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N&M Presents Top 10 Legal Issues in Social Media

The role of social media for business owners has increased significantly. We have developed a synopsis of some of the top legal issues in social media facing businesses today, with a particular focus on reducing risks to your organization. Our article is available [here](#).

N&M attorney Rick Biagi will be presenting this topic to the Association Forum of Chicagoland on March 22, 2011. Details about this event are available at www.associationforum.org.

Fee Shifting in “Exceptional” Trademark Cases

Jeremy Roe, Neal & McDevitt, LLC

In *Nightingale Home Healthcare, Inc. v. Anodyne Therapy*, Case. No. 10-2327 (7th Cir. Nov. 23, 2010), the U.S. Court of Appeals for the Seventh Circuit addressed the “exceptional” cases provision of the Lanham Act for purposes of awarding attorney’s fees to a prevailing party. Common examples of “exceptional” cases include frivolous or bad faith filings or misconduct during the course of litigation. 15 U.S.C. § 1117(a).

While various courts have utilized differing standards for prevailing plaintiffs versus prevailing defendants, the Seventh Circuit in *Nightingale* held that the same standard—whether a claim or defense is “objectively unreasonable”—should apply to both prevailing plaintiffs and defendants.

In the case at hand, *Nightingale* filed a false advertising claim against the defendant *Anodyne*, based on *Anodyne*’s advertising claims related to its FDA-approved infrared lamps. Finding that the claim was meritless and granting summary judgment for *Anodyne*, the district court held the case to be “exceptional” such that *Anodyne* was awarded attorney’s fees.

Fee Shifting (cont'd)

The Seventh Circuit upheld the district court's award of attorneys' fees, based on Nightingale's objectively baseless claim for false advertising. It appeared that Nightingale's claim was filed solely for the purpose of obtaining a price reduction for defendant Anodyne's infrared lamps.

Judge Posner, who authored the court's opinion, stated that a "case under the Lanham Act is 'exceptional,' in the sense of warranting an award of reasonable attorneys' fees to the winning party, if the losing party was the plaintiff and was guilty of abuse of process in suing, or if the losing party was the defendant and had no defense yet persisted in the trademark infringement or false advertising." Posner noted that an exceptional case is often characterized by oppression, analogizing to the tort of abuse of process. Upon consideration of Nightingale's litigation tactics, the court affirmed the grant of attorney's fees to Anodyne.

Thus, it now stands that the standard of defining an "exceptional" case under the Lanham Act be the same for prevailing plaintiffs and defendants. The court left open the issue of whether an individual plaintiff, versus a corporate plaintiff, would change the standard of "objective unreasonableness."

Third Circuit: Some Trademark Licenses Cannot Be Rejected In Bankruptcy

Daniel Schaeffer, Neal & McDevitt, LLC

The Third Circuit recently held that, under some circumstances, a trademark license is not an executory contract subject to rejection in bankruptcy. This decision may have implications in business sales and acquisitions that involve ancillary trademark licenses.

The full article is available [here](#).

N&M Attorneys Honored

Several Neal & McDevitt attorneys have recently been honored as leaders in intellectual property.

- **Kevin McDevitt** was selected as a 2010 *Leading Lawyer* in Advertising & Media Law and Intellectual Property Law by Leading Lawyers Network.
- **Lisa Iverson** was named to the *Leading Lawyers Network* for 2011 in Intellectual Property Law.
- **Rick Biagi** and **Jeremy Roe** were selected as *Illinois Rising Stars* for 2011 in Intellectual Property Law by Super Lawyers.

Upcoming Presentations

- **Jeremy Roe** will be presenting a DMCA Takedown Workshop, co-sponsored by the Chicago Bar Association Young Lawyer Section's Creative Arts Committee and Intellectual Property Committee in Chicago, Illinois on March 9, 2011.
- **Rick Biagi** will be presenting "10 Steps to Reduce Legal Risk Related to Social Media" at the Association Forum of Chicagoland on March 22, 2011. Details about this event are available at www.associationforum.org.
- **Liz Kunkle** is serving on an ABA panel tentatively titled "Jack and COLA: Unique IP Issues for Wine and Spirits" at the ABA Young Lawyer Division's Spring Conference in Las Vegas, Nevada, on May 13, 2011. **Jeremy Roe** will also be a moderator of the panel.

IP Quick Hits

APPLICATION OF FIRST SALE DOCTRINE TO FOREIGN GOODS

On December 13, 2010, the Supreme Court issued a rare *per curiam* decision in *Costco Wholesale Corp v. Omega S.A.*, 562 U.S. ___ (Dec. 13, 2010). The decision—published without an opinion—effectively affirmed the Ninth Circuit's earlier holding that the first sale doctrine under the Copyright Act, 17 U.S.C. § 109, does not cover goods manufactured abroad. *Omega S.A. v. Costco Wholesale Corp.*, 541 F.3d 982 (9th Cir. 2008).

RAISING THE BAR FOR INJUNCTIVE RELIEF

In *Salinger v. Colting*, 607 F.3d 68 (2d Cir. 2010), the U.S. Court of Appeals for the Second Circuit vacated a preliminary injunction that had been granted under a well-established standard in copyright law. Specifically, the court found that a plaintiff seeking injunctive relief must specifically demonstrate irreparable harm, and not merely rely on a categorical rule or presumption that follows the finding of a likelihood of success on the merits. While the Seventh Circuit has yet applied this standard, it will likely raise the bar for injunctive relief for plaintiffs moving forward.

NEAL & McDEVITT® News Brief

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