

JUDGES SPEAK OUT ON IP

On February 4, 2009, the Intellectual Property Committee of the Young Lawyers' Section of the Chicago Bar Association hosted its second annual Judges Panel.¹ The distinguished panel was comprised of four judges from the United States District Court for the Northern District of Illinois: Chief Judge, the Honorable James F. Holderman, the Honorable John F. Grady, the Honorable John W. Darrah and the Honorable Joan Humphrey Lefkow. The judges commented on recent holdings in intellectual property cases, including *Tiffany, Inc. v. eBay, Inc.*² and *Egyptian Goddess, Inc. v. Swisa, Inc.*³, provided practical advice to attorneys and their clients, and reported on the Northern District of Illinois' adoption of patent-specific local rules and potential participation in a pilot program to establish a pool of judges designated to hear patent cases.

Contributory Infringement

The judges discussed *Tiffany, Inc. v. eBay, Inc.*, in which the well-known jeweler sought to hold eBay liable for allowing counterfeit Tiffany merchandise to be sold on the eBay site.⁴ Although Tiffany claimed 95% of the TIFFANY merchandise on eBay was counterfeit⁵, the court found that the real issue was who bears the burden of policing against counterfeit TIFFANY merchandise sold online⁶. After a bench trial, the *Tiffany* court ruled that eBay was not liable for either direct or contributory trademark infringement.

Ultimately, the judges agreed with the Federal Circuit's holding in *Tiffany*. Judge Grady believed that the trademark owner should ultimately bear the burden of policing its mark because it has both the motive and ability to do so. Judge Lefkow added that she believed Tiffany had failed to do its part to police its mark on eBay. Judge Darrah observed that eBay had undertaken substantial efforts to address the problem of counterfeit merchandise, such as developing a system designed to capture listings that contained indicia of counterfeit merchandise and implementing the Verified Rights Owner Program ("VeRo"), a notice-and-takedown system, through which rights owners could request that eBay take down infringing listings. Judges Lefkow and Darrah commented that Tiffany's inability to provide sufficient evidentiary support for its claim that eBay listings containing five or more pieces of TIFFANY jewelry were more likely than not to be counterfeit, harmed its case.

Design Patent Infringement

The judges also discussed *Egyptian Goddess, Inc. v. Swisa, Inc.*⁷, a recent Federal Circuit decision holding that design patent infringement should be determined by comparing the accused item to the patented one from the perspective of the ordinary observer, which should include a "comparison of the claimed and accused designs with prior art."⁸ Prior to *Egyptian Goddess*, the courts had applied a "point of novelty" test, which required that the similarity between the accused and patented product arise from the novel elements distinguishing the patented device from the prior art.⁹ The *Egyptian Goddess* court also relieved district courts from the responsibility of construing design patents.¹⁰

In discussing the application of the "ordinary observer" test, the judges advised that parties must consider the perceptions of the ultimate consumer. Although this may be the "average consumer" in some cases, Judge Holderman cautioned that the perspective of the "average consumer" may not be relevant in cases where the "average consumer" does not encounter the potentially infringing products

in the marketplace. Judge Holderman specifically cited *Arminak & Assocs., Inc. v. Saint-Gobain Calmar, Inc.* as an example of a case where the product at issue (covers for spray bottle nozzles) were not sold to the general public.¹¹ Judge Lefkow observed that in instances where the "ordinary observer," is the "average consumer," a jury serves as the perfect surrogate" for the ordinary observer.

Use of Surveys in Litigation

Discussions on identifying the "ordinary observer" turned to issues of survey evidence and experts. The consensus among the judges was that tangible evidence is generally more persuasive than almost any other type of evidence, including surveys. Judge Darrah specifically cited the case of *Zippo Mfg. Inc. v. Rogers Imports, Inc.*, where the plaintiff introduced as evidence the alleged infringing lighters that had been mistakenly returned to Zippo for repair, as a particularly powerful example of actual confusion.¹² Nonetheless, the judges recognized that experts are sometimes needed to explain the scientific aspects of survey results or the significance of a particular statistic, such as the possibility of confusion in the marketplace. The judges observed that most failed surveys use flawed methodology, lack adequate controls, or exhibit a proven bias. The judges cautioned against allowing the testifying expert to conduct the survey, as this creates a presumption of skewed results.

New Procedures for Patent Cases

Judges Holderman and Darrah discussed the Northern District of Illinois' adoption of patent-specific local rules. Judge Darrah reported that the local rules committee, chaired by the Honorable Judge Matthew Kennelly, anticipates having draft patent local rules published to the bar for comment by May 2009, and hopes to have them formally adopted by the end of the year.

The Northern District of Illinois is also considering participating in a pilot program under which a pool of "designated patent judges" would be established. Cases would still be assigned randomly, as is the current practice, but a judge assigned a patent case could opt to transfer it to the docket of one of the designated patent judges. A bill allowing the federal courts to implement such a program has been introduced in the House of Representatives¹³ and the Senate for review.¹⁴

– Ashly Iacullo and Kristen Knecht

1. Kristen Knecht is the co-chair of the Intellectual Property Committee for the Young Lawyers' Section of the Chicago Bar Association and Ashly Iacullo serves as the vice co-chair. Both Kristen and Ashly are associates at the Firm. Kristen Knecht and Mark Tison, the committee's law school liaison, served as moderators of the Panel.
2. *Tiffany (NJ) Inc. and Tiffany and Company v. eBay, Inc.*, 576 F.Supp.2d 463 (S.D.N.Y. 2008).
3. *Egyptian Goddess, Inc. v. Swisa, Inc. et al*, 543 F.3d 665 (Fed Cir. 2008).
4. *Id.*
5. *Id.* at 482.
6. *Id.* at 469.
7. *Egyptian Goddess*, 543 F.3d 665.
8. *Egyptian Goddess*, 543 F.3d at 678.
9. *Litton Systems, Inc. v. Whirlpool Corp.*, 728 F.2d 1423, 1444 (Fed. Cir. 1984).
10. *Id.* at 679. Judge Holderman supported the elimination of mandatory claim construction of design patents by the district courts, as he believes that, in many instances, the district courts are least suited to do so.
11. *Arminak & Assocs., Inc. v. Saint-Gobain Calmar, Inc.*, 501 F.3d 1314 (Fed. Cir. 2007).
12. *Zippo Mfg. Inc. v. Rogers Imports, Inc.*, 216 F.Supp. 670 (S.D.N.Y. 1963).
13. H.R. 628, 111 Cong. (1st Sess. 2009).
14. 299, 111 Cong. (1st Sess. 2009).

FIRM UPDATE / ANNOUNCEMENTS

IMPORTANT VICTORIES

Brett A. August and **Andrew N. Downer** obtained an award of over \$2 million for Paxar Corporation, a wholly-owned subsidiary of Avery Dennison Corp., in a lawsuit for trademark infringement and unfair competition.

PARTNERSHIP

The Firm is pleased to announce that **Phillip Barengolts** was elected to the Partnership January 1, 2009.

APPOINTMENTS

Brett A. August has been named Co-Chair of the Decisional Law subcommittee of AIPLA's Anti-Counterfeiting and Anti-Piracy Committee.

Phillip Barengolts was appointed Co-Chair of the Famous Marks Doctrine Sub-Committee of the Federal Trademark Legislation Committee (201) of the American Bar Association's Section of Intellectual Property Law. **Phillip** was appointed to serve another term as the Vice Chair of IPLAC's Copyright Committee.

Joseph N. Welch II was appointed to the Special Committee on Legislation for the American Intellectual Property Law Association. **Joe** was re-elected President of the Chicago Intellectual Property Alliance for a second term.

HONORS

Jonathan S. Jennings, **Mark V.B. Partridge** and **Joseph N. Welch** were nominated by their peers to be Fellows of the American Bar Foundation, an honor limited to one-third of one percent of the lawyers in America. **David C. Hilliard** and **Robert N. Newbury** are also Fellows of the American Bar Foundation.

The International Who's Who of Trademark Lawyers 2009 selected **Raymond I. Geraldson, Jr.**, **David C. Hilliard**, **Jeremiah D. McAuliffe**, **Mark V. B. Partridge**, **Robert W. Sacoff** and **Joseph N. Welch II** as Leading Trademark Attorneys in the World.

Law & Politics selected **Brett A. August**, **David C. Hilliard**, **Raymond I. Geraldson, Jr.**, **Jonathan S. Jennings**, **Mark V. B. Partridge**, **Robert W. Sacoff** and **Joseph N. Welch II** as Illinois 2009 "Super Lawyers." Law & Politics selected **Jared D. Solovay** as an Illinois 2009 "Rising Star" and **David C. Hilliard** as one of the Top 100 Illinois Super Lawyers.

Brett A. August, **David C. Hilliard**, **Jonathan S. Jennings**, **Raymond I. Geraldson, Jr.**, **Robert M. Newbury**, **Mark V.B. Partridge**, **Robert W. Sacoff**, **Joseph N. Welch II**, were named Leading Lawyers in Intellectual Property by *Leading Lawyers Network Magazine*. **Raymond I. Geraldson, Jr.** continues to serve on the Leading Lawyers advisory board in 2009.

PRESENTATIONS

Phillip Barengolts and **Jonathan S. Jennings** will be speaking at the Petroleum Marketing Attorneys' Meeting on March 23, 2009, in Washington, D.C. on "Trademark Issues related to the 2007 PMPA Amendment."

Bradley L. Cohn spoke on "Developments in Trademark Law" at the Illinois Institute for Continuing Legal Education Intellectual Property Short Course, December 11, 2008, in Chicago, Illinois.

Mark V.B. Partridge spoke on December 11, 2008, at the Illinois Institute for Continuing Legal Education, Chicago, Illinois, on "Famous Marks, Distinctiveness and the Internet." On January 13, 2009, **Mark** delivered a presentation entitled "Avoid Jail and Other Legal Problems" at the Professional Convention Management Association, Annual Meeting, in New Orleans, Louisiana. He spoke at The John Marshall Annual Intellectual Property Law Conference on February 27, 2009, in Chicago, Illinois, on "The Top 10 Trademark Law Developments of 2008."

Belinda J. Scrimenti gave a presentation on December 9, 2008, about IP issues facing associations, entitled "Your Association is a Brand - Protect it Like One: Hot Topics on Protection of Trade and Professional Association Intellectual Property Rights," to the Chicago Bar Association Trade & Professional Associations Law Committee.

Teresa D. Tambolas gave a presentation entitled "Design Patent Basics" at the Chicago Bar Association's Young Lawyers Division, Intellectual Property Committee on January 7, 2009.

PUBLICATIONS

The Fourth Edition of the Trademarks and Unfair Competition Deskbook, a single volume treatise authored by **David C. Hilliard**, **Joseph N. Welch II** and **Janet A. Marvel**, will be published in the Spring and introduced at the May, 2009 INTA meeting in Seattle.

Mark V.B. Partridge's article, "Copyrights and Wrongs: How to Avoid Committing Copyright Infringement When Creating Training Materials" was published in the Society for Human Resource Management's *HR Magazine* in the November 2008 issue. **Mark's** book, *Alternative Dispute Resolution: An Essential Competency for Lawyers*, will be published by Oxford University Press in May 2009.

Sanjiv D. Sarwate contributed the chapter on Illinois trademark law for the 2009 edition of INTA's *State Trademark and Unfair Competition Law* treatise.

TEACHING

Bradley L. Cohn and **Teresa D. Tambolas** are teaching "Advanced Legal Writing: Trademarks," at DePaul University College of Law.

Jonathan S. Jennings is teaching a three credit hour Right of Publicity and Privacy course at The John Marshall Law School.

Mark V.B. Partridge is teaching "Trademark Transactions," an LLM course at The John Marshall Law School focusing on corporate trademarks.

OTHER PROFESSIONAL SERVICE ACTIVITIES

Jonathan S. Jennings helped to prepare John Marshall law students for the Saul Lefkowitz Moot Court Competition.

Robert W. Sacoff moderated an INTA Roundtable discussion on the subject of trademark use and related issues at the Firm on February 26, 2009.

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