

IPoems: Lessons from the World of Intellectual Property

By Amy B. Goldsmith

Any General Counsel is a generalist, expected to have an answer for every legal issue that comes up. Many times, those issues relate to intellectual property (IP)—the more traditional trademarks, patents, and copyrights as well as comparison advertising, rights of publicity and Internet law. As IP is the bedrock providing value to a company's portfolio, understanding the basics of IP law is a crucial part of any in-house counsel's position. Below, CEO Zotz and General Counsel Zares face common IP issues in their quest to build, protect and defend Zotz Toys' IP portfolio.



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There once was a company named
Zotz,
Which created toys for tots,
The newest toy, named Ketter™,
Recalled after a cease and desist letter,
Oh my, no trademark search, CEO Zotz?

Trademark rights in the USA are based on two parallel tracks: prior use in commerce or the trademark registration system. CEO Zotz could have received the cease and desist letter from someone who owned a federal registration, a pending federal application or used the mark KETTER™ before Zotz established its own rights to the brand.

"If you find a domain name incorporating your brand and you own a trademark, you may file a UDRP complaint."

So when a company is considering a new brand, trade name or even a new online platform, the first step is to conduct a preliminary US Trademark Office and online search. If it doesn't reveal the identical brand, conduct a comprehensive search, which includes state registrations, domain names, and company listings. This is the only way to determine if there are any unregistered third parties who may oppose a trademark application or Zotz Toys' use of the mark in commerce.

There once was a company named Zotz,
Which created toys for tots,
Let's use "Robotoy," Zotz declares,
File at once, Lawyer Zares,
Months later, Zotz is dejected,
Too descriptive, trademark rejected.

What's wrong with "Robotoy"? Whether a trademark can be registered depends on its position on the

spectrum, from the strongest—fanciful to arbitrary to suggestive—to the weakest—descriptive to generic. Fanciful trademarks like ZOTZ have no meaning in any known language. Arbitrary marks have a meaning that does not relate to the goods or services offered. APPLE is arbitrary for mobile devices. To some, POLAND SPRING is suggestive of water. Descriptive marks tell you about the nature of the goods or services, and unless the mark acquires distinctiveness (which is not easy to do), descriptive marks are very difficult to protect. A generic mark, the precise name of the thing, can never be registered.

ZotzToyCo is our domain,
Our brand, our family name,
Located in a real place,
Now known in a virtual space,
Ever watching to maintain our reign.

Is it important for your company's marketing department to know if someone else has used your company's brand within a domain name? Use watch services to survey the domains from top level (.com) to country codes (.tv or .cn) so you are warned and can take action. If you find a domain name incorporating your brand and you own a trademark, you may file a UDRP complaint. Proceedings are all on "paper," with decisions typically rendered in a few months. If you win, the domain name is transferred to you. Arbitration is especially effective if the domain name owner is unknown (domains can be registered and the identity of the owner shielded through privacy services). Watch services are also available for trademarks; if General Counsel Zares knows whether someone else is encroaching on a company brand, an opposition can be timely filed.

There once was a company named Zotz,
Which created toys for tots,
Trademark registration in hand,
Zotz proclaims "it's my brand!"
Show me the money, Zotz exhorts!
Not without an ® on your tags, says the Court.

Section 29 is an often overlooked section of the US Trademark Act (15 U.S.C. § 1111) related to the requirements for receiving monetary damages in a successful trademark infringement lawsuit. It suggests that a notice of registration be displayed with the mark when used in connection with the offering or sale of the services recited in the registration. This notice may take the form of the words "Registered in the U.S. Patent and Trademark Of-

fice,” “Reg. U.S. Pat. & Tm. Off.” or the symbol ®. Failing to provide notice results in the drastic consequence of no profits and no damages for the winning party unless the defendant actually knew of the registration.

There once was a company named Zotz,
Which created toys for tots,
It’s set up in the USA, of course!
But filing first in Asia is KnockOffSource,
Can Zotz sell or manufacture? Methink
“notz!”

Trademarks are territorial. Protecting your brand in your home country does not equal protection in foreign territories. So if a product will be manufactured or marketed outside of the USA, conduct searches in each nation of interest and consider filing trademark applications. In many foreign nations, trademark rights are based solely upon filing and registration, not upon common law rights established when using the trademark in commerce.

“But it’s equally important not to file too soon, before the invention is complete, since the goal of a patent is to teach someone skilled in the art how to reproduce what you’ve created—which should be the finished product.”

Is there an international registration system? The Madrid Protocol permits a home country application or registration to be used as the basis for a filing in the member nations of the Protocol (such as the European Union, China and Japan), but the home country filing must continue to be in force for the foreign filing to remain active, and any changes in that home filing are imparted to the foreign filing too. Be aware, though, that U.S. registrations cannot be warehoused—they are only kept active upon proof of use timely filed in the U.S. Trademark Office. So sometimes filing directly in a foreign nation may better suit the company’s needs.

Advertising is key,
Who’s best? You or me?
Take heed if you mislead,
Legal eagles you shall need,
Let’s simply compare, fairly!

Everyone has seen or heard commercials comparing one brand to another. The keys to creating a comparative advertising campaign that won’t result in a nasty letter are to tell the truth and not be deceptive. If your competitors’ toys contain lead paint, you are allowed to name the competitor and the competing product when you tell the public, but be sure that you’ve done the testing to support the claim and have provided the facts to back it up.

Zottapaloosa is here,
It’s the toy of the year,
Proclaimed far and wide,
Inventor Zeo beams with pride,
Lawyer Zares isn’t smiling,
There was no patent filing.

All is not lost: if Zottapaloosa was introduced within the last year, a U.S. patent application can be filed since the U.S. provides a one-year grace period from the first disclosure.

However, many foreign nations don’t provide grace periods, so by making an invention public before filing, the ability to gain foreign patent protection will be lost. Best practices include requiring inventors to record their successes and failures from the beginning of the inventive process, accessible to the General Counsel and C-suite executives who all understand that the invention must be kept secret at least until a patent application is filed. These principles apply equally to design patents (protecting the look of a product) and utility patents (protecting the functional features and methods of manufacturer).

Zeo’s prototype is built,
Produce it to the hilt,
Mexico is near,
Its pricing isn’t dear,
Lawyer Zares files,
KnockOffSource is ahead by miles.

Keeping records of the new invention and filing before first disclosure is critical but so is filing first. Within the last few years, U.S. patent law changed from “first to invent” to the world standard of “first to file.” But it’s equally important not to file too soon, before the invention is complete, since the goal of a patent is to teach someone skilled in the art how to reproduce what you’ve created—which should be the finished product.

“Statutory damages are an alternative to requesting either the infringer’s profits or proving actual damages, and the Court or the jury has wide discretion in determining the final award.”

One solution for utility applications is to file a provisional application to establish an early filing date. This placeholder application isn’t examined by the Patent Office, and if the full blown utility application is filed within one year of the provisional’s date, it’s entitled to rely on that first date—but only to the extent that the disclosure in the placeholder is sufficient to support the disclosure in the second filing. So if Inventor Zeo’s prototype contains all of the critical required features, but some minor refinement is still needed, a provisional application can be filed to preserve that early filing date and beat KnockOffSource

to the gate. But provisional filing isn't available for design patents, so once the design is finalized, it's prudent to file the design case simultaneously with or after the provisional filing.

ZotzBlox are nifty,
Stackable and pretty,
KnockOffSource thinks so too,
Lawyer Zares pleads "say adieu,"
To KotzBlox and pay our fees,
Here's our copyright, as you please!

Original works of authorship are capable of being protected under the Copyright Act. For Zotz Toys, these could include patterns on doll clothing, action figures and their costumes, and graphic patterns on ZotzBlox. Registration is a pre-requisite for filing an infringement action. Just as it's good practice for an inventor to keep records, designers should also save all source material and drafts of their works. Unlike patents, an application is filed after disclosure, ideally within three months after the first publication date (for instance, the first meeting with a potential buyer). Timely filing preserves the right to request statutory damages and attorneys' fees. Statutory damages are an alternative to requesting either the infringer's profits or proving actual damages, and the Court or the jury has wide discretion in determining the final award.

As you evaluate your company's intellectual property issues, keep in mind the trials and tribulations of CEO Zotz and General Counsel Zares.

As a partner and co-chair of the Intellectual Property Practice Group at full-service, mid-size law firm Tarter Krinsky & Drogin, Amy B. Goldsmith partners with clients to provide practical legal advice and connections to grow their businesses. She guides clients in all stages of development of products or services, from idea conception and protection to funding, manufacturing and enforcement. Amy protects the global IP interests of national and international clients in a wide range of industries, including fashion, cosmetics, pet products, publishing, medical devices, exercise equipment, web-based business applications, and consumer and designer goods. She is a vice president of the New York Women's Bar Association, a member of the International Trademark Association and is also on the Board of Savvy Ladies (www.savvyladies.org). In addition, Amy is a published author and frequent speaker and CLE course instructor. Amy can be reached at agoldsmith@tarterkrinsky.com or 212.216.1135.



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