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- First Place in the 2002 Nathan Burkan Memorial Writing Competition
- Best Oralist - George Mason University School of Law Upper-Class Moot Court competition, 2001
- Member Federal Circuit Bar Journal, 2001-02

JOHN R. PERKINS JOINS NEXSEN PRUET'S INTELLECTUAL PROPERTY GROUP



John R. Perkins, Jr. practices in the firm's Intellectual Property Group. He focuses on all aspects of intellectual property law, with particular emphasis on complex litigation.

Perkins handles disputes regarding patents, trademarks, copyrights, trade secrets, and antitrust violations. In addition to his litigation experience, he also handles transactional matters, including the acquisition of patent rights and opinion work relating to patent validity, enforceability and infringement. His technical proficiency spans a variety of disciplines in the electrical and mechanical arts, including fiber optics, power systems, semiconductors, software, hardware, and telecommunications. Perkins holds a B.S. in Electrical Engineering from Clemson University. He was an Engineer and Team Leader at Duke Energy Corporation for ten years.

Perkins earned his law degree from George Mason University School of Law, with honors. While in law school, he was a member of the Federal Circuit Bar Journal, Delta Theta Phi and the Intellectual Property Law Society. After law school, Perkins served as law clerk for The Honorable Pauline Newman of the United States Court of Appeals for the Federal Circuit. Following the clerkship, he began work in the Complex Litigation Group of a major international law firm in Washington, D.C., where he focused on intellectual property litigation.

He is the author of *Curbing Copyright Infringement in Cyberspace: Using MediaKey to Stop the Bleeding*, John Marshall Journal of Computer & Information Law, vol. XXI, No. 3 (2003).

Career Highlights

- Legal Aid Society Pro Bono Achievement Award, 2003

JEFF REICHARD PASSES PATENT BAR



Jeffrey M. Reichard recently passed the Patent bar exam and is subsequently admitted to practice law before the United States Patent and Trademark Office. Jeff focuses his practice primarily in the areas of Construction Law and Intellectual Property and is located in Nexsen Pruet's Greensboro, North Carolina office.

Jeff received his undergraduate degree in Mathematics with a concentration in Computer Science from the University of North Carolina at Chapel Hill and his law degree from Wake Forest University School of Law. While in law school, Jeff served as the Manuscripts Editor of the Wake Forest Intellectual Property Law Journal and was a member of the Moot Court Board.

Prior to law school, Jeff worked as an engineer for Cisco Systems, Inc. in Research Triangle Park, NC.

Career Highlights

- Wake Forest Intellectual Property Law Journal
- Moot Court Board Member
- Cisco Systems, Inc. - Engineer and Analyst

TRADEMARK PROTECTION IN NORTH CAROLINA UNDER STATE STATUTES

by Gary L. Beaver

The federal trademark protections offered by the federal statute called the Lanham Act are well-known to most sophisticated businessmen. Less-known to many of them are the protections offered by

state statutes. Many states, including North Carolina, have statutes that parallel and are intended to be substantially consistent with the federal system of trademark registration and protection. In addition, most states also have common law protections for trademarks, those being protections that have arisen from court decisions in cases involving disputes over trademarks and customer confusion. This brief article will focus on only the state statutory protections in North Carolina.

The North Carolina Trademark Registration Act (NCTRA) allows a trademark holder to register its trademark with the N.C. Secretary of State in order to give notice to the world of the holder's ownership and use of that trademark in North Carolina. The registrant must provide certain information such as the date of first use of the trademark so that it can establish that it is the first (most senior) user of that trademark. By registering its trademark at the state level, the trademark holder creates the possibility of using other provisions in the NCTRA to help protect its trademark from infringement. Intentional unauthorized use of a mark registered under NCTRA is also a violation of the North Carolina Unfair and Deceptive Trade Practices Act so registration at the state level provides the trademark holder with the right to assert statutory claims against infringers for treble damages and attorney fees. This is important because, in trademark cases, attorney fees can often be greater than actual damages if the infringement is caught and stopped soon after it begins.

Like the federal Lanham Act, the NCTRA provides a senior trademark owner with the right to stop junior users from using the same or confusingly similar mark in the same geographic area. Note that the registration does not give a trademark owner the right to stop others from use statewide without some additional evidence. The senior user will have to show "market presence" in the area where the junior user is using the mark or that the junior user is using the mark in an area that is in a "zone of natural expansion," i.e., where the senior user is likely to actually penetrate the market but has not yet done so.

In a recent case filed in the N.C. Business Court, a jewelry company with a single retail store in Winston-Salem and its sales centered in the Greensboro-High Point-Winston-Salem area tried to use the NCTRA and common law rights to enjoin a Charlotte jewelry company from using in Charlotte the plaintiff's trademark (or a form of it) registered with the N.C. Secretary of State. After initially ordering a temporary restraining order against the defendant, the court, in April 2009, dissolved the

TRO and denied the plaintiff's request for an injunction because the plaintiff failed to show that it had market presence in Mecklenburg County, which the court had concluded was the relevant geographic market area. Nor did the plaintiff show that it was likely to open a store in the Charlotte area so Mecklenburg County was not in a zone of natural expansion.

The decision in the jewelry store case should not discourage the use of NCTRA for those who use it to protect against trademark infringers who are going head-to-head with them. The N.C. courts look to federal court decisions on trademark infringement for guidance and the N.C. Business Court did so in the jewelry store case. The federal law regarding the need for proof of market presence or zone of natural expansion is the same as that relied upon in the Business Court decision. The federal courts would have decided the jewelry case the same way. Therefore, if a trademark registrant has a healthy volume of sales in a part of North Carolina where a competitor starts infringing the registrant's mark, a strong case can be made for injunctive relief under the NCTRA and possibly for actual and treble damages and attorney fees. There are advantages to being in state court rather than federal court in some cases. You should consult with an attorney to find out what makes the most sense in your company's situation.

Registering a trademark with the North Carolina Secretary of State is simple and inexpensive (currently the filing fee is \$75). The registration is good for 10 years and can be renewed then for 10 more years for a fee (currently \$35).

If you need help with registering a trademark at the federal or state level, we can assist. Likewise, if you need help in protecting your trademark(s) against possible infringers, Nexsen Pruet has attorneys in its N.C. and S.C. offices who are experienced in stopping such infringements, recovering damages for infringements, and in defending against false allegations of infringement.

USING A MARK IN COMMERCE

by Michael A. Mann

To register a trademark with the United States Patent and Trademark Office, the mark must be used in interstate commerce. But what exactly does it mean to use a mark in interstate commerce?

Using a mark in commerce has two requirements. First, the mark must be *associated*

with the goods sold or services. Second, trademarked goods must be on sale (or be transported) in commerce and services must be rendered in commerce. Use of a mark for the internal convenience of a business or, externally, without associating the mark with its goods or services is not use in commerce.

Pre-sales preparations and publicity announcements are insufficient as the goods and services are not on sale or being rendered. Token sales are also insufficient. Use in commerce must have begun in good faith and not merely for the purpose of obtaining the registration.

To associate the mark with the product, a company can simply put the mark on the goods (i.e. imprinting or stamping) or apply a label or tag showing the mark to the goods or to the packaging for the goods—even applying the mark to the truck that hauls bulk goods.

The mark may be also be placed on a display of the goods, such as a revolving wire rack on a drugstore counter or on a large bin holding the goods or a webpage from which images of goods can be seen and ordered. Catalogs that show the goods and the mark and include ordering information will also serve to show the mark is associated with the goods. If documents such as manuals and instructions are included as part of the goods, and these documents show the mark, they are evidence that the mark is associated with the goods. Finally, if it is not practical to use the mark in association with the goods in any of these ways, an exception may be granted at the discretion of the US Patent and Trademark Office.

Advertisements of services showing the mark, unlike advertisements of goods, are evidence of use of the mark in commerce. Marks for services can be used in commerce by applying the marks to brochures, websites and at times stationary and business cards. However, stationary and business cards that only show the mark but do not describe the services are not acceptable evidence of the use of the mark. Although most examples of the use of marks for services are presented as part of an advertisement to render the services in the future, the mark may also be use in association with services at the time they are being rendered.

If token use no longer satisfies the “use in commerce” requirement, how much use is required for federal registration? In practice, the use of a mark might begin with a full, nation-wide product launch or it might grow from a test market to full scale commercial use. For registration, the applicant must provide the first date of use in commerce

anywhere and the first date of use in interstate commerce. The level of use on which that first use date is based must be *bona fide* and it must be followed by activity proving a continuing effort or the intent to continue the initial use of the goods or services on a scale consistent with the nature of the goods and services and within a reasonable time. The level of use will depend on the type of goods and services. The dates of first use are the dates the goods were first sold or transported in commerce and interstate commerce and the dates the services were first rendered in association with the mark, provided that the sale or transportation of the goods and the rendering of the services was *bona fide* and *in the ordinary course of trade*.

Interstate commerce is commerce that the US Congress can regulate under the commerce clause of the US Constitution. Traditionally, transactions had to take place across state lines to be considered interstate commerce but the 1964 Civil Rights Act broadened the definition to include intrastate transactions that directly affect interstate commerce, as in the case of the operation of a restaurant that renders services to interstate highway travelers.

The requirements for registration to support use of a mark in commerce reflect the purpose of a mark as a source indicator: service marks point to a source of services; trademarks point to a source of goods. To serve as source indicators, the marks must be associated with their respective services and goods and be rendered and sold or transported in commerce.

DAMAGES IN PATENT CASES

by Dan Leonardi

This is the second edition of a three-part article on damages in patent cases. The first installment was directed to the basic measure of damages, namely lost profits and royalties. This installment is directed to the circumstances under which a plaintiff may recover enhanced damages, such as treble or tripled damages. The last installment will address the circumstances under which a plaintiff may recover its attorney’s fees.

As explained in the first part of this article, 35 U.S.C. § 284 empowers a court finding for the plaintiff in a patent suit to award damages to compensate for the infringement. The same statute also empowers the court to “increase the damages up to three times the amount found or assessed.”

Such tripled damages are called “treble damages.” Courts award treble damages only upon a finding of willful infringement.

This raises the question of what constitutes willful infringement. Generally speaking, a plaintiff wishing to show willful infringement must show that the defendant knew it was infringing. In other words, the plaintiff must show that the defendant was making, using, selling, or offering for sale technology that it knew the plaintiff had patented. Potential defendants are often first made aware that they may be infringing a patent when they receive a cease and desist letter from the patent holder. The letter will often state, in more formal terms of course: “Hey! You’re infringing this patent, which I own, and you should stop. Also, if you continue to infringe my patent after reading this letter, which puts you on notice of my patent, I will prove willful infringement and be awarded treble damages.”

In order to prevent plaintiffs from showing willful infringement, defendants in patent suits (typically well before they are sued and but after receiving a cease and desist letter or otherwise becoming aware of a patent they may be infringing)

seek the advice of a qualified patent attorney regarding infringement. If the defendant can show that it received an opinion from a qualified patent attorney stating that it was not infringing, the defendant is likely to avoid a finding of willful infringement and the possibility of having to pay treble damages. In this sense, an opinion from a qualified patent attorney finding no infringement (often called a “clearance letter”) can be a “shield” against willful infringement and treble damages.

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