

***Patent Fee Increase to Take Effect
October 2, 2008***

In an announcement promulgated in the Federal Register on August 14, 2008, the U.S. Patent and Trademark Office has announced an increase in its filing and prosecution fees to take into account increases in the cost of doing business. Selected fees will increase by about 2-4 percent, effective October 2, 2008.

***In re Yale Sportswear Corporation:
Sweating the Details in a Case
where "Degree" Equals Separation***

On July 3rd, 2008, the Trademark Trial and Appeal Board upheld the refusal to register UPPER 90 on clothing, concluding that Applicant's drawing of the mark was not a substantially exact representation of the mark as used. In its statement of use, Applicant depicted its mark as UPPER 90° with the obvious inclusion of the degree symbol. The Board ultimately held that this addition created a distinct and separate commercial impression when compared to the mark as depicted in the application.

Trademark Rule 2.51(b) requires that "the drawing of the mark must be a substantially exact representation of the mark as used on or in connection with the goods and/or services." To determine whether the drawing and use meet the "substantially exact" standard, the Board must examine whether the drawing of the mark and the mark as used in commerce are interchangeable, or whether, in the alternative, the marks create distinct and separate commercial impressions, in which case registration must be refused.

Applicant argued that the degree symbol did not affect the overall impression of the mark. Consumers purchasing the goods, namely, those who play or coach soccer, would know that "Upper 90" refers to an area of the goal that is difficult to guard whether or not the degree symbol was present.

The Board disagreed. As the Applicant failed to limit its application to a specific class of consumers, in this case, soccer aficionados, consumers of its "clothing," and related goods could be anyone. Examining the mark itself, the Board reasoned that the inclusion of the degree symbol modified "90," altering the pronunciation, look, and clearly indicating an intended meaning of "ninety degrees." Without the degree symbol, it was unclear what the "90" in UPPER 90 inferred. Thus, as UPPER 90 could not be severed from the degree symbol without altering the meaning, pronunciation, and to some extent, the appearance of the mark, the Board concluded that two separate marks had been created. The Board refused registration as Applicant's drawing and use were far from "substantially exact."

This is clearly a case where small changes mean the world. The Board noted that the presence of the ° symbol was, on its face only a small alteration, however an alteration rich in reference. While the overall appearance of the mark may not have been altered to the extent it wandered sufficiently from "substantially exact," the remaining factors in trademark analysis—meaning and sound—appeared violently altered in the Board's opinion.

***Internet Radio Royalty Battle
Continues***

While the future of internet radio companies such as Pandora and Last.fm faces growing uncertainty, the battle between webcasters and the recording industry has again come to a head as Congress met recently to discuss the appropriate royalty structure for digital radio.

Last March, the Copyright Royalty Board rejected arguments from both sides, ruling that internet broadcasters would be required to pay each time they played a song for each user who heard it, at a predetermined rate based on a "willing

buyer, willing seller" standard, set to increase annually over the next four years. In just the first year, royalties paid as a result of this formula by Pandora, for example, accounted for over 70% of its revenue, threatening to run the internet radio company out of business.

Before the 2007 decision, internet radio companies were treated the same as terrestrial radio broadcasters. They were only required to pay composers of songs by purchasing blanket public performance licenses from ASCAP and BMI. The 2007 change was to account for the argument set forth by the recording industry that internet play is a "substitute" for purchase of the actual recording, diminishing the amount of income an artist might otherwise receive. Digital broadcasters counter that their services in fact result in increased sales, and without dependence on record companies. When a user searches an artist he likes on Pandora, he is instantly led to stations that play songs by similar artists, creating additional artist exposure and generating music sales as a result.

In light of the detrimental effect the new standard has had on internet radio and the interest in accommodating new technological mediums, the recent hearing in Congress discussed two new bills addressing the royalty rates. The PERFORM Act, favored by musicians, would get rid of the "willing buyer, willing seller" standard and subject all radio services, including satellite and cable, to the same "fair market value" standard, based on what value would have been received had the author been able to license the work in the marketplace. The Internet Radio Equality Act, on the other hand, backed by webcasters, would lower internet radio royalties to 7.5% of revenue, and adopt a standard based on Section 801b of the Copyright, evaluating such factors as maximizing availability to the public while maintaining a fair return

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to authors, for all future proceedings. The 801b standard is the same used to compensate authors when recording companies pay for use of a composition to make a recording, so webcasters argue the same standard should be used in this case. While there are clear differences between the two proposals, the debate has created a glimmer of hope that a resolution could be found in that the recording industry has not ruled out use of the 801b standard over a "fair market value" standard, insisting, however, that the 801b standard be tweaked to reflect current market realities.