

# DECISIONS & DEVELOPMENTS

By Joseph S. Iandiorio and Kirk Teska, Patent Attorneys • 260 Bear Hill Road, Waltham, MA 02451 • Rte 128 near Mass. Pike • (781) 890-5678

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

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## **RISKY BUSINESS**

Belcam, Inc., which sells imitations of expensive perfumes at reduced prices, got a little too close to Britney Spears when it began selling “Risky” brand perfume (Spears’ brand is “Curious”) packaged in a black box (same as Spears’) with the slogan “created for women who dare” (Spears’ slogan is “do your dare”). Despite disclaimers on Belcam’s packaging to the effect that “Risky” was not “Curious”, the Southern District of Ohio issued a Temporary Restraining Order against Belcam. Elizabeth Arden Inc. v. Belcam Inc., 76 USPQ2d 1747 (S. D. Ohio).

## **SERVO SECRETS**

Patrick Torma who worked at Northern Electric Co. was apparently pretty good at repairing servo motors for Northern’s customers. Torma kept motor repair data in a spiral notebook and on his home computer and this compilation of data grew over the years as Torma repaired various customer’s motors. Torma then left the employ of Northern and founded a competing servo motor repair company. In an action by Northern against Torma asserting Northern owned the repair data and that Torma had misappropriated Northern’s trade secrets, Torma prevailed at trial but not on appeal. Since Torma’s job responsibility at Northern was to repair the motors, the data he gathered while doing so belonged to Northern. Also, his conversion of that data constituted misappropriation of his previous employer’s trade secrets. Northern Electric Co. v Torma, 76 USPQ2d 1823 (Ind. Ct. App.).

## **UNSIGNED CONTRACT ENFORCABLE**

Does a contract have to be signed by both parties in order for it to be enforceable? Not always. Omega Engineering sells industrial and scientific equipment under the

“Omega” trademark and Omega S.A. sells watches under the same trademark. When Omega Engineering began selling industrial and scientific timing devices, a series of lawsuits were brought by Omega S.A. culminating in a settlement agreement which was never signed by Omega S.A. Still, under Connecticut law, a contract is binding if the parties mutually assent to its terms even if the contract is not signed. The District Court and the 2nd Circuit found mutual assent and thus the settlement agreement was binding on Omega S.A. Omega Engineering Inc. v. Omega S.A., 77 USPQ2d 1417 (2nd Cir.).

## **PROPOSAL NOT PROTECTED**

A client responds to a request for a proposal with a potential product design and the requestor uses the proposed design without remuneration. Is there any recourse? The 7th Circuit in the case of ConFold Pacific Inc. v. Polaris Industries Inc., 77 USPQ2d 1566 should be reviewed before taking action. Polaris, the snowmobile company, requested proposals for a new snowmobile shipping container and ConFold replied with a potential design. Polaris then had a third party manufacture a shipping container ConFold alleged was made in accordance with its design. Attempts at bootstrapping a previous non-disclosure agreement between Polaris and ConFold did not work and neither did ConFold’s unjust enrichment claim: ConFold held no patent for its container design, there were no trade secrets associated with the design, and ConFold made no efforts to prove a claim of unfair competition.

## **PRODUCT MODIFICATION ILLEGAL**

Can you purchase a product, enhance it, and resell it? Maybe not. Aaron Faber, Inc. bought Cartier® brand watches, added diamonds, and then resold the watches. Since the alterations to the Cartier® watches were exten-

sive to the point the core function of the watches were compromised and since there was no indication the watches were not genuine, Aaron Faber was preliminarily enjoined in Cartier v. Aaron Faber, Inc., 77 USPQ2d 1572 (S. D. NY).

## **AOL WINS ONE**

Does anyone own the trademark “Instant Messenger”? Yes, and its AOL. The Trademark Office initially rejected four of AOL’s trademark applications stating “Instant Messenger” was generic for instant messages but the Trademark Trial and Appeal Board has now reversed that decision. In re America Online, Inc., 77 USPQ2d 1618 (TTAB).

## **COMPETING DOCTORS**

One windshield wiper repair business obtained a federal registration for the service mark Glass Doctor® and later another windshield repair business obtained a federal registration for Windshield Doctor®. No problem right? Wrong. Since Windshield Doctor® was held likely to be confused with Glass Doctor®, the registration for Windshield Doctor® was cancelled and the business using it was enjoined in Synergistic International, LLC v. Korman, 77 USPQ2d 1599 (E.D. Va.).

## **BOTTOMS**

In a recent ICANN decision, recording artist and movie star Nelly’s clothing line “Apple Bottoms” company successfully won the domain name “missapplebottoms.com” which Patrick Vanderhorst had registered for a website where, uh, naked bottoms are rated. Sound Unseen Ltd. v. Vanderhorst, 77 USPQ2d 1585 (WIPO).

## **PAYMENT TO REVERSE AN ADVERSE PATENT DECISION NOT ILLEGAL**

Barr, a generic drug manufacture successfully invalidated a patent owned by Zeneca for Nolvadex® – the most widely prescribed drug for breast cancer. During appeal, Zeneca and Barr settled and Zeneca agreed to pay Barr \$21M to vacate the patent invalidity decision and to keep Barr from marketing a generic breast cancer drug based on the patent. Three other generic drug manufacturers who sought to market a generic form of Nolvadex® were then sued by Zeneca and this time Zeneca’s patent was not found invalid.

Next, a class action law suit was filed to challenge the legality of the Zeneca-Barr settlement. The District Court dismissed the class action suit and now a majority of the 2nd Circuit has affirmed holding that settlement agreements like the Barr-Zeneca deal agreement are to be encouraged and also that reverse payments like the money Zeneca paid Barr are not a per se violation of the Sherman Act. In re Tamoxifen Citrate Antitrust Litigation, 77 USPQ2d 1705 (2nd Cir.).

## **PATENT POWER**

Trident sells a patented ink jet printhead and ink container but requires original equipment manufacturers buying the patented products to purchase unpatented ink exclusively from Trident. Independent Ink, who developed an ink which could be used in Trident’s patented printhead and ink container, sued Trident alleging its patents were invalid since Trident tied sales of its unpatented ink to the patented products. The District Court held that the fact Trident held patents did not necessarily mean it had the requisite market power in one of the tied products to support a per se violation of the antitrust laws and the Federal Circuit then reversed. Now, the Supreme Court has opined that because a patent does not necessarily confer market power upon the patentee, in all cases involving a tying arrangement, the plaintiff must prove that the defendant has the requisite market power in the tying product. The case is not yet over, though: Independent Ink is to be given a fair opportunity at the District Court to develop and introduce evidence on the issue of Trident’s relevant market power. Illinois Tool Works, Inc. v Independent Ink, Inc., 77 USPQ2d 1801).

## **SPONSORED LINKS IN TROUBLE**

Google Inc.’s actions of displaying “sponsored links” in response to search requests continues to subject Google to lawsuits. Geico sued Google in 2004 alleging trademark infringement since, when a Google user entered “Geico” as a search request, Geico’s competitors were listed as sponsored links on the Google results page. Now, based on survey evidence introduced in court, the Eastern District of Virginia has found potential trademark infringement but has given Geico and Google time to resolve the issues of liability and damages. Government Employees Insurance Co. v. Google, Inc., 77 USPQ2d 1841 (E. D. Va.).

## **NAME NOT A MARK**

It can be tricky to register a person's name, even a pseudonym, as a trademark. Fern Michaels is the pseudonym of Mary Ruth Ruczki who has authored 67 books over the last 30 years with sales of 60 million. Even so, the U.S. Patent and Trademark Office Trademark Trial and Appeal Board held "Fern Michaels" does not serve as a trademark. In re First Draft, Inc., 2005 WL 2451658 (TTAB).

## **IMMUNITY CHALLENGE**

Normally an entity wholly owned by a foreign government is immune from suit in American courts under the Foreign Sovereign Immunities Act (28 U.S.C. §§1602-1611) unless the action is based on commercial activity carried out in the United States. That exception was at issue in BP Chems. Ltd. v. Jiangsu SOPO Corp., 420 F.3d 810 (8th Fed. Cir.) before the 8th Circuit when BP Chemicals sued SOPO – a chemical company wholly owned by the Chinese Government – for misappropriating BP Chemicals' trade secrets relating to a process used to manufacture acetic acid (a chemical used in inks, plastics, resins, and fabrics). Because SOPO representatives visited various U.S. companies in the U.S. where BP Chemicals trade secrets were used and discussed, the FSIA exception applied (28 U.S.C. §1065(a)(2)) and SOPO's motion to dismiss for lack of jurisdiction was denied.

## **FIRM NEWS**

It seems that everyone at I&T is involved in litigation lately. Associate Thomas Thompkins has been handling an Arbitration in Seattle on behalf of a small business client and recently settled the case. Associate Roy Coleman is involved with two major pieces of litigation – one involving the Motion Picture Association and another involving copyright, trade dress, misappropriation of trade secrets, and breach of a non-competition agreement. Finally associate Jason Shanske along with Managing Partner Kirk Teska tried a ten count complaint case in Boston's Federal District Court to a successful conclusion in March.

## **POOH RIGHTS NOT TERMINATED**

C. R. Milne's daughter Clare sought to terminate her father's previous agreement with SSI using an extended renewal term of copyright protection under the Copyright Act which has provisions allowing authors to terminate a previous grant of rights. Since C. R. Milne entered into a second contract after the enactment of the Act, however, there was no agreement which could be terminated. C. R. Milne, by the way, is Christopher Robin Milne and the copyrighted works in question were his father's Winnie the Pooh books and characters. Clare lost an appeal to the 9th Circuit where she attempted, in conjunction with Disney, to terminate a royalty agreement with Stephen Slesinger. Milne v. Stephen Slesinger, Inc., 77 USPQ2d 1281 (9th Cir.).

## **REEXAM TOO LATE**

If you are sued for patent infringement, one option is to challenge the patent via a reexamination procedure conducted by the United States Patent and Trademark Office (USPTO). Can the infringement suit be stayed pending reexamination? Probably not if the suit has progressed very far. In the continuing BlackBerry™ patent saga, after a jury verdict against Research in Motion (which sells the BlackBerry product) in favor of patent holder NTP, Inc. in the amount of \$34.4M, RIM moved four times to stay the action pending the USPTO's reexamination of the NTP patents. The first three attempts failed and, in November of 2005, the Eastern District of Virginia denied the fourth attempt, mostly because the reexamination proceedings regarding NTP's patents could take years and were not even initiated until after the district court had found RIM infringed NTP's patents. NTP Inc. v. Research In Motion, Ltd., 76 USPQ2d 1857 (E. D. Va.). Now NTP and RIM have settled with RIM paying NTP \$612M.

## **LV vs. NY**

Louis Vuitton purses with the "LV" monogram design are popular and expensive – sales total over \$25M. Burlington Coat Factory, a discount store, sells designer and famous label fashions at discount prices but Louis Vuitton has never allowed its purses to be sold there. Burlington Coat Factory then began selling inexpensive purses decorated much like the Louis Vuitton purses but including the letters "NY" instead of "LV". When Louis Vuitton sued Burlington, the district court refused to issue an injunction and found the respective purses, when viewed side by side, were different enough to preclude

consumer confusion. On appeal, the Second Circuit held consumers in the real world would not view the purses side by side when making a purchasing decision and the District Court was instructed to address whether the purses were sufficiently similar when viewed sequentially in different settings rather than simultaneously. Louis Vuitton Malletier v. Burlington Coat Factory Warehouse Corp., 76 USPQ2d 1852 (CA).

## **TRUTH IN ADVERTISING?**

Can LendingTree, Inc. advertise that its internet based real estate referral service includes a referral network of real estate agents at Coldwell Banker, Century 21, and ERA? The District Court enjoined LendingTree despite the fact that LendingTree's referral network really did include Coldwell Banker, Century 21, and ERA realtors. On appeal, the 3rd Circuit remanded and held the

plaintiffs had to first prove a likelihood of confusion and only then would the burden shift to LendingTree to show fair use. The factors to be decided there include whether LendingTree's use of Coldwell Banker's, Century 21's, and ERA's marks was necessary to describe both the plaintiff's product or services and also the defendant's product or services, whether Lending Tree used only so much of the plaintiff's marks as was necessary to describe the respective services, and whether LendingTree's conduct or advertising language reflected the true and accurate relationship between LendingTree and Coldwell Banker, Century 21, and ERA. Century 21 Real Estate Corp. v. LendingTree, Inc., 76 USPQ2d 1769 (CA).



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landiorio & Teska  
260 Bear Hill Road  
Waltham, MA 02451