

**Trademark & Copyright
Webinar Series**

**Trademark & Copyright 2021
Year in Review**

January 27, 2022



Meet The Speakers



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Overview

- **Housekeeping**
 - CLE
 - Questions
 - Materials
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FISH & RICHARDSON

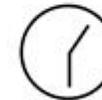
+ Complimentary CLE Webinar

Post-Grant for Practitioners 2021 Year in Review

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DATE
Monday,
January 31, 2022



TIME
1:30 - 2:30 PM ET/
10:30 - 11:30 AM PT

Post-Grant Webinar | Post-Grant For Practitioners 2021 Year in Review

The Patent Trial and Appeal Board in 2021 continues to hold its place among the busiest and most important forums for patent disputes nationwide. There were a total of 1,403 filings in FY 2021, compared to 1,514 in FY 2020. The larger story this year, however, was *Arthrex* when the Supreme Court ruled in June that the PTAB would survive its constitutional challenge. With a major constitutional defect now cured, attention has returned to other long-standing issues at the PTAB, particularly discretionary denials.

Agenda

- **Notable Trademark Cases in 2021**
- **Notable Copyright Cases in 2021**
- **Notable TTAB Decisions in 2021**
- **Trademark Modernization Act (TMA)**
- **Copyright Alternative in Small-Claims Enforcement (“CASE”) Act**
- **What to Watch in 2022**



Notable Trademark Cases in 2021

Select Comfort Corp. v. Baxter (8th Cir.)

- District Court: Held as a matter of law that retail purchasers of adjustable air mattresses are sophisticated because the mattresses are expensive and instructed the jury that likelihood of confusion must exist at the time of purchase to support a trademark infringement claim. The jury found no infringement of Select Comfort's registered marks including SLEEP NUMBER.
- Eighth Circuit: Endorsed the theory of “**initial-interest confusion**,” which it defined as: “confusion that creates initial customer interest, even though no actual sale is finally completed as a result of the confusion.”
- However, the theory of initial-interest confusion *cannot* apply in the Eighth Circuit “where the relevant average consumers are sophisticated at the level of . . . careful professional purchasers”
- “[A] finding of consumer sophistication typically will rest with the jury.”
- The district court's errors were not harmless given the strength of evidence of actual confusion, including transcripts of misdirected calls to Defendants' call centers.

Omega SA v. 375 Canal LLC (2d Cir.)

- In 2019, a jury found the landlord of property at 375 Canal Street liable for contributory infringement of Omega’s trademarks and awarded \$1.1 million in statutory damages to Omega.
- The jury was instructed that Omega would need to show Canal continued to supply its services even though it “either knew or had reason to know that a tenant, subtenant or other occupant of its premises was selling, offering for sale, or distributing products bearing counterfeits of Omega’s trademarks.”
- On appeal, Canal argued that Omega needed to identify a specific suspected infringer to whom Canal continued to lease property.
- The Second Circuit rejected Canal’s challenge and reaffirmed the “willful blindness” standard from *Tiffany (NJ) Inc. v. eBay Inc.*
- A defendant may be liable for contributory infringement despite not knowing the identity of a specific direct infringer, as long as the lack of knowledge was due to **willful blindness**.
- The jury instructions properly explained that the “reason to know” standard includes “willful blindness” which means Canal “had reason to suspect that trademark infringing merchandise was being offered or sold but deliberately failed to investigate or looked the other way to avoid seeing such activity.”



Hetronic Int'l, Inc. v. Hetronic Germany GmbH (10th Cir.)

- Plaintiff Hetronic manufactures radio remote controls used in construction.
- Defendants were former European distributors of Plaintiff's equipment that continued to sell products under the HETRONIC mark and even attempted to expand sales to the U.S. after Plaintiff terminated their distribution agreements.
- Plaintiff sued for infringement and obtained a worldwide injunction.
- On appeal, Defendants challenged the injunction on several grounds, including that the district court erred in concluding that the Lanham Act applied extraterritorially.
- The Tenth Circuit adopted a three-part framework for extraterritoriality:



- No.

- Yes, millions of euros worth of infringing products initially sold abroad found their way into the U.S.; Defendants diverted foreign sales that otherwise would have flowed into the U.S.; and Plaintiff presented evidence of consumer confusion abroad *and* among U.S. consumers.

- N/A because the parties did not argue this factor.

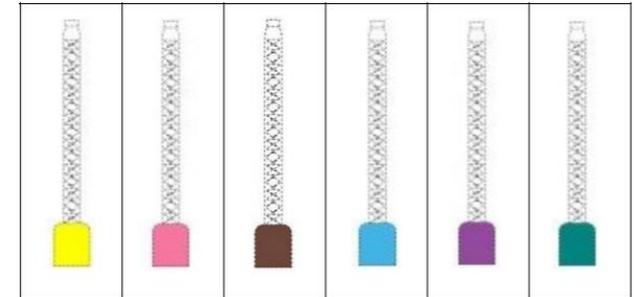
Ezaki Glico Kabushiki Kaisha v. Lotte Int'l Am. Corp. (3d Cir.)

- Ezaki Glico (EG) sued Lotte for infringing its registered trade dress in the configuration of Pocky chocolate-covered stick-shaped cookies.
- On summary judgment, the district court concluded that the Pocky design was functional. EG appealed.
- On appeal, EG argued that none of its trade dress features is “essential” to making the snack easy to eat, but the Third Circuit explained, “that is the wrong test. Lotte has shown that Pocky’s design is useful and thus functional.”
- ***“To decide whether a trade dress is functional, we look at the usefulness of the exact feature or set of features claimed by the trade dress.”***
- Uncoated Handle: The lack of chocolate or cream coating on the handle relates to the practical functions of holding, eating, sharing, or packing the snack.
- Stick Shape: Makes the snack easy to hold so it can be shared with others, lets people eat the cookie without having to open their mouths wide, and lets EG pack many sticks in each box.



Sulzer Mixpac AG v. A&N Trading Co. (2d Cir.)

- Mixpac sued A&N for infringing and counterfeiting of a collection of registered “Candy Color” trade dress for dental mixing tips. A&N counterclaimed for a declaratory judgment that Mixpac’s trade dress is functional.
- S.D.N.Y.: Issued injunction and ordered A&N to pay \$2 million in statutory damages for counterfeiting.
- Second Circuit: Mixpac’s trade dress is functional; reversed.
- The district court erred because it did not apply the *Louboutin* three-step functionality test:
 1. *Is the design feature essential to the use or purpose of the product?*
 2. *Does the design feature affect the cost **or quality** of the product?*
 3. *If and only if the answer to the first two inquiries is “no”—meaning the design feature is not functional in the traditional sense—the final step is a fact-intensive test where the feature must be shown not to have a significant effect on competition.*
- The record established that different colors signify different mixing tip sizes.
- Mixpac’s use of colors affects the quality of the product by enabling users to more easily match cartridges to the appropriate size mixing tip.

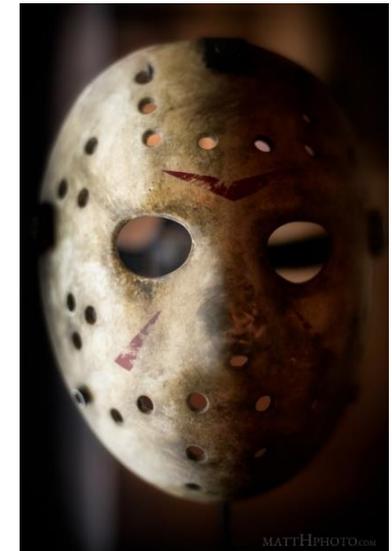




Notable Copyright Cases in 2021

Horror, Inc. v. Miller (2d Cir.)

- Screenwriter of “Friday the 13th” film could invoke a termination right that allows him to claw back control over a work he assigned to the production company almost 40 years ago.
- The main issue was whether Miller was an employee or independent contractor.
- If he was an employee, then the screenplay was a “work made for hire” under the Copyright Act and the production company would own the screenplay, meaning Miller’s notice of termination has no effect.
- The Second Circuit concluded that Miller was an independent contractor when he wrote the screenplay, not an employee.
- The producers “never provided Miller with health insurance, paid vacation time, worker’s compensation benefits, a pension plan, or other types of benefits,” and did not treat Miller as an employee for tax purposes.



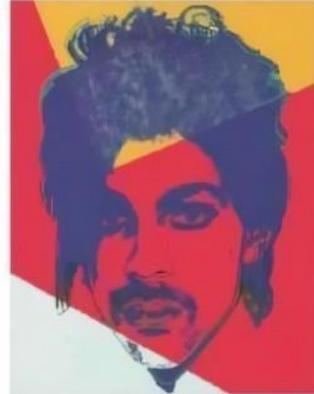
Andy Warhol Foundation v. Goldsmith (2d Cir.)

This is a **fair use** case involving the visual art works by Andy Warhol based on a 1981 photograph of the musical artist Prince. The photo was taken by defendant, Lynn Goldsmith.

AWF-2001 (Ex. 48)
Andy Warhol, Prince, 1984, acrylic and silkscreen ink on linen, 20 x 16 inches



AWF-1992 (Ex. 39)
Andy Warhol, Prince, 1984, acrylic and silkscreen ink on linen, 20 x 16 inches



AWF-1993 (Ex. 40)
Andy Warhol, Prince, 1984, acrylic and silkscreen ink on linen, 20 x 16 inches



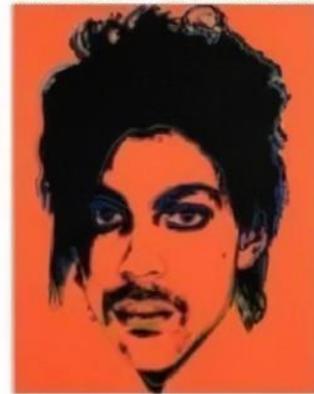
AWF-1995 (Ex. 42)
Andy Warhol, Prince, 1984, acrylic and silkscreen ink on linen, 20 x 16 inches



AWF-2002 (Ex. 49)
Andy Warhol, Prince, 1984, acrylic and silkscreen ink on linen, 20 x 16 inches



AWF-1994 (Ex. 41)
Andy Warhol, Prince, 1984, acrylic and silkscreen ink on linen, 20 x 16 inches



AWF-2003 (Ex. 50)
Andy Warhol, Prince, 1984, acrylic and silkscreen ink on linen, 20 x 16 inches



AWF-1997 (Ex. 44)
Andy Warhol, Prince, 1984, acrylic and silkscreen ink on linen, 20 x 16 inches



AWF-1996 (Ex. 43)

AWF-1990 (Ex. 46)

AWF-2004 (Ex. 51)

AWF-2005 (Ex. 52)

Bell v. Wilmott Storage Services, LLC (9th Cir.)

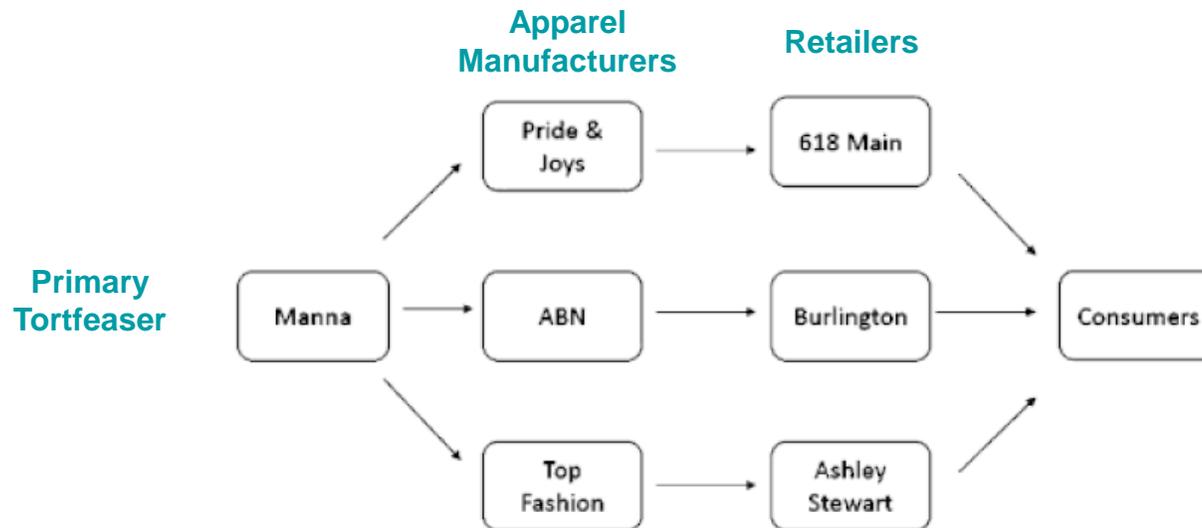
- Bell, a photographer, used reverse image searches to identify potential infringers and found a photo he created on the server database associated with Defendant’s website.
- The photo was only accessible to users who either conducted a reverse image search or had the exact pinpoint URL for the image. It was not indexed by Google.
- The district court granted Defendant’s motion for summary judgment on the affirmative defense of de minimis use. It concluded that Defendant’s use was so insubstantial that it was a mere “technical” or de minimis violation that was not actionable as a matter of law.
- Applying the *Perfect 10* “server test,” the Ninth Circuit held that a public display occurred “regardless of whether or not any particular person actually found [the photo] and viewed it.”

“The de minimis concept is properly used to analyze whether so little of a copyrighted work has been copied that the allegedly infringing work is not substantially similar to the copyrighted work and is thus non-infringing. However, once infringement is established . . . de minimis use of the infringing work is not a defense to an infringement action.”



Desire LLC v. Manna Textiles (9th Cir.)

- District court erred in awarding Desire multiple statutory damages awards totaling \$480,000 based on each defendant's infringements.
- ***“ . . . Section 504(c)(1) precludes multiple awards of statutory damages when, as here, there is only one work infringed by a group of defendants that have partial joint and several liability amongst themselves through a prime tortfeasor that is jointly and severally liable with every other defendant.”***
- All defendants do not need to be jointly and severally liable for all infringements for the plaintiff to be limited to a single statutory damages award.





Notable TTAB Decisions in 2021

Standing: TTAB Intercedes on behalf of Seventh-day Adventists

- ***Philanthropist.com, Inc. v. The General Conference Corporation of Seventh Day Adventists:*** Philanthropist.com petitioned to cancel Seventh Day Adventists' registrations on the basis that they are generic.
- **Entitlement to a statutory cause of action under Trademark Act Section 14(3) must be demonstrated in ever *inter partes* case by proving:**
 - A real interest in the proceeding; AND
 - A reasonable belief of damage.
- **A petitioner need not have a proprietary right in its own mark; rather, any person who believes that they will be damaged by the registration of a mark may petition to cancel a registration – as long as they meet the “zone of interests” and “proximate causation” tests laid out in *Lexmark*.**
 - Limit actions to those intended by Congress and distinguish between parties with real interests from those “mere intermeddlers or ... meddlesome parties acting as self-appointed guardians of the purity of the Register.”

Misrepresentation of Source under Trademark Act Section 14(3)

- ***The Coca-Cola Company v. Meenaxi Enterprise, Inc.***: Coca-Cola petitioned to cancel Meenaxi Enterprise’s registrations for the marks THUMS UP and LIMCA for sodas under Trademark Act Section 14(3).
- **Entitlement to a statutory cause of action must be demonstrated in every *inter partes* case by proving:**
 - A real interest in the proceeding; AND
 - A reasonable belief of damage.
- **Proof of entitlement to a statutory cause of action is a low threshold.**
- **Under Trademark Act Section 14(3), a registration is subject to cancellation if the mark “is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used.”** However, a misrepresentation of source claim does not rest on mere willful use of a similar mark.

TCCC's Logos	Meenaxi Initial Logos
	
	

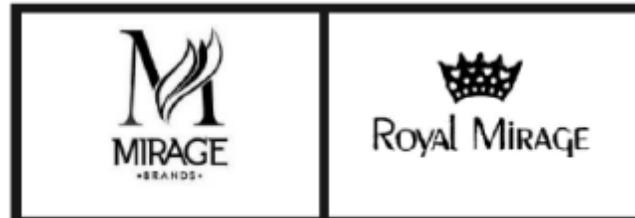
Section 2(a) False Suggestion of Connection: NATO

- *In re International Watchman, Inc.*: Applicant appeals refusal to register NATO for tents under Section 2(a) of the Trademark Act.
- Section 2(a) of the Trademark Act prohibits the registration of a designation that consists of or comprises matter that may falsely suggests a connection with: (i) Persons, living or dead; (ii) Institutions; (iii) Beliefs; or (iv) National symbols.
- **Issue: Is the North Atlantic Treaty Organization a “person” or “institution” under Section 2(a)?**
 - Section 45 of the Trademark Act notes that a “juristic person” **includes** a firm, corporation, union, association, or other organization capable of suing and being sued. “Institution” intended to be broadly construed.
- **False Association: (i) marks are the same or are close approximations, (ii) mark uniquely and unmistakably points to that person or institution, (iii) the person or institution is not connected with the activities of the applicant, and (iv) the fame or reputation is such that a connection is presumed when the mark is used.**
- **Preclusive effect of a prior registration?**



Mahender Sabhnani v. Mirage Brands, LLC: Reverse Confusion

- **Reverse Confusion describes a situation where a significantly larger or more prominent newcomer saturates the market with a trademark that is confusingly similar to that of a smaller, senior registrant for related goods or services.**
 - Junior user does not seek to benefit from the goodwill of the senior user, but senior user may experience diminution or loss of its mark's identity and goodwill due to extensive use of a confusingly similar mark by junior user.
- **Respondent, a self-described “major seller of fragrance brands” in the U.S. has made extensive sales, including individual orders that surpass Petitioner’s total sales in the same period.**



Doctrine of Foreign Equivalents is Not Bi-Lingual

- ***In re Taverna Izakaya LLC***: Applicant appealed refusal to register TAVERNA COSTAL on the basis that it is merely descriptive under the doctrine of foreign equivalents.
- **The crux of the refusal is whether to apply the doctrine of foreign equivalents to TAVERNA COSTERA.**
- **While the Applicant and Examining Attorney argued over the significance of the terms, the Board concluded that:**
 - TAVERNA is an English word that connotes a Greek café and Greek cuisine; and
 - COSTERA is a Spanish word that translates to “Coastal.”
- **Decision:** Given that the ordinary consumer would recognize “TAVERNA” as an English word, consumers are not inclined to stop and translate the next word in the mark from Spanish.

REPUBLIC OF LONDON: Confirmed Not a Real Place

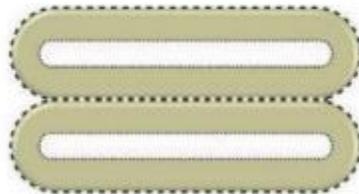
- *In re Jonathan Sibony*: Applicant appeals refusal to register REPUBLIC OF LONDON for clothing on the basis that it is primarily geographically deceptively misdescriptive.
- **Trademark Act Section 2(e)(3) requires refusal of registration of marks that “when used on or in connection with the goods of the applicant, is primarily geographically deceptively misdescriptive of them.”**
- **To support a refusal to register a mark as primarily geographically deceptively misdescriptive, the Examining Attorney must demonstrate that:**
 1. The primary significance of the mark is a generally known geographic place or location;
 2. The applied-for goods do not originate in the geographic place identified in the mark;
 3. Purchasers are likely to believe that the goods originate in the geographic place identified;
 4. The misrepresentation regarding the geographic origin would be a material factor for a significant portion of the relevant consumers.



In re Dimarzio, Inc.: Registrability of “Cream” for Guitar Pickups

- **Marks consisting of a single color on a product’s design are not inherently distinctive and can only be registered upon a showing of acquired distinctiveness.**
- **To show that the single color mark has acquired distinctiveness:** Applicant must demonstrate that the relevant members of the public—here, consumers of guitar pickups— understand the primary significance of the color cream as identifying the source of Applicant’s goods rather than merely ornamenting them.
- **Factors to be considered when determining whether a mark has acquired secondary meaning:** (i) association with a particular source by actual purchasers; (ii) length, degree, and exclusivity of use; (iii) amount and manner of advertising; (iv) amount of sales and number of customers; (v) intentional copying; and (vi) unsolicited media coverage.

“Cream” as Shown on Drawing⁴⁵



“Cream” as Shown on Applicant’s Specimens of Use⁴⁶





Trademark Modernization Act of 2020

The Trademark Modernization Act

“Trademarks are at the foundation of a successful marketplace....By guarding against deception in the marketplace, trademarks also serve an important consumer protection role. *H.R. Report No. 116-645*, at 8-9 (2020).

In order to have a well-functioning trademark system, the trademark register should accurately reflect trademarks that are currently in use...When the register includes marks that are not currently in use, it is more difficult for legitimate businesses to clear and register their own marks...It has become apparent in recent years that registrations are being obtained and maintained that are not properly in use in commerce. *Id.* at 9-10.

A recent rise in fraudulent trademark applications has put further strain on the accuracy of the federal register. Although trademark applications go through an examination process, some of these forms of fraud are difficult to detect in individual applications (even if patterns of fraud can be seen across multiple applications), leading to illegitimate registrations...” *Id.* at 10-11.

<https://www.federalregister.gov/documents/2021/11/17/2021-24926/changes-to-implement-provisions-of-the-trademark-modernization-act-of-2020>

The Trademark Modernization Act

- **USPTO invalidates 15,800 active filings (which includes 3,000 registrations) following finding of fraud being committed by Huanyee Intellectual Property Co Ltd and its executive director, Yusha Zhang.**
- <https://www.uspto.gov/subscription-center/2021/sanctions-issued-terminate-invalidly-filed-submissions>



The Trademark Modernization Act

On **December 18, 2021**, regulations implementing the “Trademark Modernization Act of 2020” (“TMA”) went into effect.

- Two new ex parte proceedings for challenging registrations:
 - Expungement
 - Reexamination
- New non-use ground for cancellation before the TTAB
- Updates to Letter of Protest Mechanism
- Abbreviated Response to Office Action Periods
- Amendment to Lanham Action Section 34(a)

New Ex Parte Challenge #1: Expungement Proceeding

- Third parties can request cancellation of some or all of the goods/services listed in a registration based on registrant never having used the registered mark in commerce on/in connection with the registered goods/services.
- Expungement proceeding can be filed between **three and ten years*** after the registration date.
- **EXCEPTION:** Until **December 27, 2023**, this proceeding may be requested for any registration at least three years old, regardless of the ten-year limit.



New Ex Parte Challenge #2: Reexamination Proceeding

- Third parties will be able to request reexamination based on registrant not having used some or all of the goods/services on or prior to:
 - The filing date, if the application was filed based on use in commerce; or
 - The later of the date that an amendment to allege use was filed or the date that the deadline to file a statement of use expired, if the application was filed based on an intent-to-use the mark in U.S. commerce.
- Reexamination must be requested within the **first five years** of the registration date.
- Any goods or services that are cancelled as a result of these proceedings will no longer be covered by the trademark registration.

Letter of Protest

- **Decisions from the Director must issue within two months of filing.**
- **Letter of Protest determinations are final and non-reviewable.**
- **The Act confirms the PTO's authority to charge a \$50 filing fee.**



Response Periods for Office Actions

- The TMA authorized the Trademark Office to set regulations that set flexible Office Action response periods between 60 days and 6 months, with an option to extend the deadline up to a maximum of 6 months upon the payment of an additional fee.
- Applicants or Registrants must respond within 3 months to either Office Actions issued during examination of an application or post-registration Office Actions. They can request a 3-month extension of the deadline for a fee of \$125.
- Beginning [December 1, 2022](#).
- Excludes Section 66(a) applications.

Amendment of Section 34(a) of the Lanham Act

The TMA amended Section 34(a) of the Lanham Act (15 U.S.C. § 1116(a)) to clarify and codify that:

There is a rebuttable presumption of irreparable harm upon a finding of likelihood of success on the merits in the context of a preliminary injunction, and upon a finding of infringement in the permanent injunction context.

The Trademark Modernization Act

- For additional detail on the Trademark Modernization Act, see:

<https://www.uspto.gov/trademarks/laws/2020-modernization-act>

<https://www.federalregister.gov/documents/2021/11/17/2021-24926/changes-to-implement-provisions-of-the-trademark-modernization-act-of-2020>



Copyright Alternative in Small-Claims Enforcement ("CASE") Act & Protect Lawful Streaming Act

Copyright Alternative in Small-Claims Enforcement (“CASE”) Act

- The **Copyright Alternative in Small-Claims Enforcement Act of 2020 (the CASE Act)** is a United States law that establishes a small claims court within the Copyright Office for copyright owners to seek damages under US \$30,000 for copyright violations.
- The newly-established **Copyright Claims Board (“CCB”)** is a three-member tribunal within the Office that will provide an efficient and user-friendly option to resolve small copyright disputes.
- The Office is in the process of developing the CCB, which should begin hearing claims by spring 2022.





Notable Cases and Developments to Watch in 2022

Cases to Watch in 2022

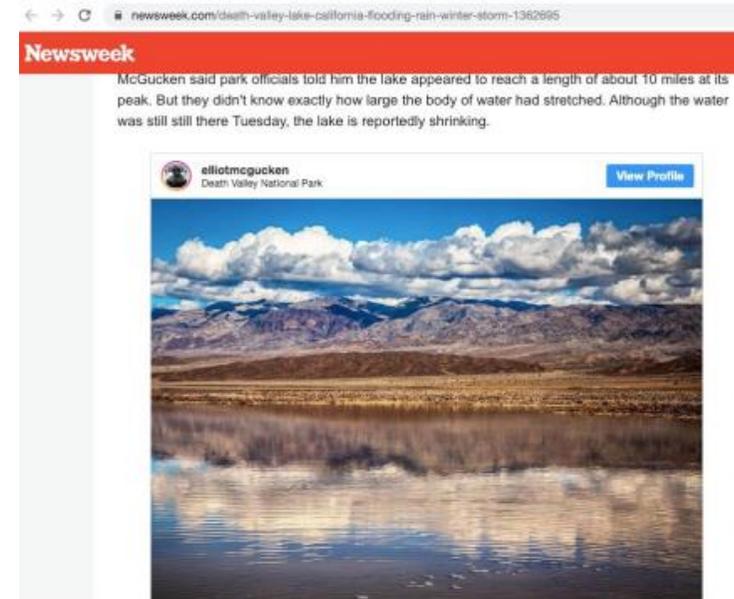
- ***Meenaxi Enterprise v. Coca-Cola***: Meenaxi appealed the TTAB's grant of Coca-Cola's petition to cancel to the Federal Circuit.
- ***Unicolors, Inc. v. H&M Hennes & Mauritz L.P.***: Did the Ninth Circuit err in holding that 17 U.S.C. § 411 requires referral to the Copyright Office *where there is no indicia of fraud or material error* as to the work at issue in the subject copyright registration?
- ***Miramax v. Tarantino***: Pulp Fiction NFTs!



Cases re Embedded Instagram Posts to Watch in 2022

Does embedding (a.k.a. in-line linking) a public Instagram post via Instagram’s API tool infringe copyrighted posts?

- In *Nicklen v. Sinclair* (S.D.N.Y.), Judge Rakoff denied a motion to dismiss copyright claims based on embedding of an Instagram video. The court rejected Defendants’ argument that embedding is not a display and declined to adopt the Ninth Circuit’s “server rule.”
- Pending cases:
 - *Hunley v. BuzzFeed, Inc.* (S.D.N.Y.)
 - *McGucken v. Newsweek* (S.D.N.Y.)



USPTO Identity Verification

- The USPTO will be now requiring identity verification for trademark filings.
- As of January 8, 2022, the USPTO introduced identity verification for USPTO.GOV account holders using the TEAS system.
- Use will be mandatory as of April 9, 2022.
- ID.me identity verification platform
- <https://www.uspto.gov/trademarks/apply/identity-verification>

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