

Monarch Licensing, Ltd. v. Ritam International,
Ltd. 1992 WL 150641 (S.D.N.Y. June 15, 1992)

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tual compilations. However, the court continued its analysis because the Copyright Act categorizes maps not as factual compilations but as "pictorial, graphic, and sculptural works" and the Fifth Circuit agreed that maps do, in fact, have an inherent pictorial or photographic nature. Again, only minimal creativity was required to achieve protection.¹⁸ The court ruled Mason's pictorial portrayals of the area were products of his own skill and judgement and were entitled to copyright protection as pictorial works as well.¹⁹

The final issue for the court was whether Mason could receive statutory damages for acts of infringement of the same work committed after copyright registration but which were part of a series of infringements that commenced prior to registration. According to section 412 of the Copyright Act, statutory damages cannot be awarded for any infringement which begins after the first publication but before the copyright is registered.²⁰ However, the court found section 412 unclear as it applied to a series of infringements against the same work; either each act of infringement was to be treated separately or the series was to be treated as a single infringing act.²¹ The District Court chose the latter interpretation and denied statutory damages for all infringements of a work if one of those infringements commenced prior to registration.²² The Fifth Circuit agreed, citing the legislative history²³ and the purpose²⁴ of section 412 as support.

In arriving at this conclusion, the court also looked to section 504²⁵ which provides for statutory damages as a form of relief. According to the court, under section 504(c)(1) the number of "awards" of statutory damages a plaintiff can recover depends on the number of works infringed and the number of infringers, not on the number of infringements of those works.²⁶ Thus, when the same defendant infringes the same work many times the series is treated as a whole. Mason registered one map in 1968 and the other 232 maps in 1987. Since, the defendant's alleged acts of infringement began before 1987, the court ruled Mason could recover statutory damages only for infringements of the original map he registered in 1968.²⁷

CONCLUSION

The Court of Appeals for the Fifth Circuit makes clear that the Copyright Act protects a map as an original work when preparation involves a certain amount of discretion and judgement. Thus, a sufficiently original map is protectable either as a factual compilation or as a "pictorial work." However, the court emphasized that registration of a copyright is essential, as it preserves the copyright owner's rights to seek statutory damages for infringement.

Ann E. Dustman

1. 17 U.S.C.A. § 106 (West Supp. 1992).
2. 17 U.S.C. § 504-505 (1988).
3. *Mason v. Montgomery Data, Inc.*, 967 F.2d 135, 136 (5th Cir. 1992).
4. *See Id.* at 143.
5. 17 U.S.C. § 102(a) (1988).
6. *Mason v. Montgomery Data, Inc.*, 967 F.2d at 138 (emphasis in original).
7. *Id.*
8. *Id.* at 138-39.
9. *Id.* at 138 (citing *Toro Co. v. R. & R. Products Co.*, 787 F.2d 1208, 1212 (8th Cir. 1986)).
10. *Mason v. Montgomery Data, Inc.*, 967 F.2d at 138.
11. *Id.*
12. *Id.*; *See also Id.* at 140 n.7 (noting that implicit in this determination is a consideration of originality of the expression because, if "original", then it is clear the idea can, in fact, be expressed in a variety of ways).
13. *Id.* at 140.
14. *Id.* at 141 (citing *Feist Publications Inc. v. Rural Tel. Serv. Co.*, 111 S.Ct. 1282, 1287 (1991)).
15. *Id.* (citing H.R. REP. NO. 1476, 94th Cong., 2d Sess. 51 (1976)).
16. *Id.* at 142 (citing *Feist Publications Inc. v. Rural Tel. Serv. Co.*, 111 S. Ct. at 1287).
17. *Id.* at 141; *See also* 17 U.S.C. § 101 (1988) (defining "compilation").
18. *Id.* at 142.
19. *Id.*
20. 17 U.S.C. § 412 (1988).
21. *See Mason v. Montgomery Data, Inc.*, 967 F.2d at 143.
22. *Id.* at 143.
23. The House Report explained that section 412 of the Copyright Act denies statutory damages where infringement takes place before registration, indicating the series should be treated as a whole. *Mason v. Montgomery Data, Inc.*, 967 F.2d at 143 (citing H.R. REP. No. 1476 at 158 (emphasis added)).
24. Section 412 of the Copyright Act was intended to encourage copyright registration since this was the way an author could preserve his right to recover statutory damages. *Mason v. Montgomery Data, Inc.*, 967 F.2d at 143.
25. Section 504 of the Copyright Act provides in pertinent part: "The copyright owner may elect... to recover an award of statutory damages for all infringements involved in the action with respect to any one work, for which any one infringer is liable individually." 17 U.S.C. § 504(c)(1) (1988).
26. *Mason v. Montgomery Data, Inc.*, 967 F.2d at 143.
27. *Id.* at 144.

Monarch Licensing, Ltd. v. Ritam International, Ltd.

1992 WL 150641 (S.D.N.Y. June 15,
1992).

INTRODUCTION

The plaintiff, Monarch Licensing Ltd. ("Monarch"), sought a preliminary injunction against its former licensee, Ritam International Ltd. ("Ritam"), in connection with a toy, to which Monarch had been granted exclusive rights by its French inventor. The action was brought under, *inter alia*, Section 43(a) of the Lanham Act for false designation of origin, under the New York common law of trademark infringement and unfair competition, and breach of contract¹. The

U.S. District Court for the Southern District of New York denied Monarch's motion, stating that Monarch failed to show likelihood of success on the merits.

FACTS

Monarch is a New York corporation in the business of licensing toys. Ritam is an Iowa corporation which develops and markets toys. Monarch had been granted exclusive rights to license a new toy compound by its French inventor. The compound was a soft, stretchable, shapable, putty-like substance which could be rolled into a ball and bounced. In February 1991, Ritam entered into an exclusive licensing agreement with Monarch to market the compound, known as "Ooz Ball". The agreement provided that copyright and/or trademark rights in the name "Ooz Ball" may be either owned or controlled by the licensor, Monarch; that the licensee, Ritam, owned the copyright and/or trademark rights in the name "Ooz Ball" during the term of the agreement; and that Ritam would assign these rights to Monarch upon termination of the license. Additionally, all copyrights in the Ooz Ball, its packaging and advertising were to belong to Ritam and upon termination of the license, all rights, title and interest were to be assigned to Monarch.

In February 1991, Ritam introduced the Ooz Ball to the U.S. toy market. The name "Ooz Ball" was conspicuously displayed at the top of the blister card. The slogan "The Pod of Intergalactic Ooze", along with the tag lines "String It", "Stretch It", "Web It", and "Bounce It" also appeared on the packaging. A copyright notice in Ritam's name and the statement "Ooz TM Ball and The Pod of Intergalactic Ooze TM are trademarks of Ritam International, Ltd.," were located on the bottom of the blister card.

Monarch terminated its agreement with Ritam on December 6, 1991 asserting that Ritam failed to account for royalties to Monarch. After the termination, Ritam did not assign the trademarks and copyrights back to Monarch as called for in the agreement.

Ritam contends that Monarch breached the exclusivity provision of their agreement by authorizing a competitor to market the compound under another name. Additionally, Ritam states that much of the compound shipped to it by Monarch's manufacturer was defective, thus pursuant to Paragraph 19(e)2 of the agreement, Ritam sought and contracted with another manufacturer to provide it with an ooze-type compound, which Ritam subsequently in 1992 marketed under the name "Ooze". For these reasons Ritam took the position that it was not obliged to assign the trademarks and copyrights back to Monarch because the termination of the agreement was not a "normal termination". In marketing its "Ooze" product, Ritam utilized the same tag lines which had appeared on the "Ooz Ball" blister card.

Monarch sought a preliminary injunction for false

designation of origin under the Lanham Act, New York common law for trademark infringement and unfair competition, and for breach of contract.

LEGAL ANALYSIS

First, Monarch contended that it, and not Ritam, was the owner of the copyrights and trademarks associated with the Ooz Ball. Second, Monarch asserted that trademark rights attach to the mark "Ooz Ball", and thus, Ritam infringed those rights with its new mark "Ooze". Third, Monarch claimed infringement as to trade dress asserting that Ritam's use of the same tag lines on its "Ooze" product packaging as were found on the Ooz Ball packaging constituted infringement. Because Monarch sought an injunction, the court analyzed the merits of the case.³

In its analysis of Monarch's likelihood of success on the merits, the court first addressed the issue of ownership of the trade name "Ooz Ball". Ownership of the name in this case stemmed from the contractual agreement between Monarch and Ritam. Since Ritam had not assigned the name "Ooz Ball" back to Monarch as called for in the contract, the court decided that Ritam was still the legal owner of the name. It did not, however, use Ritam's refusal to assign the mark to Monarch to deny the preliminary injunction, thus it did not place form over substance. The court simply found it unnecessary to resolve the ownership issue since Monarch's position contained so many other defects.

Next, the court addressed the strength of "Ooz Ball" as a trademark. In its analysis, it looked first at the mark's protectibility. Distinctiveness is ordinarily required to establish protectible trademark rights.⁴ A generic mark is not protected under such rights while a descriptive mark, as opposed to a distinctive mark, is only protectible if a secondary meaning is shown.⁵

The court found that a strong argument could be made that the "Ooz Ball" mark, when used in connection with the compound was generic and therefore, unprotectible. The "Ooz Ball" mark was used to designate a product which was described by those words. The product was shaped like a ball and was meant to be used as a ball. The material from which it was made was ooze, "a thick viscous liquid which flows slowly".⁶ The package described the product as a pod of "Intergalactic Ooze". The instruction described how to restore the toy's "ooz-ability" in case it dried up. Additionally, other manufacturers of similar toys used the word "ooze" as part of the mark of their products. The court found that, at best, the trademark sat "at the low end of the descriptive category".⁷

A weak descriptive mark will be given less protection against use of similar marks by others in the same areas of trade.⁸ Where the similarity lies in the use of a descriptive term and is only part of the mark, there may be no infringement.⁹ The less distinctive

and more descriptive a mark, the less likely it is that consumer confusion will result from the use of a mark that is similar with small differences.¹⁰ The court explained that the only similarity between Monarch's "Ooz Ball" and Ritam's "Ooze" occurs as to the word which describes the product. The similarity was not enough to be considered infringement upon "Ooz Ball" because it was such a weak descriptive mark and consumer confusion was unlikely to result.

Weak descriptive marks are often given a narrow scope of trademark protection for reasons of public policy. "The trademark law accords monopoly rights in distinctive designations to permit traders in commerce to establish valuable reputations (goodwill) for their products or services through reliable performance, and to permit the public to rely on past experience with satisfactory and unsatisfactory marks to guide their future custom."¹¹ It is difficult to justify the granting of monopoly rights to descriptive marks, and thus exclude others from access to those descriptive marks, especially when there is an unlimited number of distinctive marks available for a commercial entity to use to identify itself.¹² The court next addressed Monarch's claim of trade dress infringement. According to the recent Second Circuit decision in *Laureyssens v. Idea Group, Inc.*, to justify enforcement of trademark rights in trade dress under the Lanham Act, a secondary meaning must be shown in trade dress.¹³ Trade dress obtains secondary meaning "when the purchasing public associates its design with a single producer rather than simply with the product".¹⁴ The acquisition of a secondary meaning can be determined by looking to such factors as length and exclusivity of trade dress, advertising expenditures, sales success, studies establishing consumer recognition, and unsolicited media coverage.¹⁵ On this issue, the court stated only that Monarch had made no showing of secondary meaning in its trade dress.

Secondary meaning can also be inferred from the fact of copying.¹⁶ When copying a trade dress, it is inferred that the second user perceives a commercial value in doing so.¹⁷ This perceived advantage flows from consumer recognition.¹⁸ On this issue, the court pointed out that there was no copying on the part of Ritam, because Ritam simply continued to use certain aspects of trade dress that it had previously used when it had been marketing the "Ooz Ball". Accordingly, without secondary meaning, Monarch could not prevail on its claim of trade dress infringement.

Even if secondary meaning had been shown, the court questioned the protectibility of the trade dress: the use of descriptive tag lines placed on the packaging which describes the features of the product. It questioned whether tag lines which were descriptive of the product were protectible, since ordinarily, trade dress can be protectible only if it is distinctive.¹⁹

Further, under the Lanham Act, descriptive tag lines used adjectivally and not used as a trademark, most likely fall within the category of "fair use".²⁰ The tag lines "String It", "Stretch It", "Web It", and "Bounce It" described the features of the product, lacked distinctiveness, and likely would be considered "fair use" under the Lanham Act, thus, the court found they were not protectible and could not be infringed.

Additionally, the court questioned Monarch's claim of ownership rights in the trade dress. The agreement between Monarch and Ritam asserted no claim by Monarch in any trade dress which might be developed by Ritam. Neither did it oblige Ritam to assign trade dress to Monarch upon termination of the agreement.

CONCLUSION

In denying Monarch's motion for a preliminary injunction, the court suggested that not only had Monarch failed to show likelihood of success on the merits, but that Monarch's position was so substantively weak, that it was *unlikely* to succeed on the merits.

Melissa Madigan

1. Monarch also brought the action under New York General Business Law sections 349 and 350 for deceptive acts and practices and false advertising; and for wrongful disclosure and use of confidential information. Ritam counterclaimed for breach of contract, breach of the duty of good faith and fair dealing, common law unfair competition, and unjust enrichment. In its disposition of the case, the court did not address any of these issues. *Monarch Licensing, Ltd. v. Ritam International Ltd., Inc., et. al.*, 1992 WL 150641, at *1 (S.D.N.Y. June 15, 1992).

2. Paragraph 19(c) states that "if Licensor is for any reason unable to make available to Licensee such supplies of the licensed Property as may be ordered by Licensee from time to time, the Licensor shall permit Licensee to enter into such arrangements as Licensee shall think fit for Licensees own direct manufacture of the Licensed Property accordingly." *Id.* at *9.

3. In the Second Circuit, a party seeking a preliminary injunction must show "irreparable harm, and either 1) a likelihood of success on the merits, or 2) sufficiently serious questions going to the merits to make them a fair ground for litigation and a balance of hardships tipping decidedly in the moving party's favor. *Id.* at *3. The court found that, even assuming irreparable harm, Monarch was not entitled to a preliminary injunction because 1) Monarch failed to show likelihood of success on the merits, 2) it found Monarch's showing of questions going to the merits not sufficiently serious to make them fair ground for litigation, and 3) Monarch failed to show that the balance of hardships tipped in its favor. *Id.* at *8-9.

4. *Id.* at *5.

5. *Id.*

6. Although Monarch dropped the silent "e" from ooze, such a spelling change which does not affect pronunciation will not normally save a generic mark. *Id.*

7. *Id.*

8. *Id.* at *6.

9. *Id.*

10. *Id.*

11. *Id.* at *7.

12. *Id.*

13. *Id.* at *7 (*citing* *Laureyssens v. Idea Group, Inc.*, Nos. 91-7869, -7917, (2d Cir. May 15, 1992)). However, the Supreme