too limited and failed to appreciate the breadth of protection that Article 6 bis of the Paris Convention afforded. He claimed that the owner of a mark with a reputation can gain protection under sections 37(1) and (2) BTMA and even under subsection (3) if its conditions were satisfied: the ‘additional’ protection would also extend to that which obtained under Article 6 bis. Conteh CJ accepted that the rationale for this protective regime under these sections was to protect against confusion in the minds of consumers in relation to goods and services covered by an earlier mark such as to lead them to think that those goods and services were the same as those to which the later mark related or that they had a common design.

Would the use of the EMBASSY trade mark constitute a reduction, an imitation or a translation likely to create confusion with MARLBORO, the well-known trade mark? Conteh CJ accepted the Registrar’s finding that the respective goods were identical and, having examined the affidavits submitted by the parties and comparing the two trade marks, held that the two trade marks were neither identical nor similar: the inverted tail-end of the ribbon in the EMBASSY mark, even if it were to be placed to the very top of its mark, would not ‘bear the slightest resemblance, identity or similarity with a roof that is inverted’. This inverted roof was an important feature of the MARLBORO trade mark. A finding that the marks were similar or identical was important because that finding was ‘no doubt central to the protective regime of trade mark law’ under sections 37(2), 37(3) BTMA and under Article 6 bis of the Paris Convention. The Registrar, applying Sabel v Puma correctly, thus reached the correct on similarity.

Conteh CJ held that the dominant and distinctive component of the MARLBORO mark was the roof device, whereas that of the EMBASSY mark was its horizontal ribbon. Not only was there no likelihood of confusion but the use of the EMBASSY trade mark in Belize would not take unfair advantage of or be detrimental to the distinctive character (the roof device) or repute of the MARLBORO trade mark. Further, given the nature of the goods, the average consumer did not engage in any detailed analysis of their marks at the point of purchase but requested the products by name. Since there was surely a phonetic and aural world of difference between the two marks, they could co-exist in Belize. The judge was fortified in his conclusion because decisions in Australia, Korea and Colombia have reached the same conclusion in similar disputes between the parties.

Practical significance
Conteh CJ’s analysis of section 37(2)(b) BTMA is sound, focusing on the global assessment of the likelihood of confusion. According to the ECJ in Sabel BV v Puma AG, a global appreciation of the visual, aural or conceptual similarity of the marks in question must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components. That assessment was still necessary as the court then considered section 37(3) BTMA, even if it applied only to dissimilar goods and services.

Conteh CJ assumed that the jurisprudence of the ECJ applied in Belize, although the BTMA was not expressly based on the TM Directive. However, since the BTMA and the TMA are the same in most respects, they have a similar (or perhaps identical) origin. It is an open question now whether the legislative changes made to the TMA as a result of decisions of the ECJ should also be made in Commonwealth Caribbean countries that have modelled their trade mark legislation on the TMA.

The court also considered the applicability of Article 6 bis of the Paris Convention, which did not first require that both trade marks be identical or similar. However, there was still a requirement that the later mark constitute a reproduction, an imitation or translation likely to create confusion in the minds of the public, so the court was not relieved of the obligation to compare the two trade marks.

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- **Chippendales’ ‘cuffs & collar’ mark not inherently distinctive**


The US Patent and Trademark Office’s refusal to register Chippendales’ ‘Cuffs & Collar’ mark is affirmed by the Federal Circuit because the mark is not inherently distinctive in view of Playboy’s bunny costume.

Legal context
Costume designs associated with a particular source of entertainment (like adult entertainment) can be the subject of trade dress protection in the US, and the subject of associated trade mark registrations. _In re Chippendales USA, Inc. (‘Chippendales II’),_ addresses the standards by which inherent distinctiveness is determined with respect to registrability of trade dress designs in the US. Although the unique procedure by which
Chippendales II was raised to the US Court of Appeals for the Federal Circuit has been mooted, for the most part by rule changes at the US Patent and Trademark Office, its discussions of various fundamental principles of US trade mark and trade dress law are nonetheless informative.

Facts

Since the first Chippendales opened in Los Angeles in 1978, the famed adult entertainment establishment for women has been cloaking its exotic male dancers and servers in a 'Cuffs & Collar' outfit (an abbreviated tuxedo comprising wrist cuffs and a bow tie collar without a shirt). Although granted a US trade mark registration for the Cuffs & Collar trade dress based on acquired meaning, Chippendales nonetheless pursued a second registration for the Cuffs & Collar trade dress based on the assertion that the mark is inherently distinctive, as shown below:

In 2003 Chippendales submitted evidence that this mark was both inherently distinctive and, in the alternative, as having acquired distinctiveness. The Examiner rejected Chippendales’ argument that the mark was inherently distinctive, but accepted that the mark had acquired distinctiveness. That application issued as US trade mark for ‘adult entertainment services, namely exotic dancing for women’, claiming first use in 1979.

Because of unique procedural limitations in effect at that time, Chippendales was precluded from challenging the Examiner’s rejection of its claim based on inherent distinctiveness. Thus Chippendales filed a second application in 2005 for the Cuffs & Collar mark for ‘adult entertainment services, namely exotic dancing for women’, in the nature of live performances.

In 2007 the Examiner issued a final office action refusing to register the Cuffs & Collar mark because the mark was not inherently distinctive. This decision was affirmed by the US Trademark Trials Appeals Board in 2009: In re Chippendales USA, Inc., 90 USPQ2d 1535 (US TTAB 25 Mar. 2009) (‘Chippendales I’).

Chippendales I, as it was bound to do, applied the decision of the US Court of Customs and Patent Appeals (a predecessor court of the Federal Circuit) in Seabrook Foods, Inc. v Bar-Well Foods, Ltd., 568 F.2d 1342 (CCPA 1977), to determine inherent distinctiveness. Applying Seabrook, Chippendales I found that:

1. The mark was not inherently distinctive because it was a common basic shape design and it is not unusual for exotic dancers to ‘wear costumes or uniforms which are . . . revealing and provocative’ (Chippendales I at 1541);
2. The mark was not unique or unusual in the particular field of use, because costumes generally are common to the field of exotic dancing since ‘[A]ll strippers begin their routine with some kind of fantasy outfit’, citing as examples of ‘various provocative costumes’ ‘a stripper representing either a doctor wearing a stethoscope or a construction worker wearing a utility belt, or a cowboy wearing chaps and a ten-gallon hat’ (Id. at 1542, 1541);
3. In the alternative, the mark was not unique or unusual in the particular field of use because it was inspired by the ubiquitous Playboy bunny suit, which includes cuffs, a collar and bowtie, a corset, and a set of bunny ears.

The dissent in Chippendales I disagreed, concluding that the mark was inherently distinctive. Chippendales appealed this decision to Federal Circuit, this being the subject of Chippendales II.

Analysis

The Federal Circuit affirmed the Board’s determination that the mark was not inherently distinctive as being supported by substantial evidence, rejecting Chippendales’ other arguments as being without merit. Chippendales II begins its analysis by reviewing some US trade mark law fundamentals.

US trade marks are assessed according to a scale which evaluates whether a mark is ‘arbitrary’ or ‘fanciful’, ‘suggestive’, ‘descriptive’, or ‘generic’. These categories are described as follows:

- ‘Arbitrary’ or ‘fanciful’ marks contain ‘coined, arbitrary or fanciful words or phrases that have been added to rather than withdrawn from the human vocabulary by their owners, and have, from the very beginning, been associated in the public mind with a particular product . . . and have created in the public consciousness an impression or symbol of the excellence of the particular product in question.’ (Chippendales II at *7n.2 (quoting Mosely v. V Secret Catalogue, Inc., 537 U.S. 418, 429n.10 (2003)).)
- ‘Suggestive’ marks suggest ‘characteristics of the product or service and require[s] an effort of the imagination by the consumer in order to be understood as descriptive’. (Id. at *8n.3 (quoting Gift of Learning Found., Inc. v. TGC, Inc., 329 F.3d 792, 797–99 11th Cir. 2003)).
The Court recognized that from a registration perspective it did not matter, since there could be differences in the context of enforcement. The dispute was not, however, mooted. In particular, *Chippendales II* recognized that the strength of a mark impacts numerous factors considered in enforcing a trade mark. Thus, *Chippendales II* found ‘[t]he potential for benefit in an infringement suit of a registration based on inherent distinctiveness creates a viable controversy’. (Id. at *16.)

Thirdly, *Chippendales II* considered the question of the timing for measuring inherent distinctiveness of a mark. On this issue, the Court found the correct time for measuring inherent distinctiveness is at the time of registration. Nevertheless, it recognized that it is appropriate to consider in addition to evidence of the current situation, evidence of earlier uses to shed light on the current situation.

Finally, while *Chippendales II* found that the Board erred in its suggestion that a costume in the adult industry would lack inherent distinctiveness, it had not erred in its ultimate conclusion that the mark at issue lacked inherent distinctiveness.

With respect to the Board’s error, *Chippendales II* explains (at *22–23):

> It is incorrect to suggest that no costume in the context of the live adult entertainment industry could be considered inherently distinctive. Simply because the live adult entertainment industry generally involves “revealing and provocative” costumes does not mean that there cannot be any such costume that is inherently distinctive. Each such trademark must be evaluated individually under the Seabrook factors. The “mere refinement or variation” test is not satisfied by showing that costumes generally are common in the industry.

With respect to the application of the Seabrook factors to the mark at issue, *Chippendales II* agreed that under the third factor, whether the mark constitutes ‘a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods’ under Seabrook, the Board did not err in finding it is a mere variant or refinement of a particular costume. (Id. at *20 (quoting *Chippendales I* at 1539)). In particular, *Chippendales II* agreed that the mark was not inherently distinctive because of the existence of the pervasive Playboy mark, which includes the cuffs and collar together with bunny ears.

Significantly, as part of its analysis, *Chippendales II* rejected Chippendales’ argument that the Seabrook test was overturned by the subsequent decision of the US Supreme Court in *Wal-Mart Stores, Inc. v Samara Brothers, Inc.*, 529 US 205 (2000). In doing so, the Federal Circuit explained in *Wal-Mart*, the Court merely held that...
product design trade dress can never be inherently distinctive, and can only qualify for protection through acquired distinctiveness:

Nothing in the Wal-Mart decision questioned or undermined the reasoning in Seabrook. Indeed, the Court cited Seabrook but did not express any disagreement with its use to determine the inherent distinctiveness of trade dress, although rejecting it as a test for inherent distinctiveness in the context of product design. Id. at 213–14. Under these circumstances, the panel is bound by Seabrook, and only the court en banc may overturn it. In any event, we fail to see how appellant’s proposed test represents an improvement over Seabrook. (Chippendales II at *27–28.)

Practical significance
Despite its unique procedural posture, Chippendales II provides a nice summary of trade mark fundamentals and the state of law on inherent distinctiveness with respect to trade marks in general, trade dress in particular, and costume marks even more significantly.

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Copyright

Court of Justice rules on scope of fair compensation for private copying exceptions

Padawan SL v Sociedad General de Autores y Editores de España (SGAE) Case C-467/08, Court of Justice of the European Union, 21 October 2010

The Court of Justice of the European Union has ruled that the concept of ‘fair compensation for copyright levies must be interpreted uniformly in all Member States which have a private copying exception and must be calculated on the basis of the criterion of the harm, if any, caused to authors of protected works by that exception, so levies should not be applied to equipment, devices and media not made available to private users and clearly reserved for uses other than private copying.

Legal context
Under Article 2 of Directive 2001/29 (the Information Society Directive), authors, producers and performers have an exclusive right to control the reproduction of their works. However, Article 5(2)(b) provides that Member States are entitled to provide for a private copying exception to infringement where the copying is ‘made by a natural person for private use and for ends that are neither directly nor indirectly commercial’ provided that the rightsholders obtain ‘fair compensation’ for that use to the extent it is not restricted by technological measures. Such an exception to infringement has been implemented in the vast majority of the 27 EU Member States, with only a few, including the UK and Ireland, electing not to do so. The EU Member States with such exceptions have provided for the required ‘fair compensation’ by giving statutory backing to copyright levy regimes which apply a levy to various forms of reproducive media and/or equipment used for such activities. The types of equipment and media to which such levies are applied and the rates of such levies vary considerably between the Member States.

Facts
SGAE, a Spanish collecting society, applied a levy to the sale of all digital reproductive devices, equipment and media (the ‘Equipment’), payable by retailers, manufacturers and importers into Spain of this Equipment. Under this system Padawan, who markets such Equipment including CD-R, CD-RW, DVD-R, and MP3 devices, was required to pay a levy on its products. Padawan refused to pay the demanded levy claiming that the indiscriminate application of the levy to its products was unfair given that the majority of its customers used the Equipment in question for professional and commercial use, and thus did not fall under or benefit from the private copying exception in Spanish law. Having failed at first instance, Padawan appealed and certain questions were referred to the Court of Justice for the European Union (CJEU), which ruled as follows:

1. ‘Fair compensation’ is an EU concept which must be interpreted in a uniform manner across all Member States, even though Member States have the right to choose the system of collection.

2. Whatever the system of fair compensation implemented by a Member State, it must ensure a fair balance is struck between rightsholders and those liable to pay the compensation. Fair balance means that fair compensation is calculated on the basis of any harm caused to authors through the private copying of their works. Where Equipment capable of copying is supplied to natural persons as private users, the fact of this harm will be presumed.

3. There must be a link between the application of a levy and the presumed use of the equipment or media on which it is levied.