

DECISIONS & DEVELOPMENTS

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Patents • Trademarks • Copyrights • Trade Secrets • Antitrust • Government Contracts • Licensing • Litigation

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TRADEMARK IN HYPERLINK DOESN'T INFRINGE

2600 Enterprises and Emmanuel Goldstein hereinafter simply Goldstein are the registrants of the domain name “fuckgeneralmotors.com”. When an internet user enters this domain name into a web browser, he is automatically linked to the official web site of the Ford Motor Company. Goldstein a self-proclaimed artist and social critic apparently considers this piece of so called cyber art one of his most humorous. Ford was not amused and brought suit charging trademark dilution and infringement and unfair competition under the Lanham Act and sought a preliminary injunction against Goldstein. The court did not agree with Ford. Goldstein was not providing any goods or services for sale under the FORD mark nor did Goldstein solicit funds. Goldstein’s use of the Ford mark was not even commercial in the sense that it harmed Ford in any commercial way.

Here the domain name registered by Goldstein “fuckgeneralmotors.com” did not incorporate any of Ford’s marks. Rather Goldstein only used the word “FORD” in his programming code, which did no more than create a hyperlink, albeit automatic, to Ford’s “Ford.com” cite.

The implication that there is a commercial use of the mark and therefore it is protected under the trademark law any time an authorized use of the mark hinders the mark owner’s ability to establish a presence on the internet or otherwise disparages the mark owner is flawed.

Goldstein’s use of the FORD mark in the programming code, unlike the unauthorized use of a trademark as a domain name, does not inhibit internet users from reaching the websites that are most likely to be associated with the mark holder. In addition, where, as here, the unauthorized use in no way competes with the mark owner’s offering of goods or services, there is no commercial harm simply because a prospective user of the internet may face some difficulty in finding the home page that he is seeking. The court denied Ford’s request for an injunction against Goldstein. Ford Motor Co. v. 2600 Enterprises, 61 USPQ 2nd 1757 (DC EMich.)

TRADE SECRET THEFT STATUTE DOESN'T REQUIRE TRADE SECRET

The Economic Espionage Act 18 USC 1832 provides that whoever steals copies or receives trade secrets or attempts or conspires to do so can be liable for up to 10 years in prison and \$5,000,000 in fines. When Lee met Yang and Sally in Lee’s hotel room in Westlake, Ohio Lee had already consented to the FBI’s videotaping the meeting. In the course of the meeting, Lee showed the Yangs documents provided by the FBI, including a patent application owned by Avery Dennison relating to a new adhesive product. The documents bore “confidential” stamps and Lee emphasized to the Yangs that the information was the confidential property of Avery Dennison. Yang and Sally at Yang’s direction began to tear off the “confidential” stamps. Following the meeting, the Yangs, with the confidential documents in their possession, were arrested by the FBI.

Yang and Sally now appeal on the grounds that they cannot be guilty of attempting to or conspiring to steal, copy or receive trade secrets when in fact the information passed to them did not contain trade secrets.

Wrong. Legal impossibility is not a defense to the charge of conspiracy to steal trade secrets. The government was not required to prove that the information the defendants conspired to steal was in fact a trade secret.

Yang and Sally’s conspiracy to steal the trade secrets in violation of §1832 was completed when, with the intent to steal the trade secrets, they agreed to meet with Lee in the hotel room and they took an overt act towards the completion of the crime, that is, when the Yangs went to the hotel room. The fact that the information they conspired to obtain was not what they believed it to be does not matter because the objective through the Yang’s agreement was to steal trade secrets, and they took an overt step to achieving that objective. Conspiracy is nothing more than the parties to the conspiracy coming to a mutual understanding to try to accomplish a common and unlawful plan. United States v. Yang, 61 USPQ 2nd 1789 (CA6)

TRADEMARK USE AND SPECIMENS CONSTITUTE PRIOR ART PREVENTING PATENTABILITY

Procter & Gamble filed a patent application to patent a dual component composition useful as a toothpaste including peroxide and bicarbonate which were held in separate areas of a container containing both components. The examiner rejected the claims and on appeal to the United States Patent and Trademark Office Board of Patent Appeals and Interferences the Board vacated the examiner's rejection and instituted its own.

The claims were rejected over a substantial body of prior art primary among which was the specimens and accompanying declarations filed in two trademark applications of the trademark Mentadent owned by Chesebrough-Ponds.

The specimens and their accompanying declarations in the Mentadent trademark applications established that a two-part container for toothpaste containing bicarbonate and peroxide was in use in interstate commerce more than a year before the patent application was filed by Procter & Gamble. Declarations and specimens had been filed in the normal course of the application to register the trademark in order to prove that the trademark Mentadent was in use on the goods in interstate commerce. These trademark specimens and their accompanying declarations constituted a publication of the invention under 35 U.S.C. §102 as of the date of the application for trademark was filed since trademark applications are available to the public. Further the declaration and the specimens establish that the dual compartment toothpaste dispenser with the peroxide and bicarbonate ingredients was in public use in the United States more than a year prior to the filing date of the patent application under 35 U.S.C. §102(b). Ex parte Heutter, 62 USPQ 2nd 1553 (BdPatApp&Int.)

NEW OFFERINGS

Patent Litigation Strategies Handbook, written by experienced patent litigators, discusses the high cost of patent infringement litigation (\$250,000-3,000,000), ways to deal with the high cost, various discovery tactics, motion practice and strategy, and effective trials including the development of a cogent theme for the judge and jury.

The 2001 supplement to this invaluable reference chronicles the many and varied changes involving patent litigation and the patent laws since the original book was published a year and a half ago - an invaluable reference for patent attorneys and their clients who are thinking about initiating a patent infringement lawsuit or who face one as a defendant. Supplement \$105, with main volume \$230, BNA Books, Washington, D.C.

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Arbitration has become widely embraced as a method for resolving disputes in business transactions. Successful arbitration depends on the ability to tailor the

arbitration procedures to your particular needs and goal. Commercial Arbitration At Its Best, Stipanowich and Kaskell covers the key areas of the arbitration process in a chronological order in which they occur. Beginning with drafting proper arbitration clauses for agreements through finding the right arbitrators preparing for and conducting the hearing and preserving the confidentiality of matters embraced to the final arbitration award and reviewability are all covered from the businessman's outlook as well as the lawyer's. There is also a special section on international arbitration and the appendices include all the pertinent rules, model provisions, and sample agreements including the Federal Arbitration Act the Uniform Arbitration Act and the AAA International Arbitration Rules and Commercial Dispute Resolution Procedures among other things. ABA Publishing, Chicago, IL \$115 (\$95 member).

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Nearly everyone understands the attorney-client privilege but not so the attorney-corporate client privilege. Whether you are an attorney with corporate clients or an attorney who is an employee of a corporation Attorney-Corporate Client Privilege Third Edition, John W. Gergacz identifies those critical issues and their resolution. It distinguishes the attorney-corporate client privilege from the well-known attorney-client privilege. The policies behind it, who controls the privilege, the elements of the privilege and various crime fraud exceptions and waivers are explained as well as the good cause exception. Also covered in great detail is the work product doctrine. Good insight is provided as how to structure airtight privileged communications, who has controls and may assert the privilege within the corporation and what courses of action can jeopardize the privilege. West Group, Eagan, MN, \$160.

TRADE SECRETS MUST BE DILIGENTLY PROTECTED

After terminating his employment with WSS, Moody formed a new business called Mark's Scales & Equipment Inc. Another employee, Young also left WSS and began working for Mark's Scales & Equipment Inc., a company engaged in the same type of business as WSS: assembling, fabricating, installing and servicing scales, control and indicating systems that separate and weigh items of food.

WSS brought suit contending that its customer list, vendor list, pricing information, service agreement inventory checklist, marketing plans, and computer software constitute trade secrets which were misappropriated by Mark's Scales.

The case turned on whether WSS had treated these items as trade secrets and properly protected them from disclosure. The court found that they had not. The information contained in WSS's customer list and vendor list was available on the Internet. Additionally WSS's pricing information, customer list, and vendor list were readily

available in hard copy format. WSS's marketing plans and service agreement inventory checklist were readily available to individuals employed by WSS.

WSS did not require its customers to sign licensing agreements or confidentiality agreements at the time the software was purchased. WSS also sold customers computer programs which allowed the customer to transfer WSS's software from one machine to another. Additionally, although WSS technicians were supposed to change the default password to a password known only by WSS and the software was installed, this procedure was not always followed. It was not uncommon for employees of WSS to provide the customer with the WSS password. There is also testimony that a computer bug existed in WSS's software that allowed the customer to gain access to the program without using WSS's password and that WSS did not swiftly act to correct the bug.

Finally, the information WSS claims to be proprietary in nature was not protected from post employment disclosure. Specifically, WSS did not require its employees to sign confidentiality agreements nor did WSS require its employees to enter into covenants not to compete.

WSS took no significant or effective steps to protect the disclosure of its customer list, vendor list, pricing information, service agreement inventory checklist, marketing plans, or computer software. The court therefore concluded that WSS did not have proprietary information that could qualify as a trade secret and Mark Scales is not liable for misappropriation. Weigh Systems South Inc. v Mark's Scales & Equipment Inc., 62 USPQ 2nd 1589 (Ark SupCt)

INDIRECT PURCHASER CAN SUE UNDER CONSUMER PROTECTION LAW

Ciardi, an individual consumer was an indirect purchaser of vitamin products manufactured, produced, distributed and sold by Hoffman-Laroche and other manufacturers (hereinafter simply Hoffman). Ciardi alleges that she paid high prices as a result of the price fixing conspiracy among Hoffman and the others which established a consumer protection claim for unfair deceptive acts or practices.

Hoffman argues that Ciardi has no standing to sue as an indirect purchaser since the Massachusetts antitrust laws do not allow indirect purchasers to sue for antitrust violations.

In a landmark decision the highest court of Massachusetts ruled that an indirect purchaser could assert a claim for antitrust misconduct such as price fixing or other anticompetitive conduct as a violation of the consumer protection statutes C.93a §9 even though the indirect purchaser lacked standing to sue under the antitrust law. Ciardi v. F. Hoffman-Laroche Ltd., 436 Mass. 53 (Mass. SJC)

STOCK INVESTMENT GURU IS A PUBLIC FIGURE

Validea authored and published a book describing and analyzing the investment strategy of well known financial analysts and stock figures, including William O'Neil. O'Neil did not consent to the use of his name or investment strategies and now seeks to prevent Validea from publishing the book on the basis that it infringes his right of publicity.

California law provides both a statutory and common law remedy for appropriation for a publisher's advantage of a celebrity's name or likeness. A cause of action for appropriation of name or likeness may be claimed by alleging the publisher's use of the celebrity's identity, the appropriation of the celebrity's name or likeness to the publisher's advantage commercially or otherwise and a lack of consent of the celebrity.

California statutory law, Civil Code §3344 requires there be an allegation of a knowing use of the celebrity's name photograph or likeness for purposes of advertising or solicitation of purchases. However §3344 also provides that the use of a name photograph or likeness in connection with any news will not constitute a use for purposes of advertising or solicitation. If a use falls within the news exception, it is not actionable under common law misappropriation because publication of matters in the public's interest, which rests on the right of the public to know, and the freedom of the press to tell it is not ordinarily actionable. The news exception is not restricted to current events: magazines and books, radio and television may legitimately inform and entertain the public with a reproduction of past events, travelogues and biographies.

The Market Gurus is a book that analyzes the investment strategies of well-known financial analysts and stock pickers. It does not propose a commercial transaction and is therefore not commercial speech. It is entitled to the full range of first amendment protections.

Moreover, even though the advertising promoting *The Market Gurus* seeks to induce people to buy the book and in that sense proposes a commercial transaction, this is merely an adjunct of the protected publication and it is entitled to the first amendment protection to the same extent as the underlying publication.

O'Neil is undisputedly a public figure and *The Market Gurus* involves matters of public concern. There is extraordinary interest in the financial world and in the stock market. O'Neil is a leader in the field of financial analysis. His insights into investment strategy are therefore no less a matter of public concern than the insights of leading philosophers or scientists into their respective fields. Therefore *The Market Gurus* falls within the news exception to infringement of the right of publicity. It has not been shown that the book was published with the knowledge that it contains false statements of fact, or with

reckless disregard for the truth and the advertising for the book did not knowingly or recklessly make false claims concerning the book or O'Neil's endorsement of it. William O'Neil + Co. v. Validea.com Inc., 62 USPQ 2nd 1253 (DC CCalif.)

PROCTER & GAMBLE STOPS MARKETING OF RECYCLED COUNTERFEIT HEAD & SHOULDERS SHAMPOO

When Procter & Gamble found that a group of companies and individuals were mixing, bottling, selling and distributing counterfeit Head & Shoulders shampoo P&G brought suit against all of them (hereinafter simply referred to as "Quality King") for trademark infringement.

P&G introduced Head & Shoulders in 1961 and by 1963 it had become the leading brand of dandruff shampoo sold in the United States.

In 1992 P&G Canada in order to avoid the high cost of disposing of its waste material in landfills contracted with one of the defendants to take away the waste material from the plant. The agreement provided that that defendant could dispose of the materials in any matter it saw fit provided that it made no reference to Procter & Gamble. It modified the product identity so it could not be easily recognized and promised that it would not be used for human use for personal care or animal use. This waste material and other shampoo blends not derived from P&G were bottled in bottles similar to bottles once used for P&G's Head & Shoulders using Head & Shoulders imitative labels. When P&G discovered the counterfeit materials they tested the liquid none of which contained more than 50% of ZPT, the only active ingredient in Head & Shoulders.

The court had no trouble finding for P&G. Quality King and the other defendants clearly intended that the consuming public believe that the mark they used was the valid and incontestable P&G mark. Moreover, the counterfeit and genuine products for both dandruff shampoo and the counterfeit product was placed on shelves where the genuine product was displayed. Consequently, anyone looking at the counterfeit shampoo would likely to be confused of its true source. In fact, consumers who were actually confused by the counterfeit and who bought it and were dissatisfied with it, were the people who alerted P&G to the possibility of counterfeit or substandard Head & Shoulders. P&G is entitled to judgment as a matter of law that by distributing fake Head & Shoulders in impostor discontinued Head & Shoulders bottles which bore the Head & Shoulders trademark, Quality King and the other defendants created a likelihood of confusion as to the source of the shampoo. Procter & Gamble Co. v. Quality King Distributors Inc., 62 USPQ 2nd 1006 (DC ENY)



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