

### ***Patent Marking on Products a Prerequisite to Damages***

Patent infringement litigation is a minefield for the unwary. In addition to standard defenses, such as non-infringement of the patent claims by the accused product or invalidity of the asserted patent, some esoteric defenses are sometimes raised to defeat otherwise valid infringement claims.

Notice of the existence of a patent is a requirement under the US patent laws, and failure to provide appropriate notice results in severe limitations on recovery of damages. Under 35 U.S.C. §287(a), patent marking on the patented goods (or if not possible, then on the packaging associated with the patented goods) is required. If the goods are not marked with an appropriate notice, then damages incurred before actual notice of the patent cannot be awarded, and an infringer may only be enjoined from further infringement. Appropriate marking of patented products normally takes the form of "U.S. Patent No. 1,234,567" or "Pat. No. 1,234,567." If a patent application has been filed and has not been finally adjudicated to grant, appropriate marking of "Patent Pending" or "Pat. Pend" is permitted as prospective notice that a product may be later covered by a patent, when granted.

Goods that are properly marked provide constructive notice that the goods are patented. If patented goods are not properly marked, but the patent owner provides actual notice of the existence of a patent, for example, by sending a letter to a manufacturer of the accused goods drawing attention to the patent, then the measure of possible damages begins from the date the notice is received.

Care must be taken to only properly mark patented products since improper patent marking can also raise issues of unfair completion. Another patent statute, 35 U.S.C. §292, criminally penalizes a person

who is found to engage in false marking of a product when no patent or application exists, and the statute permits any person to assert the statute against a person who is engaging in such conduct. Any damages recovered in such an assertion of the statute by a plaintiff are equally divided by the plaintiff and the U.S. Government. By statute, damages are limited to "not more than \$500 for every such offense" and case law has deemed each instance of a false marking to be an offense. Thus if 2000 products are marked falsely, then each instance is an offense and subject to the penalty, with potential damages being \$1,000,000.

The statute was included in a revision of the patent laws enacted in 1870. Similar laws, so called *qui tam* actions were passed during the Civil War to inhibit war profiteering. Private persons could bring such actions and a monetary incentive was provided, usually in the amount of one half of the recovery. Similar policing of the marking statute was intended as incentive to cause potential abusers of patent marking to abide by the patent laws. Two such actions have been filed in the Eastern District of Virginia, against Solo Cup and against Gillette, claiming that marking on products of expired patents constitutes false marking. This issue has survived a motion to dismiss, and will most probably create new precedent in the field of patent marking.

### ***Service Marks Come to Bangladesh***

Bangladesh's Trademarks Ordinance of 2008 introduces, for the first time, a system for registering service marks. The Trademark Office began accepting applications seeking protection under service classes 35 to 45 on February 15, 2008. The new Ordinance is set to be enacted in its entirety in the near future.

### ***Israel's New Copyright Law***

A new Copyright Law will take effect beginning May 2008 in Israel. The new legislation alters the duration of copyright protection for certain types of works. Photographs, for example, will be protected for 70 years following the death of the author; up from 50 years following the creation of the negative. Sound recordings will become a separate category, apart from musical works, and the term of protection will be reduced to 50 years from the creation date. The new terms will not be retroactively applied to works created before the Law takes effect. Other notable changes include broader interpretation of Fair Use exemptions, as Courts will now have discretion to determine whether a particular use is permitted on a case-by-case basis; presumption of ownership for commissioned works based on implied contracts; abrogation of minimum statutory damages; and a five-fold increase in the maximum statutory damages available in infringement cases.

### ***Adidas Earns its Stripes***

On April 10, 2008, in a case between *Adidas AG and Adidas Benelux B.V.* on the one hand, and *Marca Mode CV, C&A Nederland CV, H&M Hennes & Mauritz Netherlands BV and Vendex KBB Nederland BV* on the other hand, the European Court of Justice ruled that the general interest in leaving certain signs available to all (also known as *Freihaltebedürfnis*) is not a proper consideration in determining infringement.

The case dates back to 1997, when Adidas sued H&M in Dutch court, alleging that retailer's two-stripe designs infringed Adidas's famous three-stripe trademark. The District Court in Breda ruled in Adidas's favor and issued an injunction. H&M appealed, requesting a declaration of non-infringement, and arguing that because the public views such stripes

*continued on page 2*

**Adidas** (continued from page 1)

appearing on garments as purely decorative, they do not establish any link between the various manufacturers who place stripes on their apparel. The Dutch Court of Appeals decided in 2005 that although Adidas's trademark had acquired a high degree of distinctiveness, the difference between the designs, three stripes versus two, eliminated any possibility of consumer confusion. The Court based its decision in part on the concept of *Freihaltebedürfnis*, ruling that stripes and simple stripe designs are decorative and generally-accepted, and therefore should be available to all.

Adidas appealed the decision to the Dutch Supreme Court, which asked the

European Court of Justice (ECJ) whether it is proper to take designers' general need for access to a basic design element, such as stripes, into account when assessing the rights of a trademark owner. The ECJ dismissed the defendants' critical *Freihaltebedürfnis* argument as irrelevant, and confirmed that the scope of exclusive rights provided a trademark owner is to be based on the public's perception only—whether the average consumer might be mistaken as to the origin of athletic garments bearing stripe designs that are similar to Adidas's famous trademark. For marks with a reputation, Article 5(2) of the Trademarks Directive does not require a likelihood of confusion but merely a link in the minds of the public. The ECJ clarified that whether it is this link or

a likelihood of confusion that must be proven, the concept of *Freihaltebedürfnis* is extraneous to the assessment; whether or not the public perceives the sign as decoration cannot affect the protection conferred to a trademark when the sign is so similar to the trademark that the relevant public is likely to perceive that the goods come from the same source.

The decision does not mean that designers must avoid all stripe motifs, but Adidas's trademark registration does limit its competitors' ability to use stripes in a way that consumers are likely to associate with Adidas. The case will now go back to the Netherlands to allow the court to conduct a standard consumer-confusion analysis.