The Katten

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Letter from the Editor

It's Fashion Week here in New York City, and the city is filled with excitement and a special elegance. As we settle into the coming seasons, now is the time to focus on new issues that could affect brand development and protection. This includes the pending new child model legislation and the availability of new top-level domain names, as well as procedures to safeguard your brand in this evolving environment.

I hope you will look to Katten to guide you through all of these challenges.

Karen Artz Ash

In this Issue

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New Rules on Use of Child Models

by Karen Artz Ash and Bret J. Danow

Historically, the laws in the State of New York regulating the employment and education of "child performers" did not include child models. However, the New York State Senate and Assembly has recently voted to pass legislation to ensure that child models will now be afforded the same protections as "child actors, dancers and musicians" working in New York. Such legislation, once signed into law, is expected to have a significant impact on the fashion industry.

Specifically, the new legislation will provide that companies employing models under the age of 18 will be required to obtain certificates of eligibility, to provide chaperones and tutors and to limit their work hours. In addition, the new legislation sets forth several new protections for child models, including:

(1) if the model is under the age of 16, a "responsible person" must be designated to monitor the activity and safety for each model at the workplace; (2) an employer must provide a nurse with pediatric experience (only applicable to infants); (3) employers must provide teachers and a dedicated space for instruction (generally, provided that the employment takes place on a school day and the child performer is not otherwise receiving educational instruction due to his or her employment schedule); (4) employers must provide safety-based instruction and information to performers, parents/guardians and responsible person(s); and (5) a trust must be established by a child performer's parent or guardian and an employer must transfer at least 15 percent of the child's gross earnings into the trust.

Further, child models will now also need to obtain work permits which would require not only the written consent of a parent or guardian, but also evidence that the model is maintaining the standards of academic performance from their enrolled school.

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The new requirements will be in addition to work hour regulations for child performers (which differ based on age, whether school is in session and whether the performance is live or recorded) and limitations on the times along with the total number of hours a day that a child model can work.

Additionally, the employer must provide for meal and certain rest periods. Although the legislation does not specifically mention "fit models," the spirit of the legislation is to ensure that child models have the same protections as other child performers.

Therefore, it would be prudent for fashion companies to treat fit models in the same manner as runway and print models.

Once implemented, these regulations will be overseen by the Department of Labor which possesses far greater resources to enforce regulations than the Department of Education (which was the agency previously overseeing the regulations pertaining to the employment and education of child models in New York).

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Accordingly, companies employing young fashion models should be aware of, and anticipate planning for, the implementation of new legislation in New York and any similar legislation in the jurisdictions in which they are based.

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Partner Karen Artz Ash Named to Inaugural Mediator Advisory Committee for the US Southern District of NY District Court

Karen Artz Ash, national co-head of the Intellectual Property practice and co-head of the Trademarks practice, has been named as a member of the first Mediator Advisory Committee of the US District Court, Southern District Court of New York. The committee is made up of fourteen experienced legal practitioners who were selected to represent the community of mediators in the Southern District of New York.

Partner Noah Leichtling Quoted in Women's Wear Daily on Use of Registration Rights Agreements

Noah Leichtling, a partner in the Corporate practice, spoke with *Women's Wear Daily* on the registration rights agreement entered into by J.C. Penney Company, Inc. and former board member William Ackman. The standard agreement addresses issues including blackout periods and requests to register the sale of stock. Noah explains, "**These arrangements are done to effect orderly market transactions. They are also done in compliance with SEC regulations for stock of this nature**."

Katten Obtains Favorable Decision for Bausch & Lomb in Trademark Infringement Suit

A Florida federal judge found that trademark claims against Bausch & Lomb were not likely to succeed and recommended that the plaintiff's motion for a preliminary injunction be denied as reported by Law360. US Magistrate Judge Elizabeth Jenkins ruled the slogan "See better. Live better." was not only unlikely to cause confusion in the marketplace, but was also merely descriptive without a secondary meaning and therefore not protectable. As noted in a prior Law360 article, Bausch & Lomb was sued by a Florida ophthalmologist and his eye clinics over use of the slogan "See Better. Live Better." which the doctor claimed was his trademark and covered by a Federal Trademark registration. The eye health care giant uses the slogan to describe the mission statement of its internationally recognized company and claimed that its use is not as a trademark, but is a fair descriptive use authorized under Federal Law. Bausch & Lomb filed a counterclaim in April to cancel the mark, describing the suit as a "meritless attempt ... to obtain exclusive rights to a popular and descriptive phrase." Intellectual Property attorneys Floyd Mandell, Carolyn Passen and Julia L. Kasper represented Bausch & Lomb in this case.

Impact of TTAB Rulings on Court Decisions

by Karen Artz Ash and Bret J. Danow

The US Patent and Trademark Office's Trademark Trial and Appeal Board (TTAB) provides, among other things, a forum for trademark owners to oppose the issuance of a certificate of registration for a mark filed by a third party which it believes is confusingly similar to its registered mark.

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Although the TTAB can issue a decision as to whether two marks are confusingly similar such that one of them should not be entitled to registration, the issue of whether one mark infringes another is beyond the scope of a TTAB proceeding and is instead left to the courts.

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Therefore, when a trademark owner is formulating its enforcement strategy, a common question that arises is whether a TTAB decision holding that two marks are confusingly similar would be dispositive when the same two marks are the subject of a trademark infringement claim before the courts. This issue was recently addressed by the Eighth Circuit in the case of *B&B Hardware, Inc. v. Hargis Industries, Inc.* and the conclusion reached in this case can be helpful to brand owners contemplating their approach to brand enforcement.

B&B Hardware, the owner of a trademark registration for the mark, Sealtight, covering a fastener product that is used predominantly in the aerospace industry, had successfully opposed a trademark application filed by Hargis for the mark, Sealtite, covering a line of self-drilling and self-taping screws that are commonly used in the construction of metal buildings. Subsequently, B&B Hardware sued Hargis, making claims of trademark infringement and unfair competition.

The district court rejected B&B Hardware's claims and in doing so decided not to give preclusive effect to the TTAB decision (that is, the court did not allow the decision to preclude the issue from being re-litigated) which held that there was a likelihood of confusion between the two marks.

B&B Hardware appealed the decision to the Eighth Circuit arguing that the TTAB's determination that there is a likelihood of confusion between the two marks should have been given preclusive effect by the district court on the claim of trademark infringement which, in turn, would have necessitated a finding by the district court in B&B Hardware's favor.

The Eighth Circuit, however, affirmed the district court's decision, holding that regardless of whether the TTAB is an agency whose decisions are entitled to preclusive effect, the decision rendered in the opposition proceedings was not so entitled.

Specifically, the Eighth Circuit ruled that preclusive effect should not be given to the TTAB decision at issue because the likelihood of confusion test applied by the TTAB when considering B&B Hardware's opposition to Hargis' attempt to register the Sealtite mark did not equate to a determination of likelihood of confusion for purposes of analyzing a claim for trademark infringement.

The decision issued by the Eighth Circuit was not without dissent, however. The dissent took the position that when an administrative agency is acting in a judicial capacity and resolves disputed issues of fact which the parties had the opportunity to litigate, the courts should give the decision issued preclusive effect. In short, the dissent believed that Hargis should not have had the opportunity to re-litigate the dispute at the district court level after already having done so before the TTAB.

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This case, therefore, stands for the proposition that a ruling by the TTAB may not serve as the final decision on the existence of a likelihood of confusion between two marks. However, as indicated by the dissent, the holding in this case may not be universally applied, so careful consideration should be given by a trademark owner when pursuing a claim of trademark infringement when the marks at issue were already the subject of a TTAB decision.

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New York Law Journal

Katten's Work on Behalf of Queens Economic Development Corporation Noted in New York Law Journal and Daily News

Both the *New York Law Journal* and the *New York Daily News* reported on the efforts of three Katten associates who assisted the Queens Economic Development Corporation in securing licensing rights to the Ramones song "Rockaway Beach" for an ad campaign designed to bring people back to New York area beaches that were ravaged by Hurricane Sandy. Jennifer Carmen, Jessica Garrett and David Sherman handled the pro bono matter through the Volunteers of Legal Service (VOLS) Microenterprise Project.

DAILY NEWS

Katten Hires Leading Internet and IP Attorney Brian Winterfeldt

Brian J. Winterfeldt has joined the firm as partner and head of Katten's new Internet practice. Winterfeldt has experience in all aspects of intellectual property law including domestic and international trademark counseling, enforcement and litigation, but also has a unique concentration in cutting-edge issues dealing with Internet governance and domain name issues. He represents global leaders in the retail and apparel, media, financial, insurance, hospitality, consumer products and Internet and technology industries. This experience extends to both the for-profit and nonprofit sectors.

Four other attorneys will be joining Winterfeldt from Steptoe & Johnson. Additionally, Debra Hughes, who has served as IP counsel with the American Red Cross for the past five years, will join Katten's new Internet practice as special counsel. Hughes has also served on ICANN's Generic Names Supporting Organization (GNSO) Council, and has been a member of the Board of Directors for the International Trademark Association (INTA).

Click here to read more.

Sports Teams' Logos and Marks May Be Different

by Jessica Garrett and Jennifer Carmen

A California federal court recently allowed a case to proceed in which an individual consumer is challenging an exclusive licensing deal between the National Football League (NFL) and Reebok. The case, *Patrick Dang v. San Francisco Forty Niners, Ltd. et al.*, No. 5:12-CV-5481 (N.D.C.A. Aug. 2, 2013), arose from a December 2000 agreement under which the NFL, the individual NFL teams, and the National Football League Properties, Inc. (the corporation that licenses the intellectual property of NFL teams and the NFL) jointly granted Reebok an exclusive license to manufacture all official NFL-branded apparel. The Complaint asserted antitrust claims on behalf of a class of California consumers who allegedly overpaid for apparel bearing an NFL team's logo.

The court found that the plaintiff, Mr. Dang, sufficiently alleged that consumers of NFL-licensed apparel suffered an antitrust injury in each of the "relevant markets" examined, based in part on the unique nature of sports teams' trademarks.

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A "relevant market" is a group of sellers or producers who have the ability to deprive each other of significant levels of business.

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The Complaint alleges that Reebok's exclusivity restrained competition in two relevant markets: (1) the apparel licensing market for individual NFL teams' intellectual property, and (2) the retail market for apparel bearing that intellectual property.

Typically, trademarks serve to indicate the source of a product. The trademarks of sports teams, however, are more than source indicators; they may also be the very product that consumers seek to purchase. As a result, the value of NFL apparel to consumers lies in the apparel featuring the trademarks of NFL teams (as opposed to the apparel item itself). The court consequently found that anticompetitive conduct in the market for the licensing of NFL intellectual property is "inextricably intertwined" with the consumer retail market for such licensed apparel.

The court's denial of the defendants' motion to dismiss does not mean that consumers will ultimately prevail on the antitrust claims, or that all exclusive licenses are subject to antitrust challenges. This preliminary decision suggests that the exclusive licensing of sports teams' intellectual property may be uniquely vulnerable to antitrust claims for two reasons.

First, the court found that sports leagues and their member teams constitute their own "relevant market" for antitrust purposes, because the individual teams compete against one another for consumers of team apparel and accessories. A company generally does not behave anticompetitively simply by virtue of the natural monopoly it holds over its own product, but sports leagues may be distinctive in this way.

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Second, the trademarks of sports teams may be more than source identifiers; they may be the actual products that consumers seek to purchase. When it comes to licensed professional sports apparel, the interconnected thread between the trademark and the product itself differentiates such products from the typical exclusive license relationship.

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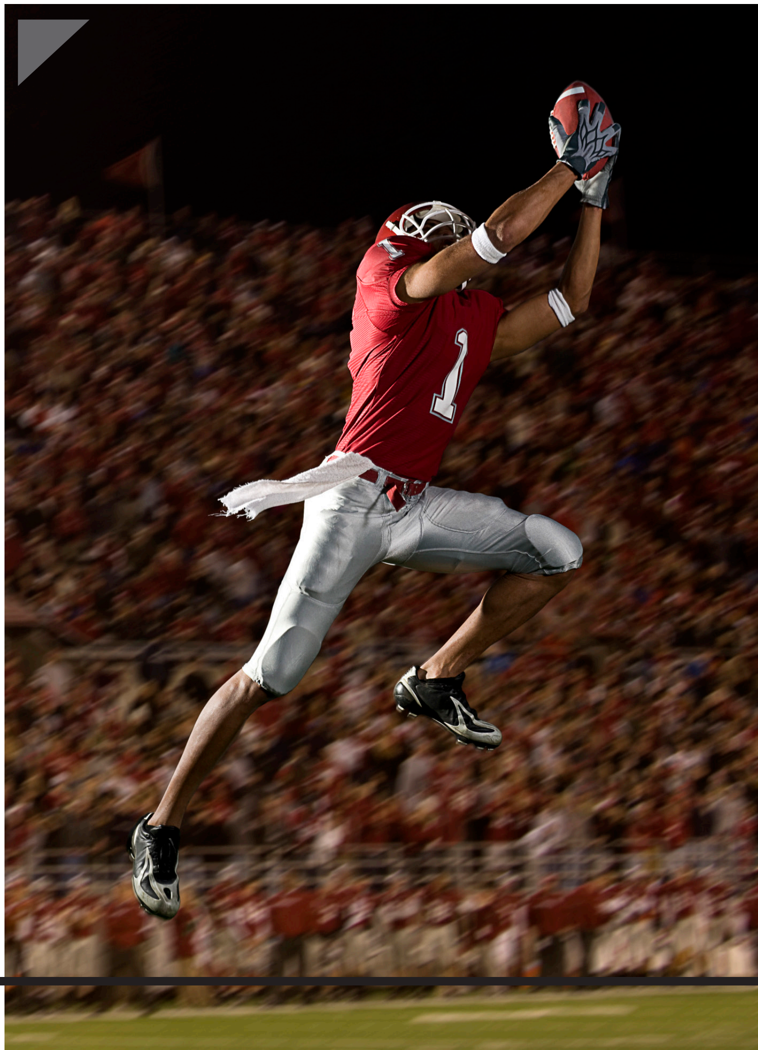
The next step in the litigation will be the proposed certification of the class of consumers who claim injury as a result of the exclusive apparel license granted to Reebok.



It's Ten O'Clock—Do You Know Where Your Company's Data Is?

by Doron S. Goldstein

We are living in the age of data. As Google's chairman, Eric Schmidt, famously stated in 2010, "There was 5 exabytes [1 trillion megabytes] of information created between the dawn of civilization through 2003, but that much information is now created every 2 days, and the pace is increasing…"

"Big data"—the current buzz-phrase in the marketing world—involves taking large, complex data sets—from web and e-commerce sites, social media, emails, text messages, mobile devices, point-of-sale and other electronic records—and combining them with powerful technologies that allow the rapid and dynamic analysis of the data.

Traditional data analysis required the use of pre-defined data sets and use of historical data to try to prove hypotheses of relationships between variables; big data analysis—which can allow quick or even real-time reporting—allows the correlation of seemingly unrelated and unstructured data and variables to specific results. Companies and their IT and marketing teams can leverage existing and new data sources and harness that information to predict and forecast with some accuracy consumer behavior. This information can also be used for target marketing and promotions, optimizing programs and even redesigning products and retail space. This can create significant improvement to the customer experience.

As an example of both the power of big data and the PR concerns that can arise, consider the story of one large retailer, which wanted to have its consumers come in for more than just discrete purchases. Their goal was to become more of a "one-stop-shop" for multiple items, but they recognized that shopping behavior is relatively habitual. They saw pregnancy as a small window when women and couples alter their shopping habits: their needs, and the stores at which they fulfill those needs, change with childbirth. In analyzing the purchases of women who signed up for the retailer's baby registry, the retailer found that a number of purchase patterns emerged at different points during pregnancy.

The retailer was able to identify about 25 products that could be used together to provide a relatively accurate scoring methodology to predict pregnancy-related buying factors. By using big data analysis, the retailer could apply that filter to their current data sets and determine the likelihood that a particular shopper was pregnant and even an approximate due date, allowing them to target promotional activities and coupons to that individual at each stage of pregnancy and after the presumed birth of the child.

Big data is becoming a part of normal business operations—but many companies have not fully considered the legal impact of their use of big data, ranging from internal practices and privacy policies, to information technology procedures and vendor/client agreements. Unlike the traditional view of data, which involves use of data for the primary purpose for which it was collected, big data analysis often involves the use of data for a secondary purpose that wasn't even contemplated at the time the data was collected.

Companies are beginning to undertake big data reviews. This process involves looking not only at what data has been and is being collected, but also where the collection and storage takes place, if and how it is secured, how it can be used and who owns it. Given the relatively recent development of big data analysis, documentation and agreements are often silent or ambiguous on many of these important issues.

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While big data provides some challenges, particularly at early stages of understanding the scope of the information collected and considering the implications of its use, it can provide enormous opportunities. Addressing potential issues early on can make the process work more smoothly, and can allow the realization of significant benefits to companies and, most important, their customers.

Points for companies to consider:

» *What are your current practices, and are the IT, marketing and legal teams all on the same page?*

» *Are you considering all sources of big data to which you have access, and are your practices and policies across those sources consistent? Are there any other sources you should be mining?*

» *Are distinctions made between personally-identifiable information and aggregate/de-identified data?*

» *Are you holding all the data, or are vendors or service providers keeping some or all of it? Is some or all of your data hosted in the cloud?*

» *Do your agreements with your service providers/clients specifically address who owns data that is collected and what primary and secondary uses can be made?*

» *Are you keeping the data secure and limiting who can use it and how they can use it? Are your service providers/clients doing the same?*

How Fashion Brands Can Stay on Trend with the Internet's New Top-Level Domain Names

Even in the current Internet landscape of only 23 generic top-level domains (gTLDs)—including .com, .net, .org and a handful of others—many organizations find that protecting against domain name infringement is quite a challenge. To make the challenge even more formidable, the Internet Corporation for Assigned Names and Numbers (ICANN) is currently considering applications to add up to 1,400 new gTLDs to the Internet landscape, with some gTLDs opening for domain name registrations beginning as early as mid-October 2013.

This rapidly approaching expansion of the Internet space brings several trademark-related developments to the forefront for brand owners, whether or not they have applied to operate their own gTLDs.

From an enforcement perspective, to manage the anticipated onslaught of activity, ICANN has devised a Trademark Clearinghouse (TMCH) which will serve as a repository for information regarding trademark rights. The TMCH will accept, authenticate and verify any registered trademarks, marks protected by statute or treaty or court-validated marks as well as any other marks that constitute intellectual property rights that can be represented within the technical limitations of the Domain Name System. The TMCH will then facilitate both a Trademark Claims Service, in which brand owners who have registered marks in the TMCH receive notice when a third party registers a domain name for their mark, and Sunrise services, which permit pre-registration of domain names in new gTLD registries. Accordingly, companies may find it sound strategy to register the trademarks for their core brands in the TMCH so that they have access to both of these services.

In addition, numerous applicants for new gTLDs may wish to begin considering how to protect the names of their registries from a trademark perspective. In response to this concern, the United States Patent and Trademark Office (USPTO) has prepared a draft update to the policies and procedures related to the USPTO's handling of trademark applications for marks comprised of gTLDs, and has set forth the circumstances under which a mark consisting of a gTLD for domain-name registration or registry services may be registered. The USPTO is accepting comments on this draft update through September 8, 2013.

In order to be prepared for this rapid expansion of the domain name space, companies should be giving serious thought to how they will continue to protect their brands in this new and evolving environment. Our Internet and Trademark Portfolio practitioners offer a one-stop solution to brand owners navigating these changes to the Internet, including counseling on overall Internet presence, strategy and registration of marks in the TMCH, follow-up enforcement efforts, and related brand protection measures. Katten's attorneys are recognized leaders on cutting-edge Internet issues such as ICANN's new gTLD program, having been actively engaged with the initiative since 2008 and having attended more than 20 ICANN meetings around the world.

Clients in fashion, retail and apparel, media and communications, to name a few, have already benefited from our experience and depth of relationships with government and industry leaders and laud our understanding of both ICANN's policy development process and the underlying ICANN ecosystem in helping them to achieve their objectives.

For more information regarding how to prepare for the upcoming changes to the Internet through use of the Trademark Clearinghouse, for assistance with preparing a comment to the USPTO on their updated gTLD trademark policies or to discuss other Internet strategy matters, contact Brian Winterfeldt at brian.winterfeldt@kattenlaw.com or Debra Hughes at debra.hughes@kattenlaw.com.

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