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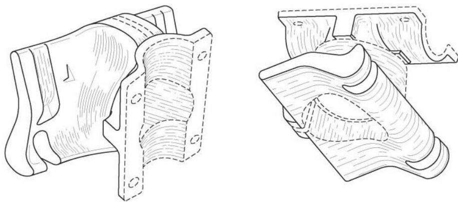
The Double Hurdle – A Must for Product Configuration Registration in *In re Pelco Products Inc.*

In a recent product configuration case, *In re Pelco Products, Inc. (TTAB September 19, 2008),* the Trademark Trial and Appeal Board (TTAB) denied registration to Applicant's mark, a design consisting of, "brackets made of metal for attaching traffic signals to mast arms," in Class 006, pictured below. Even though Applicant's design ultimately overcame the functionality barrier, Applicant's proof of acquired distinctiveness fell decidedly short according to the Board.



Applicant, Pelco Products, Inc., filed its application under Section 2(f) of the Trademark Act, based on acquired distinctiveness, and alleged June 1994 as a date of first use in commerce. The Examining Attorney refused registration, claiming that the mark was functional under Section 2(e)(5) of the Trademark Act and that Applicant's proof of acquired distinctiveness was insufficient. As registration of this product configuration required hurdling both the functionality and acquired distinctiveness barriers, the Board addressed each issue in turn.

Functionality: The Board applied the four-prong test set forth in *Valu Engineering Inc. v. Rexnord Corp.,* 278 F.3d 1268 (Fed. Cir. 2002) in its functionality analysis. The Board asked whether (1) a utility patent existed outlining the utilitarian advantages of the design, (2) advertising existed describing the design's function, (3) competitors had functionally equivalent designs available to them, and (4) the design resulted from

continued on page 2

Lukewarm Response to Latest Stab at Patent Reform

Senate Minority Whip Jon Kyl (Democrat, Arizona) introduced a bill on September 25, 2008 intended to overhaul the patent system in an ongoing battle between several large industry groups. The Kyl Patent Reform Act of 2008 proposes to reform the USPTO operations in the patent system and patent enforcement procedures. It is substantially different from the bill sponsored earlier in the Session by Judiciary Chairman Patrick Leahy (D-Vermont) and Sen. Orrin Hatch, (R-Utah). Neither bill is given much chance of passage either before the November 2008 election or in any lame duck Congressional session that may be called following the election of a new President.

Addressing many of the objections by critics of the Leahy bill language and the new rules that were instituted by the US Patent Office, presently under consideration on appeal to the Court of Appeals for the Federal Circuit, the bill has deleted portions of the prior bill that many in the patent community considered onerous and overreacting to the dire backlog situation. These include mandatory applicant quality controls, limitations on the number of claims, continuations and RCEs, among others. Parenthetically, the USPTO, anticipating the Federal Circuit overturning a District Court order enjoining the implementation

continued on page 2

The Birth of Whois.de

On September 1, 2008, EuroDNS, in partnership with Sedo, a domain-name brokerage, announced the launch of WHOIS services for the .de domains at www.whois.de. WHOIS services are public websites designed to provide domain-specific information, such as who owns a particular domain name, when it was registered, and the associated IP addresses. In addition to providing ownership information, whois.de also delivers real-time availability information for identical name in more than 50 top-level domains, including names available for acquisition in the aftermarket.

Stepped Up Zero Tolerance to Counterfeits in EU

On September 26, 2008, the European Council adopted a resolution introduced by the French EU Presidency to establish a European Observatory on Counterfeiting intended to measure and analyze the rising counterfeiting and piracy problem in Europe. According to a press release from the International Chamber of Commerce, the goals of the Observatory, set to meet twice a year, will be:

- To develop an annual report identifying the primary sources of counterfeiting and piracy in Europe, the primary countries used for transit of counterfeit goods, and the internet sites found to be selling counterfeit products into Europe;

- Examine the efficiency of each EU member country's policy in enforcing intellectual property rights;

- Develop tools to enable effective communication and cooperation between customs officials and brand owners; and

- Educate the public about counterfeiting and piracy

The Observatory will bring together European public and private sector leaders to share intelligence and help build key partnerships between enforcers and industry, improve coordination between member states, and build a robust legal framework with "zero-tolerance" approach to counterfeiting. In addition, it plans to work with personnel in the tourism industry to publicize the dangers associated with purchasing fake goods while abroad.

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Pelco (continued from page 1)

comparatively simple or cheap method of manufacturing the product.

Applicant's design overcame the functionality hurdle. The utility patents proffered by the Examining Attorney failed to demonstrate that design's shape had "practical or functional value." Applicant's advertising did not publicize the utilitarian function of the specific design subject to the registration analysis. Other third party designs existed that appeared to function "equally well," thus applicant's design did not cause it to function better in the marketplace, and neither party truly established whether Applicant's design resulted from a cheaper or simpler manufacturing method, thus making this fourth prong neutral. Taken in aggregate, the Examining Attorney failed to meet its burden of proving functionality and the Section 2(e)(5) refusal was reversed.

Distinctiveness: Though Applicant overcame the functionality barrier, Applicant failed to meet its burden in proving acquired distinctiveness. The Board first noted that product configuration, like color, is incapable of being inherently distinctive, as stated by the Supreme Court in *Wal-Mark Stores, Inc. v. Samara Bros., (*529 U.S. 205) (2000). Moreover, as Applicant's basis for registration was 2(f), the Trademark Act accepts a lack of inherent distinctiveness as an established fact. Thus, Applicant was required to prove that the mark had obtained a sufficient level of acquired distinctiveness to support registration. The Board also noted that Applicant's burden to prove so was, "heavier in this case because it involves product configurations." *In re Ennco Display Systems, Inc.,* 56 USPQ2d 1279, 1283 (TTAB 2000).

The Board examined Applicant's advertising figures, sales figures, declarations from 16 distributors and installers, advertising figures, and noted Applicant's claim of over 20 years of continuous use of this design in the marketplace. However, the Board concluded that such was not enough to meet the heavy acquired distinctiveness burden. None of the evidence illustrated that consumers viewed Applicant's design as an indicator of source. The Board also noted that, in 20 years of marketing and sales, Applicant neither encouraged customers to consider the design as its trademark, nor established that such "look for" advertising was unnecessary in industry practice. The Board thus affirmed the refusal to register on the ground that Applicant's design was not inherently distinctive and lacks acquired distinctiveness.

While this decision stresses the inherent difficulty in obtaining registration for product configuration, it also offers some suggestions, noting that careful advertising and marketing strategies, such as the "look for" method, may make the road to registration more easily attainable for product configuration or design applicants.

Patent Reform (continued from page 1)

of those rules, has posted on its website that should the order be lifted by the appellate court, an effective date of the rules will be announced. The major shift in the bill language is in making the applicant search report and analysis voluntary instead of mandatory. The Kyl bill also changes the "inequitable conduct" doctrine that would require large monetary fines to be assessed against an applicant who fails to comply with the disclosure of material information during prosecution. Unlike previously proposed legislation, the Kyl bill would address allegations of misconduct administratively rather than through the courts.

Additional provisions would permit individuals to challenge issued patents through a first window of nine months after the grant of a patent or issuance of a reissue patent, and during a limited second window in certain instances. The USPTO reaction to the introduction of the bill by Senator Kyl was lukewarm, but most probably is irrelevant in view of the expected change of administration following the swearing in of a new President in January 2009. Though the bill will most likely not be considered by the full Senate this session, it is presented as an alternative to the "non-partisan" pending in the Judiciary Committee. The ground of battle for the final push for patent reform in the next Congressional Session has been laid, and the Kyl bill will provide a rallying point to those industry groups, such as chemical and pharmaceutical, that have strongly resisted the new rules and legislative attempts to limit the traditional persecution of applications.

An update on the Patent Reform issue is expected early in 2009.

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