

DECISIONS & DEVELOPMENTS

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

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MICROSOFT OPENS PANDORA'S WINDOW

Microsoft alleges that LCI's use of Lindows, a trade name which differs by only one letter from Microsoft's Windows mark violates the trademark law and seeks a preliminary injunction to prevent LCI's further use of the Lindows mark or the Lindows name.

Microsoft applied for registration of its Windows trademark in August of 1990. It was issued four and a half years later, after a long and difficult prosecution on January 10, 1995. One of the sticking points with the U.S. Patent and Trademark Office was the wide spread general use of the term to refer to a class or genus of goods.

That issue of genericness was a major one in this case and was at the heart of this court's refusal to grant a preliminary injunction to Microsoft. When a trademark's primary significance is to describe the type of product rather than the producer or source, the mark is a generic term and is not entitled to protection even if it has already obtained a registration.

LCI produced evidence of genericness on a number of fronts. First, there was media usage. LCI provided press reports from the early 1980s that referred to "window wars" and described "windows" as a favorite "buzz word" for the computer industry. Advertisements for computer programs containing overlapping windows graphical displays also referred to "windows" generically in the decade preceding Microsoft's successful registration of the trademark. Both the advertisements and press articles show that the consuming public associated the term "windows" with a graphical feature of a computer user's interface or software application rather than with Microsoft's product prior to Window's release in 1985 and still considered it to have some generic meaning at the time of the trademark's registration with the Patent Office. The court's search of the LexisNexis database revealed that the generic use of the term continues to appear in the press even today.

A second area of evidence produced by LCI was dictionary definitions. Both computer specific and general dictionaries from the early 1980s to the present contain definitions of "window(s)" indicating that it was under-

stood by the public to have the generic meaning offered by LCI.

Third, Microsoft's own use of the term was indirect evidence that it considered Windows to be generic at the time it began using the trademark. This is so, said the court, because when Microsoft's first release Windows in 1985 it referred to not as "Windows" but as "Microsoft Windows 1.0". This suggests that in order to distinguish the product name from the generic class of products in the market, Microsoft needed to add the company name to the product name. It is also telling, said the court, that despite Microsoft's investment of hundreds of millions of dollars for promoting its Windows products and the widespread recognition and popularity of Windows in the world market for Intel-compatible personal computer operating systems, the company continues to market Windows using a logo containing both "Microsoft", "Windows" and a version specific suffix.

Fourth, competitors' use of the term was demonstrated where in its defense of a copyright suit brought by Apple Computer, Microsoft successfully argued that several companies had introduced user interfaces featuring overlapping windows prior to Microsoft's announcement of its Windows product. LCI has presented literally hundreds of computer products, software companies and trademarks, that incorporate the term "windows" or variants such as "win" or "window" in their names to support its argument that the term has taken on a second generic meaning, that is, compatibility of software applications with the Windows operating system.

The ubiquity of "windows" variants in the computer market may tend to show the mark is generic, as distinctiveness can be lost by failing to take action against the infringers. If there are numerous products in the marketplace bearing the alleged mark, purchasers may learn to ignore the mark as a source of identification.

Fifth, LCI produced the declaration of John Dvorak, a long-time professional commentator on the computer industry who stated that the term "windows" and its variants have been used by the computer industry for two different generic meanings. First, the term "refers to

portions of the graphical screen dedicated to different programs running simultaneously or partitioned in window-like boxes.” Second, “windows” has been used to suggest compatibility with the dominant Microsoft operating system platform.

The potential genericness of the mark undermines Microsoft’s burden of making a sufficient showing of likelihood of success on the merits. This, in conjunction with the court’s determination that the balance of hardships does not sharply favor Microsoft, requires the court to deny Microsoft’s request for a preliminary injunction. Microsoft Corp. v. Lindows.com Inc., 64 USPQ2d 1397 (DC WWash).

“INITIAL INTEREST” TRADEMARK CONFUSION

The core element of trademark infringement is whether the similarity of the marks is likely to cause confusion: if it is likely to confuse customers about the source of the products. In this case, Epix argues that ISS’s use of epix.com causes likelihood of initial interest confusion among consumers. Initial interest confusion occurs when the infringer uses the mark in a manner calculated to capture initial consumer attention even though no actual sale is finally completed as a result of the confusion. There is a fine line between protecting innocent users from being confused and protecting those who are not paying attention or simply not applying common sense.

Epix manufactures and sells a wide variety of electronic imaging hardware and software products and provides consulting services associated with these products. ISS registered the domain name www.epix.com with Network Solutions. ISS’s site has some characteristics of a serious business venture and some characteristics of a personal scrapbook. ISS hopes to develop the epix.com website into a multimillion dollar Internet portal, like Yahoo, featuring a variety of electronic pictures. Since its launch, however, it has been used mainly to promote the Clinton Street Cabaret, a Portland theater troupe that performs *The Rocky Horror Picture Show*.

When Epix unsuccessfully attempted to register the www.epix.com domain name that ISS was already using, Epix demanded that Network Solutions cancel ISS’s registration. ISS filed a declaratory judgment action for non-infringement and Epix counterclaimed alleging trademark infringement and dilution and unfair competition. The lower court left the ownership of the Internet address with ISS but prohibited it from expanding its use into areas that might infringe Epix’s goods. On appeal this court agreed, finding that there was no likelihood of confusion assuming one may rely on assumption of user common sense.

Upon arriving at ISS’s epix.com web site, the court said, the consumer would not think that Epix licensed, sponsored, or owned the ISS website. He would simply come to the inevitable and correct conclusion that more than one company uses the EPIX name and that Epix

operates its web site at a different address. Indeed, any consumer looking for Epix who mistakenly guessed that it would be found at www.epix.com, would realize *in one hot second* that he was in the wrong place and either guess again or resort to a search engine to locate the Epix site at www.epixinc.com. Interstellar Starship Services, Ltd. v. Epix Inc., 64 USPQ2d 1514 (CA 9).

WATCH YOUR Ys AND Ks

YKK, the world’s leading manufacturer and suppliers of zippers and fasteners was founded in Japan in 1934. It has a 121 companies operating in 59 countries including the United States. YKK first used the mark in the U.S. in approximately 1949, and has used it continually here since then in connection with its sales of zippers, fasteners and related products. It sells to such companies as Levi Strauss, Sears and The Gap and has extensively promoted its YKK branded products over the last forty years selling over \$220 million worth of products in the U.S. and \$1.4 billion worldwide in 1999 alone.

Enter Jungwoo, a Korean company that distributes zippers in the United States. YPP is a California company that is a branch or division of Jungwoo that markets and distributes Jungwoo’s products in the United States. The trademark law makes unlawful the use of a reproduction, counterfeit, copy or colorable imitation of a registered mark if it is likely to cause confusion, or to cause mistake, or to deceive.

The central question is whether a reasonable consumer wishing to purchase zippers, fasteners or related products might confuse YKK’s goods with YPP’s.

The court had no problem finding for YKK. The strength of the YKK mark, the proximate nature of the goods, the similarity of the marks, and the parties’ status as direct business competitors support the conclusion that there is a likelihood of confusion. Moreover, Jungwoo’s decision to chose a brand name starting with the letter “Y” and followed by two more letters implies that Jungwoo believes that consumer confusion was likely. Even Jungwoo’s own survey conducted by their expert suggests that even among the group of sophisticated consumers, a significant amount of confusion is likely to occur. YKK Corp. v. Jungwoo Zipper Co., 64 USPQ2d 1192 (DC CCalif).

CONSTRUCTION SITE PLAN PROTECTED BY COPYRIGHT

It is well established that architectural plans for buildings are proper subjects for copyright. But what about the preliminary site plans for a development project?

NMF undertook development of an assisted living facility to be known as the Heritage House in the town of Ramapo in Rockland County, New York. It hired two architectural firms who in turn hired Sparaco to prepare a site plan of the development project. Sparaco’s site plan

incorporated (1) the existing physical characteristics of the site, and (2) the proposed physical improvements to that site.

As to the existing features, the site plan included a basic survey map of the parcel land, using cartographic conventions to portray boundaries, zoning districts, plot lines, abutting parcels, and public streets abutting or crossing the site. It also contained a topographical survey that shows elevations with contour lines, and depicts the location, elevation, size, and slope of existing physical structures such as utility lines, drains, valves, hydrants and sewers.

As to proposed improvements to the site, the plan contained the location and contour of the building footprint, parking lots, curbs, driveways and walkways, the place for the utilities, landscaping including the location of plants, trees and lights, and changes to the contours and elevation of the terrain. In the course of time the architects were replaced and Sparaco along with them. When the new team employed Sparaco's site plan, Sparaco sued for copyright infringement, among other things.

According to a senior official of the Ramapo Public Works Building Department, the revised plan was basically a copy of the Sparaco plan with several minor changes.

On appeal this court held that the portion of the site plan which identified existing factual information was not protectable by copyright. The other part of the site plan that showed the proposed improvements to the site was protectable. Sparaco's site plan specified more than vague, general indications of shape and placement of the elements. It provided detailed specifications for preparation of the site. Of course, it included no architectural details and thus could not be used to construct the intended building. But the site plan was not intended as a plan for the construction of a building. It was a plan only for the preparation of the site. As such, it appeared to be a fully realized plan capable of being used to guide actual construction work on numerous site preparation tasks. In fact, the Ramapo's Director of Building Planning and Zoning testified that the Sparaco plan was acceptable to the Town and could have been built as approved and the Director of Public Works offered a similar assessment.

The court explained that it did not rely on the executability of the site plan to imply that technical drawings cannot achieve protected status unless they are sufficiently complete and detailed to support actual construction. Rather the question is, at what point an idea, too vague or abstract to warrant copyright protection, becomes sufficiently concrete or detailed to constitute protected expression.

Recognizing that the site plan was not an architectural plan for a building but only a plan for the preparation of a site, the court concluded that it had sufficient specific expression and realization of those ideas so that its copying could constitute an infringement of copyright. This court therefore vacated the judgment of the lower

court to the extent that it had denied Sparaco the right to bring his copyright infringement suit. Sparaco v. Lawler, Matusky, Skelly, Engineers LLP, 64 USPQ2d 1363 (CA 2).

BANKRUPTCY PLUS INTELLECTUAL PROPERTY EQUALS COMPLICATIONS

A bankruptcy contest over unregistered copyrights between the Silicon Bank that got a security interest in the copyrights from the owners and perfected it under state law and Aerocon that bought the copyrights from the bankruptcy trustees devolved to an issue of state versus federal law.

Silicon Bank had perfected its security interest in the collateral, the unregistered copyrights, pursuant to California's version of the Uniform Commercial Code (UCC). The bank did not record with the federal Copyright Office any document showing the transfer of a security interest.

Aerocon worked out a deal to buy the assets including the unregistered copyrights from the bankruptcy trustees along with the trustees' right to sue to avoid Silicon Valley Bank's security interest. Once Aerocon owned the copyrights, it planned to exercise the trustees' power to avoid Silicon Valley Bank's security interest so that it could own the copyrights free and clear.

Whether Aerocon's lien would take priority turns on whether federal or state law governs the perfection of a security interest in unregistered copyrights. The Silicon Bank did everything necessary to perfect its security interest under state law, so if state law governs, the Silicon Bank has priority and wins. The Silicon Bank did nothing, however, to perfect its interest under federal law, so if federal law governs Aerocon's lien arguably has priority.

To avoid conflict with the federal law the UCC has step-back provisions by which state law steps back and out of the way of conflicting federal law. Under the step-back provisions, if a borrower's collateral is a registered copyright, the secured party cannot perfect by filing a financing statement under the UCC in the appropriate state office. For registered copyrights the only proper place to file is in the federal Copyright Office.

However, the question in this case is whether the UCC steps back as to *unregistered* copyrights. The court concluded that it does not. In addition the court found that the copyright law did not work a federal preemption over the state UCC law.

Since the California UCC has not stepped back in deference to federal law and we are dealing with an unregistered copyright and since federal law has not preempted the UCC, Silicon Valley Bank has a perfected security interest in the unregistered copyrights and Aerocon cannot prevail. Aerocon Engineering Inc. v. Silicon Valley Bank, 64 USPQ2d 1433 (CA 9).

ABANDONMENT IS NOT A BREEZE

If a trademark owner stops using a mark with an intent not to resume its use the mark can be held to be abandoned and enter the public domain. In that case it's free for all to use and for subsequent parties to claim ownership of the mark. In 1994 CMI began using the name "The Breeze" to identify radio station WBZE. CMI used "The Breeze" in many forms of advertising promotion for WBZE radio broadcasts, including radio and television advertising, outdoor signage, business cards, cups, mugs, license plate holders, t-shirts, post-it notes, and stickers.

In 2000, CMI began identifying WBZE on the air as "Star 98" instead of "The Breeze" and announced the change through on-air advertisements. At the same time it altered its music programming format.

In 2001, approximately 13 months after CMI's name change, CCC changed radio station WTLY's on-air name from "The Mix" to "The Breeze" and adopted a logo nearly identical to WBZE's. WTLY as "The Breeze" announced the name change with on-air advertisements making statements such as "It's back . . . and it's now at 107.1 FM - The Breeze" and "The Breeze has blown up the dial."

CMI filed suit against CCC for trademark infringement and unfair competition under the Lanham Act and sought and obtained a preliminary injunction in the lower court. CCC's sole argument in the lower court was that CMI was not entitled to a preliminary injunction because it had abandoned "The Breeze" as a protectable trademark.

Under the Lanham Act a protectable mark or

name is considered abandoned if its use has been discontinued with intent not to resume. The Lanham Act provides two aids demonstrating intent. First, it provides that intent not to resume may be inferred from circumstances. Second, it allows a showing of three years of consecutive nonuse to create a rebuttable presumption of intent not to resume use.

On appeal, this court agreed with the lower court and CMI. The mark was not abandoned. CMI had submitted evidence aimed at showing its continuing use of "The Breeze." This evidence included cups, license plate holders, bumper stickers, and other advertising items featuring "The Breeze" name. It also put in evidence the business cards of WBZE managers showing "The Breeze" logo; and pictures of the large billboard outside the WBZE office depicting "The Breeze" logo. Cumulus Media Inc. v. Clear Channel Communications Inc., 64 USPQ2d 1353 (CA 11th).



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