



The New Community Patent

A Significant Step in the Creation of European Community Patents

By Daniel Ilan and Tim Knipe

After a thirty-year deadlock, the European Council has finally agreed upon a "common political approach" to the introduction of European Community patents. This is a significant step in the creation of a Community patent that would enable companies, through a single application, to protect

their inventions throughout the European Union, which will soon have 25 Member States.

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Currently, there are two ways to obtain patent protection in Europe: (i) through the European Patent Office ("EPO"), or (ii) via national patent offices. Regardless of which path is chosen, national law applies once the patent is granted. This leads to uncertainty and inconsistencies regarding the scope of legal protection, particularly in areas where material differences exist between different national patent laws or between national laws and the policies of

the EPO, such as with regard to software-related inventions. The possibility of obtaining a patent with a unitary character and equal effect throughout Europe may thus encourage investment in such areas. In addition, the costs associated with obtaining the Community patent are expected to be far lower than the current cost of obtaining patent protection for the whole of the European Community.

After a thirty-year deadlock the possibility exists of obtaining a patent with a unitary character and equal effect throughout Europe.

The new system will be run primarily by the EPO, and will have the following four main features:

1. Community patents are expected to begin to be issued in 2008, giving Member States time to implement the necessary legislation.
2. A single, centralized European Patent Court would be created in Luxembourg to settle disputes relating to Community patents, and would pass appeals to the Court of First Instance. (The unified judicial system will not take effect until 2010). As envisaged at present, the European Patent Court

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would have exclusive jurisdiction in all actions for claims of invalidity and infringement. The court is also expected to have the power to order provisional measures and to hear claims for damages.

3. An applicant would have to present a complete application in one of the three official languages of the EPO - English, French or German. However, upon the grant of the patent, applicants would also have to file translations of the claims in all the official languages of the European Union (currently 11, but expected to rise to 21).

4. The cost of obtaining a Community patent would be about €25,000 - about half the cost of obtaining a patent in just eight EU states currently. However, the cost is still over twice as much as in the U.S. or Japan, and an ongoing source of displeasure with many proponents of a strong European Community patent system.

Moseley v. V. Secret Catalogue, Inc.

Supreme Court Holds "Actual Dilution" a Necessary Element of the FTDA

By Mauro Premutico and Moshe Malina

On March 4, 2003, in *Moseley v. V. Secret Catalogue*, 123 S. Ct. 1115 (2003), the United States Supreme Court issued its first major ruling under the Federal Trademark Dilution Act of 1995 ("FTDA"), reversing a grant of summary judgment in favor of the owners of the VICTORIA'S SECRET trademark who had sued to enjoin the use of the name VICTOR'S LITTLE SECRET by a store that sold adult novelty items. The Court held that the FTDA requires proof of "actual dilution" and that the lower courts erroneously had applied the less stringent "likelihood of dilution" standard.

"Whatever difficulties may be entailed, they are not an acceptable reason for dispensing with proof of a statutory violation."

State statutes enacted prior to the FTDA generally provide remedies to owners of famous and distinctive marks for claims arising out of a "likelihood" of "injury to business reputation" and "dilution" of the trademark. The FTDA provides a national remedy if a trademark owner shows that a use "causes dilution" of the distinctive quality of a famous mark. Under the FTDA "dilution" is "the lessening of the capacity of a famous mark to identify and distinguish goods and services."

Prior to the Court's ruling, a split developed in the circuit courts regarding the type of showing necessary to support a claim of dilution under the FTDA, including regarding whether the FTDA requires proof of actual harm from dilution as opposed to a mere likelihood of harm, and whether direct proof (e.g., showing of lost sales or profits, and consumer surveys) is necessary to support a dilution claim.

Contrasting the language used in the state statutes and the FTDA, the Court held that the fact that consumers mentally associate a junior user's mark with a famous mark is not alone sufficient



to establish a claim of dilution under the FTDA, and that a showing of actual dilution is required. However, the Court explicitly rejected a requirement for “direct evidence” holding that actual dilution could be reliably proven through circumstantial evidence. The Court acknowledged the difficulty of proving actual dilution through direct evidence. In light of *Moseley*, a trademark owner desiring to maintain an FTDA claim will need, in the absence of direct evidence establishing actual harm, to carefully design surveys that establish the existence of actual harm rather than a mere likelihood of future harm.

Madrid Protocol Implementation

The Realities of Having a “One-Stop” System

By Jessica G. Weiner

On November 2, 2002, President Bush signed into law the “21st Century Department of Justice Appropriations Authorization Act” which included certain technical amendments to the Patent Act as well as adoption of the Madrid Protocol Implementation Act. The Act amends the Lanham Act to adopt the Madrid Protocol concerning the International Registration of Marks (the “Protocol”), which provides for a “one-stop” system, administered by WIPO, of registering trademarks in 56 Protocol-member countries, including the U.K., China, France, Germany, Italy and Japan.

Although the benefits are numerous, there are a number of pitfalls to international registration.

The Protocol allows trademark owners to file a single “basic” application in their home country, and then designate extension of the application or registration in some or all member countries at a reduced fee. Although the benefits are numerous (e.g., cost, ease of filing, ease of records), there are a number of pitfalls to international registration. US trademark owners should be mindful that, for an initial period, Protocol filings are dependent on the home country trademark filing. Thus, for five years after an international registration issues, that registration is vulnerable if the home country registration is challenged or narrowed. Since the United States Patent and Trademark Office (“USPTO”) often requires a more restrictive identification of goods and services, the corresponding international registration will be so limited, thus individually-filed national applications may provide a US trademark owner with broader protection. Similarly, the requirement that a US trademark owner “actually use” the mark in commerce is not applicable in many Protocol member countries but if the US application has to be amended for non-use in a particular class, such amendment will apply to the international registration in all elected countries. Trademark owners should further be aware that an international registration may generally only be transferred to assignees with a “*bona fide* industrial or commercial establishment” or domicile in, or having the nationality of, a member country.

On March 28, 2003 the USPTO proposed regulations to establish a process of international trademark registration under the Madrid Protocol Implementation Act. Comments on the proposal are due by May 27, 2003 and a public hearing will be held May 30, 2003. The proposal can be found on the USPTO’s website at http://www.uspto.gov/web/trademarks/fr_madrid.htm.

Can Smells Be Registered As Trademarks In Europe?

The European Court Looks at Satisfying the “Graphic Representation” Requirement

By Daniel Ilan

In *Sieckmann v. Deutsches Patent-und Markenamt*, Case C-273/00 judgment of December 12, 2002, the European Court of Justice (Europe’s highest court) considered the question of whether the smell of methyl cinnamate (described as “balsamically fruity with a slight hint of cinnamon”) could be registered as a trademark for various services, including legal services. The European Trade Marks Directive, which harmonizes certain aspects of trademark law in Europe, provides that a trademark may consist of “any signs capable of being represented graphically,” provided that they are also distinctive. This led some trademark offices to allow registration of smells represented by a written description. The European Trademark Office, for example, has allowed the registration of “the smell of fresh cut grass” as a trademark for tennis balls manufactured with such scent (noting that this was a distinct smell which everyone immediately recognized from experience). Similarly, in the U.K., the “strong smell of bitter beer” was registered as a trademark for darts manufactured with such scent.

In its *Sieckmann* judgment, however, the European Court concluded that the “graphic representation” requirement under the Trade Marks Directive could not be satisfied by any of the means used by the applicant. The Court considered that in respect of signs, such as a smells, which are not capable of being perceived visually, the graphic representation must be self-contained, easily accessible, intelligible, clear, durable, unequivocal, and objective. The Court found that those criteria were not met by a description of the smell (not sufficiently clear and objective), a chemical formula (not representing the odor, but the substance and, in any event, not sufficiently intelligible), or the deposit of an odor sample (not “graphic,” and not sufficiently stable or durable). The Court concluded that even a combination of all of the above methods was not sufficient.

Consequently, while smells can be registered as trademarks in the U.S., at least for products which are not olfactory as such (e.g., eau de Cologne, air fresheners), it seems that such protection will not be available in the European Union until new methods of representing smells are developed. Furthermore, the *Sieckmann* judgment might also have implications for cases dealing with other signs that are not capable of being perceived visually, such as sounds. A case concerning an application to register the first nine notes of Beethoven’s *Für Elise* and the crow of a rooster as trademarks for legal services in the field of intellectual property is now pending before the European Court of Justice.

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NEWSWORTHY

Federal Circuit On January 29, 2003, the Federal Circuit issued its opinion in *Rambus, Inc. v. Infineon Techs.* regarding alleged patent infringement by Infineon of Rambus’ patents relating to a computer memory technology known as dynamic random access memory. The Federal Circuit vacated the judgment of non-infringement, as a matter of claim construction, and reversed the denial of a motion to set aside a jury verdict of fraud for Rambus’ failure to disclose the existence of certain patents covering SDRAM technology to the Joint Electron Device Engineering Council (“JEDEC”), a standard setting body of which Rambus was a member, that develops standards for computer memory. In a split decision, the Federal Circuit held that Rambus could not be held liable for failing to disclose its patents covering technology that formed part of the SDRAM standard because JEDEC’s disclosure policies were unclear. Rambus still faces a Federal Trade Commission (“FTC”) complaint, issued on June 18, 2002, alleging anticompetitive acts and practices based upon similar facts as the fraud aspect of the suit. The FTC trial began on April 30, 2003.

For a general discussion of standards setting bodies from a European perspective, see Maurits Dolmans, *Standards for Standards*, 26 *Fordham Int’l L J* 163 (Nov. 2002); Paper for the Joint Department of Justice Antitrust Division/Federal Trade EC Commission hearings on Competition and Intellectual Property Law and Policy in the Knowledge-Based Economy, Session on Comparative Law Topics: Licensing of Intellectual Property in Other Jurisdictions, Washington DC, May 22, 2002.