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INTELLECTUAL PROPERTY LITIGATION

BY LEWIS R. CLAYTON

On Hummer and Jeep Wrangler Grilles and Recent Case Law

CAN SIMILARITIES in the design of a front-end grille cause consumer confusion between a $50,000 Hummer H2 and a $28,000 Jeep Wrangler? After discussing a U.S. Court of Appeals for the Seventh Circuit decision that answered that question in the negative, this column discusses significant copyright, trademark and patent decisions handed down in the last three months.

Since the beginning of World War II, over 60 years ago, Americans have been familiar with the Jeep, born as military transport and now marketed as a sport utility vehicle. After the Gulf War, consumers heard about the Humvee, a larger and more powerful military vehicle, ultimately marketed to the public as the Hummer. Both the Hummer and certain Jeep models share a distinctive front grille featuring seven large vertical slots.

Earlier this year, as General Motors was preparing for mass production of a new, less-expensive Hummer H2 (priced at about $50,000, less than half the cost of the original H1 model), DaimlerChrysler, producer of Jeep, brought an action alleging that the Hummer grille infringed and diluted the Jeep's trade dress. On Nov. 18, 2002, the U.S. Court of Appeals for the Seventh Circuit affirmed the decision of an Indiana district court denying a preliminary injunction, adopting the lower court's decision as its own. *AM General Corp. v. DaimlerChrysler Corp.*, 2002 WL 31545350 (7th Cir., Nov. 18, 2002).

No 'Family' of Marks Shown

A key to the court's decision was its holding that DaimlerChrysler had failed to show that Jeep vehicles use a "family" of marks that share a Jeep grille design consisting of seven to 10 vertical slots. A "family" is a "group of marks having a recognizable common characteristic," so that "the public associates not only the individual marks, but the common characteristic of the family, with the trademark owner."

Whether a family exists "is an issue of fact based on the common formative component's distinctiveness, the family's use, advertising, promotion and inclusion in [the] party's other marks." See, *Rose Art Industries, Inc. v. Swanson*, 235 F.3d 165, 173 (3d Cir. 2000) (requiring a "consistent overall look"). A plaintiff sometimes attempts to establish such a family in order to make it easier to demonstrate the strength of its mark and show likelihood of confusion — if a family is established, a plaintiff may rely on evidence concerning any member of the family in proving these elements.

DaimlerChrysler failed to show a family because it could not demonstrate sufficient uniformity among the front grilles of its various Jeep models. On that basis, the court found that DaimlerChrysler had not come forward with evidence of likely confusion. While DaimlerChrysler had produced evidence of overall confusion between the H2 and the Jeep brand, it did not show confusion with the specific Jeep models that had a similar front grille.

Denial of the injunction also rested upon several traditional factors — the court found: that General Motors did not intend to cause confusion; that purchasers are likely to use great care before buying an expensive motor vehicle, so that they are unlikely to be misled by design similarities; and that grant of an injunction would cause severe injury to GM, which had invested hundreds of millions of dollars in production and marketing costs in the H2 project.

Copyright

In *Marvel Characters, Inc. v. Simon*, 2002 WL 31478878 (2d Cir., Nov. 7, 2002), the Second Circuit broadly interpreted §304(c) of the Copyright Act. That section gives authors of works, other than those made for hire, created before 1978 the right to terminate any grant of a transfer or license of the work during a period beginning 56 years after the copyright was secured, "notwithstanding any agreement to the contrary." (A similar provision pertains to works created after 1977.) Mr. Simon, the cartoonist who created the hugely successful Captain America character in 1940, attempted to terminate his transfers of the Captain America copyrights. Marvel, the grantee, argued that Mr. Simon was bound by an agreement settling two prior litigations, in which he acknowledged that Captain America was a work made for hire. The Court of Appeals held that because the acknowledgement appeared in the settlement agreement, but not in the stipulations filed in the prior litigations, it was not binding as collateral estoppel. Considering an issue of "first impression," it then found that the agreement was "an agreement to the contrary" under §304(c), and therefore void under the statute. The Second Circuit cautioned that parties wishing to resolve a litigation concerning work for hire status must "comply with the requirements of collateral estoppel by filing a detailed stipulation of settlement, complete with sufficient factual findings on authorship, with the court."

In *Dun & Bradstreet Software Services, Inc. v. Grace Consulting, Inc.*, 307 F3d 197 (3d Cir. 2002), the U.S. Court of Appeals for the Third Circuit reversed a jury verdict in favor of defendant and found copyright infringement of a computer program as a matter of law. Defendant Grace marketed a program that "updated" a program authored by plaintiff Geac that prepares year-end tax reports. Through the use of "copy and call" commands, Grace's

Lewis R. Clayton *is a litigation partner at Paul, Weiss, Rifkind, Wharton & Garrison and co-chair of the firm's intellectual property litigation group.* **Robyn M. Sorid,** *an associate at the firm, assisted in the preparation of this column.*