



## Intellectual Property News

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GRR Intellectual Property News is a newsletter issued by [Gottlieb, Rackman & Reisman, P.C.](#), an IP boutique.

The purpose of this newsletter is to keep in touch with our friends and colleagues as well as provide practical information and news relating to Intellectual Property law.

Please forward this newsletter to anyone who might be interested.

Previous issues of GRR Intellectual Property News can be found on our [website](#).

### GRR NEWS

#### GRR Client Awarded Attorney's Fees

We previously reported that GRR client H.S.W. Enterprises, Inc. had been granted summary judgment in a licensing dispute and that the Court had awarded H.S.W. Enterprises the full amount of its claim, over six hundred thousand dollars (see prior stories [here](#) and [here](#)). The Court, relying on contractual language that provided for an award of attorney's fees to the prevailing party if the parties litigated a dispute, has now entered a supplemental judgment awarding our client an additional \$88,160.56 to cover its attorney's fees and costs, plus post-judgment interest. In doing so, the Court found the attorney's fees incurred by H.S.W. Enterprises to be reasonable.

While the rule of law in the United States is that each party generally bears its own costs and fees to litigate disputes, the parties to a contract can agree otherwise. It's a powerful tool if you are "in the right," but frightening if your case can go "either way," as is the case when a determination about who breached an agreement is to be made. It works best, of course, when one party only owes money, and does not pay the sum due, as is the case in a typical license to use a brand. Before you enter into an agreement, look at the "boilerplate" clauses carefully. That's generally where you will find a provision regarding attorney's fees, and you can decide case by case whether such a provision makes good business sense in that situation.

H.S.W. Enterprises was represented by GRR attorneys [Maria A. Savio](#) and [Richard S. Schurin](#). A copy of the court's decision regarding attorney's fees can be found [here](#).

#### Attorney Presentations & Publications

[Amy B. Goldsmith](#) and [Barry Lewin](#) will be the guest speakers at the Inventors Association of Connecticut's August 31, 2010 meeting. The topic is the recent Supreme Court ruling regarding business method patents, [Bilski vs. Kappos](#). More information about the meeting can be found

[here](#).

[Marc P. Misthal](#) was quoted in Women's Wear Daily about the Innovative Design Protection and Piracy Prevention Act (see article below). A copy of the story can be found [here](#).

[Steven Stern](#) gave a presentation to GIA on August 5, 2010 on protecting jewelry designs with copyrights and design patents.

## ON THE LIGHTER SIDE

### Big Boys Don't Cry

The Town of Oyster Bay, in Long Island's Nassau County, has a summer concert series known as "Music Under The Stars". Each night, in one of the town's parks, one or more musical acts are performed; admission is free for all attendees. The musical acts range from instrumental performances to tribute bands to famous contemporary and "oldie" musical artists.

This summer, on a hot Tuesday night in July, what at first blush appeared to be an unknown musical act performed for over an hour in the town's John Burns Park, located in Massapequa, New York. The musical act was called "The Boys in Concert" and the act turned out to consist of the four original cast members from the hit Broadway musical "Jersey Boys." Arguably the most popular show on Broadway, "Jersey Boys" chronicles the history and story behind Frankie Valli and the Four Seasons, one of the most famous American musical groups from the 1960's.

The performance by the "Boys in Concert" that July night attracted one of the largest crowds ever for a "Music Under The Stars" performance. However, virtually nobody that attended that night knew of the legal back story behind the "Boys In Concert" show.

It turns out that the creators of the Tony Award Winning "Jersey Boys" musical have filed a lawsuit in federal court for unfair competition against the "Boys in Concert". The lawsuit claims that the "Boys in Concert" production attempts to fool its audience into thinking that it is sponsored by or otherwise associated with the "Jersey Boys" musical. The producers of the Broadway musical are seeking a court order to end the tour as well as monetary damages resulting from the performances of many well-known Four Seasons' songs.

The producers of the "Boys in Concert" production, on the other hand, claim that they have the legal right to perform the songs and that the production itself is merely a celebration of the music of the 60's and includes not only songs of the Four Seasons, but songs ranging from the Beach Boys to Motown.

What is perhaps most perplexing about the lawsuit is that audiences which attend the "Boys in Concert" show are probably more likely, rather than less likely, to go see the Broadway production of "Jersey Boys". So why would the producers of "Jersey Boys" be so concerned with the four original cast members from the show going out on their own and performing Four Seasons' songs as well as other famous songs from the 60's? It seems to this author that the attorneys for "The Boys in Concert" should tell the attorneys for the producers of the Jersey Boys Broadway show to

tell their clients to stop whining because, as everyone knows, "big boys don't cry".

For more information contact [Jeffrey M. Kaden](#).

## IP LAW IN PRACTICE

### False Patent Marking Cases Worry Businesses

Over the past year, approximately 250 companies have been sued in Federal Court for false patent marking. These lawsuits have been predominantly brought by patent lawyers who search stores for products marked with expired patents or products that improperly claim "patent pending." The rash of lawsuits results from a Fall 2009 Federal Circuit decision opening the door to a fine of up to \$500 per falsely marked product, where the fine is shared by the U.S. government and the private party filing the lawsuit. In one of the first cases, the Solo Cup Company was sued for over a trillion dollars for allegedly marking coffee cup lids with expired patents.

In view of these lawsuits and the cost of defending them, companies must be careful not to mark products with patent numbers or "patent pending" unless the markings are accurate. The three most common types of possible offenses are: 1) where the patent number marked on the product corresponds to a patent that has expired or lapsed; 2) where the patent number on the product does not cover the product being marked; and 3) where a product is marked with "patent pending," but the corresponding patent application has been abandoned or was never filed. None of these actions are *per se* violations of the statute, but if a product is falsely marked for the purpose of deceiving the public, the manufacturer and/or retailer may be fined.

In view of these recent developments, we are advising all clients to review their their patent marking practices, and in particular, to remove patent number markings when corresponding patents have expired and to remove the phrase "patent pending" when a corresponding patent application lapses. For example, numbers of expired or inapplicable patents should be removed from advertisements before the next time the ad runs; likewise, numbers of expired or inapplicable patents should be removed from a product the next time a mold for the product is made.

If you believe that you may have a product that is not accurately marked, please let us know as soon as possible. Relying on our recent experience in this esoteric area of the law, we will provide you with the least burdensome and most cost effective strategy for avoiding liability.

For further information, contact [George Gottlieb](#) or [Joshua Matthews](#).

### Innovative Design Protection and Piracy Prevention Act Introduced

As this issue of GRR IP News went to press, Senator Charles Schumer of New York introduced the Innovative Design Protection and Piracy Prevention Act, legislation that would create a new form of protection specifically for the fashion industry (defined broadly to include handbags, footwear and jewelry). The bill that Senator Schumer introduced can be found [here](#). We will have a detailed analysis of the Innovative Design Protection and Piracy Prevention Act in our next issue.

For more information, contact [George Gottlieb](#) or [Marc P. Misthal](#).

## This Budweiser...is Not For You!

On July 29, 2010, the European Court of Justice issued a decision (available [here](#)) in the controversy between Anheuser-Busch-InBev and Budejovicky Budvar regarding the right to register the BUDWEISER trademark in Europe. The two companies have been feuding over the rights to the BUDWEISER trademark in Europe and elsewhere for one hundred years.

In this latest iteration of the "war between the beers", the Court decided in favor of the Czech company Budvar, upholding Budvar's opposition to Anheuser-Busch's 1996 application to register BUDWEISER as a European Community trademark. Budvar relied on its prior International Registrations for BUDWEISER (effective in Germany, Austria, Benelux and Italy) and for BUDWEISER BUDVAR (effective in Austria, Benelux, France and Italy). There were two issues before the court, both rather technical. First, the Court held that the reviewing board had acted properly in accepting Budvar's evidence of renewal of one of the International Registrations. Second, Anheuser-Busch had challenged the sufficiency of Budvar's proof of use of the BUDWEISER trademark; the Court denied the challenge, finding that it was a new argument that could not be considered on appeal since it should have been pled first in the lower courts. Finally, the Court ordered Anheuser-Busch to pay Budvar's and the Trademark Office's costs.

The parties continue to fight over the rights to use the BUDWEISER name in fourteen European nations. From a trademark perspective, the dispute illustrates the power of filing a trademark application as early as possible to establish and preserve trademark rights.

For further information, contact [Amy B. Goldsmith](#).

## Google: Friend or Foe to Trademark Owners? You Decide.

Google, the search giant, created a lucrative revenue stream from the sale of keywords and sponsored advertisements. Keywords can be descriptive terms, such as "table", which can be bought by a table manufacturer to drive traffic to its website. But keywords can also be registered trademarks, and controversies have arisen in the U.S. and Europe between Google and trademark owners when the purchaser of a keyword is the trademark owner's competitor. Google's U.S. policy has been to permit the purchase of the keywords without any restrictions while establishing a complaint procedure for trademark owners to use; Google will decide if take-down is appropriate based on its own investigation. In the U.S., although the courts have uniformly said that Google's sale of Adwords can give rise to a claim, the issue is whether that use gives rise to a likelihood of confusion resulting in trademark infringement.

Until recently, Google's European policy was much more restrictive. However, as a result of a series of recent decisions by the European Court of Justice, Google has announced that on September 14, 2010 a new European policy will be in place. Much like the policy in the U.S., keywords can be purchased by anyone, and it is the responsibility of the trademark owner to police trademark use and file a complaint with Google.

Google's [new policy](#) states that it is reasonable to purchase someone else's trademark and use it in an ad under the following circumstances: (1) the trademark is used in a descriptive way and does not refer to the trademark owner or to the goods protected by the trademark; (2) if the purchaser is a reseller of legitimate goods and needs to use the trademark to identify them (such as a used car dealer); (3) if the purchaser is selling replacement parts for a trademarked product (such as baskets for a Maytag dishwasher); or (4) the buyer is an informational site providing non-competitive, useful information about the trademarked product (such as Consumer Reports)

without facilitating the sale of competitors of the trademark owner.

From a practical perspective, how can a trademark owner police the purchase of keywords? One way is to pay to use your own trademark as a keyword....but this can be expensive. Another method is to conduct searches on a regular basis, checking to see what happens when your trademark is used as the search term, and then determining if you have grounds to file a complaint with Google.

Is Google a friend or foe to trademark owners? You decide.

For further information, contact [Amy B. Goldsmith](#).

## IP DEVELOPMENTS

### Court Rules Barbie Will Thrive on Competition

[Mattel, Inc. v. MGA Entertainment, Inc.](#), No. 09-55673 (9th Cir. July 22, 2010).

Carter Bryant created the Bratz dolls while employed by Mattel and working on Barbie products. Bryant pitched the Bratz dolls to MGA, a competitor of Mattel, and after MGA accepted the Bratz dolls, Bryant quit his job at Mattel. Bryant subsequently took a job with MGA, which then began selling the Bratz dolls. Mattel eventually learned that Bryant was working for MGA and of his involvement in creating the Bratz dolls and filed a lawsuit asserting, among other things, that Bryant had breached his employment agreement with Mattel, that MGA wrongfully obtained certain names used in connection with the Bratz dolls, that Mattel owned the copyright in Bryant's initial Bratz sketches and, therefore, that MGA infringed Mattel's copyright. A jury found in Mattel's favor, and the trial court imposed a constructive trust over certain trademarks, including those featuring the term "Bratz", effectively transferring ownership of those trademarks to Mattel. As a result, MGA was prohibited from marketing any Bratz branded product. The trial court also issued an injunction prohibiting MGA from producing or marketing virtually every female Bratz doll, on the ground that Mattel owned the copyrights in those items. MGA appealed the trial court's imposition of the constructive trust and the injunction.

The court of appeals reversed the imposition of the constructive trust and the injunction. According to the court of appeals, a constructive trust was appropriate only if Bryant had entered into a contract assigning his creations to Mattel. The court of appeals found that Bryant had not done so, explaining that Bryant's contract was ambiguous as to whether it conveyed to Mattel all ideas Bryant had while employed by Mattel. The court of appeals also explained that the constructive trust was inappropriate because it improperly conveyed to Mattel not only the value of the property that MGA had taken from Mattel, but also the appreciation in those ideas resulting from MGA's work--in other words, it over-compensated Mattel.

With respect to the copyright injunction, the court of appeals vacated it, explaining that in view of ambiguities in Bryant's contract with Mattel, the trial court should have let the jury decide if he had assigned to Mattel works created outside of his employment with Mattel, such as the Bratz dolls. The court of appeals then considered whether, assuming Mattel owned Bryant's initial drawings and sculptures, there was copyright infringement. The court concluded that for there to be copyright infringement, Mattel would have to show that the Bratz sculptures are virtually identical to Bryant's

sculptors or that the Bratz dolls are substantially similar to Bryant's drawings. The trial court's improper analysis was another basis for vacating the injunction.

For further information, contact [Marc P. Misthal](#).

## Court Refuses to Overturn UDRP Decision

[Ricks v. BMEzine.com, LLC](#), 08-CV-01174 (D.Nev. July 26, 2010).

In June 2008, BMEzine.com, LLC, publisher of an online magazine about tattooing and body piercing, initiated a domain name dispute proceeding under the Uniform Domain Name Dispute Resolution Policy against Gee Whiz (a company owned by Gregory Ricks), registrant of the domain name <bme.com>. After considering the parties' submissions, the panel appointed to hear the UDRP proceeding ordered the domain name transferred to BMEzine.com. Mr. Ricks timely filed a court action seeking a declaration that the registration of the domain name was not unlawful, which stayed the transfer of the domain name. The parties filed motions for summary judgment, and the court found that, as a matter of law, Mr. Ricks' registration of the domain name was unlawful. According to the court, BMEzine.com owned a valid trademark for BME and Mr. Ricks, by renewing the registration for the domain name, had registered the domain name and was thus subject to the Anti-Cybersquatting Consumer Protection Act. The court then explained that the domain name is confusingly similar to the distinctive BME mark and was registered with a bad faith intent to profit from the BME mark. In finding bad faith, the court noted that the <bme.com> domain name was associated with pay-per-click websites including links to topics related to body piercing, tattooing and body modification, and that Mr. Ricks, in prior UDRP proceedings, had been found to have registered, trafficked in or used domain names in bad faith. Additionally, the court pointed out that since Mr. Ricks sought equitable relief from the court, he had to come to the court with clean hands; in view of his prior conduct he could not do so. As a result of the court's ruling, the domain name will be transferred to BMEzine.com unless Mr. Ricks files an appeal.

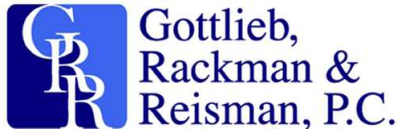
For further information, contact [Marc P. Misthal](#).

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For forty years, Gottlieb, Rackman & Reisman, P.C. has provided legal advice and guidance on all aspects of patent, trademark, copyright, and unfair competition law, tailoring its counsel to the specific needs of its clients.

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