all DBI products. DBI used the words "love potion" not to describe the source of the product, but rather as a product name in a generic, descriptive sense. Although the words "love potion" did not describe an actual quality of DBI's products, they were used to describe the effects that the products could have, or the purpose for which consumers used the products. Most indicative of descriptive use was that "love potion" was used with other words to form a phrase describing the products.

Champagne Louis Roederer v. J. Garcia Carrion (D.Minn. 7/23/08)

Plaintiff unreasonably delayed in asserting its rights.

CLR is a French wine producer that sells "Cristal" champagne. Since at least 1989, Carrion has sold in the U.S. Spanish sparkling wine known as cava under the name "Cristalino." At

various times, CLR opposed registration of "Cristalino" and similar marks by Carrion in various non-U.S. jurisdictions. After a 2002 trademark application for the "Cristalino" mark in the U.S., CLR sent Carrion cease and desist letters and eventually filed an opposition to registration of the mark in 2003. The court granted the motion for summary judgment on the ground that CLR's claims were barred by the doctrine of laches. The court noted that CLR had knowledge of use of the "Cristalino" mark on Serra's cava no later than 1995. However, CLR did not object until 2002. Carrion would be prejudiced if CLR was permitted to assert its rights after such a delay. During this seven-year period, Carrion marketed "Cristalino" cava, expanded production, and was rewarded when "Cristalino" cava grew to become a highly successful brand. Had CLR asserted its rights earlier, Carrion could have directed its efforts to building goodwill towards a different mark. The court also held that confusion between "Cristalino" and "Cristal" was not inevitable and that the likelihood of confusion was not so high as to prevent application of laches to CLR's request for injunctive relief.

Hysitron, Inc. v. MTS Systems Corp. (D.Minn. 8/1/08)

Use of mark for advertising was use in commerce.

MTS contended that Hysitron had not used the "Hysitron" mark in the manner contemplated by the Lanham Act. MTS, as part of its Internet marketing strategy, purchased the term "hysitron" to generate a sponsored link through the Google AdWords program. As a result, when a user typed that term into a search engine, a sponsored link to MTS's website would appear along with the normally generated links. MTS's sponsored link did not contain the "Hysitron" mark, or any other HI mark. This court adopted the majority view that using a trademark to generate advertising constituted a "use in commerce" under the Lanham Act. MTS used the "Hysitron" mark to generate a sponsored link as part of MTS's effort to advertise and sell its own goods over the Internet. Under the plain language of the Lanham Act, MTS used the "Hysitron" mark in commerce.

Chrysler LLC v. Pimpo (TTAB not citable 7/30/08)

Licensing evidence established a new priority date.

Pimpo sought to register the mark "Rambler" for automobiles and related structural parts. Chrysler opposed registration on the basis of a likelihood of confusion with its previously used "Rambler" mark (the registration for which had lapsed) for automobiles, parts, accessories for automobiles, and related merchandise. The Board sustained the opposition, though noting that the almost forty-year period of nonuse for automobiles raised the issue of whether Chrysler had abandoned the mark. Nor was there any evidence that Chrysler had any serious intent to reintroduce a "Rambler" automobile that was last produced in 1969. In short, there was not sufficient residual goodwill in the mark for automobiles so as to avoid a finding of abandonment. However, Chrysler's licensing evidence established a new priority date for certain goods, including key rings, calendars, decals, and owner's manuals, all of which were related to the goods set forth in the application.

Kidsart, Inc. v. KidzArt Texas, LLC (TTAB not citable 7/25/08)

Evidence did not demonstrate acquired distinctiveness.

KAT applied to register the mark "KidzArt" for franchise services in the nature of offering technical assistance in the operation of educational programs and enrichment programs, as well as for conducting classes in the field of art and distributing related course materials. KI opposed registration on the basis of a likelihood of confusion with its "Kidsart" mark (unregistered) for art instruction services. The Board dismissed the opposition, finding that KI's alleged mark was merely descriptive. In addition, the evidence was inadequate to demonstrate acquired distinctiveness for this highly descriptive matter in the context of art instruction services. In short, KI had failed to make a sufficient showing of acquired distinctiveness to support a likelihood of confusion determination against KAT.

In re Swat Fame, Inc. (TTAB not citable 7/29/08)

Party failed to prove assertion of a known slang reference.

Swat filed an application to register the mark "Bu From Malibu" for various articles of clothing. The examining attorney refused registration on the basis of a likelihood of confusion with the registered mark "BU" (owned by Baylor University) for certain clothing items and the Board affirmed. While the dissimilarity as to sound could not be denied, the Board was not persuaded that Swat's mark would be pronounced as "Boo." Swat contended that this was a common slang reference to Malibu, but it failed to substantiate this assertion of a known slang reference. Further, contrary to Swat's arguments, it could not be assumed that prospective consumers would immediately understand that registrant's "BU" mark identified Baylor University. Rather, it had to be assumed that consumers could see the letters "BU" as an arbitrary source-indicator for apparel items.

Univ. of So. Cal. v. Univ. of So. Carolina (TTAB not citable 8/1/08)

California beats out Carolina in collegiate mark brawl.

Carolina sought to register the mark "SC" (stylized) for hats, baseball uniforms, t-shirts, and shorts. California opposed registration on the basis of a likelihood of confusion with its registered "SC" marks for key rings, statuary, umbrellas, luggage, towels, and other goods sold through university authorized channels of trade, as well as for sweatshirts and t-shirts offered at university controlled outlets. California also alleged prior common law rights and asserted various affirmative defenses. Carolina counterclaimed for cancellation of one of California's pleaded registrations. The Board sustained California's opposition to Carolina's '031 application and denied Carolina's counterclaim. Certain of the parties' goods were related and were marketed in the same trade channels. The evidence of actual confusion was de minimis and it was clear that at least some of the purchasers would not be knowledgeable about different schools' marks.

ConAgra Foods v. Sandwich Food (TTAB not citable 7/17/08)

Evidence confirmed that "Manwich" mark was famous.

CF sought to register the mark "Candwich" for food items packaged in cans, namely vegetable based snack foods, meat based sandwiches, candy, popcorn, and pudding. ConAgra opposed registration based on a dilution of and a likelihood of confusion with its registered mark "Manwich" for sandwich sauce and spice and seasoning mixes for meats. The Board sustained the opposition on the basis of a likelihood of confusion, observing that the evidence confirmed that the "Manwich" mark was famous. In addition, the goods described in CF's applications fell within the natural zone of expansion for goods described in the "Manwich" registrations. The inexpensive nature of the parties' products qualified them as impulse items. The marks were similar in appearance and substantially identical in pronunciation, though there were differences in connotation.

Wyeth v. Walgreen Co. (TTAB not citable 8/5/08)

Common element was of particular significance

Wyeth opposed Walgreen's application to register the mark "Wal-Vert" for antihistamines and allergy relief preparations on the basis of a likelihood of confusion with its registered mark "Alavert" for the same products. The Board sustained the opposition, noting that Wyeth's mark was conceptually and commercially strong. Walgreen's own actions in adopting the "Wal-Vert" mark (in particular, the decision to use "Vert" as a significant element of the mark to associate its private label product with the "Alavert" product) provided further support to the conclusion that "Alavert" was a strong mark. It could not be assumed that potential purchasers fully understood that Walgreen produced the "Wal-Vert" product independent of others. While the marks differed in appearance and sound, the Board found that the common element "Vert" was of particular significance here.

Domain Name Cases

Velcro Industries B.V. v. Chavez (WIPO 7/28/08)

It may not have been clear that domain included mark.

Chavez registered the domain name "velcroart.net" in July 2005. The domain name is connected to a site devoted to a gallery of electronic art. Chavez states that his use of the term "velcro" was as a metaphor describing the meeting of artists coming from different artistic and professional origins. Chavez admits that when he registered the domain name, he was aware of the "velcro" product, but was not aware that this was a brand name and a trademark. According to Chavez, "velcro" was recognized as a generic term in Spain, where he lives. The evidence put before the panel demonstrated that there was significant scope for purely innocent misuse of the trademark as a generic term. VI admitted that it was possible that Chavez might not have appreciated that "Velcro" was a trademark when he registered the domain name, but contended that Chavez could be charged with constructive knowledge on the basis of VI's registrations. The panel refused to apply that concept and found no reason to doubt Chavez's asserted reasons for registering the domain name.

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