

Association of National Advertisers Forms Coalition to Oppose ICANN's gTLD Program

Association of National Advertisers (ANA), an industry group that seeks to protect the interests of advertisers and consumers, has formed the Coalition for Responsible Internet Domain Oversight (CRIDO) to oppose ICANN's plans to allow registrations of new top-level domain expansions. To date, 93 companies and industry groups, representing some 90 percent of global marketing communications spending (equivalent to

\$700 billion annually), according to ANA, have joined the coalition. On November 10, 2011, CRIDO sent a petition to the U.S. Department of Commerce, expressing its concern over ICANN's gTLD plans, and calling on the Department of Commerce to persuade ICANN to postpone the opening of the gTLD application window currently scheduled to open on January 12, 2012.

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The Supreme Court of the United Kingdom Interprets "Industrial Application" Requirement for Patentability

In its second intellectual property decision, the Supreme Court of the United Kingdom (SC UK), which superseded the House of Lords as the court of last resort, interpreted the "industrial application" requirement for patentability found in European Patent Convention Articles 52 and 57, which is akin to the utility requirement in U.S. patent law. In *Human Genome Sciences v. Eli Lilly*, SC UK interpreted requirement that an invention be "susceptible of industrial application" as a condition for patentability and determined that a

patent description must include a showing of a particular use for the claimed subject matter rather than a showing the claimed subject matter had plausibly shown to be usable. This standard is less stringent than the Section 101 utility requirement which requires inventions to be new and useful as a prerequisite for patentability.

The dispute concerned HGS's granted European Patent covering the encoding nucleotide, the amino acid sequence, and

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In re Country Music Association, Inc.

In this precedential opinion, the Trademark Trial and Appeal Board (the Board) reversed the Examiner's final refusal of Country Music Association, Inc.'s mark, COUNTRY MUSIC ASSOCIATION, on the basis that it is generic and therefore cannot serve to distinguish the applicant's services. In holding for the applicant, the Board decided that the mark was not generic, and also that it was suitable for

registration because it had acquired distinctiveness through applicant's extensive use.

The first issue was whether applicant's marks, COUNTRY MUSIC ASSOCIATION and COUNTRY MUSIC ASSOCIATION and Device, were merely generic and therefore not available for registra-

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Online Rights Management Offers Alternative to Traditional Music Publishing Agreements

TuneCore Inc. announced this month that it will be offering global music publishing services via its Songwriter Publishing Administration Service, joining other companies such as Songtrust, TuneSat and RightsFlow's Limelight, seeking to

provide online rights management to the music industry. The company, launched in 2005, began as an online distributor of recorded music to online services, such as iTunes, Spotify and Rhapsody, world-

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What Happens When Someone Else Gets In Trouble? The Impact of Coexistence on Goodwill.

Recently, a child sex abuse scandal of horrific proportion has unfolded in Pennsylvania and shaken Penn State University and its football program to the core. Penn State's President was dismissed and its iconic football coach fired. The scandal has raised questions about many things, including what role athletics should play in higher education and what role coaches should play in athletics.

At the center of this is Jerry Sandusky, a former Penn State coach who allegedly sexually abused a number of minors. It is further alleged that Sandusky met many of these minors through a charity for at-risk children called The Second Mile. Sandusky formed The Second Mile in 1977. The abuse scandal has also shaken up management of this charitable organization, culminating in the resignation of the group's CEO who has held the position the past 28 years. The nature of the scandal, Sandusky's ties to The Second Mile and the former CEO's ties to Sandusky have thrown The Second Mile into a bad light and it has received a fair amount of public backlash.

In Philadelphia there is a thrift store called The Second Mile Center. The single location thrift shop was founded over thirty years ago and provides jobs, skills training and peer support for ex-convicts as they reintegrate into the workforce. As a small charitable organization, The Second Mile Center relies on contributions of cash and donations of salable second-hand items from individuals to fund its operations and stock its store. The Second Mile Center is not related or affiliated in any way with the at-risk youth group The Second Mile, other than similarity in name. For thirty years, both The Second Mile Center and The Second Mile have coexisted without any issue.

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“Industrial Application” Requirement (continued from page 1)

certain antibodies, of a novel human protein, which HGS called Neutrokine- α . The specification disclosed contentions as to biological properties and therapeutic applications based on the assertion that the Neutrokine- α protein is a new member of the Tumor Necrosis Factor (TNF) ligand superfamily of proteins. However, at the time the patent application was filed, there was no supporting data for such uses from in vitro or in vivo studies.

After an opposition filed by Lilly at the European Patent Office and a simultaneously initiated cancellation proceeding and appeal in the U.K. national court system, the dispute reached SC UK with the central inquiry being whether HGS’s patent satisfied the EPC’s and the U.K.’s version of the U.S. utility doctrine, namely Articles 52 and 57 of the EPC. Article 52 requires that an invention be “susceptible of industrial application” as a requirement for patent and Article 57 goes on to state that an invention would be susceptible of industrial application “if it can be made or used in any kind of industry, including agriculture.” The Technical Board of Appeal at the EPO (“the Board”) determined that “the description of [HGS’s patent] delivers sufficient technical information ... to satisfy the requirement of disclosing the nature and purpose of the invention and how it can be used in industrial practice.” In contrast, the trial court judge revoked the patent on the ground that the “functions” of Neutrokine- α “were, at best, a matter of expectation and then at far too high a

level of generality to constitute a sound or concrete basis for anything except a research project.” HGS unsuccessfully appealed to the Court of Appeal.

The SC UK’s decision was guided by its desire for uniformity in interpretation and application EPC Articles 52 and 57 between the EPO and national courts and determined that the national courts had set the “hurdle for patentability too high” and adopted the reasoning and conclusion of the Board. In doing so, SC UK described the test for industrial applicability as “looking for a description that showed a particular use for the product had been demonstrated rather than the product had plausibly shown to be usable.” The HGS patent satisfied EPC Articles 52 and 57 because the protein member of the TNF ligand superfamily and all members of that family have been associated with important biologic activity, and therefore the patented protection would be expected to have a similar function.

In an attempt to harmonize interpretation of EPC Articles 52 and 57 with U.S. patent law, SC UK did consider the U.S. cases of *Brenner v. Manson* (S.Ct. 1966) and *In re Fisher* (Fed. Cir. 2005). The teachings of these decisions were not relied upon as SC UK determined that EPC Articles 52 and 57 included certain precise requirements that would not have been accounted for in U.S. jurisprudence.

—Sean S. Swidler

gTLD Program (continued from page 1)

Among CRIDO members are 47 associations, including the Grocery Manufacturers Association, the National Association of Manufacturers, the American Society of Association Executives, the National Restaurant Association, the Intellectual Property Owners Association, the American Council of Life Insurers, the U.S.

Chamber of Commerce and the World Federation of Advertisers. Among the 46 member companies are Adidas, Coca-Cola, ConAgra Foods, Ford, General Electric, Hewlett-Packard, Kraft Foods, Procter & Gamble, Reebok, Samsung, Toyota and Wal-Mart.

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Coexistence (continued from page 1)

Since the Penn State scandal broke, The Second Mile Center in Philadelphia has seen a significant drop in donations, contributions and customers. According to some estimates, this drop has been greater than 30%, which is not insignificant to a small charitable organization. In addition, The Second Mile Center has received phone calls, letters and emails from people outraged about the Sandusky scandal, who have confused it with The Second Mile youth organization. In an attempt to dispel some of the confusion, The Second Mile Center has put up signs in its store disclaiming any relationship to The Second Mile and the Sandusky scandal, as well as to try to explain that to callers. This confusion and public outrage has dealt a devastating blow to The Second Mile Center’s goodwill and has disrupted operations, since workers must now spend time explaining the absence of a relation to The Second Mile. The public confusion has also impacted the people who work at The Second Mile Center, who are people trying to put their lives back on track and now must also disclaim any relation to the other Second Mile organization.

At present, it does not seem that The Second Mile Center has any immediate plans to change its name to distance itself from the scandal and confusion surrounding same. Thirty years is a long time to use a name and a lot of goodwill can grow in that time. Still, that The Second Mile Center has been confused with another organization in the middle of a scandal that is not going to quietly go away has serious implications. Whether The Second Mile Center can weather the PR storm and overcome any impact and damage to its goodwill remains to be seen, but clearly shows that negative press, even involving a completely unrelated organization can cause serious problems when the names are nearly identical.

—Mark A. Nields

Country Music (continued from page 1)

tion. In order for a mark to be considered generic, it must merely refer to a particular genus of services and must be recognized by the relevant public to merely refer to that genus of services. The Examiner has the burden of proof by clear evidence that a mark is generic. The two cases involving the applicant's marks were consolidated for this appeal.

The Examiner claimed that the relevant genus was "association services related to country music." The applicant countered that this genus was too narrow, and would thus require a refusal for any mark covering a particular type of association. The applicant then countered by stating that the genus was merely the broad category of "association services." After hearing arguments, the Board decided the genus was "association services, namely, promoting country music, and promoting the interests of country music entertainers and the country music recording industry," which tracked the applicant's recitation of services in both applications. It is noteworthy that the applicant prevailed in this case despite the fact that the genus of services decided by the Board was in fact quite narrow.

The Board next determined whether the marks in question merely referred to the entire genus of the covered services, as seen by the relevant public. In making this inquiry, the Board decided, with the agreement of the Examiner and the applicant, that the relevant public consisted of "people that listen to and/or are in some way involved with country music." The Board weighed evidence presented by the Examiner that cited numerous other "Country Music Associations," as found on the internet, to show that the words "Country Music Association" merely referred to the whole category of the services in question. The Board rejected the Examiner's evidence and decided that because these associations' websites received no more

than a few thousand regular visitors and the applicant's received millions, that the phrase was not generic based on the numbers of country music associations alone. In addition, the Board found that most, if not all, organizations that used the phrase "Country Music Association" in their name did so using initial capitalization form, indicating some kind of brand or trademark use. This usage was confirmed by a language expert called by the applicant. The Expert noted that almost 99% of the time the words "Country Music Association" were used in articles related to the industry, the phrase was presented in initial capitalization form. Most of these uses, including the earliest one, referred to the applicant.

The next, and perhaps most persuasive, piece of evidence presented by the applicant was a "Teflon" type survey, indicating that 85% of respondents viewed "Country Music Association" as a trademark. In the survey, respondents were asked to identify various phrases and brand names as either proprietary or generic. The Board found the study persuasive, as it showed that the respondents possessed the consistent ability not just to identify the applicant's marks as proprietary, but to differentiate between other generic terms and brand names as well.

The Board next turned to whether the mark created enough secondary meaning in the minds of consumers to overcome its descriptive quality. Because the application was filed under Section 2(f), the applicant was effectively conceding that the mark was descriptive, with the only remaining question being whether it had secondary meaning. This was an easy decision for the Board because the Examiner had not argued this point in his brief. Because the Examiner focused solely on whether the mark was generic, arguing that no amount of secondary meaning could cause a generic trademark to be registered, he effectively con-

ceded the point. Because the applicant was able to show a considerable amount of uncontested evidence to show secondary meaning in the minds of consumers, given the fame and level of promotion of the mark, the Board accepted the applicant's position and agreed to register the mark, albeit with a disclaimer of the word "Association."

This ruling sheds some light on how the Board views a common practice, namely using the word "Association" in a trademark in initial capitalization form. The Board even acknowledged the prevalence of this practice, noting that many registered marks include the generic word "Association," even though it almost always has to be disclaimed. One possible result of this ruling is that companies or organizations that use the word "Association" in their marks, even if surrounded by descriptive words, will have a reasonably high chance of obtaining a registration if their marks are highly promoted.

—Daniel Lano

gTLD Program (continued from page 2)

CRIDO is opposed to the proposed ICANN new gTLD program which would allow applicants to claim virtually any word and trademark as a top-level domain. The coalition argues that through this program, ICANN puts substantial pressure on brand owners at every level of business including small businesses, consumers, NGOs, charities and foundations to defensively buy and protect new top level domains. It calls ICANN's justification for the expansion "deeply flawed," citing excessive cost and harm to brand owners, likelihood of predatory cyber harm to consumers and ICANN's failure to act in the public interest, which ICANN is required to do as part of its commitment to the U.S. Department of Commerce.

CRIDO's opposition to the new gTLD pro-

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gTLD Program *(continued from page 3)*

gram reflects the attitude of many brand owners who are understandably worried about the escalating costs of safeguarding their brands and see no upside in the proposed internet expansion. Whether CRIDO and its petition will have any effect on ICANN's plans remains to be seen, but seems unlikely. The demand to delay the application period until such time as ICANN "convincingly demonstrates" that the benefits of the internet expansion will exceed the costs it would impose on the global internet community, may not be timely with six plus years of policy development already behind and the scheduled launch being only two months away.

—Dmitriy O. Makarov

Music Publishing *(continued from page 1)*

wide. Its aim, like the others, is to make it easier for independent artists to get music out to the public and to provide an alternative to more traditional methods and arrangements for collecting royalties.

These new online distribution and rights management services are different in that they provide distribution without claiming rights to the music being distributed, as opposed to traditional publishing agreements with record labels. With TuneCore's distribution service, artists pay a per-song or per-album fee, and receive all royalties and retain all rights. The company's new "songwriter publishing administration service" seeks to aid artists in collecting royalties as well. Currently, to utilize the service, an artist must already be a client of the distribution service. The service will register all of its clients' songs with the various Performance Rights Organizations ("PROs") which are already in place to collect royalties on behalf of songwriters, and then work with these PROs to ensure royalties are collected, and paid to its artists. In exchange for utilizing the service, artists will pay 10% of any royalties gathered over to TuneCore, retain-

ing the remaining 90%. If no royalties are gathered, TuneCore does not receive any share. There are no advances against future royalties (as is typical in traditional publishing agreements), and the songwriter would be able to opt out at any time. This ability to opt out is very different from typical publishing agreements, which are generally exclusive deals with a term of five to ten years, or more.

The TuneCore service is just one of many recent online music distribution and rights management ventures that have cropped up. SongTrust also launched a music publishing/royalty tracking service in March 2011. TuneSat also recently launched an audio monitoring service to assist music copyright owners in tracking unauthorized use and collecting royalties. Finally, Harry Fox Agency and RightsFlow have both launched services to enable online song licensing.

Online rights management services such as these have the potential to simplify artists' dealings with music publishing industry. First, by ensuring artist and song registration with the various PROs, these services may assist in avoiding a loss of lesser-known and independent artist royalties to the elusive "Black Box." Many songwriters and recording artists do not know that they are owed royalties, much less where to collect them. Moreover, many PROs do not know who owns songs and thus who to pay. If royalties are not paid out and also not claimed by the songwriter, they are streamed into the music industry "Black Box," which refers to the millions of dollars in unclaimed royalties lost every year due to an inability to identify the rights holder. While most PROs have a six year grace period to claim royalties, after that the unclaimed royalties fall into the "Black Box." A portion of this pooled income is periodically distributed to publishers in the applicable territory. PROs based in the United States pay out to major U.S. publishers, typically

the big record labels such as Universal and Sony; and foreign PROs pay out to the major publishers in their relevant territories. These unclaimed funds, however, never get paid to actual songwriters. So, if a songwriter is not represented by a separate publisher, he or she may never see any of these funds. Online rights management services may alleviate this disconnect by ensuring songs are registered with the appropriate PROs and ensuring that any royalties due are collected in the U.S. and worldwide, on behalf of all its songwriters, whether well-known or not.

These new services also provide an alternative for unsigned artists to profit from their work by offering arrangements on terms different from traditional publishing agreements. Traditionally, if lucky, an artist would sign on to a publishing agreement with a major record label which, in exchange for assigning all copyrights to the music covered by the agreement, would exploit the music and seek out licensing and performance opportunities for the artist. Under these traditional agreements, when the artist receives royalties for each time a recording of its song is played or sold, these funds are split with the publisher (record label), typically 50-50, if, that is, the artist has recouped all of the expenses for making the album under the recording contract. If these expenses have not been recouped, then the artist's share of royalties goes to the label as well. The songwriter (could be the same as the recording artist or not) gets its own mechanical royalty for use of the actual song. While this rate is set by U.S. copyright law, currently at 9.1 cents per play/sale, it is not uncommon for labels to negotiate to pay less than the full statutory rate. The new online rights management services, however, offer an avenue for un-signed artists to get their music out to the public while retaining more royalties, and without having to recoup any advances or deal with any exclusivity.

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On the other hand, many criticize these new services for providing assistance to artists on a more limited basis than provided by a traditional publishing agreement which also covers marketing, management, touring and recording costs. While this is true, the new services at least provide an alternative for an artist who has otherwise been unable to get

a record deal or who does not care for one. Further, artists are increasingly finding ways to handle these aspects themselves via social media and coordinating sponsorship, and public service ventures are increasingly popping up, such as the Converse Rubber Tracks Studio in Brooklyn which allows artists free studio time. While the new online rights management

services being offered by companies like TuneCore, Songtrust, and others, are not going to replace all need for publishers, they do have the potential to make the music industry more accessible and transparent for lesser-known and independent artists.

—Carlynn Ferguson Davis