TRADEMARKS OUTLINE

# INTRODUCTION

## Unfair Competition

### Rule – R2d Unfair Competition. § 1

*One who causes harm to the commercial relations of another by engaging in a business or trade is not subject to liability to the other for such harm unless:*

*(a) the harm results from acts or practices of the actor actionable by the other under the rules of this Restatement relating to:*

*(1) deceptive marketing, as specified in Chapter Two;*

*(2) infringement of trademarks and other indicia of identification, as specified in Chapter Three;*

*(3) appropriation of intangible trade values including trade secrets and the right of publicity, as specified in Chapter Four;*

*or from other acts or practices of the actor determined to be actionable as an unfair method of competition, taking into account the nature of the conduct and its likely effect on both the person seeking relief and the public; or*

*(b) the acts or practices of the actor are actionable by the other under federal or state statutes, international agreements, or general principles of common law apart from those considered in this Restatement.*

### Hot News Misappropriation

* + 1. ***International News Service v. Associated Press* (US 1918)**
       1. Synopsis: INS reproduced AP news as their own. AP sued INS for unfair competition.
       2. Tool: “quasi-property” right (right might be effective against competitors but not against the public at large ) in the dissemination of uncopyrightable information
       3. Holding: granted AP protection against its competitors during the period of initial dissemination of the information to AP’s members.
       4. Dissent (Brandeis): “The general rule of law is that the noblest of human productions – knowledge, truths ascertained, conceptions, and ideas – become, after voluntary communication to others, free as the air to common use.”
    2. ***Cheney Bros. v. Doris Silk Corp.* (2d Cir. 1929)**
       1. Synopsis: Cheney Bros. sought to enjoin Doris Silk Corporation from copying its fabric designs for a season (8-9 months).
       2. Tool: Quasi-property right as provided for in INS v. AP does not apply beyond news agencies.
       3. Holding (Hand): Cheney Bros. has no property right under patent or copyright law to prevent Doris Silk Corporation from imitating its fabric designs.
       4. Notes: Under current copyright statute, original fabric designs are automatically protected as pictorial, graphic or sculptural works for a term that lasts 70 years after the death of the author of the design.
    3. ***National Basketball Association v. Motorola* (2d Cir. 1997)**
       1. Synopsis: NBA attempted to prevent Motorola STATS from divulging scores of ongoing basketball games to app users.
       2. Tool: Misappropriation Five Factor Test: “hot news” INS-like claim is limited to cases where: (i) a plaintiff generates or gathers information at a cost; (ii) the information is time-sensitive; (iii) a defendant’s use of the information constitutes free-riding on the plaintiff’s efforts; (iv) the defendant is in direct competition with a product or service offered by the plaintiffs; and (v) the ability of other parties to free-ride on the efforts of the plaintiff or others would so reduce the incentive to produce the product or service that its existence or quality would be substantially threatened.
       3. Holding: NBA met first two elements and possibly fourth.
    4. ***Barclays Capital, Inc. v. Theflyonthewall.com* (2d Cir. 2011)**
       1. Synopsis: Three major financial investment firms (Barclays, Morgan Stanley, and Merrill Lynch) sued Fly for hot news misappropriation of facts and analyses from their research reports. District Court concluded that Fly was liable for “hot news” misappropriation under the NBA v. Motorola five-factor test.
       2. Tool:
          1. Two-part test to determine federal Copyright Act preempts state law claim:

The Subject Matter Requirement: if the work in question is of the type of works protected by the Copyright Act under 17 U.S.C. § 102 (i.e. original works of authorship fixed in a tangible medium of expression).

The General Scope Requirement: if the impugned state-law claim seeks to vindicate rights similar to one of the exclusive rights already protected by copyright law.

* + - * 1. Hot-news misappropriation exemption from pre-emption carved out in the NBA case was explicitly intended to be narrow in scope
        2. NBA five-part test is obiter dictum (a judge's incidental expression of opinion, not essential to the decision and not establishing precedent).
      1. Holding: Reversed in favor of Fly.
         1. Claims preempted by Copyright Act because financial investment firms’ reports satisfied two-part test.
         2. Five-factor test not satisfied because Fly is not “free-riding,” which involved taking material that is not your own but appropriating it and selling it as your own. Fly attributed the firms in its reports.
      2. Concurrence (Raggi): Agreed that pre-emption occurred but disagreed that NBA five-factor test is not satisfied because found that Fly was free-riding.

### Federal v. State Law

* + 1. ***Sears, Roebuck & Co. v. Stiffel Co.* (US 1964)**
       1. Synopsis: 7th Cir. enjoined Sears from selling lamps similar to those sold by Stiffel for violating state’s unfair competition law. Lower state court looked at two potential sources of confusion: same lamp and/or same manufacturer?
       2. Tool: Federal law is supreme with regard to copyrights and patents, so states are precluded from providing more protection to unpatented articles.
       3. Holding (Black): Reversed. Constitution (Art. I, § 8, cl. 8) empowers Congress to establish copyright and patent law. Allowing states to use their unfair competition law to prevent the copying of an article which is not protected under federal patent law would be too much of an encroachment of the federal patent system. Inability to tell items apart is not enough to say you can’t copy because creates conflict with federal patent law
    2. ***Compco Corp. v. Day-Brite Lighting, Inc.* (US 1964)**
       1. Synopsis: Companion case to Sears. Trial court found configuration of Day-Brite’s fixture identified Day-Brite to the trade because the arrangement of the ribbing had, like a trademark, acquired a “secondary meaning” by which that particular design was associated with Day-Brite.
       2. Tool: Federal patent laws do not prevent state law from requiring those who make and sell copies to take precautions to identify their products as their own. However, copying and selling alone may not furnish a basis for liability when an article is not protected by federal patent or copyright law.
       3. Holding: Reversed. Design is not entitled to a design patent so it can be copied at will.
       4. Note: Any restriction that would functionally keep someone out of the market would likely be considered preemptive – rarely litigated
    3. ***Bonito Boats v. Thunder Craft Boats* (US 1989)**
       1. Synopsis: Under a Florida law that prohibits direct molding process to duplicate vessels made by another without permission, Bonito Boats sued Thunder Craft for molding and reproducing Bonito’s unpatented boat hulls.
       2. Tool: Common-law tort of unfair competition has been limited to protection against copying of nonfunctional aspects of consumer products which have acquired secondary meaning such that they operate as a designation of source.
       3. Holding (O’Connor): Affirmed Florida Supreme Court decision that the Florida statute is preempted by the Supremacy Clause. Florida statute is aimed directly at preventing the exploitation of the design and utilitarian conceptions embodied in the product itself. States can pursue goals outside patent system, specifically states can protect consumers but can’t give incentives to producers (that is the role of patents and to some extend copyright system). *Compco* provides that states can require labeling for unpatented articles. O’Connor seems to allow states to ban copying as long as reason for ban is to protect consumers (represents expansion of unfair competition law).
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## Trademarks

### Legal Authority

* + 1. Article 1, Section 8, Clause 8 – “to promote the progress of science and useful arts, by securing for limited times, to authors and inventors, the exclusive right to their respective writings and discoveries.”
       1. Trademark has no necessary relation to inventions and discoveries because it is recognized by common law as generally the growth of a considerable period of use rather than a sudden invention.
       2. Can’t always be classified under writings of authors because originality is required while the trademark is generally the adoption of something already in existence as the distinctive symbol of the party using it.
       3. Thus, Court finds no power in this constitutional provision to allow Congress to pass such trade-mark law.
    2. Article 1, Section, 8, Clause 2 (Commerce Clause) – “The Congress shall have power to regulate commerce with foreign nations, and among the several States, and with the Indian tribes.”
       1. If law is not on its face or in its essential nature related to commerce with foreign nations, between states, and with Indian tribes, then “it is in excess of the power of Congress.”
       2. Law’s purpose was to establish a universal system of trade-mark registration without regard to the character of the trade to which it was to be applied or the resident of the owner, so this constitutional provision does not give Congress power to pass trademark statute.

### Historical Shift

* + 1. Trademark used to be about protecting owners (see Hanover below) but now about protecting consumers (See Stork – still talks about goodwill but ultimately seems to rest on consumer confusion; Champion Plug).
    2. ***Hanover Star Milling Co. v. Metcalf* (US 1916)**
       1. Synopsis: P and D adopted same brand name for flour. When one sold flour in the other’s geographic region, both sued each other to enjoin the sale of the other’s flour.
       2. Facts: P and D adopted the brand “Tea Rose” for flour. Both printed the brand name and a rose design on their flour sacks and barrels. When one sold in the other’s geographic region, both filed a trademark suit seeking to enjoin the sale of the other’s flour.
       3. Issue: Whether either P or D should be enjoined from selling flour with Tea Rose trademark.
       4. Tool: “He has no property in that mark per se, any more than in any other fanciful denomination he may assume for his own private use, otherwise than with reference to his trade. If he does not carry on a trade in iron, but carries on a trade in linen, and stamps a lion on his linen, another person may stamp a lion on iron, but when he has appropriated a mark to a particular species of goods, and caused his goods to circulate with this mark upon them, the court has said that no one shall be at liberty to defraud that man by using that mark, and passing off goods of his manufacture as being the goods of the owner of that mark… The trademark is treated as merely a protection for the good will, and not the subject of property except in connection with an existing business.”
       5. Holding: N/A
    3. ***Stork Restaurant, Inc. v. Sahati* (9th Cir. 1948)**
       1. Synopsis: P seeks to enjoin D from using its trade name and its insigne.
       2. Facts: P seeks to enjoin D from using its trade name, “The Stork Club,” and its insigne (a stork with monocle and top hat) for a night club in NYC. P spent $700 K on advertising and club made $1 M in annual gross income. Club is really popular (mentioned in magazines/newspapers and used in a movie). D opened a small bar about 10 years later in San Francisco with the same name. There is no dancing like in P’s club. A few napkins used in D’s bar had a picture of a stork with a high hat. Court denied injunctive relief. P appealed.
       3. Issue: Whether D should be enjoined from using P’s trade name and insigne given that P’s club is well known and popular and both clubs are in very different regions.
       4. Tool:
          1. “[W]here there is no direct competition between the parties, confusion of source may be defined as a misleading of the public by imitation of “An attractive, reputable trade-mark or trade name…not for the purpose of diverting trade from the person having the trade-mark or trade name to the imitator, but rather for the purpose of securing for the imitator’s goods some of the good-will, advertising and sales stimulation of the trade-mark or trade name.”
          2. “We perceive no distinction which, as a matter of law, should be made because of the fact that the plaintiff and the defendant are engaged in non-competing businesses.”
          3. “Reaping where one has not sown”/”Riding the coat-tails” – “Plaintiff has established a reputation for reliability and meritorious products. If articles which are not produced by him are attributed to him or associated with his name, the injury is obvious.”
          4. “The law…protects not only the intelligent, the experienced, and the astute. It safeguards from deception also the ignorant, the inexperienced, and the gullible.”
          5. “It is unnecessary…to show that any person has been confused or deceived. It is the likelihood of deception which the remedy may be invoked to prevent.”
       5. Holding: Judgement reversed and remanded with direction grant P injunction.
          1. No direct competition necessary.
          2. Lower court found that the Stork Club name with insignia was known to many people in San Francisco.
          3. A branch unit is usually less elaborate and impressive than the mother-house. Although intelligent people may not confuse the two, the law protects the ignorant too.
          4. No need to show damages.
    4. ***Champion Spark Plug Co. v. Sanders* (US 1947)**
       1. Synopsis: P sued D for trademark infringement and unfair competition for repairing and reselling used product which maintains same brand name although product does say “renewed” on it.
       2. Facts: P sells spark plugs under the trade mark “Champion.” D renews and resells used product and retains name on outside box. Inside box indicates product has been renewed and each plug says in small letters “Renewed.” P sued D for trademark infringement and unfair competition. District Court found for P on trademark infringement. Court of Appeals found for P on trademark infringement and unfair competition. Supreme Court granted certiorari due to this conflict in relief granted, particularly the refusal of the Circuit Court of Appeals to require respondents to remove the word “Champion” from the repaired or reconditioned plugs.
       3. Issue: Whether D should be required to remove the word “Champion” from the repaired plugs.
       4. Tool: “A trade mark only gives the right to prohibit the use of it so far as to protect the owner’s good will against the sale of another’s product as his. When the mark is used in a way that does not deceive the public we see no such sanctity in the word as to prevent its being used to tell the truth.” Prestonettes, Inc. v. Coty
       5. Court’s limiting principle – possible to imagine case where repairing is so extensive that it is not fair to call product by original name even using words “used” or “repaired”
       6. Holding: Affirm that don’t need to remove brand name. “The result is, of course, that the second-hand dealer gets some advantage from the trade mark. But under the rule of Prestonettes, Inc. v. Coty…that is wholly permissible so long as the manufacturer is not identified with the inferior qualities of the product resulting from wear and tear or the reconditioning by the dealer. Full disclosure gives the manufacturer all the protection to which he is entitled.”
    5. **Nitroleisure products v. Titleist**- Nitroleisure recovers/refinishes Titleist golf balls from water trap. Once ball is hit, major difference in quality. Packaging said refurnished Titleist balls. Court held that Champion applied so don’t need to remove brand name.
    6. **Automotive Gold** - Automotive gold goes to junkyards and takes insignia from cars and incorporates it into license plate holders and key chains, etc. Court reasons that it is different product so refuses to apply rule of Champion and car companies win against Automotive Gold.

### Goodwill/Misappropriation Model – Bone & Goodwill

* + 1. Introduction
       1. Core of trademark law today based on “information transmission model,” which views trademarks as devices for communicating information to the market and sees the goal of trademark law as preventing others from using similar marks to deceive or confuse consumers.
       2. Goodwill protection has nothing to do with facilitating consumer choice or safeguarding the quality of market information. It has to do instead with protecting sellers from misappropriation.
    2. Flaws in the Moral Argument
       1. Misappropriation-based liability assumes it is morally wrong to free ride on goodwill.
       2. Why does goodwill belong to the trademark owner as opposed to everyone in common? Perhaps issue is that the defendant benefits without contributing?
    3. Flaws in the Economic Argument
       1. Economic argument for condemning goodwill appropriation is based on incentives: the assumption is that a firm will invest optimally in producing goodwill when it expects to be able to capture all the benefits.
       2. An economic incentive analysis only supports a right to capture enough benefits to cover the costs of engaging in the activity.
       3. Social costs to allowing a firm to monopolize a mark on a broad misappropriation principle – e.g. trademark owner can charge a higher than competitive price with resulting deadweight loss; burden First Amendment values

### Advertising and the Public Interest

* + 1. Ralph Brown, Jr.
       1. Advertising is designed not to inform but to persuade and influence.
       2. The economist may think it irrational to buy illusions. The taint of irrationality may be dispelled by asserting flatly that the utility of a good, that is, its capacity to satisfy wants, is measured exactly by what people will pay for it. E.g. brand names v. non-brand names.
       3. Does the sovereign consumer have real freedom of choice? The foundation of free choice, is an adequate presentation of alternatives. But, it’s hard to believe with modern ads that you don’t need to buy stuff to be socially acceptable.
    2. Litman
       1. What consumers are willing to pay has become synonymous with value
       2. Proposition that trade symbols have no intrinsic value has come to seem demonstrably inaccurate. The use of trademarks on promotional products has evolved from an advertising device for the underlying product line to an independent justification for bringing a so-called underling product to market.
       3. Today, marketing is value.
       4. Consumers have come to attach enormous value to trade symbols
       5. If we have come to value the atmospherics embodied in advertising, shouldn’t our law be reformed to protect them from unauthorized imitation?
       6. Just because something has value, it doesn’t mean we should protect. Should only protect it if doing so prevents bad things from happening or creates benefit…?
       7. Should fall back on free market – best way to get high quality

### Economic Perspective – Landes & Posner

* + 1. Benefits of Trademarks
       1. Requirements to create benefit
          1. Trademark or brand name must not be duplicated
          2. Producer must maintain a consistent quality over time and across consumers
          3. Firm must be able to maintain consistent quality
       2. Benefits
          1. Reduces consumer search costs
          2. Encourages expenditures on quality and service
          3. Advertising creates value even if it is hedonic value (based on perception)
    2. The Costs of Legally Enforceable Trademarks
       1. Low costs for “fanciful marks” that contain no information content (e.g. Exxon, Kodak)
       2. Low costs from rent seeking to stake out a trademark since there are infinite options available
       3. A proper trademark is not a public good
       4. May create deadweight costs – monopoly or excessive competition
       5. May induce owner to create spurious image of high quality through advertising and promotion

### Biasing Brands – Sheff

* + 1. HeadOn – recall phenomenon
    2. Economic justification – giving individual producers an exclusive right to access the consumer goodwill that attaches to a particular word or symbol is said to provide those producers with an incentive to produce products of a high and consistent quality and lowers consumers’ search costs
    3. However, most consumer transactions are considerably less systematic and analytical than the search-costs model can account for.
    4. Trademarks have multiple effects on customers: inform consumers (consistent with search-costs model); persuade consumers (debated); and bias consumers
    5. Brand Bias – trademarks supported by marketing activities can give rise to consumer beliefs about objective product qualities that are **objectively mistaken**, and yet resistant to correction by exposure of the consumer to objective evidence.
    6. Landes and Posner are too ready to accept that if consumers are willing to pay high prices for products with well-known trademarks, that fact, without more, demonstrates that the trademarked products are better than their lower priced competitors.

### International Framework – Paris Convention

* + 1. No discrimination against nationals of other countries -- Art. 2
    2. First filing date in a member country gives applicant priority in all other countries, provided filings are made within 6 months -- Art. 4
    3. Marks considered “well-known” in any member country protected against use on similar goods in that country -- Art. 6bis
    4. Protection of foreign nationals against “unfair competition” -- Art. 10bis
    5. Opportunities for “special agreements”

# WHAT MAY BE PROTECTED?

## Types

### Trademarks (LA 45; 15 USC 1127)

* + 1. any word, name, symbol, or device, or any combination thereof,
    2. either
       1. currently used by a person or
       2. a person has a bona fide intention to use it in commerce and applies for registration
    3. used to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown

### Service Marks (LA 45; 15 USC 1127)

* + 1. any word, name, symbol, or device, or any combination thereof,
    2. either
       1. currently used by a person or
       2. a person has a bona fide intention to use it in commerce and applies for registration
    3. used to identify and distinguish the services of one person from the services of others and to indicate the source of the services, even if that source is unknown

### Collective Marks

* + 1. (LA 45; 15 USC 1127)
       1. a trademark or service mark
       2. either
          1. used by members of a cooperative, association, or other collective group
          2. or a cooperative, association, or other collective group has a bona fide intent to use it in commerce and applies to register it
    2. Two types of collective marks
       1. Collective trademarks and service marks – used by members of an organization to identify and distinguish their services and goods
       2. Collective membership marks – designations used by individual members to indicate that they are members of a group

### Certification Marks

* + 1. (LA 45; 15 USC 1127)
       1. any word, name, symbol, or device, or any combination thereof,
       2. either
          1. currently used by a person other than its owner or
          2. its owner has a bona fide intention to permit another person to use it in commerce and applies for registration
       3. used to certify regional or other origin, material, mode of manufacture, quality, or accuracy of such person’s goods or services other that the goods or services were performed by members of a union or other organization
    2. Does not indicate the producer of the goods or services. Functions as a symbol of guarantee or certification that the goods or services bearing the mark meet certain criteria or conditions or that products meet certain standards.
    3. A regional certification mark will not be deemed to have become a generic term as applied to particular goods unless it appears that it has lost its significance as an indication of regional origin of those goods, e.g., by virtue of its having been used on goods which originate somewhere other than the place named in the mark. TTAB in Institut National Des Appelations d’Origine
    4. 15 USC 1064 (Lanham Act 14) – cancellation of certification marks
       1. E.g. Subject to cancellation if the certifying organization excludes a potential user who meets the certifier’s criteria.

## Permissible Forms

### General

* + 1. R3 Unfair Competition § 9, Cmt. g – types of trademarks not limited by this section and may include words, numbers, slogans, pictures, symbols, sounds, graphic design, product and packaging features, “and other matter capable of identifying and distinguishing the goods or services of the user…”
    2. ***Kellogg Co. v. National Biscuit Co.* (US 1938)**
       1. Facts: National Biscuit Company (later Nabisco) sued Kellogg Co. to enjoin alleged unfair competition by the manufacture and sale of shredded wheat cereal. Nabisco alleged the competition to be unfair mainly because Kellogg Co. uses, like Nabisco, the name shredded wheat and, like Nabisco, produces its biscuit in pillow-shaped form. District court found for Kellogg holding that the name is descriptive and that no passing off or deception had been shown. In addition, Nabisco’s patent expired meant that the name of the patented article passed into the public domain. Court of Appeals reversed enjoining Kellogg from using name and pillow form.
       2. Tool:
          1. Trade Name

When a “term is generic, the original maker of the product acquired has no exclusive right to use it.”

Upon the expiration of a patent, “along with the public ownership of the device there must also necessarily pass to the public the generic designation of the thing which has arisen during the monopoly…To say otherwise would be to hold that, although the public had acquired the device covered by the patent, yet the owner of the patent or the manufacturer of the patented thing had retained the designated name which was essentially necessary to vest the public with the full enjoyment of that which had become theirs by the disappearance of the monopoly.” Singer Mfg. Co. v. June Mfg. Co.

“to establish a trade name in the term ‘shredded wheat’ the plaintiff must show more than a subordinate meaning which applies to it. It must show that the primary significance of the term in the minds of the consuming public is not the product but the producer.”

* + - * 1. Product Shape – “Where an article may be manufactured by all, a particular manufacturer can no more assert exclusive rights in a form in which the public has become accustomed to see the article and which, in the minds of the public, is primarily associated with the article rather than a particular producer, than it can in the case of a name with similar connections in the public mind.”
        2. Fairness – “Fairness requires that it be done in a manner which reasonably distinguishes its product from that of plaintiff.” “The obligation resting upon [defendant] is not to insure that every purchaser will know it to be the maker but to use every reasonable means to prevent confusion.”
        3. “Sharing in the goodwill of an article unprotected by patent or trademark is the exercise of a right possessed by all – and in the free exercise of which the consuming public is deeply interested.”
      1. Holding (Brandeis):
         1. Trade Name – Nabisco has no exclusive right to the use of the term “Shredded Wheat” as a trade name.

It is the generic term of the article, which describes it with a fair degree of accuracy; and is a term by which the biscuit in pillow-shaped form is generally known by the public.

“there passed to the public upon the expiration of the patent, not only the right to make the article as it was made during the patent period, but also the right to apply thereto the name by which it had become known.”

Nabisco has not shown that ‘shredded wheat’ has “secondary meaning” of being from Nabisco.

* + - * 1. Product shape – Nabisco has no exclusive right to sell shredded wheat in the form of a pillow-shaped biscuit.

Patent expired so public is free to use the same shape that was previously patented.

* + - * 1. Fairness – Name “Kellogg” was so prominent on all cartons as to minimize the possibility of confusion. Even when served in lunchroom without carton, no customer would be misled because Kellogg biscuit is two-thirds the size of Nabisco’s. “Evidence is persuasive that [pillow-shape] is functional – that the cost of the biscuit would be increased and its high quality lessened if some other form were substituted for the pillow-shape.”
      1. Note: “Defacto secondary meaning” – it may exist but we won’t protect it in interest of competition so just impose laveling requirement.

### Word Marks

* + 1. Includes Numbers
    2. “Doctrine of foreign equivalents” – translate the mark, but muddied in practice because will sometimes ask whether it is a language commonly in use in the U.S. or if it is a well-known phrase that consumer will stop and translate
    3. ***Coca-Cola Co. v. Koke Co. of America* (US 1920)**
       1. Synopsis: Coca-Cola sued Koke to prevent the infringement of its trademark and unfair competition.
       2. Facts: Coca-Cola sued Koke to prevent the infringement of its trademark and unfair competition. Court found that the word “Koke” was chosen for the purpose of reaping the benefit of the advertising done by Coca-Cola and of selling the imitation as and for the plaintiff’s goods. District Court found for Coca-Cola. Circuit Court of Appeals did not continue injunction it was of an opinion that the “trade-mark in itself and the advertisements accompanying it made such fraudulent representations to the public that the plaintiff had lost its claim to any help from the Court.” Koke claims that since Coca-Cola no longer contains cocaine, “the continued use of the name imports a representation that has ceased to be true…and that thus the very thing sought to be protected is used as a fraud.” Coca-Cola still used the cola nut.
       3. Issue: Whether P did lose right to equitable relief for making fraudulent claim?
       4. Tool: “Of course a man is not to be protected in the use of a device the very purpose and effect of which is to swindle the public. But the defects of a plaintiff do not offer a very broad ground for allowing another to swindle him.”
       5. Holding (Holmes): Reversed and reinstated injunction against Koke. Coca-Cola “probably means to most persons the plaintiff’s familiar product to be had everywhere rather than a compound of particular substance…[I]t has acquired a secondary meaning in which perhaps the product is more emphasized than the producer but to which the producer is entitled. The coca leaves and whatever of cola nut is employed may be used to justify the continuance of the name or they may affect the flavor as the plaintiff contends, but before this suit was brought the plaintiff had advertised to the public that it must not expect and would not find cocaine…”

### Slogans

* + 1. Slogans can function as trademark
    2. ‘Descriptive slogans can acquire secondary meaning through extensive, continuous and substantially exclusive use.’
    3. “Hair color so natural only her hair dresser knows for sure” – court rejected opposer’s mere descriptive challenge emphasizing applicant’s advertising and sales
    4. “The best beer in America” – Court upheld Board’s refusal observing that it is a common phrase used descriptively and is nothing more than a claim of superiority.
    5. “Once a marine, always a marine” – Board’s refusal upheld because “The function of a trademark is to identify a single commercial source. Because consumers would be accustomed to seeing this phrase displayed on clothing items from many different sources, they could not view the slogan as a trademark indicating source of the clothing only in applicant.”

### Names

* + 1. Personal
       1. must be used in commerce as source indicator
       2. Common Law
          1. Majority rule: can be protected only upon a showing of SM
          2. Minority: if the policies underlying the traditional rule are not implicated, a name can be inherently distinctive. Peaceable Planet (CA7 2004).
       3. Lanham Act – while surnames are registrable only with SM, two-part personal names are registrable without SM
    2. Names of Other Living Persons – cannot be registered without their consent

### Symbols

* + 1. ***Mishawaka Rubber & Woolen Manufacturing Co. v. S.S. Kresge Co.* (US 1942)**
       1. Synopsis: P sold shoes with a red circular plug in heel to signal quality. D sold different heels with similar plug of inferior quality.
       2. Facts: P sold shoes with a red circular plug in heel to signal quality. D sold different heels with similar plug of inferior quality. District Court found that D infringed P’s trademark and enjoined future infringement and ordered that D account to P for profits made from sales to purchasers who were induced to buy because they believed the heels to be those of plaintiff and which sales plaintiff would otherwise have made.
       3. Issue: Remedy
       4. Tool:
          1. “The plaintiff of course is not entitled to profits demonstrably not attributable to the unlawful use of his mark. The burden is the infringer’s to prove that his infringement had no cash value in sales made by him. If he does not do so, the profits made on sales of goods bearing the infringing mark properly belong to the owner of the mark.”
          2. “A trade-mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol.”
       5. Holding (Frankfurter): “”

### Trade Dress

* + 1. Definition – trade dress of a product is essentially its total image and overall appearance; may include such features as size, shape, color or color combinations, texture, graphics, or even particular sales techniques.
    2. Rejected rule for product design but not product packaging (Old Seabrook Test))(***See Walmart***)
       1. Common basic shape/design,
       2. Unique or unusual, or
       3. Mere refinement of a common form of ornamentation
    3. Large Marks as Designs – “[a] small, neat and discrete word or design feature…may be likely to create the impression of a trademark, whereas the larger rendition of the same matter emblazoned across the front of a garment…may be likely perceived merely as a decorative or ornamental feature of the goods.” TMEP 1202.3(a)
       1. Mark
          1. Blue field
          2. Heroes under God
       2. Not a Mark
          1. Clothing facts – ornamental until it starts gaining secondary meaning
          2. Lulemon – decorative (Class 7 slides)
          3. Laguna shirt – decoration
          4. Once a marine always a marine – information, not mark
          5. Sonicare – swirl is not source indicating
          6. Toilet Symbol for patient remote – would not be identified by consumers as a mark
          7. Shimmering Ballerinas – no consumer would think whole thing is mark
    4. ***Qualitex Co. v. Jacobson Products Co., Inc.* (US 1995)**
       1. Synopsis: Qualitex Company (P) uses a special shade of green-gold for press pads that it sells to dry cleaning firms. Jacobson Products (D) began to use the same color. P registered the color as a trademark and then added a trademark infringement count to an unfair competition claim in a lawsuit it had already filed against D for use of the color. The Lanham Act gives a seller or producer the exclusive right to register a trademark and to prevent competitors from using that trademark. District Court ruled for P but Circuit Court set aside finding that Lanham Act doesn’t permit registering color alone.
       2. Tool:
          1. No “objection to the use of color alone as a trademark, where that color has attained ‘secondary meaning’ and therefore identifies and distinguishes a particular brand (and thus indicates its ‘source’).”
          2. “The functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm’s reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature.”
       3. Holding (Breyer):
          1. Lanham Act not restrictive against color (textualist analysis of statute)

Lanham Act says that trademarks include any word, name, symbol, or device, or any combination thereof. Symbol or device is broad.

Lanham Act requires that a person use or intend to use the mark “to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the course of the goods, even if that source is unknown.” Court said that “over time, customers may come to treat a particular color on a product, or its packaging as signifying a brand.”

* + - * 1. Functionality doctrine – “The fact that sometimes color is not essential to a product’s use or purpose and does not affect cost or quality – indicates that the doctrine of ‘functionality’ does not create an absolute bar to the use of color alone as a mark.”
        2. Objection – provides uncertainty as to which shades are protected; Response – questions of uncertainty in trademark not just around color
        3. Objection – colors limited in supply; Response – functionality doctrine will kick in if this becomes an issue
        4. Objection – older cases don’t support this; Response – older cases before Lanham Act so don’t apply
        5. Objection – no need to permit color alone because firm may use color as part of a trade mark and may also rely on trade dress. Response – sometimes doesn’t make sense to use more than just color and trademark provides protections that trade dress doesn’t.
    1. **Traffix Devises, Inc. v. Marketing Displays, Inc. (US 2001)**
       1. Synopsis: Marketing Displays, Inc. (MDI) held utility patents for a "dual-spring design" mechanism that keeps temporary road and other outdoor signs upright in wind. After the patents expired, TrafFix Devices, Inc. began marketing sign stands with a dual-spring mechanism copied from MDI's design. MDI brought suit under the Trademark Act of 1964 for, among other things, trade dress infringement. MDA claimed that its sign stands were recognizable to buyers and users because the patented design was visible. In granting summary judgement for TrafFix, the District Court concluded that MDI had not established a "secondary meaning," or that consumers did not associate the look of the dual-spring design with MDI. The court also found that there could be no trade dress protection for the design because it was functional. In reversing, the Court of Appeals suggested that the District Court committed legal error by looking only to the dual-spring design when evaluating MDI's trade dress because a competitor had to find some way to hide the design or otherwise set it apart from MDI's and noted the issue whether an expired utility patent forecloses the possibility of trade dress protection in the product's design.
       2. Issue: Is Marketing Displays, Inc.'s trade dress infringement claim precluded because its dual-spring design is a functional feature for which there is no trade dress protection?
       3. Tool:
          1. “The design or packaging of a product may acquire a which serves to identify the product with its manufacturing or source; and a design or package which acquires this secondary meaning, assuming other requisites are met, is a trade dress which may not be used in a manner likely to cause confusion as to the origin, sponsorship, or approval of the goods.”
          2. “the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.”
          3. “disclosure of a feature in the claims of a utility patent constitutes strong evidence of functionaliy…”
          4. “a product feature is functional, and cannot serve as a trademark, if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.”
          5. “a functional feature is one the ‘exclusive use of which would put competitors at a significant non-reputation-related disadvantage.”
       4. Holding (Kennedy): Yes. In a unanimous opinion delivered by Justice Anthony M. Kennedy, the Court held that because MDI's dual-spring design is a functional feature for which there is no trade dress protection, MDI's claim is barred. "A utility patent is strong evidence that the features therein claimed are functional, " Focusing on the dual-spring design, Justice Kennedy continued that "[w]here the expired patent claimed the features in question, one who seeks to establish trade dress protection must carry the heavy burden of showing that the feature is not functional, for instance by showing that it is merely an ornamental, incidental, or arbitrary aspect of the device." "MDI did not, and cannot, carry the burden," concluded the Court.
    2. ***Wal-Mart Stores, Inc. v. Samara Brothers, Inc.* (US 2000)**
       1. Facts: Samara Brothers, Inc. designs and manufactures a line of children's clothing. Wal-Mart Stores, Inc., contracted with a supplier, Judy-Philippine, Inc. (JPI), to manufacture outfits based on photographs of Samara garments and to be offered under Wal-Mart's house label, "Small Steps." When JPI manufactured the clothes, it copied sixteen of Samara's garments with some small modifications to produce the line of clothes required under its contract with Wal-Mart. After discovering that Wal-Mart and other retailers were selling the so-called knockoffs, Samara brought an action for infringement of unregistered trade dress under section 43(a) of the Trademark Act of 1946. The jury found for Samara and awarded the company more than $1 million in damages. Wal-Mart then renewed a motion for judgment as a matter of law, claiming that there was insufficient evidence to support a conclusion that Samara's clothing designs could be legally protected as distinctive trade dress for purposes of section 43(a).
       2. Tool:
          1. “trade dress” – product packaging and expanded to include product design
          2. Section 43(a) requires that “a producer show that the allegedly infringing feature is not ‘functional’…and is likely to cause confusion with the product for which protection is sought…Nothing in [Section 43(a)] explicitly requires a producer to show that its trade dress is distinctive, but courts have universally imposed that requirement, since without distinctiveness the trade dress would not ‘cause confusion as to the origin, sponsorship, or approval of [the] goods,’ as the section requires. Distinctiveness is, moreover, an explicit prerequisite for registration of trade dress under [section] 2 and ‘the general principles qualifying a mark for registration under [section] 2 of the Lanham Act are for the most part applicable in determining whether a mark is entitled to protection under [section] 43(a).’”
          3. **Product design** (v. product packaging, see *Two Pesos*) is not inherently distinctive. It is distinctive/protectable only with SM.
       3. Holding (Scalia): “[i]n a section 43(a) action for infringement of unregistered trade dress, **a product's design is distinctive, and therefore protectable, only upon a showing of secondary meaning**. The fact that product design almost invariably serves purposes other than source identification not only renders inherent distinctiveness problematic; it also renders application of an inherent- distinctiveness principle more harmful to other consumer interests.” “Consumers should not be deprived of the benefits of competition with regard to the utilitarian and aesthetic purposes that product design ordinarily serves by a rule of law that facilitates plausible threats of suit against new entrants based upon alleged inherent distinctiveness.”
       4. Note: Walmart applied to jean pocket designs – TTAB finds can’t be inherently distinctive so have to show secondary meaning

### Smells

* + 1. Trademark Trial and Appeal Board held that scented fragrance did function as a trademark for thread and embroidery yarn but limited this holding to exclude “scents or fragrances of products which are noted for those features, such as perfumes, colognes, or scented household products.”

### Sounds

* + 1. PTO usually requires showing of secondary meaning
    2. EU recognizes sounds
    3. Asian countries don’t recognize sounds
    4. See In Re Vertex Group

### Color

* + 1. See Qualitex (in US, can serve as TMs if claimant can show secondary meaning)

### Taste

* + 1. Hasn’t fared well because don’t have access to taste generally when shopping for a product. Has to be able to guide your choice – search costs explanation – or else not functioning as trademark.
  1. Touch
     1. PTO has registered a “Sensory, touch mark,” consisting of a “velvet textured covering on the surface of a bottle of wine.
  2. Buildings
     + 1. ***Rock and Roll Hall of Fame and Museum v. Gentile* (6th Cir. 1998)**
          1. Synopsis: Museum filed application with PTO to register the shape of its building as a service mark. Museum sued photographer for trademark infringement by taking photos of building and selling posters of photos.
          2. Issue: Whether museum shape served as a trademark for museum.
          3. Tool:

“a designation may serve both ornamental and source-identifying purposes.”

Essence of a trademark is “source-identifying function.”

* + - 1. Holding: Trademark did not serve source-identifying function that is the essence of a trademark. “although the Musuem has used drawings or pictures of its building design on various goods, it has not done so with any consistency…In reviewing the Museum’s disparate uses of several different perspectives of its building design, we cannot conclude that they create a consistent and distinct commercial impression as an indicator of a single source of origin or sponsorship…”

### Geographic Terms

* + 1. Used as ordinary TMs (e.g. identify a particular supplier) – Standard distinctiveness hierarchy applies and standard exclusions apply
    2. Geographic Indications
       1. TRIPS obliges Members States to protect “geographical indication.” Article 22(1) defines these as “indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation, or other characteristic of the good is essentially attributable to its geographical origin.”
       2. Article 22(2) obliges members states to prevent “the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good.”

### Other Identifying Indicia

* + 1. Preamble of Section 2 of Lanham Act – “No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature…”
    2. Trademark Review Commission of the US Trademark Association, in its review of the Trademark Act of 194,”Determined that the terms ‘symbol, or device’ should not be deleted or narrowed to preclude registration of such things as a color, shape, smell, sound or configuration which functions as a mark.”
    3. Gestures – e.g. hand shapes (“Roc”)

## Distinctiveness

### Distinctiveness Hierarchy

* + 1. ***Abercrombie & Fitch Co. v. Hunting World, Inc.* (2d Circ. 1976)**
       1. Synopsis: Abercrombie & Fitch claimed trademark rights in SAFARI. Trial court found the term failed to distinguish Abercrombie’s goods from other retailer’s similar apparel. The Second Circuit upheld with respect to certain items, notably hats, but reversed as to others, for example, shoes and boots.
       2. Tool: Cases “and in some instances the Lanham Act, identify four different categories of terms with respect to trademark protection. Arrayed in an ascending order which roughly reflects their eligibility to trademark status and the degree of protection accorded, these classes are (1) generic, (2) descriptive, (3) suggestive, and (4) arbitrary or fanciful.
          1. 1. Generic

Definition – a term that refers or has come to be understood as referring to the genus of which the particular product is a species.

Lanham Act provides for the cancellation of a registered mark if at any time it “becomes the common descriptive name of an article or substance.” 14(c)

“[W]hen a suggestive or fanciful term has become generic as a result of manufacturer’s own advertising efforts, trademark protection will be denied save for those markets where the term still has not become generic and a secondary meaning has been shown to continue.”

* + - * 1. 2. Descriptive

Although 2(e) of the Lanham Act…forbids the registration of a mark which, when applied to the goods of the applicant, is “merely descriptive,” 2(f) provides that “except as expressly excluded in paragraphs (a)-(d), nothing in this chapter shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant’s goods in commerce” and that the Commissioner may accept, as prima facie evidence that the mark has become distinctive, proof of substantially exclusive and continuous use of the mark applied to the applicant’s goods for five years preceding the application.”

* + - * 1. 3. Suggestive – “If a term is suggestive, it is entitled to registration without proof of secondary meaning…”
        2. 4. Fanciful or Arbitrary – “enjoy all the rights accorded to suggestive terms as marks – without the need of debating whether the term is “merely descriptive” and with ease of establishing infringement.”
      1. Holding (Friendly): Upheld with respect to certain items, notably hats, but reversed as to others, for example, shoes and boots.

### Inherently Distinct

* + 1. Arbitrary – existing word applied arbitrarily to a product or service
    2. Fanciful – Newly created word, image, etc.
    3. Suggestive – Suggests a quality of the good or service; it requires imagination, thought and perception to figure out the relationship between the goods/services and the term

### Descriptive

* + 1. Term conveys an immediate idea of the ingredients, describes an ingredient, quality, or characteristic of the product (has to be assessed in terms of goods/services offered – Asks about whether it would take imagination to connect two KNOWN things – mark and goods/services. Not asking about whether it would take imagination to connect mark with UNKNOWN good/service
    2. Doesn’t have to be descriptive of entire product, just part of it
    3. Protectable only with secondary meaning
    4. General laudatory terms are descriptive – e.g. CHANGING FOR THE BETTER EVERY DAY (competitive needs test?)
    5. **Double Entente** – can make it suggestive – e.g. SUGAR & SPICE for bakery products (double meaning of ingredients and nursey rhymes makes it suggestive)
    6. Images can be descriptive – THE MOSQUITO PATCH name and design descriptive
    7. Factors used to determine whether a mark is descriptive or suggestive:
       1. Dictionary definition of the term
       2. Does it require consumers to use their imaginations to reach a conclusion as to the nature of the goods? - ***Zobmondo***
       3. Do competitors “need” the term to describe their products – or would it be “useful” to them? - ***Zobmondo***
       4. To what extent has the term been used by competitors?
    8. Examples – See Class 4 Slide # 13 for more examples
       1. Descriptive
          1. KING SIZE for clothing stores for big and tall men
          2. CHICKEN OF THE SEA for tuna – circuit split on whether this is descriptive and suggestive
          3. STACKED – refusal to register because delivery system for wine was stacked
          4. MARDI GRAS BEAD DOG design mark (***Nola Spice Designs***)
          5. Alarm (***In Re Vertex***)
       2. Suggestive
          1. MIRACLE BRA for BRAS – 3rd Cir. said it was suggestive – don’t know what kind of miracle it is and therefore it is suggestive
          2. GREEN INDIGO for clothing – indigo can’t be green
          3. N2 WINES – examiner refused because symbol for nitrogen which is how wine is made. TTAB reversed because N2 could mean into wines so double entente makes it suggestive
    9. ***In the Matter of the Application of Quik-Print Copy Shops, Inc.* (CCPA 1980)**
       1. Synopsis: Examiner refused to register QUIK-PRINT under 2(e)(1) of the Lanham Act on the ground that the mark as applied to printing service is merely descriptive. Board affirmed.
       2. Tool:
          1. “A mark is merely descriptive if it immediately conveys to one seeing or hearing it knowledge of the ingredients, qualities, or characteristics of the **goods or services with which it is used**; whereas; a mark is suggestive if imagination, thought or perception is required to reach a conclusion on the nature of the goods or services.”
          2. “Registration will be denied if a mark is merely descriptive of any of the goods or services for which registration is sought.”
       3. Holding (Miller): Affirmed. QUICK-PRINT is merely descriptive. One of the services provided by appellant is printing. Clearly the term “QUIK’ describes one of the qualities or characteristics of the printing service: the speed with which it is done. “Because this quality or characteristic of appellant’s service comes immediately to mind, we are satisfied that the mark QUIK-PRINT is merely descriptive.
    10. ***Nola Spice Designs v. Haydel Enterprises* (5th Cir. 2015)**
        1. Synopsis: Mardi Gras Bead Dog bakery sued Nola Spice Designs for selling jewelry in shape of mardi gras bead dog. 5th Cir. concluded that the design mark was merely descriptive and that neither mark had acquired secondary meaning.
    11. ***Zobmondo Entertainment, LLC. V. Falls Media, LLC* (9th Cir. 2010)**
        1. Synopsis: Falls Media and Zobmondo sue each other for trademark infringement for WOULD YOU RATHER… to identify board games and books. District Court granted Zobmondo summary judgment on the ground that the mark was merely descriptive and lacked secondary meaning. Falls Media appealed.
        2. Issue: Is there an issue of material fact as to whether WOULD YOU RATHER… is merely descriptive?
        3. Tool:
           1. “A suggestive mark is one for which ‘a consumer must use imagination or any type of multistage reasoning to understand the mark’s significance…the mark does not describe the product’s features, but suggests them…By contrast, a merely descriptive mark ‘describes the qualities or characteristics of a good or service.”
           2. “merely descriptive marks need not describe the ‘essential nature’ of a product; it is enough that the mark describe some aspect of the product.”
           3. Two tests – imagination test and competitor’s needs test – are only criteria offering guidance.
           4. Imagination Test

Asks whether imagination or a mental leap is required in order to reach a conclusion as to the nature of the product being referenced.

Does not ask what information about the product could be derived from the mark.

* + - * 1. Competitor’s Need Test

“If competitors have a great need to use a mark, the mark is probably descriptive; on the other hand, if ‘the suggestion made by the mark is so remote and subtle that it is really not likely to be needed by competitive sellers to describe their goods or services[,] this tends to indicate that the mark is merely suggestive.”

“The competitors’ needs test is related to the imagination test, ‘because the more imagination that is required to associate a mark with a product or service, the less likely the words used will be needed by competitors to describe their products or services.”

* + - 1. Holding (Gould): There is a genuine issue of material fact as to whether WOULD YOU RATHER… is merely descriptive as a matter of law.
         1. Imagination test – Only imagination can tell us that the question will serve up a bizarre or humorous choice. The record lacks comprehensive consumer surveys to say with confidence what consumers will understand the phrase WOULD YOU RATHER…? to mean.
         2. Competitors’ Needs test – favored Falls Media’s argument that mark is suggestive. Zobmondo identified 135 possible alternative names for its game during development. Many other phrases/words could substitute for mark.
    1. TOURBILLON – Tourbillon is component of mechanical watch – court finds this to be descriptive because for jewelry and watches is type of jewelry sold
    2. ***In re Vertex Group, LLC* (TTAB 2009)**
       1. Synopsis: Applicant sought to register the sound of a personal security alarm for children. Board upheld refusal to register.
       2. Facts: N/A
       3. Issue: Would the sound sought to be registered be perceived as a source indicator or merely as a sound emitted by the personal alarm to call public attention to the conduct prompting the alarm?
       4. Tool: “a distinction must be made between unique, different, or distinctive sounds and those that resemble or imitate ‘commonplace’ sounds or those to which listeners have been exposed under different circumstances.”
       5. Holding: Alarm sounds employed by applicant’s alarms are commonplace and the types of sounds to which prospective consumers of applicant’s products would have been exposed in various circumstances.

### Generic

* + 1. The term is commonly used to denote the goods or services **at issue**
    2. Unprotectable – not a mark at all

## Secondary Meaning

### Definition

* + 1. Consumers have come to recognize the mark as a source indicator
    2. a/k/a “acquired distinctiveness”
    3. the primary significance of the mark in consumers’ minds is not the product, but the producer
       1. not required to establish that the designation is recognized as distinctive by all prospective purchasers in the relevant market, nor even by a majority of them. It is sufficient if the designation is distinctive to a significant number of prospective purchasers, taking into account the interest of the user in preventing a misappropriation of its good will, the harm to consumers from potential confusion, and the interest in permitting access to the particular designation by competing sellers.
    4. Not essential that consumers know who the producer is
    5. Define consumer:
       1. Most cases treat the public in general as the relevant group
       2. But some acknowledge that the relevant group consist of buyer of the type of product or service at issue.

### Federal registration consequences

* + 1. LA 2(e) bars registration of "merely descriptive marks"
    2. LA 2(f) permits registration of such marks with SM

### Proving Secondary Meaning (R3d Unfair Competition § 13, cmt. e) (*See Smack*)

* + 1. Direct evidence – consumer surveys, consumer testimony, retailers/dealers testimony.
    2. Circumstantial evidence – exclusivity, duration and manner of use; sales volume; amount and manner of advertising (emphasize source significance rather than descriptive advertising uses); unsolicited press coverage; proof of intentional copying
       1. Section 2(f) of the Lanham Act, 15 U.S.C.A. § 1052(f), permits but does not require the Patent and Trademark Office to accept as prima facie evidence of distinctiveness proof of “substantially exclusive and continuous use” for five years.
       2. Concurrent use of a term by competitors is relevant as tending to negate the existence of secondary meaning. If the term has been used in a descriptive sense or as part of a trademark or trade name by numerous sellers in the market, it is unlikely to become associated exclusively with a single producer.
       3. Proof that a competing seller has intentionally copied a designation previously used by another is often accepted as evidence of secondary meaning on the theory that the copying was motivated by a desire to benefit from confusion with the prior user. The strength of the inference may be diminished, however, by other credible motives for the copying. Thus, if the designation is plainly descriptive and equally applicable to the products of both sellers, or consists of a feature that is functional (see § 17) or that otherwise enhances the value of the product for reasons unrelated to any alleged source significance, evidence of intentional copying may carry little weight on the issue of secondary meaning. See also § 22.
    3. Protection – When a designation has become distinctive through the acquisition of secondary meaning, it is protected under the same principles applicable to inherently distinctive designations. R3d Unfair Competition § 13, cmt. e.

### Why not require all marks to have secondary meaning?

* + 1. Immediate Recognition Theory – Probabilistic – people are likely to recognize arbitrary and suggestive as marks immediately so it will make it easier and less error prone than case by case . Case studies show this is not really true. Consumers perceive almost everything as trademarks when words put where trademark would usually be. People use contextual clues.
    2. “Second” Theory I missed
    3. Producer oriented justification – predictability justifies category of inherently descriptive marks. Can defend but at least open to law suit. Want to make it harder for registrant to make registration claim or just register design

### American Waltham Watch Co. v. United States Watch Co. (Mass. 1899)

* + 1. Synopsis: P brought suit to enjoin D from advertising its watches as “Waltham Watch” or “Waltham Watches” and from marking the watches to make “Waltham” conspicuous. P’s and D’s watches are made in Waltham. Preliminary injunction granted.
    2. Tool: “although the plaintiff has no copyright on the dictionary or any part of it, he can exclude a defendant from a part of the free field of the English language, even from the mere use of generic words, unqualified and unexplained, when they would mislead the plaintiff’s customers to another shop. So the name of a person may become so associated with his goods that one of the same name coming into the business later will not be allowed to use even his own name without distinguishing his wares. And so, we doubt not, may a geographical name acquire a similar association with a similar effect.”
    3. Holding (Holmes): P’s rights can’t stop from using D truthfully but can stop D from using it as trademark so can control prominence of how D uses it on product

### Board of Supervisors for Louisiana State University Agricultural and MechanicalCollege v. Smack Apparel Co. (5th Cir. 2008)

* + 1. Synopsis: Four universities sue D for infringing their trademarks by selling t-shirts with the schools’ color schemes and other identifying indicia referencing the games of the schools’ football teams (don’t use team names). Universities hold registered trademarks in their respective names and commonly used initials. They do not possess registered trademarks in their color schemes. District court granted summary judgment to universities. D appeals.
    2. Tool:
       1. “Secondary meaning occurs when, in the minds of the public, the primary significance of a mark is to identify the source of the product rather than the product itself.”
       2. “We have applied a multi-factor test for determining secondary meaning. The factors include: (1) length and manner of use of the mark or trade dress, (2) volumes of sales, (3) amount and manner of advertising, (4) nature of use of the mark or trade dress in newspapers and magazines, (5) consumer-survey evidence, (6) direct consumer testimony, and (7) the defendant’s intent in copying the trade dress.”
    3. Holding (Reavley): Affirm. Colors, content, and context of the offending t-shirts are likely to cause confusion as to their source, sponsorship, or affiliation. Parties and district court treated marks as descriptive so need to establish secondary meaning. “Given the longstanding use of the color scheme marks and their prominent display on merchandise, in addition to the well-known nature of the colors as shorthand for the schools themselves and Smack’s intentional use of the colors and other references, there is no genuine issue of fact that when viewed in the context of t-shirts or other apparel, the marks at issue here have acquired the secondary meaning of identifying the Universities in the minds of consumers as the source or sponsor of the products rather than identifying the products themselves.”

### Chrysler Group LLC v. Moda Group LLC

* + 1. Synopsis: Chrysler (P) sought preliminary injunction to enjoin Moda Group (D) dba Pure Detroit from using the phrase “IMPORTED FROM DETROIT” (“IFD”). Court denied motion for preliminary injunction.
    2. Facts: D specialized in products that promote Detroit. P spent $50M on reposition campaign that was introduced via Superbowl ads that included IFD at the end. P’s website saw more hits after ads ran. After commercial, D started making shirts with IFD logo. P requested that D desist but D refused.
    3. Tool:
       1. “Descriptive terms that are not inherently distinctive may only be protected if they are proven to have acquired a secondary meaning.”
       2. “In determining whether a mark is suggestive, the court should consider the degree of inferential reasoning necessary for a consumer to discern the goods provided in connection with the mark.”
       3. “The Lanham Act does not protect primarily geographically descriptive marks.”
       4. “Where it is determined that a mark as perceived by potential purchasers describes the geographical origin of the goods the mark is primarily geographically descriptive.”
       5. “To determine secondary meaning, the court looks at seven factors: 1) direct consumer testimony; 2) consumer surveys; 3) exclusivity, length, and manner of use; 4) amount and manner of advertising; 5) amount of sales and number of customers; 6) established place in the market; and 7) proof of intentional copying…No single factor is determinative and not all factors must be proven.”
       6. Discussing sixth factor, “Secondary meaning must be established prior to [another’s] use.”
       7. Discussing the seventh factor, “mere knowledge of the competitor’s mark is insufficient as a matter of law to prove intentional copying…Intentional copying is not actionable under the Lanham Act absent evidence that the copying was done with the intent to derive a benefit from the reputation of another.”
    4. Holding (Tarnow):
       1. IFD is likely geographically descriptive and thus not inherently distinctive.
       2. P has not shown acquisition of secondary meaning. Only three out of seven factors favor P. P has not present consumer testimony or surveys for first two factors. Only a short time passed since P unveiled IFD so factor three favors D. Factors four and five likely favor P. Sixth factor does not favor P because P would have to show that IFD acquired secondary meaning overnight which it didn’t. Seventh factor slightly favors D because D’s intent according to D is to promote Detroit and not to derive benefit from P’s reputation.

# ACQUIRING PROTECTION

## Ownership

### Joint Endeavors Test

* + 1. ***Bell v. Streetwise Records, Ltd.* (D. Mass. 1986)**
       1. Synopsis: Members of singing group (P), New Edition, sue BIM and Streetwise Records (D), recording company they signed recording contracts with as teenagers. Upon attaining their majority, P disavowed the contracts and signed a new recording contract with a different label. D played all the instruments, sang background vocals, wrote music, etc. Insisted they add 5th member which they did. P sued to enjoin D from further use of the mark, NEW EDITION. District Court denied injunction, First Circuit remanded.
       2. Issue: Who owns the mark “NEW EDITION”? comes down to who controls the nature and quality of the goods marketed under the mark? What are the goods in question?
       3. Tool:
          1. In absence of contract, “ownership of a mark is established by priority of appropriation…Priority is established not by conception but by bona fide usage. The claimant must demonstrate that his use of the mark has been deliberate and continuous, not sporadic, casual or transitory…its usage must be consistent with a present plan of commercial exploitation.”
          2. “in the case of joint endeavors, where prior ownership by one of several claimants cannot be established, the legal task is to determine which party controls or determines the nature and quality of the goods which have been marketed under the mark in question.”
          3. “In order to determine ownership in a case of this kind, a court must first identify that quality or characteristic for which the group is known by the public. It then may proceed to the second step of the ownership inquiry, namely, who controls that quality or characteristic.” – Note: two factors can be in contention
       4. Holding: “the quality which the mark New Edition identified was first and foremost the five plaintiffs with their distinctive personalities and style as performers. The ‘goods’ therefore are the entertainment services they provide. They and no one else controlled the quality of those services. They own the mark.” Norm in the music industry is that an artist or group generally owns its own name. This is not an exception. P existed and performed as New Edition before D released first song.
    2. ***Crystal Entertainment & Filmwork, Inc. v. Jurado* (11th Cir. 2011)**
       1. Synopsis: Pantera Productions (later dissolved and formed Crystal Entertainment) created and named the girl dance band, “Exposé.” Pantera hired original members but later hired Jurado, Curless, and Bruno. Band members eventually claimed that Exposé mark belonged to them. Court found Crystal failed to prove it first appropriated the mark so the court was required to determine the owner of the mark. Applied Bell “joint endeavors” test and found that band members controlled the qualities and characteristics that the public associates with the EXPOSÉ mark. Exposé had been consistently portrayed to the public as band members, so they owned goodwill associated with the mark.
       2. Tool: Bell “joint endeavors” test

### Defacto Partnership

* + 1. **Lunatrex, LLC v. Cafasso (S.D. Ind. 2009)**
       1. Synopsis: Members of the LunaTrex team competing in the Google Lunar X Prize competition had infighting and sued for an injunction to enjoin each other from using the LUNATREX mark.
       2. Tool:
          1. “Because there is no contractual agreement governing the membership and legal control of the team’s assets, the name or trademark is best treated as the asset of a de facto partnership.”
          2. “awarding sole ownership to the plaintiffs would require the court to conclude that Bitar and Air Buoyant had made such visible and disproportionately valuable contributions to the team’s efforts that the relevant public associates the LunaTrex name with Bitar and Air Buoyant to a much greater degree than with any other team members.”
          3. “Typically, when a partnership breaks up, the assets are distributed among the parterns. A trademark, however, is not divisible.”
       3. Holding: “LunaTrex trademark belongs to all members of the team. None of the four members of the leadership team…is entitled to use the mark to the exclusion of any others.” Bitar played leadership role but advertising and promotional materials focused on the team as a whole. No one team member appears to have had principal responsibility for maintain the quality and uniformity of the team efforts. There is no evidence that the public believes that any one team member in particular stood behind the LunaTrex team and the quality of its effort. “To prevent confusion to the public, the best solution under the law is to prevent all parties from using the mark without the consent of all other parties who are entitled to share control of its use. In other words, the court will take the unusual step of granting each side’s motion for preliminary injunction to prevent the other from using the LunaTrex trademark without the moving side’s consent.

## Use

### Use as a Trademark

* + 1. ***Thoroughbred Legends, LLC v. Walt Disney Co.* (N.D. Ga. 2008)**
       1. Synopsis: Thoroughbred (P) sued Disney (D) for trademark infringement by making film called “Ruffian” which was the same as P’s RUFFIAN trademark P applied for. Court found that P did not show that Ruffian was entitled to protection.
       2. Facts: Vasquez (jockey) and Whiteley (trainer), and Thoroughbred Legends (P) applied to the PTO to register “RUFFIAN” (name of horse) as a service mark. P had been approached by ESPN and ABC (both owned by Disney (D)) to produce a film about Ruffian. P and D declined. P offered to license RUFFIAN to D but D declined. D made “Ruffian” film. P sued D and D makes motion for summary judgment.
       3. Issue: Whether P showed trademark use of RUFFIAN.
       4. Tool:
          1. “To survive summary judgement of a claim of a trademark infringement, a plaintiff must present evidence that (i) the plaintiff has a valid trademark, and (ii) the defendant adopted a similar mark such that consumers would be likely to confuse the two.”
          2. “A plaintiff in a trademark infringement lawsuit must not only show that it used its mark in commerce, but also that it used the mark as a trademark, whether the mark is registered or not.”
          3. “A trademark’s primary function is to signify origin to potential customers and competitors.”
          4. “the requirement of use does not necessarily require Plaintiffs to show any sales.”
          5. “one cannot acquire rights in a trademark by asserting he owns it.”
       5. Holding (Martin): Plaintiffs have shown no trademark use of “RUFFIAN.” Legends did not use the “RUFFIAN” mark to identify the source of any service, but merely described it and claimed rights to the mark. E.g. sent email to ESPN claiming ownership but display no logo or coporate header stating “I own Thoroughbred Legends LLC, an entity that has obtained the trademarks for a number of famous thoroughbreds racehorses – among them Ruffian, Alydar,…” The word “Ruffian” is not distinguishable or set apart in any way from the rest of the message.
    2. ***American Express Co. v. Goetz* (2d Cir. 2008)**
       1. Synopsis: Goetz (P), a consultant for an advertising agency, devised a slogan, “MY LIFE, MY CARD.” P proposed it to Amex (D), which never replied but later used the slogan. P demanded D cease and desist.
       2. Issue: Whether slogan can be registered as trademark.
       3. Tool: “slogan is part of the advertising agency’s creative work, but it may become a source identifier when used by the client.”
       4. Holding: P never displayed the slogan to card consumers. The slogan served as “a mere advertisement for itself as a hypothetical commodity.” P’s trademark claim was properly dismissed.

### Common Law – “Use in Trade”

* + 1. Use in Trade.” Blue Bell (CA5 1975)
       1. Bona fide use of the mark in connection with offering goods or services to the public
       2. Publicity or solicitation may be sufficient if combined with intent to use

### Lanham Act

* + 1. “Use in Commerce”
       1. Interstate commerce
       2. Intrastate commerce that affects interstate commerce. ***Larry Harmon***.
       3. Commerce with other countries
       4. Commerce with “Indian Tribes”
    2. Unregistered Marks (43(a))
       1. Common-law standards apply
       2. Advertising and promotion is sufficient if (a) occurs within a commercially reasonable time prior to sales or service and (b) is sufficient to create an association among mark, goods/service, and user
    3. Requirements for Registration
       1. Pre-1989 – In the absence of an ITU option, "token use" was deemed sufficient for registration. But exactly how much use was necessary was contested
       2. Post-1989 – The availability of the ITU option has prompted courts to tighten "actual use" requirements
          1. See 15 USC 1127 below.
    4. 15 USC 1127 (Lanham Act 45) – in commerce defined

*The term “use in commerce” means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this chapter, a mark shall be deemed to be in use in commerce—*

*(1) on goods when—*

*(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale,* ***and***

*(B) the goods are sold or transported in commerce, and*

*(2) on services when it is used or displayed in the sale or advertising of services* ***and*** *the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.*

* + 1. Bona Fide
       1. “a meager trickle of business [does not] constitute[] the kind of bona fide use intended to afford a basis for trademark protection.” *La Societe Anonyme des Parfums le Galion v. Jean Patou* (2d Cir. 1974).
       2. ***P&G v. Johnson and Johnson*** – P&G’s minor brands program involved shipping products to different states with different names to secure trademarks. Court found that size of the program suggested that P&G wouldn’t use any particular brand name.
    2. Visibility of Mark
       1. ***In re Dell Inc.* (TTAB 2004)**
          1. Synopsis: Dell sought to register QUIETCASE as a trademark for computer workstation hardware and submitted a printout of a website page showing an image if its Precision Workstation 530 and providing a description that called it “QuietCase.” Trademark examiner refused registration on ground that Dell failed to show actual trademark use. TTAB reversed.
          2. Tool:

LA 45(1)(A)

“a website page which displays a product, and provides a means of ordering the product, can constitute a ‘display associated with the goods,’ as long as the mark appears on the webpage in a manner in which the mark is associated with the goods.”

* + - * 1. Holding: The single webpage is a point of sale display by which the actual sale is made. QUIETCASE is sufficiently prominent that consumers will recognize it is as trademark for the computer hardware shown on the webspage.
    1. Intrastate Commerce that Affects Interstate Commerce
       1. ***Larry Harmon Pictures Corp. v. Williams Restaurant Corp.* (Fed. Cir. 1991)**
          1. Synopsis: Larry Harmon, aka Bozo the Clown, opposed registration of the mark “BOZO’S” for restaurant services. Applicant owned a single restaurant in TN. Harmon asserted that registration should be denied because operation of a single restaurant did not constitute “use in commerce” within the meaning of the Lanham Act. Court affirmed Board’s dismissal of the opposition.
          2. Issue: Whether the board correctly concluded that the “use in commerce” requirement set forth in Section 3 of the Lanham Act is satisfied by the service in a single-location restaurant of interstate customers.
          3. Tool:

“in enacting the Lanham Act ‘it would seem that…Congress intended to regulate interstate and foreign commerce to the full extent of its constitutional powers.”

“commerce includes intrastate transactions that affect interstate or foreign commerce.” 🡪 **the standard is affect rather than whether the services themselves were delivered across state lines.**

* + - * 1. Holding: Reject Harmon’s argument that a certain increased threshold level of interstate activity is required before registration of the mark used by a single location restaurant may be granted. Restaurant is popular with Memphis residents and has been mentioned in publications in other states. Restaurant services interstate travelers.
        2. Note: Trademark Manual of Examining Procedures 901.03 – “Unless the ‘foreign commerce’ involves the United States, congress does not have the power to regulate it. Use of a mark in a foreign country does not give rise to rights in the United States if the goods or services are not sold or rendered in the United States.”
      1. Adidas AG v. Christian Faith Fellowship Church (2014) - TTAB found, “the sale of two ADD A ZERO caps at a minimal cost within the state of Illinois to Ms. Howard, who resides outside the state, does not affect interstate commerce that Congress can regulate such that the transaction would constitute use in commerce for purposes of registration.”

### Foreign Use

* + 1. Ordinarily, use of a mark outside the US does not count, even if advertising of the goods or services spills into US
    2. But a few courts define "use in commerce" broadly enough to encompass foreign services provided to US residents
    3. And some courts will recognize foreign use if it causes the mark to become "famous" or "well known" to US customers
       1. Common law? – Punchgini (CA2 2008) (The court suggested that state law might recognize such a famous mark exception (doctrine of misappropriation).
       2. Under Lanham Act – circuit split
          1. Foreign Mark exception to Territoriality Principle – Grupo Gigante (CA9 2004)
          2. No Foreign Mark exception – Punchgini (CA2 2008) and Paleteria (DDC 2014)
       3. Unclear whether this equivocal recognition of famous marks is sufficient to comply with TRIPS article 16.2
    4. ***Grupo Gigante SA de CV v. Dallo & Co., Inc.* (9th Cir. 2004)**
       1. Synopsis: Grupo Gigante opened GIGANTE market in Mexico in 1962 and expanded to a large, well-known chain. In 1990s, Dallo opened two stores in San Diego named “Gigante Market.” Grupo Gigante later opened a GIGANTE market in California. Litigation ensued. District Court ruled for Grupo Gigante and Dallo appealed.
       2. Tool:
          1. Territoriality principle – “priority of trademark rights in the United States depends solely upon priority of use in the United States, not on priority of use anywhere in the world.”
          2. Exception to territoriality principle for famous foreign marks – “There can be no justification for using trademark law to fool immigrants into thinking that they are buying from the store they liked back home.” Foreign mark owner must persuade the court “that a substantial percentage of consumers in the relevant American market is familiar with the foreign mark.”
       3. Holding: N/A
    5. **ITC LTD. v. PUNCHGINI (2d Cir. 2008)**
       1. Synopsis: ITC (P) operated restaurant in India and its prior employees (D) later opened restaurant with similar name in U.S. P sued D for trademark infringement.
       2. Facts: ITC (P) operated a famous Indian restaurant in India under the mark BUKHARA and operated or licensed other Bukhara restaurants in other locations but not the U.S. Prior Bukhara employees (D) opened an Indian restaurant called “Bukhara Grill” in Manhattan. P sued D for trademark infringement. District Court granted summary judgement to D. Court of Appeals concluded that Congress has not incorporated a famous foreign marks exception into the Lanham Act, and that the policy arguments favoring such an exception did not justify its judicial recognition. The court suggested that state law might recognize such an exception and certified to the NY Court of Appeals the questions whether NY Law permitted the owner of a famous foreign mark to recover in a state law action for unfair competition, and, if so, how famous the foreign mark must be to support such a claim.
       3. Issue: Whether NY Law permitted the owner of a famous foreign mark to recover in a state law action for unfair competition, and, if so, how famous the foreign mark must be to support such a claim.
       4. Tool:
          1. Congress has not incorporated a famous foreign marks exception into the Lanham Act, and that the policy arguments favoring such an exception did not justify its judicial recognition (question for Congress). The court suggested that state law might recognize such an exception (doctrine of misappropriation).
          2. Relevant evidence for NY: “(1) evidence that the defendant intentionally associated goods with those of the foreign plaintiff in the minds of the public, such as public statements or advertising stating or implying a connection with the foreign plaintiff; (2) direct evidence, such as consumer surveys, indicating that consumers of defendant’s goods or services believe them to be associated with the plaintiff; and (3) evidence of actual overlap between customers of the New York defendant and the foreign plaintiff.”
          3. “to pursue an unfair competition claim, ITC must adduce proof of both deliberate copying and secondary meaning”
          4. “more than copying is necessary for a famous foreign mark holder to pursue a state law claim for unfair competition. That foreign holder must further offer evidence that the defendant’s potential customers primarily associate the mark with the foreign holder.”
       5. Holding (Raggi): Affirmed grant of summary judgment to D. ITC cannot satisfy the burden of proving secondary meaning simply by pointing to evidence of obvious similarities between defendants’ Bukhara Grill and ITC’s own Bukhara restaurant, because such evidence is no proof that defendants’ potential customers were even aware of the existence of ITC’s Bukhara.
    6. ***Paleteria La Michoacana v. Productos Lacteos Tocumbo* (DDC 2014)**
       1. Synopsis: Prolacto and Paleteria sought to use similar marks for Mexican-style ice cream treats. Prolacto used mark in Mexico since the 1940s and licensed some US sales in 1999. Paleteria sold products within U.S. since 1991. Prolacto claimed that famous mark doctrine in Grupo Gigante entitled it to prevail. District Court disagreed.
       2. Tool:
          1. “priority of trademark rights in the United States depends solely upon priority of use in the United States, not on priority of use anywhere in the world.”
          2. “famous mark” or “well-known mark” doctrine under which a mark may be deemed so well-known in a particular American market – despite no actual commercial use in the market – that the territoriality principle is disregarded and priority is established through reputation rather than actual use in the United States. Only 9th Cir. has accepted this doctrine. 2nd Cir. rejected the doctrine in ITC. Court said it doesn’t need to decide whether it will recognize this rule or not in this case.
       3. Holding: The Court need not decide whether to recognize the rule at this time because PROLACTO does not come close to establishing the necessary fame of its marks within the United States for the doctrine to apply.

### Analogous Use/Tacking

* + 1. General
       1. In the US, a trademark applicant may not file a trademark application claiming actual use of the mark if the use was merely pre-sale advertising or promotion of the goods or services. The rules change, however, where two parties dispute which has priority. In the US, “use analogous to trademark use,” including advertising campaigns to announce the launch of a new product, or taking orders for a product that will soon be on the market, can sometimes be “tacked” onto actual use for the purposes of establishing priority. The key is that the trademark owner must show this kind of prior use created an association in the minds of the purchasing public between the mark and the goods.
    2. Chart

|  |  |  |  |
| --- | --- | --- | --- |
| **Ad/affixation in US; and goods/services provided in US** | **No ads/affixation in US; and goods/services not provided in US** | **Ads in U.S.; but goods/services not provided in U.S.** | **Ad/other publicity in US; no present goods/services provided in US** |
| Standard case: rights attach (absent some other problem like genericity) | 9th Cir.: Grupo Gigante: federal rights attach if mark has significant secondary meaning in U.S. | 2nd Cir.: Fashion Café: No federal rights | Possibility of analogous use to get priority (but there must ultimately be actual use): Jacks and Jones. |
|  | 2nd Cir.: ITC (Bukhara): No federal rights, but state misappropriation possible | 4th Cir.: Casino de Monte Carlo: Federal rights if services are provided to Americans outside the U.S. |  |

* + 1. **Aktieselskabet AF 21. November 2001 v. Fame Jeans, Inc. (DC Cir. 2008)**
       1. Synopsis: Bestseller sold had been selling millions of jeans labeled Jack & Jones since 1990 in many countries around the world except for the U.S. Fame Jeans filed its application under Lanham Act 1(b) avowing its intent to use the trademark in commerce. Bestseller filed under Lanham Act 44(e) swearing it intended to use the Jack & Jones mark in the U.S. Bestseller filed an opposition to Fame’s application alleging that Fame’s registration was likely to cause confusion with Bestseller’s Jack & Jones mark.
       2. Issue: Has Bestseller made enough analogous use to defeat Fame Jeans’ registration?
       3. Tool:
          1. “an opposer who has made enough ‘analogous’ use can still defeat a registration.”
          2. “need not ‘meet the technical statutory requirements to register…[a mark] to have a basis for objection to another’s registration.”
          3. “Section 2d requires only ‘use[] in the United States,’ and adoption of the mark by use analogous to strict trademark use will therefore suffice.”
          4. “Even marketing of a trademarked product before the product is ready for sale has the potential to defeat a rival’s registration.”
          5. “Analogous use must be ‘of such a nature and extent as to create public identification of the target term with the opposer’s product.”
       4. Holding (Brown): The court held that Bestseller falls short of showing a sale in the U.S. or to an American abroad as the beginning of a continuous commercial exploitation of the mark in the U.S. But held that Bestseller had stated a claim under § 2(d) of the Lanham Act by alleging that it had made “analogous” use of the mark prior to the filing of Fame Jeans’ intent-to-use application. Such analogous use consisted of research and marketing efforts in the United States, coupled with the inference of public association of the mark with Bestseller’s product.

## Priority Fights

### General Principle: First in Time, First in Right

* + 1. ***Blue Bell, Inc. v. Farah Manufacturing Co.* (5th Cir. 1975)**
       1. Synopsis: Both Farah and Blue Bell devised the mark “Time Out” for new lines of men’s slacks and shirts. Farah sent one pair of slacks bearing the mark to each of its regional sales managers, who paid for them, on July 3. Blue Bell shipped several hundred pair on July 5 with tags covering the Mr. Hicks trademark already on the pants. Farah shipped its first order of Time Out clothing to customers in September. Blue Bell mailed its Time Out garments to customers in October. Both parties sued each other for trademark infringement and sough injunctions.
       2. Issue: Whether Farah or Blue Bell had valid first use.
       3. Tool:
          1. “The exclusive right to a trademark belongs to one who first uses it in connection with specified goods…Such use need not have gained wide public recognition, and even a single use in trade may sustain trademark rights if followed by continuous commercial utilization.”
          2. “Secret, undisclosed internal shipments are generally inadequate to support the denomination ‘use,’ Trademark claims based upon shipments from a producer’s plant to its sales office, and vice versa, have often been disallowed.”
          3. “It seems to use that although evidence of sales is highly persuasive, the question of use adequate to establish appropriation remains one to be decided on the facts of each case, and that evidence showing, first adoption, and second, use in a way sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind as those of the adopter of the mark; is competent to establish ownership…” a/k/a sales aren’t necessary
          4. “To acquire trademark rights there has to be an “open” use, that is to say, a use has to be made to the relevant class of purchasers or prospective purchasers since a trademark is intended to identify goods and distinguish those goods from those manufactured or sold by others. There was no such ‘open’ use, rather the use can be said to be an ‘internal’ use, which cannot give rise to trademark rights.”
          5. “Elementary tenets of trademark law require that labels or designs be affixed to the merchandise actually intended to bear the mark in commercial transactions… courts have recognized that the usefulness of a mark derives not only from its capacity to identify a certain manufacturer, but also from its ability to differentiate between different classes of goods produced by a single manufacturer.”
       4. Holding (Gewin): Affirm summary judgment in favor of Farah and permanent injunction against Blue Bell in favor of Farah. District Court ruled in favor of Farah for July third shipment but 5th Circuit ruled in favor of Farah for September shipment. Farah’s July 3 shipment was merely an internal transaction. Though technically a sale, it was not publicly distributed within the purview of the Texas statute. Blue Bell’s July 5 shipment similarly failed to satisfy the prerequisites of a bona fide use in trade.
    2. ***City of New York v. Tavern on the Green* (SDNY 2010)**
       1. Synopsis: NYC owns a building in Central Park where a restaurant has operated under the service mark “Tavern on the Green,” since 1934. The restaurant has been run by a series of concessionaires. Recent operators registered TAVERN ON THE GREEN as a service mark in 1981 and in bankruptcy court, insisted they had an exclusive right to use the mark.
       2. Issue: Who has prior right to mark under NY law? Did City establish continuing use?
       3. Tool:
          1. “In order to establish a protectable right to a trade name under New York law, the [plaintiff] must proffer undisputed facts that show that the defendants are unfairly attempting to exploit the efforts of another to create goodwill in that trade name.”
          2. “continuing use requires an unbroken continuum of use without significant interruption”
       4. Holding:
          1. Prior Right – “The evidence shows that the City established the restaurant well over thirty-five prior to the Debtors’ use and registration. The City chose the name and each concessionaire and made significant investments to ensure the success of the restaurant – such that “Tavern on the Green” was closely associated in the public mind with a building owned by the City and located in New York’s Central Park.”
          2. Renovation did not constitute significant interruption and usually “signify an intention to continue operations.”

### Priority Based On Use

* + 1. Geographic scope of right may include:
       1. Zone of actual use
       2. Zone where one has established a reputation or business presence
       3. Natural Zone of expansion - contested
       4. Zone in which D deliberately trades on P’s reputation
    2. ***United Drug Co. v. Theodore Rectanus Co.* (US 1918)**
       1. Synopsis: Regis sold drug with mark “Rex” in New England. Rectanus sold drug named “Rex” in Kentucky. Regis sued Rectanus for trademark infringement and unfair competition.
       2. Facts: According to the appeals court, Regis’ predecessor did nothing to make her medicine or its trademark, “Rex,” known outside her region and petitioner was presumed to know that others such as Rectanus might act on the assumption that the field was open. The Supreme Court affirmed the judgment. The Court held that where Regis’ use of its trademark for medicine was confined to a limited territory far from the territory in which respondent's contested use of the trademark took place, petitioner was held to have taken the risk that an innocent party might use the same trademark for similar goods and spend money building up its trade. According to the Court, Rectanus in good faith and without notice of any prior use did build up a local trade using the name. Under those circumstances, the general rule of priority used in trademark infringement cases did not apply.
       3. Tool:
          1. “the adoption of a trade-mark does not…project the right of protection in advance of the extension of the trade, or operate as a claim of territorial rights over areas into which it thereafter may be deemed desirable to extend the trade.”
          2. Hanover Milling Co. v. Metcalf: “In the ordinary case of parties competing under the same trademark in the same market, it is correct to say that prior appropriation settles the question. But where two parties independently are employing the same mark upon goods of the same class, but in separate markets wholly remote the one from the other, the question of prior appropriation is legally insignificant, unless at least it appears that the second adopter has selected the mark with some design inimical to the interests of the first user, such as to take the benefit of the reputation of his goods, to forestall the extension of his trade, or the like.”
       4. Holding (Pitney): The Court affirmed the decision overturning an injunction preventing trademark infringement. Regis’ use of its trademark was confined to New England, Canada, and Nova Scotia, far from the Kentucky in which Rectanus’ use of the trademark occurred. Regis was held to have taken the risk that an innocent party might use the trademark for similar goods, and Rectanus in good faith and without notice of prior use did build up a local trade using the name.

### Priority Based on U.S. Registration

* + 1. Geographic scope includes entire nation
    2. Constructive notice
    3. Constructive nationwide use – retroactive to date of application (date of filing or as of the date of filing of the underlying foreign application under the Paris Convention).
       1. Lanham Act Section 7

*Contingent on the registration of a mark on the principal register provided by this chapter, the filing of the application to register such mark shall constitute constructive use of the mark, conferring a right of priority, nationwide in effect, on or in connection with the goods or services specified in the registration against any other person except for a person whose mark has not been abandoned and who, prior to such filing--*

*(1) has used the mark;*

*(2) has filed an application to register the mark which is pending or has resulted in registration of the mark; or*

*(3) has filed a foreign application to register the mark on the basis of which he or she has acquired a right of priority, and timely files an application under section 1126(d) of this title to register the mark which is pending or has resulted in registration of the mark.*

* + 1. Rights of pre-registration senior users
       1. Prevail over registrant
          1. Registration is subject to cancellation if someone else has previously used the mark in commerce
          2. However, this ground for cancellation is removed by incontestability after 5 years
       2. but PTO enjoys broad discretion under LA2(d) to grant concurrent registrations when senior user's use antedates application and no consumer confusion would result
    2. Rights of pre-registration junior users. LA 33(b)(5)
       1. Junior user who has employed the mark continuously and in good faith gets “limited area” defense –
          1. Fact Scenario: If (1) Nonregistrant begins use; (2) remote user registers, but lacks nationwide presence; and (3) registrant expands and sues, then registrant can’t enter nonregistrant’s market; nonregistrant is frozen in place where nonregistrant was using the mark at time of registrant’s application.
          2. Three requirements: (1) junior user proceeded in good faith without knowledge of senior user; (2) limited to area where junior user was using before registration (today different date – freezes on date application is filed); (3) need to have continuous use.
       2. ***Thrifty Rent-a-Car System v. Thrift Cars, Inc.* (1st Cir. 1987)**
          1. Synopsis: Action was brought for trademark infringement and false designation of origin and for unfair competition. The United States District Court for MA enjoined Thrift Cars (junior user) from conducting business outside of one market area and prohibited Thrifty Rent-a-Car (senior user) from operating any of its business establishments in that market area. Both parties appealed.
          2. Tool:

“Section 15 of the Lanham Act, 15 U.S.C. § 1065, provides that a party like Thrifty, which has successfully registered and continued using a federal service mark, has an incontestable right to use the mark throughout the United States in connection with the goods or services with which it has been used… Lanham Act registration also puts all would-be users of the mark (or a confusingly similar mark) on constructive notice of the mark. 15 U.S.C. § 1072.”

“However, Lanham Act § 33(b), 15 U.S.C. § 1115(b)(5)5 declares a “limited area” exception to that general premise of incontestability, an exception which the district court concluded was applicable in this case….Subsection (5) confers upon a junior user, such as Thrift Cars, the right to continued use of an otherwise infringing mark in a remote geographical area if that use was established prior to the other party's federal registration. The junior user is permitted to maintain a proprietary interest in the mark even though it has no general federal protection through registration. To be able to invoke the § 1115(b)(5) exception, however, the junior user must have used the mark continuously in that location and initially in good faith without notice of an infringing mark.”

“A pre-existing good faith user's rights are frozen to the geographical location where the user has established a market penetration as of the date of registration.”

* + - * 1. Holding: held that: (1) findings that junior user failed to establish continuous market area for a mark outside one city (East Taunton, MA), before date of senior user's federal trademark registration and that registration froze junior user's market area to that city were not clearly erroneous; (2) junior user's activities in one market fell under “limited area” exception to incontestability of trademarks; and (3) District Court did not abuse its discretion by allowing junior user to advertise in those publications it had used prior to senior user's registration. “While we recognize that some consumer confusion may result because there will be some overlap in advertising, the Lanham Act does not require the complete elimination of all confusion.”
    1. Rights of post-registration junior users
       1. Fact Scenario: If (1) Remote user registers, but lacks nationwide presence; (2) local nonregistrant begins use without actual knowledge; and (3) registrant sues, then post-registration innocent junior user may continue to use mark if consumer confusion is unlikely; must stop when registrant expands operations into that area
       2. Spectrum of judicial interpretations
          1. Leading case: ***Dawn Donut (CA2 1959)*** – registrant had long used “Dawn” for donuts in various parts of the country, but not Rochester. Junior user adopts “Dawn” without actual knowledge of P’s use. No “present likelihood” of expansion into Rochester. Thus, no consumer confusion. If Dawn Donut shows intent to use mark in area, it can enjoin junior user’s use. (markets only 60 miles apart)

All circuits and some state courts follow

* + - * 1. CA3 adopted especially strict (pro-D interpretation)
        2. A few courts are drifting away from the rule
      1. Meanings of “innocent”
         1. Majority rule: junior user is unaware of senior user’s use
         2. Minority rule: Junior user must not have “designed inimical to the interest of the first user”
      2. ***Dawn Donut Co. v. Hart’s Food Stores, Inc.* (2d Cir. 1959)**
         1. Synopsis: Dawn Donut (P), which had federally registered trade-marks ‘Dawn’ and ‘Dawn Donut,’ brought action against Hart Food Stores (D), which used the mark ‘Dawn’ in connection with a retail sale of doughnuts and baked goods in certain trade area (Rochester, NY), for infringement of trade-marks, and D filed a counterclaim to cancel P’s registrations, on ground that P had abandoned its registrations. P had sold donuts in areas over 60 miles from Rochester.
         2. Tool: “The decisive question then is whether plaintiff's use of the mark 'Dawn' at the retail level is likely to be confined to its current area of use or whether in the normal course of its business, it is likely to expand the retail use of the mark into defendant's trading area. If such expansion were probable, then the concurrent use of the marks would give rise to the conclusion that there was a likelihood of confusion.”
         3. Holding: The court held that there was no likelihood of public confusion arising from the concurrent use of P’s mark in connection with retail sales of doughnuts and other baked goods in separate trading areas. Further, the court found that there was no present likelihood that P would expand its retail use of the mark into defendants' market area. Therefore, plaintiff was not entitled to any relief under , 15 U.S.C.S. § 1114 of the Lanham Trade-mark Act. Accordingly, the dismissal of plaintiff's complaint was affirmed. With respect to defendants' counterclaim, the court concluded that P did not abandon its federal registration rights and that therefore, P was not estopped by reason of laches from enforcing its exclusive right to use its registered trademarks in defendants' trading area. Accordingly, the dismissal of Ds’ counterclaim was affirmed.

### Analogous Use/Tacking (see infra)

### Fact Scenarios Results from Class 7 Slides 31-34

* + 1. A can exclude b and c, b can exclude c, but c can go anywhere that a and b are no
    2. Lanham act – subsequent users can be kicked out, and b can get some common law rights against c assuming a hasn’t kicked them out yet
    3. Lanham 2 – senior user who doesn’t register, junior user who registers, A is frozen into its area at time of B’s application, c loses against B subject to dawn donuts, aand A is frozen, a has common law rights in its territory
    4. Lanham Act ITU – person who ultimately files can kick everyone else out

### Advertising

* + 1. Right to Internet Advertising **– *Dudley v. HealthSource Chiropractic Inc.* (WDNY 2012)**
       1. Synopsis: Dudley, New York chiropractor dba HEALTHSOURCE CHIROPRACTIC brought action against Ohio franchisor of nationwide chiropractic clinics and its New York franchisee, alleging trademark infringement, cybersquatting, unfair competition, and false designation of origin under New York and federal law for use of “HealthSource Chiropractic” and “HealthQuest Chiropractic” marks. Dudley claimed to be the senior user of the service mark on the Internet among other claims. Both sides moved for summary judgment.
       2. Tool:
          1. “The internet is not, however, a geographical territory to be subdivided; instead, it is a global communication medium that is accessible from anywhere on the planet. The internet has become vital for local, regional, national, and international communication. It is used for selling, advertising, and marketing products and services as well as communicating with clients and customers. An internet presence has become crucial for businesses of all sizes, whether they operate locally or nationally.”
          2. “A trademark owner cannot reasonably expect to have exclusive use of a term on the internet.
       3. Holding: Because he cannot establish exclusive rights on the internet, the Plaintiff’s claim for trademark infringement under 15 USC 1125(a) with respect to the Defendants’ use of the HealthSource Chiropractic mark in the internet is dismissed.
    2. Right to TV Advertising
       1. ***V&V Food Products v. Cacique*** – Court allowed Cacique to advertise on Spanish TV because said that V&V would interfere with its ability to compete against Craft in those 46 states, just as Cacique can’t intervene with V&V in four states.

## Registration of Trademarks

### Not essential to TM protection

* + 1. Unregistered marks get common-law protection
    2. Unregistered marks are protected by LA 43(a)

### Benefits of Registration

* + 1. Provides others constructive notice of registrant’s claim 🡪 **a/k/a later users can’t be good faith users**
    2. Nationwide constructive use as of date of application
    3. Prima facie evidence of exclusive right to use the mark in connection with the goods or services named in the application
       1. some courts hold that this merely shifts burden to D to challenge validity
       2. CA2, CA4, and CA9 hold that registration creates "strong presumption of validity"
    4. Right to bring suit in federal court without regard to diversity of citizenship
    5. Right to invoke aid of Customs Service
    6. More generous remedies – e.g. treble damages and attorneys fees
       1. until 1988, only registered marks received enhanced damages
       2. after 1988, unregistered marks become eligible for enhanced damages, but amounts tend to be lower
    7. Access to incontestability doctrine after 5 years

### Bases of Registration

* + 1. Five bases of registration in the US:
       1. Use in commerce (Lanham Act § 1(a))
       2. A bona fide intent to use the mark in commerce (Lanham Act § 1(b))
          1. Applicant may secure priority date by filing ITU application, then engaging in use in commerce within 6 months, then filing certificate.
          2. Can get extension for up to 3 years for good cause
          3. Option available since 11/16/1989
       3. Ownership of a qualified foreign registration (Lanham Act § 44(e))
          1. nationals of treaty partners or countries providing reciprocity may file US TM application based upon registration of the mark in applicant's country of origin
       4. Ownership of a qualified foreign application (Lanham Act § 44(d))
          1. nationals of treaty partners or countries providing reciprocity may file US TM application within 6 months of foreign application + intent-to-use statement
          2. US registration granted upon either:

Use in commerce in US, or

Foreign registration granted – may maintain US registration for up to 6 years, even without any use in the US or elsewhere

* + - * 1. Priority date = date of foreign application
      1. Ownership of an International Registration that has been extended to the U.S. (Lanham Act § 66) (Madrid Protocol)
    1. Domestic applicants generally can apply based on the first two. Foreign applicants can generally apply under all five.
    2. Use-Based Applications
       1. Lanham Act § 1 (15 U.S.C. § 1051(a)) provides for filing applications for marks that have been used in commerce as follows:

*(a) Application for use of trademark*

*(1) The owner of a trademark used in commerce may request registration of its trademark on the principal register hereby established by paying the prescribed fee and filing in the Patent and Trademark Office an application and a verified statement, in such form as may be prescribed by the Director, and such number of specimens or facsimiles of the mark as used as may be required by the Director.*

*(2) The application shall include specification of the applicant's domicile and citizenship, the date of the applicant's first use of the mark, the date of the applicant's first use of the mark in commerce, the goods in connection with which the mark is used, and a drawing of the mark.*

*(3) The statement shall be verified by the applicant and specify that--*

*(A) the person making the verification believes that he or she, or the juristic person in whose behalf he or she makes the verification, to be the owner of the mark sought to be registered;*

*(B) to the best of the verifier's knowledge and belief, the facts recited in the application are accurate;*

*(C) the mark is in use in commerce; and*

*(D) to the best of the verifier's knowledge and belief, no other person has the right to use such mark in commerce either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods of such other person, to cause confusion, or to cause mistake, or to deceive…*

* + 1. Intent to Use
       1. Lanham Act § 1(b) (15 U.S.C. § 1051(b))

*(b) Application for* ***bona fide intention*** *to use trademark*

*(1) A person who has a bona fide intention, under circumstances showing the good faith of such person, to use a trademark in commerce may request registration of its trademark on the principal register hereby established by paying the prescribed fee and filing in the Patent and Trademark Office an application and a verified statement, in such form as may be prescribed by the Director.*

*(2) The application shall include specification of the applicant's domicile and citizenship, the goods in connection with which the applicant has a bona fide intention to use the mark, and a drawing of the mark…*

* + - 1. Priority of ITUs
         1. Fact Scenarios

Inherently Distinctive

Time 1 – applicant files ITU

Time 2 – opposer uses, claims common law rights and opposes registration

Applicant has priority

Merely Descriptive

Time 1: applicant files ITU

Time 2: oppose uses, claims common law rights and opposes registration

Applicant has priority if, at any time since the ITU was filed, applicant has developed secondary meaning – even if that’s after opposer’s use

Strategy Considerations: file descriptive ITU, by the time examiner rejects, can appeal to TTAB in hopes that by that time you have used it, it has acquired secondary meaning. If you apply for descriptive ITU and examiner rejects because not inherently distinctive, and you continue to press and you have TTAB decision upholding examiner, then that estops you

* + - * 1. ***Larami Corp. v. Talk to Me Programs, Inc.* (TTAB 1995)**

Synopsis: Talk to Me Programs (TTMP) filed an ITU application on July 31, 1990 to register the mark THE TOTALLY RAD SOAKER for toy water guns. Larami Corp. opposed alleging that it had used the mark SUPER SOAKER for toy water guns. TTMP filed a civil action against Larami, claiming infringement because Larami’s first use was after TMP’s constructive first use date based on its ITU filing date.

Tool: “…it would defeat the purpose of filing an intent-to-use application if an applicant were not able to rely upon its constructive use date in defending its right to registration…On the other hand, in a civil action involving a party’s right to use a mark, such as TTMP’s infringement action, it would not be equitable for an intent-to-use applicant to be entitled to rely upon a constructive use date prior to registration of its mark, and thus potentially prior to any use whatsoever, to defeat the common law rights of a first actual user of its mark.”

Holding: In this proceeding, applicant is entitled to rely upon its constructive use date, namely, its filing date of July 31, 1990, and to assert priority of used based thereupon.

* + - 1. Pros/Cons of ITUs
         1. Pros

Decreased risk of adopting new mark.

Eliminates token use system which causes a lot of uncertainty

Discourages stockpiles of marks with token use because less of a need for it

* + - * 1. Cons

Cause proliferation of deadwood

About 50,000 statements filed each year (About 40% of registrations issued)

75% published for opposition

Half of published marks fail to be registered

ITU comprise majority of applications but use-based are majority of registrations

* + - 1. **The Policies Underlying Intent to Use, S. Rep. No. 100-515, 100th Cong. (1988)**
         1. Preapplication use requirement creates unnecessary legal uncertainty for a US business planning to introduce products or services into the marketplace.
         2. Bona fide requirement focuses on an objective good-faith test to establish that the intent is genuine. This minimizes risk that an entity will attempt to monopolize a vast number of potential marks on the basis of a mere statement of intent.
         3. Since token use becomes unnecessary and inappropriate under the intent-to-use application system proposed, the definition of “use in commerce” is strengthened to reflect change in law.
         4. Statement of use eventually required within certain time periods.
    1. Foreign Registration/Foreign Application
       1. **U.S. Registration Under Section 44**
          1. National Treatment Principle from Paris Convention – Nondiscrimination principle: member nations must treat the nationals or domiciliaries of other members as they would their own citizens. Operates to primarily oblige member countries to grant trademark owners from other member countries equal access to local trademark registration procedures.
    2. International Registration
       1. **Madrid Protocol Extensions to the U.S.**
          1. Treaty allows non-US applicants from member countries to extend their international registrations to the US and allows domestic mark owners to obtain international registrations extending to member countries based upon the owner’s US applications or registration.
          2. The international registration system is administered by the World Intellectual Property Organization (WIPO) located in Geneva.
       2. Priority of Applications Claiming Paris Convention Priority
          1. ***Compagnie Gervais Danone v. Precision Formulations, LLC* (TTAB 2009)**

Synopsis: Precision sought to register FRUITOLOGY for cosmetic products in International Class 3 and nutritional goods in Class 5. Danone moved for summary judgment on claim of priority and likelihood of confusion regarding Precision’s nutritional goods in Class 5 and 32.

Issue: Who has priority?

Tool:

“A party that has filed an intent-to-use application may rely on the filing date of its application to establish priority.” Larami.

Lanham Section 66(b) (15 USC 1141f(b)) – a Section 66(a) application: “shall constitute constructive use of the mark, conferring the same rights as those specified in section 1057(c) of this title, as of the earliest of the following:

(1) The international registration date, if the request for extension of protection was filed in the international application.

(2) The date of record of the request for extension of protection, if the request for extension of protection was made after the international registration date.

(3) The date of priority claimed pursuant to section 1141g of this title.”

Holding: Danone claimed priority based on the December 6, 2006 filing date of the French application. Thus, pursuant to Section 66(b) and 67, Danone is entitled to a priority date of December 6, 2006.

### The Process

* + 1. See flowchart in Class 7 slide #1
    2. **William Borchard, How to Get and Keep a Trademark, In Trademarks and the Arts (2000)**
       1. How to clear a proposed mark: order search report through independent searching companies
       2. How to establish rights in a mark: Either start using the mark on or in connection with the goods or services or to file an intent-to-use application for federal registration (which will not be issued until the mark has been put into bona fide use)
       3. How to obtain a federal registration of a mark: once you have used the mark in commerce, or once you have a bona fide intention to use the mark in commerce, you can file an application to register it in the US PTO.
       4. Examination by the PTO: the application is examined by a Trademark Attorney on the PTO’s staff who reviews the application for form, completeness and registrability. PTO relies on integrity of submissions.
       5. How to obtain state registration or a mark: It sometimes is desirable to file an application with the Department of State in each state in which the mark has been used because it takes so long ot obtain a federal registration, or because the mark may not have been used on goods or services in federally regulated commerce. Applications are not examined for prior conflicts.
    3. Advantages of Trademark Registration on the Principal Register
       1. Nationwide protection from the date of the application
       2. Incontestability – if the registered mark is used continuously for 5 years, it may become incontestable. This means that the statute limits the defenses alleged infringers may assert to certain specified defenses in the statute.
       3. Warning to others – the registered mark will be easily found in trademark searches
       4. Barring imports – goods produced abroad bearing infringing marks may be blocked at Customs, provided that the registrant is a US citizen, and is not related in certain ways to the producer of the imported goods
       5. Protection against counterfeiting – enhanced remedies are available against counterfeiters of trademarks registered on the Principal Register.
       6. Evidentiary advantages – a registered mark is prima facie valid and enjoys other evidentiary presumptions, such as relieving the registrant of the burden of proof of nonfunctionality
       7. Use of the R symbol, or the phrases “Registered in the US Patent Office” or “US Pat. Off.” To denote federal registration
       8. Confirms ownership and validity
       9. Basis of foreign filings
       10. Preemption of state regulation – 15 USC 1121(b) (Lanham Act 39(b))
    4. The Supplemental Register
       1. Lanham Act 23 (15 USC 1091
       2. Marks “not registrable on the Principal Register” may be registered on the Supplemental Register if they are “capable of distinguishing the applicant’s goods or services.” For descriptive terms, may become marks but haven’t show secondary meaning. Law is clear that just because your mark is in the supplemental register doesn’t mean that you admit you don’t have secondary meaning, just that you haven’t shown it. It does show that your mark is not inherently distinctive
       3. Can serve as basis for application in foreign country
       4. Application based on intent-to-use cannot be filed on Supplemental Register
       5. Why? Registration appears on search reports and may deter others from choosing a confusingly similar mark. The PTO may cite a prior registration on the Supplemental Register against a mark considered confusingly similar. Finally, the registrant is permitted to use the registration notice and to sue in federal court.
    5. The Notice of Registration
       1. Failure to use notice of registration results in a bar to an award of profits or damages in an infringement suit involving a registered trademark absent a finding that a defendant had actual notice of the registration.
    6. Maintenance and Renewal of Registration: Section 8 and 9 of the Lanham Act
       1. Section 8 requires a registrant to file an affidavit that the mark is in use for at least some of the goods or services covered in the registration between the fifth and sixth year after the registration date. The kind of use required is actual use in commerce, not mere token use
       2. “Special circumstances” may excuse non-use of a mark where the registrant did not intend to abandon the mark.
       3. Section 9 provides that each registration may be renewed for periods of ten years from the end of the expiring period
    7. See Table on p.193

## Bars to Registration

### General

* + 1. LA Section 2(a) [15 USC 1052(a)] prohibits registration of a mark that “(a) consists of or comprises immoral, deceptive, or scandalous matter, or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute…”
    2. Personhood Bars
       1. **LA 2(a): false association; disparagement**
       2. **LA 2(c): name of living individual without written consent**
       3. **LA 2(d) confusion (if name is also a mark, e.g. Oprah)**

### Immoral or Scandalous

* + 1. To whom? Substantial composite of the general public
    2. Examples
       1. May not be registered
          1. COCK SUCKER – ***See In Re Fox*** (even if multiple meanings, as long as a substantial composite of the general public perceives the mark, in context to have a vulgar meaning, the mark as a whole consists of or compromises…scandalous matter.)
          2. SEX ROD – ***See Boston Red Sox***
          3. DICK HEADS for bar
          4. FUCT for clothing
          5. FOK’N HURTS for stun gun (advertising says “it fok’n hurts)
          6. YOU CUM LIKE A GIRL (assuming clothing will be everywhere and thus seen by children)
          7. PUSSY for energy drinks
       2. May be registered
          1. “Moonies” for dolls that drop their pants
          2. OLD GLORY CONDOM – Pictorial representation of a condom decorated with Stars and Stripes
          3. “Black Tail” for adult entertainment magazine featuring African-American women (double entente seemed to save it although usually for adult oriented products, the PTO finds the immoral and scandalous meaning is clear)
          4. BIG COCK RANCH
          5. PINCHES TACOS – could mean kitchen boys but in Mexican Spanish it has other meaning – PTO has static view of languages – there is one translation – the owners had Mexican heritage – registered without opposition
          6. CUMBRELLA for condoms
          7. THE HIGH MAINTENANCE BITCH for dog store but neighborhood outcry
    3. ***In re Fox* (Fed. Cir. 2012)**
       1. Synopsis: Marsha Fox appealed a decision by the TTAB affirming the refusal of the examiner to register her mark, “COCK SUCKER,” (with literal element and design element – picture of rooster) for cock shaped lollipops. Fed. Cir. affirmed holding that a mark that creates a double entendre falls within the proscription of 15 U.S.C. 1052(a) where one of its meanings is clearly vulgar.
       2. Issue: Whether COCK SUCKER is registrable considering that one meaning is vulgar and another meaning is not?
       3. Tool:
          1. Lanham Act Section 2(a) (15 U.S.C. 1052(a))
          2. ‘What constitutes immoral…or scandalous matter has evolved over time…in order to refuse a mark, the [PTO] must demonstrate that the mark is shocking to the sense of truth, decency, or propriety; disgraceful; offensive; disreputable…giving offense to the conscience or moral feelings;…[or] calling out [for] condemnation….The PTO may prove scandalousness by establishing that a mark is vulgar…This demonstration must be made in the context of contemporary attitudes, in the context of the marketplace as applied to only the goods described in the application, and from the standpoint of not necessarily a majority, but a **substantial composite of the general public**.’
          3. “Where the meaning of a mark is ambiguous, mere dictionary evidence of a possible vulgar meaning may be insufficient to establish the vulgarity of the mark…But where it is clear from dictionary evidence that the mark as used by the applicant in connection with the products described in the application invokes a vulgar meaning to a substantial composite of the general public, the mark is unregistrable.”
          4. “There is no requirement in the statute that a mark’s vulgar meaning must be the only relevant meaning – or even the most relevant meaning. Rather, as long as a substantial composite of the general public perceives the mark, in context to have a vulgar meaning, the mark as a whole consists of or compromises…scandalous matter.”
       4. Holding: Affirm. Substantial evidence supports that Fox’s mark, taken as a whole and in context, has a vulgar meaning that will be perceived by a substantial composite of the general public.
          1. This is not a case in which the vulgar meaning of the mark’s literal element is so obscure or so faintly evoked that a context that amplifies the non-vulgar meaning will efface the vulgar meaning altogether. Rather, the mark is precisely what Fox intended it to be: a double entendre, meaning both rooster lollipop and one who performs fellatio.
          2. Fox conceded that mark’s effect as a humorous double entendre requires the consumer to understand the risqué as well as the banal meaning of the mark. We therefore see no reason why the PTO is required to prove anything more than the existence of a vulgar meaning to a substantial composite of the general public in order to justify its refusal.
    4. ***Boston Red Sox Baseball Club Limited Partnership v. Sherman* (TTAB 2008)**
       1. Synopsis: Brad Sherman filed an intent-to-use application to register the mark “SEX ROD” for a wide variety of apparel using the same font as the “RED SOX.” Red Sox filed motion of opposition on three grounds: (1) mark consists of immoral and scandalous matter; (2) the mark disparages oppose and/or brings it into contempt or disrepute; and (3) mark falsely suggest a connection with opposer. Court sided with Red Sox on all of these claims.
       2. Tool:
          1. Immoral and Scandalous

“A showing that a mark is vulgar is sufficient to establish that it consists of or comprises immoral or scandalous matter within the meaning of section 1052(a).

“Dictionary evidence alone can be sufficient to establish that a term has a vulgar meaning.”

* + - 1. Holding: Mark fall under 1052(a) as immoral, scandalous, and disparaging.
         1. Immoral and Scandalous:

Mainstream dictionaries show rod to have vulgar meaning.

“There are obviously other non-vulgar definitions of rod…The significant of rod when preceded by the word sex denotes only one meaning…the mark would convey, not a sexually suggestive connotation as applicant contends, but rather a sexually explicit message to the viewer…The evidence is sufficient to show prima facie that SEX ROD is vulgar.”

“Even assuming for the sake of argument that SEX ROD is a parody…there is nothing in the parody itself which changes or detracts from the vulgar meaning inherent in the term…the parody…is itself vulgar.”

### Disparaging

* + 1. To Whom? Group that is targeted (if corporation then do it from reasonable person’s perspective)
    2. When? At time it was registered. ***See Blackhorse***
    3. Two Part Test: ***See Lebanese Arak***
       1. What is the likely meaning of the matter in question in connection to the goods? 🡪 **look at overall context**.
       2. If that meaning is found to identifiable persons, institutions, beliefs or national symbols, **is that meaning disparaging to a substantial composite of the referenced group?**
    4. Examples
       1. May not be registered
          1. SEX ROD – ***See Boston Red Sox***
          2. KHORAN – ***See Lebanese Arak*** (whether disparaging to substantial composite of referenced group)
          3. RED SKINS – See Blackhorse (disparaging to a substantial composite of Native Americans. A substantial composite is not necessarily a majority.)
          4. BONG HITS 4 JESUS – christians would be outraged
       2. May be registered
          1. DYKES ON BIKES for lesbian motorcycle club
          2. MOONIES for doll that drops her pants (not sure Unitarian Church members would agree this isn’t disparaging)
       3. Who can oppose? Have to be disparaged – e.g. straight man could not oppose DYKES ON BIKES
       4. SQUAW ONE for clothing, skis, retail sporting goods and clothing store services in Squaw valley. Disparaging in connection with clothing but not in connection with skis (because skis connected to location while other stuff to dictionary)
       5. CHINA FREE - PTO held not disparaging to china, board did not see it as promoting that all Chinese products are of poor quality. Better to see if Chinese manufacturing groups opposed it as disparaging. Doesn’t matter if group being targeted is abroad
    5. ***Boston Red Sox Baseball Club Limited Partnership v. Sherman* (TTAB 2008)**
       1. Synopsis: See infra
       2. Tool: Disparagement
          1. “Section 2(a) of the Trademark Act also prohibits registration of a mark that “consists of or comprises…matter which may disparage…persons, living or dead, institution, beliefs, or national symbols, or bring them into contempt, or disrepute”…this provision…protects against appropriation of one’s identity by another and subjecting it to contempt or ridicule.”
          2. Two elements of a claim of disparagement: “1) that the communication reasonably would be understood as referring to the plaintiff; and 2) that the communication is disparaging, that is, would be considered offensive or objectionable by a reasonable person of ordinary sensibilities.”
          3. “In the context of Section 2(a), a disparaging mark will cast doubt upon the quality of a plaintiff’s corporate goodwill.”
       3. Holding: Mark falls under 1052(a) as immoral, scandalous, and disparaging.
          1. 1) Applicant has copied the form, style, and structure of the RED SOX symbol…many consumer and in particular Red Sox fans will recognize it as referring to the Red Sox symbol.
          2. 2) The mark would be viewed as a sexually vulgar version of the club’s symbol and as making and offensive comment about the club. Because applicant’s mark is offensive, and because the public will associate the offensive message with opposer, the mark, may disparage opposer.
    6. ***In re Lebanese Arak Corp.* (TTAB 2010)**
       1. Synopsis: Lebanese Arak Corporation appealed from final refusal of the trademark examining attorney to register KHORAN as a trademark for alcoholic beverages, namely wines, for disparagement. TTAB affirmed that Muslims would find name for wine disparaging.
       2. Tool:
          1. “proper ground for refusing marks which would offend the sensibilities of an ethnic or religious group is that the matter is disparaging to the members of that group, rather than that the matter is offensive or scandalous.”
          2. “The determination whether a proposed mark is disparaging requires application of the following two-part test:1) what is the likely meaning of the matter in question, taking into account not only dictionary definitions, but also the relationship of the matter to the other elements of the mark, the nature of the goods or services, and the manner in which the mark is used in the marketplace in connection with the goods or services; and 2) if that meaning is found to identifiable persons, institutions ,beliefs or national symbols, whether that meaning may be disparaging to a substantial composite of the referenced group.”
          3. Intent to disparage is not necessary in order to find that the mark does, in fact disparage.
       3. Holding: Muslims would find that the mark does, in fact, disparage them or their beliefs.
          1. Disagreement as to first prong of test. The examining attorney takes the position that applicant’s mark, KHORAN, is the phonetic equivalent of Koran, while applicant asserts that it is a different word, namely, an Armenian term with the English translation of “alter.”
          2. The fact that there are recognized variations in the transliterated spelling of this word, and that some people believe that KHORAN is an accepted spelling, show thatpeople reviewing the mark KHORAN are likely to understand it as a variation or misspelling of “Koran.”
          3. The dissent also contends that the public would not view KHORAN as the word Koran because the Koran prohibits the use of alcohol. This argument is the equivalent of saying that because the term is so disparaging to Muslims and their beliefs, no one would believe that the term could reference the Koran. While some people might not believe that a producer of wine would choose to use the name of the holy text of Islam in a disparaging manner, they still would understand KHORAN as Koran, even though they consider it to be a disparaging use.
       4. Dissent: TTAB should look to the general population and how they understand applicant’s mark when it is being used in connection with the identified goods or services instead of the potentially disparaged group. We find it more likely that the general public will perceive the mark as designating the source of the goods, rather than see the mark as a misspelling of the word Koran.
    7. ***Blackhorse v. Pro-Football, Inc.* (ED Va. July 8, 2015)**
       1. Tool:
          1. TTAB has established a two-part test to determine whether a mark contains matter that may disparage:

1. What is the meaning of the matter in question, as it appears in the marks and as those marks are used in connection with the goods and services identified in the registrations?

2. Is the meaning of the marks one that may disparage Native Americans?

* + - * 1. When answering the second question…courts should look to the views of Native Americans, not those of the general public. Moreover, Blackhorse Defendants are only required to show that the marks may disparage a substantial composite of Native Americans. A substantial composite is not necessarily a majority.
        2. Three categories of evidence are weighed to determine whether a term may disparage: (1) dictionary definitions and accompanying editorial designations; (2) scholarly, literary, and media references; and (3) statements of individuals or group leaders of the referenced group regarding the term.
      1. Holding: redskins marks consisted of matter that may disparage.
         1. The meaning of the matter in question is a reference to Native Americans. The team has consistently associated itself with Native American imagery.
         2. The Redskins marks may disparage a substantial composite of Native Americans during the relevant time period.
         3. Dictionary definitions characterize “redskins” as offensive or contemptuous
         4. Journals and encyclopedias show that the term is disfavored among Native Americans.
         5. Native American leaders objected to use of term

### Deceptive Terms

* + 1. General
       1. Arbitrary or Suggestive – mark misdescribes the goods to which it is attached (and nothing else). Suggested in ***Bayer***.
          1. E.g. SOLAR QUARTZ

Is misdescriptive because don’t use solar energy

But electric so consumers won’t like think solar

So term is registrable or arbitrary and immediately registrable

* + - * 1. E.g. iTunesLP for digital album dowloads
      1. Deceptive marks cannot be registered – LA 2(a). ***Bayer***.
         1. Definition

Mark misdescribes the goods to which it is attached

Consumers are likely to believe the description is accurate

The misdescription is likely to affect consumers’ decisions to purchase the goods

* + - * 1. E.g. ORGANIC ASPIRIN
      1. Deceptively misdescriptive marks may be registered if have acquired SM – LA 2(e), (f). ***Bayer***.
         1. Definition

Mark misdescribed the goods to which it is attached

Consumers are likely to believe the description is accurate

* + - * 1. E.g. GLASS WAX for metal cleaner without wax
      1. Primarily geographically deceptively misdescriptive marks
         1. Now cannot be registered even if they have acquired SM – permissible before 12/9/93 (NAFTA), but with different definition
         2. Current definition (California Innovations, CAFC 2003)

mark has as its primary significance a generally known geographic place

mark identifies products that consumers are likely to believe mistakenly are connected with that place

misdescription will likely be a significant factor in consumers' decisions

* + - * 1. So construed, this rule is superfluous because a mark that meets this definition would be considered "deceptive" in any case.
        2. Leads to strange results. CALIFORNIA INNOVATIONS was for lunchboxes not from CA. Court found first two factors but not third so geographically misdescriptive but court says you can’t call it that, but not arbitrary…? TTAB tries to stay away from finding first two to avoid strange results.
      1. Special rule for geographical indications
         1. LA 2(a): No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it—(a) Consists of or comprises ... a geographical indication which, when used on or in connection with wines or spirits, identifies a place other than the origin of the goods and is first used on or in connection with wines or spirits by the applicant on or after one year after the date on which the WTO Agreement enters into force with respect to the United States.
    1. ***Bayer Aktiengeselschaft v. Stamatios Mouratidis* (TTAB 2010)**
       1. Synopsis: Bayer filed an opposition to the application of Stamatios to register the mark ORGANIC ASPIRIN for dietary supplements for human consumption asserting that the mark as applied to dietary supplements is deceptive under 15 USC 1052(a) (Section 2(a) and is deceptively misdescriptive under 15 USC 1052(e)(1) (Section 2(e)(1)).
       2. Tool:
          1. Elements for proving a mark is deceptive and deceptively misdescriptive (see infra).
          2. For a term to misdescribe goods, the term must be merely descriptive of a significant aspect of the goods which the goods could plausibly possess but in fact do not.
       3. Holding: Mark is deceptive and deceptively misdescriptive.
          1. The term Aspirin is misdescriptive of applicant’s goods, because it does not actual contain chemicals for aspirin.
          2. Reasonably prudent consumers are likely to believe that applicant’s ORGANIC ASPIRIN dietary supplements contain aspirin derived without synthetic chemicals. Applicant’s website likens its product to aspirin, thus, leading consumers to mistakenly believe that applicant’s dietary supplements include a naturally occurring aspirin.
          3. The term ORGANIC ASPIRIN is likely to affect the purchasing decision of consumers who want the benefits of aspirin from a natural source, as opposed to synthetic chemicals, without the problems that tradition aspiring may cause.

### Geographic Terms

* + 1. LA 2(e)(2) and (3)
    2. Arbitrary – yes to first and no to rest
    3. Primarily Geographically descriptive
       1. Bar on registering but can be overcome with secondary meaning
       2. Factors:
          1. Is the term primarily a signifier of the geographic origin of the goods?
          2. If so, would prospective purchasers likely make a goods/place association?

“The PTO has long held that where: (1) a location is generally known; (2) the term’s geographic significance is its primary significance; and (3) the goods do, in fact, originate from the named location, a goods/place association can be presumed.” ***Newbridge*.**

* + 1. Primarily Geographically deceptively misdescriptive
       1. After 1993, absolutely barred
       2. Factors:
          1. Is the term primarily a signifier of the geographic origin of the goods?
          2. If so, would prospective purchasers likely make a goods/place association?
          3. If so, is the geographic misdescription likely to affect the decision to buy?
    2. Who is “the public”? “purchasing public in the US of these types of goods.” ***Newbridge*.**
    3. Case Summary – See Class 9 slides 19-20
       1. ***Newbridge*** fails first question
       2. **LONDON SOHO NEW YORK**  is no to first because creates contradiction that evokes more artsy feel than a particular place
       3. ***Alaska Banana*** is yes to first and no to rest so arbitrary
       4. **Baikalskaya** is yes to first two so primarily geographically descriptive
       5. JPK (***Miracle Tuesday***) is yes to all three so primarily geographically deceptively misdescriptive
    4. ***In Re the Newbridge Cutlery Co.* (Fed. Cir. 2015)**
       1. Synopsis: The Newbridge Cutlery Company appeals from the decision of the TTAB affirming the Trademark Examiner’s refusal to register applicant’s NEWBRIDGE HOME mark as being primarily geographically descriptive. Court reverses for lack of evidence that Newbridge is a location that relevant American consumers would know about.
       2. Tool:
          1. “The wording of 1052(e) makes it plain that not all terms which are geographically suggestive are unregistrable. Indeed, the statutory language declares nonregistrable only those words which are primarily geographically descriptive. The word primarily should not be overlooked, for it is not the intent of the federal statute to refuse registration of a mark where the geographic meaning is minor, obscure, remote, or unconnected with the goods. Thus, if there be no connection of the geographical meaning of the mark with the goods in the public mind, that is, if the mark is arbitrary when applied to the goods, registration should not be refused under 2(e)(2).”
          2. As the statute uses the phrase “primarily geographic” in both the descriptive and deceptively misdescriptive subsections, this court’s decisions relating to one subsection inform the meaning of the other and make clear that to refuse registration under either subsection the Trademark Examiner must show that: (1)”the mark sought to be registered is the name of a place known generally to the public…and (2) the public would make a goods/place association, i.e., believe that the goods for which the mark is sought to be registered originate in that place…To refuse registration of a mark as being primarily geographically descriptive, the PTO must also show that (3) the source of the goods is the geographic region named in the mark…In applying prongs (1) and (2) of this test, our precedent establishes that the relevant public is the purchasing public in the US of these types of goods.”
          3. Regarding the first prong of the test, that the population of the location is sizable and/or that members of the consuming public have ties to the location…By contrast, that the geographic meaning of a location is minor, obscure or remote indicates that the location is not generally known…”
          4. “In establishing the goods/place association required by the second prong of the test, we have explained that the PTO only needs to show a reasonable predicate for its conclusion that the public would be likely to make the particular goods/place association on which it relies…It need not show an actual association in consumers’ minds.”
          5. “The PTO has long held that where: (1) a location is generally known; (2) the term’s geographic significance is its primary significance; and (3) the goods do, in fact, originate from the named location, a goods/place association can be presumed.” This presumption is not addressed in this case.
       3. Holding: Reverse board’s refusal to register mark. There is no evidence that the relevant American consumer would have any meaningful knowledge of Newbridge. Thus, to the relevant public the mark NEWBRIDGE is not primarily geographically descriptive of the goods. Therefore, prong one is not met.
    5. ***In re Miracle Tuesday, LLC* (Fed. Cir. 2012)**
       1. Synopsis: Miracle Tuesday LLC appeals from a decision of the TTAB which affirmed the trademark examining attorney's refusal to register the mark JPK PARIS 75 and design on grounds that it is primarily geographically deceptively misdescriptive under Section 2(e)(3) of the Lanham Act, 15 U.S.C. § 1052(e)(3). Because we find that the Board's refusal to register the mark was based on substantial evidence, we affirm.
       2. Tool:
          1. “Under Section 2(e)(3) of the Lanham Act, a mark may not be registered on the principal register if the mark, “when used on or in connection with the goods of the applicant is primarily geographically deceptively misdescriptive of them.” 15 U.S.C. § 1052(e)(3). A mark is primarily geographically deceptively misdescriptive, and thus barred from registration, if: (1) “the primary significance of the mark is a generally known geographic location”; (2) “the consuming public is likely to believe the place identified by the mark indicates the origin of the goods bearing the mark, when in fact the goods do not come from that place”; and (3) “the misrepresentation was a material factor in the consumer's decision” to purchase the goods.”

Second element involves “two questions: (1) whether there is an association between the goods and the place identified (“a goods/place association”); and (2) whether the applicant's goods in fact come from that place.”

“To establish a goods/place association, “the case law permits an inference that the consumer associates the product with the geographic location in the mark because that place is known for producing the product.”

Good may be deemed to originate in a geographic location if they are manufactured there (undisputed); designed there; or a main component or ingredient is from that location.

“The third and final element of a Section 2(e)(3) refusal focuses on materiality and asks “whether a substantial portion of the relevant consumers is likely to be deceived” by the mark's misrepresentation of a goods/place association.”

“We have also held that “the PTO may raise an inference in favor of materiality with evidence that the place is famous as a source of the goods at issue.”

“Although for goods, evidence that a place is famous as a source of those goods is sufficient to raise an inference of materiality, when dealing with service marks, we held that there must be a heightened association between the services and geographic location”

* + - 1. Holding: Affirm
         1. Miracle Tuesday doesn’t challenge first element.
         2. Second element: Agree with board that there is sufficient evidence of a goods/place association between Paris and goods, because relevant purchasers are likely to think of Paris as a known source for fashion accessories. Court found that although the manager of Miracle Tuesday, Mr. Klifa, is from Paris, the company is located in Miami and its designer is not in Paris so the goods at issue are designed and produced somewhere other than Paris.
         3. Third element: The fact that Paris is famous for fashion and design gives rise to an inference that a substantial portion of relevant customers would be deceived into thinking the goods identified came from Paris.
    1. ***In re Spirits International, N.V.* (Fed. Cir. 2009)**
       1. “We hold that subsection (e)(3) does incorporate such a requirement, and that the appropriate inquiry for materiality purposes is whether a substantial portion of the relevant consumers is likely to be deceived, not whether any absolute number or particular segment of the relevant consumers (such as foreign language speakers) is likely to be deceived.”
       2. “Under the circumstances it is clear that section (e)(3)—like subsection (a), the false advertising provision of the Lanham Act, and the common law—requires that a significant portion of the relevant consuming public be deceived. That population is often the entire U.S. population interested in purchasing the product or service. We note that, in some cases, the use of a non-English language mark can be evidence that the product in question is targeted at the community of those who understand that language. In such cases, the relevant consuming public will be composed of those who are members of that targeted community, and, as a result, people who speak the non-English language could comprise a substantial portion of the relevant consumers…There is no such contention here.”
       3. “We express no opinion on the ultimate question of whether a substantial portion of the intended audience would be materially deceived. We note that only 0.25% of the U.S. population speaks…If only one quarter of one percent of the relevant consumers was deceived, this would not be, by any measure, a substantial portion. However, it may be that Russian speakers are a greater percentage of the vodka-consuming public; that some number of non-Russian speakers would understand the mark to suggest that the vodka came from Moscow; and that these groups would together be a substantial portion of the intended audience.”

### False Suggestion of a Connection – LA 2(a)

* + 1. Have to be dealing with **people**!
    2. If people likely to make connection, need written consent
    3. Difference is that there is no requirement to affect a purchase
    4. Name doesn’t have to have trademark meaning as long as consumers think there is connection (Twiggy)
    5. Even if people getting joke, there can still be connection. E.g. Frank Sinatra in Class 9 Slide 39
    6. ***Hornby v. TJX Companies, Inc.* (TTAB 2008)**
       1. Synopsis: Lesley Hornby a/k/a Twiggy petitioned to cancel a registration owned by TJX Companies for the mark TWIGGY for clothing, namely children’s clothing asserting false suggestion of a connection among other claims. TTAB found that respondent’s mark may falsely suggest a connection with petitioner.
       2. Tool:
          1. Purpose of false suggestion of a connection language of Section 2(a) was to protect the name of an individual or institution which was not a technical trademark or trade name upon which an objection could be made under Section 2(d).
          2. False suggestion of a connection requires demonstrating: “1) that the defendant’s mark is the same or a close approximation of plaintiff’s previously used name or identity; 2) that the mark would be recognized as such; 3) that the plaintiff is not connected with the activities performed by the defendant under the mark; and 4) that the plaintiff’s name or identity is of sufficient fame or reputation that when the defendant’s mark is used on its goods or services, a connection with the plaintiff would be presumed.”
          3. In some decisions the language of the second factor has been modified to state “that the marks would be recognized as [the same as, or a close approximation of, the name or identity previously used by the other persons], in that they point uniquely and unmistakably to that person.”
          4. “The fame or reputation of petitioner must be determined as of the time respondent’s registration for TWIGGY issued.”
       3. Holding: Yes, respondent’s mark may falsely suggest a connection with petitioner.
          1. Fourth Factor: Petitioner has retained a sufficient degree of fame or reputation that, as of July 4, 2000, a connection with her would still be presumed by consumers seeing the mark TWIGGY on children’s clothing. We do not say that her post-1970 activities would, on their own, be sufficient to demonstrate the requisite recognition, but they are sufficient when taken together with the phenomenal amount of publicity and recognition she received in that initial period.
          2. Second Factor: The requirement that a respondent’s mark point uniquely to petitioner does not mean that TWIGGY must be a unique term. Rather, in the context of the respondent’s goods, we must determine whether consumers would view the mark as pointing only to petitioner, or whether they would perceive it to have a different meaning. The obvious connection between models and clothing is further support for our conclusion that respondent’s mark for children’s clothing points uniquely to petitioner.

### Insignia, Symbols, Names, etc.

* + - 1. LA 2(b) and 2(c), 15 U.S. Code § 1052 (b) and (c)

*“No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it—*

*…*

*(b) Consists of or comprises the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof.*

*(c) Consists of or comprises a* ***name****, portrait, or signature identifying a particular living individual except by his* ***written consent****, or the name, signature, or portrait of a deceased President of the United States during the life of his widow, if any, except by the written consent of the widow.”*

* + 1. 2(b) refusals constitute an absolute bar. Unlike 2(a) refusals, there is no requirement to show any additional element, such as disparagement or false association. It is also not necessary that the mark consist exclusively of a governmental flag, coat of arms or other insignia if the mark includes such an element.
    2. Has to be pretty exact facsimile – e.g. OLD GLORY CONDOM
    3. Look at mark as a whole and don’t narrow in on insignia, symbols, etc.
    4. **In re Richard M. Hoefflin (TTAB 2010)**
       1. Synopsis: In affirming the Examiner’s refusal to register inter alia OBAMA BAHAMA PAJAMAS and OBAMA PAJAMA for pajamas under Section 2(c) of the Lanham Act because the application did not include consent of President Obama, the Board rejected the Applicant’s argument that the marks did not specifically refer to Barack Hussein Obama. “While lessor-known figures…may have to show that the consuming public connects them with the manufacturing or marketing of shirts of [goods and services], well-known individuals such as celebrities and world-famous political figures are entitled to the protection of Section 2(c) without having to evidence a connection with the involved goods or services.”
       2. Tool: “In determining whether a particular living person bearing the “name” would be associated with the mark as being used on the goods, we must consider (1) if the person is so well known that the public would reasonably assume the connection, or (2) if the individual is publicly connected with the business in which the mark is being used. This provision is intended to protect the intellectual property rights of privacy and publicity that a living person has in his/her identity.”

### Likely Confusion

* + 1. General
       1. LA 2(d) provides that a mark shall be refused registration if it:
          1. “(d) Consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive…”
       2. DuPont 13 Factor Test – first five are most important

(1) The similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation and commercial impression.

(2) The similarity or dissimilarity and nature of the goods or services as described in an application or registration or in connection with which a prior mark is in use.

(3) The similarity or dissimilarity of established, likely-to-continue trade channels.

(4) The conditions under which and buyers to whom sales are made, i.e. “impulse” vs. careful, sophisticated purchasing.

(5) The fame of the prior mark (sales, advertising, length of use)/strength of mark.

(6) The number and nature of similar marks in use on similar goods.

(7) The nature and extent of any actual confusion.

(8) The length of time during and conditions under which there has been concurrent use without evidence of actual confusion.

(9) The variety of goods on which a mark is or is not used (house mark, “family” mark, product mark).

(10) The market interface between applicant and the owner of a prior mark....

(11) The extent to which applicant has a right to exclude others from use of its mark on its goods.

(12) The extent of potential confusion, i.e., whether de minimis or substantial.

(13) Any other established fact probative of the effect of use.

* + - 1. Equivalence in Meaning enough to cause confusion – e.g. greater than symbol registered so GREATER THAN SPORTS refused.
      2. Examples – Class 9 Slides 30-36
      3. Parody is no defense – see polo mark (Class 9 Slide 36)
    1. Registration
       1. **Standard v. Stylized Character**
          1. See Class 9 Slides 28-29 for examples
          2. The standard character mark is word mark not dependent on font. When register standard character, examiner has to consider all reasonable configurations. May make it harder to show distinctiveness or SM.

Limiting factor – don’t have to imagine that it’s repeated (see dp v. cc – court allowed registration of dp – See Class 9 Slide 37)

* + - * 1. If you register a stylized mark, you claim rights only in the mark as presented with its font. It may be easier to show distinctiveness/secondary meaning in that, but limits the scope of the rights to that font. If the TM owner decides to rebrand, a font change would require a new application. Stylized designs may still have to show secondary meaning because descriptive
      1. Design Marks – see examples in Class 7 Slide 29
      2. Disclaimer – not declaring any right in term except on configuration of the whole; can register mark with some elements disclaimed, registering only in conjunction with the whole – can help avoid descriptiveness
    1. Differences in likely confusion analysis for registration and for infringement purposes
       1. Because a registration covers a mark in the formats and for the goods or services applied for, while an infringement determination focuses on how parties are actually using their marks in the marketplace for particular goods/services and in specific trade channels, the analysis for the purposes of determining likelihood of confusion differs.
       2. Although some facts overlap, the method of analysis of some factors differs.
       3. E.g. in Stone Lion Capital case, didn’t specify customers in application so can’t say they will be different. If don’t specify consumer in application, then consumer default is everyone who buys things of this type (it is pretty rare to specify who consumers are)
       4. E.g. in the Coach case, the focus in the similarity of the goods and the channel of trade factors was on how the goods were described in the pertinent applications and registrations and the channels of trade in which such goods would normally travel. Courts determining infringement, by contrast, look at the actual goods/services on which the parties use their respective marks and at the actual channels of trade employed.
       5. E.g. analysis of similarity of marks – Trademark Office and courts look to similarities in sight sound, and meaning of marks. Where an application or registration covers a mark in standard character form without any stylization or design features, the examiners will look at a variety of formats in which a mark might appear. Courts in determining infringement, by contrast, assess how the parties’ marks actually appear in the marketplace because they are trying to determine whether there is likelihood of confusion in fact, not just in theory.
    2. ***Stone Lion Capital Partners, LP v. Lion Capital LP* (Fed. Cir. 2014)**
       1. Synopsis: Stone Lion appeals from TTAB decision refusing registration of STONE LION CAPITAL due to likelihood of confusion with oppose Lion Capital LLP’s LION and LION CAPITAL marks. Stone Lion contends the Board (1)“conducted an erroneous comparison of the marks,” pursuant to factor one, (2) “erred in analyzing the purchasers and trade channels” in factor three (3) “committed legal error in dismissing purchaser sophistication and conditions of sale” in factor four. Court affirmed TTAB decision.
       2. Tool: 13 factors (DuPont factors) for likelihood of confusion inquiry (see infra)
       3. Holding: Affirmed board’s decision that first four factors weighed in favor of likelihood of confusion and rest were neutral.
          1. Factor 1: Board was okay to put more weight LION part of both marks as long as it considered the entirety of the marks. Board was okay to put little weight on STONE since addition of suggestive or descriptive element is generally not sufficient to avoid confusion.
          2. Factor 3: It was proper for the Board to focus on the application and registrations rather than on real-world conditions, because “the question of registrability of an applicant's mark must be decided on the basis of the identification of goods set forth in the application…This is so “regardless of what the record may reveal as to the particular nature of an applicant's goods, the particular channels of trade or the class of purchasers to which sales of the goods are directed.”…Even assuming there is no overlap between Stone Lion's and Lion's current customers, the Board correctly declined to look beyond the application and registered marks at issue. An application with “no restriction on trade channels” cannot be “narrowed by testimony that the applicant's use is, in fact, restricted to a particular class of purchasers.”…The Board thus properly found Stone Lion's application and Lion's registrations covered the same potential purchasers and channels of trade.
          3. Factor 4: Although recognizing that Stone Lion and Lion in fact require large minimum investments and target sophisticated investors, the Board focused on the sophistication of all potential customers of “the parties' services as they are recited in the application and registrations, respectively.” Stone Lion's application includes all “investment advisory services,” and Lion's registrations include “capital investment consultation.” Such services, the Board found, “are not restricted to high-dollar investments or sophisticated consumers,” but rather “could be offered to, and consumed by, anyone with money to invest, including ordinary consumers seeking investment services.” “Stone Lion effectively asks this court to disregard the broad scope of services recited in its application, and to instead rely on the parties' current investment practices. This would be improper because the services recited in the application determine the scope of the post-grant benefit of registration. “[R]egistration provides the registrant with prima facie evidence of ... the registrant's ‘exclusive right’ to use the mark on or in connection with the goods and services specified in the certificate of registration.””
    3. ***Coach Services, Inc. v. Triumph Learning LLC* (Fed. Cir. 2012)**
       1. Synopsis: Fed. Cir. affirmed a finding of no likelihood of confusion between Coach’s COACH mark for handbags, luggage and accessories and Applicant’s COACH mark and COACH and design mark for software, tapes and printed materials aimed at students and teachers preparing for standardized tests. In applying the DuPont factor analysis, court rejected that the fame of Opposer’s mark was sufficient to outweigh the differences in the marks’ commercial impressions and in the parties’ goods.
       2. Tool:
          1. **The fame of the registered mark plays a “dominant” role in the DuPont analysis, as famous marks “enjoy a wide latitude of legal protection.”** “Relevant factors include sales, advertising, length of use of the mark, market share, brand awareness, licensing activities, and variety of goods bearing the mark.” “It is well-established that fame is insufficient, standing alone, to establish likelihood of confusion.”
          2. Identical terms can take on different meanings when associated with different goods. 🡪 **TTAB found no similarity despite identical sight and sound because of the difference in meanings and commercial impression**
    4. ***Citibank v. Capital City Bank*** – Many third parties use of word city. Because of weakness of one component, city, other people get to use it
    5. ***In re Viterra Inc.* (Fed. Cir. 2012)**
       1. Synopsis: Court affirmed the refusal to register XCEED in standard characters for agricultural seeds because of a likelihood of confusion with a previously registered mark for identical goods X-SEED.
       2. Tool: “we rejected the “reasonable manners” test as unduly narrow and not required by statute, regulation, or our case law. We instructed that “[t]he T.T.A.B. should not first determine whether certain depictions are ‘reasonable’ and then apply the DuPont analysis to only a subset of variations of a standard character mark.”…Rather, “[t]he T.T.A.B. should simply use the DuPont factors to determine the likelihood of confusion between depictions of standard character marks that vary in font, style, size and color and the other mark.” We noted, as we had in prior cases, that “illustrations of the mark as actually used may assist the T.T.A.B. in visualizing other forms in which the mark might appear.” Accordingly, our decision in Citigroup discarded the Board's “reasonable manners” standard in favor of a standard that allows a broader range of marks to be considered in the DuPont analysis when a standard character mark is at issue.”
    6. ***B&B Hardware, Inc. v. Hargis Industries, Inc.* (2015)**
       1. Synopsis: TTAB decided that SEALTITE is confusingly similar to SEALTIGHT. Eighth Circuit rejected issue preclusion. SCOTUS reversed holding that a court should give preclusive effect to TTAB decisions if the ordinary elements of issue preclusion are met.
       2. Facts: B&B Hardware (B&B) sells a fastener product in the aerospace industry under the trademark "Sealtight," which it registered in 1993. Hargis Industries (Hargis) sells self-drilling screws under the mark "Sealtite" in the construction industry. After Hargis applied to register its mark in 1996, B&B opposed the application and sued Hargis for infringement. The Trademark Trial and Appeal Board (TTAB) eventually determined that there was a likelihood of confusion between the two marks and denied Hargis' application. On appeal, the district court held that, because the TTAB is not an Article III court, it need not give deference to the TTAB decision and refused to admit the decision into evidence. A jury then found in favor of Hargis. The U.S. Court of Appeals for the Eighth Circuit affirmed and held that, since the Eighth Circuit uses a slightly different likelihood of confusion test from the TTAB, the TTAB did not decide the same likelihood of confusion issues presented to the district court.
       3. Issue: Does a finding of a likelihood of confusion by the Trademark Trial and Appeal Board preclude re-litigation in federal court?
       4. Tool:
          1. “When a party opposes registration because it believes the mark proposed to be registered is too similar to its own, the TTAB evaluates likelihood of confusion by applying some or all of the 13 factors set out in In re E.I. DuPont… After the TTAB decides whether to register the mark, a party can seek review in the U.S. Court of Appeals for the Federal Circuit, or it can file a new action in district court. See 15 U.S.C. § 1071. In district court, the parties can conduct additional discovery and the judge resolves registration de novo…The Lanham Act, of course, also creates a federal cause of action for trademark infringement. The owner of a mark, whether registered or not, can bring suit in federal court if another is using a mark that too closely resembles the plaintiff's. The court must decide whether the defendant's use of a mark in commerce “is likely to cause confusion, or to cause mistake, or to deceive” with regards to the plaintiff's mark. See 15 U.S.C. § 1114(1)(a) (registered marks); § 1125(a)(1)(A) (unregistered marks). In infringement litigation, the district court considers the full range of a mark's usages, not just those in the application.”
          2. Likelihood of confusion for purposes of registration is the same standard as likelihood of confusion for purposes of ingringement.
          3. “So long as the other ordinary elements of issue preclusion are met, when the usages adjudicated by the TTAB are materially the same as those before the district court, issue preclusion should apply.”
       5. Holding: Yes, reverse. Justice Samuel A. Alito, Jr. wrote the opinion for the 7-2 majority. The Court held that, when a single issue is before a court and an administrative agency, preclusion often applies. When parties have had an adequate opportunity to litigate an issue of fact and an administrative agency acting in a judicial capacity properly resolves the issue, re-litigation is precluded unless Congress has indicated otherwise. The Court determined that nothing in federal trademark law prohibited issue preclusion, although a party could seek judicial review of an agency’s decision. The Court also held that the Trademark Trial and Appeal Board’s (TTAB) decision met the ordinary elements for claim preclusion: the likelihood-of-confusion standards for registration and infringement are the same; there was no reason to doubt the quality, extensiveness, or fairness of the agency’s procedures, and parties are likely to treat both contested registration and infringement seriously.
          1. Concurring: when contested registrations are decided upon a comparison of trademarks in the abstract and separate from their marketplace usage, the issue of likelihood of confusion would not be precluded.

### Surnames and Other Issues

* + 1. LA 2(e)(4)

### Functionality

* + 1. General
       1. LA 2(e)(5), 15 USC 1052(e)(5):

*No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it—*

*(e) consists of a mark which…*

*(5) comprises any matter that, as a whole, is functional.”*

* + - 1. Marks are unprotectable if functional, absolute bar
      2. Terminology
         1. de facto functionality – shape performs a function
         2. de jure functionality – only type that precludes trademark registration
      3. Branches **–** Utilitarian functionalityand Aesthetic functionality – Louboutin (CA2 2012)
      4. Morton Norwich Factors (***See Becton***)
         1. Utility patents – almost dispositive if present
         2. The applicant advertises the useful features of the design

“puffing” – saying we were just doing that to make better sales won’t get you anywhere

* + - * 1. Facts indicating the design is comparatively cheap or simple to make

If it affects cost of article, then functional even if competitors have alternatives, need not try alternatives

* + - * 1. Evidence of what others in the trade do/availability of equivalent designs
    1. ***In Re Becton, Dickinson and Co.* (Fed. Cir. 2012)**
       1. Synopsis: Applicant appealed from a decision of the TTAB affirming an examining attorney's refusal to register its design of a closure cap for blood collection tubes as a trademark on the ground that the design was functional. Court affirmed that mark as a whole is functional.
       2. Tool:
          1. Morton–Norwich factors: “(1) the existence of a utility patent disclosing the utilitarian advantages of the design; (2) advertising materials in which the originator of the design touts the design's utilitarian advantages; (3) the availability to competitors of functionally equivalent designs; and (4) facts indicating that the design results in a comparatively simple of cheap method of manufacturing the product.”
          2. “Whenever a proposed mark includes both functional and non-functional features, as in this case, the critical question is the degree of utility present in the overall design of the mark. … this court reiterated the importance of the “degree of utility” proposition, and explained how the distinction between de facto and de jure functionality gives shape to a court's inquiry into a mark's “degree of utility.”
          3. “De facto functionality simply means that a design has a function, like the closure cap in this case. Such functionality is irrelevant to the question of whether a mark as a whole is functional so as to be ineligible for trademark protection. De jure functionality “means that the product is in its particular shape because it works better in this shape.””
       3. Holding: mark as a whole is functional.
          1. Factor 1: The design patents BD claims as evidence of non-functionality do not reflect the specific design for which trademark protection is sought.
          2. Factor 2: BD’s advertising touts the utilitarian advantages of the prominent features of the mark.
          3. Factor 3: “if functionality is found based on other considerations, there is “no need to consider the availability of alternative designs, because the feature cannot be given trade dress protection merely because there are alternative designs available.” Since the patent and advertising evidence established functionality, the Board did not need to analyze whether alternative designs exist.
          4. Factor 4: scarce evidence on this factor so Board did not err to not weigh this factor.
       4. Dissent: The proper inquiry is to examine the degree to which the mark as a whole is dictated by utilitarian concerns (functional or economic superiority) or is arbitrary (“without complete deference to utility”).
    2. **In re Vertex Group LLC (TTAB 2009)**
       1. Synopsis: Vertex Group LLC sought to register an alarm sound for a child’s bracelet to deter and prevent child abductions.
       2. Tool:
          1. Two bases upon which a finding of functionality may be made:

“First, if the product feature is essential to the use or purpose of the article it may be found functional.”

“Second, if the product feature affects the cost or quality of the article, so that exclusive right to use it would put a competitor at a disadvantage.”

* + - * 1. Morton-Norwich factors are helpful for analyzing functionality under the second approach.
      1. Holding: The alarm sound proposed for registration is functional and not entitled to registration under either view of functionality.
         1. First view: ability of applicant’s product to emit a loud, pulsing sound is essential to their use or purpose. The functionality refusal must be affirmed in regard to each application.
         2. Morton-Norwich factors: 1 – seems to have utility patent for sound although applicant denies this; 2 – advertising clearly extols loudness of alarm sound; 3 – application is very broad in terms of type of sound so competitors would not have functionally equivalent sounds available to them; 4 – neutral

# LOSING PROTECTION

## Genericism

### Standard

* + 1. Tests – ***Elliot v. Google, Inc (D. Ariz. 2014)***
       1. Synopsis: Plaintiff had acquired over 700 domain names that couples google with another brand, person or place. Google brought a UDRP proceeding in which the arbitrator ordered transfer of the domain names to Google. The plaintiffs instituted the court action seeking a declaration that GOOGLE is generic and cancellation of two GOOGLE registrations. Google counterclaimed for trademark dilution and cybersquatting as well as state claims.
       2. Tool:
          1. “Principal significant test” – In order to become generic the principal significance of the word must be its indication of the nature or class of an article, rather than an indication of its origin.
          2. “Frequency-of-verb-use test” – Indiscriminate verb use of a trademark “does not perform the statutory trademark function; instead, it functions as a synecdoche describing both a particular species of activity (e.g. using Adobe’s PHOTOSHOP brand software) and the genus of services to which the species belongs (e.g. using image manipulation software in general).”
          3. “Verb use of a trademark is not fundamentally incapable of identifying a producer or denoting source. A mark can be used as a verb in a discriminate sense so as to refer to an activity with a particular product or service, e.g., “I will PHOTOSHOP the image” could mean the act of manipulating an image by using the trademarks Photoshop graphics editing software developed and sold by Adobe Systems. This discriminate mark-as-verb usage clearly performs the statutory source-denoting function of a trademark.”
          4. A mark is not rendered generic merely because the mark services a “synecdochian duel function.”
          5. “Plaintiffs cannot supplant the primary-significant test with a frequency-of-verb-use test”
       3. Holding: District Court granted judgment for Google after considering evidence that Teflon study proffered by Google showed over 90% of the respondents identified GOOGLE as a brand name.
    2. What has to be generic? The entire phrase. Can’t just find that individual words are generic. E.g. THE BEEF JERKY OUTLET is not generic for selling meat; VIRUSSCAN is not generic although anti-virus software is.
    3. Time Period for assessing genericity – time of registration and present time.
    4. Legislative “Clarification” of Standards to Assess
       1. Added to LA 14 – “A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.”
    5. Patents
       1. Become automatically generic? – Kellog Co. v. National Biscit Co. – court held that Nabisco had no trademark rights in “Shredded Wheat,” because that was “the term by which the biscuit in pillow shaped form is generally known by the public. As Kellogg Company had the right to make the article, it had, also, the right to use the term by which the public knows it.” 🡪 seems to stand for proposition that names of patent goods when patents expire become generic automatically.
       2. Do not automatically become generic – ***Bayer Co. v. United Drug Co. (SDNY 1921)***
          1. Facts: Bayer Co. (P) was the holder of a recently-expired patent for acetylsalicylic acid, a pharmaceutical product that Bayer marketed under the name “Aspirin.” Defendant, a competitor, was not only selling acetylsalicylic acid, but was doing so under the Aspirin designation. In response to Bayer’s common-law trademark infringement suit, defendant asserted, inter alia, that Aspirin had become a commonly recognized name for the drug, and that once the patent expired, any person could not only manufacture and sell the drug, but could call it the name by which the public had come to know the goods.
          2. Tool:

“What do the buyers understand by the word for whose use the parties are contending? If they understand by it only the kind of goods sold…it makes no difference whatever what efforts the plaintiff has made to get them to understand more.

“The fact that it was patented…is indeed a material circumstance, but it is not necessarily controlling.”

* + - * 1. Holding (Learned Hand): Granted injunctive relief against selling the product under designation “Aspirin” to physicians, manufacturing chemists and retail druggists, but permitted use of “Aspirin” for bottles intended for direct sale to consumers.

Evidence shows there is a class of buyers (i.e., manufacturing chemists, physicians and probably retail druggists) to whom the word “Aspirin’ has always signified the plaintiff.

However, the general consuming public did not understand the word anything more than a kind of drug.

The drug was sold in bottles labeled “Aspirin” with some indication of the name of the tablet maker, but none of the plaintiff. Later the plaintiff sold bottles with its name but the most striking part of the label read, “Bayer – Tablets of Aspirin.” This showed how the plaintiff recognized the meaning which the word had acquired, because the phrase most properly means that these tablets were Bayer’s make of the drug known as “Aspirin.” It presupposes that the persons reached were using the word to denote a kind of product. Were it not so, why the addition of “Bayer,” and especially why the significant word “of”? At this point, either way it was too late, the word had already passed to the public domain.

* + 1. Competitors may not genericize each other’s marks ***– Stix Products, Inc. v. United Merchants & Mfrs., Inc. (SDNY 1968)***
       1. Facts: Declaratory judgment assertion that CON-TACT had become generic for self-adhesive paper. Case involved improper use of the trademark, not by the trademark proprietor or its licensees, but by a competitor (plaintiff in the action) which had been using the term “contact paper” in connection with its self-adhesive paper product in order to render its competitor’s trademark generic.
       2. Tool: Suggests that competitors may not “genericize” each other’s marks holding that 1) Use was in bad faith so won’t allow it and 2) attempt did not succeed. What if it had succeeded? Would court have awarded damages?
       3. Holding: 1) Use was in bad faith so won’t allow it and 2) attempt did not succeed. The majority of the purchasing public did not and does not use the word “contact” or the phrases “contact paper” or “contact plastic” to describe self-adhesive decorative plastic products. It is recognized as a brand name no matter how spelled. Stix’s use of “Contact in its captions, whether in lower case, with a capital “C,” in block letters or without a hyphen, is a trademark use; it is an infringement of United’s registered mark.
    2. Protecting Trademarks Against Genericism
       1. Product’s generic name should accompany the trademark. A trademark is an adjective; it should never be used as a noun or as a verb.
       2. Would a complete thought be expressed if the trademark were omitted from the sentence?
    3. Can Genericism be Good for Business? Huy Fong Foods never sought to register “Sriracha” as a brand for a hot pepper sauce or tried to enforce rights in the term because the owner concluded that widespread usage would popularize the product and benefit his business. This strategy paid off as his sales skyrocketed. The PTO also prevented third parties from registering the term as a mark, finding it to be generic, so the originator was not blocked by any third party.

### Survey Evidence

* + 1. ***King-Seeley Thermos Co. v. Aladdin Industries, Inc. (2d Cir. 1963)***
       1. Synopsis: King-Seeley owned eight trademark registrations for “Thermos.” Aladdin Industries tried to sell its own vacuum-insulated containers as “thermos bottles,” a term that it regarded as generic. King-Seeley sought to enjoin Aladdin Industries from using the term, and defendant countered seeking o cancel the registration of the word “thermos” for having become “a generic descriptive word in the English language…as a synonym for vacuum insulated container.” Consumer survey provided that 75% of the public perceived no trademark significance in the term and 25% did view the term as a trademark.
       2. Tool: Thermos-type Survey:
          1. “If you were going to buy one of these containers tomorrow- that is, the type that keeps food and beverages hot or cold – what type of store would you select to make your purchase?”
          2. “What would you ask for – that is what would you tell the clerk you wanted?”
          3. “Can you think of any other words that you would use to ask for a container that keeps liquids hot or cold?”
       3. Holding: As an appreciable, though minority, segment of consumers who recognized plaintiff’s trademarks, district court imposed certain restrictions on use of the word “thermos” by defendant, which were upheld by 2d Cir. “The decree provides that defendant must invariably precede the use of the word “thermos” by the possessive of the name “Aladdin”; that the defendant must confine its use of “Thermos” to the lower-case “t”; and that it may never use the words “original” or “genuine” in describing its product…In addition, plaintiff’ is entitled to retain the exclusive right to all of its present forms of the trademark “Thermos” without change.”
    2. ***E.I. Dupont de Nemours & Co. v. Yoshida International, Inc. (EDNY 1975)***
       1. Synopsis: DuPont, trademark proprietors of the TEFLON mark for non-stick cookware coating, brought a trademark infringement action against YKK, the manufactures of the EFLON easy-glide zipper. Among other defenses, TKK asserted that TEFLON was a generic term. Both parties introduced survey purporting to show that the public did or did not perceive TEFLON to be the common noun for non-stick cookware coatings.
       2. Tool:
          1. Public is good at sorting out brand names from common names.
          2. Dupont/Teflon-type survey: interviewer first explained difference between a brand name and a common name, and then asked whether each of eight names, including TEFLON, was a brand name or a common name.
       3. Holding: TEFLON is not generic, public identifies it as brand name.
          1. In three of the surveys, by design of the questions, respondents, respondents were more often than not focusing on supplying the inquirer a name, without regard to whether the principal significance of the name supplied was its indication of the nature or class of an article rather than an indication of its origin.
          2. Survey B (interviewer first explained difference between a brand name and a common name, and then asked whether each of eight names, including TEFLON, was a brand name or a common name. 68% identified TEFLON as brand name) accurately reflects public opinion, substantial majority of the public continues to believe that TEFLON is a brand name.
    3. ***In re Country Music Association (TTAB 2011)***
       1. Tool: TTAB credited a Teflon-type survey as “sound” in the successful appeal by Country Music Association for “association services, namely, promoting country music, and promoting the interests of country music entertainers and the country music recording industry of the Examiner’s rejection on the ground that the term is generic for the services offered. The interviewer explained to the qualified survey respondents the conceptual distinction between a brand or proprietary name and common name.

### Confusion

* + 1. ***Facebook, Inc. v. Teachbook.com (ND Ill. 2011)***
       1. Synopsis: Teachbook.com is a social networking site aimed at teachers. Facebook, Inc. alleged trademark infringement, and Teachbook defended on the ground that the marks were dissimilar apart from the suffix “-book,” and the suffix was a generic term.
       2. Tool: Seventh Circuit has indicated that it is sometimes appropriate to vary the weight accorded to the different components of a mark when one component may be more salient than another or when one component is generic or descriptive. But splicing is not mandatory.
       3. Holding: Facebook is using the suffix –BOOK to offer social networking services. So is Teachbook, Given the apparent dissimilarity between the mark and the underlying product, court cannot conclude at this point that Facebook’s use of the suffix –BOOK is generic.
    2. ***Welding Services Inc. v. Forman (11th Cir. 2007)***
       1. Synopsis: Having held the plaintiff’s claimed mark “Welding Services, Inc.” to be generic for welding services, the court next considered whether a different analysis should apply to a claimed mark consisting of the initials of the company name, WSI, and stylized logo.
       2. Tool:
          1. Abbreviations of generic words may become protectable if the party claiming protection for such an abbreviation shows that the abbreviation has a meaning distinct from the underlying words in the mind of the public.
          2. Investment in advertising is relevant to secondary meaning but not whether abbreviation has discrete meaning in the minds of the public from the generic words for which it stands.
       3. Holding: Logo on advertising material is displayed immediately next to the words “Welding Services Inc.” Thus, WSI is used in association with generic words, rather than being used in a way that would give rise to a meaning distinct from those words. Thus, WSI is not protectable.
    3. ***Harley Davidson v. Grottanelli (2d Cir. 1999)***
       1. Synopsis: Harley Davidson brought a trademark infringement action against a garage and motorcycle repair service doing business as “Hog Farm.” Harley-Davidson claimed that the term HOG was a common law trademark for their motorcycles. In the 60s and 70s, the word “hog” was used by motorcycle enthusiasts to refer to motorcycles generally, and particularly large motorcycles. Several dictionaries included a definition of the word hog as a motorcycle, particularly a large one. The defendant used the name “Hog Farm” in 1969. The plaintiff didn’t use the word until 1983. The court determined that the term Hog was generic for large motorcycles.
       2. Tool:
          1. “No manufacturer can take out of the language a word, even a slang term, that has generic meaning as to a category of products and appropriate it for its own trademark use…”
          2. “Though not conclusive, dictionary definitions of a word to denote a category of products are significant evidence of genericness because they usually reflect the public’s perception of a word’s meaning and its contemporary usage.”
          3. “…newspaper and magazine use of a word in a generic sense is a strong indication of the general public’s perception that the word is generic.”
          4. “The public has no more right than a manufacturer to withdraw from the language a generic term, already applicable to the relevant category of products, and accord it trademark significance, at least as long as the term retains some generic meaning.”
       3. Holding: HOG is generic so plaintiff may not prohibit defendant from using “hog” to identify his motorcycle products and services.
    4. ***H-D Michigan v. Top Quality Serv. (7th Cir. 2007)***
       1. Synopsis: Harley-Davidson motorcycle owners Dean and Debbie Anderson formed Top Quality Services, and organized a cruise for fellow Harley owners, which they advertised as HOGS ON THE HIGH SEAS. District Court ruled for Andersons, holding the issue of the protectability of HOG precluded by *Grottanelli*.
       2. Issue: The 2d Cir. evaluated whether the word “hog” was generic as applied to large motorcycles, whereas in this case, the issue is whether “hog” was generic as applied to a motorcyclist club.
       3. Tool:
          1. “A plaintiff’s generic use of a word has no bearing on whether the defendant’s use of the word is also generic.” (referring to *Grottanelli*.)
          2. A “generic term is commonly used as a name for the seller’s goods, while a descriptive term names a characteristic of a particular product or service.”
       4. Holding:
          1. The 2d Cir. never stated that “hog” was generic as applied to a motorcyclist club or to motorcycle products or services. Therefore, Harley is not collaterally estopped from bringing the claims in this case.
          2. The word “hog” is not commonly used as a name for a motorcyclist club. It is a name for a motorcycle. As such, Harley’s use of the word “hog” to refer to the Harley Owners Group is not generic; rather, it is descriptive because it describes the club’s members: people who enjoy motorcycles.
    5. *Otokoyama Co. v. Wine of Japan Import (2d Cir. 1999)* – reversed district court’s refusal to consider evidence of the generic meaning “Otokoyama” in Japanese, because if Otokoyamain Japanese signifies a type of sake, and one US merchant were given exclusive right to use that word to designate its brand of sake, competing merchants would be prevented from calling their product b the word which designates that product in Japanese. Any other Japanese-speaking customers and others who are familiar with the Japanese terminology would be misled to believe that there is only one brand of otokoyama available in the US.
    6. *Dial-A-Mattress Franchise Corp. v. Page (2d Cir. 1989)*
       1. Synopsis: court determined that M-A-T-T-R-E-Se was generic for mattresses, and therefore could not be subject to appropriation as a trademark. However, evidence indicated consumer confusion in the New York area arising out of a competitor’s adoption 1-800-M-A-T-T-R-E-S when a New York business had previously adopted a local M-A-T-T-R-E-S telephone listing.
       2. Tool: The principles limiting protection for the use of generic terms serve to prevent a marketer from appropriating for its exclusive use words that must remain available to competitors to inform their customers as to the nature of the competitor’s business or product. These principles do not require that a competitor remain free to confuse the public with a telephone number of the letters identifying that number that are deceptively similar to those of a first user.
       3. Holding: Court enjoined proprietor of 800 number. Held that case cannot be decided solely upon principles applicable to generic terms. Dial-a-Mattress is not seeking protection against a competitor’s use of the word “mattress” solely to identify the competitor’s name or product. What the plaintiff seeks is protection against a competitor’s use of a confusingly similar telephone number and a confusingly similar means of identifying that number. Plaintiff odes not lose the right to protection against defendant’s use of a confusingly similar number and set of letters just because the letters spell a generic term.

### DeFacto Secondary Meaning

* + 1. “de facto secondary meaning” – the public may identify a term with a single source of origin, but the term is nonetheless not accorded trademark status.
    2. Two types:
       1. Public does not recognize the term at issue as a brand name, but nonetheless may know that there is a single source for the goods. This occurs when the producer is the single source for the goods because it enjoys a patent monopoly, or because others are otherwise unable or unwilling to compete, and the producer has not been using the term applied to the goods in a proper trademark fashion.
       2. A producer selects as a trademark a term that is deemed already to have been the commonly recognized, i.e., generic, name of the goods, but through substantial advertising, proper trademark use, and market dominance, succeeds in establishing public trademark recognition for this otherwise common name. In this case, there is real secondary meaning, because the public has come to understand the term as the producer’s brand name. Nonetheless, there is no trademark protection.
          1. A generic term cannot be converted into a trademark by means of de factor secondary meaning.
    3. ***America Online, Inc. v. AT&T Corp. (4th Cir. 2001)***
       1. Synopsis: AOL sued ATT for ATT’s alleged infringements of three trademarks that AOL claims – “Buddy List,” “You Have Mail,” and “IM.” The district court entered summary judgment in favor of ATT with respect to each mark, concluding that as a matter of law, the alleged marks are generic and cannot be enforced as the exclusive property of AOL. Court concludes that the question whether “Buddy List” is a valid mark raises disputed issues of material fact and therefore cannot be resolved on summary judgment. With respect to two other claimed marks, court affirmed.
       2. Tool:
          1. When words are used in a context that suggests only their common meaning, they are generic and may not be appropriated as exclusive property.”
       3. Holding: Remand as to Buddy List and affirm as to You Have Mail and IM.
          1. Buddy List – PTO’s decision to register mark was powerful evidence that the registered mark is suggestive. In deciding whether Buddy List was generic, the district was required to receive the certification of registration into evidence as treat the certificate as prima facie evidence of the validity of the mark. Thus, the validity of the mark cannot be considered on summary judgment.
          2. You Have Mail – “you have mail” was used long before AOL came along. AOL has never registered or attempted to enforce it as a mark before. AOL has been inconsistent with the use the mark as a trademark for the service of email because it disappears once user opens new message. Phrase is being used in a context that communicates merely its common meaning, so it is generic. A consumer survey showed that 37% respondents associated phrase with AOL. This only establishes de fact secondary meaning.
          3. IM – IM stands for instant messaging, and because the primary significance of instant message is to stand for an instant message, the term is generic.

### Recapturing Generic Terms

* + 1. ***Miller’s Ale House v. Boynton Carolina Ale House (11 Cir. 2012)***
       1. Synopsis: Miller asserted trademark rights in “ale house.” In an earlier litigation against a different competitor, Miller’s claim failed when the court held the term to be generic for a drinking establishment. In its suit against Boynton, Miller’s argued that in the intervening ten years, the term had ceased to be generic, thanks to Miller’s expanded operations throughout Florida. The district court ruled that the prior decision precluded re-litigation of the issue of genericism because the evidence of genericism had not sufficiently changed in the interval.
       2. Tool: Were changed perception sufficient to warrant the elevation of a non-coined, generic term to trademark status, such change would have to be radical. Public has ultimate say in what is taken out of genericity?
       3. Holding: Affirm. Evidence fails to indicate any change in the public perception of the term and the uncontested fact that restaurants and bars unaffiliated with either party use the term “ale house” points in the opposite direction.

## Abandonment

### Rule – 15 USC 1127 [LA 45]

* + 1. Abandonment requires (1) nonuse (“discontinued”) and (2) “intent not to resume such use” which can be inferred from circumstances.
    2. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment.
    3. “Use” of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.

### Standard for Proving Abandonment

* + 1. ***Grocery Outlet Inc. v. Albertson’s Inc. (9th Cir. 2007)***
       1. District court required party alleging abandonment to meet the “Clear and convincing” evidence standard as opposed to a preponderance of the evidence standard (usual standard of proof in civil action).
       2. 9th Cir. affirmed ruling although not clear if it affirmed higher standard.
       3. Judge Wallace wrote concurrence in support of higher standard while Judge McKeown wrote concurrence in support of lower standard.

### Non Use

* + 1. ***Silverman v. CBS, Inc. (2d Cir. 1989)***
       1. Synopsis: Silverman (P) wrote a script for a musical based on the Amos n’ Andy characters that originally appeared on a radio program in which CBS (D) owned the rights. P filed a suit seeking a declaratory judgment that these programs broadcast before 1948 were in the public domain. D counterclaimed that P’s script violated D’s copyrights and infringed various trademarks. The trial court ruled that although pre-1948 radio programs were in the public domain, D had copyrights in scripts for post-1948 radio programs and that P had infringed these copyrights and also trademarks. Trial also ruled that D had not abandoned its trademarks.
       2. Tool:
          1. Ordinarily, 21 years of non-use would easily surpass the non-use requirement for finding abandonment.
          2. “intent not to resume use” means “intent not to resume use within the reasonably foreseeable future.” The statute requires proof of intent to resume, rather than intent to abandon.
          3. “challenging infringing use is not use, and sporadic licensing for essentially non-commercial uses of a mark is not sufficient use to forestall abandonment.”
          4. Concerning the concept of abandonment, the balance of risks (risk of inhibiting free speech and risk of public confusion as to source) is relevant and in some cases may tip the scale against trademark protection.

Motivation test – were customers motivated to buy product as a result of a belief of mark being indication of same source?

* + - 1. Holding: CBS abandoned AMOS ‘N’ANDY marks. CBS had not used marks for 21 years. And, it was unlikely that most theater-goers would be significantly influenced in their ticket-purchasing decision by an erroneous belief that the musical emanated from the same production source as the underlying work, because musical depends on script, score, lyrics, cast, and direction.
    1. ***ITC Limited v. Punchgini (2d Cir. 2007)***
       1. Synopsis: ITC (P) did not use BUKHARA mark for restaurants for 3 years in U.S. before Punchgini (D) used BUKHARA GRILL for restaurants. District Court found that ITC did not rebut the presumption of abandonment that arises from three years of nonuse.
       2. Tool: Foreign use of a mark does not by itself support an inference that the owner intends to reemploy a presumptively abandoned mark in the U.S.
       3. Holding: Affirmed. Neither ITC’s internal memoranda, nor its dealings with potential business partners, not its plans to market packaged foods under the “Bukhara” brand evidences a concrete intent to resume use of the mark in the U.S.. While ITC pursued franchise agreements around the world, none of the potential franchisees were located in the U.S.
    2. ***Specht v. Google, Inc. (7th Cir. 2014)***
       1. Synopsis: Specht formed Android Data Corporation through which he intended to license software to clients. His trademark application for “Android Data” was approved in 2002. By the end of 2002, ADC stopped major operations. Business activities were limited and Specht let the company’s url lapse in 2005. In 2007, Specht tried to revive the use of the mark with no success. Google purchased a technology start-up called “Android, Incorporate” in 2005 and released beta version of Android software in November 2007. Specht sued Google for trademark infringement and unfair competition. Google sought declaration that Specht had abandoned the mark. District court granted summary judgment to Google on all of Specht’s claims.
       2. Tool:
          1. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment. A prima facie showing of abandonment may be rebutted with evidence excusing the nonuse or demonstrating an intent to resume use. But the intent to resume use in commerce must be formulated within the three years of nonuse.
          2. Sale of business assets does not constitute a use of the mark in commerce.
          3. Website is not in use in commerce if no goods or services can be provided in connection with the website.
          4. Sporadic attempts to solicit business are not a use in commerce.
          5. Once a mark is abandoned, it returns to the public domain, and may be appropriated anew.
       3. Holding: Affirmed holding in favor of Google.
          1. Appeal turns on three dates:

Specht ceased using the mark at the end of 2002. Sale of business assets and website does not constitute use in the years after 2002. Specht’s **sporadic sale attempts do not constitute use in commerce**. Note: Other cases have found selling assets to be continued use. Court here says these are isolated and sporadic. Court cites Zazu case (gifts to friends insufficient). This rule penalizes small companies. Because it’s a small business, operations will sometimes be sporadic.

Google became senior user when it used the mark in commerce in November 2007. Its use has been uninterrupted and continuous, which is enough to warrant trademark protection.

Smith cannot reclaim mark after it was permanently abandoned in November 2007.

### Influence After Abandonment

* + 1. A new entrant’s adoption of a mark for the same or related goods may prompt suspicion that it is seeking to reap the benefits of the goodwill remaining in the mark. In such a situation, a court may strain to avoid finding that an abandonment occurred. ***See*** ***Wells Fargo & Co. v. ABD Insurance & Financial Services, Inc. (9th Cir. 2014)***
       1. Synopsis: Wells Fargo moved for a preliminary injunction against defendant for use of the mark ABD. Wells Fargo had previously acquired the original ABD Insurance company and changed the name to Wells Fargo, but continued to use the ABD mark in various ways. Former ABD employees started a new company and changed its name to ABD when Wells Fargo did not renew the registration for the mark.
       2. Tool:
          1. Unless the trademark use is actually terminated the intent not to resume use prong of abandonment does not come into play. A prospective intent to abandon says nothing about whether use of the mark has been discontinued.
          2. Trademark use means the bonafide use of a mark in the ordinary course of trade, and not merely to reserve a right in a mark. Even a single instance of use is sufficient against a claim of abandonment of a mark if such use is made in good faith.
       3. Holding: Reversed district court’s denial of a preliminary injunction and remanded for reconsideration under current abandonment analysis. District court abused its discretion by misapplying the law in its abandonment analysis when it considered evidence of prospective intent to abandon the mark to determine whether Wells Fargo’s uses were bona fide and in the ordinary course of business. Wells Fargo continued its bona fide use of the mark by using mark in customer presentations and solicitations. Note: Are Wells and Specht being treated differently?
    2. Even when the mark has been abandoned, courts may require the new adopter to take reasonable precautions to prevent confusion during the period of “residual significant” during which the “mark that has been abandoned…is still associated by the public with its former holder.” Cumulus Media, Inc. v. Clear Channel (11th Cir. 2002).
    3. Sometimes the goodwill takes on a life of its own, no longer signaling the producer. E.g. Court found that The Brooklyn Dodgers was a non-transportable cultural institution separate from the Los Angeles Dodgers or the Dodgers who play in LA. It is not simply the Dodgers that defendants seek to invoke in their restaurant; rather, defendants specifically seek to recall the nostalgia of the cultural institution that was the Brooklyn Dodgers. It was the Brooklyn Dodgers name that had acquired secondary meaning in New York. It was that cultural institution that Los Angeles abandoned. Sporadic granting of licensing created only common-law rights in the term. Thus, plaintiffs could claim rights only in those locations and in those kinds of uses for which it had granted licenses.
       1. Posner rejected this approach when Canadian Football team in Baltimore wanted to use Colts for new team given that Indianapolis had taken Colts football team from Baltimore.

## Assignment in Gross

### Rule

* + 1. TMs may be assigned but may not be assigned in gross
    2. Assignments in gross commonly held to constitute abandonment. In order to avoid assignment in gross, goodwill also has to be transferred (transfer capital, knowledge, or even substantial similarity in the product might be enough)
    3. Purpose is to prevent consumer deception

### *Clark & Freeman Corp. v. Heartland Co. Ltd. (SDNY 1993)*

* + 1. Synopsis: P and D competed over use of the name “Heartland” in connection with their businesses. D had been using the name since 1985. P had been using the name since 1986 but in 1987, received assignment from Sears, who had been using name since 1983 in connection with the sale of women’s boots.
    2. Issue: Whether trademark from Sears to P was an assignment in gross and therefore, Ps may not tack on the period of Sear’s prior use to defeat D’s claim of priority.
    3. Tool:
       1. “Generally, an assignment of a trademark, and its accompanying goodwill will entitle the assignee to ‘step in the shoes’ of the assignor, gaining whatever priority the assignor might have had in the mark.”
       2. “where a trademark has been assigned ‘in gross,’ i.e. without the accompanying goodwill, then the assignment is invalid, and the ‘assignee’ must instead rely upon his or her own use to establish priority.”
       3. An assignment of accompany goodwill is upheld if “the assignee is producing a product or performing a service substantially similar to that of the assignor and that the customers would not be deceived or harmed.”
       4. “A trademark may be validly transferred without the simultaneous transfer of any tangible assets, as long as the recipient continues to produce goods of the same quality and nature previously associated with the mark.”
    4. Holding: Finding of assignment in gross based on the following:
       1. Sears sold only women’s pixie boots while P immediately applied it only to men’s shoes, then men’s hiking boots. The two goods are substantially distinct.
       2. Ps were using the mark before the assignment which tends to show that Ps sought only to gain the ability to use the name rather than the goodwill associated with it.
       3. P did not attempt to obtain the assignment from Sears until after Sears threatened to bring opposition proceedings to prevent Ps from registering the mark.

## Naked Licensing

### Rule

* + 1. Licensing of the mark to others without controlling the quality of their products results in abandonment.
    2. Substantial similarity likely not good enough (compare to assignment in gross)

### Eva’s Bridal Ltd. v. Halanick Enterprises, Inc. (7th Cir. 2011)

* + 1. Synopsis: Eva Sweiss established a bridal dress shop called “Eva’s Bridal.” Sweiss allowed her children to open up shops in the same name. The business passed to Said and Nancy. They continued licensing name to relatives. They sold a shop to Nayef Gusein and the license agreement expired in 2002. Nayef continued operating shop without paying royalty. Said sued Nayef. District court dismissed suit finding that P abandoned mark by engaging in naked licensing.
    2. Tool:
       1. Naked licensing – “allowing others to use the mark without exercising reasonable control over the nature and quality of the goods, services, or business on which the mark is used by the licensee.”
       2. How much control is enough? Court are apt to ask whether “the control retained by the licensor is sufficient under the circumstances to insure that the licensee’s goods or services would meet the expectations created by the present of the trademark.”
       3. Trademark law requires that “decision making authority over quality remains with the owner of the mark.”
    3. Holding: Affirmed. P maintained no control so it was a naked license.

### Freecycle Sunnyvale v. Freecycle Network (9th Cir. 2010)

* + 1. Synopsis: The Freecycle Network (TFN) facilitates the recycling of goods through internet groups to coordinate freecycling activities. TFN maintains its own website with etiquette guidelines. A local member Freecycle Sunnyvale (FS) moved for summary judgment to declare that TFN had failed to control the quality of its members’ use, and therefore no longer had enforceable rights in the mark.
    2. Tool:
       1. “When deciding summary judgment on claims of naked licensing, we first determine whether the license contained an express contractual right to inspect and supervise the licensee’s operations…The absence of an agreement with provisions restricting or monitoring the quality of goods or services with provisions restricting or monitoring the quality of goods or services produced under a trademark supports a finding of naked licensing.”
       2. “Although courts have upheld licensing agreements where the licensor is familiar with and relies upon the licensee’s own efforts to control quality…we…have required that the licensor and licensee be involved in a ‘close working relationship to establish adequate quality control in the absence of a formal agreement.”
    3. Holding:
       1. Court held that by TFN’s admission there was no express contractual right to control quality (TFN argued that there was an implied license).
       2. Court held that TFN failed to maintain actual control – TFN’s non-commercial requirement has nothing to do with quality, rules of etiquette are just voluntary, TFN admits that a central premise if local enforcement with local variation.
       3. TFN does not have close relationships with member groups so it cannot justifiably rely on their quality control measures.

### Pasty’s Italian Restaurant v. Banas (2d Cir. 2011)

* + 1. Synopsis: District Court held that appellees had abandoned their marks only in Staten Island and Syosett, but retained rights for East Harlem.
    2. Tool: Abandonment of a mark through naked licensing has different effects on the validity of the mark in different markets. Naked licensing will lead to an abandonment of a mark only where the mark loses its significance. A mark owner can abandon a mark through naked licensing in a particular geographic area without abandoning its rights throughout the entire U.S.
    3. Holding: Affirm.

# RIGHTS

## Infringement

### Statutes

* + 1. Applies only to registered marks – 15 USC 1114 [LA 32(1)]

*1) Any person who shall, without the consent of the registrant—*

*(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive…shall be liable in a civil action by the registrant for the remedies hereinafter provided.*

* + 1. Applies to all marks – 15 USC 1125(a) [LA 43(A)(1)(a)]

*(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—*

*(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or*

*…*

*shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.*

*…*

*(3) In a civil action for trade dress infringement under this chapter for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.*

* + 1. Infringement Test is the SAME for both!
       1. ***DC Comics v. Powers (SDNY 1978)***
          1. Synopsis: DC Comics (P) charges that the continued use of the name Daily Planet by the Daily Planet and its President, Jerry Powers (D), violates LA 43(a) and constitutes unfair competition resulting in dilution of P’s common law trademark under the law of NY. D has demonstrated interest in resuscitating an underground new publication called the Daily Planet. P and D claim that as a result of a prior appropriation and use of the name Daily Planet, they each possess exclusive rights to its use. Neither has a registered trademark so any rights are to be determined under common law of trademark.
          2. Tool: It is not a prerequisite under LA 43(a) “that a mark in issue be registered. [Citation.] Consequently, under this section, a common law trademark is entitled to the same protection as its statutory counterpart. A plaintiff, therefore, is entitled to remedial action under this section if the defendant has affixed plaintiff’s mark to his goods in such a fashion as to misrepresent to the public the source of the goods. Although it is imperative in the instant action for plaintiff to demonstrate that defendant’s use of the [mark] is likely to either confuse or deceive purchasers as to the source of items bearing the mark, [citation], liability will attach even though plaintiff is not in direct competition with the defendants.
          3. Holding: Granted P’s motion for preliminary injunction. Evidence shows that Ds were attempting to cash in on Superman story. D knew about story and their publication made references to Superman character and story. Thus D intended to at least confuse, if not to deceive the public as to the origin of the publication. Give D’s publication’s local appeal and limited distribution (geographic and numeric), P’s lack of diligence in policing mark was not so great as to warrant loss of their trademark.
       2. ***Pretty Girl, Inc. v. Pretty Girl Fashions, Inc. (EDNY 2011)***
          1. Synopsis: P had operated 33 junior and women’s wear retail stores in the NY metropolitan area under the mark PRETTY GIRL since 1985. While it had a trademark registration, its application to register its mark as a service mark was pending when it sued D who was operating a store in Queens, NY for women’s wear under the mark PRETTY GRIL FASHIONS. P moved for a preliminary injunction under LA 43(a).
          2. Tool: The same test applies to infringement of a registered mark or of an unregistered mark under LA 43(a) – “The test looks first to whether the plaintiff’s mark is entitled to protection, and second to whether defendant’s use of the mark is likely to cause consumers confusion as to the origin or sponsorship of the defendant’s goods.”
          3. Holding: Mark is protectable as suggestive or mark with secondary meaning. Court found likelihood of confusion.

### Defendant’s Use in Commerce

* + 1. See 15 USC 1127
    2. Court typically don’t give much weight to use. Only time courts spend much time on use is when they are supporting finding of no likely confusion and thus no liability.
    3. ***Naked Cowboy v. CBS (SDNY 2010)***
       1. Synopsis: New York’s “Naked Cowboy” sued CBS over an episode of *The Bold and the Beautiful* that featured a character dressed in briefs, a cowboy hat and cowboy boots, singing and playing a guitar for several seconds. CBS also posted a clip of the scene on YouTube, and purchased the adwords “naked cowboy” from YouTube in connection with the posting of the clip. Plaintiff claimed that the broadcast, YouTube posting, and adword purchase violated his registered NAKED COWBOY service mark. The court granted CBS’s motion to dismiss the complaint.
       2. Tool:
          1. 15 U.S.C. 1114(1)(a) – to prevail on a trademark infringement claim, P must establish that: (1) it has a valid registered mark; and that (2) D used the mark, (3) in commerce, (4) in connection with the sale or advertising of goods or services , and (5) without P’s consent. In addition, (6) P must allege facts sufficient to establish that D’s use of the registered mark is likely to cause confusion as to the affiliation, connection, or association of Ds wit P, or as to the origin, sponsorship, or approval of Ds’ goods, services, or commercial activities by P.
          2. 15 USC 1127
       3. Holding: None of the contents of the episode could have violated P’s trademark rights because the word mark “Naked Cowboy” does not appear anywhere in it. Inclusion of “naked” and” cowboy” as separate tags associated with the YouTube video clips is not “use” of P’s word mark “Naked Cowboy.” The purchase from YouTube of adword advertising for the term “naked cowboy” like does not constitute “use in commerce” because Ds did not place it on any goods or containers or displays or associated documents, nor do they use them in any way to indicate source or sponsorship.
    4. ***Standard Rule – Karl Storz Endoscopy-America, Inc v. Surgical Technologies, Inc. (9th Cir. 2002)***
       1. Synopsis: Storz, the manufacturer of rigid endoscopes filed suit against Surgi-Tech, a firm that repairs and refurbishes endoscopes, claiming that Surgi-Tech’s repair of Storz endoscopes infringed Storz’s registered trademark. Because rigid endoscopes cost thousands of dollars, hospitals and doctors prefer to repair them when they are damaged rather than replacing them. Surgi-Tech offered services ranging from minor repairs and cleaning to complete rebuilds. Storz argued that the rebuilt Storz endoscopes replaced all of the functional parts, retailing only the housing that bore Storz’s trademarks. The district court granted summary judgment to Surgi-Tech, and Storz appealed. The Court of Appeals for the 9th Circuit concluded that Storz had raised a triable issue of material fact on the likelihood of consumer confusion. The court then turned to the question whether Surgi-Tech had used Storz’s mark in commerce.
       2. Tool:
          1. 15 USC 1127
          2. The “or transported” language makes it clear that a “use in commerce” under the Lanham Act is not limited to sales.
          3. “Further, nothing in the language of the statute itself expressly precludes a repair or reconstruction from constituting a “use in commerce.” However, “use in commerce” appears to contemplate a trading upon the goodwill of or association with the trademark holder. Therefore, a mere repair of a trademarked good, followed by return of the good to the same owner who requested the repair or rebuild, does not constitute a “use in commerce” of the trademark under the Lanham Act.”
          4. “If the reconstructed product still bearing the original manufacturer's trademark is so altered as to be a different product from that of the original manufacturer, the repair transaction involves a “use in commerce.” The repair company in that situation is trading on the goodwill of, or association with, the trademark holder.”
          5. “There is no bright line test for determining whether a company that repairs or reconstructs goods and retains the original manufacturer's trademark on the goods is using the trademark in commerce. However, there are a number of factors to consider in determining whether the company has made a different product. Those factors include the nature and extent of the alterations, the nature of the device and how it is designed (whether some components have a shorter useful life than the whole), whether a market has developed for service and spare parts, and, most importantly, whether end users of the product are likely to be misled as to the party responsible for the composition of the product.”
       3. Holding: Reversed and remanded. Where the substance of Surgi-Tech’s repair or rebuild was the construction of a different product associated with the Storz trademark, there was a use in commerce.
    5. ***1-800 Contacts, Inc. v. Lens.com, Inc. (D. Utah 2010)***
       1. Synopsis: 1-800 Contacts filed suit against its competitor, Lens.com, alleging that its Lens.com’s purchase of “1800Contacts” as an ad-generating keyword infringed 1-800’s trademark; Lens.com argued that purchasing an ad word was not n actionable use in commerce. The court disagreed.
       2. Tool:
          1. 15 USC 1127
          2. Courts split as to whether the purchase of keywords that trigger advertising constitutes the type of use contemplated by the Lanham Act. Because a keyword is invisible to potential consumers and merely operates as a pure machine-linking function, some courts have concluded that it is not a use in commerce. In contrast, other courts have concluded that use of another’s mark to trigger internet advertisements for itself is a use in commerce. The statutory language supports this latter conclusion.
          3. Use in commerce occurs when a mark is used OR displayed in the sale or advertising of services and the services are rendered in commerce.
       3. Holding: P’s mark was used to promote D’s services and to provide a consumer with a link to a website where it could make a purchase from D. The court concludes such actions constitute a “use in commerce” under the Lanham Act. Although D did not use exact mark but used variations. If P establishes that D’s use of these variations and misspellings likely would result in consumer confusion D itself may be liable for these variations.
    6. ***Rescuecom Corp. v. Google, Inc. (2d Cir. 2009)***
       1. Synopsis: Google introduces a keyword tool to help its advertisers select keywords. Advertisers type words or phrases into a dialog box, and the tool returns a list of possible keywords along with information about how many searches are performed using those words and how competitive the bidding is to purchase those words as ad triggers. Google recommended the Rescuecom trademark to Rescuecom’s competitors as a search term to be purchased. Rescuecom alleges that when a Google user launches a search for the term “Rescuecom” because the searcher wishes to purchase Rescuecom’s services, links to websites of its competitors will appear on the searcher’s screen in a manner likely to cause the searcher to believe mistakenly that a competitor’s advertisement (and website link) is sponsored by, endorsed by, approved by, or affiliated with Rescuecom. Second Circuit ruled that Google’s sales of third party trademarks to trigger the purchaser’s advertisements could be a “use in commerce.”
       2. Tool: “An alleged infringer’s use of a trademark in an internal software program [cannot] insulate the alleged infringer from a charge of infringement, no matter how likely the use is to cause confusion in the marketplace.
       3. Holding: Reversed district court’s dismissal of P’s complaint. What Google is recommending and selling to its advertisers is Rescuecom’s trademark…Google displays, offers, and sells Rescuecom’s mark to Google’s advertising customers when selling its advertising services. In addition, Google encourages the purchase of Rescuecom’s mark through its Keyword Suggestion Tool. Google’s utilization of Rescuecom’s mark fits literally within the terms specified by 15 USC 1127. According to the complaint, Google uses and sells Rescuecom’s mark in the sale…of Google’s advertising services…rendered in commerce.
       4. Note: Google may lose on use but has not lost in likelihood of confusion element.

### Test – Likelihood of Confusion

* + 1. Rules
       1. Restatement of the Law (Third), Unfair Competition 20

*(1) One is subject to liability for infringement of another's trademark, trade name, collective mark, or certification mark if the other's use has priority under the rules stated in § 19 and in identifying the actor's business or in marketing the actor's goods or services the actor uses a designation that causes a likelihood of confusion:*

*(a) that the actor's business is the business of the other or is associated or otherwise connected with the other; or*

*(b) that the goods or services marketed by the actor are produced, sponsored, certified, or approved by the other; or*

*(c) that the goods or services marketed by the other are produced, sponsored, certified, or approved by the actor.*

* + - 1. How many consumers is “likely?” 20% net of control group is seen as sufficient.
    1. Factors for Assessing Likelihood of Confusion
       1. Big Three:
          1. Strength – (1) conceptual and (2) marketplace
          2. Similarity of the Marks – sight, sound, and meaning. What about lollipops and jellybeans? So conceptually similar in how they are arbitrary to roller rinks. General rule – don’t look at marks side by side UNLESS that is how they would be encountered in the market place.
          3. Proximity – What consumers are likely to think about relatedness of the products. Sometimes includes marketing channels. Are there things as unrelated products in modern economy?
       2. Other factors:
          1. Bridging the Gap – about how much control a trademark owner should have in business it is not in. Related to proximity factor. Important that CONSUMERS think they might bridge the gap.
          2. Actual Confusion –difficult to find so absence does not weigh against defendant but two exceptions: (1) if products have coexisted in marketplace for very long time with high volume, then court may weight absence of finding; and (2) if plaintiff has economic means to produce survey (and that survey better show confusion).
          3. Intent – decisive factor – good faith won’t help you but bad faith will hurt you. Bad faith can be inferred from similar marks and D knew about P’s mark when it adopted its own. Distinguish intent to copy and intent to confuse.
          4. Quality of defendant’s product. (just in 2d Cir.) – can usually be ignored. Differences in quality decrease likely confusion but increase potential negative impact on P’s good. **NEVER FAVORS D**. Doesn’t really matter when no competition.
          5. Degree of Care – sophisticated groups are supposedly harder to fool. The costlier it is the more attention you will likely give it?
       3. Example of when other factors can make difference – Xalatan v. Travatan – Court found confusion was unlikely despite reasonably high similarity in the names, similarity in products, and incredibly strong mark.
       4. ***Polaroid Corp. v. Polarad Elects. Corp. (2d Cir. 1961)***
          1. Synopsis: Polaroid, the owner of federal registrations for the POLAROID mark for optical lenses and cameras sued the Polarad Electronics Corporation over its use of the mark POLARAD for television equipment and microwave devices.
          2. Tool: “Polaroid factors – eight factors for evaluating likelihood of confusion between non-competing goods or services: “the strength of his mark, the degree of similarity between the two marks, the proximity of the products, the likelihood that the prior owner will bridge the gap, actual confusion, and the reciprocal of defendant's good faith in adopting its own mark, the quality of defendant's product, and the sophistication of the buyers. Even this extensive catalogue does not exhaust the possibilities—the court may have to take still other variables into account.”
          3. Holding: Polaroid’s mark was strong, and the two marks very similar, but evidence of actual confusion was weak. Court concluded that television equipment and cameras were related products which would have entitled Polaroid to injunctive relief but for the finding of laches.
       5. 7th Cir. seven “Autozone” factors – similarity between the marks in appearance and suggestion; similarity of the products; area and manner of concurrent use; degree of care likely to be exercised by consumers; strength of the plaintiff’s mark; any actual confusion; and intent of the defendant to palm off his product as that of another. Autozone v. Strick (7th Cir. 2008).
       6. 9th Cir. eight “Sleekcraft” factors: strength of the mark; proximity of the goods; similarity of the marks; evidence of actual confusion; marketing channels used; type of goods and the degree of care likely to be exercised by the purchaser; defendant’s intent in selecting the mark; and likelihood of expansion of the product lines. AMF v. Sleekcraft Boats (9th Cir. 1979).
       7. Restatement of the Law (Third), Unfair Competition 21

*Whether an actor's use of a designation causes a likelihood of confusion with the use of a trademark, trade name, collective mark, or certification mark by another under the rule stated in § 20 is determined by a consideration of all the circumstances involved in the marketing of the respective goods or services or in the operation of the respective businesses. In making that determination the following market factors, among others, may be important:*

*(a) the degree of similarity between the respective designations, including a comparison of*

*(i) the overall impression created by the designations as they are used in marketing the respective goods or services or in identifying the respective businesses;*

*(ii) the pronunciation of the designations;*

*(iii) the translation of any foreign words contained in the designations;*

*(iv) the verbal translation of any pictures, illustrations, or designs contained in the designations;*

*(v) the suggestions, connotations, or meanings of the designations;*

*(b) the degree of similarity in the marketing methods and channels of distribution used for the respective goods or services;*

*(c) the characteristics of the prospective purchasers of the goods or services and the degree of care they are likely to exercise in making purchasing decisions;*

*(d) the degree of distinctiveness of the other's designation;*

*(e) when the goods, services, or business of the actor differ in kind from those of the other, the likelihood that the actor's prospective purchasers would expect a person in the position of the other to expand its marketing or sponsorship into the product, service, or business market of the actor;*

*(f) when the actor and the other sell their goods or services or carry on their businesses in different geographic markets, the extent to which the other's designation is identified with the other in the geographic market of the actor.*

* + 1. Likelihood of Confusion in the Courts
       1. Likelihood of confusion test originally applied to non-competing products in Polaroid case but courts started using it for competing products too.
       2. ***E. & J. Gallo Winery v. Consorzio del Gallo Nero (ND Cal. 1991)***
          1. Synopsis: E&J Gallo Winery (P) brought trademark infringement suit against Consorzio del Gallo Nero (D). P produces and sells a variety of wine. D is an Italian trade association that promotes wine produced by its members.
          2. Tool:

Strength of plaintiff’s mark – considered sister court’s finding; evidence of other unrelated potential infringers is irrelevant; **registered mark assumed to be distinctive.**

Similarity of marks used – even if the subject marks are identical, their similarity must be considered in light of the way the marks are encountered in the marketplace and the circumstances surrounding their purchase.

Similarity of goods – same class of goods for trademark registration. PTO has repeatedly said that all wines are the same.

Similarity of marketing channels –

Degree of care exercised by purchasers

Evidence of actual confusion – not dispositive; two views:

“The proper test for likelihood of confusion is not whether consumers would be confused in a side-by-side comparison of the products, but whether confusion is likely when a consumer familiar with the one party’s mark, is presented with the other party’s goods alone.”

“proper survey evidence is that which attempts to most closely replicate the marketplace setting in which consumers will typically encounter the competing marks.”

Defendant’s intent in adopting name – where an infringer adopts a particular name with knowledge of plaintiff’s mark, courts presume that there was an intent to copy the mark.

* + - * 1. Holding: Granted summary judgment to P. Evidence sufficient to find likelihood of confusion.

Strength of plaintiff’s mark – strong

Similarity of marks – “Gallo” is dominant/substantive term used by P on all products so other terms don’t divert from it.

Similarity of goods/bridging the gap – no gap: it’s wine

Similarity of marketing channels – same stores

Degree of care exercised by purchasers – wine has been deemed an impulse product.

Evidence of actual confusion – survey evidence (only 3 out of 216 identified wine bottles as coming from same source) provided some evidence of likelihood of confusion.

Defendant’s intent in adopting name – D was aware of P’s mark so no good faith

* + - 1. ***Banfi Products Corp. v. Kendall-Jackson Winery Ltd. (EDNY 1999)***
         1. Synopsis: COL-DI-SASSO wine versus COLLINE DI SASSI wine.
         2. Tool:

Strength of D’s mark – a finding that a particular mark is arbitrary does not guarantee a determination that the mark is strong. Instead, this Court still must evaluate the mark’s distinctiveness in the marketplace. Courts may consider several factors in determining a particular mark’s distinctiveness in the marketplace. The strength of a mark is often ascertained by looking at the extent of advertising invested in it, and by the volume of sales of the product. In addition, extensive third-party use can dilute the strength of a mark.

Degree of Similarity between two marks – “In determining whether the two marks are similar, and therefore likely to cause consumer confusion, courts should evaluate the overall impression created by the logos and the context in which they are found and consider the totality of factors that could cause confusion among prospective purchasers….In doing so, courts may consider the products' sizes, logos, typefaces and package designs, among other factors.”

The proximity of the products – assess whether the two products at issue compete with each other in the same market by evaluating the nature of the products as well as the structure of the relevant market, and differences in price between products.

The Likelihood that the Party Alleging the Infringement will bridge the gap

Actual Confusion

Alleged Infringer’s Good Faith in Adopting the Mark – “This factor considers whether the [alleged infringer] adopted its mark with the intention of capitalizing on [the opposing party's] reputation and goodwill and any confusion between his and the senior user's product…One indication of a party's good faith is the selection of a mark that reflects the product's characteristics.”

Quality of Alleged Infringer’s Mark – whether the senior user’s reputation could be jeopardized by virtue of the fact that the junior user’s product is of inferior quality.

The Sophistication of the Buyers

* + - * 1. Holding: No likelihood of confusion

Strength of D’s mark – not very distinctive. Advertising expenditures have been minimal. Distribution has been limited. Various vinters have used variations of the words “Colline” and “Sassi” in their respective marks.

Degree of similarity between two marks – very dissimilar because different number of words, one has hyphens, phonetic differences, number of syllables, and English translations differ. Labels are different – orange-yellow v. cream and orange, one has depiction and marbleized background and the other does not

The proximity of the products – different kinds of wine, different prices, no evidence that sold in same locations, one is marketed as affordable while the other is marketed as high-end.

The Likelihood that the Party Alleging the Infringement will bridge the gap – no evidence so favors Banfi

Actual Confusion – Kendall was ignorant of Banfi’s use of the mark which favors no actual confusion

Alleged Infringer’s Good Faith in Adopting the Mark – conceived marks around the same time and Banfi has also shown good faith by bringing this action to seek resolution.

Quality of Alleged Infringer’s Mark – favors Banfi because Banfi’s product has received good reviews.

The Sophistication of the Buyers – wine purchasers tend to be older, wealthier and better educated than the general population. Favors Banfi.

* + - 1. ***Leelanau Wine Cellars, Ltd v. Black & Red, Inc. (6th Cir. 2007)***
         1. Synopsis: Leelanau Cellars versus Chateau de Leelanau Vineyard and Winery. Court found confusion unlikely. Gave little weight to survey which showed advertisement of one wine and then asked respondents whether one of the wines put in front of them, including the other wine, was the same wine or comes from the same source as the wine in the advertisement.
         2. Tool: Court gave little weight to survey because (1) the universe of respondents was overbroad and failed to include individuals who were potential purchasers; (2) the survey did not replicate conditions that consumers would encounter in the marketplace (wines sold through very different distribution channels); and (3) the survey questions were suggestive and misleading.
      2. ***Kraft Foods Group Brands LLC v. Cracker Barrel Old Country Store, Inc. (7th Cir. 2013)***
         1. Synopsis: Kraft filed infringement suit against Cracker Barrel Old Country Store (CBOCS), because Kraft had sold cheddar cheese under CRACKER BARREL mark and CBOCS announced it would sell deli meat under CREACKER BARREL OLD COUNTRY STORE mark. Posner found likelihood of confusion was substantial but had critical words for Kraft’s survey – survey emailed respondents picture of CBOCS ham and asked if makes other product. 25% said cheese. In control group with other ham, no respondents said cheese. Posner said this is not relevant because Kraft’s concern is not that people will think that CBOCS cheeses are made by CBOCS but that they will think that CBOCS ham is made by Kraft. Also, its very difficult to compare people’s reactions to photographs shown to them online by a survey company to their reactions to products they are looking at in a grocery store and trying to decide whether to buy.
      3. Note: Is Likelihood of Confusion a Question of Fact or a Question of Law?
         1. Three-way split among the federal circuits – fact, law, or both
         2. If fact, appellate court must adopt the conclusion of the trial court unless it determines the underlying facts to be “clearly erroneous.”

FRCP 52(a) – clearly erroneous means that unless an appellate is left with a definite and firm conviction that a mistake was committed, it must accept the trial court’s findings.

Most circuits (First, Third, Fourth, Fifth, Seventh, Eighth, Ninth, Tenth, and Eleventh and R3d Unfair Competition) hold it to be issue of fact.

* + - * 1. If issue of law (just Court of Appeals for the Federal Circuit), appellate court reviews de novo.
        2. Mixed Question of Law and Fact – First, the appellate court reviews the lower court’s conclusion about each likelihood of confusion factor, reversing the determination only if “clearly erroneous.” Second, the appellate court balances the factors de novo to determine whether likelihood of confusion exists.

Second and Sixth Circuits

* + - 1. Affiliation Confusion – ***Maker’s Mark Distillery, Inc. v. Diageo North America, Inc. (6th Cir. 2012)***
         1. Synopsis: Maker’s Mark uses a red drip wax seal on its Maker’s Mark bourbon bottles. Later, Jose Cuervo used a red dripp wax seal on its tequila bottles. After this suit commenced, Cuervo switched to a red straight-edged wax seal. Maker’s Mark sought damages, injunctions against dilution and infringement, and costs. Cuervo counterclaimed for cancellation of the Maker’s Mark trademark. District Court found for Maker’s Mark. Cuervo appealed the district court’s determination that the seal is not aesthetically functional, factual findings (just on strength, similarity, and actual confusion), balancing of those findings, and its award to Maker’s Mark of some costs.
         2. Tool:

Assess each factor with respect to the relevant consumer market, potential buyers of the “junior” product are the relevant consumers.

Strength – two separate components: (1) conceptual strength, or placement of the mark on the spectrum of marks, which encapsulates the question of inherent distinctiveness; and (2) commercial strength or the marketplace recognition value of the mark. Extensive third part uses of a trademark may substantially weaken the strength of a mark. While survey evidence is the most direct and persuasive evidence of whether a mark has acquired secondary meaning, consumer surveys are not a prerequisite to establishing secondary meaning.

Similarity – courts must determine whether a given mark would confuse the public when viewed alone, in order to account for the possibility that sufficiently similar marks may confuse consumers who do not have both marks before them but who may have a general, vague, or even hazy, impression or recollection of the other party’s mark. The presence of a house mark (as opposed to junior mark?) can decrease the likelihood of confusion.

Actual Confusion – “Evidence of actual confusion is undoubtedly the best evidence of likelihood of confusion but a lack of such evidence is rarely significant,” especially if one or both of the products have not been on the market for long.

Relatedness of the goods – where the goods are somewhat related but not competitive, the likelihood of confusion will turn on other factors.

Intent – intent is an issue whose resolution may benefit only the cause of the senior user, not of an alleged infringer.

* + - * 1. Holding: Factors weigh in Maker’s Mark’s favor.

Review factual findings for clear error. Balancing of factors – review de novo.

Strength – District court did not clearly err in finding that strength favored P. Affirmed district court finding that mark inherently distinct and Maker’s Mark had acquired secondary meaning through 50 years of extensive advertising and consumer recognition. Evidence of third-party use not helpful because looked at all distilled spirits which is not relevant. Not clear error for district court to overlook lack of survey evidence.

Similarity – District court did not clearly err in finding that similarity favored P. It was correct in finding that the presence of a house mark is more significant in a palming off case than in an association case.

Actual Confusion – Since Cuervo’s Reserva product had not been sold for a long time, it is reasonable that Maker’s Mark did not provide meaningful evidence of actual confusion.

* + 1. Different Varieties of Confusion
       1. Point of sale confusion (classic)
       2. Initial Interest Confusion - Doctrines advance was checked because of internet. Also, plaintiffs used doctrine anti-competitively which caused courts to pull back.
          1. ***Mobil Oil Corp. V. Pegasus Petroleum Corp. (2d Cir. 1987)***

Synopsis: Mobil (P) uses flying horse symbol representing Pegasus in connection with its petroleum business but not in connection with its oil trading business. Pegasus Petroleum (D) incorporated later and confines its activities to oil trading and does not sell directly to the general public. It has never used the flying horse symbol. P filed suit against D for trademark infringement and unfair competition, false designation of origin and trademark dilution. Trial court found likelihood of confusion.

Tool:

Proximity – must be measured with reference to the first two Polaroid factors.

Strength, Similarity, and Proximity are likely most important factors.

Intent – intentional copying gives rise to a presumption of a likelihood of confusion. Actual or constructive knowledge may signal bad faith.

Actual Confusion – likelihood of confusion evidence can be found during initial phases of a deal

Holding: Affirm finding of likely confusion. Court found likely confusion because Pegasus could gain business in initial stages of transaction – bait and switch.

Strength of Mobil mark not disputed

Similarity – prospective purchasers will likely equate the mark symbol for “Pegasus” and vice versa.

Proximity – Although Mobil doesn’t use symbol in oil trading business, its mark is strong in petroleum industry and since the symbol is synonymous with the word mark, Mobil is entitled to protection over a broad range of related products.

Intent – evidence substantiates finding of bad faith

Actual confusion – lower court found a likelihood of confusion not in the fact that third party would do business with Pegasus Petroleum believing it related to Mobil, but rather in the likelihood that Pegasus Petroleum would gain crucial credibility during the initial phases of a deal.

Quality – district court made no findings

Sophistication of customers – favors D

* + - * 1. ***Blockbuster Entertainment Group v. Laylco, Inc. (ED Mich. 1994)***

Synopsis: Blockbusters challenged D’s use of the name Video Busters. Video Busters argued that its use of a name confusingly similar to Blockbuster Video was not actionable under the Lanham Act if customers were not likely to be confused at the time they actually rented video tapes in Video Busters’ stores. Video Busters contended that while consumer might be confused initially by the similarity of the two stores’ names, they were not likely to be confused once they entered Video Busters’ stores to rent video cassettes because of the different appearance and layout of Video Busters and Blockbuster Video’s stores.

Tool: Lanham Act’s protection is not limited to confusion at the point of sale, i.e., the moment of actual purchase or rental. “Instead…the issue is the degree of likelihood that the allegedly infringing name would attract potential customers based on the reputation earned by the owner of the original mark.”

Holding: Video Busters might attract some potential customers based on the similarity to the Blockbuster name.

* + - * 1. ***Network Automation, Inc. v. Advanced Systems Concepts, Inc. (9th Cir. 2011)***

Synopsis: Network sells its software under the mark Auto-mate, while Advanced Systems’ product is sold under the registered trademark Active-batch. Network advertised its product by purchasing certain keywords, such as “ActiveBatch,” which when keyed into various search engines, most prominently Google and Microsoft Bing, produce a results page showing “www.NetworkAutomation.com” as a sponsored link. Network filed declaratory judgment and Advanced Systems counterclaimed Network for trademark infringement.

Tool:

Sleekfactors are non-exhaustive and should be applied flexibly, particularly in the context of Internet commerce. Because the sine qua non of trademark infringement is consumer confusion, when we examine initial interest confusion, the owner of the mark must demonstrate likely confusion, nor mere diversion.

Proximity – proximity of goods is measured by whether the products are: (1) complementary; (2) sold to the same class of purchasers; and (3) similar in use and function.

Similarity – tested on three levels: sight, sound, and meaning.

Evidence of Actual Confusion – importance diminished at the preliminary injunction stage of the proceedings.

Marketing Channels – Today, it would be the rare commercial retailer that did not advertise online, and the shared use of a ubiquitous marketing channel does not shed much light on the likelihood of consumer confusion.

Type of Goods and Degree of Care – the degree of care analysis cannot begin and end at the marketing channel. We still must consider the nature and cost of the goods, and whether the products being sold are marketed primarily to expert buyers. Not necessarily true anymore that Internet users on the whole exercise a low degree of care.

Defendant’s Intent – liability infringement may not be imposed for using a registered trademark in connection with truthful comparative advertising.

Likelihood of Expansion of Product Lines – shouldn’t consider when direct competitors

Other Relevant Factors – in the keyword advertising context the likelihood of confusion will ultimately turn on what the consumer saw on the screen and reasonably believed, given the context.

Holding: No likely confusion. Reverse district court’s order granting Systems’ motion for a preliminary injunction, vacate injunction, and remand.

Strength of the Mark – ActiveBatch is suggestive.

Proximity of Goods – district court let this weigh too heavily.

Similarity of marks – unclear to me

Evidence of Actual Confusion – preliminary injunction stage so not surprising no evidence on this provided.

Marketing Channels – district court incorrect to find that this favored Systems because both parties advertise on the internet, because everyone advertises on the internet these days.

Type of Goods and Degree of Care – seemed to find that internet consumers likely exercise more care than district court found.

Defendant’s Intent – district court incorrectly considered the intent factor in isolation, and concluded that it weighed in System’s favor without first determining that Network intended to deceive consumers rather than compare its product to ActiveBatch.

Likelihood of Expansion of the Product Lines – Not important because direct competitors

How it appears on screen – Google and Bing partitioned search results pages so that advertisements appear in separately labeled sections for sponsored links.

* + - * 1. ***Rosetta Stone Ltd. v. Google, Inc. (4th Cir. 2012)***

Synopsis: Google’s post-2009 policy allowed advertisers who purchase AdWords corresponding to third party trademarks to include the third party trademark in the text of the advertisement under certain circumstances. Rosetta sued Google for trademark infringement, claiming that both the use of its mark as an AdWord trigger and the appearance of its mark in ad texts posed a likelihood of confusion and misled Internet users into purchasing counterfeit Rosetta software.

Tool: Many factors to assess likelihood of confusion are irrelevant to contexts in which the trademark is used not to “pass off” defendant’s goods as the plaintiff’s, but, instead, to identify the plaintiff’s goods or services.

Holding:

Intent – Google likely acted with intent to confuse given an internal survey that showed consumer confusion caused by AdWords and that Google changed its policy given that trademarked AdWords brought in 7% of total revenues.

Actual Confusion

Actual Purchaser Confusion – accepted anecdotal customer testimony

Google’s In-House Studies and Google’s Corporate Designees – took into account Google’s in-house studies although they did not look at just Rosetta trademark. Some found 94% confusion and no difference between weak and strong marks.

Sophistication of the Consuming Public – sufficient evidence to create question of fact that cannot be resolved on summary judgment.

* + - 1. Post-Sale Confusion
         1. ***Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc. (2d Cir. 1955)***

Synopsis: Suit by manufacturer of American clocks, Mastercrafters (P) for judgment declaring that it did not unfairly compete by manufacturing clock similar in design to that merchandised by American importer and distributor of Swiss watches, Vacheron (D), and for damages resulting from suits by importer against American manufacturer's distributors, and an injunction to restrain prosecution of such suits. D and an intervenor counterclaimed, charging unfair competition. From adverse judgments of the United States District Court for the SDNY, the importer and intervenor appealed.

Tool:

The actionable harm, in a secondary-meaning case, may result either from the likelihood (a) of loss of customers or (b) of loss of reputation, or (c) of both. Such loss can result from the customer's belief that the competing article derives from the same source as that of the party complaining; and it matters not whether the customers know just who is the source.

But where the copying is unlawful, if only there is a likelihood of confusion, then the intent of the copier becomes decidedly relevant: It gives rise to a powerful inference that confusion is likely, and puts on the alleged infringer the burden of going forward with proof that it is not.

Holding: Reverse and remand in favor of D.

P copied the design because P intended to attract purchasers who wanted a luxury design clock. This goes to show at least that some customers would buy P’s cheaper clock for the purpose of acquiring prestige gained by displaying what many visitors at the customers’ home would regard as a prestigious article. P’s wrong thus consisted of the fact that such a visitor would be likely to assume that the clock was an Atmos clock.

P’s intent was clear so P had the burden of proof showing an absence of likelihood of confusion, which P did not do.

* + - * 1. Jeremy N. Sheff, Veblen Brands

Three theories of injury in post-sale confusion cases.

Bystander Confusion – D sells its product to a non-confused purchaser; observers who see the non-confused purchaser using D’s product mistake it of P’s product; and those observers draw conclusions from their observations that influence their future purchasing decisions.

Shares similarities with more conventional theories of trademark infringement with the distinction that in practice, it improperly reduces the burden on Ps from proving a likelihood of confusion to proving a mere possibility of confusion.

Downstream Confusion – risk that a non-confused purchaser of a knockoff or altered trademarked good might give or resell the good to a confused recipient.

Flies in the face of precedent regarding contributory infringement and trademark law’s first sale doctrine.

Status Confusion – If symbols used to stake claims to social status are freely available to anyone, a classic problem of information economics arises, the claim loses its credibility, indeed its very meaning, due to indiscriminate use.

Most often used to justify liability against the manufacturers of knockoff luxury branded goods, even though the purchasers of those goods know what they are buying.

* + - * 1. ***Munsingwear, Inc. v. Jockey International (8th Cr. 1994)***

Synopsis: Jockey introduced its horizontal-fly briefs in 1992. Briefs had JOCKEY woven into the waistband. Packaging consisted of standard cellophane with JOCKEY trademarks. Munsingwear sued Jockey for trademark infringement, because although not having federal registered, claimed it is entitled to protection based upon continuous use since 1946 and millions of dollars of advertising. Munsingwear moved for preliminary injunction and Jockey moved for summary judgment claiming no likelihood of confusion.

Tool:

Determination of which products are to be compared (e.g. pre-sale v. post-sale product) is made by referring to how consumers will encounter the two products.

Holding: Granted summary judgment to Jockey and rejected Munsingwear’s motion.

The inherently concealed nature of word underwear diminishes the concern for post-sale confusion.

In comparing packaging, no likelihood of confusion.

* + - 1. Reverse Confusion
         1. ***Harlem Wizards Entertainment Basketball, Inc. v. NBA Properties, Inc. (DNJ 1997)***

Synopsis: The Harlem Wizards is a how basketball team. The Washington Bullets were an NBA professional team that changed its name to the Washington Wizards. The Harlem Wizards filed a trademark infringement suit, alleging reverse confusion.

Tool: Reverse confusion arises when a larger, more powerful entity adopts the trademark of a smaller, less powerful trademark user and thereby causes confusion as to the origin of the senior trademark user’s goods or services. As a result, the senior user loses the value of the trademark – its product identity, corporate identity, control over its goodwill and reputation, and ability to move into new markets.

Holding: Dismissed P’s claim.

Show basketball is markedly distinct from NBA competitive basketball. No likelihood of confusion.

* + - * 1. ***Dreamwerks Production, Inc. v. SKG Studio (9th Cir. 1998)***

Synopsis: Dreamwerks is senior user that sells sci-fi merchandise. DreamWorks is junior user that makes movies.

Issue: Whether a reasonable consumer attending a Dreamwerks-sponsored convention might do so believing that it is a convention sponsored by DreamWorks.

Tool: Reverse infringement case – neither junior nor senior users wishes to siphon off the other’s goodwill. The question in such cases is whether consumers doing business with the senior user might mistakenly believe that they are dealing with the junior user.

Holding: Remand for trial. Find there could be likely confusion so there is triable issue.

* + - * 1. ***Fortres Grand Corp. v. Warner Brothers Entertainment (7th Cir. 2014)***

Synopsis: Warner Brothers’ 2012 Batman film, The Dark Knight Rises, included references to a fictional software program named “Clean Slate.” Either Warner Bros. or fans created two websites that purported to be the sites of the fictional software company. Fortres Grand, which has marketed a software program named CLEAN SLATE since 2001 and has registered the mark on the principal register, sued Warner Bros. for trademark infringement, alleging reverse confusion. District Court dismissed.

Tool:

Only confusion about origin, sponsorship, or approval of goods supports a trademark claim.

Reverse confusion – the senior user’s products are mistaken as originating from (or being affiliated with or sponsored by) the junior user. This situation often occurs when the junior user is a well-known brand which can quickly swamp the marketplace and overwhelm a small senior user. The harm from this kind of confusion is that the senior user loses the value of the trademark – its product identity, corporate identity, control over its goodwill and reputation, and ability to move into new markets.

To state claim for infringement based on reverse confusion, must allege that junior user’s product has caused a likelihood that consumers will be confused into thinking that senior user’s product is connected, or is sponsored by junior user.

Holding: Affirm dismissal. No likely confusion.

* + - 1. Approval Confusion
         1. ***Medic Alert Foundation v. Corel Corp. (ND Ill. 1999)***

Synopsis: Medic Alert Foundation makes jewelry and wallet cards designed to alert emergency medical services of non-apparent medical conditions. The Foundation marks these bracelets, pendants, and cards with its logo, which consists of the words MEDIC and ALERT running from top to bottom on either side of a caduceus. It has registered the logo as a trademark and service mark. Medic Alert sued Corel for including clipart files in its mass-market software that reproduced an image of a bracelet bearing the Medic Alert logo. The Foundation argued that consumers would believe that it had authorized Corel to distribute the clip art images.

Tool: Approval Confusion – perceived permission is not enough, need evidence of perceived endorsement or sponsorship.

Holding: No likely confusion as to product approval.

* + - * 1. ***Anheuser-Busch, Inc. v. Balducci Publications (8th Cir. 1994) COME UP WITH GOOD SURVEY QUESTION***

Synopsis: Anheuser-Busch (P) operates brewery. Its products include the Michelob family of beers. For use in its marketing of these products, P owns several federally-registered trademarks, including ONE TASTE AND YOU’LL DRINK IT DRY. Balducci Publications (D) is a publishing business and has published Snicker, a humor magazine. The back cover of an issue contained a mock advertisement for the fictitious product “Michelob Oily” that includes in bold type, “ONE TASTE AND YOU’LL DRINK IT OILY.” Also includes graphics that uses P’s trademarks. P sued D for trademark infringement.

Tool: Approval Confusion – Protection against use of P’s mark on any product or service which would reasonably be thought by the buying public to come from the same source, or thought to be affiliated with, connected with, or sponsored by the trademark owner.

Holding: Parody presented significant likelihood of confusing consumers.

### Trade Dress Under LA 43(a)

* + 1. Application to Traditional Trademark and Trade Dress Cases
       1. ***Two Pesos, Inc. v. Taco Cabana, Inc. (US 1992)***
          1. Synopsis: Jury found Taco Cabana has a trade dress that is inherently distinctive, had no secondary meaning, and that Two Pesos’ inherent infringement creates a likelihood of confusion.
          2. Tool:

Trade dress which is inherently distinctive is protectable under LA 43 **without a showing that it has acquired secondary meaning**. 🡪 **trade dress product packaging can be inherently distinctive.** Product design requires SM.

Adding a secondary meaning requirement could have anticompetitive effects, creating particular burdens on the start-up of small companies. It would present special difficulties for a business that seeks to start a new product in a limited area and then expand into new markets. Denying protection for inherently distinctive nonfunctional trade dress until after secondary meaning has been established would allow a competitor, which has not adopted a distinctive trade dress of its own, to appropriate the originator’s dress in other markets and to deter the originator from expanding into and competing in these areas.

Eligibility for protection under LA 43a depends on non-functionality.

* + - 1. ***Hammerton, Inc. v. Heisterman (D. Utah 2008)***
         1. Synopsis: Hammerton (P) sued its former employee, Heisterman (D, alleging that D was knocking off the designs of P’s handmade lighting fixtures. D had worked in P’s product development department before he resigned and founded a c ompeting business. P claimed that D copied the designs of its fixtures from P’s catalog, infringing its trade dress in 50 different fixtures.
         2. Tool:

“To recover for trade dress infringement under § 43(a), “a plaintiff must show: (1) The trade dress is inherently distinctive or has become distinctive through secondary meaning; (2) There is **a likelihood of confusion** among consumers as to the source of the competing products; and (3) The trade dress is nonfunctional.” Because product designs cannot be inherently distinctive, a plaintiff seeking protection for product design trade dress must prove that the design has acquired secondary meaning.”

Before all of the above, P must articulate the specific elements which comprise its distinct dress.

* + - * 1. Holding: Court granted D’s motion for summary judgment on the trade dress claim. P doesn’t articulate specific elements which constitute trade dress. Rather, P more describes manufacturing process which falls under patent protection and trade dress law should not be used to achieve patent-like protection.
      1. ***Louis Vuitton Malletier v. Dooney & Bourke, Inc. (2d Cir. 2006)***
         1. Synopsis: In October 2002, Louise Vuitton launched Monogram Multicolore pattern purses on white and black backgrounds. Spent $4 million advertising and promoting the Multicolore mark and associated handbags. Since 2001, Dooney & Burke sold DB monogrammed purses. In July 2003 started selling “It-Bag” collection with monogram against white background and then in October 2003 with black background. Vuitton claimed trademark infringement under LA 32 and 43a. Court focused on 43a since Multicolore mark is unregistered.
         2. Tool:

“Basic geometric shapes, basic letters, and single colors are not protectable as inherently distinctive…These symbols may be protected only upon a showing of secondary meaning… However, stylized letters or shapes are not ‘basic,’ and are protectable when original within the relevant market.”

Similarity

“To apply this factor, courts must analyze the mark's overall impression on a consumer, considering the context in which the marks are displayed and the ‘totality of factors that could cause confusion among prospective purchasers.’

The law requires only confusing similarity, not identity. Where, as here, P claims initial-interest and post-sale confusion, market conditions must be examined closely to see whether the differences between the marks are likely to be memorable enough to dispel confusion on serial viewing.

* + - * 1. Holding:

Multicolore mark is inherently distinct and has acquired secondary meaning (became famous almost instantly).

District Court over-emphasized side-by-side comparison. Remand for district court to revisit entire analysis since no single factor is dispositive.

* + - 1. ***Conopco, Inc. v. May Dept. Stores Co. (Fed. Cir. 1994)***
         1. Synopsis: Conopco (P) relaunched its Vaseline Intensive Care Lotion (VICL). Conopco wanted to enhance the image and actual product to distance it from private label brands, which had been eroding its sales. Conopco developed a new bottle shape, label, and formula for the lotion. One of the D’s became aware of Conopco’s plans and worked with other D’s to develop a private label product to compete with the revised VICL. P sued D. District Court found that all Ds willfully infringed P’s trademark and trade dress rights and awarded enhanced damages, costs, attorneys’ fees, an injunction, etc. Court reversed as to monetary relief because did not find one witness testimony to show actual confusion (one isolated instance not sufficient) and actual confusion cannot be presumed from intent to copy. Reverse as to injunctive relief. Found no likelihood of confusion mostly because D’s logo was very prominent, D had used the logo in large volume of sales of other products, and no evidence that consumers ever purchased D’s brand thinking it to have originated with P.
         2. Tool:

Trade dress infringement in 8th Cir. (deferred to 8th Cir. for SMJ) elements:

To establish entitlement to monetary relief, P must show actual confusion. (question of fact in 8th Cir.)

“Isolated instances of actual confusion do not justify an award of monetary relief when there is a reasonable explanation in the record which serves to discount their importance.”

To establish entitlement to injunctive relief, it is sufficient if P establishes likelihood of confusion.

* + - 1. ***McNeil Nutritionals, LLC v. Heartland Sweeteners, LLC (3d Cir. 2007)***
         1. Synopsis: The producer of Splenda sued the producer of multiple store brands of artificial sweetener made from sucralose, the principal ingredient in Splenda. P argued that D’s packaging of its store brand sweeteners infringed Splenda’s distinctive yellow trade dress. Relying on reasoning in *Conopco*, the court of appeals affirmed the district court’s finding that there was no likelihood of confusion in store brand packaging, in which the name of the stores appeared prominently on the house brand packaging. However, it did find likelihood of confusion in packaging in which the store name and logo are not prominently displayed on the packaging.
         2. Tool: Court may take *Conopco* into account when analyzing the [Polaroid] factors, in particular the first…factor because…, the more a store’s name and/or logo are present around that store’s shoppers, the more likely those shoppers will know well that name and/or logo, which in turn may serve to differentiate materially a store-brand packaging that the *Conopco* reasoning as an independent defense that altogether overrides the…factors.
    1. Marketing and Concept Techniques
       1. ***Original Appalachian Artworks, Inc v. The Toy Loft, Inc. (11th Cir. 1982)***
          1. Synopsis: P sold dolls with a birth certificate and adoption papers for the purchaser. P also sent the buyer a birthday card for the doll a year after the sale. D also sold soft-sculpture dolls and utilized a similar marketing technique. P sued for copyright infringement and for trade dress infringement. The district court ruled for P. The 11th Cir. affirmed and treated the adoption and birth certificate papers accompanying P’s dolls as trade dress.
          2. Tool: To the extent packaging is not utilitarian, it represents a sales technique designed to make the product readily identifiable to consumers and unique in the marketplace…The courts have recognized that an unfair competition claim can extend to marketing techniques.
          3. Holding: Affirmed in favor of P. Adoption procedure is part of the packaging, because dolls are never sold without adoption papers and birth certificate and the adoption procedure is designed to make dolls distinctive. Lower court finding that likelihood of confusion existed not clearly erroneous.
       2. ***Jeffrey Milstein, Inc. v. Greger, Lawlor, Roth, Inc. (2d Cir. 1995)***
          1. Synopsis: Milstein dba Paper House Productions (P) appeals from order of District Court denying motion for a preliminary injunction enjoining Greger et. al, dba Triangle (D) from copying unregistered trade dress of P’s greeting cards. That dress in essence comprises photographs die cut to the shapes of the objects depicted on the cards. District Court found that according trade dress protection to this format would effectively grant P a monopoly in the idea of using die-cut photographs on greeting cards. 2d Cir. affirmed.
          2. Tool:

Trade dress includes the design and appearance of the product as well as that of the container and all elements making up the total visual image by which the product is presented to customers. Trade dress is essentially a product’s total image and overall appearance as defined by its overall composition and design, including size, shape, color, texture, and graphics.

Overextension of trade dress protection can undermine restrictions in copyright and patent law that are designed to avoid monopolization of products and ideas.

Just as copyright law does not protect ideas but only their concrete expression, neither does trade dress law protect an idea, a concept, or a generalized type of appearance.

Abstractions test – the level of generality at which a trade dress is described, as well as the fact that a similar trade dress is already being used by manufacturers of other kinds of products, may indicate that that dress is no more than a conceptor idea to be applied to particular products.

* + - * 1. Holding: P is seeking trade dress protection for generalized idea. Features are generic so even secondary meaning can’t make it distinctive. P has also not shown likelihood of confusion.
      1. ***Best Cellars Inc. v. Grape Finds at Dupont, Inc. (SNDY 2000)***
         1. Synopsis: Best Cellars had a unique wine store design. Grape Finds wine stores had many similar features. Court finds that (1) Best Cellars trade dress is inherently distinctive. “Wall of wine” is arbitrary and its goal of designing an “anti-wine store” is not suggestive let alone descriptive or generic. It has won awards for its design and articles have been written about the distinctive look of the store. (3) Design is non-functional since many wine stores use very different design and only need to show that some elements are non-functional. (2) There is likelihood of confusion: strength is arbitrary; dominant visual elements – wall of wine – are similar; proximate because value-priced wine bottles; no bridging needed; no evidence of actual confusion but not necessary, especially since short period of time; likely bad faith because so many similar elements; no evidence of dissimilar quality, both specifically targeting non-sophisticated wine purchasers. Thus, court grants preliminary injunction to Best Cellars (irreparable harm assumed because of substantial likelihood of confusion).
         2. Tool:

To establish a claim of trade dress infringement under 43(a), a plaintiff must demonstrate (1) “that its trade dress is either inherently distinctive or that it has acquired distinctiveness through a secondary meaning,” (2) “that there is a likelihood of confusion between defendant’s trade dress and plaintiff’s,” and (3) “where, as here, the dress has not been registered, that the design is non-functional.” See 15 USC 1125(a)(3)

Distinctiveness

“Although each element of a trade dress individually might not be inherently distinctive, **it is the combination of elements that should be the focus of the distinctiveness inquiry**. Thus, if the overall dress is arbitrary, fanciful, or suggestive, it is distinctive despite its incorporation of generic [or functional] elements.” … **Because there is a “virtually unlimited” number of ways to combine elements to make up the total visual image that constitutes a trade dress, “a product's trade dress typically will be arbitrary or fanciful and meet the inherently distinctive requirement for § 43(a) protection.”**

On the other hand, “an idea, a concept, or a generalized type of appearance” cannot be protected under trade dress law, although “the concrete expression of an idea in a trade dress has received protection.” Jeffrey Milstein, 58 F.3d at 32–33 (citing cases). This can be a difficult distinction to draw, and in doing so “a helpful consideration will be the purpose of trade dress law: to protect an owner of a dress in informing the public of the source of its products, without permitting the owner to exclude competition from functionally similar products.”

Functionality

A feature of a trade dress is functional when it is “ ‘essential to the use or purpose of the article or if it affects the cost or quality of the article,’ that is, if the exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage.”

“…at least some of the elements of its trade dress are not commonly used or functional, which is all that is required under the law.”

Likelihood of Confusion

Polaroid factors

While the factors are meant to be a guide, the inquiry ultimately hinges on whether an ordinarily prudent person would be confused as to the source of the allegedly infringing product.

* + - 1. ***Best Cellars v. Wine Made Simple (SDNY 2003)***
         1. Synopsis: Cellars brought a trade dress infringement suit against a second purveyor of wines by taste categories. Court found similar elements but a lot of dissimilar elements. Court dismissed cross motions for summary judgment finding that there were questions fact, because idea of marketing wine by taste is not protected by trade dress, marketing is not factor in analyzing similarity of trade dress, similarity of wine rack is apparent but only one element in the general appearance of the store, and reasonable viewers could disagree about whether the similarities outweigh the differences or vice versa.
         2. Tool:

Question is whether the similar features or the divergent ones dominate the viewer’s response to the overall “look” of the stores. This is a matter about which reasonable people can easily differ.

“Uniqueness of an idea and not the trade dress itself is not a proper basis upon which a court can base a finding that a trade dress is capable of being a source identifier. The connection must be between the trade dress and the product, not the idea and the product.”

Uniqueness of marketing style is not a factor in the Polaroid test…

### False Endorsements (LA 43(a)) /Right of Publicity (State law)

* + 1. Rules
       1. Right of Publicity (sometimes framed as privacy right)
          1. General

Exclusively a matter of state law, either through state statutes and/or under the common law.

Likelihood of confusion is not necessary

R3d Unfair Competition – “an article published in a fan magazine or in a feature story broadcast on an entertainment program, for example, will not infringe the celebrity’s right of publicity. Similarly, the right of publicity is not infringed by the dissemination of an unauthorized print or broadcast biography. Use of another’s identity in a novel, play, or motion picture is also not ordinarily an infringement.... However, if the name or likeness is used solely to attract attention to a work that is not related to the identified person, the user may be subject to liability for a use of the other’s identity in advertising.”

* + - * 1. NY Statutory Right of Publicity – (1) use of name, portrait, or picture, [“voice” added after *Allen*]; (2) for commercial or trade purposes; (3) without **written** permission.
        2. California

Statute: (1) knowing use of name, voice (according to Midler – actual voice), signature, photograph, or likeness, (2) on or in products or for purposes of advertising or selling, or soliciting purchases of, products or services, (3) without prior consent. Posthumous ROP. Note: unlike in NY, consent does not have to be written

Common law: add “identity” to list of protected things.

* + - 1. False Endorsement (43(a)) – “is **likely to cause confusion**, or to cause mistake or to deceive…as to the…sponsorship, or approval of his or her goods, services, or commercial activities by another person.”
    1. False Endorsement: Standard Likelihood of Confusion Case – ***Allen v. National Video, Inc. (SDNY 1985)***
       1. Synopsis: Woody Allen (P) sued over an advertisement for National Video (D) in which defendant Boroff allegedly masquerading as P, portrays a satisfied holder of National’s movie rental VIP Card. P asserts that the advertisement appropriates his face and implies his endorsement, and that it therefore violates his statutory right to privacy, his right to publicity, and the federal LA’s prohibition of misleading advertising. D asserts that the ad depicts a Woody Allen fan so dedicated that he has adopted his appearance. Court found there was likelihood of confusion as to whether the mark’s owner sponsored or otherwise approved the use satisfies the confusion requirement. Disclaimer that only a celebrity double is being used is not enough in and of itself to dispel impression that plaintiff is somehow involved. To be effective, a disclaimer would have to be bolder and make clear that plaintiff in no way endorses defendant, its products, or its services, because celebrity could have endorsed look-a-like.
       2. Tool:
          1. Elements of LA 43(a) claims are: 1) involvement of goods or services, 2) effect on interstate commerce, and 3) a false designation of origin or false description of the goods or services.
          2. “The court must nevertheless decide whether defendant’s advertisement creates **the likelihood of consumer confusion** over whether plaintiff endorsed or was otherwise involved with” defendant’s goods or services. In applying the likelihood of confusion standard, use traditional likelihood of confusion trademark analysis.
          3. Under privacy law, injunction may have to be limited by state due to differences in state law, but not under LA.
    2. ***Midler v. Ford Motor Co. (9th Cir. 1988)***
       1. Synopsis: Bette Midler (P), a professional singer, sued Ford (D) based on advertisement for automobiles in which a “sound alike,” Hedwig, was used in commercial. District Court entered summary judgment in favor of D. Midler was told by a number of people that it sounded exactly like her record. Hedwig was told by many friends that they thought it was Midler singing. 9th Cir. held that Midler has made a showing, sufficient to defeat summary judgment, that the defendants here for their own profit in selling their product did appropriate part of her identity.
       2. Tool:
          1. When a distinctive voice of a professional singer is widely known and is deliberately imitated in order to sell a product, the sellers have appropriated what is not theirs and have committed a tort in California.
          2. LA 43(a) doesn’t apply because singer is not in competition with car company. Compare to Allen.
    3. ***Tom Waits v. Frito-Lay, Inc. (9th Cir. 1992)***
       1. Synopsis: Waits (P) is a famous singer that has a distinctive raspy voice. P was openly against singers singing in commercials. A Frito’s (D) ad included a song by Waits and had a sound-alike sing it. P sued D alleging claims for voice misappropriation under California law and false endorsement under the Lanham Act. District Court ruled in favor of P. 9th Cir. found that the evidence was sufficient to support the jury’s finding that consumers were likely to be misled by the commercial into believing that Waits endorsed SalsaRio Doritos.
       2. Tool: False endorsement claims are cognizable under LA 43(a).
    4. ***White v. Samsung Electronics America, Inc. (9th Cir. 1992)***
       1. Synopsis: An ad for Samsung VCRs depicted a robot, dressed in a wig, gown, nad jewelry which Deutsch consciously selected to resemble White’s ahir and dress. The robot was posed next to a game board which is instantly recognizable as the Wheel of Fortune game show set, in a stance for which White is famous. Samsung referred to the ad as the “Vanna White” ad. White neither consented to the ads nor was she paid. White (P) sued Samsung and Deutsch (D) under state statute, state common law of right of publicity, and LA 43(a). District Court granted summary judgment against P. P appealed. 9th Cir. holds in favor of P and reverses grant of summary judgment. Factor 1 – mark is strong because White is well known. Factor 2 – goods are proximate because White’s fame is based on televised performance which is closely related to VCRs. Factor 3 – ambiguous whether marks are similar because robot is very different from White but at the same time identifies her...Factor 4 – no evidence of actual confusion. Factor 5 – channels of trade are similar because both featured in magazines. Factor 6 – consumers are not likely to b particularly careful in determining who endorses VRs, making confusion as to their endorsement more likely. Factor 7 – jury could have reasonably believed that D intended to persuade consumers that P endorsed product. Factor 8 – likelihood of expansion of product lines doesn’t seem to relevant in cases of celebrity endorsement.
       2. Tool:
          1. Factor 1 – In cases involving confusion over endorsement by a celebrity plaintiff, “mark” means the celebrity’s persona. The “strength” of the mark refers to the level of recognition the celebrity enjoys among members of society.
          2. Factor 2 – In cases concerning confusion over celebrity endorsement, the plaintiff's “goods” concern the reasons for or source of the plaintiff's fame.
       3. Dissent: court created a property right that is very broad. Overprotecting intellectual property is harmful. Creativity is impossible without a rich public domain. Bad idea to extend right of publicity so far that reminding people of the publicity violates right. Distinction with Midler – people could have thought Midler was singer but could not have though White was the robot.
    5. ***Rogers v. Grimaldi (2d Cir. 1989)***
       1. Synopsis: Ginger Rogers (P) and the late Fred Astaire are a famous duo in show business history. Rogers appeals from an order of the SDNY dismissing on summary judgment her claims that Grimaldi, MGM/UA Entertainment Co., and PEA, producers and distributors of the motion picture “Ginger and Fred,” violated the LA 43(a) (15 USC 1125(a)) and infringed her common law rights of publicity and privacy. The film tells the story of two fictional Italian cabaret performers, who, in their heyday, imitated Rogers and Astaire and became known in Italy as “Ginger and Fred.” 2d Cir. affirmed dismissing P’s claims. Held that no false advertising because the title surpasses the minimum threshold of artistic relevance to the film’s content; and no LA 43(a) violation because risk of misunderstanding (survey evidence showed some people would draw incorrect inference that Rogers had some involvement in the film), not engendered by any overt claim in the title, is so outweighed by the interests in artistic expression.
       2. Tool:
          1. Titles protected against both LA and right of publicity liability unless (1) they have no artistic relevance or (2) title explicitly misleads as to content.
          2. Note: only limit we have until first amendment limits introduced
    6. Age of the Hobbits (2d Cir. 2013) – court issued preliminary injunction because title likely to mislead. Suggests that titles v. titles is different test from Rogers 🡪 likely to confuse test?
    7. ***Louis Vuitton Malletier S.A. v. Warner Brothers Entertainment Inc. (SDNY 2012)***
       1. Synopsis: Louis Vuitton sued WB for featuring a Diophy bag (knock off of the famous Louis Vuitton Toile Monogram) in the Hangover II. One of the characters refers to it as a “Lewis Vuitton.” Louis Vuitton claims that its harm has been exacerbated by the prominent use of the scenes in commercials and advertisements for the film and the line has become an oft-repeated and hallmark quote from the movie. Louis Vuitton provided internet references and blog excerpts demonstrating that consumers mistakenly believe that the Diophy bag is a genuine Luis Vuitton bag. Louis Vuitton contends that: (1)WB impermissibly used a third-party’s bag that allegedly infringes on the LVM Marks; (2) By using the infringing Diophy bag and affirmatively misrepresenting that it is a Louis Vuitton bag, the public is likely to be confused into believing that the Diophy bag is an authentic Louis Vuitton product and that Louis Vuitton has sponsored and approved WB’s use and misrepresentation of the infringing Diophy bag as a genuine product of Louis Vuitton; and (3) dilution (not addressed in excerpt). WB moved to dismiss the complaint on the ground that its use of the Diophy bag is protected by the First Amendment under the framework established by *Rogers v. Grimaldi*. Court found that WB’s use of the Diophy bag was artistically relevant (gives insight into character that says “Lewis Vuitton,” is comedic and ironic, and helps build relationship between the character that said it and the character he said it to). Court also found that complaint fails to allege the type of confusion that could potentially overcome the Rogers protection – that WB used the Diophy bag in order to mislead consumers into believing that Louis Vuitton produced or endorsed the Film.
       2. Tool: “In *Rogers v. Grimaldi*, the Second Circuit held that the Lanham Act is inapplicable to “artistic works” as long as the defendant’s use of the mark is (1) artistically relevant to the work and (2) not explicitly misleading as the source or content of the work.”
          1. Artistically Relevant

“The threshold for artistic relevance is purposely low and will be satisfied unless the use has no artistic relevance to the underlying work whatsoever.”

“The artistic relevance prong ensures that the defendant intended an artistic – i.e., noncommercial – association with the plaintiffs mark, as opposed to one in which the defendant intends to associate with the mark to exploit the mark’s popularity and good will.”

* + - * 1. Not Explicitly Misleading

“whether the defendant’s use of the mark is misleading in the sense that it induces members of the public to believe the work was prepared or otherwise authorized by the plaintiff…The explicitly misleading determination must be made, in the first instance, by application of the venerable Polaroid likelihood of confusion factors.”

“courts frame the confusion in relation to the defendant’s artistic work, and not to someone else’s.”

* + - 1. Note: Can’t be solely confusion about source or sponsorship of the movie. Otherwise confusion would swallow the Rogers rule. Has to be confusion about whether Louis Vuitton itself produced the movie. Court says that mere presence in a movie is not explicit statement of sponsorship.

### False Designation of Origin / Reverse Passing Off Under LA 43(a)(1)(A)

* + 1. ***America Online v. LCGM, Inc. (ED VA 1998)***
       1. Synopsis: AOL alleges that Ds sent unauthorized and unsolicited bulk email advertisements to AOL customers advertising their porn sites. AOL alleges and D admits to harvesting or collecting email address of other AOL members. AOL alleges and D admits that D forged the domain information “aol.com” in the “from” line of e-mail messages sent. As a result, AOL members expressed confusion about whether AOL endorsed D’s porn sites or their bulk email practices. AOL alleged the following injuries – consuming computer capacity; technical costs; impairing functioning of email system; forcing upgrade; damaging goodwill with its members; losing customers and revenue. Court found false designation of violation because all elements were met so granted summary judgment to AOL.
       2. Tool:
          1. “The elements necessary to establish a false designation violation under the Lanham Act are as follows: (1) a defendant uses a designation; (2) in interstate commerce; (3) in connection with goods and services; (4) which designation is likely to cause confusion, mistake or deception as to origin, sponsorship, or approval of defendant's goods or services; and (5) plaintiff has been or is likely to be damaged by these acts.”
    2. Authors’ and Performers’ Moral Rights
       1. US relied on court interpretations of 43(a) as a basis for its contention that US law sufficiently complied with the Berne Convention integrity and attribution requirements.
       2. Given next case, not sure this basis still exists.
    3. ***Dastar Corporation v. Twentieth Century Fox Film Corp. (US 2003)***
       1. Synopsis: Doubleday published the WWII book, Crusade in Europe, registered the work's copyright, and granted exclusive television rights to Twentieth Century Fox Film Corporation. In 1975, Doubleday renewed the book's copyright, but Fox never renewed the copyright on the television series, leaving the series in the public domain. In 1988, Fox reacquired the television rights. In 1995, Dastar Corporation released a video set, World War II Campaigns in Europe, which it made from tapes of the original version of the Crusade television series. Fox filed suit, alleged that Dastar's sale of Campaigns without proper credit to the Crusade television series constituted "reverse passing off" in violation of the Lanham Act. The District Court granted Fox summary judgment. In affirming, the Court of Appeals held that, because Dastar copied substantially the Crusade series, labeled it with a different name, and marketed it without attribution to Fox, Dastar had committed a "bodily appropriation" of Fox's series, which was sufficient to establish reverse passing off.
       2. Tool: “the phrase ‘origin of goods’ in [LA 43(a)]…refers to the producer of the tangible goods that are offered for sale, and not to the author of any idea, concept, or communication embodied in those goods…To hold otherwise would be akin to finding that 43(a) created a species of perpetual patent and copyright, which Congress may not do.”
       3. Holding: Court held that section 43(a) of the Lanham Act does not prevent the unaccredited copying of an uncopyrighted work. Under the Lanham Act, the Court reasoned that no false designation of origin was shown since the phrase "origin of goods," as used in the Act, did not connote the person or entity that originated the ideas contained in the video, but instead referred only to the producer's tangible video product. Thus, Dastar was the "origin" of the products it sold as its own, without acknowledging the series, because it copied television series in the public domain, made some modifications (arguably minor) and marketed and made it available to the public.
    4. ***Bretford Mfg., Inc. v. Smith System Mfg. Corp. (7th Cir. 2005)***
       1. Synopsis: Between 1990 and 1997, Bretford was the only seller of computer tables with a V-shaped height adjustment system. It sold about 200,000 such tables during that period. Smith System, on of Bretford’s competitors, made initial sales of similar designed tables in 1997. Bretford sued Smith under LA 43(a) contending that the design is its product’s trade dress, which Smith infringed, and that Smith engaged in “reverse passing off” when it incorporated some Bretford hardware into a sample table it showed (cobbled a sample together by attaching the leg assembly from a Bretford table that it repainted to a top that Smith System had manufactured itself. Court found that V-shaped legs do not signal Bretford as a source, since there is no evidence of this and also the shape is functional. Court did not find reverse passing off under *Dastar*, because the show table’s origin was Smith, no matter who made the component or subassembly.
       2. Tool:
          1. “Passing off or palming off occurs when a firm puts someone else’s trademark on its own (usually inferior) goods; reverse passing off or misappropriation is selling someone else’s goods under your own mark.”
          2. “Dastar added that the injury must be a trademark loss—which is to say, it must come from a misrepresentation of the goods' origin. … No one makes a product from scratch…Legs are a larger fraction of a table's total value than grommets and screws, but nothing in the statute establishes one rule for “major” components and another for less costly inputs. The right question, Dastar holds, is whether the consumer knows who has produced the finished product. … “Origin” means, Dastar holds, “the producer of the tangible product sold in the marketplace”…As far as Dallas was concerned, the table's “origin” was Smith System, no matter who made any component or subassembly.”

## Secondary Liability for Trademark Infringement

### Contributory Infringement

* + 1. Rule: (a) the actor intentionally induces the third person to engage in the infringing conduct; or (b) the actor fails to take reasonable precautions against the occurrence of the third person’s infringing conduct in circumstances in which the infringing conduct can be reasonably anticipated. R3d 27
       1. Knowledge or willful blindness, not mere negligence.
       2. Need primary infringement
    2. ***Inwood Labs., Inc. v. Ives Labs., Inc. (US 1982)***
       1. Synopsis: Ives (P) had patent and sold drug under registered trademark CYCLOSPASMOL. P arbitrarily selected a blue capsule for 200mg dosage and blue-red capsule for 400 mg dosage. Once patent expired, Inwood et. al. (D) began marketing and selling generic drug. The generic drug is sold and delivered by D in correctly labeled containers. P claimed that some pharmacists had dispensed generic drugs mislabeled as CYCLOSPASMOL. P sued D for injunction and damages under two claims. (1) LA 32(a) – P contended that D’s use of lookalike capsules and of catalog entries comparing prices and revealing the colors of the generic capsules induced pharmacists illegally to substitute a generic drug for CYCLOSPASMOL and to mislabel the substitute drug CYCLOSPASMOL. Thus, P alleges that D contributed to the infringing activities of pharmacists who mislabeled the generic drug. (2) LA 43(a) – P also claimed that D falsely designated the origin by copying the capsule colors used by P and by promoting their product as equivalent to P’s product. P argued that the colors were not functional and had developed a secondary meaning.
       2. Tool: If a manufacturer or distributor intentionally induces another to infringe a trademark, or if it continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement, the manufacturer or distributor is contributorily responsible for any harm done as a result of the deceit.
       3. Holding: Reverse. The Court of Appeals erred in setting aside findings of fact that were not clearly erroneous. Affirmed District Court holding dismissing P’s 32a claim and remand for Court of Appeals to consider 43a claim which it did not previously consider.
    3. ***Tiffany and Company v. Ebay, Inc. (2d Cir. 2010)***
       1. Synopsis: Tiffany, Inc. claimed that sellers using eBay’s online auction sites were offering counterfeit Tiffany silver jewelry. Although eBay responded to Tiffany by closing access to offending sites, Tiffany contended that principles of secondary liability imposed on eBay an obligation preemptively to refuse to post any listing offering five or more Tiffany items.
       2. Tool:
          1. a distributor who (1) intentionally induces another to infringe a trademark, OR (2) continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement, is contributorially liable for any injury.
          2. Concerning second prong

“For contributory trademark infringement liability to lie, a service provider must have more than a general knowledge or reason to know that its service is being used to sell counterfeit goods. Some contemporary knowledge of which particular listings are infringing or will infringe in the future is necessary.”

Inwood does not establish the contours of the “knows or has reason to know” prong because it only applied the first prong.

Per SCOTUS dicta in Sony – Inwood standard requires knowledge of “identified individuals engaging in infringing conduct.”

* + - * 1. A service provider is not permitted willful blindness. “When it has reason to suspect that users of its service are infringing a protected mark, it may not shield itself from learning of the particular infringing transactions by looking the other way.”
      1. Holding: 2nd Cir. affirmed the district court’s rejection of Tiffany’s claim.
         1. eBay is not contributorially liable for trademark infringement, because eBay removed offending sites specified by Tiffany and Tiffany’s general allegations of counterfeiting failed to provide eBay with the knowledge required under Inwood of other offending sites.
         2. eBay was not willfully blind to counterfeit sales. eBay did not ignore the information it was given about counterfeit sales on its website.
    1. ***Georgia Pacific v. Von Drehle (4th Cir. 2010); Georgia Pacific v. Myers (8th Cir. 2010)***
       1. Synopsis: Georgia Pacific manufactures paper towels and the en-motion, a touchless paper towel dispenser. The dispensers bear the Georgia Pacific marks and are designed to hold the rolls of Georgia Pacific paper towels. The paper towels do not display any trademarks, although their packaging does. Von Drehle supplies paper towel rolls manufactured to fit the Georgia Pacific Dispensers; the packaging of the substitute brand displays the Von Drehle trademark. Myers and Von Drehle both sell the Von Drehle towel rolls to customers who lease en-motion dispensers. Georgia Pacific contended that the substitute towels were of lesser quality, likely to cause confuse customers as to their source, and that by continuing to supply the towel rolls to en-motion dispenser owners, the distributors were contributory infringers under the Inwood standard.
       2. 8th Circuit: found no likelihood of confusion by examining the experiences of both the end-user (people who buy paper towels) and the bathroom consumer.
       3. 4th Circuit: jury could find that the Inwood test had been met. Factfinder may consider confusion among the non-purchasing public in the likelihood-of-confusion inquiry if it can be shown that public confusion will adversely affect P’s ability to control his reputation among its laborers, lenders, investors, or other group with whom P interacts.

### Vicarious Liability

* + 1. Rule – turns on the defendant’s deriving a financial benefit from the infringement, and especially on its ability to control the conduct of the direct infringer. *Procter & Gamble v. Haugen*.
    2. ***Rosetta Stone Ltd. v.Google, Inc. (4th Cir. 2012)***
       1. Synopsis: In addition to its claim that Google directly infringed Rosetta Stone’s trademarks by allowing advertisers to include the trademarks in the text of the sponsored link advertisements, Rosetta Stone alleged that Google should be liable for both contributory and vicarious trademark infringement. District Court granted summary judgment to Google on both claims.
       2. Tool:
          1. Vicarious liability – “requires a finding that the defendant and the infringer have an apparent or actual partnership, have authority to bind one another in transactions with third parties or exercise joint ownership or control over the infringing product.”
          2. Ability to kick advertiser off platform is not same as having control.
       3. Holding:
          1. Reversed district court granting of summary judgment for contributory infringement stressing that Tiffany involved an appeal of judgment rendered after a lengthy bench trial.
          2. Affirmed summary judgment ruling on vicarious liability claim. Rosetta Stone argues that the evidence was sufficient to create a question of fact regarding whether Google jointly controls the appearance of the ads or sponsored links on Google’s search engine results page. This is not evidence, however, that Google acts jointly with any of the advertisers to control the counterfeit ROSETTA STONE products.

## Dilution

### Theory

* + 1. Beginning:Schechter’s Harvard Law Review article on the Odol case – “the preservation of the uniqueness of a trademark should constitute the only rational basis for its protection” 🡪 set forth conception of trademark dilution
    2. **Sara K. Stadler, The Wages of Ubiquity in Trademark Law**
       1. Schechter’s theory would rest on a simple, if unspoken premise: owners of qualifying trademarks suffered injury whenever others used those marks without permission. For Schechter, this premise not only solved the non-competing goods problem, but it also compensated companies for making the investments that transformed words, phrases and symbols into agents of “Selling power.”
       2. For Schechter, trademarks were not merely (or even primarily) the means by which producers identified themselves as the sources of their goods. Trademarks had become part of the goods themselves.
       3. In Schechter’s view, the value of a symbol depended in large part upon its uniqueness.
       4. Schechter required the mark to possess, in ascending order of uniqueness components: (1) a level of distinctiveness in the marketplace, also known as secondary meaning, or the ability to indicate source to the public ( mark must have created in the public consciousness an impression or symbol of the excellence of that particular product in question); (2) a level of distinctiveness in the mark itself (a mark must be a coined, arbitrary or fanciful word or phrase; and (3) a singularity of association between the mark and the underlying product (a mark must be associated in the public mind with a particular product, not with a variety of products)
       5. The ability to create source and product associations is what Schechter termed “Selling power.” When a mark is diluted, both associations are disturbed.
    3. **Rebecca Tushnet, Gone in 60 Milliseconds: Trademark Law and Cognitive Science**
       1. Cognitive models conceive of dilution as an increase in mental or internal search costs (difficulties not in figuring out whether two products or services are from the same source, but in retrieving the mark from memory in the first place). Consumers allegedly have more difficulty recalling, recognizing and producing a diluted trademark, and correspondingly are less likely to purchase products or services branded with that mark.
       2. Blurring
          1. Blurring involves relatively extended activation of two different meanings for a mark, until the consumer sorts out the proper referent. The basic theory is that an unrelated, nonconfusing mark similar to a famous mark adds new associations to a preexisting network, which slows processing time, especially if the junior mark has a very different meaning than the senior mark.
          2. Dilution proponents maintain that delayed responses, like decreased accuracy in linking brands to categories and products, are likely to affect purchasing decisions, given that advertisers often only have a few seconds – or even milliseconds – catch consumers’ attention.
       3. Tarnishment – dilution by tarnishment would mean that the idea of Tiffany’s-the-strip-joint remains at least slightly activated after a reference to Tiffany’s the jewelry store, decreasing the overall positive value associated with Tiffany’s-the-jewelry-store.
       4. Free-Riding
          1. Focuses on the mental processes of the junior user’s customers, not the senior user’s, but is otherwise quite similar to the definition of blurring.
          2. Federal dilution law seems to have taken this off the table for federal claims, but it may still be viable under state law.
       5. Critiques of Cognitive Dilution Model
          1. Usually consumers have context when confronted with marks.
          2. Association Sets and Uncommon Words

Theory is that high-frequency words (words that bring to mind a lot of different associated words) are easy to process, and thus we don’t encode them distinctively, meaning that we don’t pay much attention to them. If they are used as brand names, we will have trouble remembering the brand. Low-frequency words are relatively difficult to encode, and thus we process them more meaningfully. A use that takes a mark from low to high frequency or increases the associations of a high-frequency mark creates a branding problem by making the mark harder to recognize.

Weakness is that this theory assumes that famous brands are high frequency or can be made high frequency by dilution.

* + - * 1. Reaffirmation Effects

Exposure to near variants or uses of a mark in other contexts makes the trademark more familiar and thus more easily retrieved from memory.

* + - * 1. Tarnishment?

Research suggests that dilution by tarnishment through the use of a similar mark on a shoddy product is unlikely in the absence of confusion, because consumers have relatively robust mental concepts of strong brands. If they are given a reason to distinguish an authorized extension or co-branded product from the core brand, they will do so, and negative opinions about the extension will not return to harm opinions of the core brand.

* + - 1. Conclusion – cognitive model of dilution lacks enough empirical support to justify its adoption as a general theory underlying dilution law.

### General Rule

* + 1. Definition – “the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the **famous mark** and other parties; or (2) likelihood of confusion, mistake or deception.” LA 45
    2. Ownership of valid registration is a complete bar to action against that person under dilution. 15 USC 1125(c)[LA 43(c)(6)]

### Federal Fame

* + 1. 15 USC 1125(c)[LA 43(c)(2)(A)] – *“a mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner. In determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including the following: (i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties; (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark; (iii) The extent of actual recognition of the mark; (iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.* 
       1. Requires national fame and can’t be niche name
       2. Have to be famous at time defendant’s use begins
    2. ***National Pork Board v. Supreme Lobster and Seafood Company (TTAB 2010)***
       1. Synopsis: Supreme Lobster and Seafood Company sought registration of the mark THE OTHER RED MEAT for fresh and frozen salmon. Registration was opposed by National Pork Board and National Pork Producers Council asserting that (1) applicant’s mark resembles opposers’ mark THE OTHER WHITE MEAT for association services promoting the interests of members of the pork industry as to be likely to cause confusion, mistake, or deceive under 2(d); and (2) registration of applicant’s mark will result in a likelihood of dilution under 43(c). TTAB sustained on basis of likelihood of dilution. Court found that THE OTHER WHITE MEAT was famous enough for dilution purposes given surveys showed awareness rates at 85% of the general adult populations and rates of correct source recognition at nearly 70% of the population. TTAB also found that it was famous before applicant’s filing date. TTAB also found that THE OTHER RED MEAT was likely to dilute THE OTHER WHITE MEAT through blurring.
       2. Tool: Dilution by blurring requires that opposer’s mark is famous and was famous before applicant’s filing date.
    3. ***Coach Services, Inc. v. Triumph Learning LLC (Fed. Cir. 2012)***
       1. Synopsis: Court found that CSI failed to provide sufficient evidence of fame for dilution purposes. Partly because some of the evidence was for after Triumph filed its registration application and thus do not show that CSI’s mark was famous prior to the filing date.
       2. Tool:
          1. LA 43(c)(2)(A) – a mark is famous if it “is widely recognized by the general consuming public of the United States as a designation of source of the good or services of the mark’s owner.”
          2. “fame for dilution is an either/or proposition – it either exists or does not – fame for likelihood of confusion is a matter of degree along a continuum…a mark can acquire sufficient public recognition and renown to be famous for purposes of likelihood of confusion without meeting the more stringent requirement for dilution fame.”
          3. “It is well-established that dilution fame is difficult to prove…This is particularly true where, as here, the mark is a common English word that has different meanings in different contexts.”
          4. “To establish the requisite level of fame, the mark’s owner must demonstrate that the common or proper noun uses of the term and third-party uses of the mark are now eclipsed by the owner’s use of the mark…An oppose must show that, when the general public encounters the mark in almost any context, it associates the term, at least initially, with the mark’s owner…In other words, a famous mark is one that has become a household name.”
          5. “an owner of an allegedly famous mark must establish that its mark had become famous prior to the filing date of the trademark application which it opposes.”
    4. ***Inter IKEA Systems BV v. Akea, LLC (TTAB 2014)***
       1. Synopsis: The home furnishings company IKEA opposed the intent-to-use application filed by Akea in 2009 for the mark AKEA for dietary supplements. TTAB found no likelihood of confusion. TTAB also found no dilution because evidence does not support that IKEA mark was famous prior to the filing date of the applicant’s application.
       2. 15 USC 1125(c) [Lanham Act 43(c)]
    5. ***Ty Inc. v. Perryman (7th Cir. 2002)***
       1. Synopsis: Ty Inc. (P), the manufacturer of Beanie Babies, sued Ruth Perryman (D) for trademark infringement based on the federal antidilution statute, 15 USC 1125(c). D sells second-hand beanbag stuffed animals, primarily T’s Beanie Babies, over the Internet. Her Internet address is bargainbeanies.com. D argues that beanies has become generic and therefore cannot be appropriated as a trademark at all. 7th Cir. rejects P’s attempt to extend antidilution law to forbid commercial uses that accelerate the transition from trademarks (brand names) to generic names (product names). However, 7th Cir. affirms injunction against D using “Other Beanies” to describe list of products that aren’t Ty beanie babies (should say beanbag toys or something like that), because it is plain misdescription and false advertising, but does not affirm injunction against use of beanies in business name, internet domain name, or trademark.
       2. Tool (Posner):
          1. Federal antidilution statute, 15 USC 1125(c) – protects famous marks from commercial uses that cause “dilution of the distinctive quality of the mark.”
          2. Three types of dilution relevant to this case:

Blurring – thought costs

Tarnishment – says subset of blurring but not common view

Free-riding – rejects this as form of enforceable dilution

* + - * 1. “We do not think that by virtue of trademark law producers own their aftermarkets and can impede sellers in the aftermarket from marketing the trademarked product.
      1. ***New York Yankees Partnership v. IET Products and Services, Inc. (TTAB 2015)***
         1. Synopsis: IET Products intends to use a logo “similar” to one used by the New York Yankees baseball club on its t-shirts, jackets and baseball caps. Yankees opposed on grounds of dilution. IET claimed that its logo was a fair use parody and was therefore de jure non dilutive. TTAB rejected this defense because “fair use exclusion is typically inapplicable when registration is sought.
         2. Tool: “the language of section 43(c)(3)(A)…which limits the fair use exclusion as defined in the statute to use of a famous mark other than as a designation of source for the person’s own goods or services…Noncommercial use also is excluded…To obtain federal registration, an applicant’s use of the applied-for matter must be as a designation of source – i.e., as a mark – and commercial – i.e., used in commerce.”

### Similarity/Injunctive Relief

* + 1. 15 USC 1125(c)[LA 43(c)(1)] ***–*** *Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner’s mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.*
    2. 9th and 2nd Circuits agree that there is no lower bound to similarity required except no similarity.
    3. ***Levi Strauss & Co. v. Wolfe’s Borough Coffee, Inc. (9th Cir. 2011)***
       1. Synopsis: Levi Strauss appealed the district court’s judgment that Abercrombie’s Ruehl’s jean pocket design did not cause a likelihood of dilution with Levi’s registered Arcuate jean pocket design, used for over100 years.
       2. Tool: “the plain language of 15 U.S.C. § 1125(c) does not require that a plaintiff establish that the junior mark is identical, nearly identical or substantially similar to the senior mark in order to obtain injunctive relief. Rather, a plaintiff must show, based on the factors set forth in § 1125(c)(2)(B), including the degree of similarity, that a junior mark is likely to impair the distinctiveness of the famous mark.”
       3. Holding: The 9th Cir. rejected the argument that its decision in Visa required identical or nearly identical marks in order to dilute a plaintiff’s mark. Because the district court applied an incorrect standard, the 9th Cir. reversed and remanded.

### Blurring

* + 1. 15 USC 1125(c)[LA 43(c)(2)(B)] ***–*** *“dilution by blurring” is association arising from the similarity between a* ***mark or trade name*** *and a famous mark that impairs the distinctiveness of the famous mark. In determining whether a mark or trade name is likely to cause dilution by blurring, the court may consider all relevant factors, including the following: (i) The degree of similarity between the mark or trade name and the famous mark. (ii) The degree of inherent or acquired distinctiveness of the famous mark. (iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark. (iv) The degree of recognition of the famous mark.**(v) Whether the user of the mark or trade name intended to create an association with the famous mark.**(vi) Any actual association between the mark or trade name and the famous mark.* [as perceived by consumers]
    2. Surveying Dilution By “Blurring”
       1. Dilution surveys are problematic.
       2. 43(c)(2)(B) – The meaning of “impairs the distinctiveness” is murky.
       3. Rather than identifying “impairment,” plaintiff’s surveys attempt to assess “any actual association between the mark or trade name and the famous mark” (43(c)(2)(B) factor) as if showing association dispenses them from demonstrating likely harm in a broader sense, because they appear to assume that impairment of distinctiveness would naturally follow from the association of the two marks.
    3. Distinctiveness Factors – ***Visa International Service Association v. JSL Corp. (9th Cir. 2010)***
       1. Synopsis: Joseph Orr runs eVisa, a “multilingual education and information business that exists and operates exclusively on the Internet,” at www.evisa.com. Orr traces the name eVisa back to an English language tutoring service called “Eikaiwa Visa” that he ran while living in Japan. “Eikaiwa” is Japanese for English conversation, and the “e” in eVisa is short for Eikaiwa. The use of the word “visa” in both eVisa and Eikaiwa Visa is meant to suggest “the ability to travel, both linguistically and physically, through the English-speaking world.” Orr founded eVisa shortly before his return to America, where he started running it out of his apartment in Brooklyn, New York. Visa International Service Association sued JSL Corporation, through which Orr operates eVisa, claiming that eVisa is likely to dilute the Visa trademark. The district court granted summary judgment for Visa, and JSL appeals.
       2. Tool:
          1. “A plaintiff seeking relief under federal anti-dilution law must show that its mark is famous and distinctive, that defendant began using its mark in commerce after plaintiff's mark became famous and distinctive, and that defendant's mark is likely to dilute plaintiff's mark.”
          2. Dilution by blurring distinctiveness factor – “The significant factor is not whether the word itself is common, but whether the way the word is used in a particular context is unique enough to warrant trademark protection.…In the context of anti-dilution law, the “particular context” that matters is use of the word in commerce to identify a good or service.”
       3. Holding- affirmed summary judgment for Visa and enjoining JSL.
          1. Similarity of the marks – almost identical except for “e.”
          2. Distinctiveness and recognition of P’s mark – Visa is a strong mark. Although visa has a dictionary definition, P’s use of the word is sufficiently distinctive because it plays only weakly off the dictionary meaning of the term and JSL presented no evidence that a third party has used the word as a mark.
    4. **Chanel, Inc. v. Makarczyk (TTAB 2014)**
       1. Synopsis: Jerzy Makarczyk filed a use-based application to register the mark CHANEL in standard character format for real estate development and construction of commercial, residential and hotel property alleging first use in 2008. Chanel, Inc. opposed on several grounds, including dilution by blurring.
       2. Holding: Hold in favor of Chanel under dilution by blurring.
          1. Fame: TTAB found that Chanel proved requisite fame prior to applicant’s use. TTAB found following evidence probative of Chanel’s fame: many celebrity endorsements; fashion icons frequently photgraphed with CHANEL products and these photos appear in publications which oppose does not advertise; CHANEL has garnered unsolicited publicity in newspaper and magazine articles.
          2. Dilution Factors: TTAB found that first four dilution factors easily favor Chanel. As for fifth factor, TTAB found that it favored Chanel also because applicant on its website names units after luxury brands and claims to have business relationship with Chanel although that is not even true.
          3. Likelihood of Blurring: find that Chanel is likely to suffer an impairment of the distinctiveness of its mark, citing that many luxury brands have either expanded into or licensed use of their brand names in fields outside of the fashion industry that are related to real estate.
    5. Adidas sued Payless for trade dress dilution by blurring. Court found that Adidas three striped were famous and that two stripes dilutes but one stripe doesn’t.
    6. Goldfish (2nd Cir.)– goldfish sued Cheese nips for fish crackers. Court found trade dress dilution by blurring doing single cracker analysis (cheese nips cracker mix had crackers in all different shapes) depending on only two factors: similarity and substantial exclusive use.
    7. Parody – ***Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC (4th Cir. 2007)***
       1. Synopsis: District court concluded that Haute Diggity Dog’s (D’s) “Chewy Vuiton” dog toys were successful parodies of Louis Vuitton (P) Malletier’s trademarks, designs, and products, and on that basis, entered judgment in favor of D.
       2. Tool:
          1. 15 USC 1125(c)(3)(A)(ii) – “Any fair use…other than as a designation of source for the person’s own goods or services, including use in connection with…parodying…”
          2. 15 USC 1125(c)(2)(B) permits court to consider “all relevant factors” as to whether the defendant’s use is likely to impair the famous mark’s distinctiveness, so **parody can be considered**. Parody is also relevant to some of the explicit factors – five and six. “While a parody intentionally creates an association with the famous mark in order to be a parody, it also intentionally communicates, if it is successful, that it is not the famous mark, but rather a satire of the famous mark.” 🡪 imperfect copying seems to save parodying.
          3. “Similarly, factors (i), (ii), and (iv)—the degree of similarity between the two marks, the degree of distinctiveness of the famous mark, and its recognizability—are directly implicated by consideration of the fact that the defendant's mark is a successful parody. Indeed, by making the famous mark an object of the parody, a successful parody might actually enhance the famous mark's distinctiveness by making it an icon. The brunt of the joke becomes yet more famous.”
       3. Holding: 4th Cir. affirmed that D’s products are not likely to cause confusion or dilute trademark.
          1. Not likely to cause confusion – The satire is unmistakable. The dog toy is a comment on the rich and famous, on the Louis Vuitton name and related marks, and on conspicuous consumption in general. This parody is enhanced by the fact that Chewy Vuiton dog toys are sold with similar parodies of other famous and expensive brands.
          2. Dilution by blurring – D’s marks are a successful parody. They will not blur the distinctiveness of the famous mark as a unique identifier of its source because it mimicks but does not actually use the mark. As a parody, D’s marks separated themselves from the LVM marks in order to make fun of them.
          3. Dilution by tarnishment – P argued that dogs could choke on D’s toys but provided no evidence of this.
          4. Fair use does not apply because D uses mark as a trademark (designation of source on the tag)

### Tarnishment

* + 1. 15 USC 1125(c)[LA 43(c)(2)(C)] ***–***  *“dilution by tarnishment” is association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.*
    2. Sexual – ***V Secret Catalogue, Inc. v. Moselet (6th Cir. 2010)***
       1. Synopsis: Victoria’s Secret filed a suit for injunctive relief against the use of the name “Victor’s Little Secret” or “Victor’s Secret” by the defendants, a small retail store that sells assorted merchandise, including sex toys. Court held for Victoria’s Secret finding that presumption that a new mark used to sell sex-related products is likely to tarnish a famous mark was not rebutted.
       2. Tool: “The phrase “likely to cause dilution” used in the new statute [(Federal Trademark Dilution Act of 1995)] significantly changes the meaning of the law from “causes actual harm” under the preexisting law. The word “likely” or “likelihood” means “probably” …[The statute] should now be interpreted, we think, to create a kind of rebuttable presumption, or at least a very strong inference, that a new mark used to sell sex-related products is likely to tarnish a famous mark if there is a clear semantic association between the two. This…places on the owner of the new mark the burden of coming forward with evidence that there is no likelihood or probability of tarnishment. The evidence could be in the form of expert testimony or surveys or polls or customer testimony.”
    3. ***Starbucks Corp. v. Wolfe’s Borough Coffee, Inc. (2d Cir. 2009)***
       1. Synopsis: In 1997, Black Bear began selling a coffee called “Charbucks Blend” and later “Mister Charbucks.” Charbucks was sold in packaging that showed a picture of a black bear above the large font “BLACK BEAR MICRO ROASTERY.” District Court found that Starbucks failed to demonstrate entitlement to relief on its federal trademark infringement, dilution and unfair competition claims; state trademark dilution claims; and unfair competition claim, because showed no evidence of harm.
       2. Tool:
          1. 15 USC 1125(c)(2)(B)(i)-(vi)
          2. Similarity dilution factor:

In determining similarity, look to overall impression created by the logos and the context in which they are found.

**Similarity of the marks need not be “substantial.”**

* + - * 1. Intent to create association dilution factor: does not require bad faith
        2. Actual association dilution factor: does not require actual confusion
        3. “A trademark may be tarnished when it is linked to products of **shoddy quality**, or is portrayed in an **unwholesome or unsavory** context, with the result that the public will associate the lack of quality or lack of prestige in the defendant’s goods with the plaintiff’s unrelated goods.”
      1. Holding: Vacate and remand decision on dilution by blurring and affirm in all other respects.
         1. Dilution by blurring: District court didn’t analyze some of the dilution factors correctly so remand
         2. Dilution by tarnishment: Court finds no dilution by tarnishment. That a consumer may associate a negative-sounding junior mark with a famous mark says little of whether the consumer views the junior mark as harming the reputation of the famous mark. The more relevant question, for purposes of tarnishment, would have been how a hypothetical coffee named either “Mister Charbucks” or “Charbucks Blend” would affect the positive impressions about the coffee sold by Starbucks. Also, defendant markets product as high quality.
         3. Parody exception: does not apply because D uses mark to identify source of the D’s goods.
    1. Comparative Advertising – John Deere Case (2nd Cir.) – finds dilution by tarnishment. Question is whether “**reduced selling power**.” Problem is that comparative advertisement would seem to qualify as dilution under this standard. Distinguish though because alteration plus competition plus predatory intent.

### Exclusions

* + 1. 15 USC 1125(c)(3)[LA 43(c)(3)] – *The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection:*

*(A) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person’s own goods or services, including use in connection with—*

*(i) advertising or promotion that permits consumers to compare goods or services; or*

*(ii) identifying and* ***parodying****, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.*

*(B) All forms of news reporting and news commentary.*

*(C) Any* ***noncommercial*** *use of a mark.*

* + 1. **Stacey L. Dogan & Mark A. Lemley, Parody as Brand**
       1. Traditional Parodies: For traditional parodies…the legal rule should be simple, even if it is not always followed: Making fun of a trademark owner by doing something other than using their mark to brand your own products does not violate the Lanham Act.
       2. Brand Parodies
          1. Recent phenomenon: lawsuits against parodies that serve as brands, titles, or taglines for commercial products.
          2. E.g. Haute Diggity Dog sells “Chewy Vuiton” dog toys, and Louis Vuitton is not happy about it.
          3. Parody as brand differs from parody as product because the parody is being used as an indicator of source.
          4. Don’t fit well within existing trademark infringement or dilution law – some courts have concluded that the analysis is the same as it is for any other trademark case. Perhaps it doesn’t matter, because most parodies are unlikely to confuse consumers or to dilute the singularity of a famous trademark.
    2. ***The Hershey Company v. Art Van Furniture, Inc. (E.D. Mich. 2008)***
       1. Synopsis: Hershey (P) sued Art Van Furniture (D) contending that D’s design truck is an unauthorized and deliberate infringement of its trademarks and trade dress. D’s design is that of a sofa protruding out of what looks like a chocolate candy bar wrapper.
       2. Tool: “For trademark purposes, “[a] ‘parody’ is defined as a simple form of entertainment conveyed by juxtaposing the irreverent representation of the trademark with the idealized image created by the mark's owner.” “A parody must convey two simultaneous—and contradictory—messages: t**hat it is the original, but also that it is not the original and is instead a parody**.” This second message must not only differentiate the alleged parody from the original but must also communicate some articulable element of satire, ridicule, joking, or amusement.” *Louis Vuitton v. Haute Diggity Dog*.
       3. Holding: Court grants P’s request for preliminary injunction.
          1. Likelihood of Confusion Analysis – P unlikely to succeed on the merits of its likelihood of confusion claim.

P’s mark is strong due to historical presence in the marketplace and decades of advertising.

Similarity of the Trademarks or Trade Dresses – no question that D’s “couch bar” bears a resemblance to a Hershey’s chocolate bar. Same font. Color of couch bar resembles color of P’s Special Dark bar (redish color).

* + - * 1. Federal Dilution Claim

P’s mark is famous and distinctive – one of the largest producers of chocolate, spends tens of millions annually to maintain and promote products. Classic Hershey’s bar is iconic.

Dilution – Court finds P is likely to succeed on the merits of its dilution by blurring claim looking at dilution factors (some overlap with likelihood of confusion factors).

* + - * 1. Parody Defense – D’s design is neither similar nor different enough to convey a satirical message.
    1. ***Mastercard International Inc. v. Nader 2000 Primary Committee, Inc. (SDNY 2004)***
       1. Synopsis: Mastercard (P) filed a complaint against Ralph Nader (D) and his presidential committee alleging dilution and copyright infringement concerning Ralph Nader ads that were allegedly similar to the Mastercard Priceless ads – “Priceless. There are some things money can’t buy, for everything else there’s Mastercard.” Nader’s ad went something like, “campaign ads filled with half-truths: $10 million; promises to special interest groups: over $100 billion; finding out the truth: priceless. There are some things money can’t buy.” D moved for summary judgment.
       2. Tool:
          1. “The Federal Trademark Dilution Act specifically exempts noncommercial uses of a mark from its coverage. Section 1125(c)(4) provides that “[t]he following shall not be actionable under this section: ... (B) Noncommercial use of a mark.” Therefore, prior to even addressing whether defendants have actually diluted plaintiff's marks under the federal law, the Court must first determine whether defendants' use of the marks is “commercial,” and thereby, whether that use is even covered by the statute.”
          2. “one of the law’s sponsors…pointed out that political advertising and promotion are not meant to be covered by the term ‘commercial.’
       3. Holding: Court “finds that Ralph Nader's use of plaintiff's trademarks is not commercial, but instead political in nature and that therefore, it is exempted from coverage by the Federal Trademark Dilution Act. However, even if Ralph Nader's use of plaintiff's trademarks could be deemed commercial in nature, such use did not dilute plaintiff's marks. Defendants do not dispute that plaintiff's marks are famous, distinctive, or that they used plaintiff's marks after such marks became famous.”
    2. ***Mattel, Inc. v. Universal Music International (9th Cir. 2002)***
       1. Synopsis: Mattel brought a lawsuit against the music companies who produced, marketed and sold Barbie Girl by Aqua. Along with a traditional trademark infringement suit, Mattell separately argued that, under the FTDA, MCA’s song diluted the Barbie mark in two ways: it diminished the mark’s capacity to identify and distinguish Mattel products, and tarnished the mark because the song was inappropriate for young girls.
       2. Tool:
          1. FTDA’s three statutory exemptions – comparative advertising; news reporting and commentary, and noncommercial use.
          2. “A ‘noncommercial use’ exemption, on its face, presents a bit of a conundrum because it seems at odds with the earlier requirement that the junior use be a ‘commercial use in commerce.’ If a use has to be commercial in order to be dilutive, how then can it also be noncommercial so as to satisfy the exception of section 1125(c)(4)(B)? If the term ‘commercial use’ had the same meaning in both provisions, this would eliminate one of the three statutory exemptions defined by this subsection, because any use found to be dilutive would, of necessity, not be noncommercial.”
          3. “the core notion of commercial speech is that it does no more than propose a commercial transaction.”
          4. First Amendment protected expression includes humor, visual and verbal editorial comment on classic films and famous actors.
          5. If commercial purpose is inextricably entwined with expressive elements, then entire work enjoys First Amendment protection.
       3. Holding: Barbie Girl was a parody of Barbie and a nominative fair use.
          1. Famous and Distinctive – Barbie easily qualified under FTDA as a famous and distinctive mark, and had reached this status long before MCA began to market the Barbie Girl song.
          2. Commercial Use in Commerce – song amounted to commercial use in commerce
          3. Dilution – song was dilutive given that some consumers would think of both the doll and the song when hearing “Barbie.”
          4. Noncommercial use exemption – Barbie Girl is not purely commercial speech, and is therefore fully protected.
    3. ***Louis Vuitton Malletier, S.A. v. Hyundai Motor America (SDNY 2012)***
       1. Synopsis: Hyundai aired an ad that featured images associated with luxury products transposed into every-day settings, including kids playing basketball in an inner city lot with a ball decorated with a pattern resembling the Louis Vuitton logo. Off-screen, a man’s voice asked: “What if we made luxury available to everyone? Would it still be called luxury? Or maybe, we’d need a new word for it. Oh, here’s one: Hyundai. The all-new Hyundai Sonata.” Louis Vuitton filed trademark infringement and dilution claims over the use of its logo in the ad. Hyundai argued that the fair use defense in LA 43(c) protected it from dilution liability, and that the First Amendment protected it from infringement liability.
       2. Tool:
          1. “The text of the TDRA expressly states that fair use applies if dilution has arisen due to “use in connection with ... identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.” 15 U.S.C. § 1125(c)(3)(A)(ii)”
       3. Holding:
          1. Fair Use – “Because Hyundai has disclaimed any comment, criticism or parody of Louis Vuitton, the ‘Luxury’ ad does not, as a matter of law, qualify for fair use under the TDRA.”
          2. First Amendment – “Hyundai has acknowledged that it intended to make no comment on the Louis Vuitton mark, but instead offered a broader social critique. The Second Circuit has deemed such motivations unworthy of protection.”

### Dilution under State Law

* + 1. Preemption – 2006 TDRA did not preempt most State protections except LA 43(c)(3). A federal registration will trump a state claim that the mark on the Principal Register dilutes a mark that is famous in that state.
    2. Likely use similar tests as federal tests except for fame.
    3. Fame – Many state dilution statutes that impose a fame requirement set the threshold merely at intra-state notoriety.
    4. Tarnishment – TDRA focuses on the defendant’s mark or trade name and whether it is likely to harm the reputation of the plaintiff’s mark. Some states don’t recognize tarnishment claims while others define tarnishment to include injury to business reputation and courts have interpreted that injury to extend to product disparagement.
    5. Geographical Scope of Injunction – some courts allow for outside state
    6. First Amendment defense – apply equally to state and federally-based actions. But other defenses may not apply.
    7. IL standard – distinctiveness plus deceptive similarity. Deceptive similarity (higher than federal standard) likely required in many states.

# DEFENSES

## Incontestability

### Statutes

* + 1. 15 U.S.C. § 1065 (LA § 15) – After five years of continuous use, registrant can file to make the mark incontestable. Means other parties cannot challenge mark’s validity for mere descriptiveness (meaningless for suggestive, arbitrary, or fanciful marks). Incontestability is no barrier to: genericity, abandonment, misrepresentation of source, fraud on the PTO, defendant’s descriptive fair use, defendant’s use before registration, equitable defenses (laches, estoppel), functionaly, disparagement, scandalousness, etc. (Sec 2(a), (b), and (c)), antitrust violations, improper assignments.
    2. LA 33(b) – An incontestable registration is “conclusive” of the owner’s exclusive right to use of the marks, but only as it applies to the goods/services covered by the incontestable registration.

### Can’t be Used Offensively

* + 1. Majority of courts do not assume that incontestability makes P’s mark conceptually “strong ”
    2. 6th and 11th Cir. follow minority position that if P’s mark is incontestable, then it is presumed to be at least descriptive with secondary meaning, and therefore a relatively strong mark.

### Park ‘n Fly, Inc. v. Dollar Park and Fly, Inc. (US 1985)

* + 1. Synopsis: P operates long-term parking lots near airports. Filed affidavit with the PTO to establish the incontestable status of a service mark consisting of the logo of an airplane and the words “Park ‘N Fly.” D also provides long-term airport parking services, but only has operations in Portland, OR. D calls its business “Dollar Park and Fly.” P filed suit to enjoin D. D counterclaimed and sought cancellation of P’s mark on the grounds that it is generic or merely descriptive. SCOTUS held that the P may rely on incontestability to enjoin infringement and that such an action may not be defended on the grounds that the mark is merely descriptive.
    2. Tool:
       1. Plaintiffs along with defendants may use incontestability to enjoin infringement.
       2. Mere descriptiveness is not recognized by either §15 or § 33(b) as a basis for challenging an incontestable mark.

## Other Statutory Defenses

### Statutory Defenses – LA 33

* + - 1. 33(a) provides that a registration is prima facie evidence of the registrant’s right to exclusive use of the registered mark in connection with the goods or services covered by the registration subject to legal and equitable defenses, including those set forth in 33(b). An incontestable registration is “conclusive” of the owner’s exclusive right to use of the marks, but only as it applies to the goods/services covered by the incontestable registration.
      2. 33(b) – affirmative defenses, so an alleged infringer has the burden of pleading and proving them. These defenses apply to contestable and incontestable marks.

(1) Fraud against PTO

(2) Abandonment of the mark

(3) Use of the mark to misrepresent source – includes intentionally false and misleading designations of origin, nature, or ingredients of registrant’s goods.

(4) Use of mark in a descriptive sense other than as a trademark (the so-called “Fair use” defense)

(5) Limited territory defense – applies to a junior user who adopts a mark innocently before the senior user registers it, and who has used the mark continuously ever since. However, the benefits of the defense are restricted to the area of continuous use by the junior user prior to the plaintiff’s registration (or application filing date for registrations resulting from applications filed after 11/16/1989, the effective date of the Trademark Revision Act of 1988). The area where continuous use by the defendant is established will thereafter be off-limits to the plaintiff and, conversely, use of the mark by the defendant in all other areas is barred. While the defendant may not subsequently extend territory in which he uses the mark, he may be able to expand his business within his defined boundaries.

(6) Prior registration by defendant – where the alleged infringer registered and used the mark prior to the registration of plaintiff and did not abandon it, the senior registrant may continue to use its mark, but only within the area where it was used prior to registration by plaintiff. This defense would seem to be useful only in situations in which two marks that were not confusingly similar when they were registered later became confusingly similar. Even with that limitation, however, it seems peculiar to limit the senior registrant to a restricted geographic area at the behest of the junior registrant, even where the junior registrant has obtained a certificate of incontestability. Perhaps unsurprisingly, then, there is little case law invoking 33(b)(6).

(7) Use of mark to violate anti-trust laws – rarely successful

(8) Functionality – unprotectable even with secondary meaning

(9) Equitable principles – equitable principles, including laches, estoppel, and acquiescence are applicable defenses to incontestably registered marks. Laches for purposes of objecting to registration of a mark, dates from the publication of the mark for opposition. Because of the public interest in avoiding confusion, however, where the marks and goods or services of the parties are substantially similar and confusion is inevitable, laches has been held unavailable even where established.

* + 1. The effect of establishing a section 33(b) defense is evidentiary so that “registration constitutes only prima facie and not conclusive evidence of the owner’s right to exclusive use of the mark. *Park ‘N Fly* (US 1985). All legal and common law defenses are then applicable. Courts nevertheless frequently treat an established defense as conclusive on the merits. This approach reaches the same result as long as the court does not interpret the statutory defense more narrowly than the common law defense which might otherwise be applied.

### Fraud on the Trademark Office

* + 1. Rule – in order to establish fraud, a material and knowing misrepresentation must be shown.
       1. Fraudulent statements made in a trademark registration application may not be the product of mere error or inadvertence, but must indicate a deliberate attempt to mislead the PTO. *Orient Express* (2d Cir. 1988).
       2. While an applicant must provide an oath that no other party, to the best of applicant’s belief, has the right to use the applied-for mark or one confusingly similar in commerce, this oath does not impose a duty to investigate all other possible users, and an applicant need demonstrate only a good faith belief to escape cancellation. *See Rosso and Mastracco* (Fed. Cir. 1983).
       3. Even if fraud is proven, a trademark owner retains its common law rights, which can be used as a basis to challenge third parties.
    2. ***In re Bose Corp. (Fed. Cir. 2009)***
       1. Synopsis: TTAB found that Bose committed fraud on the TTAB in renewing registration for the trademark WAVE and ordered cancellation of the mark. In the 2001 renewal, Bose states that the WAVE mark was still in use in commerce on various goods, including audio tape recorders and players. TTAB found that Bose had stopped manufacturing and selling these goods in 1996-97 and that the general counsel knew that Bose discontinued those products when he signed the renewal. TTAB also found that repairing and shipping back of these products did not constitute sufficient use to maintain a trademark registration and that the general counsel’s belief that this was sufficient to establish use was not reasonable. Bose appeals the order cancelling the registration in its entirety. Fed. Cir. reversed and remanded due to a lack of evidence that Bose intended to deceive the PTO in the renewal process. Court held that general counsel made a material representation to the PTO (material was not challenged) but that challenger did not point to any evidence to support an inference of deceptive intent. General Counsel had testified that he believed the statement was true and had investigator look into mark. Thus, court held that Bose did not commit fraud.
       2. Tool:
          1. “Fraud in procuring a trademark registration or renewal occurs when an applicant **knowingly** makes false, material representations of fact in connection with his application.” … A party seeking cancellation of a trademark registration for fraudulent procurement bears a heavy burden of proof… Indeed, “the very nature of the charge of fraud requires that it be proven ‘to the hilt’ with clear and convincing evidence. There is no room for speculation, inference or surmise and, obviously, any doubt must be resolved against the charging party.”
          2. “a trademark is obtained fraudulently under the Lanham Act only if the applicant or registrant **knowingly makes a false, material representation** with the intent to deceive the PTO.”
          3. Use **subjective intent**, which can be inferred from indirect and circumstantial evidence.
    3. Arbor Mist – outside counsel, a patent lawyer, applied for the mark. 4 years after registration, Arbor Mist is sued for infringement by Arbor Valley. Arbor Mist doesn’t tell outside counsel, who files for incontestability. Fraud? No. Malpractice. Not Fraud because no subjective intent to deceive.
    4. ***Sovereign Military Hospitaller Order of Saint John of Jerusalem of Rhodes and of Malta v. Florida Priory of the Knights Hospitallers of the Sovereign Order of Saint John of Jerusalem, Knights of Malta, The Ecumenical Order (11th Cir. 2012)***
       1. Synopsis: P is a religious order of the Roman Catholic Church dedicated to charitable work. D is also a charitable organization, but is an expressly ecumenical, rather than Catholic, association. Although D incorporated in Florida in 2005, it was associated with a parent organization which was first incorporated in the US in 1911. Meanwhile, P began operating in the US in 1926-27. P applied for its mark in 2000 and swore belief that no other entity had the right to use the mark. District Court found fraud. 11th Cir. reversed, because D did not offer evidence that P was aware that other organizations were using the mark and believed that D had a right to use the marks, and district court erred in applying willful blindness standard from patent case to trademark case.
       2. Tool: To prove fraud claim based on misrepresentations in the declaration oath, D must establish that P was aware other organizations were using the mark and knew or believed those other organizations had a right to use the mark…If the declarant subjectively believes the applicant has a superior right to use the mark, there is no fraud. 🡪 need knowledge, willful blindness not sufficient.

### Descriptive Fair Use: § 33(b)(4)

* + 1. Rule – D is not liable when: (1) is a use, otherwise than as a trade or service mark; (2) of a term which is descriptive of the goods or services; and (3) which is used fairly and in good faith only to describe the goods or services.
    2. ***United States Shoe Corp. v. Brown Group Inc. (2d Cir. 1990)***
       1. Synopsis: United States Shoe Corp. (P) asserts trademark violation and unfair competition against Brown Group, Inc. (D), in connection with the advertising and sale of women’s dress shoes. P advertises its women’s dress pumps under the slogan and musical jingle, “Looks Like a Pump, Feels Like a Sneaker.” D has launched an advertising campaign that compares its pump saying, “And when we say it feels like a sneaker, we’re not just stringing you along.” P seeks a preliminary injunction barring D from using the phrase. An evidentiary hearing was held on submission. Court found that the words “feels like a sneaker” falls within the fair use defense, because D is not using the words as an identifier or trademark to indicate origin or source but the words are used as a fragment of a sentence in small print to describe to users the goods. Also, P did not demonstrate sufficient likelihood of confusion.
       2. Tool: “The fair use doctrine provides a statutory defense to a trademark infringement claim when “the use of the name, term, or device charged to be an infringement is a use, otherwise than as a trade or service mark, ... of a term or device which is descriptive of and used fairly and in good faith only to describe to users the goods or services of such party, or their geographic origin.” 15 U.S.C. § 1115(b)(4). The purpose of the defense is to prevent the trademark rights of one party from being extended to preclude another party from the description of his product to the public…When the plaintiff chooses a mark with descriptive qualities, the fair use doctrine recognizes that “he cannot altogether exclude some kinds of competing uses,” particularly those which use words in their primary descriptive and non-trademark sense.”
    3. ***Kelly-Brown v. Winfrey (2d Cir. 2013)***
       1. Synopsis: Kelly-Brown (P) is the owner of a motivational services business, Own Your Power Communications, Inc., that holds events and puts out publications under the registered service mark “Own Your Power.” Oprah, Harpo Prod., and Hearst were involved in the production of a magazine, event, and website also employing the phrase “Own Your Power.” P argues that is using the phrase, Ds infringed upon her mark. P appeals from the grant of a motion to dismiss finding that Ds’ use of the phrase was fair use. Court found that Ds did not meet burden to show that their use of the phrase was descriptive given that the phrase does not describe the contents of the Magazine and are displayed prominently in the center of the Magazine with smaller subtitles and headlines for articles. On remand, SDNY found that Ds established descriptiveness and fair use defense, because the phrase has been used for a while as a common motivational exhortation and is descriptive as used in the magazine because it is used as a headline to describe the issue’s theme and thus used in a non-trademark way.
       2. Tool:
          1. “There is no requirement that a usage be immediately recognizable as a popular phrase for it to be descriptive.”
          2. “Courts more readily find a phrase descriptive when it is in common usage.”
          3. Presence of Oprah’s house mark didn’t seem to matter in this case although presence of house mark seemed to matter in Brown Group case.
    4. ***Gatorade – Thirst Aid.*** There was beverage with registered mark Thirst Aid***.*** Court found that Gatorade used THIRST AID as a mark because repeated use, catchy song, rhyme that would help associate it with Gatorade, memorable slogan.
    5. ***Car-Freshner Corp. v. S.C. Johnson & Son Inc. (2d Cir. 1995)***
       1. Synopsis: Car-Freshner (P) sued Johnson (D) claiming that D’s sale of its Glade pine-tree-shaped plug-in freshener violates P’s trademark rights in the pine-tree shape of its air fresheners and in its mark “Little Tree.” D asserted no likelihood of confusion and fair use. District Court ruled for D finding no likelihood of confusion but did not agree with fair use defense because found P’s mark was not descriptive. 2d Cir. affirmed for D but because it found fair use, because D’s use of the pine-tree shaped refers to the pine scent and Christmas season (when product is sold). Court found no bad faith because D entitled to use shape descriptively. (seems to make this prong worthless 🡪 if find descriptive use then no bad faith?)
       2. Tool: “It is true that the doctrine can apply only to marks consisting of terms or images with descriptive qualities. That is because only such terms or images are capable of being used by others in their primary descriptive sense. But it should make no difference whether the plaintiff's mark is to be classed on the descriptive tier of the trademark ladder...Whether the mark is classed as descriptive (and thus ineligible for protection without secondary meaning) depends on the relationship between the mark and the product described.”
    6. ***KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc. (US 2004)***
       1. Synopsis: Cosmetics company Lasting Impression trademarked the term “micro colors” for permanent makeup (injected under the skin). Lasting Impression (P) sued K.P. Permanent Make-Up (D) for using the term. D used the fair use defense and argued it used the term only to describe K.P. products. The district court sided with D. P appealed to the Ninth Circuit Court of Appeals. Unlike other federal appellate courts, the Ninth Circuit required companies that used the fair use defense to prove there was no likelihood of confusion in use of the term. The Ninth Circuit ruled there was likelihood of confusion and reversed the district court's ruling. SCOTUS held that a party raising the classic defense of fair use did not need to negate any likelihood that the practice under question would confuse consumers about the origin of the goods. The Court interpreted federal trademark law as placing the burden of showing likelihood of confusion on the party charging infringement. Moreover, Congress “said nothing about likelihood of confusion in setting out the elements of the fair use defense.”
       2. Tool:
          1. “In sum, a plaintiff claiming infringement of an incontestable mark must show likelihood of consumer confusion as part of the prima facie case, 15 U.S.C. § 1115(b), while the defendant has no independent burden to negate the likelihood of any confusion in raising the affirmative defense that a term is used descriptively, not as a mark, fairly, and in good faith, § 1115(b)(4).”
          2. “Fair use can occur along with some degree of confusion” but this “does not foreclose the relevance of the extent of any likely consumer confusion in assessing whether a defendant’s use is objectively fair,” which is required by 15 U.S.C. § 1115(b)(4) (“used fairly”).
    7. ***KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc. (9th Cir. 2005)***
       1. Tool:
          1. “the degree of customer confusion remains a factor in evaluating fair use.”
          2. “Summary judgement on the defense of fair use is also improper. There are genuine issues of fact that are appropriate for the fact finder to determine in order to find that the defense of fair use has been established. Among the relevant factors for consideration by the jury in determining the fairness of the use are the degree of likely confusion, the strength of the trademark, the descriptive nature of the term for the product or service being offered by KP and the availability of alternate descriptive terms, the extent of the use of the term prior to the registration of the trademark, and any differences among the times and contexts in which KP has used the term.”

### Functionality § 33(b)(8)

* + 1. Utilitarian Functionality
       1. ***Jay Franco & Sons, Inc. v. Franek (7th Cir. 2010)***
          1. Synopsis: Franek had a registered trademark for a circular beach towel. Franek sued Franco for selling round beach towels. Franco sued Franek to invalidate his mark. The mark is incontestable so Franco cannot challenge distinctiveness. Instead Franco argues functionality. Court finds that circular towel is functional. Although heliotropic tanner argument does not satisfy first prong (towel can be made big enough so that tanner can swivel without moving towel) it does satisfy second prong (would be costlier to use more material to make towel). Evidence of functionality – utility patent, advertising to lazy sunbather that she can just rotate without having to move the towel to face the sun, affects cost and quality of goods, fashion statement (highly fashionable).
          2. Tool:

A design is functional when it is (1) “essential to the use or purpose of the device” or (2) “when it affects the cost or quality of the device,”

Evidence of utilitarian functionality: enables a product to operate, improves on a substitute design in some way (such as by making the product cheaper, faster, lighter, or stronger), produces a benefit other than source identification is functional, expired utility patents (strong evidence), advertising touting features, competitor’s designs (is there a competitive need?), more “rudimentary and general element” of design (more likely to impair competition)

* + 1. Aesthetic Functionality
       1. Tushnet’s proposed test for aesthetic functionality: counterfactual test
          1. In a world in which the trademark owner doesn’t exist, is this design still attractive? If so, then the design is aesthetically functional
       2. ***Christian Louboutin, S.A. v. Yves St. Laurent America Holding, Inc. (2d Cir. 2012)***
          1. Synopsis: Louboutin has since 1992 painted the out-soles of his women’s high-heeled shoes with a high-gloss red lacquer. In 2008, he registered the red lacquered outsole as a trademark with the PTO. District Court declined to issue preliminary injunction to restrain YSL’s use of the mark holding that a single color can never be protected by trademark in the fashion industry. 2nd Cir. reversed finding this inconsistent with *Qualitex*. Holds that mark has acquired limited secondary meaning. Pursuant to LA 37, limit the trademark to uses in which the red outsole contrasts with the remainder of the shoe. Thus, YSL’s monochrome design is not a use of Louboutin’s modified trademark so it does not infringe.
          2. Tool:

Test for aesthetic functionality – (1) “whether the design feature is either “essential to the use or purpose” or “affects the cost or quality” of the product at issue.” (3) “… if a design feature would, from a traditional utilitarian perspective, be considered “essential to the use or purpose” of the article, or to affect its cost or quality, then the design feature is functional under Inwood and our inquiry ends. But if the design feature is not “functional” from a traditional perspective, it must still pass the fact-intensive Qualitex test and be shown not to have a significant effect on competition in order to receive trademark protection.” 🡪 consumers want design as opposed to source.

* + - 1. ***Au-Tomotive Gold, Inc. v. Volkswagen of America, Inc. (9th Cir. 2006)***
         1. Synopsis: Au-Tomotive Gold (Auto Gold) makes automobile accessories and sold products bearing the exact replicas of the trademarks of these brands. Auto Gold argued that the logos and marks were aesthetically functional elements of the product. 9th Cir. found that consumer demand for Auto Gold’s products is inextricably tied to the trademarks themselves, so it ruled in favor of car manufactures, stating that accepting Auto Gold’s position would be a death knell for trademark protection. It would mean that simply because a consumer likes a trademark, or finds it aesthetically pleasing, a competitor could adopt and use the mark on its own products. The function of the car logos is to identify the source, so it is not functional and therefore gets protection.
         2. Tool:

Test of functionality: whether the feature was essential to the use or purpose of the article or affects its cost or quality.

Different test for aesthetic functionality: whether protection of the feature as a trademark would impose a significant non-reputation-related competitive advantage.

* + - 1. Wing House v. Hooters – Hooters sues Wing House for copying trade dress of uniform of its servers. Hooters claims tight shirt, jogging shorts, nude hose, and white socks and shoes. Wing House argues that the elements of the trade dress are aesthetically functional. Aesthetically functional, because designed specifically to look wholesome and cover everything but reveal the maximum amount of skin possible. Therefore family-friendly but also has an alternate appeal and is for a different market. If you are going to compete in the market for hypocritical sexuality, then not being able to use this trade dress would put you at significant non-reputational disadvantage
    1. Whole separable from parts? A whole can be non-functional even if some of its parts are functional. Limit is that if all the individual elements are functional, then the whole is functional. E.g., Swiss army knives
       - 1. ***Groeneveld Transport Efficiency, Inc. v. Lubecore Int’l (6th Cir. 2013)***

Synopsis: Groeneveld (P) makes grease pumps. So does Lubecore (D). P complains that D’s grease pump is virtually identical to P’s. Jury found that P’s grease pump’s trade dress is non-functional, has achieved secondary meaning, and D’s grease pump is likely to be confused with P’s. 6th Cir. reversed because P’s evidence of non-functionality was insufficient.

Tool:

Whether the “overall shape” is essential to the use or purpose of the article or affects the cost or quality of the article.

“where individual functional components are combined in a nonarbitrary manner to perform an overall function, the producer cannot claim that the overall trade dress is nonfunctional.”

“courts should not inquire into alternative designs when the design at issue substantially influenced by functional considerations.”

## Judge-Made Defenses

### Nominative Fair Use

* + 1. Mark is used not to describe the defendant’s product, but to refer fairly to another trademark owner or its goods or services. Congress has also recognized nominative fair use as an exception to dilution protection in 1125(c)(3).
    2. Seems to be conclusive that if you pass New Kids, confusion is unlikely. In other words, this **replaces likelihood of confusion test**.
    3. First Amendment concerns – In particular, don’t want to give plaintiffs ability to avoid summary judgment or motion to dismiss where there are free speech concerns.
    4. Statutory Authority – 15 USC 1115(b)(4) – Defendant is not liable for infringement when its use (1) is a use, otherwise than as a trade or service mark; (2) of a term which is descriptive of the goods or services; and (3) which is used fairly and in good faith only to describe the goods or services.
    5. General Rule – ***New Kids on the Block v. News America Publishing (9th Cir. 1992)***
       1. Synopsis: Two papers (D) included polls on New Kids on the Block (P) and thus referred to the band in their questions. New Kids filed a lawsuit (worried newspapers were going to undermine the group) against papers. District Court granted summary judgment to Ds on First Amendment grounds. 9th Cir. held in favor of D under nominative fair use.
       2. Tool: “where the defendant uses a trademark to describe the plaintiff's product, rather than its own, we hold that a commercial user is entitled to a nominative fair use defense provided he meets the following three requirements: First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.” 🡪 **replaces likelihood of confusion test.**
       3. Circuit Splits: First prong – once you decide to refer, do you have to use mark? 3rd Cir. is only one that asks the opposite: in order to describe what YOU have to sell do you need to invoke other person’s trademark? Fuji Apples case.
    6. ***Swarovski Aktiengesellschaft v. Building #19, Inc. (1st Cir. 2013)***
       1. Synopsis: Building #19 (D) obtained a number of Swarovski crystal figurines that it hoped to resell, and in order to promote the sale designed a newspaper ad emblazoned with the name “Swarovski” in large print font. Swarovski (P) sought a preliminary injunction barring D from using the name or mark in its advertising. District court granted preliminary injunction by limiting D’s use of the name or mark to a much smaller font size. 1st Cir. reversed because district court should have first found that D’s use of its mark was likely to cause confusion. P needs to show likely to confuse, although D might skip ahead and show nominative fair use.
    7. ***Kassbaum v. Steppenwolf Productions, Inc. (9th Cir. 2000)***
       1. Synopsis: Kassbaum (D) was a former member of the band, Steppenwolf. D joined another band and began using phrases such as “Formerly of Steppenwolf.” Steppenwolf Productions (P) sued D. 9th Cir. did not find a likelihood of confusion because phrases such as “Formerly of” greatly reduce the likelihood of confusion about the source of the band’s music. Also, in the all the promotional materials, references to D’s current band are more prominent than references to Steppenwolf.
    8. ***WCVB-TV v. Boston Athletic Association (1st Cir. 1991)***
       1. Synopsis: The Boston Athletic Association (BAA) argued that Channel 5, by broadcasting the words “Boston Marathon” in connection with the event, violated federal trademark law. They asked the district court to issue a preliminary injunction, it refused to do so, and they appealed. 1st Cir. ruled in favor of D because no likelihood of confusion, no evidence of any intent to use the words to suggest official sponsorship, and descriptive fair use. Only evidence that D uses mark as attention getting symbol is large size of the words on the screen while most evidence points to use as primarily description (timing, meaning, context, intent, and surrounding circumstances).
    9. ***Toyota Motor Sales USA, Inc. v. Tabari (9th Cir. 2010)***
       1. Synopsis: The Tabaris, auto brokers, contacted authorized Lexus dealers, solicited bids and arranged for customers to buy a Lexus from the dealer offering the best combination of location, availability and price. These services were offered at <buy-a-lexus.com>. When customers purchased a Lexus through the Tabaris, they received a genuine Lexus car sold by an authorized Lexus dealer. Applying the nominative fair use factors, the 9th Cir. assessed the third factor according the the supposed perspective of the “reasonably prudent customer in the marketplace.” In this case the customer accustomed to shopping online and the marketplace being the online marketplace. 9th Cir. remanded finding injunction was too broad implicating First Amendment concerns and to analyze under nominative fair use.
       2. Tool: “Outside the special case of trademark.com, or domains that actively claim affiliation with the trademark holder, consumers don’t form any firm expectations about the sponsorship of a website until they’ve seen the landing page…So long as the site as a whole does not suggest sponsorship or endorsement by the trademark holder, such momentary uncertainty does not preclude a finding of nominative fair use.”
    10. Failed Nominative Fair Use Defenses
        1. ***Downing v. Abercrombie (9th Cir. 2001)*** – Abercrombie purchased a photo from a professional surf competition and used it in a catalog without plaintiff’s permission. Court rejected nominative fair use because Abercrombie using mark to describe its own products and not the plaintiffs.
        2. ***Horphag Research v. Pellegrini (9th Cir. 2003)*** – Horphag owned the trademark for “Pycnogenol” for pine bark extract. D’s healthierlife.com website sold pharmaceutical products including “Pycnogenol” and “Masqulier’s: the original French Pycnogenol.” Court rejected nominal fair use defense because D could definitely not meet third criteria – Garcia’s references to Pycnogenol spawn confusion as to sponsorship and attempt to appropriate the cachet of the trademark Pycnogenol to his product.
        3. ***Board of Supervisors v. Smack Apparel (5th Cir. 2008)*** – Fifth Cir. considered Smack’s argument that its use of the trademarked colors and logos of the Universities was protected by nominative fair use but rejected it finding Smack failed to meet third criteria. Also, Smack copied the mark with an intent to rely upon the drawing power in enticing fans of the particular universities to purchase their shirts. Such an attempt to capitalize on consumer confusion is not a nominative fair use.

### Comparative Advertising

* + 1. General Rule – has to compare material and relevant features; comparison has to objective; can’t claim that one product is imitation or replica of another.
    2. Today – more likely just use nominative fair use.
    3. If you like x, you’ll love y – courts have different opinions of which way this goes in comparative advertising.
    4. ***Smith v. Chanel, Inc. (9th Cir. 1968)***
       1. Synopsis: Smith (D), dba Ta’Ron, advertised a fragrance called “Second Chance” as a duplicate of Chanel’s (P) “Chanel No. 5” at a fraction of the price. Lower court granted a preliminary injunction prohibiting D from referencing Chanel No. 5 in the promotion or sale of its product. D appealed. 9th Cir. reversed finding that comparative advertising is okay as long as there is no misrepresentation or confusion as to source.
       2. Tool:
          1. In “the absence of misrepresentation or confusion as to source or sponsorship a seller in promoting his own goods may use the trademark of another to identify the latter’s goods.”
          2. Purpose: free market, efficiency, public interest – encourages competition and helps to get lower prices.

### First Sale

* + 1. General Rule – the right of a producer to control distribution of its trademarked product does not extend beyond the first sale of the product. *Sebastian v. Longs Drug Stores (9th Cir. 1995)*. First sale doctrine generally focuses on the likelihood of confusion among consumers.
    2. ***Au-Tomotive Gold Inc. v. Volkswagen of America, Inc. (9th Cir. 2010)***
       1. Synopsis: D asserted the first sale doctrine, which allows the resale of legitimately purchased goods bearing the trademark, as a defense where it purchased genuine VW badges that it sued to make marquee license plates. 9th Cir. held that the first sale doctrine does not provide a defense because the plates create a likelihood of confusion as to their origin.
       2. Tool: Based likelihood of confusion not on confusion among purchasers of the plates but on post-purchase confusion among observers who see the plates on purchasers’ cars.
    3. Number of district courts have applied the first sale doctrine in cases where the defendants incorporated the trademarked product into a new product. In these cases the courts focused on the possibility of confusion as the dispositive factor.
    4. **Courts are reluctant to read first sale broadly.**

## FIRST AMENDMENT DEFENSES

### Artistic Relevance

* + 1. See Rogers v. Grimaldi and Louis Vuitton Malletier S.A. v. Warner Brothers infra
    2. Rogers test may apply to all forms of artistic expression
    3. ***E.S.S. Entertainment 2000, Inc. v. Rock Star Videos, Inc. (9th Cir. 2008)***
       1. Synopsis: ESS operates a strip club on the eastern edge of downtown LA under the name Play Pen Gentlemen’s Club. ESS claims that Rockstar’s depiction of an East “Los Santos” strip club called the Pig Pen in Grand Theft Auto infringes its trademark and trade dress associated with the Play Pen. Although the game artists used some inspiration from their photos of the Play Pen, is seems they used photos of other East LA locations to design other aspects of the Pig Pen. ESS complains that Rockstar used Play Pen’s distinctive logo and trade dress without its authorization and has created a likelihood of confusion among consumers as to whether ESS has endorsed, or is associated with, the video depiction. Rockstar moved for summary judgment based on First Amendment among other arguments. Court found that Rockstar’s modification of ESS’s trademark is protected by the First Amendment, because use of strip club that is similar in look and feel to the Play Pen has at least some artistic relevance (possibly the only way to develop a cartoon-style parody of East LA is to recreate a critical mass of the buildings and businesses that constitute it). Court also found that use was not explicitly misleading because video games and strip clubs “do not go together like a horse and carriage” and “nothing indicates that the buying public would reasonably have believed that ESS produced the video game or, for that matter, that Rockstar operated a strip club. Important to court that Pig Pen was not a big part of the game.
       2. Tool:
          1. *Rogers v. Grimaldi* “requires courts to construe the Lanham Act to apply to artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in free expression.”
          2. “An artistic work’s use of a trademark that otherwise would violate the Lanham Act is not actionable unless the use of the mark has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless it explicitly misleads as to the source or the content of the work.

“only use of a trademark with no artistic relevance to the underlying work whatsoever does not merit First Amendment protection…In other words, the level of relevance merely must be above zero.”

### Parody

* + 1. What do modified factors (taking into account 1st Amendment) look like? Similarity doesn’t have usual meaning. Strength might have flipped relevance because you know what it’s supposed to look like. Maybe weighing means treating audience as sophisticated and discerning when it comes to speech.
    2. 2d Cir – Rogers and likelihood of confusion factors but different?
    3. 9th Cir – likelihood of confusion factors but different?
    4. ***Cliffs Notes, Inc. v. Bantam Doubleday Dell Publishing Group, Inc. (2d Cir. 1989)***
       1. Synopsis: Cliff Notes (P) enjoined Bantam Doubleday Publishing Group (D) from distributing Spy Notes, a parody of the Cliff Notes, under LA 43(a) and the district court rejected D’s first amendment defense. D admitted that it coped the prominent features of Cliff Notes in order to make Spy Notes an effective parody. Thus, just as a Cliff Notes book does, Spy Notes lists on the cover the works it condenses and replicates the distinctive, yellow color, black diagonal stripes and black lettering of Cliff Notes, a design that is the subject of P’s registered trademark. However, the Spy Notes cover also states “A Satire” five times in bright red lettering, bears the notation “Spy Book” with their logo, has some red, white, and blue colors, and has other notations not on Cliff Notes books. Court ruled in favor of D, because “slight risk of consumer confusion is outweighed by the public interest in free expression, especially in a form of expression that must to come extent resemble the original.”
       2. Tool:
          1. “in deciding the reach of the Lanham Act in any case where an expressive work is alleged to infringe a trademark**, it is appropriate to weigh the public interest in free expression against the public interest in avoiding consumer confusion.”**
          2. “expressive element of parodies requires more protection than the labeling of ordinary commercial products. Indeed, we have said, in the context of alleged copyright infringement that a parody is **entitled “at least” to conjure up the original and can do more**.”
          3. “Rogers balancing approach is generally applicable to Lanham Act claims against works of artistic expression, a category that includes parody. This approach takes into account the ultimate test in trademark law, namely, the **likelihood of confusion** “ ‘as to the source of the goods in question.’… At the same time, a balancing approach allows greater latitude for works such as parodies, in which expression, and not commercial exploitation of another's trademark, is the primary intent, and in which there is a need to evoke the original work being parodied.”
    5. ***Dr. Seuss Enterprise, L.P. v. Penguin Books USA, Inc. (9th Cir. 1997)***
       1. Synopsis: Katz and Wrinn wrote and illustrates *The Cat NOT in the Hat!* Satirizing the OJ Simpson double murder trial. Seuss filed a complaint for copyright and trademark infringement alleging that the book used Seuss trademarks and diluted the distinctive quality of its famous marks. District Court granted Seuss’ request for a preliminary injunction. Ninth Circuit affirmed preliminary, because: serious questions for litigation exist because many likelihood of confusion factors were indeterminate; and the good will and reputation associated with Cat in the Hat outweigh the $35,500 in expenses incurred by Penguin. Book not actually criticizing Dr. Seuss.
       2. Tool: “In a traditional trademark infringement suit founded on the likelihood of confusion rationale; the claim of parody is not really a separate defense as such, but merely a way of phrasing the traditional response that customers are not likely to be confused as to the source, sponsorship or approval…A non-infringing parody is merely amusing, not confusing…the claim of parody is no defense where the purpose of the similarity is to capitalize on famous mark’s popularity for defendant’s own commercial use.”
    6. LA 43(c) – expressly excludes dilution liability for parodies:

The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection:

(A) Any fair use, including nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person’s own goods or services, including use in connection with --

…

(ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.

### Trademarks as Speech

* + 1. Political Speech – Rogers dealt with artistic, not political speech. This should not pose an obstacle, however, because political speech is at the core of the First Amendment, and any First Amendment concerns regarding artistic speech should extend to political speech too.
    2. ***Mattel, Inc. v. Universal Music International (9th Cir. 2002)***
       1. Synopsis: Mattel sued the band Aqua for their song “Barbie Girl,” in which band members impersonate Barbie and Ken, singing about their desire to “go party.” District court granted MCA, the band’s record producer’s motion for summary judgment. Ninth Circuit found that this was nominative fair use. It held that (1) use of Barbie in the song title clearly is relevant to the underlying work; and (2) song does not explicitly mislead as to source of the work. The only indication that Mattel might be associated with the song is the use of Barbie in the title but if this were enough to satisfy this prong of the Rogers test, it would render Rogers a nullity.
       2. Tool:
          1. “Consumers expect a title to communicate a message about the book or movie, but they do not expect it to identify the publisher or producer.”
          2. “Rogers concluded that literary titles do not violate the Lanham Act unless the title has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless the title explicitly misleads as to the source or the content of the work…We agree with the Second Circuit’s analysis and adopt the Rogers standards as our own.”
    3. ***Mattel Inc. v. Walking Mountain Productions (9th Cir. 2003)***
       1. Synopsis: Forsythe developed a series of 78 photographers entitled “Food Chain Barbie,” in which he depicted Barbie in various absurd and often sexualized positions. Forsythe uses the word “Barbie” in some of the titles of his works. Mattel sued Forsythe alleging that Forsythe’s photo series infringed Mattel’s copyrights, trademarks, and trade dress. 9th Cir. found that (1) public interest in free and artistic expression greatly outweighed its interest in potential consumer confusion, because Forsythe’s use of Barbie was relevant to his work and the photograph titles do not mislead as to Mattel’s sponsorship. (2) Forsythe’s use of the Barbie trade dress was nominative, because he used the Barbie figure to conjure up associations with Mattel, while at the same time to identify his own work, which is a criticism and parody of Barbie. (3) Forsythe’s use of Barbie qualifies as nominative fair use because all three elements weigh in favor of Forsythe.
       2. Tool:
          1. Rogers Test applied to photograph titles.
          2. “Applying these fair use standards to the trade dress context, we hold that a defendant's use is classic fair use where the defendant has used the plaintiff's dress to describe or identify the defendant's own product and not at all to describe or identify the plaintiff's product. Likewise, a defendant's use is nominative where he or she used the plaintiff's dress to describe or identify the plaintiff's product, even if the defendant's ultimate goal is to describe or identify his or her own product.”
          3. “in the trademark context, nominative use becomes nominative fair use when a defendant proves three elements:

First, the plaintiff's product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the plaintiff's product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.”

* + 1. ***Protectmarriage.com v. Courage Campaign (ED 2010)***
       1. Synopsis: Protectmarriage.com, opponent of right to homosexual marriage brought trademark infringement action against Courage Campaign, supporter of right to homosexual marriage, alleging D infringed P’s logo depicting a heterosexual family with D’s similar logo depicting a homosexual family. Opponent sought a temporary restraining order (TRO) enjoining supporter from using the allegedly infringing mark. Court found that any potential for confusion was obviated by D’s images and text that uniformly accompanied supporter's use of the logo, namely, photos of homosexual couples together with text explicitly endorsing homosexual marriage.
       2. Tool:
          1. Court uses Rogers as protection for all non-commercial speech, including political expression
          2. “In a trademark infringement suit under the Lanham Act, one way to negate the element of confusion is to show that the allegedly infringing mark is a parody of the original mark, and that this parody is unlikely to show confusion.”
    2. ***Dardenne v. MoveOn (MD La 2014)***
       1. Synopsis: In 2011, the State of Louisiana registered the logo, “Lou!s!ana Pick your Passion” to promote the state as a tourist destination. Defendant MoveOn, a progressive organization devoted to social change through democratic action, erected a billboard in Baton Rouge sainy: “Lou!siana Pick you passion! But hope you don’t love your health. Gov. Jindal’s denying Medicaid to 242,000 people.” Lt. Governor’s office sought to remove the billboard on the ground that it infringed the State’s trademark. Court denied Lt. Governor’s motion for a preliminary injunction, because does not believe that viewers of the billboard will believe the Lt. Governor is criticizing the governor.
    3. ***Radiance Foundation v. NAACP (4th Cir. 2015)***
       1. Synopsis: The Radiance Foundation published an article online titled “NAACP: National Association for the Abortion of Colored People” criticizing the NAACP’s stance on abortion. In response to a cease-and-desist letter from the NAACP, Radiance sought a declaratory judgment that it had not infringed any NAACP trademarks. The NAACP then filed counterclaims alleging trademark infringement and dilution. The district court held for the NAACP and entered a permanent injunction. The Fourth Circuit reversed finding no likely confusion. The domain names and webpage headings clearly denote other organizations rather than NAACP.
       2. Tool:
          1. “Trademark infringement is not designed to protect mark holders from consumer confusion about their positions on political or social issues. The evidence of actual confusion relied on by the district court consisted of phone calls to the NAACP by people who took issue with the NAACP supporting abortion.”
          2. “Actual confusion as to a non-profit’s mission, tenants, and beliefs is commonplace, but that does not transform the Lanham Act into an instrument for chilling or silencing the speech of those who disagree with or misunderstand a mark holder’s positions or views.”
    4. ***Rosa Parks v. Laface Records (6th Cir. 2003)***
       1. Synopsis: Rosa Parks sued LaFace Records and OutKast for using her name as the title of their song, “Rosa Parks.” Parks contents that Ds use of her name constitutes false advertising under 43(a), and intrudes on her common law right of publicity under Michigan state law. District court granted summary judgment to Ds and Parks appealed. 6th Cir. reversed grant of summary judgment on 43(a) and right of publicity claims. Court held that it is not necessary for Ds to make a “trademark” use of Rosa Parks' name in order for her to have a cause of action for false advertising under § 43(a). Court did not use sole likelihood of confusion approach because song is not simply a commercial product but a means of communication. Court rejects the alternative avenues test and adopts the Rogers test. Under Rogers, court finds that a reasonable person could conclude that there is no connection between Rosa Park’s name and the content of the song (“There could be no stronger, no more compelling, evidence of this fact than the admission of “Dré” (André “Dré” Benjamin) that, “We (OutKast) never intended for the song to be about Rosa Parks or the civil rights movement. It was just symbolic, meaning that we comin' back out, so all you other MCs move to the back of the bus.”). Whether the title is explicitly misleading depends on whether trier of fact finds it artistically relevant to underlying work.
       2. Tool:
          1. “the scope of § 43(a) extends beyond disputes between producers of commercial products and their competitors. It also permits celebrities to vindicate property rights in their identities against allegedly misleading commercial use by others…Celebrities have standing to sue under § 43(a) because they possess an economic interest in their identities akin to that of a traditional trademark holder.”
          2. “In order to prevail on a false advertising claim under § 43(a), a celebrity must show that use of his or her name is likely to cause confusion among consumers as to the “affiliation, connection, or association” between the celebrity and the defendant's goods or services or as to the celebrity's participation in the “origin, sponsorship, or approval” of the defendant's goods or services.”
          3. Three Approaches to First Amendment Defense

Likelihood of Confusion Factors use in commercial trademark cases 🡪 not applicable to this case

Alternative Avenues Test – “a title of an expressive work will not be protected from a false advertising claim if there are sufficient alternative means for an artist to convey his or her idea.” 🡪 REJECT

Rogers v. Grimaldi Test – “a title will be protected unless it has “no artistic relevance” to the underlying work or, if there is artistic relevance, the title “explicitly misleads as to the source or the content of the work.” 🡪 use this one

* + - * 1. “Under Rogers, with respect to a right of publicity claim, a title that uses a celebrity's name will be protected by the First Amendment unless the title is “wholly unrelated” to the content of the work or was “simply a disguised commercial advertisement for the sale of goods or services.””
      1. Note: Courts likely more comfortable analyzing artistic relevance of words than any other art form.
    1. **Note on ETW Corp. v. Jireh Publishing Inc. (TWEN?)**

### Transformative Test

* + 1. **Gary Saderup v. Comedy III Productions** (Cal. Sup. Ct. 2001)
       1. Synopsis: Saderup began selling Stooges prints and T-shirts. Comedy III Productions, which owns the Stooges' right of publicity, brought lawsuit, seeking damages under the California deceased person's publicity law. Court held that T- are not sufficiently artistic to warrant their own First Amendment protection. The court held that Saderup's skill and talent were subordinated to the overall goal of creating a portrait of the Stooges, and therefore his free speech rights lost to the right of publicity.
       2. Tool: The court looked to whether the new work was "transformative" of the old. If a work "adds something new, with a further purpose or different character, altering the first with new expression, meaning or message," then it is sufficiently transformative to garner its own protection. The key question, the court determined, was "does the work derive primarily from the fame of the celebrity depicted?" 🡪 If work gets all value from celebrity’s image, then it is violation of right of publicity. If it gets main value from artistic contributions, then it is protected by first amendment.
    2. ***Hart v. EA (3rd Cir. 2012)***
       1. Synopsis: Ryan Hart, former college football player brought putative class action against Electronic Arts, video game developer for violating his right to publicity (misappropriating his identity) and others similarly situated for commercial purpose in connection with several college football-related games. District Court granted developer's motion for summary judgment on First Amendment grounds. Player appealed. The Third Circuit reversed and remanded holding that:
          1. transformative use test was proper analytical framework in this case;
          2. manner in which player's identity was incorporated and transformed in game provided little support for developer's argument;
          3. extent to which game players could alter digital avatars did not satisfy transformative use test in favor of developer; and
          4. photograph of player in game's montage was shielded by First Amendment.
       2. Tool:
          1. “Video games are protected as expressive speech under the First Amendment.”
          2. “As with other types of expressive conduct, the First Amendment protection afforded to video games can be limited in situations where the right of free expression necessarily conflicts with other protected rights.”
          3. Under New Jersey law, “the right to exploit the value of an individual's notoriety or fame belongs to the individual with whom it is associated, because the individual's name, likeness, and endorsement carry value and an unauthorized use harms the person both by diluting the value of the name and depriving that individual of compensation.”
          4. Three tests for resolving conflicts between the right of publicity and the First Amendment:

Commercial-interest-based Predominant Use Test – “If a product is being sold that predominantly exploits the commercial value of an individual's identity, that product should be held to violate the right of publicity and not be protected by the First Amendment, even if there is some ‘expressive’ content in it that might qualify as ‘speech’ in other circumstances. If, on the other hand, the predominant purpose of the product is to make an expressive comment on or about a celebrity, the expressive values could be given greater weight.” 🡪 reject this test

Trademark-based Rogers Test 🡪 not applicable in this case

Copyright-based Transformative Test 🡪 use in this case

* + - * 1. “Right of publicity does not implicate the potential for consumer confusion, and it is therefore potentially broader than the intellectual property protections offered by the Lanham Act.”
        2. Under the transformative use test, the balance between the right of publicity and First Amendment interests turns on “whether the celebrity likeness is one of the raw materials from which an original work is synthesized, or whether the depiction or imitation of the celebrity is the very sum and substance of the work in question; in other words, the court must ask whether the product containing a celebrity's likeness is so transformed that it has become primarily the defendant's own expression rather than the celebrity's likeness, and when the court uses the word “expression,” it means expression of something other than the likeness of the celebrity.”
        3. Under the transformative use test for balancing the right of publicity and First Amendment interests, an artist depicting a celebrity must contribute something more than a “merely trivial variation,” but must create something recognizably his own, in order to qualify for legal protection.
        4. “Likewise, in Estate of Presley v. Russen, 513 F.Supp. 1339 (D.N.J.1981), the United States District Court for the District of New Jersey held that an Elvis impersonator's act was subject to right of publicity claims because “entertainment that is merely a copy or imitation, even if skillfully and accurately carried out, does not really have its own creative component and does not have a significant value as pure entertainment.” Id. at 1359 (emphasis added). Seen through the lens of the Transformative Use Test, the Russen decision demonstrates that where no additional transformative elements are present—i.e., the work contains “merely a copy or imitation” of the celebrity's identity—then there can be no First Amendment impediment to a right of publicity claim”
        5. “This joint focus on both likeness and identifying information avoids a conflict with C.B.C. Distribution & Mktg., Inc. v. Major League Baseball Advanced Media, L.P., 505 F.3d 818 (8th Cir.2007), which held that use of major league baseball players' records in a fantasy baseball game was protected by the First Amendment even against right of publicity claims because such information was publicly available. Id. at 823–24. The presence of a digital avatar that recreates Appellant in a digital medium differentiates this matter from C.B.C.”
    1. Manuel Noreiga sued over his portrayal in a video game – lost because in made up military missions whereas in Hart real statistics were used.

# REMEDIES

## Injunctive Relief

### Injunctions

* + 1. Preliminary Injunction factors
       1. Likely success on the merits
       2. Irreparable injury to plaintiff
       3. Harm to defendant from granting the injunction
       4. Public interest
    2. Irreparable Harm
       1. 9th Circuit – The Ninth Circuit in Herb Reed rejected the traditional presumption of irreparable harm (lost control of reputation = irreparable harm) applied by many courts once a likelihood of confusion is found and instead followed the Supreme Court’s decisions in eBay Inc. v. MercExchange and Winter v. Natural Resources Defense Council. Need something more. Irreparable harm has to be LIKELY.
       2. Although the Second Circuit has found copyright plaintiffs must demonstrate irreparable harm to justify an injunction, Salinger v. Colting, it has not yet held that eBay prohibits presuming irreparable harm when likely confusion has been shown. Barefoot Contessa Pantry v. Aqua Star.
       3. Historically, most trademark cases ended at preliminary injunction stage. But now after ebay, much more likely that you could find likely confusion without finding likely irreparable harm.
       4. Delay shows lack of irreparable injury – the bigger the plaintiff is as a company, the faster it has to act for a preliminary injunction. If you don’t act on it fast, it is evidence that not actually causing harm. Citibank case said 6 weeks was too long.
    3. ***Herb Reed Enterprises, LLC v. Florida Entertainment Management, Inc. (9th Cir. 2013)***
       1. Synopsis: Larry Marshak and his company Florida Entertainment Management, Inc. challenged the district court’s preliminary injunction in favor of Herb Reed Enterprise (HRE), enjoining Marshal from using the “The Platters” mark in connection with any vocal group with narrow exceptions. Marshal’s key arguments are that the district court erred in concluding that HRE had established a likelihood of success on the merits because Reed abandoned “The Platters” mark and the district court erred in finding a likelihood of irreparable harm. The 9th Circuit considered the issue of first impression in the circuit: whether the likelihood of irreparable harm must be established—rather than presumed, as under prior Ninth Circuit precedent—by a plaintiff seeking injunctive relief in the trademark context. In light of Supreme Court precedent, the 9th Circuit held yes and reversed the district court’s order granting the preliminary injunction.
       2. Tool:
          1. “As to its trademark infringement claim, to established likelihood of success on the merits HRE must show that it is (1) the owner of a valid, protectable mark, and (2) that the alleged infringer is using a confusingly similar mark.”
          2. A “plaintiff must establish irreparable harm” for a preliminary injunction in trademark infringement case. 🡪 need more than platitudes and **need more than confusion is likely.**
       3. Holding: Reverse and remanded.
          1. Likelihood of Success on the Merits – The district court did not err in concluding that Marshak failed to meet the burden that abandonment of a trademark, being in the nature of a forfeiture, must be strictly proved. HRE presented evidence that it continued to receive royalties from the sale of the The Platters’ previously recorded material. Receipt of royalties qualifies as placement of The Platters mark on goods sold, and supports the finding that there was no abandonment.
          2. Likelihood of Irreparable Harm – 9th Circuit held that their “imposition of the irreparable harm requirement for a permanent injunction in trademark case applies with equal force in the preliminary injunction context.” Evidence does not support a determination of the likelihood of irreparable harm. The district court’s conclusions were not based on factual findings but essentially reinserted the now-rejected presumption of irreparable harm based solely on a strong case of trademark infringement.
    4. Purdem v. Wolf – tarnishment may possibly lead to irreparable harm but to show LIKELY irreparable harm, need to show that defendants’ product is of lower quality.

### Disclaimers

* + 1. Relied on more – ***Home Box Office v. Showtime (2d Cir. 1987)***
       1. Synopsis: Showtime launched a new advertising and promotional campaign using a new slogan as its theme. The primary slogan used was “SHOWTIME & HBO. It's Not Either/Or Anymore.” (the “slogan”); the related slogans were: “THE MOVIE CHANNEL & HBO. It's Not Either/Or Anymore.”, “SHOWTIME & HBO. Together is Better.”, “Why SHOWTIME & HBO make such a perfect pair.”, and “Play the Showtime PERFECT (HBO, Showtime) PAIR Instant Winner Game.” The slogan was featured on a number of materials displayed or distributed at or near the Convention site. Some, but not all, of these materials contained disclaimers stating that HBO and Showtime were unrelated services. HBO maintains that the slogan is confusing because it suggests that HBO and Showtime have merged or are engaged in a cooperative promotional campaign. To prove this, HBO produced evidence in the district court which tended to show that the slogan was the source of confusion because some observers perceived it to be part of a joint promotional campaign. Showtime asserts that its goal in using the slogan was to differentiate the two services and to convince consumers to subscribe to its service as well as to HBO.
       2. Tool: Having caused confusion, burden is on defendant to come forward with evidence sufficient to demonstrate that any disclaimer would significantly reduce the likelihood of consumer confusion.
       3. Holding: Affirmed in part and remanded in part. Held that cable television company was entitled to preliminary injunction to prevent its competitor from using infringing promotional slogans with or without disclaimer. In further proceedings before the district court, Showtime should be free to apply for relief from the injunction, on the basis of its use of disclaimers or otherwise, after it gives adequate notice to HBO.
    2. Not relied on much – ***Soltex Polymer Corp. v. Fortex Industries, Inc. (2d Cir. 1987)***
       1. Synopsis: Although the district court found a likelihood of confusion between plaintiff’s FORTFILEX mark for raw materials sold to manufactures that make plastic products such as milk jugs and industrial containers and defendants FORTIFLEX mark for various containers, it refused to enjoin use of the mark and instead ordered defendants to use a disclaimer on certain containers.
       2. Tool: It is within the court’s discretion to grant disclaimer relief despite other opinions of “this court that cast doubt on the effectiveness of disclaimers in trademark infringement cases involving a substantial likelihood of consumer confusion.”
       3. Holding: The Second Circuit affirmed finding no abuse of discretion. “Although disclaimers may not always provide an effective remedy against an infringing use, a careful review of the record in this case satisfies us that the district court did not abuse its discretion. Several factors convinced the district court that an absolute prohibition against defendants' use of the FORTIFLEX mark was inappropriate. These included the court's factual findings that defendants adopted the FORTIFLEX mark in good faith, took substantial steps to present the mark only in conjunction with defendants' own stylized logo, and have a legitimate interest in preserving their rights in the “FORT” family of marks used by the Ballesters for many years. All of these findings are supported by the record.”

### Recalls and Destruction

* + 1. Very rare – mostly just happens with counterfeiting cases.
    2. ***Perfect Fit Indus. V. Acme Quilting Co. (2d Cir. 1981)***
       1. Synopsis: The district court held that the defendant’s J-board trade dress for mattress pads violated plaintiff’s common law unfair competition rights under NY law and ordered defendant to deliver the infringing product inventory to plaintiff for destruction and to write customers of the last 6 months requesting the return of the package inserts. Defendant appealed order. 2d Cir. concluded that the imposition of a recall was well within the district court’s broad powers as a court of equity, and that the district court properly exercised these powers in the present case.
       2. Tool:
          1. “The district court’s equity jurisdiction empowers it to mould each decree to the necessities of the particular case…State law does not govern the scope of the equity powers of the federal court; and this is so even when state law supplies the rule of decision.”
          2. “a district court should carefully consider the likely burden and expense of a recall before it imposes the remedy. In some circumstances the imposition of a recall may be unduly onerous, as where the defendant's products are widely distributed and particularly expensive to ship. Or the probable benefit to the plaintiff from a recall may not outweigh the burden to the defendant in some cases even if that burden is relatively light.”
       3. Held: Concluded “that this was an appropriate case for the exercise of the court's power to require a recall. The district court found that Acme had intentionally copied Perfect Fit's trade dress, and on appeal we held that, as a matter of law, Acme's trade dress was likely to cause confusion among customers… Acme's infringing trade dress was therefore likely to divert customers from Perfect Fit's product to Acme's. Particularly because the first appeal had prolonged the litigation and therefore increased the probable injury to Perfect Fit, the district court was entirely justified in fashioning swift and complete relief for Perfect Fit. The recall procedure would naturally hasten the removal of the offending materials from public view and therefore seek to end quickly the injury to Perfect Fit.” Recall was not unduly burdensome because defendant only had to send letter to customers and pay for return shipping for those who decided to return, which likely would not have been everyone.
    3. ***Nikon, Inc. v. Ikon Corp. (2d Cir. 1993)***
       1. Synopsis: After affirming that defendant’s IKON mark for cameras infringed plaintiff’s NIKON mark for cameras, 2d Cir. also affirmed the district court’s recall order. 2d Cir. did not find recall to be unduly harsh because of evidence of bad faith (defendant had been warned by counsel).
    4. ***Gucci America, Inc. v. Daffy’s Inc. (3d Cir. 2003)***
       1. Synopsis: The district court found defendant Daffy’s, a discount retailer, liable for selling high quality counterfeit GUCCI handbags that defendant had acquired from its supplier without all the usual indicia of authenticity. Daffy’s had taken a bag to a Gucci outlet store where the store clerk indicated that the bag was authentic. Daffy’s also sent one bag to Gucci for repair, and it was repaired without comment. When Gucci sent a cease and desist letter, Daffy’s withdrew the few remaining bags from sale and also instituted a policy of not selling Gucci merchandise. Despite finding liability, the district court denied a recall order and a permanent injunction. Gucci appealed arguing that the second factor was not met.
       2. Tool: “the propriety of the court's recall decision is governed by:
          1. 1. the willful or intentional infringement by the defendant;
          2. 2. whether the risk of confusion to the public and injury to the trademark owner is greater than the burden of the recall to the defendant; and
          3. 3. substantial risk of danger to the public due to the defendant's infringing activity.”
       3. Holding: Court agreed “with the district court's determination that the public benefit of a recall does not outweigh the equities counseling against it. A recall would have a financial impact upon Daffy's. It would also likely injure the company's goodwill as consumers may well assume that Daffy's was guilty of intentional wrongdoing no matter how carefully Daffy's explained the circumstances leading to any recall. Since the counterfeit bags were virtually indistinguishable from Gucci manufactured bags, the district court quite reasonably concluded that “a recall would harm Daffy's with little real benefit to Gucci,” Gucci IV at 12, or the public.”
    5. ***Makers Mark Distillery, Inc. v. Diageo North America, Inc. (6th Cir. 2012)***
       1. Synopsis: The owner of MAKER’S MARK bourbon claimed rights in its red wax-like dripping seal and sued defendant in 2003 for using a similar seal in connection with a high-priced tequila product. Shortly after the lawsuit was brought, defendants ceased using the seal. The district court found the plaintiff had a protectable, non-functional mark that was infringed by the defendant’s seal and, despite defendants’ voluntary cessation of use for several years, entered an injunction. Cuervo argues that an injunction is inappropriate because it ceased use of the dripping wax seal more than five years prior and there is no proof that it intends to resume.
       2. Tool: Court does not abuse its discretion by affirming an injunction when the nonmoving party has voluntarily abated the use.
       3. Holding: 6th Cir. held that in the circumstances, equity supports injunctive relief. Defendant indicated that he ceased using the red dripping wax because he did not want a legal fight, but that he prefers to use the seal. Moreover, there is an affirmative reason for the injunction. Equity also requires that Maker’s Mark receive some tangible evidence of successfully protecting its trademark rights.
    6. Notes: The Gucci majority saw no need for injunctive relief given the defendant’s voluntary policy change not to sell Gucci products. By contrast, a voluntary cessation of use by the defendants in Maker’s Mark did not stop the court from cessation in the context of a plaintiff facing a counterclaim.
  1. ***Already, LLC d/b/a Yumsv. Nike, Inc. (US 2013)***
     1. Synopsis: In July 2009, Nike filed suit against Already, LLC for selling shoes that were confusingly similar to the Air Force 1 shoe. In November 2009, Already counterclaimed and requested cancellation of Nike's trademark on the basis that it interfered with Already's ability to continue selling its shoes. To avoid further litigation, Nike provided Already with a covenant not to sue. The agreement promised that Nike would not pursue any legal action against Already with regard to trademark infringement. Arguing that the covenant extinguished any case or controversy, Nike moved to dismiss the case, but Already opposed the dismissal of its invalidity counterclaim, arguing that Nike’s covenant did not moot the case. District Court and Second Circuit weighed in favor of Nike.
     2. Tool: voluntary cessation doctrine – “a defendant cannot automatically moot a case simply by ending its unlawful conduct once sued… Otherwise, a defendant could engage in unlawful conduct, stop when sued to have the case declared moot, then pick up where he left off, repeating this cycle until he achieves all his unlawful ends. Given this concern, our cases have explained that “a defendant claiming that its voluntary compliance moots a case bears the formidable burden of showing that it is absolutely clear the allegedly wrongful behavior could not reasonably be expected to recur.”
     3. Holding: SCOTUS affirmed in favor of Nike. The breadth of the “covenant suffices to meet the burden imposed by the voluntary cessation test. The covenant is unconditional and irrevocable. Beyond simply prohibiting Nike from filing suit, it prohibits Nike from making any claim or any demand. It reaches beyond Already to protect Already's distributors and customers. And it covers not just current or previous designs, but any colorable imitations.”

## Monetary Relief

### General Rule

* + 1. LA 35 – *Plaintiff may recover, subject to the principles of equity: (1) defendant’s profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action….In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. Such sum . . . shall constitute compensation and not a penalty. The court in exceptional cases may award reasonable attorney fees to the prevailing party.”*
    2. Willfulness sometimes required as predicate for disgorgement. Issue with defendant’s profits is that all defendant has to prove is gross sales and deductions. If willful, defendant has to clearly show deductions.
    3. Attorney’s fees – rare, but awards can be large because trademark cases expensive to litigate. Prevailing defendant may have chance of recovering especially in anti-competitive lawsuits, first amendment cases.

### Assessing Profits and/or Damages

* + 1. ***Taco Cabana Int’l, Inc. v. Two Pesos, Inc. (US 1992)***
       1. Synopsis: “The jury awarded $306,000 for lost profits, $628,300 for lost income, and $0 for loss of good will… Finding intentional and deliberate infringement, the district court doubled the damages to $1,868,600 for the trade dress infringement, and awarded attorneys' fees of $937,550. The court further ordered Two Pesos to make several changes in the design of its Texas restaurants, and to dispel customer confusion by displaying a prominent sign for a year acknowledging that Two Pesos had unfairly copied Taco Cabana's restaurant concept.”
       2. Tool:
          1. Trade Dress Infringement Remedies

LA 35

“[S]ection 35 endows the district court with considerable discretion in fashioning an appropriate remedy for infringement. An enhancement of damages may be based on a finding of willful infringement, but cannot be punitive… It is anomalous to say that an enhancement of damages, which implies an award exceeding the amount found “compensatory,” must be “compensatory” and not “punitive.” Responding to that anomaly, we have suggested that enhancement could, consistent with the “principles of equity” promoted in section 35, provide proper redress to an otherwise undercompensated plaintiff where imprecise damage calculations fail to do justice, particularly where the imprecision results from defendant's conduct.”

* + - * 1. Plaintiff’s failure to quantify any damages from diverted sales does not preclude recovery of a monetary award.

Embrace “headstart” theory as the apt framework for monetary recovery so no need to pursue the issue of actual diverted sales.

* + - 1. Holding:
         1. Profits and Damages – “Especially given the volatility of the restaurant industry, and the significant value of securing the image of “market leader,” we believe the “headstart” theory provides an apt framework for Taco Cabana's monetary recovery. Two Pesos' infringement foreclosed the Houston market, which Gabriel Gelb characterized as “one of the most affluent Mexican food markets in the country.” Based on the Houston market alone, Gelb estimated lost profits of $4.4 million. Other damage models produced even higher figures. The jury award easily qualifies as reasonable compensation to Taco Cabana.”
         2. Enhanced Damages – Given the substantial evidence of willful infringement,the jury finding of trade secret misappropriation, and the evidence of substantial damages not reflected in the jury award, we cannot say that Judge Singleton abused his discretion.
    1. ***Banjo Buddies, Inc. v. Renosky (3d Cir. 2005)***
       1. Synopsis: Banjo Buddies brought action against Renosky, member of its board of directors, for violating LA 43(a) [15 USC 1125(a)] in connection with Renosky’s sale of competing fishing lure kits. Banjo Buddies’ kits were called the Banjo Minnow. Renosky’s were called the Bionic Minnow. The district court found that Renosky was liable for “false designation of origin” under § 43(a) of the Lanham Act and concluded that Renosky should be forced to disgorge the net profits of the Bionic Minnow project under section 35(a) of the Lanham Act, 15 U.S.C. § 1117(a), which provides for such accountings as an equitable remedy for Lanham Act violations. Renosky argues that the District Court erred by awarding profits from the Bionic Minnow project to Banjo Buddies under section 35(a) of the Lanham Act because Renosky's violation of section 43(a) of that statute was not willful or intentional.
       2. Tool:
          1. Willfulness is a factor, not a prerequisite

Damages under LA 35(a) do not require willful or intentional violation.

*Quick Technologies* factor-based approach – “The infringer's intent [is] an important—but not indispensable—factor in evaluating whether equity supports disgorging the infringer's profits… These factors “include, but are not limited to (1) whether the defendant had the intent to confuse or deceive, (2) whether sales have been diverted, (3) the adequacy of other remedies, (4) any unreasonable delay by the plaintiff in asserting his rights, (5) the public interest in making the misconduct unprofitable, and (6) whether it is a case of palming off.”

* + - * 1. Estimation of Profits – “Section 35(a) provides that [i]n assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed.”
      1. Holding:
         1. Willfulness is a factor, not a prerequisite – “For the reasons explained above, we now hold that *SecuraComm* has been superseded by the 1999 amendment. Relying on the *Quick Technologies* factor-based approach…, we further conclude that the District Court did not abuse its discretion by ordering an accounting of Renosky's profits… Because the District Court's findings concerning Renosky's intent are difficult to reconcile… we will assume that factor is neutral. Nonetheless, all of the other *Quick Technologies* factors support an award of profits here.
         2. Estimation of Profits – Renosky failed to satisfy his burden of proof regarding costs and deductions associated with his infringing fishing lure

### Attorney’s Fees

* + 1. ***Georgia-Pacific Consumer Products LP v. von Drehle Corp. (4th Cir. 2015)***
       1. Synopsis: The district court entered a nationwide injunction against defendant’s distribution of paper towels designed to fit within plaintif’s enMOTION towel dispensers after a jury finding of contributory trademark infringement. It also trebled the jury’s award and awarded attorney’s fees of $2,225,782 after a finding that “exceptional” circumstances existed.
       2. Tool:
          1. Section 1117(a) provides, “The court in exceptional cases may award reasonable attorney fees to the prevailing party.”
          2. A court may find a case “exceptional” and therefore award attorneys’ fees to the prevailing party under 1117(a) when it determines, in light of the totality of the circumstances, that (1) there is an unusual discrepancy in the merits of the positions taken by the parties; (2) the non-prevailing party has litigated the case in an unreasonable manner; OR (3) there is otherwise the need in particular circumstances to advance considerations of compensation and deterrence.
       3. Holding:
          1. Injunction – The Fourth Circuit found that a nationwide injunction was improper because parallel actions had been brought against two of defendant’s distributors that had resulted in prior findings of no infringement by the 6th and 8th Circuits. As a matter of comity, the Fourth Circuit limited the injunctive relief to the states within the Fourth Circuit.
          2. Trebling Damages – the district court conflated 1117(a) and 1117(b). Section 1117(b) was inapplicable as the case did not involve a counterfeit mark and the enhancement of damages available under section 1117(a) was inapplicable because there was no showing of the inadequacy of the award.
          3. Attorney’s fees – Because the district court did not have the benefit of the Octane Fitness standard when considering whether Georgia-Pacific was entitled to attorneys’ fees under 1117(a), court vacated and remanded this issue.

## Criminal Penalties

### General Rule

* + 1. 15 USC 1127 [LA 45] – “A “counterfeit” is a spurious mark which is identical with, or substantially indistinguishable from, a registered mark.”
    2. Criminal penalties, ex-parte seizure orders, customs seizures at the border, and statutory damages, as well as mandatory attorney’s fees and treble damages, unless defendant chose extenuating circumstances.
    3. Relatively large awards especially against average counterfeiter

### Cases

* + 1. ***Rolex Watch, USA, Inc. v. Michel Co. (9th Cir. 1999)***
       1. Synopsis: Motalle d/b/a Michel Co. reconditions used Rolex watched with parts that are not provided or authorized by Rolex and sells the altered watches to jewelry dealers and retail jewelers. The district court held that Motale’s retention of the original Rolex trademarks on the altered “Rolex” watches that he sells constituted trademark counterfeiting under LA 32(1)(a). On that basis, the district court permanently enjoined Mottale from selling such altered watches without (1) adding permanent independent marks on the non-Rolex parts, and (2) including a written disclosure concerning the generic replacement parts on tags, invoices, promotions, and advertising. Rolex appealed… because the changes that Mottale makes to used Rolex watches are so basic that they result in a different product.
       2. Tool:
          1. Counterfeit – “[A] copy of a mark is no more likely to confuse the public than is the original; in fact, the public is more likely to be deceived by an original mark because it serves as a perfect imitation. In short, the distinction between using a duplication versus using an original has no relevance to the purposes of trademark law. When an original mark is attached to a product in such a way as to deceive the public, the product itself becomes a “counterfeit” just as it would if an imitation of the mark were attached.”
          2. Attorney’s Fees – “under 15 U.S.C. § 1117(b), in cases in which the violation of section 32(1)(a), 15 U.S.C. § 1114(1)(a), consists of “intentionally using a mark or designation, knowing such mark or designation is a counterfeit mark,” the court shall grant the prevailing party a reasonable attorney's fee, unless it finds “extenuating circumstances.” We have said that “[i]n counterfeiting cases, ‘unless the court finds extenuating circumstances,’ treble damages and reasonable attorney's fees are available.””
       3. Holding:
          1. Injunction – “conclude that the alterations that Mottale makes to the used Rolex watches he sell… result in a new product, although one containing a Rolex movement and casing. In this light, the district court's requirement that Mottale put an independent mark, such as “Michel Co.,” on the non-Rolex parts is no more adequate to prevent consumer confusion…Neither conveys basic changes that have been made to the watch… Hence, under Champion, the retention of Rolex's trademarks on Mottale's altered watches is a misnomer—and a trademark infringement. We accordingly hold that the district court abused its discretion in not completely enjoining the use of Rolex's trademarks on the altered watches that Mottale sells.
          2. Attorney’s Fees – “Where, as here, the district court finds trademark counterfeiting in violation of section 1114(1)(a), the district court must, when requested, address whether the prevailing party is entitled to the remedies provided by section 1117(b) for those violations.” Remand for consideration under 1117(b).
    2. ***Hunting World, Inc. v. Reboans (ND Cal. 1992)***
       1. Synopsis: D, who had been denied a license to sell Hunting World articles in the San Francisco area, went directly to the Italian manufacturer of Hunting World Leather goods, and there acquired merchandise which it sold in San Francisco without P’s permission. In response to P’s action under the Trademark Counterfeiting Act, D asserted that, as a seller of genuine goods, it could not be engaged in counterfeiting under the Act. The court held for P.
       2. Tool:
          1. “although the unauthorized sale of a genuine trademarked product does not in itself constitute trademark infringement…identical goods sold in an unauthorized manner are not ‘genuine’ for purposes for the Lanham Act.”
          2. “even if the goods were originally ordered by the trademark owner, if the goods are not inspected by the trademark owner to insure quality, they are not genuine.”
    3. ***Century 21 Real Estate, LLC v. Destiny Real Estate Properties (ND Ind. 2011)***
       1. Synopsis: court considered whether continued use of the licensed CENTURY 21 mark by a terminated franchisee constituted use of a counterfeit or spurious mark and thus constituted counterfeiting.
       2. Tool: The continued use of a formerly authorized mark by a hold-over franchisee constitutes the use of a counterfeit mark.
    4. ***United States v. Torkington (11th Cir. 1987)***
       1. Synopsis: Torkington sold replica Rolex watched for $27. A federal grand jury in the Southern District of Florida charged Torkington with two counts of trafficking and attempting to traffic in counterfeit Rolex watches, in violation of 18 U.S.C. § 2320(a). The district court held that a mark is not “counterfeit” under section 2320(d)(1)(A) unless the use of the mark in connection with the goods in question would be likely to cause direct purchasers to be confused, mistaken or deceived. The court found that, given the enormous price differential between the allegedly counterfeit goods and the authentic goods, it was unlikely, as a matter of law, that direct purchasers would be confused, mistaken or deceived. The court therefore dismissed the indictment. 11th Cir. reversed dismissal and remanded at least partly due to district court’s misinterpretation of the likely confusion.
       2. Tool:
          1. “section 2320(d)(1)(A) does not require a showing that direct purchasers would be confused, mistaken or deceived; rather, the section is satisfied where it is shown that members of the purchasing public would be likely to be confused, mistaken or deceived. Moreover, we find that this likely confusion test includes the likelihood of confusion in a post-sale context.”
          2. 18 U.S.C. § 2320(d)(1)(A)

*(A) a spurious mark—*

*(i) that is used in connection with trafficking in goods or services;*

*(ii) that is identical with, or substantially indistinguishable from, a mark registered \*1351 for those goods or services on the principal register in the United States Patent and Trademark Office and in use, whether or not the defendant knew such mark was so registered; and*

*(iii) the use of which is likely to cause confusion, to cause mistake, or to deceive;*

* + - * 1. Likely confusion means likely confusion of the purchasing public (not just direct purchasers) – a term that includes individuals who are potential purchasers of the trademark holders goods as well as those who are potential direct purchasers of the allegedly counterfeit goods.

Likely confusion also includes post-sale confusion.