

Bush Signs Bill Strengthening Anti-Counterfeiting Efforts

On October 13, 2008, President Bush signed into law the Prioritizing Resources and Organization for Intellectual Property (PRO-IP) Act of 2008 (S 3325), which enhances penalties for infringement and counterfeiting and creates a high-level post to oversee and manage the protection of intellectual property.

The Act amends the Copyright Act by nixing copyright registration as a prerequisite to bringing a criminal action for infringement and allowing the owner of a copyright to bring a civil action regard-

less of whether the registration certificate involved contains any inaccurate information, unless such errors were made knowingly. The Act expands the remedies for copyright infringement to include not only the impoundment of infringing items, but also providing for the forfeiture of any property used to commit or facilitate the commission of a criminal offense involving copyrighted works. Exportation of unauthorized copies of protected works is now codified as infringement, whereas before only importation of such goods was addressed. *continued on page 2*

Accelerated Case Resolution in USPTO Trademark Proceedings

As the number of trademark oppositions and contested proceedings in the USPTO has increased, so have the length of time required to resolve disputes and associated costs. Historically, resolution of a trademark opposition in the Trademark Trial and Appeal Board ("TTAB") can take upwards of two years from initial petition to final determination. Recent rule changes in the TTAB, however, could considerably shorten the time and lower the expenses related to an opposition or a cancellation proceeding for parties that take advan-

tage of an Accelerated Case Resolution ("ACR") program.

The new ACR provisions let parties to TTAB proceedings opt-in to an accelerated discovery and briefing schedule that significantly compresses the time needed to resolve a contested matter. After discovery, parties submit their evidence, as obtained during discovery or by stipulation, and brief their cases, much like submitting motions for summary judgment; *continued on page 2*

ICANN Releases gTLD Applicant Guidebook for Public Comment

The Internet Corporation for Assigned Names and Numbers (ICANN) has released a Draft Applicant Guidebook relating to its plans for the expansion of gTLDs (generic top-level domains) by allowing alternatives to the familiar .COM, .ORG, .BIZ, etc., such as .YOURCOMPANY-NAME. The guidebook provides a draft proposal for the application process and guidelines that will attach to any public or private organization wanting to register a string of letters as a gTLD. The guidebook has been released for a public comment period through December 8, 2008. Potential applicants may review the Draft Guidebook at ICANN's website at

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Board Clarifies Requirements for Sanctions for Failure to Disclose

In its most recent decision citable as precedent, *Kairos Institute of Sound Healing, LLC v. Doolittle Gardens, LLC*, Opposition No. 91181945 (October 17, 2008), the TTAB denied the applicant's request to dismiss an opposition for the opposer's failure to timely provide its initial disclosures.

The applicant asserted that the proper remedy was the entire dismissal of the opposition, under Trademark Rule 2.120 (g)(1). The opposer responded that the failure to disclose was not intentional, and eventually did provide the disclosures, albeit after the deadline.

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KISS Your Mark Goodbye

The Trademark Trial and Appeal Board (TTAB) ultimately refused registration for SIMMONS COMICS GROUP for "comic books," holding that Applicant failed to show Gene Simmons, Applicant's proprietor, rose to the status of "historical figure" under Section 2(e)(4) of the Trademark Act in *In re Gene Simmons Comics Group*, Serial No. 78905279 (September 19, 2008)(TTAB). The Board affirmed that "Simmons" was a common surname and thus incapable of functioning as a trademark.

Under Section 2(e)(4), a term is primarily a surname if, when viewed in relation to the goods/services for which registration is sought, its primary significance to the consuming public is that of a surname. The factors considered in arriving at this conclusion are 1) the degree of the surname's rareness; 2) whether anyone connected with the applicant has that surname; 3) whether the term has any recognized meaning other than that of a surname; and 4) whether the term has the "look and feel" of a surname. See *In re United Distillers plc*, 56 USPQ2d 1120 (TTAB 2000).

The Board examined each factor, finding that "Simmons" was, in fact, a very common surname ranking 92nd in frequency out of more than 89,000 surnames listed with the United States Census Bureau. Moreover, Gene Simmons was the principal and sole shareholder of the applicant, a fact that also weighed heavily in favor of the mark's "surname" status. The Board also concluded that "Simmons" had the overall "look and feel" of a surname as no other plausible connection to the term existed.

Applicant argued in favor of the mark's significance due to Gene Simmons's status as a world-renowned bass player for the band Kiss. To support its argument,

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PRO-IP Bill (continued from page 1)

Further, the PRO-IP Act amends the Trademark Act by increasing statutory damages in counterfeiting cases from up to \$100,000 per counterfeit mark per type of goods sold to up to \$200,000, and in the case of willful counterfeiting, up to \$2,000,000. In addition, the Trademark Act will now allow for treble profits or damages for intentional counterfeiting.

The PRO-IP Act creates an Intellectual Property Enforcement Coordinator (IPEC) to serve as part of the Executive Branch. The IPEC replaces the National Intellectual Property Law Enforcement Coordination Council, the group formerly responsible for coordinating US and International IP enforcement efforts, which was co-chaired by the USPTO Director. The IPEC would chair a new committee, comprised of other Senate-confirmed officials, for example, from the DOJ and USPTO, responsible for developing a "Joint Strategic Plan" to fight piracy and counterfeiting. In addition, the PRO-IP Act increases the resources available to federal and local law enforcement officials to combat counterfeiting, and adds ten FBI Agents to the Computer Crime and Intellectual Property Division of the Criminal Division of the Department of Justice.

The bill is largely favored by industry and media leaders who cite the economic contribution brought about by increased enforcement efforts as well as the Act's ability to strengthen the incentives for creativity. Supporters also praise it as a message to those seeking to harm consumers through piracy of goods such as pharmaceuticals and auto parts.

Consumer groups, on the other hand, are concerned that the PRO-IP Act uses public resources to protect private interests and interferes with the separation of powers principle by using legislation to alter the composition of the Executive branch. In addition, opponents are concerned that the Act's impound provision will result in unfair treatment of non-infringing third parties, for example, by punishing parents of children who illegally download music by seizing their home computers.

Passage of the PRO-IP Act comes shortly after the European Council, on September 26, 2008, adopted a resolution to establish a European Observatory on Counterfeiting intended to measure and analyze the problem of rising counterfeiting and piracy in Europe.

ACR (continued from page 1)

though, where summary judgment may be denied because of the presence of disputed facts, the ACR process allows the TTAB to resolve questions of fact based on the evidence submitted. Thus, ACR allows resolution on the merits of a case without going through the time and expense of a trial.

Because ACR is a fast-track process, it applies best to cases where the issues are quite clear and where extensive discovery is not required. The new TTAB rules require that all opposition and cancellation litigants must at least discuss and consider applicability of ACR to their cases during the initial discovery conference. ACR is available throughout discovery but the later in the process, the less likely it would be beneficial. Though generally the decision to adopt ACR lies with the litigants, the rules have a provision allowing the TTAB to mandate ACR on a case if the Board feels it is proper.

ACR is still relatively new and the benefits are just beginning to be realized. It may not be the best option for every TTAB proceeding, but due to the time and resource savings available it is an option that should be considered.

Requirements for Sanctions for Failure to Disclose (continued from page 1)

The Board pointed out that Rule 2.120(g)(1) refers to a situation in which a party's failure to provide disclosures follows an order by the Board "affirming or reiterating the party's obligation to make such disclosures." The case at issue had not yet reached the point where the Board issued an order compelling the opposer to make its disclosures.

On the other hand, Rule 2.120(g)(2) does allow sanctions to be given when a party fails to provide the required disclosures,

but only when that party confirms that the disclosures will not be made. Since no such statement was made by the opposer in this case, Rule 2.120(g)(2) did not apply. Similarly, Rule 2.120(g)(1) was not applicable because the Board had not yet made any order compelling the disclosures.

In so ruling, the Board made clear that neither the Rules themselves, nor the scheduling order issued but the Board setting the parties' deadlines (including

the deadline for disclosures) is sufficient to trigger sanctions under Rule 2.120(g)(1). Rather, a motion to compel is the appropriate remedy, and must be made before the Board will issue an order that, if not complied with, will invoke the provisions of Rule 2.120(g)(1). In this case, the applicant would only have needed to have a motion to compel granted by the Board, which, if not complied with by the opposer, would have enabled the applicant to move for sanctions.

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www.icann.org, noting that the guidebook remains subject to further consultation and revision. The final applicant guidebook is anticipated to be released in the first half of 2009, with the application process for new gTLDs likely beginning in the second half of 2009.

The guidebook covers the gamut of topics for the new gTLDs, including the application process, evaluation procedures, dispute resolution procedures, string contention procedures, registry requirements, and terms and conditions. Application fees for a new gTLD, such as .paris or .apple, will likely be around \$185,000 for an initial review. While the number of gTLDs has previously been limited to 21 domain name suffixes, such as .com, .org, .net, .gov, .asia, along with approximately 250 different ccTLDs (country code top-level domains), the new proposal will allow any public or private organization from anywhere in the world to register any string of letters as a gTLD.

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Applicant presented additional prior registrations incorporating Mr. Simmons's name, namely, SIMMONS BOOKS & Design, and registrations for GENE SIMMONS TONGUE and GENE SIMMONS TONGUE & Design (Reg. Nos. 2983582, 2762627, and 2738269, respectively). In addition, Applicant pointed the Board to the Gene Simmons's Wikipedia page which chronicled Mr. Simmons's status as a rock musician, actor, and reality TV star via the "Gene Simmons Family Jewels" show airing, albeit briefly, on the A&E network. Thus, according to Applicant, consumers would not perceive the mark as merely a surname because of its connection to Gene Simmons as a famous, historical figure.

The Board disagreed with both propositions, first discounting Applicant's additional registrations as failing to dem-

onstrate a consumer association for "Simmons" on "comic books" to Gene Simmons. Second, the board disagreed that Gene Simmons rose to the status of "historical figure," noting that "decisions concerning historical names draw a line between names which are so widely recognized that they are *almost exclusively* associated in terms of their commercial impressions with the historical figures, and names which are semi-historical in character."

Although a company can create their own gTLD, of likely greater concern will be the protection against infringement of their trademarks in the top level (e.g., .COM, .MICROSOFT), and in the second level (e.g., MICROSOFT.com, APPLE.nyc) of domain names. ICANN has recognized the importance of ensuring that the rights of trademark holders should be protected from abusive registration and infringement, and has therefore provided requirements for new registries to protect rights holders. However, ICANN declined to recommend any universal rights protection mechanism.

The Board gave examples of DA VINCI, SOUSA, and M.C. ESCHER, all marks which provided the needed distinct, exclusive connection to a historical or semi-historical figure. According to the Board, the evidence for "Simmons" failed to show that the mark would be associated exclusively with Gene Simmons. Applicant's evidence demonstrated that Gene Simmons was famous, but only in relation to

At the second-level, ICANN will require new gTLDs to describe in their applications a proposed Rights Protection Mechanism, with the mechanism being published to the community at the time the applications are made public. Examples of prior rights mechanisms that have proved successful are sunrise processes wherein rights holders have the opportunity to register domain names prior to opening up registration to the public. The rights protection mechanisms will also be subject to authentication and third party challenges. Each new gTLD will also be required to ensure that all second-level domain name registrations will be subject to the Uniform Domain Name Dispute Policy (UDRP).

As ICANN takes comments from its various constituencies, now is the opportunity to review the proposal and voice any concerns that may impact a company's valuable trademark rights.

the band Kiss. Moreover, Applicant had failed to show that "Simmons" could accomplish even that connection to the band without the inclusion of "Gene." Thus, the Board concluded that the four-prong test under Section 2(e)(4) of the Trademark Act had been met, refusing registration for SIMMONS COMICS GROUP on the basis of "Simmons" being a common surname.