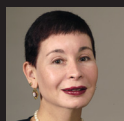


Letter From the Editor



This fall, we are excited to learn more about our own Corporate Partner, Alan Meneghetti, as he shares his experience since joining our London office in May.

Also in this issue, we look at the difference between legal inspiration and illegal infringement in "Debunking the Fashion Industry's 'Three Change' Rule." We also examine important employee privacy matters; key EU trademark changes, which came into effect October 1; and more.

I invite you to continue reading to uncover more about these important events. And as we head toward winter, be on the lookout for the next issue of *Kattwalk*.

Karen Artz Ash

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Disputes Between Departing Member and Remnant Group

by Karen Artz Ash and Bret J. Danow

In *Lyons vs. American College of Veterinary Sports Medicine and Rehabilitation*, the US Court of Appeals for the Federal Circuit addressed a dispute regarding the proper owner of a service mark when there has been a departure from or change of membership in a group, and both the departing party and the remnant group claim ownership of the mark. In so doing, the court highlighted the importance for ventures to enter into formal agreements memorializing ownership of a mark.

Lyons was a founding member of the American College of Veterinary Sports Medicine and Rehabilitation and obtained in her own name a certificate of registration for the mark The American College of Veterinary Sports Medicine and Rehabilitation, following her dismissal from the college. The college filed a cancellation action with the Trademark Trial and Appeal Board against Lyons' registration on the grounds of priority of use, likelihood of confusion, misrepresentation of source and fraud. The cancellation proceeding was suspended pending a civil action between the parties in which Lyons alleged trademark infringement by the college. The district court dismissed Lyons' claims and the board subsequently cancelled the trademark registration, finding that Lyons was not the owner of the mark, such that the application underlying her registration was void *ab initio*. Lyons then appealed the decision.

On appeal, Lyons argued that the board erred in finding that she was not the owner of the mark at the time her application was filed, claiming that, as between the parties, she was the first to use the mark in commerce. The Court of Appeals confirmed that Lyons did not own the mark and that the test applied by the board to determine ownership





was the correct one. The test applied considered the following factors: (1) the parties' objective intentions or expectations; (2) who the public associates with the mark; and (3) to whom the public looks to stand behind the quality of goods or services offered under the mark.

In applying the three-prong test, the court held that the collective expectation of the parties was that Lyons and others would form the college with a name that became the trademark rather than Lyons owning the mark individually; that Lyons only made a *de minimis* use of the mark, such that her use never rose to the level necessary to create an association in the minds of the purchasing public; and that the college, which had obtained the necessary accreditation, was the party to whom the relevant public looks to stand behind the quality of the educational and certification services associated with the mark.



Although Lyons may have been the first to use the mark and that her involvement with the college was the reason that the college adopted the mark at issue, the court determined that the record established that the college used the mark in commerce first.



This case serves as a reminder that it is prudent for parties forming a jointly owned entity to memorialize trademark ownership, especially following the possible dissolution of the entity or disassociation of one or more founders. If one of the parties is intended to hold ownership individually, any ambiguity would be minimized by having a formal agreement reflecting ownership of the mark (and, possibly, a grant of a license to the entity to use the mark).



Key EU Trademark Changes Ahead

by Alan D. Meneghetti and Sarah Simpson

Beginning October 1, several key changes to the EU trademark regime will come into effect.

Removal of “Graphical Representation” Requirement

Arguably of most significance is the elimination of the *graphical representation* requirement for EU trademarks. From October 1, trademark applications will not have to be represented in a graphical format. This means that non-visual marks may be easier to file. For example, sound marks can be filed in MP3 format, and a motion trademark (i.e., a moving image without sound) or multimedia trademark (i.e., a combined image and sound) can be filed in MP4 format. This should greatly simplify the application process, where less musical notation will be required in applications, and sonograms will no longer be permitted.

When registering a figurative mark with the European Union Intellectual Property Office (EUIPO), applicants will no longer be able to provide a description (e.g., color[s]). Instead, the application must use a JPEG format, which may incorporate colors. Both single and combination color marks will be required to refer to a generally recognized color code, such as Pantone.

The abolition of the graphical representation requirement forms part of a move towards what the EUIPO has termed a *what you see is what you get* system. However, although a wide non-exhaustive list of types of trademarks is provided by the EUIPO (i.e., word; figurative; shape; position; pattern; color (single or combination); sound; motion; multimedia and hologram), existing obstacles in registering trademarks based on smell or taste are likely to persist for the time being.

Introduction of a Certification Mark at EU Level

A certification mark demonstrates that the goods and/or services on which it appears satisfies the certifying body's regulations of use. The UK already recognizes certification marks as a discrete category of trademarks, subject to differing requirements for registration. Examples registered in the UK include the Fair Trade logo and the British Standards Institution's *Kitemark*.

Starting October 1, certification marks will also be registrable with the EUIPO. For €1,500, certifying bodies operating in

multiple EU member states will be able to apply online for an EU-wide certification mark. Applicants will need to file the regulations of use in relation to the mark within two months of the application. EU certification marks cannot be used for the purpose of distinguishing goods or services with respect to geographical origin, and owners of businesses involving the supply of the goods/services to be certified by a mark cannot own that mark.

Procedural Changes

A number of procedural changes will also apply beginning October 1; some of the most notable are:

- **Priority**—Priority claims must be filed together with the relevant EU trademark application (currently, priority claims may be made with the trademark application to follow).
- **Acquired distinctiveness as a subsidiary claim**—Applicants can choose whether to pursue acquired distinctiveness as a subsidiary or alternative claim (currently, it can only form an alternative claim). This will delay substantial expense by the applicant in gathering and presenting evidence of use until having exhausted its right of appeal regarding *inherent distinctiveness*.
- **Online substantiation**—Opponents or cancellation applicants may provide evidence relating to earlier rights that are *registered* by referring to online sources recognized by the EUIPO. These recognized sources include all EU national and regional IP offices.

The incoming changes represent a varied approach from the EUIPO: on the one hand, some simply assimilate features of member states into the EU scheme (e.g., the introduction of the certification mark), while others are illustrative of the unique challenges it faces as an international body (e.g., simplifying translation processes and the exclusion of geographical origin in relation to certification marks).





Through
the Lens



Alan Meneghetti

Corporate Partner

Katten Muchin Rosenman LLP UK

-----[history]-----

Tell us about your background and what led you Katten?

I am a transactional lawyer with an international practice, focusing on clients in a number of sectors, but all of whom tend to have a strong US element to their business. Katten made sense to me, as it has a great brand in the US, and is investing and growing in the UK and China. The lawyers we have in London are all top drawer, which is really important to me and, significantly, to my clients; and the support I have received over the past three months, since I have taken up my partnership at the firm, has been fantastic.

-----[satisfaction]-----

What do you most enjoy about your transition so far?

The ease with which I have been made to feel welcome at the firm, not only in London, but across all of our offices. The management team in London has been superb and has ensured that I have everything I need and more. This is something that is so often overlooked; but Katten has made sure that at both the UK and international levels, I have received the support, assistance and guidance needed to transition my practice and my clients with ease.

-----[experience]-----

What are some noteworthy matters you've worked on?

Over the years, I have been fortunate enough to have been involved with a number of interesting matters (well, "interesting" for me!), and these have ranged from setting up the first subprime lending outsourcing business in the UK (and then, somewhat less glamorously, dismantling it!); putting cockpit seats into the Dreamliner, as well as coffee machines, microwaves and various cabin and crew seats into a range of other planes; putting telephones and Wi-Fi facilities into



one of the world's largest food companies; and working with a great US jewelry manufacturer to help grow its business outside the US.

-----[insight]-----

What's the most rewarding aspect of your work?

This probably sounds cheesy, but truly it is the people that I get to work with, both within the firm and externally. I genuinely like all my clients and find them good company, and so working with them and taking feedback makes life so much easier.

-----[strength]-----

What are the firm's strongest areas at the moment?

I think our global Intellectual Property and Corporate practices are really great and are an "easy sell" to my clients, as their credentials speak for themselves. We also have great employment and real estate teams in London that are very "user friendly" and make my job of recommending them pretty easy.

-----[inspiration]-----

Who or what has been your greatest professional influence?

The partner who first hired me at Allen & Overy in 2002 and gave me a chance in the city. I speak with him daily, and he still gives me a good telling-off at least once a week for doing something incorrectly!

-----[relaxation]-----

What do you do for fun when not working?

I cycle, run and swim, but all with a big break between them, as I can't bear triathlons. I also go to the opera and the theatre a couple of times a month (although I tend to fall asleep in these more and more these days!).



Debunking the Fashion Industry's "Three Change" Rule

Published in the New York Law Journal

This article discusses the important difference between legal inspiration and illegal infringement. While fashion designers depend on the "Three Change Rule," the "Five Change Rule" or the "20% Rule" to differentiate their products, there is, in fact, no rule. Designers who rely on the common misconception that making a set number of changes will circumvent infringement put their businesses at risk; and the consequences are costly, including potential lawsuits that result in risk of business disruption and responsibility for disgorging profits or paying damages, and in today's increasingly social media-oriented world, negative public perception. The article addresses the proper legal standards for trademarks and trade dress, as well as copyrights. Most importantly, it states that no brand is immune from potential claims. Increased education, careful consideration and specialized legal review will allow brand owners to develop strategies to minimize the threat of infringement actions; and while fashion may move fast, there is no fast "rule" to avoid potential infringement, and in the end, there is no replacement for originality. ([Debunking the Fashion Industry's "Three Change" Rule](#). August 28, 2017)

Snooping on Employees' Private Emails

by Christopher Hitchins and Alan D. Meneghetti

Mr Bărbulescu v Romania

Background

Some of you might recall the case of *Mr Bărbulescu v Romania* in 2016, which involved an employee (Mr Bărbulescu), who sent private emails through his personal Yahoo account from an office computer. Some messages were innocent exchanges with his brother, and some were of a more salacious nature with his fiancée. His account was monitored by his employer in accordance with company policy, which said that no private communications were to be sent from workplace devices. Mr Bărbulescu was fired for breaching the company's policy. He sued his employer, arguing that their decision to terminate his employment was void and argued that his private messages were protected by Article 8 of the European Convention on Human Rights (ECHR) (which is the right to private and family life, the home and correspondence).

The Chamber of the European Court of Human Rights (ECtHR) (not to be confused with the separate, European Court of Justice) held that such monitoring did not violate Mr Bărbulescu's right to private life because it was not unreasonable that an employer might want to verify that its employee was actually working during working hours. They noted that the employer had only accessed Mr Bărbulescu's accounts in the belief that it contained work-related client emails. At the time, this judgment met with heavy opposition, with critics claiming that the right to privacy at work was over.

However, this case was appealed to the Grand Chamber of the ECtHR, and the controversial decision has been reversed.

Decision

The Grand Chamber found in favor of the employee, based on the specific facts in this case. The Grand Chamber first questioned whether Mr Bărbulescu had a reasonable expectation of privacy, as he knew there was a policy that prohibited him from accessing his personal emails from a work computer. At the same time, the judgment also made clear that an employer's IT policy could not reduce workers' private and social life in the office to zero. The right to private life and the right to privacy of correspondence continues to exist in the workplace. Employers may restrict these rights in so far as is necessary, but any restriction has to be reasonable.



Crucially, the Grand Chamber decided that Mr Bărbulescu had not been expressly informed that the content of his personal communications on work equipment was being monitored. It was this failure to notify the employee which was one of the key factors influencing the Grand Chamber's decision.

Comment

Technology and the age of “smarter working” makes employee monitoring a tricky area for employers. Smart phones and almost universal internet access facilitates remote working, which is fast becoming the new norm. However, this flexibility comes at a price; it blurs the temporal and spatial boundaries of work and play. Beginning next year, under the new General Data Protection Regulations (GDPR), employers will have to carry out a privacy impact assessment to demonstrate that they have achieved the correct balance between protecting employees' privacy and the interests of the business. In particular, employers will need to review

their HR policies on data protection and ensure they are GDPR compliant. Some of the factors that will need to be included are informing your employees of their particular rights under the GDPR, such as the right:

- to be informed about what personal data is collected about them and how long it is stored;
- of access to any personal data the organization holds about them;
- to request any stored incorrect personal data is corrected; and
- to complete erasure of their personal data by the organization to the point where it cannot be recovered.

In addition, if the organization has more than 250 employees, you must maintain additional detailed internal records about how you process, that is use in any manner, your employees' personal data.



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