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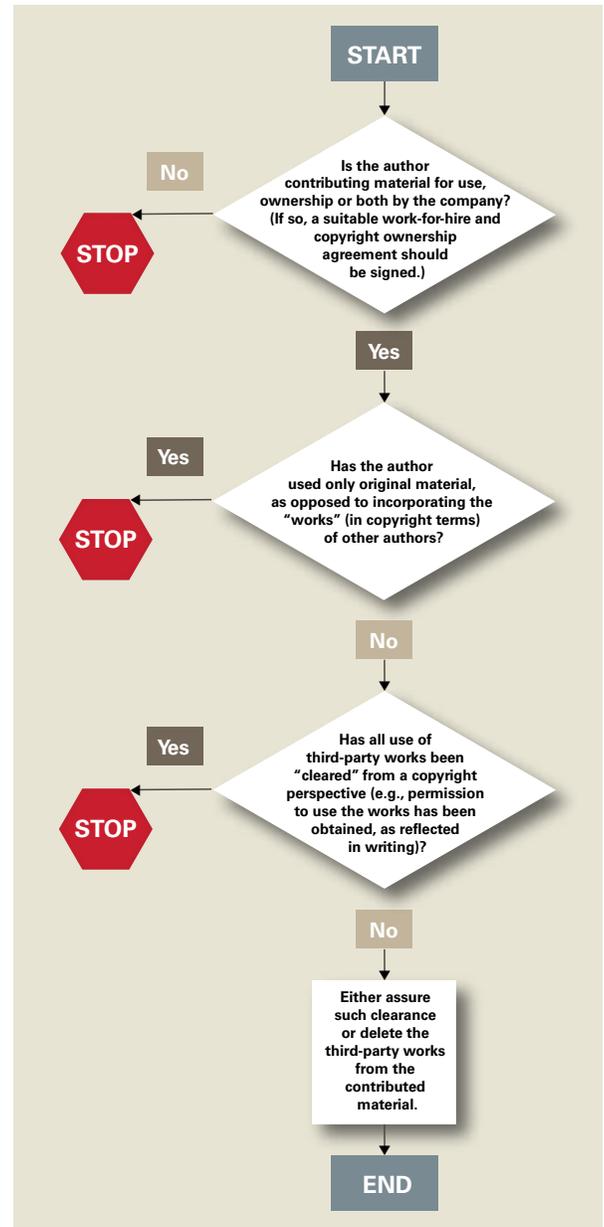
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How to Avoid Copyright Infringement: The Bots Are Watching!

By Kevin R. Casey

Perhaps encouraged by George Orwell’s “Big Brother,” the “copyright police” may be approaching your door – if they have not already knocked on it. Copyright owners, or companies acting on their behalf, are applying auto-scanning technology (e.g., bots) to identify those who might be using a copyrighted “work” on the internet. (Works might include, for example, characters, cartoons, paragraphs, songs, or even complete videos or articles.) Users are then sent a takedown notice, typically generated by a computerized system, seeking damages and legal fees. Much of the content is being used legally, however, and there is significant ongoing debate over copyright bots. At least some would ask copyright owners to rethink the “shoot first, ask questions later” mindset behind these automated scanning and takedown systems.

Meanwhile, companies are encouraged to avoid the debate by preparing original material for any and all purposes. We understand that, in some cases, a company might want to incorporate the works of other authors. Such incorporation must be considered carefully, however, and all use of third-party works should be “cleared” from a copyright perspective. And it can be a difficult process to determine whether permission is necessary,



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To view chart full size click [IP Copyright Chart](#).

Copyright Infringement

identify the copyright owner, negotiate permission rights and ultimately secure those rights. The flowchart on page one might help to guide you in the copyright realm.

Once a decision has been made to clear use of a third party's work, the first step is to determine whether to seek permission. In certain circumstances, use can be made of another's work without permission from the copyright owner. The primary exceptions or defenses to using another's work without permission are public domain materials and fair use. But predicting whether such exceptions or defenses apply to a specific use is often speculative and risky. The owner of the work may still file a lawsuit even when permission is not required, forcing defense of the claim. Thus, if your company is risk-averse and wants to avoid legal disputes altogether, the best practice is to obtain permission for all uses of third-party work.

To obtain permission, the rightful owner of the work must be identified. The owner of the copyright, or the party who can license the rights, is not always obvious because copyrights can be transferred through a license or assignment. As examples: (1) the author or original creator of a work may not own the copyright if the work was commissioned as a work made for hire or the copyright was assigned or licensed to another person or entity; and (2) the writer of a musical composition may not control the administration rights to the composition and those rights may be controlled by a music publishing company. Therefore, it may be difficult to identify the proper copyright



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owner to contact. Private investigators and professional search firms may be able to obtain this information if it is not readily accessible.

After identifying the rightful owner of the work, strategy must be invoked before approaching the owner for permission to use the work. It is generally best to keep all communications in writing (including sending a confirmation letter following any oral communications) to avoid any misunderstanding or confusion. Permission may come in the form, for example, of a license, a release or a covenant not to sue.

The U.S. Copyright Office provides helpful guidance about all things copyright on its website, www.copyright.gov. Additional guidance can be obtained from the websites of reputable universities. See, for example, the "Copyright Information Center" of Cornell University (<http://copyright.cornell.edu>) and the "Purdue University Copyright Office" (www.lib.purdue.edu/uco). If you have any questions regarding preparation of materials and copyright issues, contact a member of Stradley's Intellectual Property Group. ■

Is the *Shammas* Trademark Decision Un-American?

By Kevin R. Casey

Under the "American rule," absent an exception such as a clear statement in the applicable statute that expressly authorizes the recovery of attorneys' fees, each party to a lawsuit must bear its own attorneys' fees and expenses for the litigation. In contrast, the "English rule" requires the loser to pay both parties' fees and expenses and, therefore, is basically a fee-shifting mechanism. Applicants who challenge in a federal district court a decision of the Trademark Trial and Appeal Board of the U.S. Patent and Trademark Office that upholds a PTO refusal to register a trademark may now be required to reimburse the government for PTO attorney fees – even if the applicant wins.

A. Background

Pursuant to 15 U.S.C. § 1071, a party who is dissatisfied with a

decision by the TTAB may either appeal to the U.S. Court of Appeals for the Federal Circuit or commence a de novo civil action in a federal district court. If the applicant appeals to the Federal Circuit, the appeal is decided based on the record before the TTAB. If the applicant chooses a civil action, however, the applicant may introduce new evidence. Pursuant to 15 U.S.C. § 1071(b)(3), if an applicant commences a civil action where there is no adverse party (e.g., an opposer to the application to register a mark), then a copy of the complaint must be served on the PTO director, and "unless the court finds the expenses to be unreasonable, all of the expenses of the proceeding shall be paid by the party bringing the case, whether the final decision is in favor of such party or not." (Emphasis added). In *Shammas v. Focarino*, 784 F.3d 219 (4th Cir. 2015), the U.S. Court of Appeals for the Fourth Circuit addressed for

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Trademark Decision

the first time whether the PTO could recover attorneys' fees pursuant to this provision.

Milo Shammass applied to register a trademark, the Trademark Examining Attorney refused to register the mark and the TTAB affirmed the refusal. Shammass then filed a de novo civil action in a U.S. district court. After Shammass lost the case on summary judgment, the government submitted a motion for reimbursement of about \$36,000 in expenses, including the prorated salaries of its attorneys. (Although Section 1071(b)(3) has existed for at least 40 years, the PTO had never before claimed attorneys' fees as recoverable "expenses" under the statute.) The district court granted the PTO's motion, and directed Shammass to pay. Shammass appealed to the Fourth Circuit.

B. The Fourth Circuit Decision

A divided Fourth Circuit affirmed the district court's decision. A majority of the appellate panel held that the American rule applies only when the award of attorneys' fees depends on whether the party seeking fees prevails. Because Section 1071(b) mandates payment of attorneys' fees without regard to a party's success, the statute does not trigger the American rule; Section 1071(b)(3) is not in fact a fee-shifting statute.

C. Practical Implications of the *Shammass* Decision

Before the *Shammass* decision, a dissatisfied applicant challenging a decision upholding a PTO refusal to register a trademark typically chose between filing a Federal Circuit appeal or filing a district court action based on three factors: (i) whether the applicant wanted to supplement the TTAB record; (ii) whether there was any choice-of-law benefit to proceeding in the Federal Circuit versus in a district court in another circuit; and (iii) the likely increased expense of a civil action that could include supplemental evidence and discovery and an appeal of the district court decision. Applicants must now also consider a fourth factor: They may (and will, at least in the Fourth Circuit) have to pay the PTO's legal expenses in a district court action.

After *Shammass*, unsuccessful trademark applicants can be expected to file more TTAB appeals in the Federal Circuit, rather than de novo actions in the district court. The risk of having to pay the PTO's attorneys' fees may also become a factor in counseling trademark applicants. The *Shammass* decision may have the indirect effect of increasing efforts and costs in appeals of PTO Trademark Examining Attorneys' refusals to the TTAB. Refused applicants may want to develop complete records in their appeals to the TTAB rather than rely on more limited arguments. Then, if the TTAB affirms a refusal, an applicant may appeal the decision to the Federal Circuit with the benefit of a full record but without being obligated to pay the PTO's attorneys' fees. The proverbial bottom line: Clients and their attorneys may need to reconsider how to prosecute applications to register trademarks and appeal adverse TTAB decisions. ■

IP Client Spotlight

Stradley Ronon's Intellectual Property Group is handling intellectual property issues, including managing and enforcing the company's trademark portfolio, for [The Cow and the Curd](#), a mobile food vendor based in Philadelphia. Since 2013, The Cow and the Curd has operated special-events trucks that target the growing craft beer market, selling their nationally recognized beer-battered Wisconsin cheese curds.



A Wisconsin culinary staple, cheese curds are one of the world's most craved regional foods, however they have been relatively unknown in cities without cheese factories until now. Chosen as one of the top four fried foods in the country by NBC's *First Look* and most recently ranked as the fifth most popular food truck in America, The Cow and the Curd is one of only a few trucks to have reached national success and recognition. ■

IP Awards and Accolades

Kevin Casey Earns Ranking in Prestigious *Chambers USA* Directory

[Kevin Casey](#) was recognized by *Chambers USA* for his exemplary work and client service in Intellectual Property (Pennsylvania).

Stradley Attorneys Named to *The Best Lawyers in America* List

Twenty-three Stradley Ronon attorneys were named to the 2017 edition of *The Best Lawyers in America*, regarded as a definitive guide to legal excellence. *Best Lawyers* lists are compiled based on an exhaustive peer-review evaluation. Three attorneys from Stradley's Intellectual Property Group were included on the list:

- [Kevin Casey](#) – Litigation – Intellectual Property
- [Keith Dutill](#) – Litigation – Intellectual Property
- [Joseph Rossi](#) – Patent Law

Keith Dutill Named 2017 Best Lawyers' "Lawyer of the Year" in IP Litigation

[Keith Dutill](#) was recognized by *Best Lawyers* as a 2017 "Lawyer of the Year" in the area of intellectual property litigation. *Best Lawyers* names a single lawyer in each specialty in each community as "Lawyer of the Year." Those honored have received particularly outstanding ratings in the surveys by earning a high level of respect among their peers for their abilities, professionalism and integrity. ■

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