

# PIPLA NEWS

*The official newsletter of the Pittsburgh Intellectual Property Law Association*

## THE THEORY OF CONTRIBUTORY LIABILITY FOR TRADEMARK DILUTION

Sumeer Kakar – University of Pittsburgh 2L

“Although courts have discussed contributory dilution, no appellate court or statute has yet established [contributory dilution’s] cause of action.” *Lockheed Martin Corp. v. NSI*, 194 F.3d 980, 986 (9th Cir. 1999) (see also *Google Inc., v. American Blind*, 2005 WL 832398 (N.D.Cal. 2005)). The dearth of authority addressing contributory dilution allows for a favorable construction of a contributory dilution claim under federal dilution laws. McCarthy on Trademark & Unfair Competition § 24:133 (4th ed.). The changing landscape of federal dilution law, in light of the 2006 Trademark Dilution Revision Act, increases the potential for the recognition of a contributory dilution claim.

Conversely, some scholars believe that contributory dilution has no place in trademark law, labeling the idea as “the most pernicious concept ever to come out of trademark theory.” Mark Lemley, *Modern Lanham Act & Death of Common Sense*, 108 Yale L.J 1687, 1699 (1999).

There is no solid reason to reject the theory of vicarious liability for dilution under trademark law. John T. Cross, *Contributory and Vicarious Liability for Trademark Dilution*, 80 L. Rev. 625, 642 (2001). As noted below, “courts apply principles of vicarious liability in intellectual property cases because intellectual property rights are basically tort-like in nature.” *Id.* Congress overtly gave patent law the right to find contributory liability; however, neither the Copyright nor Lanham Acts directly provide provisions for contributory liability. *Id.* at 636. “[C]ourts have construed both [acts] to [allow vicarious] liability on certain controlling and contributing parties in infringement actions.” *Id.* Similarly, there is no reason why courts cannot carve out a contributory theory for the “new kid on the block:” dilution.

Courts have already put forth a skeletal standard for contributory dilution. For instance, the dictum in *Ringling Bros. v. Utah Division of Travel Development* addresses the potential for contributory dilution by stating that “the defendant must have either induced another’s conduct or continued to supply a product after” they knew, or should have known, “that it was being used to dilute” a mark. 170 F.3d 449, 465 (4th Cir. 1999). Additionally, the court in *Lockheed* acknowledges the potential for a contributory dilution claim where the concept of “contributory” is transplanted from *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.* 456 U.S. 844, 854 (1982).

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The United States Supreme Court uses *Inwood* to establish the “judicially constructed doctrine” of contributory trademark infringement. *Tiffany Inc. v. eBay, Inc.*, 576 F.Supp.2d 463 (S.D.N.Y. 2008). The standard established in *Inwood* is two-pronged: contributory infringement arises when (1) “a manufacturer . . . intentionally induces another to infringe a trademark”, or when (2) “a manufacturer . . . continues to supply its product” after knowing, or “ha[ving] reason to know,” that the product is being used for trademark infringement. 456 U.S. at 854.

Courts have expanded the contributory infringement standard to define an infringing

“product” as the defendant’s “direct control and monitoring of the instrumentality used by third party to infringe” the mark. *Lockheed*, 194 F.3d at 984. Courts also state that the knowledge requirement for contributory infringement is specific; “generalized knowledge is insufficient” to establish contributory liability. *eBay*, 576 F.Supp.2d 463. Expansion of the Supreme Court’s doctrine of contributory infringement demonstrates the flexibility within trademark law to introduce potentially favorable legal arguments, such as contributory dilution, that derive from existing contributory liability theories not only in trademark law, but intellectual property as a whole.

Intellectual property case law dealing with contributory liability shows that courts are open to implementing legal arguments that borrow from related areas of intellectual property law. *Sony Corp. v. Universal Studios*, 464 U.S. 417 (1984). In *Sony*, the Supreme Court addresses a copyright case by using concepts of contributory liability for infringement from patent law statutes. *Id.* The court in *Sony* held that VCR’s provided “substantial non-infringing use,” therefore, the manufacturers of VCR’s were not contributorily liable for copyright infringement. *Id.* Even though the court in *Sony* declined to find a kinship between copyright and trademark law, *Sony* shows that case law permits the developing of indirect liability theories through reliance on related and established intellectual property theories of contributory liability. *Id.*

John Cross’s academic publication streamlines the legal history of contributory liability in intellectual property to suggest the potential contributory dilution liability in trademark law; and how such a theory can be derived from the history of contributory liability in intellectual property law. *Contributory and Vicarious Liability for Trademark Dilution*, 80 L. Rev. 625, 643 (2001). Mr. Cross’s scholarly work concludes that:

First, a defendant who specifically orders or directs someone under his legal control to use a mark is liable for any resulting dilution. In addition to employers and principals, franchisors might be subject to vicarious liability under this standard. Second, joint tortfeasors should be vicariously liable for all acts of dilution contemplated by the parties in their

agreement. Third, an employer should be vicariously liable for acts of her employees to the full extent contemplated by the Second Restatement of Agency. Finally, principals should be liable for acts of their agents performed in furtherance of the agency agreement and from which the principal derives a direct benefit. *Id.*

In light of previous scholarly and case law flirtation with the concept of contributory dilution: the distilled legal elements of a potential contributory dilution claim will probably parallel the elements of contributory infringement established in *Inwood*. 456 U.S. at 854. Courts may accept the legal argument that contributory liability is imposed upon manufacturers who (1) induces a third party to commit dilution, or (2) manufacturers who continue to provide the product after realizing, or having reason to know, that the product is being used for diluting purposes.

While currently contributory dilution is not a viable option for dilution victims in trademark law, it is only a matter of time and legal opportunity till courts impose a standard of vicarious liability for dilutors, as they previously have for infringers. For a thorough understanding of the theory of contributory dilution in trademark law, the legal history of contributory liability in intellectual property law, the intermingling of legal ideas between the sub-sections of intellectual property law, and the probable judicial development of liability for contributory dilutors, please consult John Cross’s article titled *Contributory and Vicarious Liability for Trademark Dilution*. 80 L. Rev. 625 (2001).

#### **JUDGE NORA BARRY FISCHER TO SPEAK AT MARCH PIPLA DINNER**

The Honorable Nora Barry Fischer will headline a panel discussion on alternative dispute resolution in the Western District of Pennsylvania as well as other methods for early case assessment and resolution at the March PIPLA dinner/meeting. The panel will also include John W. McIlvaine of the Webb Law Firm, who has worked on the local patent rules committee to draft a state-of-the-art set of rules and procedures for the conduct of patent litigation in the Western District.

Judge Fischer was sworn in as a District Judge in the Western District of Pennsylvania in April 2007. Previously, Judge Fischer was a partner in two Pittsburgh law firms: Pietragallo, Bosick, and Gordon; and Meyer Darragh. She is also a Fellow of the American College of Trial Lawyers. Ms. Fischer's private practice included products liability including toxic tort litigation; insurance and bad faith litigation; and alternative dispute resolution. She represented General Electric in both toxic tort and products liability cases for more than 20 years. Ms. Fischer is a trained mediator, and is also a former Dalkon Shield Referee. As Special Master, Court of Common Pleas, Allegheny County, she handled conciliations, non-jury, and jury trials by consent of the parties. She also served as a mediator, Adjunct Settlement Judge, and Arbitrator, District Court for the Western District of Pennsylvania; and as a mediator through the West Virginia State Bar Association. Ms. Fischer received her law degree from Notre Dame Law School and is a magna cum laude graduate of Saint Mary's College.

In the spring of 2004, Ms. Fischer was honored by the Pennsylvania Bar Association for her work as a co-chair of the Task Force on Health Care Delivery in the Commonwealth of Pennsylvania. In addition, Ms. Fischer is the recipient of the 2001 Anne X. Alpern Award, which was conferred on her by the PBA Commission on Women in the Profession. She is also a Past President of the Academy of Trial Lawyers of Allegheny County and a member of the Executive Women's Council of Pittsburgh. Recent seminar appearances include presentations on Taking and Defending Depositions and Proving Damages in Personal Injury and Death Cases for PBI.

John W. McIlvaine III is an Intellectual Property attorney with extensive experience in patent procurement, patent enforcement, trademark registration, trademark enforcement, licensing and litigation. His practice involves a substantial amount of international intellectual property law, and he counsels a wide range of clients – from individual inventors to Fortune 500 companies. Mr. McIlvaine is actively involved with IP programs and initiatives, sharing expertise as a community leader, educator and author. He is a certified arbitrator and an Approved Early Neutral Evaluator for Intellectual Property cases pending in the U.S. District Court for the Western District of Pennsylvania. He has

served as a patent-law expert witness in litigation matters and is co-chair of the local court's IP Advisory Committee.

The March dinner will be held on March 18<sup>th</sup> at the Engineer's Club, with cocktails at 5:00 and dinner beginning at 5:45. Reservations may be made with Nora Ann Pastrick at [NPastrick@WebbLaw.com](mailto:NPastrick@WebbLaw.com).

### **ARTICLE ONE PARTNERS LAUNCHES NEW GLOBAL ONLINE COMMUNITY**

**Article One Posts \$1 Million in Prizes, Inviting Members to Share Knowledge for Financial Reward**

[www.articleonepartners.com](http://www.articleonepartners.com)

On November 17<sup>th</sup>, 2008, Article One Partners, LLC launched as a new global community to legitimize the validity of patents. Community members – who Article One calls Advisors – have an opportunity to send in previously hard to find evidence of validity for high profile patents. By tapping the unique knowledge and referral networks of their Advisors, this publicly available evidence known as prior art can be discovered.

Article One analyzes the prior art to determine whether it can show patents to be legitimized or invalid. If Article One forms an opinion that patents are invalid, Advisors earn up to U.S. \$50,000, with \$1,000,000 total being offered for launch. Advisors who actively build the community also earn premium compensation in Article One's Profit Sharing Plan of about five percent (5%) of the company's net annual profit.

Article One recently named the winner of one of its first awards to Ricky Roberson, an Alabama based aerospace engineer who read about Article One and was interested in their offer of \$50,000 for invalidating prior art.

Roberson focused on Pat. No. 6,784,873 which covers a touch screen personal navigation device. The '843 case is important because the patentee (SPT) has accused Garmin of infringement. Roberson primarily used Google Scholar & Google Patents to search for prior art patents. He had never worked with patents before, but also found the WIPO, EPO, & JPO search engines useful.

In the end, Article One awarded two winners: Roberson's submission (WO 91/12578 A1) and an anonymous contribution of a 1998 Microsoft CE programming guide. Roberson will receive \$35,000 and the anonymous contributor will receive \$15,000.

### PTO BITS AND BITES

#### PTO DEFERRED EXAMINATION ROUNDTABLE VIDEO AND EXTENDED COMMENT PERIOD

On February 12, the USPTO hosted a roundtable discussion on the subject of deferred examination with the goal of obtaining public input on the practice from diverse sources and differing view points. Participants include representatives from the American Intellectual Property Law Association (AIPLA), the Intellectual Property Owners Association (IPO), the U.S. Chamber of Commerce, the American Bar Association (ABA) and the Biotechnology Industry Organization (BIO), as well as members of academia and numerous IP attorneys. Members of the public were also invited to attend and participate. The roundtable was moderated by John Whealan, Associate Dean for Intellectual Property Law Studies, The George Washington University Law School.

Video of the roundtable discussion is posted on the USPTO website. The period for submitting written comments on deferred examination has been extended to May 29<sup>th</sup>.

#### NOMINEES SOUGHT FOR NATIONAL MEDAL OF TECHNOLOGY AND INNOVATION

The United States Patent and Trademark Office (USPTO) is seeking nominations for the nation's highest honor for technological achievement. The USPTO administers the NMTI program on behalf of the Secretary of Commerce. The deadline for nominations is May 29, 2009.

The nominations can be made for an individual, a team of up to four individuals, a company or a division of a company. The honorees are chosen for their outstanding contributions to the nation's economic, environmental and social well-being through the development and commercialization of technological products, processes and concepts; technological innovation; and development of the country's technological manpower.

Further details of the nominating process may be found on at [www.uspto.gov](http://www.uspto.gov).

### THE CUTTING EDGE

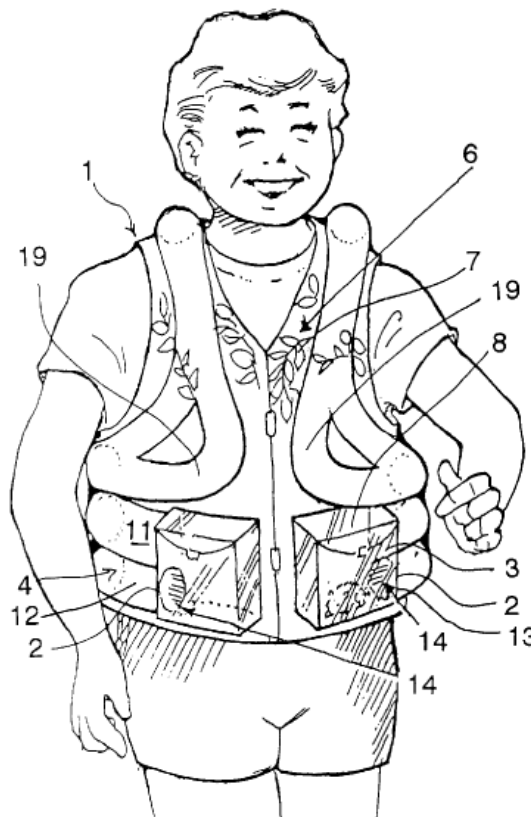
*In The Cutting Edge, we break down the best of the best pending patent applications and recent patent grants to give you a preview of the next great invention that is coming soon to your neighborhood. For example...*

#### Pet Display Clothing

(U.S. Patent No. 5,901,666)

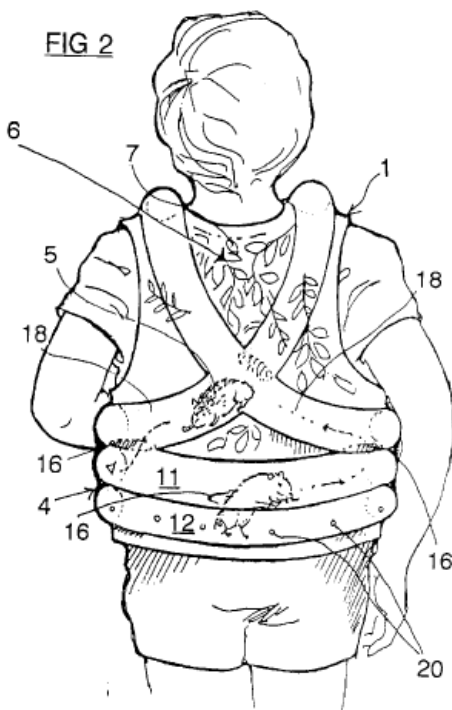
I think I could turn and live with animals,  
they are so placid and self-contained,  
I stand and look at them long and long.  
~ Walt Whitman

If only Walt could have hung on another 105 years, he most certainly would have been a first adopter of U.S. Patent number 5,901,666, to Brice Belisle, on Pet Display Clothing, or as some have referred to it, the Gerbil Shirt.



The pet display vest 1 incorporates a pair of front, waist level pockets 2 forming animal receiving

chambers 3 which communicate with a system of enclosed, animal receiving passageways 4 which encircle the waist areas and extend up and across the chest and back areas and over the shoulder areas defining a tortuous, labyrinthine crawl path for rodent like pets 5. The entire vest is made from a soft, clear, plastic materials such as vinyl so that, when the vest is worn it can conform to the shape of a wearer's torso and the pets 5 can be observed by a spectator both when in the chambers 3 and moving along the passageways 4 across the wearer's torso. Panel portions 6 of the vest 1 are printed with graphics 7 depicting the pets' natural habitat to mask the fact that the passageways provide predetermined paths, providing the impression that the pets are moving randomly within the clothing across the wearer's torso.



For decades rodent-like pet owners have jealously watched their dog-owning counterparts cavort through parks and down city streets, proudly displaying their beloved Schnauzers and Spaniels while the Hamsters and Chinchillas waited in solitude back at the apartment. The pet display vest puts an end to these sorry days, enabling guinea pig owners across the world to proudly display their pride and joy while ambling through Times Square or hiking in the Great Smokey Mountains.

Soon to be gone are the days of canine-supremacy in the pet owning world. The Gerbil Shirt is just the spark chipmunk breeders across the fruited plains have sought to bring their dearests to the forefront of the contest for consideration as man's best friend.

#### FROM THE NEWSLETTER COMMITTEE

We hope you've enjoyed this issue of the 2008/2009 PIPLA News, an informative and hopefully entertaining look at the goings on in IP law. We invite our entire readership to contribute to this endeavor with articles, announcements, and job postings of your own. If you have something you would like included in PIPLA News or have questions about how you can contribute, please contact Matt Johnson at 412-394-9524 or at [mwjohnson@jonesday.com](mailto:mwjohnson@jonesday.com).

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