

OHIM Deflation

The Office of Harmonization for the Internal Market (OHIM) has announced that beginning May 1, 2009, official fee for obtaining a Community trademark registration will be reduced to € 900. This is a 40% reduction from the current € 1600 total fee made up of € 750 filing fee and € 850 registration fee for a mark in three classes. Effective May 1, 2009, applicants would pay a single € 900 official fee at the time of filing. Pending CTM applications for which OHIM has not issued the request for payment of the registration fee by May 1, 2009, will be exempt from current registration fee.

See a Trademark. Hear a Trademark... Smell a Trademark? The Singapore Treaty

In this age of competitive advertising, companies continually experiment with new media to impress product recognition on the human mind. In the past, marketers have appealed to our eyes with swoops, golden arches, and fonts. Today, the new frontier of advertising and product recognition will appeal to other senses—sound, taste, and even smell—to trigger consumer recognition, consider the Southwest Airlines “Ding,” a grass-scented tennis ball, or an artificial strawberry flavor prevalently used by one pharmaceutical company. As these innovations grow, will formal protection for these source indicators, these non-traditional trademarks, follow suit? Currently, formal protection for non-traditional trademarks is sporadic and random, though the overall attention factor for this area is not. On March 16th, 2009, the World Intellectual Property Organization (WIPO) announced the implementation of the Singapore Treaty, the first International Treaty to specifically address the identity and registrability of non-traditional marks, including, but not limited to sound-, hologram-, motion-, color-, and taste marks.

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The Importance of Registration—a Copyright Saga in Three Parts

On March 2, 2009, the Supreme Court granted a writ of certiorari in *Reed Elsevier Inc., et al. v. Muchnick, et al.*, No. 08-103, to answer whether 17 USC §411(a)—the requirement of registering a copyright before suing for its infringement—restricts subject matter jurisdiction of the Federal Courts over copyright infringement claims. The class-action case is an offspring of

the decision in *New York Times Co. v. Tasini*, which held that the first publisher of a literary work written by a freelance writer does not, absent an explicit agreement, obtain rights to license the work for use in electronic databases, such as LexisNexis. The Court’s answer could have a profound effect on the actual impact of the *Tasini* ruling.

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Kindle Speaks, But Does It Infringe?

The Authors Guild, representing the interests of authors in the United States, has publicly alleged that Amazon’s recently-released e-book reader, Kindle 2, violates an author’s right to control creation of derivative works. Kindle 2 has a text-to-speech feature that enables the device to read aloud. Certainly, text-to-speech programs are nothing new to authors, as they are often used by the blind. Why then did the Authors Guild object to Kindle 2 that employs a similar technology?

the equivalent of both a hard copy and an audio book in one digital file. The Guild’s objection appears to be that the text-to-speech function, when utilized, creates a derivative work from the digital version of the written work in violation of the author’s bundle of rights.

The concern is that the reading feature will supplant audio book purchases, as an audio book generally costs more than a digital e-book. In the Guild’s view, the feature allows e-book purchasers to have

Whether a derivative work is created depends on whether or not Kindle’s text-to-speech function actually creates a work fixed in a tangible medium that can be governed by copyright laws. If it does not, the Authors Guild’s argument may not hold water, because the function would be equivalent to another person reading the text aloud (though not as a public performance).

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Provisional Patent Applications—Disclosing Danger

Provisional patent applications have been available in some foreign countries, for example, in the UK, for many years. In an effort to harmonize US practice to the general WIPO practice and standards, a 1995 amendment to the US patent laws was implemented and provisional patent applications became available to US applicants. Since June 8, 1995, inventors have had the option of filing a provisional application under 35 U.S.C. §111(b). The purposes for this amendment to the law were two-fold. First, because the US Patent Office does not examine provisional applications, the filing fees are much lower than those of non-provisional applications (\$220; \$110 for small entities as of October 2008). In addition, provisional

applications were meant to provide parity to US applicants, who under the old provisions were unable to “extend” the patent term beyond 20 years from the application’s filing date. That is, in 1995, when the US patent laws were changed so the patent term became 20 years from the filing date, non-US applicants were granted an “extra” year in the US patent term as a result of the priority filing in their home country. To provide US applicants a similar benefit, the 12-month pendency for a provisional application is not counted toward the 20-year term of a patent which is granted on a subsequently filed non-provisional application claiming benefit of the filing date of the provisional application.

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Copyright (continued from page 1)

In *Tasini*, six authors wrote articles for the *New York Times*, *Newsday*, and *Time*, which had engaged the authors as independent contractors. The publishers thereafter licensed the copy to LexisNexis and two other companies who made the articles available on CD-ROM without obtaining separate permissions from the authors. When the authors sued the print publishers for copyright infringement, publishers argued that no permission was needed because of §201(c) of the Copyright Act, which allows the owner of copyright in a collective work to reproduce and distribute authors' contributions as part of that particular collective work, any revision of that collective work, and any later collective work in the same series. The District Court sided with the print publishers, finding the articles' later inclusion in the electronic databases to be a reproduction "as part of a revision of that collective work" because the databases preserved the print publishers' "selection of articles" by copying all of the articles originally assembled in the periodical's daily or weekly issues. When the case reached the Supreme Court in 2001, however, it was ultimately decided in favor of the freelance authors. The Supreme Court concluded that §201(c) did not assist the print publishers because "the Databases reproduce[d] and distribute[d] [the] articles standing alone" and not "as part of that particular collective work" to which the author contributed; "as part of... any revision" thereof; or "as part of... any later collective work in the same series."

After *Tasini* was decided, several of the affected authors along with the National Writers Union and American Society of Journalists and Authors filed a consolidated class action suit against a group of forty publishers, including Reed Elsevier Inc. (owner of LexisNexis), The Gale Group Inc., and West Publishing Corporation to recover compensation for the freelance authors. After four years of negotiation

the parties reached an industry-wide settlement, and sought its approval in the federal court of the Southern District of New York, filed under *In re Literary Works in Electronic Databases Copyright Litigation*, MDL No. 1379. The complex settlement divides the claimants into 3 groups: A) those who had obtained copyright registration for their works prior to the alleged infringement; B) those who had obtained copyright registration for their works before December 31, 2002, but after the alleged infringement; and C) those whose works were not registered with the Copyright Office. The settlement was later approved by the District Court.

Present case was filed by Irvin Muchnik, an official of the National Writers Union and affected author, who organized a slate of similarly-situated objectors and appealed the District Court's approval of the settlement on the grounds that it provides grossly-inadequate compensation and is unfair to Class C authors who comprise over 99% of the claimants. The objectors took issue with the schedule for paying out the \$18 million (max) settlement.

In the settlement, Class A members were eligible for statutory damages because their works had been registered with the Copyright Office at the time of the infringement. Compensation for members of Classes B and C, on the other hand, was to be dependent on the original sale price of the work. These claimants would receive either a flat fee or a percentage of the original sale price, whichever was greater; the flat fee and percentage set for Class C was much lower than that for Class B. In addition, under the settlement, should the total amount of the claims exceed \$11.8 million (the cap amount permitted for awards after deducting attorneys' fees and administrative costs), the C Class award would be reduced first, all the way to zero if necessary, before either Class B or Class A awards are affected. If this were to happen, the

objectors argued, it would be equivalent to Class C members granting the publishers an irrevocable, worldwide and continuing license to reproduce, license, and sell their works without any compensation. The objectors argued that allowing the named plaintiffs to grant such a right on behalf of all claimants included in Class C was a denial of due process.

The proponents of the settlement defended that the settlement was fair because members of Class C had no copyright registrations for their works, and thus, pursuant to §411(a), no standing to initiate an infringement action. Section §411(a) reads in relevant part: "...no action for infringement of the copyright in any United States work shall be instituted until preregistration or registration of the copyright claim has been made in accordance with this title..."

The Court of Appeals for the 2nd Circuit overturned the settlement based largely on this very provision, ruling that the lower court lacked jurisdiction over Class C claims. The Court concluded that §411(a) is a jurisdictional requirement limiting district court's subject matter jurisdiction to claims arising out of registered copyrights only, and that the phrase "the copyright claim" in §411(a) should be interpreted to mean all of the claims in the Class, and not just the claims of the named Plaintiffs.

The Court of Appeals further found that the District Court lacked supplemental jurisdiction pursuant to 28 U.S.C. §1367(a), which reads: "Except as... expressly provided otherwise by federal statute, in any civil case of which the district courts have original jurisdiction, [they] shall also have supplemental jurisdiction over all other claims that are so related... that they form part of the same case or controversy." Here, the Court focused on the phrase "except as... expressly provided otherwise by federal statute", reasoning that because

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Singapore Treaty (continued from page 1)

The Singapore Treaty was adopted in March 2006 by a diplomatic conference of 147 WIPO member states to replace the 1994 Trademark Law Treaty (TLT). In its own implementation in 1994, the TLT sought to harmonize and simplify trademark registration procedures in countries party to the TLT, however, not only did the pre-internet TLT fail to cover all forms of electronic communication (as faxing was still considered "advanced" by 1994 standards), but also failed to consider non-visible marks as potential source indicators.

The Singapore Treaty recognizes that not all trademarks are two-dimensional visible product labels, and attempts to remedy the TLT's silence on the issue by specifically identifying new types of registrable marks such as hologram-, motion-, color-, sound-, and taste marks. Though the Singapore Treaty essentially legitimizes registration for these marks, the Treaty neither provides standardized procedures on how, exactly, one would represent these marks in applications, nor does the Treaty oblige contracting parties to register non-traditional marks.

Copyright (continued from page 2)

§411(a) of the Copyright Act requires copyright registration for initiating an infringement suit, §1367(a) cannot confer supplemental jurisdiction over the claims involving unregistered copyrights simply because they are asserted together with other, jurisdictionally-proper claims. In other words, the Court found §411(a) to expressly provide otherwise. Thus, the Court of Appeals held, the District Court lacked jurisdiction to certify Class C and approve the settlement.

Of note is a dissent by Judge John Walker who argued that "Congress passed §411(a) to facilitate enforcement of copyrights", and that "... compliance with §411(a) is a mandatory prerequisite to the

But because the Singapore Treaty has now publicly identified non-traditional marks as registrable, the assembly of the contracting parties will soon be able to define the relevant standards for treatment of non-traditional marks, in an effort to bring these marks into the trademark mainstream.

Though the possibility for non-traditional mark registration is generating buzz throughout the world, the presence of non-traditional registrations in various trademark offices is quite sparse. For example, though the Madrid system boasts more than 450,000 marks on the international registry, only 29 are audio marks. Currently, the Office of Harmonization has only 73 sound marks and one olfactory mark registered. In addition, the United States Trademark Trial and Appeals Board rejected registration for an artificial orange flavor additive in medications in 2006, noting the difficulty in defining how taste can function as a trademark when, generally, consumers only taste goods after purchase (*In re N.V. Oregon*, TTAB 2006).

Despite the apparent wariness of trade-

accrual of a cause of action for damages, but not a prerequisite to the possession of constitutional standing."

In response to the 2nd Circuit decision, a group of publishing companies asked the Supreme Court to review the case, arguing that the decision of the Court of Appeals conflicts with the high court's ruling in *Tasini* and leaves a vast majority of the affected authors without redress. The publishers also argue that §411(a) is not a source for jurisdictional limitation, noting that copyright registration is not a precondition for copyright protection.

The Supreme Court, on March 2, 2009, granted the writ of certiorari on the following question only, "Does 17 U.S.C. §411(a)

mark registries to embrace non-traditional mark registration, the public outcry for acceptance has been recognized and addressed by international trademark publications and authorities. The International Trademark Association (INTA), for example, has filed *amicus* briefs with the European Court of Justice as well as the United States Supreme Court on three occasions in support of non-traditional mark registration. In addition, the WIPO Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT) has defined a number of areas of convergence where non-traditional marks have already been addressed by WIPO member states to advance the groundwork for non-traditional mark registration as quickly as possible.

Thus, while non-traditional marks continue to grace the public stage, the translation from commerce to trademark registry has yet to be formally established. While the possibilities continue to grow, it may be several years before various flavors of a pet chew toy or an athlete's signature fist pump are as prevalent in registration as fanciful logos and creative taglines.

restrict the subject matter jurisdiction of the federal courts over copyright infringement actions?" The case is expected to be argued in the fall of 2009, and will present the unusual situation where both sides of the original dispute are arguing to the same end—reinstatement of the settlement. The publishers who petitioned for a writ of certiorari would like to see the settlement reinstated so as to avoid the risk of more claimants coming forward, and having to continue to search and remove millions of articles from their databases. For the objectors, a reinstatement would not only mean that Class C claimants will have a chance to collect, but also that they would be able to appeal the approval of the settlement on its merits and argue for greater compensation.

Kindle (continued from page 1)

In considering the issue of fixation the case law surrounding copying can be applied. In a recent case, *Cartoon Network v. CSC Holdings*, 536 F.3d 121 (2nd Cir. 2008), the court held that when just over one second of an audiovisual work, a "buffer," is held on a device such as a remote-storage DVR, the copy is only transitory and does not violate copyright holder's rights. It is important to note that *Cartoon Network* narrowly construed, but was not decided contrary to, the existing doctrine and precedent in *MAI Systems Corp. v. Peak Computer, Inc.* 991 F.2d 511 (9th Cir. 1993). In both cases the courts considered what constituted unlawful copying and whether there was sufficient fixation to bring a copy within the purview of copyright law. The same consideration would be needed if the Kindle controversy were litigated—is text-to-speech "copy" sufficiently fixed or is it merely transitory?

In *MAI*, the court considered whether loading a program into RAM makes a copy of the software that can be restricted by copyright. The Ninth Circuit decided that since such copy could be "perceived, reproduced, or otherwise communicated," the loading of software into RAM created a copy that infringed plaintiff's copyright in the software (In 1998, §117 of the Copyright Act was amended to create an exception allowing copies at issue in the case). In distinguishing this decision in *Cartoon Network*, Second Circuit reasoned that there were two requirements to find the fixation mandated by the statute, not just the single issue of embodiment considered by the Ninth Circuit in *MAI*.

To be "fixed," as defined in the statute, the work must be embodied in a way that is "sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated [the embodiment requirement] for a period of more than transitory duration [the duration

requirement]" (17 U.S.C §101).

Hence, Second Circuit's recent ruling in *Cartoon Network* is not inconsistent with the decision in *MAI*, rather it narrowly construes the prior ruling and distinguishes the facts at issue. The court states that it did not interpret *MAI* decision to stand for the proposition that "as a matter of law, loading a program into RAM always results in copying." In fact, the Second Circuit notes that the court in *MAI* did not consider the duration requirement because it had already been established that the copy at issue was embodied in RAM for "at least several minutes" leaving the question of duration not in dispute (536 F.3d at 128). Because in *Cartoon Network* the transitory nature was in dispute, the court could not be rely on the prior decision in *MAI* in its entirety.

The decision in *Cartoon Network* provides some guidance as to what is not long enough to create a new work or an unlawful copy of an existing work, but it does not set a standard for duration that would make a copy more than a transitory fixation. Such question remains open, and if Kindle's text-to-speech function were considered by a court, it would lend further interpretation to *MAI* and *Cartoon Network* decisions with regard to duration and fixation. However, if the output of the text-to-speech function is also only "transitory" like a DVR buffer, then, consistent with the rule in *Cartoon Network*, no new work is created by Kindle's text-to-speech function, meaning it cannot be found to violate author's copyright.

The definition of what constitutes a derivative work is also not settled. The Ninth Circuit found in *Mirage Editions v. Albuquerque A.R.T. Co.*, that a copyright owner could essentially block any use or display of the copyrighted work (in that case, the transfer of a printed work onto tiles), the Seventh Circuit later found otherwise in *Lee v. A.R.T. Co.* in a highly similar set of

facts. See *Mirage Editions v. Albuquerque A.R.T. Co.*, 856 F.2d. 1341 (9th Cir. 1988), *Lee v. A.R.T. Co.*, 125 F.3d 580 (7th Cir. 1997). While the Seventh Circuit opinion is the more widely accepted result, both precedents have been established.

If Kindle's text-to-speech function does not create a fixed digital recording it may also be relevant to consider whether using the feature to "read aloud" constitutes public performance, which is also controlled by copyright. To be a public performance, the act must to occur in- or be transmitted to a public place, which is anywhere there is a "substantial" number of people beyond one's own family and acquaintances. Hypothetically, Kindle's text-to-speech feature can be easily used for public performance within the meaning of the statute, though the intended purpose of the function is personal convenience—"In the middle of a great book or article but have to jump in the car? Simply turn on Text-to-Speech and listen on the go"—and as we learned from the Sony doctrine and its progeny, the mere fact that new technology has the ability to be used in an infringing manner is not enough to find liability for contributory infringement, provided there is a substantial non-infringing use.

Beyond the assertions of infringement and unlawful creation of a derivative work, one wonders if the Authors Guild's concerns stemmed primarily from the fear of lost audio book sales. Most audio books are read by professional voice-over artists or actors. The performance is a strong part of an audio book experience and allure, one that is not likely to be replaced by the computerized voice of Kindle 2.

In response to the Authors Guild, Amazon has agreed to allow authors to "opt out" of activating the feature on a case-by-case basis, while asserting without equivocation that it firmly believes the text-to-speech function is legal.

Patents (continued from page 1)

The trend shows an acceleration in provisional application filings. Over 130,000 applications have been filed in fiscal year 2007 ending on September 1, 2007, the last full year for which final statistics are available. Through the first five months of fiscal 2009 the pace of provisional application filings has been maintained, with conservative estimates being that about 11,000 provisional applications per month have been filed.

Some significant differences in provisional application requirements are that applications can be filed without claims to obtain a filing date and that the provisional applications are not examined and are not reviewed for substantive matters. The filing date of a provisional application is the date on which a written description of the invention, and drawings if necessary, are received by the USPTO. Since a provisional application expires after pending for a year, the applicant must file a non-provisional application to claim the benefit of the earlier provisional application filing date. If the applicant chooses to not file a US national application, but to file instead a PCT international application, the non-provisional, national phase application need not be filed in the USPTO until 2½ years after the PCT application filing date, which is the same due date as for the non-US filings.

The filing requirements for a provisional application are also not as strict as those for a non-provisional application, and this can mislead lay applicants into thinking that any type of documents or drawings can be filed to hold the date of invention. The general, and wrong, impression is that the provisional patent application filing system allows an applicant to obtain a valid priority filing date quickly and cheaply with minimal or no patent attorney involvement. Applicants have utilized the provisional application as a strategy to delay prosecution and avoid the filing fees

and the time and application-preparation charges necessary for filing a non-provisional application.

The misunderstanding arises when a provisional application is filed with a bare-bones description that is not prepared in the normal manner, as it would be for a non-provisional application. The tactical advantage obtained in the provisional application filing is in the consideration that it is sufficient for providing protection to the applicant once the non-provisional application is filed. However, unless the disclosure of the provisional application is sufficient to enable the later filing of a non-provisional application, there is some danger that the provisional application priority date will not be granted to the non-provisional application and any intervening prior art may result in an impediment to obtaining a patent. There can be a crucial lapse if the applicant has previously made his invention public by a sale or publication in a research paper, since rights in foreign patents may be given up, and subject matter not disclosed in a provisional application will be treated as new matter in a subsequently filed non-provisional application.

Significantly, the practice of patent applicants who file a simple disclosure to obtain a provisional date—and then wait a year to provide a proper disclosure as part of the regular (non-provisional application) filing—has been found wanting by the courts. In *New Railhead Mfg., L.L.C. v. Vermeer Mfg. Co.*, 298 F.3d 1290, 1294 (Fed. Cir. 2002), the Court of Appeals for the Federal Circuit found a patent was not accorded a priority filing date when the provisional application failed to enable the subsequently-filed disclosure.

However, for the non-provisional utility application to be afforded the priority date of the provisional application, the two applications must share at least one common inventor and the

written description of the provisional must adequately support the claims of the non-provisional application:

'An application for patent filed under section 111(a) or section 363 of this title for an invention disclosed in the manner provided by the first paragraph of section 112 of this title in a provisional application filed under section 111(b) of this title, by an inventor or inventors named in the provisional application, shall have the same effect, as to such invention, as though filed on the date of the provisional application filed under section 111(b) of this title, if the [regular non-provisional patent] application... is filed not later than 12 months after the date on which the provisional application was filed and if it contains or is amended to contain a specific reference to the provisional application.' 35 U.S.C. § 119(e)(1).

In other words, the specification of the provisional must 'contain a written description of the invention and the manner and process of making and using it, in such full, clear, concise, and exact terms,' 35 U.S.C. § 112 ¶ 1, to enable an ordinarily skilled artisan to practice the invention claimed in the non-provisional application.

The practice by inventors of filing a provisional patent application with drawings and documents that may not fully enable the invention or the claims as ultimately issued, thinking that it will "cover" their invention, yields an unnecessary risk of having to defend patent-invalidity assertions based on insufficiency of the underlying provisional application that an accused infringer may raise. Inventors are advised to approach the filing and preparation of claims and drawings for a provisional application with this risk in mind.