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 Obtains Patent for Plating Technology

GRR client Surface Technology, Inc., a leader in the metal finishing industry, was recently awarded U.S. Patent No. 7,744,685. The patent, which was prosecuted by GRR attorneys Ted Weisz and Barry R. Lewin, covers electroless metal plating, a process used on numerous devices such as automobile parts and textile machinery. In particular, the patent is directed to an electroless metal plating bath essentially free of heavy or toxic metal stabilizers. Recent environmental protection regulations restrict the materials used in certain products which will ultimately be disposed of in land fills, such as automobiles, so as to avoid environmental issues when the products are disposed. The regulations are intended to significantly reduce or entirely eliminate toxic or heavy metals from products during the manufacturing process. Surface Technology's new patent protects its innovative plating technology, and that technology allows manufacturers to better comply with new environmental regulations during plating by providing for plating compounds essentially free of heavy or toxic metals.

Attorney Presentations & Publications

On July 9, 2010, Ted Weisz and Maris Kessel gave a presentation about patents to the Hillcrest Jewish Center community.

GRR has launched a Spanish version of its website, which can be found here.

ON THE LIGHTER SIDE

National Pork Board Objects to Advertisement for Unicorn Meat

On April 1, 2010, April Fools Day, the ThinkGeek.com website published an "advertisement" for Canned Unicorn Meat (click here to see the ad). The advertisement described unicorn as "the new white meat" and touted unicorn as an "excellent source of sparkles!" If that was not enough, the ad also explained how the the Sisters at Radiant Farms, who care for the unicorns at the end of their lives, "massage each unicorn's coat with Guinness daily and fatten them on a diet comprised entirely of candy corn."

Worried that consumers might actually confuse "the new white meat" - i.e., unicorn, with "the other white meat," i.e., pork, counsel for The National Pork Board sent ThinkGeek, Inc. a cease and desist letter. The first page of the letter, which has been made available on the we b(click here), suggests that The National Pork Board did not get the joke. For example, the letter states - "[w]e are writing you in connection with your activities at the website www.thinkgeek.com wherein you have been marketing a product called 'Radiant Farms Canned Unicorn Meat' using the slogan 'Unicorn - the new white meat.'"

It is unclear whether the National Pork Board will bring suit seeking an injunction to prevent the Sisters at Radiant Farms from continuing to market and sell their Canned Unicorn Meat. Is it any wonder that many people think lawyers don't have sense of humor?

For more information contact Richard S. Schurin.

IP LAW IN PRACTICE

How the Supreme Court's Bilski Decision Affects Corporations

Although Supreme Court decisions often impact policy, particular Supreme Court decisions rarely result in a sudden change in how business is conducted. The Supreme Court's recent decision in the Bilski case (click here for a copy of the decision) is the exception. Bilski's impact is immediate, affects business and inventors directly, and businesses should consider Bilski when devising a corporate patent strategy.

Before the Supreme Court's decision, patents directed to business methods were limited to those inventions meeting the "machine or transformation" test, whereby each patent claim needed to include a particular machine or involve a transformation of matter. The particular machine needed to be at least somewhat specialized - often, a general purpose computer was not enough to meet the test. Many business methods, including some related to financial services, resource allocation, or other computer-performed functions, could not meet the test. Even biological patents, such as those relating to assaying for diagnostic purposes, could not meet the machine or transformation test. Numerous pending applications were rejected under the "machine or transformation" test and the validity of patents granted prior to the adoption of the "machine or transformation" test was being questioned.

The Supreme Court eliminated the "machine or transformation" test as the sole test for determining patentability but gave no guidance for determining whether a business method is patentable. After the Supreme Court's Bilski opinion, patents directed to business methods are more likely to pass scrutiny at the United States Patent and Trademark Office.

As with other types of patents, patents directed to business methods can provide a competitive edge to the patents' owners. To the extent that business methods, such as implementations of algorithms, processes directed to ways for ordering and provisions, and methods associated with back office operations are new, useful, and not obvious, it may be financially advantageous to apply for patent protection and to enforce such granted patents. In general, it is worth reviewing internal processes to determine what methods might now be candidates for patent protection. The sooner one identifies such opportunities and applies for patent protection, the better. Once the lower courts start considering the issue, they are likely to narrow the types of business methods that are patentable.

For further information, contact Barry R. Lewin.

YouTube Not Liable for Copyright Infringement

In 2007, YouTube, the popular video website, was sued by Viacom, Paramount, the National Football League and others for copyright infringement. Viacom and the other plaintiffs alleged that YoutTube permitted users to upload video clips protected by copyright to its website, and then profited by showing advertisements on the web pages displaying the video clips. YouTube claimed that since it had adopted a "notice and take down" policy and promptly removed clips that copyright owners identified as infringing, it was entitled to the protections of the Digital Millennium Copyright Act ("DMCA"), which limits the liability of websites for copyright infringement if, among other things, they adopt such a policy. Viacom and the other plaintiffs asserted that since YouTube was generally aware that there was a plethora infringing content on its website, it was not entitled to the protections of the DMCA. On cross-motions for summary judgment, the court engaged in an extensive review of the DMCA and its legislative history. The court concluded that "[m]ere knowledge of prevalence of such [infringing] activity in general is not enough" to disqualify a website from the DMCA's protections. As the court explained, interpreting the DMCA to exclude websites from its protections if they had general knowledge of infringing conduct occurring on their website would impose responsibility on websites to discover which of their users' postings infringe a copyright. In the court's eyes, such an interpretation would contravene the structure and operation of the DMCA; the court also pointed out that to impose such a responsibility would be contrary to the recent decision in the Tiffany v. eBay case (see our prior article here).

For the time being, the court's decision (available here) shows that the DMCA is effective in limiting the liability of websites for copyright infringement. Whether that will ultimately be the case remains to be seen, since Viacom has already indicated that it intends to appeal the court's decision. We will keep you updated on any future developments.

For further information contact Marc P. Misthal.

Credit Card Companies: On the Hook for Trademark Counterfeiting?

Brand owners may have a new weapon in their arsenal against trademark counterfeiters and infringers....attack the credit card companies which process the buyer's purchases. On June 23, 2010, Judge Harold Baer, a venerable member of the federal court in Manhattan, refused to dismiss an action brought by Gucci America ("Gucci") against several credit card processing companies in which Gucci alleged that the defendants (1) intentionally induced the website TheBagAddiction.com to infringe through the sale of counterfeit goods or (2) knowingly supplied services to websites selling counterfeit products and had sufficient control over infringing activity to merit liability. Click here for the decision.

The defendants supplied credit card processing services to the website TheBagAddiction.com, which Gucci had successfully sued for trademark counterfeiting and infringement. Gucci alleged in its Complaint that each of the defendants had direct knowledge that TheBagAddiction.com was a replica site, selling only replicas of Gucci's products; Durango's business was to facilitate "high risk" credit card processing services, and Woodforest and Frontline's services both included active review of the website's replica product offerings. Judge Baer found these allegations sufficiently detailed to support a claim for intentional inducement of infringement and therefore refused to dismiss the case.

This decision could easily apply to any credit card company with direct knowledge that it is processing transactions for websites which actively market counterfeit products such as popular movies and music. It will be interesting to see if others adopt this approach in their efforts to stop the sale of infringing or counterfeit products on the internet.

For further information contact Amy B. Goldsmith.

IP Retaliation in Brazil Suspended Until 2012

After the WTO decided that U.S. cotton subsidies were unfair and illegal and granted Brazil the right to "cross-retaliate", Brazilian trade officials were ready to impose sanctions against 102 U.S. products and cease to enforce intellectual property rights on U.S. products from pharmaceuticals to DVDs. See the article in our March issue, here. This retaliatory action could have caused over $829 million of harm to the U.S. After a series of negotiations between Brazil and the U.S., the dispute was recently settled when the Brazilian government agreed to suspend retaliation for the next two years based on certain promises made by U.S. negotiators.

To resolve the dispute, the U.S. made a proposal embodied in a Memorandum of Understanding to be discussed when Congress revises the Farm Bill. Under the Memorandum of Understanding, the U.S. may agree to give Brazil $147.3 million per year in the form of a "technical assistance fund" to help Brazilian farmers. The proposal was recently approved by CAMEX, the Brazilian foreign board.

If the U.S. does not fulfill the terms and conditions of the Memorandum of Understanding, Brazil may re-start the process of taking retaliatory action in 2012.

For further information, contact Diana Muller or Margarita Serrano.

NFL Licensing Practices May Violate Antitrust Laws

At the end of May the Supreme Court issued its much awaited decision in American Needle, Inc. v. National Football League in which it found that the practices of National Football League Properties (NFLP) might violate U.S. antitrust laws. A copy of the decision can be found here.

American Needle challenged the intellectual property licensing practices of NFLP, an entity formed by the NFL's 32 teams in 1963 to develop, license and market their intellectual property, on the basis that those practices violated the antitrust laws of the U.S. which make "[e]very contract, combination... or, conspiracy, in restraint of trade" illegal. The challenge came in December 2000 when American Needle, a prior non-exclusive licensee of NFLP properties for apparel, was denied a license at about the time that the teams voted to authorize NFLP to grant exclusive licenses of their intellectual property portfolios, and one such exclusive license was granted to Reebok to make head wear for all 32 teams for 10 years.

The Supreme Court held that NFLP's conduct could be deemed "concerted action" of the 32 teams, and thus the legality of that conduct was not categorically beyond the U.S. antitrust laws, as the NFL argued it should be, but that it was not per se illegal, as American Needle might have wanted. The practices of NFLP, the Supreme Court held, are to be judged under the "Rule of Reason" to determine if they are anticompetitive. The case now returns to the district court for a determination of whether the specific licensing practices of NFPL are reasonable or anticompetitive.

For further information, contact Maria A. Savio.

IP DEVELOPMENTS

Trademark Office Issues Rare Dilution Ruling

Only once since 1999, when dilution became available as a ground for oppositions and cancellations, has the TTAB sustained a dilution claim. In National Pork Board and National Pork Producers Council v. Supreme Lobster and Seafood Company, Opposition No. 91166701 (June 11, 2010) [precedential], the TTAB was apparently so convinced of its decision that not only did they find dilution by blurring, they did not even reach the likelihood of confusion basis raised by Opposer.

In this case, the association which promotes the interests of members of the pork industry opposed the possible registration of the mark THE OTHER RED MEAT for salmon based on prior rights in and issued registrations for the slogan THE OTHER WHITE MEAT.   The TTAB considered the elements of a dilution claim: (1) whether opposer's mark is famous; (2) whether it became famous prior to the date on which Applicant filed its application (i.e., Applicant's constructive first use date; in this case Applicant's mark was filed based on an intent to use); and (3) whether Applicant's mark is likely to blur the distinctiveness of opposer's famous mark.

In considering fame, the TTAB looked at advertising expenditures, consumer surveys, tracking studies and media references. Survey evidence convinced them that the Opposer's mark was "among the most well-know advertising slogans in the U.S. given awareness rates of eighty to eighty-five percent of the general adult population and rates of correct source recognition at nearly seventy percent of the population." Opposer's mark was up there with YOU CAN'T LEAVE HOME WITHOUT IT, JUST DO IT, LIKE A GOOD NEIGHBOR and KING OF BEERS. The TTAB also concluded that a "well-designed" telephone survey showed an association between the marks.

Of special interest was the TTAB's consideration of the "intent" to create an association by the Applicant with the slogan used by Opposer, finding that the assertion of Applicant's CEO that he came up with the slogan "out of the blue" to stretch credulity given his involvement in the food industry, and that the connotation that Applicant intended for its mark (healthy and nutritious features of salmon) was the same as the connotation that Opposer had established for its slogan.

We wonder what the TTAB would have decided if Applicant's mark had been WHERE'S THE SALMON?

For further information, contact Maria A. Savio.

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Suggestions, questions and comments should be directed to the Editorial Board by email or telephone (212) 684-3900.

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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