

Contents

5 Trademark	4
A Subject Matter	4
1 General Principles	4
Lanham Act § 45 (“trademark”)	4
Drug Stamps Problem	4
2 Word Marks	4
<i>Zatarains, Inc. v. Oak Grove Smokehouse, Inc.</i>	4
<i>Innovation Ventures, LLC v. N.V.E., Inc.</i>	12
TMEP § 1202	14
<i>Elliot v. Google Inc.</i>	14
TMEP § 1209.03	22
3 Designs	24
<i>Star Industries, Inc. v. Bacardi & Co. Ltd.</i>	24
Melting Bad Problem	27
B Ownership	27
1 Priority at Common Law	27
<i>Galt House Inc. v. Home Supply Company</i>	27
<i>United Drug Co. v. Theodore Rectanus Co.</i>	30
<i>Planetary Motion, Inc. v. Techsplosion, Inc.</i>	33
Bilgewater Bill’s Problem	35
2 Federal Registration	36
Lanham Act § 1(a)	36
Bilgewater Bill’s Problem, Redux	36
Lanham Act § 1(b)	37
<i>Kelly Services, Inc. v. Creative Harbor, LLC</i>	38
Bilgewater Bill’s Problem, Re-Redux	42
3 Collaborations	42
<i>Boogie Kings v. Guillory</i>	42
TMEP § 1201.03	45
Duff Problem	46

C Procedures	46
1 Registration	46
Lanham Act § 2(a)	46
Lanham Act § 2	47
TMEP §§ 1302–1304	47
TMEP §§ 904, 1401, 1402	48
TMEP § 906	50
2 Opposition	50
Lanham Act § 2(d)	50
<i>B & B Hardware, Inc. v. Hargis Industries, Inc.</i>	51
<i>B & B Hardware, Inc. v. Hargis Industries, Inc.</i>	54
3 Maintenance	54
Lanham Act §§ 8,9	54
Questions	55
4 Cancellation and Incontestability	55
Lanham Act §§ 14, 15	55
<i>Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.</i>	56
5 Abandonment	57
Lanham Act § 45 (“abandoned”)	57
<i>Procter & Gamble Co. v. Johnson & Johnson Inc.</i>	58
Trademark Throwback Problem	61
D Infringement: Similarity	62
1 Confusion About Source	62
Lanham Act § 32	62
<i>Virgin Enterprises Ltd. v. Nawab</i>	62
<i>Sally Beauty Co., Inc. v. Beautyco, Inc.</i>	72
Cheat Sheet Problem	73
Boats Problem	73
2 Confusion About Sponsorship and Affiliation	76
Lanham Act § 43(a)(1)(A)	76
<i>Hershey Co. v. Friends of Steve Hershey</i>	76
Jack Daniel’s Problem	78
3 Unfair Competition	79
Lanham Act § 43(a)(1)(A)	79
<i>William R. Warner & Co. v. Eli Lilly & Co.</i>	79
<i>Dastar Corp. v. Twentieth Century Fox Film Corp</i>	81
Confusion Problem	87
4 Dilution	88
<i>Ty Inc. v. Perryman</i>	88
Lanham Act § 43(c)	89

	<i>Nike, Inc. v. Nikepal Intern., Inc.</i>	90
	Dilution Lightning Round	99
5	Cybersquatting	102
E	Infringement: Prohibited Conduct	103
1	Use	103
	<i>Hershey Co. v. Friends of Steve Hershey</i>	103
2	Secondary Liability	103
	<i>Inwood Laboratories, Inc. v. Ives Laboratories, Inc.</i>	103
	<i>Philip Morris USA Inc. v. Lee</i>	105
F	Defenses	108
	Lanham Act § 43(c)(3)	108
1	Descriptive Fair Use	109
	<i>Zatarains, Inc. v. Oak Grove Smokehouse, Inc.</i>	109
2	Nominative Fair Use	110
	<i>New Kids on the Block v. New America Pub., Inc.</i>	110
	<i>Smith v. Chanel, Inc.</i>	116
3	Exhaustion	120
	<i>Champion Spark Plug Co. v. Sanders</i>	120
4	Expressive Use	122
	<i>Louis Vuitton Malletier v. Haute Diggity Dog</i>	122
	<i>Louis Vuitton Mallatier v. Warner Bros.</i>	133
	Trademark Defenses Lightning Round	141

5

Trademark

A Subject Matter

1 General Principles

Lanham Act

15 U.S.C. § 1127 [Lanham Act § 45] - *Construction and definitions; intent of chapter*

The term “trademark” includes any word, name, symbol, or device, or any combination thereof used by a person ... 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.

Drug Stamps Problem

Drug dealers in many cities sell heroin in single-dose bags for about \$10. Frequently, the bags are labeled with a “stamp”: a phrase, image, or both. Stamps include EXORCIST, FLATLINE, and GET HIGH OR DIE TRYING (this last one is laced with fentanyl). Fans of *The Wire* may remember PANDEMIC, WMD, and RED TOPS, among others. Why would drug dealers mark their bags in this way? What functions do the stamps serve? Does it matter whether these are legally enforceable trademarks?

2 Word Marks

Zatarains, Inc. v. Oak Grove Smokehouse, Inc.
698 F.2d 786 (5th Cir. 1983)



GOLDBERG, Circuit Judge:

This appeal of a trademark dispute presents us with a menu of edible delights sure to tempt connoisseurs of fish and fowl alike. At issue is the alleged infringement of two trademarks, “Fish-Fri” and “Chick-Fri,” held by appellant Zatarain’s, Inc. (“Zatarain’s”). The district court held that the alleged infringers had a “fair use” defense to any asserted infringement of the term “Fish-Fri” and that the registration of the term “Chick-Fri” should be cancelled. We affirm.

I. FACTS AND PROCEEDINGS BELOW

A. THE TALE OF THE TOWN FRIER

Zatarain’s is the manufacturer and distributor of a line of over one hundred food products. Two of these products, “Fish-Fri” and “Chick-Fri,” are coatings or batter mixes used to fry foods. These marks serve as the entree in the present litigation.

Zatarain's "Fish-Fri" consists of 100% corn flour and is used to fry fish and other seafood. "Fish-Fri" is packaged in rectangular cardboard boxes containing twelve or twenty-four ounces of coating mix. The legend "Wonderful FISH-FRI®" is displayed prominently on the front panel, along with the block Z used to identify all Zatarain's products. The term "Fish-Fri" has been used by Zatarain's or its predecessor since 1950 and has been registered as a trademark since 1962.

Zatarain's "Chick-Fri" is a seasoned corn flour batter mix used for frying chicken and other foods. The "Chick-Fri" package, which is very similar to that used for "Fish-Fri," is a rectangular cardboard container labelled "Wonderful CHICK-FRI." Zatarain's began to use the term "Chick-Fri" in 1968 and registered the term as a trademark in 1976.

Zatarain's products are not alone in the marketplace. At least four other companies market coatings for fried foods that are denominated "fish fry" or "chicken fry." Two of these competing companies are the appellees here, and therein hangs this fish tale.

Appellee Oak Grove Smokehouse, Inc. ("Oak Grove") began marketing a "fish fry" and a "chicken fry" in March 1979. Both products are packaged in clear glassine packets that contain a quantity of coating mix sufficient to fry enough food for one meal. The packets are labelled with Oak Grove's name and emblem, along with the words "FISH FRY" OR "CHICKEN FRY." Oak Grove's "FISH FRY" has a corn flour base seasoned with various spices; Oak Grove's "CHICKEN FRY" is a seasoned coating with a wheat flour base.

Appellee Visko's Fish Fry, Inc. ("Visko's") entered the batter mix market in March 1980 with its "fish fry." Visko's product is packed in a cylindrical eighteen-ounce container with a resealable plastic lid. The words "Visko's FISH FRY" appear on the label along with a photograph of a platter of fried fish. Visko's coating mix contains corn flour and added spices.

Other food manufacturing concerns also market coating mixes. Boochelle's Spice Co. ("Boochelle's"), originally a defendant in this lawsuit, at one time manufactured a seasoned "FISH FRY" packaged in twelve-ounce vinyl plastic packets. Pursuant to a settlement between Boochelle's and Zatarain's, Boochelle's product is now labelled "FISH AND VEGETABLE FRY." Another batter mix, "YOGI Brand® OYSTER SHRIMP and FISH FRY," is also available. ... A product called "Golden Dipt Old South Fish Fry" has recently entered the market as well.

II. ISSUES ON APPEAL

The district court found that Zatarain's trademark "Fish-Fri" was a descriptive term with an established secondary meaning, but held that Oak Grove and Visko's had a "fair use" defense to their asserted infringement of the mark. The court further found that Zatarain's trademark "Chick-Fri" was a descriptive term that lacked

secondary meaning, and accordingly ordered the trademark registration cancelled. Additionally, the court concluded that Zatarain's had produced no evidence in support of its claims of unfair competition on the part of Oak Grove and Visko's. [Descriptiveness and secondary meaning are addressed here; the fair use portion of the case is excerpted in the Defenses section.] ...

III. THE TRADEMARK CLAIMS

A. BASIC PRINCIPLES²

1. *Classifications of Marks*

The threshold issue in any action for trademark infringement is whether the word or phrase is initially registerable or protectable. *Vision Center v. Opticks, Inc.*, 596 F.2d 111, 115 (5th Cir.1980); *American Heritage Life Insurance Co. v. Heritage Life Insurance Co.*, 494 F.2d 3, 10 (5th Cir. 1974). Courts and commentators have traditionally divided potential trademarks into four categories. A potential trademark may be classified as (1) generic, (2) descriptive, (3) suggestive, or (4) arbitrary or fanciful. These categories, like the tones in a spectrum, tend to blur at the edges and merge together. The labels are more advisory than definitional, more like guidelines than pigeonholes. Not surprisingly, they are somewhat difficult to articulate and to apply.

A generic term is "the name of a particular genus or class of which an individual article or service is but a member." *Vision Center*, 596 F.2d at 115; A generic term connotes the "basic nature of articles or services" rather than the more individualized characteristics of a particular product. Generic terms can never attain trademark protection. Furthermore, if at any time a registered trademark becomes generic as to a particular product or service, the mark's registration is subject to cancellation. Lanham Act § 14, 15 U.S.C. § 1064(c) (1976). Such terms as aspirin and cellophane have been held generic and therefore unprotectable as trademarks. See *Bayer Co. v. United Drug Co.*, 272 F. 505 (S.D.N.Y.1921) (aspirin); *DuPont Cellophane Co. v. Waxed Products Co.*, 85 F.2d 75 (2d Cir.1936) (cellophane).

A descriptive term "identifies a characteristic or quality of an article or service," *Vision Center*, 596 F.2d at 115, such as its color, odor, function, dimensions, or ingredients. Descriptive terms ordinarily are not protectable as trademarks, Lanham Act § 2(e)(1), 15 U.S.C. § 1052(e)(1) (1976); they may become valid marks, however, by acquiring a secondary meaning in the minds of the consuming public. See

² We are not the first to swim up this stream. For excellent discussions of the basics of trademark law, see *Soweco, Inc. v. Shell Oil Co.*, 617 F.2d 1178 (5th Cir.1980); *Vision Center v. Opticks, Inc.*, 596 F.2d 111 (5th Cir.1979); *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir.1976); *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366 (7th Cir.), cert. denied, 429 U.S. 830, 97 S.Ct. 91, 50 L.Ed.2d 94 (1976).

id. § 2(f), 15 U.S.C. § 1052(f). Examples of descriptive marks would include “Alo” with reference to products containing gel of the aloe vera plant, *Aloe Creme Laboratories, Inc. v. Milsan, Inc.*, 423 F.2d 845 (5th Cir.1970), and “Vision Center” in reference to a business offering optical goods and services, *Vision Center*, 596 F.2d at 117. As this court has often noted, the distinction between descriptive and generic terms is one of degree. The distinction has important practical consequences, however; while a descriptive term may be elevated to trademark status with proof of secondary meaning, a generic term may never achieve trademark protection.

A suggestive term suggests, rather than describes, some particular characteristic of the goods or services to which it applies and requires the consumer to exercise the imagination in order to draw a conclusion as to the nature of the goods and services. A suggestive mark is protected without the necessity for proof of secondary meaning. The term “Coppertone” has been held suggestive in regard to sun tanning products. See *Douglas Laboratories, Inc. v. Copper Tan, Inc.*, 210 F.2d 453 (2d Cir.1954).

Arbitrary or fanciful terms bear no relationship to the products or services to which they are applied. Like suggestive terms, arbitrary and fanciful marks are protectable without proof of secondary meaning. The term “Kodak” is properly classified as a fanciful term for photographic supplies, see *Eastman Kodak Co. v. Weil*, 137 Misc. 506, 243 N.Y.S. 319 (1930) (“Kodak”); “Ivory” is an arbitrary term as applied to soap. *Abercrombie & Fitch*, 537 F.2d at 9 n.6.

2. Secondary Meaning

As noted earlier, descriptive terms are ordinarily not protectable as trademarks. They may be protected, however, if they have acquired a secondary meaning for the consuming public. The concept of secondary meaning recognizes that words with an ordinary and primary meaning of their own “may by long use with a particular product, come to be known by the public as specifically designating that product.” *Volkswagenwerk Aktiengesellschaft v. Rickard*, 492 F.2d 474, 477 (5th Cir.1974). In order to establish a secondary meaning for a term, a plaintiff “must show that the primary significance of the term in the minds of the consuming public is not the product but the producer.” *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 118, 59 S.Ct. 109, 113, 83 L.Ed. 73 (1938). The burden of proof to establish secondary meaning rests at all times with the plaintiff; this burden is not an easy one to satisfy, for “[a] high degree of proof is necessary to establish secondary meaning for a descriptive term.” *Vision Center*, 596 F.2d at 118 (quoting 3 R. Callman, *supra*, § 77.3, at 359). Proof of secondary meaning is an issue only with respect to descriptive marks; suggestive and arbitrary or fanciful marks are automatically protected upon registration, and generic terms are unprotectible even if they have acquired secondary meaning.

B. “FISH-FRI”³

1. Classification

Throughout this litigation, Zatarain’s has maintained that the term “Fish-Fri” is a suggestive mark Oak Grove and Visko’s assert that “fish fry” is a generic term identifying a class of foodstuffs used to fry fish; alternatively, Oak Grove and Visko’s argue that “fish fry” is merely descriptive of the characteristics of the product. . . .

We are mindful that “[t]he concept of descriptiveness must be construed rather broadly.” 3 R. Callman, *supra*, § 70.2. Whenever a word or phrase conveys an immediate idea of the qualities, characteristics, effect, purpose, or ingredients of a product or service, it is classified as descriptive and cannot be claimed as an exclusive trademark. Courts and commentators have formulated a number of tests to be used in classifying a mark as descriptive.

A suitable starting place is the dictionary, for “[t]he dictionary definition of the word is an appropriate and relevant indication ‘of the ordinary significance and meaning of words’ to the public.” American Heritage, 494 F.2d at 11 n.5. Webster’s Third New International Dictionary 858 (1966) lists the following definitions for the term “fish fry”: “1. a picnic at which fish are caught, fried, and eaten; 2. fried fish.” Thus, the basic dictionary definitions of the term refer to the preparation and consumption of fried fish. This is at least preliminary evidence that the term “Fish-Fri” is descriptive of Zatarain’s product in the sense that the words naturally direct attention to the purpose or function of the product.

The “imagination test” is a second standard used by the courts to identify descriptive terms. This test seeks to measure the relationship between the actual words of the mark and the product to which they are applied. If a term “requires imagination, thought and perception to reach a conclusion as to the nature of goods,” Stix Products, 295 F.Supp. at 488, it is considered a suggestive term. Alternatively, a term is descriptive if standing alone it conveys information as to the characteristics of the product. In this case, mere observation compels the conclusion that a product branded “Fish-Fri” is a prepackaged coating or batter mix applied to fish prior to cooking. The connection between this merchandise and its identifying terminology is so close and direct that even a consumer unfamiliar with the product would doubtless have an idea of its purpose or function. It simply does not require an exercise of the imagination to deduce that “Fish-Fri” is used to fry fish. Accordingly, the term “Fish-Fri” must be considered descriptive when examined under the “imagination test.”

A third test used by courts and commentators to classify descriptive marks is “whether competitors would be likely to need the terms used in the trademark in

³We note at the outset that Zatarain’s use of the phonetic equivalent of the words “fish fry” — that is, misspelling it — does not render the mark protectable.

describing their products.” *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366, 379 (7th Cir.1976). A descriptive term generally relates so closely and directly to a product or service that other merchants marketing similar goods would find the term useful in identifying their own goods. Common sense indicates that in this case merchants other than Zatarain’s might find the term “fish fry” useful in describing their own particular batter mixes. While Zatarain’s has argued strenuously that Visko’s and Oak Grove could have chosen from dozens of other possible terms in naming their coating mix, we find this position to be without merit. As this court has held, the fact that a term is not the only or even the most common name for a product is not determinative, for there is no legal foundation that a product can be described in only one fashion. *Vision Center*, 596 F.2d at 117 n.17. There are many edible fish in the sea, and as many ways to prepare them as there are varieties to be prepared. Even piscatorial gastronomes would agree, however, that frying is a form of preparation accepted virtually around the world, at restaurants starred and unstarred. The paucity of synonyms for the words “fish” and “fry” suggests that a merchant whose batter mix is specially spiced for frying fish is likely to find “fish fry” a useful term for describing his product.

A final barometer of the descriptiveness of a particular term examines the extent to which a term actually has been used by others marketing a similar service or product. This final test is closely related to the question whether competitors are likely to find a mark useful in describing their products. As noted above, a number of companies other than Zatarain’s have chosen the word combination “fish fry” to identify their batter mixes. Arnaud’s product, “Oyster Shrimp and Fish Fry,” has been in competition with Zatarain’s “Fish-Fri” for some ten to twenty years. When companies from A to Z, from Arnaud to Zatarain’s, select the same term to describe their similar products, the term in question is most likely a descriptive one.

2. Secondary Meaning

Descriptive terms are not protectable by trademark absent a showing of secondary meaning in the minds of the consuming public. To prevail in its trademark infringement action, therefore, Zatarain’s must prove that its mark “Fish-Fri” has acquired a secondary meaning and thus warrants trademark protection. The district court found that Zatarain’s evidence established a secondary meaning for the term “Fish-Fri” in the New Orleans area. We affirm.

The existence of secondary meaning presents a question for the trier of fact, and a district court’s finding on the issue will not be disturbed unless clearly erroneous. The burden of proof rests with the party seeking to establish legal protection for the mark — the plaintiff in an infringement suit. The evidentiary burden necessary to establish secondary meaning for a descriptive term is substantial.

In assessing a claim of secondary meaning, the major inquiry is the consumer’s

attitude toward the mark. The mark must denote to the consumer “a single thing coming from a single source,” *Coca-Cola Co. v. Koke Co.*, 254 U.S. 143, 146, 41 S.Ct. 113, 114, 65 L.Ed. 189 (1920), to support a finding of secondary meaning. Both direct and circumstantial evidence may be relevant and persuasive on the issue.

Factors such as amount and manner of advertising, volume of sales, and length and manner of use may serve as circumstantial evidence relevant to the issue of secondary meaning. While none of these factors alone will prove secondary meaning, in combination they may establish the necessary link in the minds of consumers between a product and its source. It must be remembered, however, that “the question is not the extent of the promotional efforts, but their effectiveness in altering the meaning of [the term] to the consuming public.” *Aloe Creme Laboratories*, 423 F.2d at 850.

Since 1950, Zatarain’s and its predecessor have continuously used the term “Fish-Fri” to identify this particular batter mix. Through the expenditure of over \$400,000 for advertising during the period from 1976 through 1981, Zatarain’s has promoted its name and its product to the buying public. Sales of twelve-ounce boxes of “Fish-Fri” increased from 37,265 cases in 1969 to 59,439 cases in 1979. From 1964 through 1979, Zatarain’s sold a total of 916,385 cases of “Fish-Fri.” ...

In addition to these circumstantial factors, Zatarain’s introduced at trial two surveys conducted by its expert witness, Allen Rosenzweig. In one survey, telephone interviewers questioned 100 women in the New Orleans area who fry fish or other seafood three or more times per month. Of the women surveyed, twenty-three percent specified Zatarain’s “Fish-Fri” as a product they “would buy at the grocery to use as a coating” or a “product on the market that is especially made for frying fish.” In a similar survey conducted in person at a New Orleans area mall, twenty-eight of the 100 respondents answered “Zatarain’s ‘Fish-Fri’” to the same questions.⁸

The authorities are in agreement that survey evidence is the most direct and persuasive way of establishing secondary meaning. The district court believed that the survey evidence produced by Zatarain’s, when coupled with the circumstantial evidence of advertising and usage, tipped the scales in favor of a finding of secondary meaning. Were we considering the question of secondary meaning *de novo*, we might reach a different conclusion than did the district court, for the issue is close. Mindful, however, that there is evidence in the record to support the finding below, we cannot say that the district court’s conclusion was clearly erroneous. Ac-

⁸ The telephone survey also included this question: “When you mentioned ‘fish fry,’ did you have a specific product in mind or did you use that term to mean any kind of coating used to fry fish?” To this inartfully worded question, 77% of the New Orleans respondents answered “specific product” and 23% answered “any kind of coating.” Unfortunately, Rosenzweig did not ask the logical follow-up question that seemingly would have ended the inquiry conclusively: “Who makes the specific product you have in mind?” Had he but done so, our task would have been much simpler.

cordingly, the finding of secondary meaning in the New Orleans area for Zatarain's descriptive term "Fish-Fri" must be affirmed. ...

C. "CHICK-FRI"

1. *Classification*

Most of what has been said about "Fish-Fri" applies with equal force to Zatarain's other culinary concoction, "Chick-Fri." "Chick-Fri" is at least as descriptive of the act of frying chicken as "Fish-Fri" is descriptive of frying fish. It takes no effort of the imagination to associate the term "Chick-Fri" with Southern fried chicken. Other merchants are likely to want to use the words "chicken fry" to describe similar products, and others have in fact done so. Sufficient evidence exists to support the district court's finding that "Chick-Fri" is a descriptive term; accordingly, we affirm.

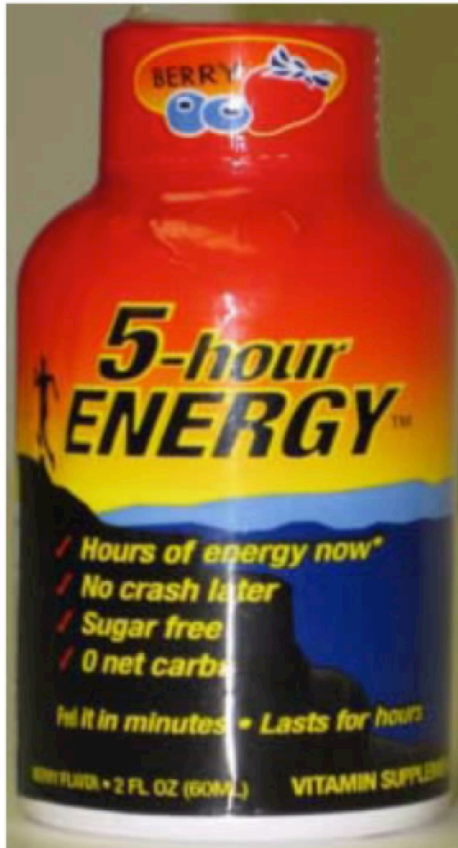
2. *Secondary Meaning*

The district court concluded that Zatarain's had failed to establish a secondary meaning for the term "Chick-Fri." We affirm this finding. The mark "Chick-Fri" has been in use only since 1968; it was registered even more recently, in 1976. In sharp contrast to its promotions with regard to "Fish-Fri," Zatarain's advertising expenditures for "Chick-Fri" were mere chickenfeed; in fact, Zatarain's conducted no direct advertising campaign to publicize the product. Thus the circumstantial evidence presented in support of a secondary meaning for the term "Chick-Fri" was paltry.

Allen Rosenzweig's survey evidence regarding a secondary meaning for "Chick-Fri" also "lays an egg." The initial survey question was a "qualifier:" "Approximately how many times in an average month do you, yourself, fry fish or other seafood?" Only if respondents replied "three or more times a month" were they asked to continue the survey. This qualifier, which may have been perfectly adequate for purposes of the "Fish-Fri" questions, seems highly unlikely to provide an adequate sample of potential consumers of "Chick-Fri." This survey provides us with nothing more than some data regarding fish friers' perceptions about products used for frying chicken. As such, it is entitled to little evidentiary weight.

It is well settled that Zatarain's, the original plaintiff in this trademark infringement action, has the burden of proof to establish secondary meaning for its term. This it has failed to do. The district court's finding that the term "Chick-Fri" lacks secondary meaning is affirmed.

Boggs, Circuit Judge



[The plaintiff sold a beverage using the mark 5-HOUR ENERGY. It sued the makers of 6 HOUR POWER]

The “5-hour ENERGY” mark could be characterized as merely descriptive, in the sense that it simply describes a product that will give someone five hours of energy. But that is not the end of such an inquiry. The first question one would ask is how would the energy be transferred? Through food? Through drink? Through injections? Through pills? Through exercise? Also, one would ask what kind of energy is the mark referring to? Food energy (measured in Calories)? Electrical energy? Nuclear energy? With some thought, one could arrive at the conclusion that the mark refers to an energy shot. But it is not as straightforward as NVE suggests. Such cognitive inferences are indicative of “suggestive” rather than descriptive marks.

The nature of the “5-hour ENERGY” mark “shares a closer kinship with those marks previously designated as suggestive than those labeled merely descriptive be-

cause of the degree of inferential reasoning necessary for a consumer to discern” that the “5-hour ENERGY” mark relates to an energy shot. *Tumblebus*, 399 F.3d at 763. The connection between “5-hour” and “ENERGY” is “not so obvious that a consumer seeing [5-hour ENERGY] in isolation would know that the term refers to” an energy shot rather than, for example, a battery for electronics, an exercise program, a backup generator, or a snack for endurance sports. Connecting the mark “5-hour ENERGY” with the energy-shot product requires “imagination and perception to determine the nature of the goods.” *Induct-O-Matic*, 747 F.2d at 362.

Trademark Manual of Examining Procedure

§ 1202.08 - Title of a Single Creative Work

The title, or a portion of a title, of a single creative work must be refused registration under §§1, 2, and 45 of the Trademark Act, 15 U.S.C. §§1051, 1052, and 1127, unless the title has been used on a series of creative works. The title of a single creative work is not registrable on either the Principal or Supplemental Register. *Herbko Int’l, Inc. v. Kappa Books, Inc.*, 308 F.3d 1156, 1162, 64 USPQ2d 1375, 1378 (Fed. Cir. 2002) (“the title of a single book cannot serve as a source identifier”); *In re Cooper*, 254 F.2d 611, 615-16, 117 USPQ 396, 400 (C.C.P.A. 1958), cert. denied, 358 U.S. 840, 119 USPQ 501 (1958) (“A book title ... identifies a specific literary work ... and is not associated in the public mind with the publisher, printer or bookseller...”); *In re Posthuma*, 45 USPQ2d 2011 (TTAB 1998) (holding the title of a live theater production unregistrable); *In re Hal Leonard Publ’g Corp.*, 15 USPQ2d 1574 (TTAB 1990) (holding INSTANT KEYBOARD, as used on music instruction books, unregistrable as the title of a single work); *In re Appleby*, 159 USPQ 126 (TTAB 1968) (holding the title of single phonograph record, as distinguished from a series, does not function as mark).

§ 1202.18 - Hashtag Marks

The addition of the term HASHTAG or the hash symbol (#) to an otherwise unregistrable mark typically cannot render it registrable. Cf. TMEP §1209.03(m) and §§1215-1215.10 regarding generic top-level domain names.

Elliot v. Google Inc.

45 F.Supp. 3d 1156 (D. Ariz. 2014)

STEPHEN M. McNAMEE, Senior District Judge.

Before the Court are Plaintiffs David Elliot’s (“Elliot”) and Chris Gillespie’s (“Gillespie”) (collectively “Plaintiffs”) and Defendant Google Incorporated’s

(“Defendant”) fully briefed cross-motions for summary judgment. For the reasons that follow, Plaintiffs’ motion is denied and Defendant’s motion is granted.[1]

BACKGROUND

The following facts are undisputed unless otherwise noted. This case concerns two United States registrations of the GOOGLE mark: Number 2884502 (the “‘502 Mark”) and Number 2806075 (the “‘075 Mark”). The ‘502 Mark covers “computer hardware; computer software for creating indexes of information, indexes of web sites and indexes of other information resources.” The ‘075 Mark covers, *inter alia*:

Computer services, namely, providing software interfaces available over a network in order to create a personalized on-line information service; extraction and retrieval of information and data mining by means of global computer networks; creating indexes of information, indexes of web sites and indexes of other information sources in connection with global computer networks; providing information from searchable indexes and databases of information, including text, electronic documents, databases, graphics and audio visual information, by means of global computer information networks. It is undisputed that the ‘502 and ‘075 GOOGLE marks refer to the eponymous search engine service provided by Defendant (the “Google search engine”).

During a two-week period ending on March 10, 2012, Plaintiffs used a domain name registrar to acquire 763 domain names that combined the word “google” with another brand, e.g., googledisney.com, a person, e.g., googlebarackobama.net, a place, e.g., googlemexicocity.com, or with some generic term, e.g., google-newtvs.com (the “Domain Names”). Defendant promptly filed a complaint requesting transfer of the Domain Names pursuant to the Uniform Domain Name Dispute Resolution Policy (“UDRP”) incorporated into the domain name registrar’s Terms of Use. ... The UDRP panel ordered the Domain Names be transferred to Defendant because: the Domain Names are confusingly similar to the GOOGLE mark; Gillespie has no rights or legitimate interests in the Domain Names; and the Domain Names were registered and used in bad faith.

Elliot then instituted the present action by filing a complaint, which was amended to include Gillespie as a Plaintiff, seeking cancellation of both the ‘502 and ‘075 marks and a declaration of the same. ... After completing discovery, the parties filed cross-motions for summary judgment on the issue of whether the ‘502 and ‘075 Marks are invalid because they are generic.

ANALYSIS

Plaintiffs contend the GOOGLE mark has become generic because a majority of the public understands the word google, when used as a verb, to mean the indiscriminate act of searching on the internet without regard to the search engine used. Underlying Plaintiffs' argument is the proposition that verbs, as a matter of law, are incapable of distinguishing one service from another, and can only refer to a category of services.

...

I. GRAMMATICAL FUNCTION AND GENERICNESS

A mark is subject to cancellation if it "becomes the generic name for the goods or services, or a portion thereof, for which it is registered." 15 U.S.C. § 1064(3); accord *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 194 (1985). "The primary significance of the registered mark to the relevant public . . . 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." 15 U.S.C. § 1064(3). Under the primary-significance test, a mark is not generic when "the primary significance of the term in the minds of the consuming public is not the product but the producer." *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 118 (1938); see *Bayer Co. v. United Drug Co.*, 272 F. 505, 509 (S.D.N.Y. 1921) ("What do the buyers understand by the word for whose use the parties are contending?"). "[I]f the primary significance of the trademark is to describe the type of product rather than the producer, the trademark is a generic term and cannot be a valid trademark." *Rudolph Int'l, Inc. v. Realys, Inc.*, 482 F.3d 1195, 1198 (9th Cir. 2007) (quoting *Filipino Yellow Pages, Inc. v. Asian Journal Publ'ns, Inc.*, 198 F.3d 1143, 1147 (9th Cir. 1999)).

The crux of Plaintiffs' argument is the premise "a trademark ceases to function as such when it is used primarily as a verb." This premise is flawed: a trademark performs its statutory function so long as it distinguishes a product or service from those of others and indicates the product's or service's source. 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 trademarked 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.

However, a mark can also be used as a verb in an indiscriminate sense so as to refer to a category of activity in general, e.g., "I will PHOTOSHOP the image" could be understood to mean image manipulation by using graphics editing software other than Adobe Photoshop. This use commandeers PHOTOSHOP to refer to something besides Adobe's trademarked product. Such indiscriminate mark-as-verb usage 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).

It cannot be understated that a mark is not rendered generic merely because the mark serves a synecdochian "dual function" of identifying a particular species of service while at the same time indicating the genus of services to which the species belongs. S. Rep. No. 98-627,[4] at 5 (1984), reprinted in 1984 U.S.C.C.A.N. 5718, 5722 (explaining "dual function" use "is not conclusive of whether the mark is generic"); accord 15 U.S.C. § 1064(3) ("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."). Nor is a mark "generic merely because it has some significance to the public as an indication of the nature or class of an article. . . . 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." *Feathercombs, Inc. v. Solo Prods. Corp.*, 306 F.2d 251, 256 (2d Cir. 1962) (emphasis added). Moreover, "casual, non-purchasing uses of [marks] are not evidence of generic usage" because primary significance is determined by "'the use and understanding of the [mark] in the context of purchasing decisions.'" 2 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 12:8 (4th ed. 2014) (quoting Restatement (Third) of Unfair Competition § 15 cmt. c (1995)) [hereinafter "McCarthy"].

"The salient question is the primary significance of the term to the consumer. If the term indicates a product of a single producer to the consumer, it is a valid trademark." S. Rep. No. 98-627, at 5, reprinted in 1984 U.S.C.C.A.N. 5718, 5722. Thus, even if a mark *qua verb* is used exclusively in the indiscriminate sense, the mark is not generic if a majority of the consuming public nevertheless uses the mark *qua mark* to differentiate one particular product or service from those offered by competitors. ...

It is thus contrary to both the letter and spirit of trademark law to strip a mark of legal protection solely because the mark—cultivated by diligent marketing, enforcement, and quality control—has become so strong and widespread that the public adopts the mark to describe that act of using the class of products or services to which the mark belongs. As one scholar has stated, "top-of-mind use of a trademark in its verb form, far from indicating the mark's generic status, may well indicate the enduring fame of the brand." Laura A. Heymann, *The Grammar of Trademarks*, 14 *Lewis & Clark L. Rev.* 1313, 1348 (2010). This is especially true where the mark in question is arbitrary or fanciful because such terms had a different or no independent meaning before they were adopted as marks. ...

II. EXPERT OPINION EVIDENCE ...

A. Defendant's Expert Linguist

Defendant's expert linguist, Dr. Geoffrey Nunberg, opined about a linguistic phenomenon observed in some "highly distinctive and famous marks" where "the name of a particular product is used to convey the genus without actually denoting it." Dr. Nunberg's expert report explains:

Trademarks are sometimes used in extended or figurative ways to denote something independent of their proprietary meaning (cf Astro-turf for political movements, Band-Aid for social remedies). In a special case of this process, trademarks may be used as verbs to denote the characteristic action associated with the product or service they represent. Examples include TiVo, Fed-Ex, Skype, and Google. Such verbs may be specific in their application . . . [b]ut such verbs may [also] be used in a representative way to connote a more general action. Thus when somebody says, "I need the book tomorrow—can you Fed Ex it to me?" we ordinarily assume that a shipment by UPS will be acceptable as well, without assuming that the verb to Fed-Ex simply means to ship by priority courier.

(Id. at 5-6.) Accordingly, Dr. Nunberg asserts that the use of the word google as a nonspecific verb does not compromise the status of the GOOGLE mark because it literally denotes the use of Google's search engine. (Id. at 5-7.) Consistent with his report, Dr. Nunberg opined that the GOOGLE mark has not become generic and that the phrase "go google it" is not necessarily shorthand for "look it up on the internet." ...

B. Defendant's Consumer Survey Expert

Defendant's survey expert, Dr. Gerald Ford, conducted a consumer survey modeled after the one used in *E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc.*, 393 F. Supp. 502 (E.D.N.Y. 1975), to prove that the primary significance of the TEFLON mark in the minds of consumers was DuPont's non-stick coating, rather than non-stick coatings in general. In Dr. Ford's "Teflon" survey, 420 randomly selected participants were contacted via telephone and were asked whether "Hewlett Packard" and "computer" were brand names or common names. All 420 respondents successfully identified "Hewlett Packard" as a brand name and "computer" as a common name. (Id.)

The respondents were then asked to identify six names (STP; Coke; Jello; refrigerator; margarine; aspirin) as either brand names or common names and were told that "don't know" or "no opinion" was an acceptable answer. (Id. at 8-9.)

They were not told that “both” was an acceptable answer, but answers of “both” were nevertheless recorded. (Id. at 9.) The respondents were subsequently asked to apply the brand name/common name distinction to another five names (browser; website; Amazon; Yahoo; Google) specifically with respect to searching on the internet. (Id.) Last, the respondents were asked whether they conducted searches on the internet—respondents who did not were excluded from the results. (Id.)

Excluding 19 respondents who answered they do not perform searches on the internet, 93.77% identified GOOGLE as a brand name and 5.25% identified GOOGLE as a common name. (Id. at 12.) For purposes of comparison, 93.52% of consumers identified the YAHOO! mark as a brand name while 5.99% identified YAHOO! as a common name. (Id.) Both GOOGLE and YAHOO! beat out COKE: 89.53% of consumers identified the COKE mark as a brand name while 6.73% identified COKE as a common name. (Id. at 11.) The only mark with higher brand name recognition or lower common name misrecognition than GOOGLE was the AMAZON mark at 96.51% and 2.99%, respectively. (Id. at 12.) Even accounting for the 19 respondents who claimed they did not perform searches on the internet, the results “are projectable to all members of the defined universe at a 95% level of confidence with an estimated error of +/- 2.37%.” (Id. n.8.) ...

III. PRIMARY SIGNIFICANCE OF THE GOOGLE MARK TO THE CONSUMING PUBLIC ...

As to dictionary usage, Plaintiffs are unable to cite to a single dictionary whose definition of the word “google” neglects to mention the trademark significance of the term. Plaintiffs accuse Defendant of “intimidat[ing] [dictionaries] into submission” because Defendant enforces its mark. For example, Defendant asked the website wordspy.com to modify its definition of google as a discriminate verb (“To search for information on the Web, particularly by using the Google search engine”) to “take into account the trademark status of Google.” Likewise, Plaintiffs contend that the Merriam-Webster dictionary “tempered its definition of google as a result of its fear of Defendant” because the publisher stated “we were trying to be as respectful as we possibly could be about Google’s trademark.” Plaintiffs also cite the opinions of both of their expert linguists in support of the proposition that the inclusion of a word in dictionaries means that the word carries generic usage. It is undisputed that both of Plaintiffs’ linguistic experts testified the GOOGLE mark serves to identify Google as the provider of its search engine services. Viewing the evidence in the light most favorable to Plaintiffs, it establishes the word google carries meaning as an indiscriminate verb.

Shifting to mark-holder usage, Plaintiffs emphasize that Google co-founder Larry Page stated on July 8, 1998, “Have fun and keep googling.” Plaintiffs also cite to the fact that entering the search query “define: google” into the Google search

engine resulted in a verb definition of: “Use an internet search engine, particularly google.com.” Plaintiffs argue that non-enforcement of a mark suggests it is generic (Doc. 86 at 11) and point to the fact that the GOOGLE mark is used in other domain names that Plaintiffs did not purchase (Doc. 73 at 19). However, it is undisputed that: Defendant uses the GOOGLE mark to identify the Google search engine in national advertising campaigns; has policies in place that set strict standards for third party use of the mark; publishes rules and guidelines for use of the mark; and spends sizeable sums policing and enforcing its rights in the mark. While it is true that non-enforcement of a mark may be evidence the mark is generic, the undisputed facts make it unreasonable to infer that Defendant does not enforce its rights in the mark.

...

If competitors can accurately describe their products or services without using the mark in question, it suggests the mark is not generic. E.g., *Salton Inc. v. Cornwall Corp.*, 477 F. Supp. 975, 986 (D. N.J. 1979) (considering whether being unable to use a mark to describe products substantially disadvantaged competitors). A corollary of this point is that the existence of a short and simple descriptive term for the genus to which the trademarked species belongs also evidences the mark in question as not generic. E.g., *Q-Tips, Inc. v. Johnson & Johnson*, 108 F. Supp. 845, 863 (1952) (distinguishing the trademarked product “Q-Tips” from the descriptive term for the type of goods “double tipped applicator”). In this case, “internet search engines” is the short and simple descriptive term for the genus to which the Google search engine belongs. It is undisputed that competing search engine providers Yahoo! and Microsoft Bing routinely distinguish their search engine services from Google’s search engine service in press releases and advertising campaigns. Thus, there is no evidence of competitors’ usage capable of supporting the inference that the word google has become the common descriptive term for the category of services to which the Google search engine belongs: internet search engines.

As to media use, Plaintiffs contend that the media often uses the word google as an indiscriminate verb. Some of Plaintiffs’ purported evidence of indiscriminate verb use is inadmissible because it was not timely disclosed.[10] As Defendant points out, some of Plaintiffs’ media evidence recognizes the trademark significance of the GOOGLE mark and that Plaintiffs have not designated a single instance in which a major media outlet has referred to a competing search engine as a “google.” Plaintiffs’ media evidence consists mostly of verb usage, some of which is followed by recognition of trademark significance. Like Plaintiffs’ other evidence, the media’s use of the word google establishes that it is sometimes used as verb to mean search on the internet. ...

SUMMARY ...

The word google has four possible meanings in this case: (1) a trademark designating the Google search engine; (2) a verb referring to the act of searching on the internet using the Google search engine; (3) a verb referring to the act of searching on the internet using any search engine; and (4) a common descriptive term for search engines in general. The '502 and '075 marks are subject to cancellation only if the fourth meaning is the primary significance of the word google to a majority of the consuming public.

Accepting Plaintiffs' evidence as true, 51% of those who utilize internet search engines use the word google as a verb to mean search on the internet. This establishes that the second and third meanings exist. Drawing all reasonable inferences in Plaintiffs' favor, a majority of the consuming public uses google-as-verb in its indiscriminate sense to mean search on the internet without regard to the search engine used. This means that the third meaning is more significant than the second meaning. Plaintiffs then make the leap, without any competent evidence, that the third meaning is the most frequently used meaning and seek cancellation of the '502 and '075 Marks because of the frequency with which the word google is used as a verb. This argument is factually and legally flawed. Factually, Plaintiffs offer no competent evidence in support of their assertion that verb use is more frequent than non-verb use. Legally, the test for whether a mark has become generic is not whether its most frequent use is as an indiscriminate verb, but whether its primary significance to a majority of the consuming public is as a common descriptive term. Even if the most frequent use of the word google is its third meaning, Plaintiffs' argument nevertheless fails because there is no evidence to suggest that the primary significance of the word google is the fourth meaning because the third meaning is most frequently used.

Plaintiffs' claim for trademark cancellation disappears when the admissible evidence in the record is examined according to the laws enacted by Congress. It is undisputed that well over 90% of the consuming public understands the word google with respect to searching on the internet as designating not a common name, but a particular brand. This fact establishes that the first meaning (a trademark designating the Google search engine) is more significant than is the fourth meaning (a common descriptive term for search engines in general) to a vast majority of the consuming public. Therefore, the '502 and '075 marks are not subject to cancellation. This is true even though the Court accepts as true that the 51% of the public also understands the third meaning (a verb referring to the act of searching on the internet using any search engine)—it is undisputed that the first and third meanings are not mutually exclusive and, in fact, coexist. (*Id.* ¶¶ 70-71.) ...

CONCLUSION

Accepting Plaintiffs' evidence as true and drawing all justifiable inferences therefrom in Plaintiffs' favor, a majority of the public uses the word google as a verb to refer to searching on the internet without regard to search engine used. Giving Plaintiffs every reasonable benefit, a majority of the public uses google-as-verb to refer to the act of searching on the internet and uses GOOGLE-as-mark to refer to Defendant's search engine. However, there is no genuine dispute about whether, with respect to searching on the internet, the primary significance of the word google to a majority of the public who utilize internet search engines is a designation of the Google search engine. Therefore, Defendant is entitled to judgment as a matter of law that the '075 and '502 Marks are not generic. ...

Trademark Manual of Examining Procedure

1209.03(d) - Combined Terms

When two descriptive terms are combined, the determination of whether the composite mark also has a descriptive significance turns upon the question of whether the combination of terms evokes a new and unique commercial impression. If each component retains its descriptive significance in relation to the goods or services, the combination results in a composite that is itself descriptive. *Duopross Meditech Corp. v. Inviro Medical Devices, Ltd.*, 695 F.3d 1247, 103 USPQ2d 1753 (Fed. Cir. 2012) (SNAP SIMPLY SAFER merely descriptive for "medical devices, namely, cannulae; medical, hypodermic, aspiration and injection needles; medical, hypodermic, aspiration and injection syringes"); *In re Oppedahl & Larson LLP*, 373 F.3d 1171, 71 USPQ2d 1370 (Fed. Cir. 2004) (PATENTS.COM merely descriptive of computer software for managing a database of records that could include patents and for tracking the status of the records by means of the Internet); *In re Gould Paper Corp.*, 834 F.2d 1017, 1018, 5 USPQ2d 1110, 1111-1112 (Fed. Cir. 1987) (SCREEN-WIPE held generic as applied to premoistened antistatic cloths for cleaning computer and television screens); *In re Positec Group Ltd.*, 108 USPQ2d 1161 (TTAB 2013) (SUPERJAWS merely descriptive for a variety of machine and hand tools including jaws) ...

However, a mark comprising a combination of merely descriptive components is registrable if the combination of terms creates a unitary mark with a unique, non-descriptive meaning, or if the composite has a bizarre or incongruous meaning as applied to the goods. See *In re Colonial Stores Inc.*, 394 F.2d 549, 157 USPQ 382 (C.C.P.A. 1968) (SUGAR & SPICE held not merely descriptive of bakery products); *In re Shutts*, 217 USPQ 363 (TTAB 1983) (SNO-RAKE held not merely descriptive of a snow removal hand tool). ...

The Trademark Trial and Appeal Board has held that the addition of the prefix "e" does not change the merely descriptive significance of a term in relation to

goods or services sold or rendered electronically, where the record showed that the “e” prefix has become commonly recognized as a designation for goods or services sold or delivered electronically. In re Int’l Bus. Machs. Corp., 81 USPQ2d 1677, 1679 (TTAB 2006) (“We see no difference in the meaning or connotation of ‘e-server’ and ‘eserver,’ and consider them both to be an abbreviated form of ‘electronic server.’”); ... Similarly, with appropriate evidence, the prefix “i” or “I” was held to be understood by purchasers to signify Internet, when used in relation to Internet-related products or services. See In re Zanova, Inc., 59 USPQ2d 1300 (TTAB 2000) (ITool merely descriptive of computer software for use in creating web pages, and custom design of websites for others). In these situations, the examining attorney should provide evidence of use of the prefix “e” or “i” in relation to the goods or services.

1209.03(g) - Foreign Equivalents

The foreign equivalent of a merely descriptive English word is no more registrable than the English word itself. “[A] word taken from a well-known foreign modern language, which is, itself, descriptive of a product, will be so considered when it is attempted to be registered as a trade-mark in the United States for the same product.” In re N. Paper Mills, 64 F.2d 998, 1002, 17 USPQ 492, 493 (C.C.P.A. 1933). See In re Tokutake Indus. Co., 87 USPQ2d 1697 (TTAB 2008) (AYUMI and its Japanese-character equivalent held merely descriptive for footwear where the evidence, including applicant’s own admissions, indicated that the primary meaning of applicant’s mark is “walking”); In re Oriental Daily News, Inc., 230 USPQ 637 (TTAB 1986) (Chinese characters that mean ORIENTAL DAILY NEWS held merely descriptive of newspapers); In re Geo. A. Hormel & Co., 227 USPQ 813 (TTAB 1985) (SAPORITO, an Italian word meaning “tasty,” held merely descriptive because it describes a desirable characteristic of applicant’s dry sausage).

Although words from modern languages are generally translated into English, the doctrine of foreign equivalents is not an absolute rule, but merely a guideline. The doctrine should be applied only when it is likely that the ordinary American purchaser would stop and translate the foreign word into its English equivalent. See *Palm Bay Imps., Inc. v. Veuve Clicquot Ponsardin Maison Fondée en 1772*, 396 F.3d 1369, 1377, 73 USPQ2d 1689, 1696 (Fed. Cir. 2005). “The “ordinary American purchaser” in this context refers to the ordinary American purchaser who is knowledgeable in the foreign language.... [defining “ordinary American purchaser” as the “average American buyer”] would write the doctrine out of existence” In re Thomas, 79 USPQ2d 1021, 1024 (TTAB 2006). The “ordinary American purchaser” includes “all American purchasers, including those proficient in a non-English language who would ordinarily be expected to translate words into English.” In re Spirits Int’l,

N.V., 563 F.3d 1347, 1352, 90 USPQ2d 1489, 1492 (Fed. Cir. 2009).

1209.03(h) - *Acronyms*

As a general rule, an acronym or initialism cannot be considered descriptive unless the wording it stands for is merely descriptive of the goods or services, and the acronym or initialism is readily understood by relevant purchasers to be "substantially synonymous" with the merely descriptive wording it represents. See *Modern Optics Inc. v. The Univis Lens Co.*, 234 F. 2d 504, 506, 110 USPQ 293, 295 (C.C.P.A. 1956); *Baroness Small Estates, Inc. v. Am. Wine Trade, Inc.*, 104 USPQ2d 1224, 1230-31 (TTAB 2012) (holding CMS not substantially synonymous with the grape varieties cabernet, merlot, and syrah and therefore not merely descriptive for wine); *In re Thomas Nelson, Inc.*, 97 USPQ2d 1712, 1715 (TTAB 2011) (holding NKJV substantially synonymous with merely descriptive term "New King James Version" and thus merely descriptive of bibles).

3 Designs

Star Industries, Inc. v. Bacardi & Co. Ltd.
412 F.3d 373 (2d Cir. 2005)



POOLER, Circuit Judge

In June 1996, inspired by the success of flavored vodkas introduced by leading international companies such as Stolichnaya, Star’s president decided to develop an orange-flavored Georgi vodka. A new label was designed, consisting of the traditional Georgi label, which contains a coat of arms and a logo consisting of stylized capital letters spelling ‘Georgi’ on a white background, together with three new elements: an orange slice, the words “orange flavored,” and a large elliptical letter “O” appearing below the “Georgi” logo and surrounding all of the other elements. The “O” was rendered as a vertical oval, with the outline of the “O” slightly wider along the sides (about one quarter inch thick) and narrowing at the top and bottom (about one eighth inch thick); the outline of the “O” is colored orange and decorated with two thin gold lines, one bordering the inside and one bordering the outside of the outline. Star was apparently the first company to distribute an orange-flavored alcoholic beverage packaged in a bottle bearing a large elliptical orange letter “O.”

...
In 2000 Bacardi began to develop an orange-flavored rum, which it ultimately introduced nationally in 2001 under the name "Bacardi O." Bacardi's line of flavored rums originated in 1995 with "Bacardi Limon." Unlike Bacardi's other flavored rums, however, Bacardi O was produced and marketed bearing a distinct label consisting of the Bacardi logo and bat symbol above a large elliptical letter "O" against a clear background. ...

After sending a cease and desist letter to Bacardi in September 2001, Star filed the instant lawsuit in May 2002, In June 2003 Star applied with the PTO to register its "O" design. [The registration issued, but not until after the District Court had held a bench trial and found that the Georgi O was not protectable as a trademark.]

The district court erred when it described the Star "O" as a basic geometric shape or letter, and therefore rejected inherent distinctiveness and required a showing of secondary meaning. The Star "O" is not a "common basic shape" or letter, and the district court's holding to the contrary was premised on a misunderstanding of this trademark law concept. Unshaded linear representations of common shapes or letters are referred to as "basic." They are not protectable as inherently distinctive, because to protect them as trademarks would be to deprive competitors of fundamental communicative devices essential to the dissemination of information to consumers. However, stylized letters or shapes are not "basic," and are protectable when original within the relevant market. See *Courtenay Communications Corp. v. Hall*, 334 F.3d 210, 215 n.32 (2d Cir.2003) (distinguishing case of mark consisting of word displayed with distinctive "typeface, color, and other design elements," which was protectable, from cases holding generic words not protectable); compare *In re W.B. Roddenbery Co.*, 135 U.S.P.Q. 215, 216 (TTAB1962) (holding design consisting of colored circle attached to differently colored rectangle protectable as inherently distinctive) with *In re Hillerich & Bradsby Co.*, 40 C.C.P.A. 990, 204 F.2d 287, 288 (1953) (noting that applicant conceded that unshaded line oval was not inherently distinctive). Star's "O" is sufficiently stylized to be inherently distinctive and therefore protectable as a trademark. It is stylized with respect to shading, border, and thickness, and each of these design elements distinguishes it from the simple or basic shapes and letters that have been held unprotectable.

The Star "O" design had sufficient shape and color stylization to render it slightly more than a simply linear representation of an ellipse or the letter "O." It was, furthermore, a unique design in the alcoholic beverage industry at the time it was introduced. This suffices to establish its inherent distinctiveness and thus its protectability. Furthermore, the Star "O" design is protectable separately from the other design elements on the Georgi orange-flavored vodka label precisely because the "O" design is itself inherently distinctive. However, the extent of stylization

was marginal at best. The outline of the “O,” though not uniform, is ordinary in its slightly varying width, and the interior and exterior borders are also ordinary. The result is a “thin” or weak mark, which will be entitled to only limited protection.

[The court affirmed the District Court’s finding of no likelihood of confusion.]

Melting Bad Problem

You are the general counsel of Blancorp, a medium-sized scientific and industrial chemical supply firm named for its founder and CEO, Walter Blanco. He has been hoping for years to break in to the snow-and-ice melter market with his own line of salts for homeowners, businesses, and cities to spread on streets and sidewalks after snowstorms. Blancorp’s research chemists have been studying a type of naturally occurring rock salt from Quebec, Canada. Known locally as *le loup bleu* (French for “the blue wolf”), this particular variety is notable for its cobalt blue color and its remarkable resistance to clumping. (Some other melters are either naturally or dyed blue, but they all have lighter shades, Blanco assures you.)

Blanco has informed you that his chemists have succeeded in replicating *le loup bleu* in the lab, with high purity, the same blue color, and the same resistance to clumping. He has asked them to start full-scale production immediately, and has come to you to discuss potential trademarks. Give Blanco your advice on which of the following would be good choices from a legal and business perspectives:

- ALL-NATURAL BLUE
- ICE MELT
- LOUP BLEU
- CLUMPLESS
- COBALT WOLF
- QUIZMARUNK
- Sell the salt in a bag with a line drawing of a wolf

Do you have any other ideas or advice?

B Ownership

1 Priority at Common Law

Galt House Inc. v. Home Supply Company
483 S.W.2d 107 (Ky. 1972)

Reed, Judge:

The plaintiff, Galt House, Inc., instituted this action to enjoin the defendants, Home Supply Company, and its principal officer and stockholder, Al J. Schneider, from operating a new hotel in Louisville, Kentucky, under the assumed trade name "Galt House." The trial judge refused to enjoin the use of the name at the plaintiff's behest. We affirm that decision for the reasons later discussed. No other issue involved in the pending litigation in the trial court is decided. We confine our consideration to the sole issue presented by this appeal.

In February 1964, the plaintiff, Galt House, Inc., incorporated under the laws of this state. In its articles of incorporation it adopted as its corporate name the term "Galt House." The articles required and specified that the minimum capital with which plaintiff would commence business would be the sum of \$1,000. This amount has never been paid in. The plaintiff has no assets and no liabilities; neither does it have corporate books or records. Plaintiff's president and sole shareholder is Arch Stallard, Sr., a real estate broker in Louisville, Kentucky, who specializes in hotel and motel real estate. Mr. Stallard has on occasions since the date of the filing of plaintiff's articles of incorporation made a few sporadic inquiries concerning possible locations for a hotel and considered engaging in an enterprise by which a franchise operation would be effected. These few efforts came to naught and Mr. Stallard testified that because of illness and death in his family he had been "laying dormant."

The defendant, Home Supply Company, is a Kentucky corporation organized sometime prior to 1950. The defendant, Al J. Schneider, is its president and controlling shareholder. Home Supply Company is active in the business of constructing and operating hotels in this state. It presently operates a hotel on the Kentucky State Fair Board property under the assumed name "Executive Inn." It is presently engaged in the construction and completion of a high-rise hotel on riverfront-development property belonging to an agency of the City of Louisville.

In April 1969, Home Supply Company, through its president Schneider, submitted to the city agency plans of a hotel bearing the name Galt House. ... [C]onstruction commenced in May 1970. A new hotel, 26 stories in height with 714 rooms, is now nearly completed and has affixed a sign bearing the name "The Galt House." The hotel already has scheduled future conventions and room reservations, although it will not open until after May 1972. In April 1971, Home Supply Company applied for and received from the Secretary of State of Kentucky a registration and service mark of the name "The Galt House."

Plaintiff filed suit in August 1971, seeking to enjoin the defendants from any use of the name Galt House. ...

During the Nineteenth Century the Galt House Hotel was a famous hostelry in Louisville with an excellent and widely recognized reputation. In 1838 the bar-room at the Galt House was the scene of a killing as a result of which an attorney and judge and his two companions were indicted for murder. ... The trial itself is famous in the annals of Kentucky history.

In 1842 Charles Dickens toured America. In his account in "American Notes," he was characteristically uncomplimentary in his description of Louisville; he was impressed, however, with the Galt House. He wrote: "We slept at the Galt House; a splendid hotel; and were as handsomely lodged as though we had been in Paris, rather than hundreds of miles beyond the Alleghanies (sic)." In 1858 Charles Mackay, an English writer, passed through Louisville. In his account in "Life and Liberty in America" he remarked: ". . . we crossed in the steamer to Louisville, and once more found ourselves in a land of plenty and comfort, in a flourishing city, in an excellent hotel — the Galt House, one of the best conducted establishments in America;"

The Galt House, located on Main Street at Second Street, occupied separate buildings during its existence as a hotel. The second Galt House was destroyed by fire in January 1865 at a reported loss of \$1,000,000. The third Galt House, a magnificent structure in its day, was abandoned as a hotel and ceased operations in 1920. Belknap Hardware Company thereafter occupied the site of the last Galt House.

Thus, it would appear that since 1920 there has been no use of the name Galt House in connection with or to describe a hotel. The name doubtless strikes interest when used in the presence of history buffs and among those familiar with the folklore of Louisville. Among such cognoscenti the name encourages remembrance of things past.

As found by the circuit judge, the corporation which operated the last Galt House was formed in 1911 and its formal corporate existence expired in 1961. From 1920 to 1961, however, it did not engage in the hotel business. Therefore, the name Galt House had not been used in connection with a going business for 49 years when defendants undertook to use it as the name of their new hotel in 1969.

The primary argument asserted by the plaintiff actually rests upon a premise that by mere incorporation under a corporate name it retains the right to exclude others from the use of that name so long as the corporation legally exists. ...

In *Duff v. Kansas City Star Company*, 299 F.2d 320 (8th Cir. 1962), the court held that there is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade with which the mark is employed. This principle was applied to the trade name of a newspaper which had not been published for eight years. The court decided that since there was no established business (good will) to which the contested name attached, the plaintiff had no right to prevent another from using the name in an active, going business. The court pointed out that

the contested name was not in and of itself a valid, copyrightable name. It was no more than the common name of a once-published newspaper. ...

We are also unable to find that plaintiff has any standing to enjoin under the theory that it was placed on the same footing with the former Galt House Corporation whose existence expired by operation of law in 1961. There was no transfer of the name from the expiring Galt House Corporation to plaintiff. The former Galt House Corporation at the end of its corporate term of existence as fixed by its articles terminated its right to do business in 1961. It had not engaged in the hotel business under its corporate name since 1920. The former Corporation was incapable of possessing a business with a good will or a corporate trade name. The name did not survive, for there was nothing to which it could be attached. ...

Fletcher Cyc. Corp. (1968 Perm.Ed.), Sec. 2425, page 54 states: “Mere incorporation under a particular name does not create the right to have such name protected against use by another, . . .” The elements of unfair competition are absent because there can be no public confusion between existing businesses nor is there any infringement upon the good will and reputation of a going business. ...

We must only determine whether the plaintiff has the right to prohibit the defendants from using the name. We agree with the trial judge that the plaintiff has no standing to enjoin the use of the name by the defendants under the facts of this case.

...

United Drug Co. v. Theodore Rectanus Co.
248 U.S. 90 (1918)

Mr. Justice Pitney delivered the opinion of the court. ...

The essential facts are as follows: About the year 1877 Ellen M. Regis, a resident of Haverhill, Massachusetts, began to compound and distribute in a small way a preparation for medicinal use in cases of dyspepsia and some other ailments, to which she applied as a distinguishing name the word “Rex” — derived from her surname. The word was put upon the boxes and packages in which the medicine was placed upon the market, after the usual manner of a trade-mark. ... [S]ubsequently, in the year 1911, petitioner purchased the business with the trade-mark right, and has carried it on in connection with its other business, which consists in the manufacture of medicinal preparations, and their distribution and sale through retail drug stores, known as “Rexall stores,” situate in the different States of the Union, four of them being in Louisville, Kentucky.

Meanwhile, about the year 1883, Theodore Rectanus, a druggist in Louisville, familiarly known as “Rex,” employed this word as a trade-mark for a medicinal preparation known as a “blood purifier.” He continued this use to a considerable extent in Louisville and vicinity, spending money in advertising and building up a trade, so

that — except for whatever effect might flow from Mrs. Regis' prior adoption of the word in Massachusetts, of which he was entirely ignorant — he was entitled to use the word as his trade-mark. In the year 1906 he sold his business, including the right to the use of the word, to respondent; and the use of the mark by him and afterwards by respondent was continuous from about the year 1883 until the filing of the bill in the year 1912.

Petitioner's first use of the word "Rex" in connection with the sale of drugs in Louisville or vicinity was in April, 1912, when two shipments of "Rex Dyspepsia Tablets," aggregating 150 boxes and valued at \$22.50, were sent to one of the "Rex-all" stores in that city. Shortly after this the remedy was mentioned by name in local newspaper advertisements published by those stores. In the previous September, petitioner shipped a trifling amount — five boxes — to a drug store in Franklin, Kentucky, approximately 120 miles distant from Louisville. There is nothing to show that before this any customer in or near Kentucky had heard of the Regis remedy, with or without the description "Rex," or that this word ever possessed any meaning to the purchasing public in that State except as pointing to Rectanus and the Rectanus Company and their "blood purifier." That it did and does convey the latter meaning in Louisville and vicinity is proved without dispute. ...

The entire argument for the petitioner is summed up in the contention that whenever the first user of a trade-mark has been reasonably diligent in extending the territory of his trade, and as a result of such extension has in good faith come into competition with a later user of the same mark who in equal good faith has extended his trade locally before invasion of his field by the first user, so that finally it comes to pass that the rival traders are offering competitive merchandise in a common market under the same trade-mark, the later user should be enjoined at the suit of the prior adopter, even though the latter be the last to enter the competitive field and the former have already established a trade there. ...

The asserted doctrine is based upon the fundamental error of supposing that a trade-mark right is a right in gross or at large, like a statutory copyright or a patent for an invention, to either of which, in truth, it has little or no analogy. There is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed. The law of trade-marks is but a part of the broader law of unfair competition; the right to a particular mark grows out of its use, not its mere adoption; its function is simply to designate the goods as the product of a particular trader and to protect his good will against the sale of another's product as his; and it is not the subject of property except in connection with an existing business.

The owner of a trade-mark may not, like the proprietor of a patented invention, make a negative and merely prohibitive use of it as a monopoly.

In truth, a trade-mark confers no monopoly whatever in a proper sense, but is

merely a convenient means for facilitating the protection of one's good-will in trade by placing a distinguishing mark or symbol — a commercial signature — upon the merchandise or the package in which it is sold.

It results that the adoption of a trade-mark does not, at least in the absence of some valid legislation enacted for the purpose, 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. And the expression, sometimes met with, that a trade-mark right is not limited in its enjoyment by territorial bounds, is true only in the sense that wherever the trade goes, attended by the use of the mark, the right of the trader to be protected against the sale by others of their wares in the place of his wares will be sustained. ...

Conceding everything that is claimed in behalf of the petitioner, the entire business conducted by Mrs. Regis and her firm prior to April, 1911, when petitioner acquired it, was confined to the New England States with inconsiderable sales in New York, New Jersey, Canada, and Nova Scotia. There was nothing in all of this to give her any rights in Kentucky, where the principles of the common law obtain. ...

Undoubtedly, the general rule is that, as between conflicting claimants to the right to use the same mark, priority of appropriation determines the question. But the reason is that purchasers have come to understand the mark as indicating the origin of the wares, so that its use by a second producer amounts to an attempt to sell his goods as those of his competitor. The reason for the rule does not extend to a case where the same trade-mark happens to be employed simultaneously by two manufacturers in different markets separate and remote from each other, so that the mark means one thing in one market, an entirely different thing in another. It would be a perversion of the rule of priority to give it such an application in our broadly extended country that an innocent party who had in good faith employed a trade-mark in one State, and by the use of it had built up a trade there, being the first appropriator in that jurisdiction, might afterwards be prevented from using it, with consequent injury to his trade and good-will, at the instance of one who theretofore had employed the same mark but only in other and remote jurisdictions, upon the ground that its first employment happened to antedate that of the first-mentioned trader. ...

The same point was involved in *Hanover Milling Co. v. Metcalf*, 240 U.S. 403 (1916) where we said: "In the ordinary case of parties competing under the same mark 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 appear 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.”

In this case, as already remarked, there is no suggestion of a sinister purpose on the part of Rectanus or the Rectanus Company; hence the passage quoted correctly defines the status of the parties prior to the time when they came into competition in the Kentucky market. And it results, as a necessary inference from what we have said, that petitioner, being the newcomer in that market, must enter it subject to whatever rights had previously been acquired there in good faith by the Rectanus Company and its predecessor. ... [I]n that market, until petitioner entered it, “Rex” meant the Rectanus product, not that of Regis. ...

Planetary Motion, Inc. v. Techsplosion, Inc.
261 F.3d 1188 (11th Cir. 2001)

RESTANI, Judge:

[In 1994, Byron Darrah released an email program he named Coolmail. Darrah made Coolmail available by posting it to a service named Sunsite, where users with an Internet connection could download it for free. Darrah made Coolmail available under the GNU General Public License, which allows users to copy, distribute, and modify the software as long as they adhere to various conditions, such as releasing any modified versions under the GPL.]

We find that, under these principles, Darrah’s activities under the “Coolmail” mark constitute a “use in commerce” sufficiently public to create ownership rights in the mark. First, the distribution was widespread, and there is evidence that members of the targeted public actually associated the mark Coolmail with the Software to which it was affixed. Darrah made the software available not merely to a discrete or select group (such as friends and acquaintances, or at a trade show with limited attendance), but to numerous end-users via the Internet. The Software was posted under a filename bearing the “Coolmail” mark on a site accessible to anyone who had access to the Internet. End-users communicated with Darrah regarding the Software by referencing the “Coolmail” mark in their e-mails. Appellants argue that only technically-skilled UNIX-users made use of the Software, but there is no evidence that they were so few in number to warrant a finding of *de minimis* use.

[Second?]

Third, the mark served to identify the source of the Software. The “Coolmail” mark appeared in the subject field and in the text of the announcement accompanying each release of the Software, thereby distinguishing the Software from other programs that might perform similar functions available on the Internet or sold in software compilations. The announcements also apparently indicated that Darrah was the “Author/Maintainer of Coolmail” and included his e-mail address. The user manual also indicated that the Software was named “Coolmail.” The German

company S.u.S.E. was able to locate Darrah in order to request permission to use his Software in its product under the mark “Coolmail.” Appellants do not assert that S.u.S.E. was unaware that the Software was called “Coolmail” when it contacted Darrah. ...

Sixth, software is commonly distributed without charge under a GNU General Public License. The sufficiency of use should be determined according to the customary practices of a particular industry. That the Software had been distributed pursuant to a GNU General Public License does not defeat trademark ownership, nor does this in any way compel a finding that Darrah abandoned his rights in trademark. Appellants misconstrue the function of a GNU General Public License. Software distributed pursuant to such a license is not necessarily ceded to the public domain and the licensor purports to retain ownership rights, which may or may not include rights to a mark.¹⁶

Appellants cite *Heinemann v. General Motors Corp.*, 342 F.Supp. 203 (N.D.Ill.1972), *aff'd*, 478 F.2d 1405 (7th Cir.1973), for the proposition that Darrah was a “hobbyist” unworthy of common law trademark protection. *Heinemann* is factually distinguishable from the case at hand. The plaintiff in *Heinemann* used a mark in connection with his automobile before an automobile manufacturer independently had adopted the same name for a new model. The court held that the plaintiff had not established common law ownership rights based on two findings. First, the court found that because *Heinemann*’s purpose in using the mark was to “open [at a later date] an automobile equipment shop which would have capitalized upon the slogan,” he merely attempted to “reserve a trade or service mark pending the creation of a trade or business” 342 F.Supp. at 207. The court reasoned as follows:

While the law does not require a nationwide business; an old, established business; or even a profitable business for the acquisition of property interests in trade or service marks, it does require a presently existing trade or business for such acquisition. The exhibits disclose that Plaintiff had only a desire to open a business in futuro. To hold otherwise would make a trade mark a property right in gross, instead of a right appurtenant.

Id. (emphasis in original). The *Heinemann* court also found that plaintiff *Heinemann*’s activities consisted merely of occasionally racing or displaying the automobile at fairs as a hobby, as evidenced by his testimony that he was employed at an oil

¹⁶Because a GNU General Public License requires licensees who wish to copy, distribute, or modify the software to include a copyright notice, the license itself is evidence of Darrah’s efforts to control the use of the “CoolMail” mark in connection with the Software.

company. *Id.* Here, Darrah did not attempt to “warehouse” the mark by promoting a product he merely intended to develop and distribute at a later date. Darrah’s use of the mark to designate the distributed Software and each subsequent version thereof indicates that his use was not mere sporadic or token use. Furthermore, unlike Heinemann, Darrah activities pertained to his chosen profession. Darrah is employed as a computer systems administrator, which entails the management and oversight of computer networks and systems as well as the development of software in support thereof.

Appellants also rely on *DeCosta v. Columbia Broad. Sys., Inc.*, 520 F.2d 499, 513 (1st Cir.1975), cert. denied, 423 U.S. 1073, 96 S.Ct. 856, 47 L.Ed.2d 83 (1976), to argue that Darrah is an eleemosynary individual and therefore unworthy of protection under unfair competition laws. The *DeCosta* court did not hold that the absence of a profit-oriented enterprise renders one an eleemosynary individual, nor did it hold that such individuals categorically are denied protection.¹⁸ ... Common law unfair competition protection extends to non-profit organizations because they nonetheless engage in competition with other organizations.¹⁹ See *Girls Clubs of Am., Inc. v. Boys Clubs of Am., Inc.*, 683 F.Supp. 50 (S.D.N.Y.1988), *aff’d*, 859 F.2d 148 (2d Cir.). Thus, an eleemosynary individual that uses a mark in connection with a good or service may nonetheless acquire ownership rights in the mark if there is sufficient evidence of competitive activity.

Here, Darrah’s activities bear elements of competition, notwithstanding his lack of an immediate profit-motive. By developing and distributing software under a particular mark, and taking steps to avoid ceding the Software to the public domain, Darrah made efforts to retain ownership rights in his Software and to ensure that his Software would be distinguishable from other developers who may have distributed similar or related Software. Competitive activity need not be fueled solely by a desire for direct monetary gain. Darrah derived value from the distribution because he was able to improve his Software based on suggestions sent by end-users. Just as any other consumers, these end-users discriminate among and share information on available software. It is logical that as the Software improved, more end-users used his Software, thereby increasing Darrah’s recognition in his profession and the likelihood that the Software would be improved even further.

In light of the foregoing, the use of the mark in connection with the Software constitutes significant and substantial public exposure of a mark sufficient to have created an association in the mind of public.

Bilgewater Bill’s Problem

¹⁸It is unlikely that the plaintiff’s activities in *De Costa*—costumed performances and distribution of his picture at local rodeos, parades, hospitals, etc.—would generate a “public association” sufficient to confer him common law trademark ownership rights. ...

Consider the following sequence of events. Who has priority in Baltimore? In Seattle? In Chicago?

- A uses BILGEWATER BILL'S in Baltimore.
- B uses BILGEWATER BILL'S in Seattle.

2 Federal Registration

Lanham Act

15 U.S.C. § 1051 [Lanham Act § 1] - *Application for registration ...*

- (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. ...

35 U.S.C. § 1057 [Lanham Act § 7] - *Certificates of registration*

- (b) Certificate as prima facie evidence
A certificate of registration of a mark upon the principal register provided by this chapter shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the owner's ownership of the mark, and of the owner's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate, subject to any conditions or limitations stated in the certificate.
- (c) Application to register mark considered constructive use
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 ...

Bilgewater Bill's Problem, Redux

1. Consider the following sequence of events. Who has priority in Baltimore? In Seattle? In Chicago?
 - A uses BILGEWATER BILL'S in Baltimore.
 - B uses BILGEWATER BILL'S in Seattle.

- A files for federal trademark registration under § 1(a).
- 2. Consider the following sequence of events. Who has priority in Baltimore? In Seattle? In Chicago?
 - A uses BILGEWATER BILL'S in Baltimore.
 - B uses BILGEWATER BILL'S in Seattle.
 - B files for federal trademark registration under § 1(a).
- 3. Consider the following sequence of events. Who has priority in Baltimore? In Seattle? In Chicago?
 - A uses BILGEWATER BILL'S in Baltimore.
 - B uses BILGEWATER BILL'S in Seattle.
 - A files for federal trademark registration under § 1(a).
 - B files for federal trademark registration under § 1(a).

Lanham Act

15 U.S.C. § 1051 [Lanham Act § 1] - *Application for registration ...*

- (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. ...
- (d) Verified statement that trademark is used in commerce
 - (1) Within six months after the date on which the notice of allowance with respect to a mark is issued ... to an applicant under subsection (b) of this section, the applicant shall file in the Patent and Trademark Office, together with such number of specimens or facsimiles of the mark as used in commerce as may be required by the Director and payment of the prescribed fee, a verified statement that the mark is in use in commerce and specifying the date of the applicant's first use of the mark in commerce and those goods or services specified in the notice of allowance on or in connection with which the mark is used in commerce. Subject to examination and acceptance of the statement of use, the mark shall be registered ...
 - (2) The Director shall extend, for one additional 6-month period, the time for filing the statement of use under paragraph (1), upon written request

of the applicant before the expiration of the 6-month period provided in paragraph (1). In addition to an extension under the preceding sentence, the Director may, upon a showing of good cause by the applicant, further extend the time for filing the statement of use under paragraph (1) for periods aggregating not more than 24 months, pursuant to written request of the applicant made before the expiration of the last extension granted under this paragraph. ...

Kelly Services, Inc. v. Creative Harbor, LLC
-- F. Supp. 3d -- (E.D. Mich. Aug. 21, 2015)

MATTHEW F. LEITMAN, UNITED STATES DISTRICT JUDGE

This is a trademark dispute. Plaintiffs/Counter-Defendants Kelly Services, Inc. and Kelly Properties, LLC (collectively, “Kelly”) and Defendant/Counter-Plaintiff Creative Harbor, LLC (“Creative Harbor”) each developed a mobile application that provides job searching and job placement tools. Now, Kelly and Creative Harbor dispute which company has priority to the trademark “WorkWire.” Creative Harbor has filed two “intent to use” applications with the United States Patent and Trademark Office (the “Creative ITUs”), and Creative Harbor claims priority based upon those filings. Kelly counters that it has priority because it used the mark in commerce before Creative Harbor filed the Creative ITUs. ...

FACTUAL BACKGROUND

A. The Kelly Workwire App

Kelly provides career development information and job placement tools to employers and prospective employees. In early 2013, Kelly began developing an iPad application that would provide users with access to personnel placement services, career information, job searching tools, and a Kelly branch office locator. Kelly intended to distribute the application through the Apple App Store. Kelly decided to call its application “WorkWire” (the “Kelly WorkWire App”).

Kelly completed the development of the Kelly WorkWire App on February 4, 2014. That same day, Kelly submitted the Kelly WorkWire App to Apple’s iTunes Connect, an Internet-based tool that allows a software developer to submit an application for sale in the Apple App Store, pending Apple’s approval of the application.

Approximately one week later, on February 10, 2014, Apple informed Kelly that the Kelly WorkWire App was rejected because of a problem with the application’s metadata. The next day, Kelly re-submitted the Kelly WorkWire App for Apple’s review.

On February 17, 2014, Apple informed Kelly that the Kelly WorkWire App had been approved and was “ready for sale.” However, Apple’s designation of the Kelly WorkWire App as “ready for sale” did not immediately make the Kelly WorkWire App available for the public to download from the Apple App Store. The Kelly WorkWire App was first released to the public via the Apple App Store on February 19, 2014, sometime after 8:11 p.m. Eastern Standard Time. A consumer first downloaded the Kelly WorkWire App from the Apple App Store on February 20, 2014.

B. The Creative WorkWire App

In September 2013, Christian Jurgensen (“Jurgensen”), an entrepreneur based in Los Angeles, California, independently came up with an idea for a mobile application for use by employers and prospective employees. Jurgensen decided to call his application “WorkWire” (the “Creative Workwire App”).

In early February 2014, Jurgensen formed Creative Harbor as the limited liability company responsible for the Creative WorkWire App. At approximately the same time, Creative Harbor hired an intellectual property attorney to provide advice on trademark protection. On February 16, 2014, the attorney informed Creative Harbor that the trademark for “WorkWire” was available.

Three days later, on February 19, 2014, Creative Harbor filed the Creative ITUs with the United States Patent and Trademark Office (the “USPTO”).¹ The Creative ITUs were for the mark “WorkWire” (hereinafter the “Mark”). The Creative ITUs were filed at 6:28 p.m. and 7:56 p.m. Eastern Standard Time.

Creative Harbor has tried to make the Creative WorkWire App available for download by the public through the Apple App Store. However, Apple will not accept the Creative WorkWire App for posting in the Apple App Store because the “WorkWire” name is already being used by the Kelly WorkWire App. Creative Harbor acknowledges that it has not used the Mark in commerce and therefore has not completed registration of the Mark. ...

PROCEDURAL HISTORY

On March 10, 2014, Creative Harbor’s counsel sent a “cease and desist” letter to Kelly. Creative Harbor stated that Kelly’s use of the Mark in connection with the Kelly WorkWire App “constitutes trademark infringement and unfair competition under federal and state law.” Creative Harbor therefore “demand[ed] that Kelly ... cease all use of the term ‘WorkWire’....” (Id.)

¹As explained further below, an intent to use (“ITU”) application is an anticipatory application for registration of a trademark based on the applicant’s intent to use the mark in the future. Under certain circumstances, an ITU application establishes the applicant’s priority to the trademark over another person who adopted the trademark after the ITU was filed.

In response, Kelly filed this declaratory judgment action against Creative Harbor. ...
...
Kelly now seeks summary judgment on its claims and Creative Harbor's counterclaims ("Kelly's Motion"). ...

ANALYSIS

A. Kelly Did Not Use the Mark in Commerce Before Creative Filed the Creative ITUs, and Thus Kelly Does Not Have Priority Based on Its Alleged Prior Use

Ordinarily, priority to a mark is established "as of the first actual use of [the] mark" in commerce. *Allard Enters., Inc. v. Advanced Programming Resources, Inc.*, 146 F.3d 350, 358 (6th Cir.1998). However, the Lanham Act "allows a person not yet using a mark to file an anticipatory application for registration"—i.e., an ITU application—"on the basis of an intent to use the mark in the future." *Zobmondo Entm't, LLC v. Falls Media, LLC*, 602 F.3d 1108, 1111 n. 3 (9th Cir.2010); see also *Allard*, 146 F.3d at 357. If the ITU applicant later uses the mark in a commercial transaction and files a statement of use with the USPTO within the prescribed time frame, "the mark is registered and the date the ITU application was filed becomes the applicant's constructive-use date." *Zobmondo*, 602 F.3d at 1111 n. 3 (citing 15 U.S.C. § 1057(c)). "This gives the [ITU] applicant priority-of-use over anyone who adopts the mark after the constructive-use date." *Id.*

Kelly argues that it used the Mark in commerce before Creative Harbor filed the Creative ITUs and that Kelly therefore has priority to the Mark over Creative Harbor. Creative Harbor contends that Kelly did not use the Mark in commerce before the Creative ITUs were filed and, thus, that Kelly does not have priority over Creative Harbor. Accordingly, the issue with respect to priority is whether Kelly actually used the Mark in commerce before Creative Harbor filed the Creative ITUs. The Court holds that Kelly did not.

Under the Lanham Act, "[t]he 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." 15 U.S.C. § 1127. Use in commerce requires a "genuine commercial transaction" or an "attempt[] to complete [a] genuine commercial transaction[]." *Allard*, 146 F.3d at 358. The use need not be "extensive" nor "result in deep market penetration or widespread recognition." *Id.* However, "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.... [A]n 'internal' use ... cannot give rise" to priority rights to a mark. *Sterling Drug, Inc. v. Knoll A.G. Chemische Fabriken*, 159 U.S.P.Q. 628, 631, 1968 WL 8198 (T.T.A.B.1968). Indeed, "[t]he talismanic test for use in commerce [is] whether or not the use was 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.” *Mountain Top Beverage Group, Inc., v. Wildlife Brewing N.B., Inc.*, 338 F.Supp.2d 827, 835 (S.D.Ohio 2003), *aff’d* 432 F.3d 651 (6th Cir.2005) (adopting the district court’s opinion verbatim). Applying this test in *Allard*, *supra*, the Sixth Circuit found sufficient public use when a claimant offered its services to potential customers through “numerous ... solicitations” bearing the mark. *Allard*, 146 F.3d at 359.

Kelly contends that it used the Mark in commerce on February 4, 2014, when it submitted the Kelly Workwire App to iTunes Connect for Apple’s review. Kelly argues that its submission constitutes use in commerce because it “engaged Apple, an unrelated company, at arms-length, in the ordinary course of trade and subject to Apple’s software developer’s requirements.” But Kelly has not shown that its submission of the Kelly WorkWire App to Apple was sufficiently open or public to identify or distinguish its application in the minds of consumers. To the contrary, the bilateral exchange between Kelly and iTunes Connect provided no notice of the Kelly WorkWire App to potential consumers—i.e., persons who might eventually download the Kelly WorkWire App from the Apple App Store. Indeed, by merely submitting the Kelly WorkWire App for Apple’s review, Kelly did not make the Kelly WorkWire App available for download by the public. At best, Kelly’s submission was a preparatory step to making the Kelly WorkWire App available to consumers. “[A]n applicant’s preparations to use a mark in commerce are insufficient to constitute use in commerce.” *Aycock Engineering, Inc. v. Airflite, Inc.*, 560 F.3d 1350, 1360 (Fed.Cir.2009) (emphasis added).

B. Creative Harbor is Not Entitled to a Declaration That it Has Priority At this Time

In its Motion, Creative Harbor seeks summary judgment “on the issue of priority in its right to use the Mark.” But Creative Harbor has not yet established its priority. All that Creative Harbor has done is file the Creative ITUs. The Creative ITUs—in and of themselves—do not establish Creative Harbor’s priority to the Mark. See, e.g., *Fila Sport, S.p.A. v. Diadora America, Inc.*, 141 F.R.D. 74, 78 (N.D.Ill.1991) (noting that an ITU application, standing alone, does not establish the applicant’s priority to a mark). Rather, the Creative ITUs merely establish Creative Harbor’s constructive-use date, “[c]ontingent on [Creative Harbor’s] registration of [the][M]ark.” 15 U.S.C. § 1057(c) (emphasis added); see also *Zobmondo Entm’t, LLC*, 602 F.3d at 1111 n. 3. Thus, in order to establish its priority, Creative Harbor must actually complete the registration of the Mark by using the Mark in commerce and filing a statement of use with the USPTO within the prescribed time frame. See 15 U.S.C. § 1057(c); see also *Zobmondo Entm’t, LLC*, 602 F.3d at 1111 n. 3. Creative Harbor acknowledges that it has not yet used the Mark. Accordingly, while Creative Harbor may establish its priority at some point in the future, it is not now entitled to the declaration that it seeks here.

C. Creative Harbor's Additional Counterclaims Fail as a Matter of Law

As noted above, Creative Harbor asserts Additional Counterclaims against Kelly for unfair competition, trademark dilution, and intentional interference with prospective business. Each of the Additional Counterclaims is based on Creative Harbor's assertion that Kelly infringed on Creative Harbor's alleged priority rights to the Mark. Creative Harbor says that it established those rights by filing the Creative ITUs. But "an intent-to-use application does not, by itself, confer any rights enforceable against others." *Aktieselskabet AF 21. November 2001 v. Fame Jeans Inc.*, 525 F.3d 8, 18 (D.C.Cir.2008). ...

D. Supplemental Briefing as to the Validity of the Creative ITUs

In opposition to Creative Harbor's Motion, Kelly attacks the validity of the Creative ITUs on the ground Creative Harbor "did not possess a bona fide intent to use the Mark on each and every one of the goods and services identified in the applications." At least one federal court has invalidated an entire intent-to-use application where the applicant lacked a bona fide intention to use the mark on all of the items listed in the application. See *Bobosky v. Adidas AG*, 843 F.Supp.2d 1134, 1141 (D.Or. 2011) ("proof of a lack of bona fide intent to use even one item in a class of goods on an intent-to-use application invalidates the application for that entire class"). If Kelly establishes that the Creative ITUs are invalid, Kelly may have priority over Creative Harbor based on Kelly's use of the Mark.

Kelly has filed Notices of Opposition to the Creative ITUs with the TTAB. The Court directs the parties file supplemental briefs addressing whether this Court should (1) decide the validity of the Creative ITUs or (2) leave that issue to the TTAB and stay this action pending the TTAB's action on Kelly's Notices of Opposition.

Bilgewater Bill's Problem, Re-Redux

Consider the following sequence of events. Who has priority in Baltimore? Who has priority in Seattle? Who has priority in Chicago?

- B files a § 1(b) intent-to-use application for BILGEWATER BILL's.
- A uses BILGEWATER BILL's in Baltimore
- B uses BILGEWATER BILL'S in Seattle.
- B files a § 1(d) statement of use.

3 Collaborations**Boogie Kings v. Guillory**

188 So.2d 445 (La. Ct. App. 1966)

Hood, Judge:

In this action, plaintiff seeks to enjoin the defendant, Clinton Guillory, who is also known and sometimes referred to herein as “Clint West,” from using the trade name “The Boogie Kings.” The suit was instituted by “The Boogie Kings,” an unincorporated association doing business under that trade name, represented herein by three of the officers or representatives of that association. The defendant filed an answer and a reconventional demand, in which he alleges that he has the exclusive right to use that trade name, and he prays for judgment enjoining plaintiff from using it. On the merits, judgment was rendered by the trial court in favor of plaintiff, enjoining the defendant from using the name, “The Boogie Kings.”

The evidence shows that in 1955 Douglas Ardoin and Harris Miller formed a dance band or orchestra, and they mutually agreed to call themselves “The Boogie Kings.” Other musicians joined the band thereafter, and in 1964 it was composed of ten members. The band was never incorporated and no formal partnership agreement, oral or written, was ever entered into. The band functioned as an organization with a definite membership, however, and as an organized band it acquired movable property and entered into contracts for playing engagements and other matters. The evidence shows that since the initial creation of the orchestra, the members from time to time have elected one of their number to serve as “leader.” Although there is some conflict in the testimony, we think the evidence establishes that all major decisions affecting the organization, the assets and the operations of the band have been made by a majority vote of the members.

Ardoin was elected and served as the first leader of the band, and he was succeeded by Miller. Later, Ardoin was reelected to be the leader, and he served as such until he withdrew completely from the band in 1963. Thereafter, he discontinued his career as a musician. Miller succeeded Ardoin as leader in 1963, and he served as such until May, 1964, when a dispute arose between Miller and most of the other members relative to a playing engagement. As the result of that dispute, Miller withdrew as a member of the band.

Defendant, Guillory, joined the band as a drummer and vocalist in 1963. Immediately after Miller withdrew in May, 1964, Guillory was elected by the other members as leader. As the featured vocalist in the band, he was known professionally as “Clint West.” In order to capitalize on his popularity as a singer, the name of the band was changed to “Clint West and the Boogie Kings,” this change of name being made after defendant became the leader and with the approval of a majority of the members.

Shortly after Miller left the band, he endeavored to form another dance orchestra, which he planned to call “The Boogie Kings.” He promptly notified this band,

therefore, that they could no longer use that trade name. Without raising an issue as to its right to the name, the orchestra, by majority vote, simply changed the name to “Clint West and The Kings.” Two or three months later, Miller informed Guillory, and others, that he had abandoned his efforts to organize another orchestra, and that this band could resume using the trade name, “The Boogie Kings.” Thereafter, for the next few months, the band was called “Clint West and The Boogie Kings.”

During the latter part of the year 1964, or the first part of 1965, this band was playing regularly at the Bamboo Club in Lake Charles and occasionally at other places. Guillory acquired an interest in the Moulin Rouge Club at that time, however, and he prevailed upon the other members to discontinue playing at the Bamboo Club and to begin playing regularly at the Moulin Rouge instead. A relatively short time after making this change, all of the members except Guillory became dissatisfied with the arrangement, and nine of the ten members voted to go back to playing at the Bamboo Club. Guillory was the only member who refused to join them in this decision, and he thereupon separated or disassociated himself from the other members.

Immediately after this split in the band occurred, the nine original members elected a new leader, a new member came into the band to take Guillory’s place, and the orchestra resumed playing regularly at the Bamboo Club, and other places, under the name of “The Boogie Kings.” Also, immediately after the split, Guillory joined with nine other musicians to form a new orchestra, and this new group resumed playing at the Moulin Rouge Club, and other places, and they called themselves “Clint West and The Boogie Kings.”

The nine original members of the band, who separated from Guillory, compose the plaintiff association. This suit was instituted by them or in their behalf. This plaintiff group contends that the band, as an unincorporated association, had acquired a proprietary interest in the trade name, “The Boogie Kings,” that the name belonged to the association as a whole and not to any one individual, that Guillory ceased to have any right to or interest in that trade name when he withdrew as a member of the association, and that his use of the name after his withdrawal is an attempt to capitalize on the reputation of the plaintiff association and cause it injury.

Defendant contends that the band, as an organization or association, never acquired a proprietary interest in this trade name, that the right to use that name was vested originally in Ardoin and Miller, that Miller acquired the exclusive right to use it when Ardoin abandoned any claim to it, and that shortly prior to the “split” Miller specifically gave to defendant Guillory the exclusive right to use the name, “The Boogie Kings.” ...

In the instant suit, the evidence shows that during the period from 1955 to 1964 the band known by the trade name of “The Boogie Kings” acquired a considerable amount of popularity. Because of its reputation as a musical organization or dance band, its trade name has acquired some significance and value. The person or or-

ganization first appropriating the name or having the legal right to use it, therefore, has a proprietary interest in that name and is entitled to judgment enjoining another from appropriating it.

In our opinion, this band, when first organized in 1955, became an unincorporated association, and it has continued to be such an organization since that time. The evidence convinces us, as it apparently did the trial judge, that the original trade name, “The Boogie Kings,” was adopted by mutual agreement of the members of the band, that a proprietary interest in that name became vested in the band, as an unincorporated association, and that it did not become vested in any individual member of that band. Miller, therefore, had no right or authority to “give” or to transfer to defendant Guillory the exclusive right to use that name. ...

Dissatisfied members of an association cannot deprive it of the right to use its own name by incorporating themselves thereunder, and enjoining it from using the same.

In *Most Worshipful Sons of Light Grand Lodge v. Sons of Light*, 257 P.2d 464 (Cal. 1953), where members of the plaintiff lodge separated from it and formed a new lodge using substantially the same name, the California District Court of Appeal said:

* * * The lodge name is an asset of the particular lodge and like other assets belongs to the old and not the new lodge. Nor is any defendant lodge entitled to use any name so similar to that of any plaintiff lodge as to be likely to confuse the public. * * *

In *Kline v. Knights of the Golden Eagle*, 167 A. 758 (N.J. 1933), the principal defendant, Allen, was one of the organizers of the plaintiff lodge and for a time was its dominating spirit. He resigned and then organized another lodge with substantially the same name. In enjoining him from continuing to use the name, the court said:

“The adoption of the title ‘Knights of the Golden Eagle’ by Allen was intentional and vengeful; he admits it. That is quite sufficient to move equity to restrain him from the mischief he contemplated doing. * * *”

... We conclude that Guillory acquired no right to use the trade name of the band, either from Miller or from the circumstance that he had been elected as leader of the band. The trial judge, therefore, correctly enjoined defendant from continuing to use that name. ...

Trademark Manual of Examining Procedure

§ 1201.03 - Use by Related Companies

Section 5 of the Trademark Act, 15 U.S.C. §1055, states, in part, as follows:

Where a registered mark or a mark sought to be registered is or may be used legitimately by related companies, such use shall inure to the benefit of the registrant or applicant for registration, and such use shall not affect the validity of such mark or of its registration, provided such mark is not used in such manner as to deceive the public.

Section 45 of the Act, 15 U.S.C. §1127, defines “related company” as follows:

The term “related company” means any person whose use of a mark is controlled by the owner of the mark with respect to the nature and quality of the goods or services on or in connection with which the mark is used.

Thus, §5 of the Act permits applicants to rely on use of the mark by related companies. Either a natural person or a juristic person may be a related company. 15 U.S.C. §1127.

The essence of related-company use is the control exercised over the nature and quality of the goods or services on or in connection with which the mark is used. When a mark is used by a related company, use of the mark inures to the benefit of the party who controls the nature and quality of the goods or services. This party is the owner of the mark and, therefore, the only party who may apply to register the mark. *Smith Int’l. Inc. v. Olin Corp.*, 209 USPQ 1033, 1044 (TTAB 1981).

Duff Problem

Duff beer is, or was, a fictional beer on *The Simpsons*. Varieties mentioned on the show include Duff, Duff Dry, Duff Light, Duff Adequate, Raspberry Duff, Lady Duff, and Tartar Control Duff. Recently, the Fudd Corporation has started selling beer under the DUFF name. Fudd is unaffiliated with Twentieth Century Fox (which produces *The Simpsons*) and has not obtained permission to sell DUFF beer. Trademark infringement? What if Fox sold a line of *Simpsons*-themed beers including Duff? What if Fox gave away “Duff beer” (actually ginger ale) to fans at conventions?☒

C Procedures

1 Registration

Lanham Act

15 U.S.C. § 1052 [Lanham Act § 2] - Trademarks registrable on principal register ...

No trademark ... shall be refused registration on the principal register on account of its nature unless it—

- (e) Consists of a mark which (1) when used on or in connection with the goods of the applicant is merely descriptive ... of them,
- (f) Except as expressly excluded in subsections (a), (b), (c), (d), (e)(3), and (e)(5) of this section, 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.

Note that §§ 2(e)(1) and (f) of the Lanham Act restate the common-law doctrine of descriptive and generic trademarks. “Merely” descriptive marks are not protectable, but marks that have “become distinctive” (i.e. acquired secondary meaning) are. A generic mark is considered incapable of acquiring secondary meaning as a matter of law.

Lanham Act

15 U.S.C. § 1052 [Lanham Act § 2] - Trademarks registrable on principal register ...

No trademark ... shall be refused registration on the principal register on account of its nature unless it—

- (a) Consists of or comprises immoral ... 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; ...

Federal courts issued two particularly controversial opinions relating to § 2(a) in 2015: *In re Tam*, 785 F.3d 567 (Fed. Cir. 2015) (upholding refusal to register THE SLANTS for the name of a band whose members were of Asian descent, and upholding § 2(a) against constitutional challenge), *reh'g en banc granted*, 600 Fed. Appx. 775, and *Pro-Football, Inc. v. Blackhorse*, — F. Supp. 3d — (E.D. Va. July 8, 2015) (canceling registration for REDSKINS as disparaging of Native Americans and upholding § 2(a) against constitutional challenge). But as of this writing, *Tam* is set for rehearing en banc and *Blackhorse* has been appealed. Stay tuned ...

Trademark Manual of Examining Procedure

§ 1302 - 1302 Collective Marks Generally

Section 45 of the Trademark Act, 15 U.S.C. §1127, defines “collective mark” as follows:

The term “collective mark” means a trademark or service mark—

- (1) used by the members of a cooperative, an association, or other collective group or organization, or
- (2) which such cooperative, association, or other collective group or organization has a bona fide intention to use in commerce and applies to register on the principal register established by this [Act], and includes marks indicating membership in a union, an association, or other organization.

Under the Trademark Act, a collective mark is *owned* by a collective entity even though the mark is *used* by the members of the collective.

There are basically **two types of collective marks**: (1) **collective trademarks or collective service marks**; and (2) **collective membership marks**. The distinction between these types of collective marks is explained in *Aloe Creme Labs., Inc. v. Am. Soc’y for Aesthetic Plastic Surgery, Inc.*, 192 USPQ 170, 173 (TTAB 1976), as follows:

A collective trademark or collective service mark is a mark adopted by a “collective” (i.e., an association, union, cooperative, fraternal organization, or other organized collective group) for use only by its members, who in turn use the mark to identify their goods or services and distinguish them from those of nonmembers. The “collective” itself neither sells goods nor performs services under a collective trademark or collective service mark, but the collective may advertise or otherwise promote the goods or services sold or rendered by its members under the mark. A collective membership mark is a mark adopted for the purpose of indicating membership in an organized collective group, such as a union, an association, or other organization. Neither the collective nor its members uses the collective membership mark to identify and distinguish goods or services; rather, the sole function of such a mark is to indicate that the person displaying the mark is a member of the organized collective group.

...

Trademark Manual of Examining Procedure

§ 1401.03 - Designation of Class

In an application for registration of a mark, the applicant should designate the international class number(s) that are appropriate for the identified goods and/or services

whenever the information is known. 37 C.F.R. §2.32(a)(7)

§ 1401.02(a) - *Headings of International Trademark Classes*

International trademark classification, and the headings of the international trademark classes, are established by the Committee of Experts of the Nice Union and set forth in the International Classification of Goods and Services for the Purposes of the Registration of Marks (Nice Classification) published annually by the World Intellectual Property Organization (“WIPO”) on its website. ...

§ 1402.01 - *Specifying the Goods and/or Services - in General*

A written application must specify the particular goods and/or services on or in connection with which the applicant uses, or has a bona fide intention to use, the mark in commerce. 15 U.S.C. §§1051(a)(2) and 1051(b)(2); 37 C.F.R. §2.32(a)(6). To “specify” means to name in an explicit manner. The identification should set forth common names, using terminology that is generally understood. ...

The applicant must identify the goods and services specifically to provide public notice and to enable the USPTO to classify the goods and services properly and to reach informed judgments concerning likelihood of confusion under 15 U.S.C. §1052(d). The USPTO has discretion to require the degree of particularity deemed necessary to clearly identify the goods and/or services covered by the mark.

Terminology that includes items in more than one class is considered indefinite ...

Example: “Blankets” is not acceptable without qualifying wording because it is not particular enough to identify the kind of blanket on which the mark is used, e.g., fire blankets (Class 9), electric blankets (Class 11), horse blankets (Class 18), and bed blankets (Class 24). ...

The accuracy of identification language in the original application is important because the identification cannot later be expanded. See 37 C.F.R. §2.71(a); TMEP §§1402.06 et seq. and 1402.07 et seq.; *In re M.V Et Associes*, 21 USPQ2d 1628 (Comm’r Pats. 1991).

§ 904 - *Specimens*

Specimens are required because they show the manner in which the mark is seen by the public. Specimens also provide supporting evidence of facts recited in the application.

A trademark or service mark application for registration under §1(a) of the Trademark Act must include one specimen for each class, showing use of the mark in commerce on or in connection with the goods, or in the sale or advertising of the services.

§ 904.03 - Material Appropriate as Specimens for Trademarks

For a trademark application under §1(a), allegation of use in an application under §1(b), or affidavit of use under §8 or §71 of the Trademark Act, the specimen must show the mark as used on or in connection with the goods in commerce. A trademark specimen should be a label, tag, or container for the goods, or a display associated with the goods. 37 C.F.R. §2.56(b)(1). A photocopy or other reproduction of a specimen of the mark as used on or in connection with the goods is acceptable. 37 C.F.R. §2.56(c).

Trademark Manual of Examining Procedure

§ TMEP 906 - Federal Registration Notice

The owner of a mark registered in the United States Patent and Trademark Office may give notice that the mark is registered by displaying with the mark the words “Registered in United States Patent and Trademark Office,” the abbreviation “Reg. U.S. Pat. & Tm. Off.,” or the letter R enclosed within a circle, ®. 15 U.S.C. §1111. ... A party may use terms such as “trademark,” “trademark applied for,” “TM” and “SM” regardless of whether a mark is registered. These are not official or statutory symbols of federal registration.

2 Opposition

Lanham Act

35 U.S.C. § 1057 [Lanham Act § 2] - Trademarks registrable on principal register; concurrent registration

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—

- (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:
Provided, That if the Director determines that confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks under conditions and limitations as to the mode or place of use of the marks or the goods on or in connection with which such marks are used, concurrent registrations may be issued to such persons when

they have become entitled to use such marks as a result of their concurrent lawful use in commerce prior to (1) the earliest of the filing dates of the applications pending or of any registration issued under this chapter Use prior to the filing date of any pending application or a registration shall not be required when the owner of such application or registration consents to the grant of a concurrent registration to the applicant. ...

15 U.S.C § 1062 [Lanham Act § 12] - Publication

- (a) Examination and publication
Upon the filing of an application for registration and payment of the prescribed fee, the Director shall refer the application to the examiner in charge of the registration of marks, who shall cause an examination to be made and, if on such examination it shall appear that the applicant is entitled to registration ... the Director shall cause the mark to be published in the Official Gazette of the Patent and Trademark Office ...

15 U.S.C. § 1063 [Lanham Act § 13] - Opposition to registration

- (a) Any person who believes that he would be damaged by the registration of a mark upon the principal register, including the registration of any mark which would be likely to cause dilution by blurring or dilution by tarnishment under section 1125(c) of this title, may, upon payment of the prescribed fee, file an opposition in the Patent and Trademark Office, stating the grounds therefor, within thirty days after the publication under subsection (a) of section 1062 of this title of the mark sought to be registered.

B & B Hardware, Inc. v. Hargis Industries, Inc.
135 S.Ct. 1293 (2015)

Justice ALITO delivered the opinion of the Court. ...

This case concerns the application of issue preclusion in the context of trademark law. Petitioner, B & B Hardware, Inc. (B & B), and respondent Hargis Industries, Inc. (Hargis), both use similar trademarks; B & B owns SEALTIGHT while Hargis owns SEALTITE. Under the Lanham Act, an applicant can seek to register a trademark through an administrative process within the United States Patent and Trademark Office (PTO). But if another party believes that the PTO should not register a mark because it is too similar to its own, that party can oppose registration before the Trademark Trial and Appeal Board (TTAB). Here, Hargis tried to register the mark SEALTITE, but B & B opposed SEALTITE's registration. After a lengthy proceeding, the TTAB agreed with B & B that SEALTITE should not be registered.

In addition to permitting a party to object to the registration of a mark, the Lanham Act allows a mark owner to sue for trademark infringement. Both a registration proceeding and a suit for trademark infringement, moreover, can occur at the same time. In this case, while the TTAB was deciding whether SEALTITE should be registered, B & B and Hargis were also litigating the SEALTIGHT versus SEALTITE dispute in federal court. In both registration proceedings and infringement litigation, the tribunal asks whether a likelihood of confusion exists between the mark sought to be protected (here, SEALTIGHT) and the other mark (SEALTITE).

The question before this Court is whether the District Court in this case should have applied issue preclusion to the TTAB's decision that SEALTITE is confusingly similar to SEALTIGHT. Here, the Eighth Circuit rejected issue preclusion for reasons that would make it difficult for the doctrine ever to apply in trademark disputes. We disagree with that narrow understanding of issue preclusion. Instead, consistent with principles of law that apply in innumerable contexts, we hold that a court should give preclusive effect to TTAB decisions if the ordinary elements of issue preclusion are met. ...

The TTAB consists of administrative trademark judges and high-ranking PTO officials, including the Director of the PTO and the Commissioner of Trademarks. Opposition proceedings before the TTAB are in many ways "similar to a civil action in a federal district court." TTAB Manual of Procedure §102.03 (2014) (hereinafter TTAB Manual), online at <http://www.uspto.gov> (as visited Mar. 20, 2015, and available in Clerk of Court's case file). These proceedings, for instance, are largely governed by the Federal Rules of Civil Procedure and Evidence. See 37 CFR §§2.116(a), 2.122(a) (2014). The TTAB also allows discovery and depositions. See §§2.120, 2.123(a). The party opposing registration bears the burden of proof, see §2.116(b), and if that burden cannot be met, the opposed mark must be registered, see 15 U. S. C. §1063(b).

The primary way in which TTAB proceedings differ from ordinary civil litigation is that "proceedings before the Board are conducted in writing, and the Board's actions in a particular case are based upon the written record therein." TTAB Manual §102.03. In other words, there is no live testimony. Even so, the TTAB allows parties to submit transcribed testimony, taken under oath and subject to cross-examination, and to request oral argument. See 37 CFR §§2.123, 2.129. ...

The twists and turns in the SEALTIGHT versus SEALTITE controversy are labyrinthine. The question whether either of these marks should be registered, and if so, which one, has bounced around within the PTO for about two decades; related infringement litigation has been before the Eighth Circuit three times; and two separate juries have been empaneled and returned verdicts. The full story could fill a long, unhappy book.

For purposes here, we pick up the story in 2002, when the PTO published

SEALTITE in the Official Gazette. This prompted opposition proceedings before the TTAB, complete with discovery, including depositions. B & B argued that SEALTITE could not be registered because it is confusingly similar to SEALTIGHT. B & B explained, for instance, that both companies have an online presence, the largest distributor of fasteners sells both companies' products, and consumers sometimes call the wrong company to place orders. Hargis rejoined that the companies sell different products, for different uses, to different types of consumers, through different channels of trade.

[After performing a likelihood of confusion analysis] the TTAB sided with B & B. The Board considered, for instance, whether SEALTIGHT is famous (it's not, said the Board), how the two products are used (differently), how much the marks resemble each other (very much), and whether customers are actually confused (perhaps sometimes). Concluding that "the most critical factors in [its] likelihood of confusion analysis are the similarities of the marks and the similarity of the goods," the TTAB determined that SEALTITE—when "used in connection with 'self-piercing and self-drilling metal screws for use in the manufacture of metal and post-frame buildings'"—could not be registered because it "so resembles" SEALTIGHT when "used in connection with fasteners that provide leakproof protection from liquids and gases, fasteners that have a captive o-ring, and 'threaded or unthreaded metal fasteners and other related hardware ... for use in the aerospace industry' as to be likely to cause confusion," *id.*, at 71a. Despite a right to do so, Hargis did not seek judicial review in either the Federal Circuit or District Court.

[B & B invoked the TTAB decision in the ongoing litigation, arguing that Hargis could not contest likelihood of confusion because of the preclusive effect of the TTAB decision.]

At last we turn to whether there is a categorical reason why registration decisions can never meet the ordinary elements of issue preclusion, e.g., those elements set out in § 27 of the Restatement (Second) of Judgments. Although many registrations will not satisfy those ordinary elements, that does not mean that none will. We agree with Professor McCarthy that issue preclusion applies where "the issues in the two cases are indeed identical and the other rules of collateral estoppel are carefully observed." 6 McCarthy § 32:99, at 32-244; see also 3 Gilson § 11.08[4][i][iii][B], p. 11-319 ("Ultimately, Board decisions on likelihood of confusion ... should be given preclusive effect on a case-by-case basis").

Justice GINSBURG, concurring.

The Court rightly recognizes that "for a great many registration decisions issue preclusion obviously will not apply." *Ante*, at 1306. That is so because contested registrations are often decided upon "a comparison of the marks in the abstract and apart from their marketplace usage." 6 J. McCarthy, *Trademarks and Unfair Com-*

petition § 32:101, p. 32–247 (4th ed. 2014). When the registration proceeding is of that character, “there will be no [preclusion] of the likel[ihood] of confusion issue ... in a later infringement suit.” Ibid. On that understanding, I join the Court’s opinion.

B & B Hardware, Inc. v. Hargis Industries, Inc.
--- F.3d --- (8th Cir. Aug. 25, 2015)

PER CURIAM.

This matter is on remand from the United States Supreme Court. ...

We directed the parties to submit supplemental briefing. Having reviewed the briefing, we now determine that the ordinary elements of issue preclusion have been met and the usages of the marks adjudicated before the TTAB were materially the same as the usages before the district court. As noted in our prior opinions, the TTAB compared the marks in question in the marketplace context when it determined the likelihood of confusion issue for purposes of trademark registration. ...

3 Maintenance

Lanham Act

15 U.S. Code § 1058 [Lanham Act § 8] - *Duration, affidavits and fees*

- (a) Time periods for required affidavits.— Each registration shall remain in force for 10 years, except that the registration of any mark shall be canceled by the Director unless the owner of the registration files in the United States Patent and Trademark Office affidavits that meet the requirements of subsection (b), within the following time periods:
 - (1) Within the 1-year period immediately preceding the expiration of 6 years following the date of registration under this chapter or the date of the publication under section 1062(c) of this title.
 - (2) Within the 1-year period immediately preceding the expiration of 10 years following the date of registration, and each successive 10-year period following the date of registration. ...
- (b) Requirements for affidavit.— The affidavit referred to in subsection (a) shall—
 - (1) (A) state that the mark is in use in commerce;
 - (B) set forth the goods and services recited in the registration on or in connection with which the mark is in use in commerce;
 - (C) be accompanied by such number of specimens or facsimiles showing current use of the mark in commerce as may be required by the Director; and

(D) be accompanied by the fee prescribed by the Director; ...

15 U.S.C. § 1059 [Lanham Act § 9] - *Renewal of registration*

- (a) Period of renewal; time for renewal.– Subject to the provisions of section 1058 of this title, each registration may be renewed for periods of 10 years at the end of each successive 10-year period following the date of registration upon payment of the prescribed fee and the filing of a written application, in such form as may be prescribed by the Director. ...

Questions

1. Trick question: what is the maximum possible term a trademark could be in effect?

4 Cancellation and Incontestability

Lanham Act

15 U.S. Code § 1064 [Lanham Act § 14] - *Cancellation of registration*

A petition to cancel a registration of a mark, stating the grounds relied upon, may, upon payment of the prescribed fee, be filed as follows by any person who believes that he is or will be damaged, including as a result of a likelihood of dilution by blurring or dilution by tarnishment under section 1125(c) of this title, by the registration of a mark on the principal register established by this chapter ...

- (1) Within five years from the date of the registration of the mark under this chapter. ...
- (3) At any time if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered, or is functional, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of section 1054 of this title or of subsection (a), (b), or (c) of section 1052 of this title for a registration under this chapter ... or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used. ... 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.

15 U.S.C. § 1065 [Lanham Act § 15] - *Incontestability of right to use mark under certain conditions*

Except on a ground for which application to cancel may be filed at any time under paragraphs (3) and (5) of section 1064 of this title ... the right of the owner to use such registered mark in commerce for the goods or services on or in connection with which such registered mark has been in continuous use for five consecutive years subsequent to the date of such registration and is still in use in commerce, shall be incontestable: ...

Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.
469 U.S. 189 (1985)

JUSTICE O'CONNOR delivered the opinion of the Court.

Petitioner operates long-term parking lots near airports. After starting business in St. Louis in 1967, petitioner subsequently opened facilities in Cleveland, Houston, Boston, Memphis, and San Francisco. Petitioner applied in 1969 to the United States Patent and Trademark Office (Patent Office) to register a service mark consisting of the logo of an airplane and the words "Park'N Fly." The registration issued in August 1971. Nearly six years later, petitioner filed an affidavit with the Patent Office to establish the incontestable status of the mark. As required by § 15 of the Trademark Act of 1946 (Lanham Act), 60 Stat. 433, as amended, 15 U. S. C. § 1065, the affidavit stated that the mark had been registered and in continuous use for five consecutive years, that there had been no final adverse decision to petitioner's claim of ownership or right to registration, and that no proceedings involving such rights were pending.

Respondent also provides long-term airport parking services, but only has operations in Portland, Oregon. Respondent calls its business "Dollar Park and Fly." Petitioner filed this infringement action in 1978 in the United States District Court for the District of Oregon and requested the court permanently to enjoin respondent from using the words "Park and Fly" in connection with its business. ...

After a bench trial, the District Court found that petitioner's mark is not generic and observed that an incontestable mark cannot be challenged on the grounds that it is merely descriptive. ...

An incontestable mark that becomes generic may be canceled at any time pursuant to § 14(c). That section also allows cancellation of an incontestable mark at any time if it has been abandoned, if it is being used to misrepresent the source of the goods or services in connection with which it is used, or if it was obtained fraudulently or contrary to the provisions of § 4, 15 U.S.C. § 1054, or §§ 2(a)-(c), 15 U.S.C. §§ 1052(a)-(c).

The language of the Lanham Act also refutes any conclusion that an incon-

testable mark may be challenged as merely descriptive. ... The Lanham Act expressly provides that before a mark becomes incontestable an opposing party may prove any legal or equitable defense which might have been asserted if the mark had not been registered. Thus, § 33(a) would have allowed respondent to challenge petitioner's mark as merely descriptive if the mark had not become incontestable. With respect to incontestable marks, however, § 33(b) provides that registration is conclusive evidence of the registrant's exclusive right to use the mark, subject to the conditions of § 15 and the seven defenses enumerated in § 33(b) itself. Mere descriptiveness is not recognized by either § 15 or § 33(b) as a basis for challenging an incontestable mark. ...

JUSTICE STEVENS, dissenting. ...

Congress enacted the Lanham Act "to secure trade-mark owners in the goodwill which they have built up." But without a showing of secondary meaning, there is no basis upon which to conclude that petitioner has built up any goodwill that is secured by the mark "Park'N Fly." In fact, without a showing of secondary meaning, we should presume that petitioner's business appears to the consuming public to be just another anonymous, indistinguishable parking lot. ...

[I]t is perfectly clear that the failure to include mere descriptiveness among the grounds for challenging incontestability was based on the understanding that such a mark would not be registered without a showing of secondary meaning. ...

Because it would be "demonstrably at odds with the intent of [Congress]" to grant incontestable status to a mark that was not eligible for registration in the first place, the Court is surely authorized to require compliance with § 2(f) before granting relief on the basis of § 33(b).



PARK 'N FLY

5 Abandonment

Lanham Act

15 U.S.C. § 1127 [Lanham Act § 45] - *Construction and definitions ...*

A mark shall be deemed to be "abandoned" if either of the following occurs:

- (1) When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment. “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.

Procter & Gamble Co. v. Johnson & Johnson Inc.
485 F.Supp. 1185 (S.D.N.Y. 1979)

LEVAL, District Judge. ...

This is an action for trademark infringement, false designation of origin, unfair competition and trademark dilution. The plaintiff, Procter & Gamble Co. (“P&G”), an Ohio corporation, is one of the country’s largest manufacturers of household and personal use products. The defendants are Johnson & Johnson Incorporated (“J&J”) and its wholly-owned subsidiary Personal Products Company (“PPC”), both New Jersey corporations. PPC is the leading manufacturer of women’s external menstrual protection products. ...

The defendants’ trademarks which are alleged to infringe rights of the plaintiff are “Assure!” as used on a woman’s menstrual tampon, and “Sure & Natural”, as used on an external menstrual protection shield.

The plaintiff’s marks alleged to be infringed are “Sure” for an underarm antiperspirant deodorant and for a woman’s tampon, and “Assure” for a mouthwash and a shampoo. ...

Sure for tampons, since 1964, and Assure for mouthwash and shampoo, since 1970, have been carried by P&G in its “minor brands program”. The minor brands program is designed by P&G to establish and maintain ownership rights over trademarks which have not been assigned by P&G to any commercially marketed product. One of the most hotly contested issues in this lawsuit is the legal effectiveness of this program to maintain ownership rights in the Assure and Sure-for-tampon marks for ten and sixteen years respectively. ...

P&G’s action is premised in part upon its registered ownership of the brands Sure for tampons and Assure for mouthwash and deodorant. PPC rebuts this part of plaintiff’s claim by contending that P&G owns no rights in these marks, having failed to utilize them in commerce. ...

The defendant relies on Judge Friendly’s landmark opinion in *La Societe Anonyme des Parfums Le Galion v. Jean Patou, Inc.*, 495 F.2d 1265 (2 Cir. 1974) (the “Snob” case) to the effect that usage which is sporadic, nominal and intended solely for trademark maintenance is insufficient to establish and maintain trademark rights. ...

Upon detailed review of all the pertinent facts, I have concluded that P&G does not own a protectable interest in the marks in question. ...

For many years P&G has maintained a formal program for the purpose of protecting its ownership rights in brand names which were not being actively used in commerce on its products. This program was entitled the "Minor Brands Program". In 1974 P&G's office of legal counsel circulated a memorandum institutionalizing the procedures to be followed for this brand maintenance program. The memorandum was revised in 1976 and was received in evidence at the trial. (Exhibit D-74) The memorandum begins by stating that the failure to use a trademark for two consecutive years may result in its loss. "The Minor Brands Sales Program is intended", it states, "to rebut any such inference of abandonment and thus maintain the company's ability to subsequently use the marks on goods in question as major brands." The memorandum directs that the trademark section of the legal division will annually prepare a list of every mark owned by the company. The list will be divided into three categories, to be designated as Major Brand, Minor Brand and No Value. A major brand is one which is currently marketed on a day to day basis. "A 'No Value' mark is one in which there is no current commercial interest . . . All others automatically fall into the Minor Brand category." The memorandum goes on to state that each year the list will be reviewed with each division. "A diligent assessment will be made each year to place any marks which are in the Minor Brand category but which are unlikely to be selected for Major Brand usage within a reasonable period of time into the No Value category so as to keep Minor Brands to a minimum." The memorandum further instructs that when the list of minor brands has been reviewed each year, the trademark coordinator will pack 50 units of each product in the Minor Brand category and ship the 50 units to at least 10 states with a recommendation of alternation of states in succeeding years so as to achieve wide distribution. The shipments are made to normal customers for each type of product.

The evidence showed that the system functioned as follows. The distribution of goods in the Minor Brands Program is not handled by persons normally involved in P&G's merchandising operation. Indeed few employees at any level of P&G are even aware of the minor brands' existence. In each division of the company, one employee is charged with the distribution of minor brands. This "Minor Brands Coordinator" causes labels to be made and simple packages to be prepared for each minor brand. He then ships in accordance with the standing written instructions from trademark counsel. For all items in the Minor Brands Program regardless of size, cost or any other feature, the price billed is \$2 per case.

As there are no products of P&G covered by these minor brands, the coordinator takes some other P&G product in the brand category to be shipped under the minor brand's label. P&G's Prell Shampoo is bottled under 13 different minor brand labels for annual shipment at \$2 a case. P&G's Scope Mouthwash is bottled under

7 different minor brand labels for annual shipment. The situation as to tampons is particularly curious. Prior to 1974 when Rely was introduced, P&G had no such product. Accordingly, it was the practice to buy the tampons of other manufacturers and to repackage them under P&G's various minor brand tampon labels. PPC learned through documents produced at the trial that in the 1960's, its own Modess tampons had been purchased by P&G and repackaged and shipped under a "Sure" Tampon label. In recent years for its minor brand tampons, P&G has been purchasing and shipping Tampax. Although since 1974 P&G has had a tampon product of its own, the Minor Brands Coordinator for the paper goods division has continued to ship Tampax rather than P&G's own product, apparently through oversight.

None of P&G's catalogues, price lists or other published materials make any reference to the minor brands. Indeed it appears that virtually none of P&G's personnel is aware of their existence. No steps are taken to see whether these goods are actually sold by the recipients of the shipments. The only evidence received in the trial concerning any such resale was to the effect that once in 1977 the president of PPC had seen some P&G minor brands including Sure Tampons on the shelves of a store in Milwaukee and had bought a box. ...

P&G defends the validity of the Minor Brands Program on the grounds that it is commercially necessary. It argues that the development of new brands is an enormously lengthy process; numerous products are under development at any one time; and it is very hard to tell how soon a product under development will be ready for market. The process of name selection and registration is also time-consuming. If a product should become ready for market without prior provision having been made for a name, the product could be held up for quite some time while the name was being secured. ...

P&G has claimed rights to the Sure Tampon brand since 1964. ... Taking the facts in the light most favorable to P&G, the Sure Tampon brand has resided in the Minor Brands Program for nearly 12 years, with approximately 50 cases being shipped once a year. ... While there may well be persons at P&G who would like to use the Sure name on a tampon to be marketed in the future, ... I find it most unlikely that the Sure name will be assigned to a tampon while P&G's uses that name on an anti-perspirant.

P&G has owned the Assure mark for shampoo and mouthwash since 1970. The shampoo mark has been maintained as a minor brand since 1970 bringing in total revenues of \$491.30. The mouthwash brand has been in the program for only three years bringing in total revenues of \$161.50; apparently for the first six years the Assure mouth wash brand was not utilized at all. P&G has introduced a new mouthwash and a shampoo into test markets without selecting the name Assure.

Applying to these facts the reasoning of the Court of Appeals in the Snob case, I find that P&G "has never put (these brands) on the market in any meaningful way;

indeed, it has given no indication (which I would regard as convincing) that it has any current plans to do so.” “Trademark rights are not created by sporadic, casual, and nominal shipments of goods bearing a mark. There must a trade in the goods sold under the mark or at least an active and public attempt to establish such a trade” 495 F.2d at 1272-74.

While P&G’s annual shipment of 50 cases for periods of nine to twelve years may not be sporadic or casual, it is certainly nominal and does not represent a bona fide attempt to establish a trade in any meaningful way. As the Snob opinion further points out “(a) trademark maintenance program obviously cannot in itself justify a minimal sales effort, or the requirement of good faith commercial use would be read out of trademark law altogether.” 495 F.2d at 1273 n. 10.

I recognize that P&G’s minor brands program might well be legally effective in other circumstances, as where a brand is reserved in connection with reasonably well-formulated plans to use it on a particular product under development, especially if the artificial maintenance does not continue for an unreasonably long time. See PAB Produits, 570 F.2d at 334 n. 10. But there must be a “present intent . . . to market the trademarked product,” Snob, 495 F.2d at 1272. P&G’s vague, remote and almost abstract intentions for the Sure and Assure marks are not satisfactory. P&G’s personnel testified, for example, as to each of its 13 minor shampoo brands (including Assure), that it held a present intention to utilize them on a commercially marketed product. At present, P&G offers only 3 shampoos on the commercial market. While there are several shampoos under development, I find no firm intention to use Assure on any of these. Intentions which are so vague and remote and so unlikely to come to fruition within a reasonable near future are not sufficient to meet the test. ...

I conclude ... that P&G owns no enforceable rights in Sure tampon brand or in the Assure mark and that its action on behalf of those interests must fail. P&G has failed to show that it established trademark rights through bona fide commercial use.

...

Trademark Throwback Problem

In 1984, to great local anger, the Baltimore Colts of the National Football League moved to Indianapolis. In 1993, a team in the Canadian Football League proposed to play in Baltimore and to call itself the “Baltimore CFL Colts.” The NFL Colts sued, and won an injunction against the CFL Colts’ use of the name. Properly decided? Does it matter whether the NFL Colts were selling merchandise with the old team name and insignia? If the defendants proposed instead to open up a bar in Baltimore under the name The Baltimore Colt?

D Infringement: Similarity

1 Confusion About Source

Lanham Act

15 U.S.C. § 1114 [Lanham Act § 32] - Remedies; infringement ...

- (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; or
 - (b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of 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.

Note that while § 32 of the Lanham Act speaks of infringement of *registered* marks, § 43 (discussed in more detail below) also gives a federal cause of action for infringement of *unregistered* marks – and both of them coexist with state-law causes of action for trademark infringement. In practice, the tests for consumer confusion about source based on the defendant’s use of a mark under all of these causes of action are effectively identical. The jurisdictional distinctions between state and federal causes of action are discussed in the Litigation chapter.

Virgin Enterprises Ltd. v. Nawab 335 F.3d 141 (2d Cir. 2003)

Leval, Circuit Judge:

Plaintiff Virgin Enterprises Limited (“VEL” or “plaintiff”) appeals from the denial of its motion for a preliminary injunction. This suit, brought under § 32 of the Lanham Act, 15 U.S.C. § 1114(1), alleges that defendants infringed plaintiff’s rights

in the registered mark VIRGIN by operating retail stores selling wireless telephones and related accessories and services under the trade name VIRGIN WIRELESS. The United States District Court for the Eastern District of New York (Sifton, J.) denied plaintiff's motion for a preliminary injunction, based upon its finding that plaintiff's registration did not cover the retail sale of wireless telephones and related products, and that plaintiff failed to show a likelihood of consumer confusion.

We find that the plaintiff is likely to succeed on the merits and was entitled to a preliminary injunction. We therefore reverse³ and remand with instructions to enter a preliminary injunction.

BACKGROUND

Plaintiff VEL, a corporation with its principal place of business in London, owns U.S. Registration No. 1,851,817 ("the 817 Registration"), filed on May 5, 1991, and registered on August 30, 1994, for the VIRGIN mark as applied to "retail store services in the fields of ... computers and electronic apparatus" (emphasis added). Plaintiff filed an affidavit of continuing use, pursuant to 15 U.S.C. § 1058(a), on April 27, 2000, which averred that plaintiff had used the mark in connection with retail store services selling computers and electronic apparatus. Plaintiff also owns U.S. Registration No. 1,852,776 ("the 776 Registration"), filed on May 9, 1991, and registered on September 6, 1994, for a stylized version of the VIRGIN mark for use in connection with "retail store services in the fields of ... computers and electronic apparatus," and U.S. Registration No. 1,863,353 ("the 353 Registration"), filed on May 19, 1992, and registered on November 15, 1994, for the VIRGIN MEGASTORE mark. It is undisputed that these three registrations have become incontestable pursuant to 15 U.S.C. § 1065.

VEL, either directly or through corporate affiliates, operates various businesses worldwide under the trade name VIRGIN, including an airline, large-scale record stores called Virgin Megastores, and an internet information service. Plaintiff or its affiliates also market a variety of goods branded with the VIRGIN name, including music recordings, computer games, books, and luggage. Three of plaintiff's megastores are located in the New York area. According to an affidavit submitted to the district court in support of plaintiff's application for preliminary injunction, Virgin Megastores sell a variety of electronic apparatus, including video game systems, portable CD players, disposable cameras, and DVD players. These stores advertise in a variety of media, including radio.

Defendants Simon Blitz and Daniel Gazal are the sole shareholders of defendants Cel-Net Communications, Inc. ("Cel-Net"); The Cellular Network Communications, Inc., doing business as CNCG ("CNCG"); and SD Telecommunications, Inc. ("SD Telecom"). Blitz and Gazal formed Cel-Net in 1993 to sell retail wireless telephones and services in the New York area. Later, they formed CNCG to sell wireless

phones and services on the wholesale level. CNCG now sells wireless phones and services to more than 400 independent wireless retailers. In 1998, Cel-Net received permission from New York State regulators to resell telephone services within the state.

Around 1999, Andrew Kastein, a vice-president of CNCG, began to develop a Cel-Net brand of wireless telecommunications products. In early 1999, Cel-Net entered into negotiations with the Sprint PCS network to provide telecommunications services for resale by Cel-Net. In August 1999, Cel-Net retained the law firm Pennie & Edmonds to determine the availability of possible service marks for Cel-Net. Pennie & Edmonds associate Elizabeth Langston researched for Kastein a list of possible service marks; among the marks Cel-Net asked to have researched was VIRGIN. Defendants claim that Langston told Cel-Net officer Simon Corney that VIRGIN was available for use in the telecommunications field. Plaintiff disputed this, offering an affidavit from Langston that she informed defendants that she would not search the VIRGIN mark because her firm represented plaintiff.

According to defendants, in December 1999, Cel-Net retained Corporate Solutions, LLC and its principals Nathan Erlich and Tahir Nawab as joint venture partners to help raise capital to launch Cel-Net's wireless telephone service. On December 2, 1999, Erlich and Nawab filed four intent-to-use applications with the U.S. Patent and Trademark Office ("PTO") to register the marks VIRGIN WIRELESS, VIRGIN MOBILE, VIRGIN COMMUNICATIONS, and VIRGIN NET in the field of telecommunications services, class 38. On December 24, 1999, Corporate Solutions incorporated defendant Virgin Wireless, Inc. ("VWI") and licensed to VWI the right to use the marks VIRGIN WIRELESS and VIRGIN MOBILE. Meanwhile, one of plaintiff's affiliates had begun to offer wireless telecommunication services bearing the VIRGIN mark in the United Kingdom. A press release dated November 19, 1999, found on plaintiff's website, stated that its Virgin Mobile wireless services were operable in the United States.

On June 23, 2000, defendant Blitz signed a lease under the name Virgin Wireless for a kiosk location in South Shore Mall in Long Island from which to re-sell AT&T wireless services, telephones, and accessories under the retail name Virgin Wireless. Defendants Cel-Net and VWI later expanded their telecommunications re-sale operations to include two retail stores and four additional retail kiosks in malls in the New York area and in Pennsylvania. All of these stores have been run by VWI under the trade name VIRGIN WIRELESS. VWI also has leases and bank accounts in its name, and has shown evidence of actual retail transactions and newspaper advertisements.

In August 2000, plaintiff licensed Virgin Mobile USA, LLC, to use the VIRGIN mark for wireless telecommunications services in the United States. On August 10, 2000, plaintiff filed an intent-to-use application with the PTO for use of the VIRGIN

mark in the United States on telecommunications services and mobile telephones. On October 11, 2001, the PTO suspended this mark's registration in international class 9, which covers wireless telephones, and class 38, which covers telecommunications services, because the VIRGIN mark was already reserved by a prior filing, presumably defendants'. On August 16, 2001, plaintiff filed another intent-to-use application for the mark VIRGIN MOBILE to brand telecommunications services. The PTO issued a non-final action letter for both of plaintiff's pending new registrations on October 31, 2001, which stated that defendant Corporation Solutions' pending applications for similar marks in the same class could give rise to "a likelihood of confusion." The PTO suspended action on plaintiff's application pending the processing of Corporation Solutions' applications.

In October 2001, plaintiff issued a press release announcing that it was offering wireless telecommunications services and mobile telephones in the United States.

Plaintiff became aware of Corporation Solutions' application for registration of the VIRGIN WIRELESS and VIRGIN MOBILE marks by May 2000. In October 2001 and December 2001, defendant VWI filed suits against plaintiff in the federal district courts in Arizona and Delaware, alleging that plaintiff was using VWI's mark. Plaintiff maintains (and the district court found) that it learned in January 2002 that VWI and Cel-Net were operating kiosks under the VIRGIN WIRELESS name and two days later filed the present suit seeking to enjoin defendants from selling mobile phones in VIRGIN-branded retail stores. ...

The [District Court] denied [plaintiff's] application for preliminary injunction. The crux of the court's decision lay in the facts that plaintiff's prior use and registration of the VIRGIN mark in connection with the sale of consumer electronic equipment did not include the sale of telephones or telephone services, and that defendants were the first to register and use VIRGIN for telephones and wireless telephone service. This appeal followed.

DISCUSSION

I.

As the court below correctly noted, in order to obtain a preliminary injunction, a party must demonstrate probability of irreparable harm in the absence of injunctive relief, and either a likelihood that it will succeed on the merits of its claim, or a serious question going to the merits and a balance of hardships tipping decidedly in its favor. We review the court's denial of a preliminary injunction for abuse of discretion.

In an action for trademark infringement, where a mark merits protection, a showing that a significant number of consumers are likely to be confused about the source of the goods identified by the allegedly infringing mark is generally sufficient to demonstrate both irreparable harm and a likelihood of success on the merits. Thus,

our inquiry must be whether the district court correctly determined that the plaintiff was not entitled to protection from use of its mark by others in the sale of wireless telephones and related services, and that there was no likelihood that, in the absence of a preliminary injunction, a significant number of consumers would be confused about the sponsorship of defendants' retail stores. For the reasons discussed below, we find that the mark is entitled to protection, and there is a significant likelihood of confusion. We reverse and remand.

II. ...

We believe the district court accorded plaintiff too narrow a scope of protection for its famous, arbitrary, and distinctive mark. There could be no dispute that plaintiff prevailed as to the first prong of the test — prior use and ownership. For years, plaintiff had used the VIRGIN mark on huge, famous stores selling, in addition to music recordings, a variety of consumer electronic equipment. At the time the defendants began using VIRGIN, plaintiff owned rights in the mark. The focus of inquiry thus turns to the second prong of the test — whether defendants' use of VIRGIN as a mark for stores selling wireless telephone services and phones was likely to cause confusion. There can be little doubt that such confusion was likely.

The landmark case of *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492 (2d Cir.1961) (Friendly, J.), outlined a series of nonexclusive factors likely to be pertinent in addressing the issue of likelihood of confusion, which are routinely followed in such cases.

Six of the Polaroid factors relate directly to the likelihood of consumer confusion. These are the strength of the plaintiff's mark; the similarity of defendants' mark to plaintiff's; the proximity of the products sold under defendants' mark to those sold under plaintiff's; where the products are different, the likelihood that plaintiff will bridge the gap by selling the products being sold by defendants; the existence of actual confusion among consumers; and the sophistication of consumers. Of these six, all but the last (which was found by the district court to be neutral) strongly favor the plaintiff. The remaining two Polaroid factors, defendants' good or bad faith and the quality of defendants' products, are more pertinent to issues other than likelihood of confusion, such as harm to plaintiff's reputation and choice of remedy. We conclude that the Polaroid factors powerfully support plaintiff's position.

Strength of the mark. The strength of a trademark encompasses two different concepts, both of which relate significantly to likelihood of consumer confusion. The first and most important is inherent strength, also called "inherent distinctiveness." This inquiry distinguishes between, on the one hand, inherently distinctive marks — marks that are arbitrary or fanciful in relation to the products (or services) on which they are used — and, on the other hand, marks that are generic, descriptive or suggestive as to those goods. The former are the strong marks. The second sense

of the concept of strength of a mark is “acquired distinctiveness,” i.e., fame, or the extent to which prominent use of the mark in commerce has resulted in a high degree of consumer recognition.

Considering first inherent distinctiveness, the law accords broad, muscular protection to marks that are arbitrary or fanciful in relation to the products on which they are used, and lesser protection, or no protection at all, to marks consisting of words that identify or describe the goods or their attributes. The reasons for the distinction arise from two aspects of market efficiency. The paramount objective of the trademark law is to avoid confusion in the marketplace. The purpose for which the trademark law accords merchants the exclusive right to the use of a name or symbol in their area or commerce is identification, so that the merchants can establish goodwill for their goods based on past satisfactory performance, and the consuming public can rely on a mark as a guarantee that the goods or services so marked come from the merchant who has been found to be satisfactory in the past. At the same time, efficiency and the public interest require that every merchant trading in a class of goods be permitted to refer to the goods by their name, and to make claims about their quality. Thus, a merchant who sells pencils under the trademark Pencil or Clear Mark, for example, and seeks to exclude other sellers of pencils from using those words in their trade, is seeking an advantage the trademark law does not intend to offer. To grant such exclusivity would deprive the consuming public of the useful market information it receives where every seller of pencils is free to call them pencils. The trademark right does not protect the exclusive right to an advertising message — only the exclusive right to an identifier, to protect against confusion in the marketplace. Thus, as a matter of policy, the trademark law accords broader protection to marks that serve exclusively as identifiers and lesser protection where a grant of exclusiveness would tend to diminish the access of others to the full range of discourse relating to their goods.

The second aspect of efficiency that justifies according broader protection to marks that are inherently distinctive relates directly to the likelihood of confusion. If a mark is arbitrary or fanciful, and makes no reference to the nature of the goods it designates, consumers who see the mark on different objects offered in the marketplace will be likely to assume, because of the arbitrariness of the choice of mark, that they all come from the same source. For example, if consumers become familiar with a toothpaste sold under an unusual, arbitrary brand name, such as ZzaaqQ, and later see that same inherently distinctive brand name appearing on a different product, they are likely to assume, notwithstanding the product difference, that the second product comes from the same producer as the first. The more unusual, arbitrary, and fanciful a trade name, the more unlikely it is that two independent entities would have chosen it. In contrast, every seller of foods has an interest in calling its product “delicious.” Consumers who see the word delicious used on two or more

different food products are less likely to draw the inference that they must all come from the same producer. In short, the more distinctive the mark, the greater the likelihood that the public, seeing it used a second time, will assume that the second use comes from the same source as the first. The goal of avoiding consumer confusion thus dictates that the inherently distinctive, arbitrary, or fanciful marks, i.e., strong marks, receive broader protection than weak marks, those that are descriptive or suggestive of the products on which they are used.

The second sense of trademark strength, fame, or “acquired distinctiveness,” also bears on consumer confusion. If a mark has been long, prominently and notoriously used in commerce, there is a high likelihood that consumers will recognize it from its prior use. Widespread consumer recognition of a mark previously used in commerce increases the likelihood that consumers will assume it identifies the previously familiar user, and therefore increases the likelihood of consumer confusion if the new user is in fact not related to the first. A mark’s fame also gives unscrupulous traders an incentive to seek to create consumer confusion by associating themselves in consumers’ minds with a famous mark. The added likelihood of consumer confusion resulting from a second user’s use of a famous mark gives reason for according such a famous mark a broader scope of protection, at least when it is also inherently distinctive.

Plaintiff’s VIRGIN mark undoubtedly scored high on both concepts of strength. In relation to the sale of consumer electronic equipment, the VIRGIN mark is inherently distinctive, in that it is arbitrary and fanciful; the word “virgin” has no intrinsic relationship whatsoever to selling such equipment. Because there is no intrinsic reason for a merchant to use the word “virgin” in the sale of consumer electronic equipment, a consumer seeing VIRGIN used in two different stores selling such equipment will likely assume that the stores are related.

Plaintiff’s VIRGIN mark was also famous. The mark had been employed with world-wide recognition as the mark of an airline and as the mark for megastores selling music recordings and consumer electronic equipment. The fame of the mark increased the likelihood that consumers seeing defendants’ shops selling telephones under the mark VIRGIN would assume incorrectly that defendants’ shops were a part of plaintiff’s organization.

There can be no doubt that plaintiff’s VIRGIN mark, as used on consumer electronic equipment, is a strong mark, as the district court found. It is entitled as such to a broad scope of protection, precisely because the use of the mark by others in connection with stores selling reasonably closely related merchandise would inevitably have a high likelihood of causing consumer confusion.

Similarity of marks. When the secondary user’s mark is not identical but merely similar to the plaintiff’s mark, it is important to assess the degree of similarity between them in assessing the likelihood that consumers will be confused. Plaintiff’s

and defendants' marks were not merely similar; they were identical to the extent that both consisted of the same word, "virgin."

The district court believed this factor did not favor plaintiff because it found some differences in appearance. Defendants' logo used a different typeface and different colors from plaintiff's. While those are indeed differences, they are quite minor in relation to the fact that the name being used as a trademark was the same in each case.

Advertisement and consumer experience of a mark do not necessarily transmit all of the mark's features. Plaintiff, for example, advertised its Virgin Megastores on the radio. A consumer who heard those advertisements and then saw the defendants' installation using the name VIRGIN would have no way of knowing that the two trademarks looked different. A consumer who had visited one of plaintiff's Virgin Megastores and remembered the name would not necessarily remember the typeface and color of plaintiff's mark. The reputation of a mark also spreads by word of mouth among consumers. One consumer who hears from others about their experience with Virgin stores and then encounters defendants' Virgin store will have no way knowing of the differences in typeface.

In view of the fact that defendants used the same name as plaintiff, we conclude the defendants' mark was sufficiently similar to plaintiff's to increase the likelihood of confusion. This factor favored the plaintiff as a matter of law. We conclude that the district court erred in concluding otherwise on the basis of comparatively trivial and often irrelevant differences.

Proximity of the products and likelihood of bridging the gap. The next factor is the proximity of the products being sold by plaintiff and defendant under identical (or similar) marks. This factor has an obvious bearing on the likelihood of confusion. When the two users of a mark are operating in completely different areas of commerce, consumers are less likely to assume that their similarly branded products come from the same source. In contrast, the closer the secondary user's goods are to those the consumer has seen marketed under the prior user's brand, the more likely that the consumer will mistakenly assume a common source.

While plaintiff had not sold telephones or telephone service prior to defendant's registration evincing intent to sell those items, plaintiff had sold quite similar items of consumer electronic equipment. These included computer video game systems, portable cassette-tape players, compact disc players, MP3 players, mini-disc players, and disposable cameras. Like telephones, many of these are small consumer electronic gadgets making use of computerized audio communication. They are sold in the same channels of commerce. Consumers would have a high expectation of finding telephones, portable CD players, and computerized video game systems in the same stores. We think the proximity in commerce of telephones to CD players substantially advanced the risk that consumer confusion would occur when both were

sold by different merchants under the same trade name, VIRGIN.

Our classic Polaroid test further protects a trademark owner by examining the likelihood that, even if the plaintiff's products were not so close to the defendants' when the defendant began to market them, there was already a likelihood that plaintiff would in the reasonably near future begin selling those products. VEL's claim of proximity was further strengthened in this regard because, as the district court expressly found, "plans had been formulated [for VEL] to enter [the market for telecommunications products and services] shortly in the future." VEL had already begun marketing telephone service in England which would operate in the United States, and, as the district court found, had made plans to sell telephones and wireless telephone service under the VIRGIN name from its retail stores.

The district court, nonetheless, found in favor of the defendants with respect to the proximity of products and services. We would ordinarily give considerable deference to a factual finding on this issue. Here, however, we cannot do so because it appears the district court applied the wrong test. The court did not assess the proximity of defendants' VIRGIN-branded retail stores selling telephone products to plaintiff's VIRGIN-branded retail stores selling other consumer electronic products. It simply concluded that, because defendants were selling exclusively telephone products and services, and plaintiff's electronic products did not include telephones or related services, the defendants must prevail as to the proximity factor.

This represents a considerable misunderstanding of the Polaroid test. The famous list of factors of likely pertinence in assessing likelihood of confusion in Polaroid was specially designed for a case like this one, in which the secondary user is not in direct competition with the prior user, but is selling a somewhat different product or service. In Polaroid, the plaintiff sold optical and camera equipment, while the defendant sold electronic apparatus. The test the court discussed was expressly addressed to the problem "how far a valid trademark shall be protected with respect to goods other than those to which its owner has applied it." 287 F.2d at 495 (emphasis added). The very fact that the test includes the "proximity" between the defendant's products and the plaintiff's and the likelihood that the plaintiff will "bridge the gap" makes clear that the trademark owner does not lose, as the district court concluded, merely because it has not previously sold the precise good or service sold by the secondary user.

In our view, had the district court employed the proper test of proximity, it could not have failed to find a high degree of proximity as between plaintiff VEL's prior sales of consumer electronic audio equipment and defendants' subsequent sales of telephones and telephone services, which proximity would certainly contribute to likelihood of consumer confusion. And plaintiff was all the more entitled to a finding in its favor in respect of these matters by virtue of the fact, which the district court did find, that at the time defendants began using the VIRGIN mark in the retail sale

of telephones and telephone services, plaintiff already had plans to bridge the gap by expanding its sales of consumer electronic equipment to include sales of those very goods and services in the near future. Consumer confusion was more than likely; it was virtually inevitable.

Actual confusion. It is self-evident that the existence of actual consumer confusion indicates a likelihood of consumer confusion. We have therefore deemed evidence of actual confusion “particularly relevant” to the inquiry.

Plaintiff submitted to the district court an affidavit of a former employee of defendant Cel-Net, who worked at a mall kiosk branded as Virgin Wireless, which stated that individuals used to ask him if the kiosk was affiliated with plaintiff’s VIRGIN stores. The district court correctly concluded that this evidence weighed in plaintiff’s favor.

Sophistication of consumers. The degree of sophistication of consumers can have an important bearing on likelihood of confusion. Where the purchasers of a product are highly trained professionals, they know the market and are less likely than untrained consumers to be misled or confused by the similarity of different marks. The district court recognized that “[r]etail customers, such as the ones catered to by both the defendants and [plaintiff], are not expected to exercise the same degree of care as professional buyers, who are expected to have greater powers of discrimination.” On the other hand, it observed that purchasers of cellular telephones and the service plans were likely to give greater care than self-service customers in a supermarket. Noting that neither side had submitted evidence on the sophistication of consumers, the court made no finding favoring either side. We agree that the sophistication factor is neutral in this case.

Bad faith and the quality of the defendants’ services or products. Two factors remain of the conventional Polaroid test: the existence of bad faith on the part of the secondary user and the quality of the secondary user’s products or services. Neither factor is of high relevance to the issue of likelihood of confusion. A finding that a party acted in bad faith can affect the court’s choice of remedy or can tip the balance where questions are close. It does not bear directly on whether consumers are likely to be confused. The district court noted some evidence of bad faith on the defendants’ part, but because the evidence on the issue was scant and equivocal, the court concluded that such a finding “at this stage [would be] speculative.” The court therefore found that this factor favored neither party.

The issue of the quality of the secondary user’s product goes more to the harm that confusion can cause the plaintiff’s mark and reputation than to the likelihood of confusion. In any event, the district court found this factor to be “neutral” with respect to likelihood of confusion.

* * * * *

In summary we conclude that of the six Polaroid factors that pertain directly to the likelihood of consumer confusion, all but one favor the plaintiff, and that one — sophistication of consumers — is neutral. The plaintiff is strongly favored by the strength of its mark, both inherent and acquired; the similarity of the marks; the proximity of the products and services; the likelihood that plaintiff would bridge the gap; and the existence of actual confusion. None of the factors favors the defendant. The remaining factors were found to be neutral. Although we do not suggest that likelihood of confusion may be properly determined simply by the number of factors in one party's favor, the overall assessment in this case in our view admits only of a finding in plaintiff's favor that defendants' sale of telephones and telephone-related services under the VIRGIN mark was likely to cause substantial consumer confusion.

One issue remains. Defendants argue that plaintiff should be barred by laches from seeking injunctive relief. They contend that because of plaintiff's delay after learning of the defendants' applications to register the VIRGIN marks, they expended considerable sums and developed goodwill in their use of the VIRGIN marks before plaintiff brought suit. Because the district court ruled in the defendants' favor it made no express finding on the issue of laches. But the district court explicitly found that plaintiff first learned of defendants' use of the name VIRGIN in commerce only two days before plaintiff instituted this suit. Given that finding, plaintiff could not be chargeable with laches.

We conclude that, as a matter of law, plaintiff demonstrated irreparable harm and likelihood of success on the merits and was entitled to a preliminary injunction.

Sally Beauty Co., Inc. v. Beautyco, Inc.
304 F.3d 964 (9th Cir. 2002)

judgeMURPHY, Circuit Judge. ...

Sally Beauty Co., Inc. ("Sally Beauty") and Marianna Imports, Inc. ("Marianna"), collectively "Plaintiffs," sued Beautyco, Inc. ("Beautyco") for trademark infringement, trade dress infringement, and false advertising. Beautyco markets a line of hair care products under the trade name GENERIX, which the Plaintiffs claim infringes the trademark and trade dress of their competing line of hair care products called Generic Value Products. ...

The degree of similarity between marks rests on sight, sound, and meaning. This court must determine whether the allegedly infringing mark will confuse the public when singly presented, rather than when presented side by side with the protected trademark. In so doing, similarities are weighed more heavily than differences, particularly when the competing marks are used in virtually identical products packaged in a similar manner.

The district court concluded that the similarity of marks weighed in favor of Marianna. "Generic Value Products," however, is not visually similar to "GENERIX."

Marianna's mark consists of three words, while Beautyco's consists of only one. Although both marks begin with the same six letters, this similarity is not enough to outweigh the visual differences in the marks.

The sound of the marks is also different. "Generic Value Products" does not sound similar to "GENERIX." In considering this subfactor, the district court erred by shortening "Generic Value Products" to simply "Generic" in comparing aural similarities between the marks. The district court cited no authority which would permit the shortening of the trademark for the likelihood of confusion analysis. Marianna relies on *Giant Food, Inc. v. Nation's Foodservice, Inc.*, in support, but that case involved marks consisting of pictorial designs with clearly dominant visual elements. In this case, however, the Generic Value Products mark consists of words alone and no one word takes precedence over the others.

In contrast, the meanings of "Generic Value Products" and "GENERIX" are similar. Although "GENERIX" has no inherent meaning, Beautyco admits in its motion for summary judgment that the use of the word is obviously intended to convey the idea that its product is inexpensive. Beautyco further concedes that Sally Beauty's use of "Generic" conveys the same idea. Taken as a whole, Generic Value Products conveys the same meaning as GENERIX.

On balance, the similarity in meaning between the marks favors Marianna, but the differences in both sight and sound favor Beautyco. Although similarities are to be weighed more heavily than differences, the differences in this case are significant enough to lead us to conclude that this factor weighs in favor of Beautyco.

Cheat Sheet Problem

Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 CAL. L. REV. 1581 (2006) reports on an empirical study of 331 litigated trademark cases and concludes that the factors do not have equal importance. According to the article, the following flowchart correctly decides every case in the sample set:

- Are the marks similar? If NO, then the defendant wins.
- Did the defendant act in bad faith? If YES, then the plaintiff wins.
- Was there actual confusion? If YES, then the plaintiff wins.
- Were the goods proximate? If NO, then the defendant wins.
- Is the plaintiff's mark strong? If YES, then the plaintiff wins; if NO, then the defendant wins.

How should Professor Beebe's findings influence our thinking about trademark infringement? Should it change how lawyers argue cases, how judges decide them, or how we study them in class?

Boats Problem

Following are the facts as stated in *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979). Assuming a jury verdict in favor of the plaintiff on a claim of trademark infringement at trial, how should the court rule on the defendant's motion for judgment notwithstanding the verdict?

AMF and appellee Nescher both manufacture recreational boats. AMF uses the mark Slickcraft, and Nescher uses Sleekcraft. ...

AMF's predecessor used the name Slickcraft Boat Company from 1954 to 1969 when it became a division of AMF. The mark Slickcraft was federally registered on April 1, 1969, and has been continuously used since then as a trademark for this line of recreational boats.

Slickcraft boats are distributed and advertised nationally. AMF has authorized over one hundred retail outlets to sell the Slickcraft line. For the years 1966-1974, promotional expenditures for the Slickcraft line averaged approximately \$ 200,000 annually. Gross sales for the same period approached \$ 50,000,000.

After several years in the boat-building business, appellee Nescher organized a sole proprietorship, Nescher Boats, in 1962. This venture failed in 1967. In late 1968 Nescher began anew and adopted the name Sleekcraft. Since then Sleekcraft has been the Nescher trademark. The name Sleekcraft was selected without knowledge of appellant's use. After AMF notified him of the alleged trademark infringement, Nescher adopted a distinctive logo and added the identifying phrase "Boats by Nescher" on plaques affixed to the boat and in much of its advertising. The Sleekcraft mark still appears alone on some of appellee's stationery, signs, trucks, and advertisements.

The Sleekcraft venture succeeded. Expenditures for promotion increased from \$ 6,800 in 1970 to \$ 126,000 in 1974. Gross sales rose from \$ 331,000 in 1970 to over \$ 6,000,000 in 1975. Like AMF, Nescher sells his boats through authorized local dealers.

Slickcraft boats are advertised primarily in magazines of general circulation. Nescher advertises primarily in publications for boat racing enthusiasts. Both parties exhibit their product line at boat shows, sometimes the same show. ...



2 Confusion About Sponsorship and Affiliation

Lanham Act

15 U.S.C. § 1125 [Lanham Act § 43] - *False designations of origin, false descriptions, and dilution forbidden*

(a) Civil action

(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 ...

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.

Hershey Co. v. Friends of Steve Hershey
33 F.Supp. 3d 588 (2014)

WILLIAM D. QUARLES, JR., District Judge.

Hershey, a manufacturer of candy and chocolate products sold under the HER-SHEY'S trademark, was founded in 1894. The Hershey Trade Dress is a design mark "consisting of a dark brown or dark maroon background color — commonly referred to as 'Hershey maroon' — and a silver or other light-colored font for the word mark HERSHEY'S (as well as other designations that play on the word mark HERSHEY'S), often with smaller text below the word mark HERSHEY'S." Hershey Chocolate & Confectionery Corporation ("HC & CC") owns a number of federal trademark registrations for the Hershey Trade Dress. ...

In 2002, Steve Hershey ran for county commissioner of Queen Anne's County. During that campaign, he used designs with a dark brown background with HER-SHEY printed in bold white font. Hershey wrote to Mr. Hershey at the time asking him to stop his use of the Hershey Trade Dress in his campaign signage. Mr. Hershey stopped using the campaign materials after the elections.

In 2010, Steve Hershey ran for state delegate using a campaign logo and signs featuring a similar brown background, bold white font, and a white border. [Again Hershey objected; Steve Hershey agreed to use a different design in the general election.]

In 2013, Steve Hershey was appointed to a vacant state senate seat. In April 2014, Senator Hershey began campaigning for the state senate using a campaign logo with a Maryland flag in dual tone brown as the background, the word HERSHEY in white Impact or Helvetica Neue font, and STATE SENATE in smaller font below. The parties attempted to resolve the dispute about Senator Hershey's design. See During this time, several publications and members of the public noted the similarity between the Hershey Trade Dress and Senator Hershey's campaign materials. ...

On June 6, 2014, the Plaintiffs sued the Defendants for federal trademark infringement, breach of contract, and related claims. On June 16, 2014, the Plaintiffs moved for a preliminary injunction. ...

The Defendants also argue that the design is not likely to cause confusion. Likelihood of confusion includes confusion about source and sponsorship. ...

Here, the Hershey Trade Dress is a strong and distinctive mark. Courts look at factors such as advertising expenditures, consumer studies linking the mark to the source, sales records, and length and exclusivity of the plaintiff's use of the mark when considering the mark's strength.. Variations of the Hershey Trade Dress have been advertised and sold throughout the United States for over a century. Millions of consumers see television advertising for Hershey's products bearing Hershey Trade Dress. Annual retail sales for Hershey's products bearing the Hershey Trade Dress exceed one billion dollars annually. Hershey Trade Dress is also wellknown and recognizable. A 2014 brand health study listed Hershey's milk chocolate, bearing Hershey Trade Dress, as the top-ranked brand of chocolate candy. Hershey's market research shows over 90% awareness of the Hershey's milk chocolate bar among U.S. consumers.

Comparing the Hershey Trade Dress with Senator Hershey's promotional signs shows a substantial similarity. The Defendants' design uses the name HERSHEY in similar font and coloring to the Hershey Trade Dress. It also uses a background in similar coloring and the words STATE SENATE in similar lettering to Hershey's terms such as "Milk Chocolate." The Defendants' use of the Maryland flag, in dual brown tone, as the background does not differentiate the design. The Maryland flag design is subtle, and would likely be difficult to notice, especially when viewed on a lawn sign from a passing car. The difference in spelling between HERSHEY and HERSHEY'S also does not detract from the obvious similarity of the two designs.

The Defendants argue that there is no similarity between the campaign and Hershey's promotion, facilities, and advertising; and, therefore, there can be no confusion. Although the Court agrees that the public is not likely to confuse the Sena-

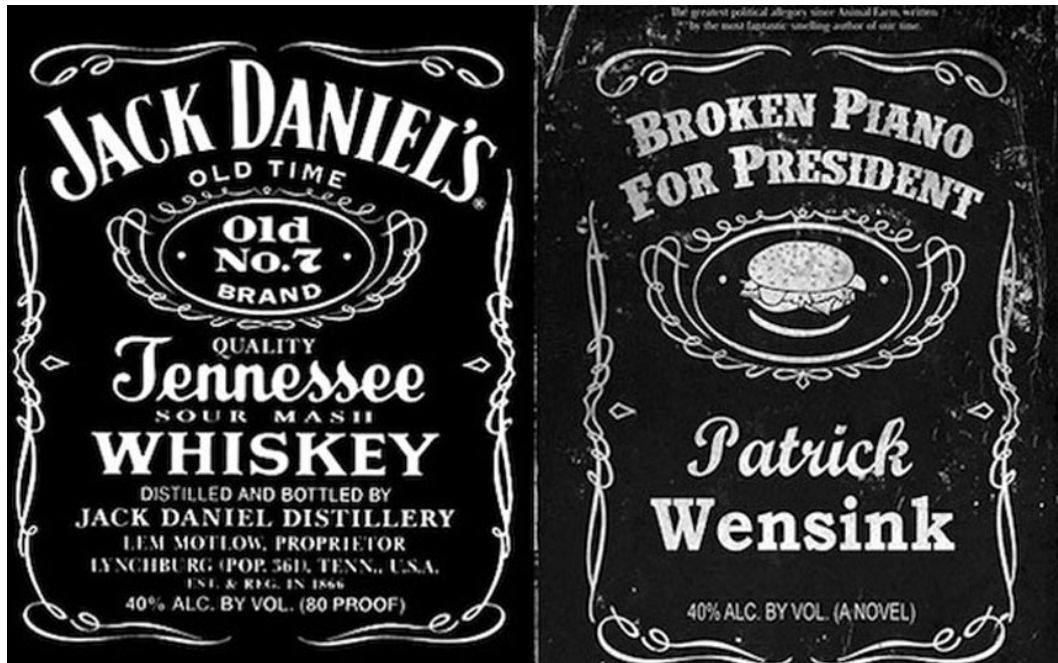
tor with a candy bar, the confusion requirement also encompasses confusion with respect to sponsorship or affiliation. “The public’s belief that the mark’s owner sponsored or otherwise approved the use of the trademark satisfies the confusion requirement.” *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 205 (2d Cir.1979). Hershey advertises its products nationwide, including within Senator Hershey’s legislative district. On the basis of the substantially similar campaign design, a member of the public could easily — and mistakenly — believe that Senator Hershey is in some way affiliated with Hershey. Additionally, although evidence of actual confusion is not necessary, the Plaintiffs have provided anecdotal evidence of confusion by the public.

In applying the above factors, the weight of the evidence demonstrates that the Plaintiffs have shown a likelihood of confusion. ...



Jack Daniel's Problem

The image on the left is the world-famous label from JACK DANIEL'S whiskey. The image on the right is the front cover of a novel by Patrick Wensink. Infringement?



3 Unfair Competition

Lanham Act

15 U.S.C. § 1125 [Lanham Act § 43] - *False designations of origin, false descriptions, and dilution forbidden*

(a) Civil action

(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 ...

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.

William R. Warner & Co. v. Eli Lilly & Co.

265 U.S. 526 (1924)

MR. JUSTICE SUTHERLAND delivered the opinion of the Court.

Respondent is a corporation engaged in the manufacture and sale of pharmaceutical and chemical products. In 1899 it began and has ever since continued to make and sell a liquid preparation of quinine, in combination with other substances, including yerba-santa and chocolate, under the name of Coco-Quinine.

Petitioner also is a pharmaceutical and chemical manufacturer[, which] in 1906 began the manufacture of a liquid preparation which is substantially the same as respondent's preparation and which was put upon the market under the name of Quin-Coco. ...

This suit was brought in the Federal District Court for the Eastern District of Pennsylvania by respondent to enjoin petitioner from continuing to manufacture and sell the preparation if flavored or colored with chocolate; and also from using the name Quin-Coco, on the ground that it was an infringement of the name Coco-Quinine, to the use of which respondent had acquired an exclusive right. The District Court decided against respondent upon both grounds. On appeal the Court of Appeals ruled with the District Court upon the issue of infringement but reversed the decree upon that of unfair competition. ...

First. We agree with the courts below that the charge of infringement was not sustained. The name Coco-Quinine is descriptive of the ingredients which enter into the preparation. The same is equally true of the name Quin-Coco. A name which is merely descriptive of the ingredients, qualities or characteristics of an article of trade cannot be appropriated as a trademark and the exclusive use of it afforded legal protection. The use of a similar name by another to truthfully describe his own product does not constitute a legal or moral wrong, even if its effect be to cause the public to mistake the origin or ownership of the product.

Second. The issue of unfair competition, on which the courts below differed, presents a question of more difficulty. ...

It is apparent, from a consideration of the testimony, that the efforts of petitioner to create a market for Quin-Coco were directed not so much to showing the merits of that preparation as they were to demonstrating its practical identity with Coco-Quinine, and, since it was sold at a lower price, inducing the purchasing druggist, in his own interest, to substitute, as far as he could, the former for the latter. In other words, petitioner sought to avail itself of the favorable repute which had been established for respondent's preparation in order to sell its own. Petitioner's salesmen appeared more anxious to convince the druggists with whom they were dealing that Quin-Coco was a good substitute for Coco-Quinine and was cheaper, than they were to independently demonstrate its merits. The evidence establishes by a fair preponderance that some of petitioner's salesmen suggested that, without

danger of detection, prescriptions and orders for Coco-Quinine could be filled by substituting Quin-Coco. More often, however, the feasibility of such a course was brought to the mind of the druggist by pointing out the identity of the two preparations and the enhanced profit to be made by selling Quin-Coco because of its lower price. There is much conflict in the testimony; but on the whole it fairly appears that petitioner's agents induced the substitution, either in direct terms or by suggestion or insinuation. Sales to druggists are in original bottles bearing clearly distinguishing labels and there is no suggestion of deception in those transactions; but sales to the ultimate purchasers are of the product in its naked form out of the bottle; and the testimony discloses many instances of passing off by retail druggists of petitioner's preparation when respondent's preparation was called for. That no deception was practiced on the retail dealers, and that they knew exactly what they were getting is of no consequence. The wrong was in designedly enabling the dealers to palm off the preparation as that of the respondent. One who induces another to commit a fraud and furnishes the means of consummating it is equally guilty and liable for the injury. ...



Dastar Corp. v. Twentieth Century Fox Film Corp
539 U.S. 23 (2003)

JUSTICE SCALIA delivered the opinion of the Court.

In this case, we are asked to decide whether § 43(a) of the Lanham Act, 15 U. S. C. § 1125(a), prevents the unaccredited copying of a work ...

I

In 1948, three and a half years after the German surrender at Reims, General Dwight D. Eisenhower completed *Crusade in Europe*, his written account of the allied campaign in Europe during World War II. Doubleday published the book, registered it with the Copyright Office in 1948, and granted exclusive television rights to an affiliate of respondent Twentieth Century Fox Film Corporation (Fox). Fox, in turn, arranged for Time, Inc., to produce a television series, also called *Crusade in Europe*, based on the book, and Time assigned its copyright in the series to Fox. The television series, consisting of 26 episodes, was first broadcast in 1949. It combined a soundtrack based on a narration of the book with film footage from the United States Army, Navy, and Coast Guard, the British Ministry of Information and War Office, the National Film Board of Canada, and unidentified “Newsreel Pool Cameramen.” In 1975, Doubleday renewed the copyright on the book as the “‘proprietor of copyright in a work made for hire.’” App. to Pet. for Cert. 9a. Fox, however, did not renew the copyright on the *Crusade* television series, which expired in 1977, leaving the television series in the public domain.

[The respondents held the television rights to General Eisenhower’s book and reissued a videotape version of the original television series.]

Enter petitioner Dastar. ... Anticipating renewed interest in World War II on the 50th anniversary of the war’s end, Dastar released a video set entitled *World War II Campaigns in Europe*. To make *Campaigns*, Dastar purchased eight beta cam tapes of the original version of the *Crusade* television series, which is in the public domain, copied them, and then edited the series. Dastar’s *Campaigns* series is slightly more than half as long as the original *Crusade* television series. Dastar substituted a new opening sequence, credit page, and final closing for those of the *Crusade* television series; inserted new chapter-title sequences and narrated chapter introductions; moved the “recap” in the *Crusade* television series to the beginning and retitled it as a “preview”; and removed references to and images of the book. Dastar created new packaging for its *Campaigns* series and (as already noted) a new title.

Dastar manufactured and sold the *Campaigns* video set as its own product. The advertising states: “Produced and Distributed by: Entertainment Distributing “ (which is owned by Dastar), and makes no reference to the *Crusade* television series. Similarly, the screen credits state “DASTAR CORP presents” and “an ENTERTAINMENT DISTRIBUTING Production,” and list as executive producer, producer, and associate producer employees of Dastar. The *Campaigns* videos themselves also make no reference to the *Crusade* television series, New Line’s *Crusade* videotapes, or the book. Dastar sells its *Campaigns* videos to Sam’s Club, Costco, Best Buy, and other retailers and mail-order companies for \$25 per set, substantially

less than New Line's video set. In 1998, respondents Fox, SFM, and New Line brought this action alleging that Dastar's sale of its Campaigns video set infringes Doubleday's copyright in General Eisenhower's book and, thus, their exclusive television rights in the book. Respondents later amended their complaint to add claims that Dastar's sale of Campaigns "without proper credit" to the Crusade television series constitutes "reverse passing off"¹ in violation of § 43(a) of the Lanham Act, 60 Stat. 441, 15 U. S. C. § 1125(a), and in violation of state unfair-competition law. [The District Court granted summary judgment to the respondents on all counts. The Ninth Circuit affirmed the Lanham Act § 43(a) claim for reverse passing off but reversed and remanded the copyright claims because there was a triable issue on whether the copyright in General Eisenhower's book was properly renewed.]

II ...

Thus, as it comes to us, the gravamen of respondents' claim is that, in marketing and selling Campaigns as its own product without acknowledging its nearly wholesale reliance on the Crusade television series, Dastar has made a "false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which . . . is likely to cause confusion . . . as to the origin . . . of his or her goods." § 43(a). That claim would undoubtedly be sustained if Dastar had bought some of New Line's Crusade videotapes and merely repackaged them as its own. Dastar's alleged wrongdoing, however, is vastly different: It took a creative work in the public domain—the Crusade television series—copied it, made modifications (arguably minor), and produced its very own series of videotapes. If "origin" refers only to the manufacturer or producer of the physical "goods" that are made available to the public (in this case the videotapes), Dastar was the origin. If, however, "origin" includes the creator of the underlying work that Dastar copied, then someone else (perhaps Fox) was the origin of Dastar's product. At bottom, we must decide what § 43(a)(1)(A) of the Lanham Act means by the "origin" of "goods."

III

The dictionary definition of "origin" is "[t]he fact or process of coming into being from a source," and "[t]hat from which anything primarily proceeds; source." Webster's New International Dictionary 1720-1721 (2d ed. 1949). And the dictionary definition of "goods" (as relevant here) is "[w]ares; merchandise." *Id.*, at 1079. We think the most natural understanding of the "origin" of "goods"—the source of wares—is the producer of the tangible product sold in the marketplace, in this case the physical Campaigns videotape sold by Dastar. The concept might be stretched

¹Passing off (or palming off, as it is sometimes called) occurs when a producer misrepresents his own goods or services as someone else's. "Reverse passing off," as its name implies, is the opposite: The producer misrepresents someone else's goods or services as his own.

... to include not only the actual producer, but also the trademark owner who commissioned or assumed responsibility for (“stood behind”) production of the physical product. But as used in the Lanham Act, the phrase “origin of goods” is in our view incapable of connoting the person or entity that originated the ideas or communications that “goods” embody or contain. Such an extension would not only stretch the text, but it would be out of accord with the history and purpose of the Lanham Act and inconsistent with precedent.

Section 43(a) of the Lanham Act prohibits actions like trademark infringement that deceive consumers and impair a producer’s goodwill. It forbids, for example, the Coca-Cola Company’s passing off its product as Pepsi-Cola or reverse passing off Pepsi-Cola as its product. But the brand-loyal consumer who prefers the drink that the Coca-Cola Company or PepsiCo sells, while he believes that that company produced (or at least stands behind the production of) that product, surely does not necessarily believe that that company was the “origin” of the drink in the sense that it was the very first to devise the formula. The consumer who buys a branded product does not automatically assume that the brand-name company is the same entity that came up with the idea for the product, or designed the product—and typically does not care whether it is. The words of the Lanham Act should not be stretched to cover matters that are typically of no consequence to purchasers.

It could be argued, perhaps, that the reality of purchaser concern is different for what might be called a communicative product—one that is valued not primarily for its physical qualities, such as a hammer, but for the intellectual content that it conveys, such as a book or, as here, a video. The purchaser of a novel is interested not merely, if at all, in the identity of the producer of the physical tome (the publisher), but also, and indeed primarily, in the identity of the creator of the story it conveys (the author). And the author, of course, has at least as much interest in avoiding passing off (or reverse passing off) of his creation as does the publisher. For such a communicative product (the argument goes) “origin of goods” in § 43(a) must be deemed to include not merely the producer of the physical item (the publishing house Farrar, Straus and Giroux, or the video producer Dastar) but also the creator of the content that the physical item conveys (the author Tom Wolfe, or—assertedly—respondents).

The problem with this argument according special treatment to communicative products is that it causes the Lanham Act to conflict with the law of copyright, which addresses that subject specifically. The right to copy, and to copy without attribution, once a copyright has expired, like “the right to make [an article whose patent has expired]—including the right to make it in precisely the shape it carried when patented—passes to the public.” *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U. S. 225, 230 (1964); see also *Kellogg Co. v. National Biscuit Co.*, 305 U. S. 111, 121-122 (1938). “In general, unless an intellectual property right such as a patent or copyright

protects an item, it will be subject to copying.” *TraFFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U. S. 23, 29 (2001). The rights of a patentee or copyright holder are part of a “carefully crafted bargain,” *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U. S. 141, 150-151 (1989), under which, once the patent or copyright 34*34 monopoly has expired, the public may use the invention or work at will and without attribution. ... Assuming for the sake of argument that Dastar’s representation of itself as the “Producer” of its videos amounted to a representation that it originated the creative work conveyed by the videos, allowing a cause of action under § 43(a) for that representation would create a species of mutant copyright law that limits the public’s “federal right to ‘copy and to use’ “ expired copyrights, *Bonito Boats*, supra, at 165. ...

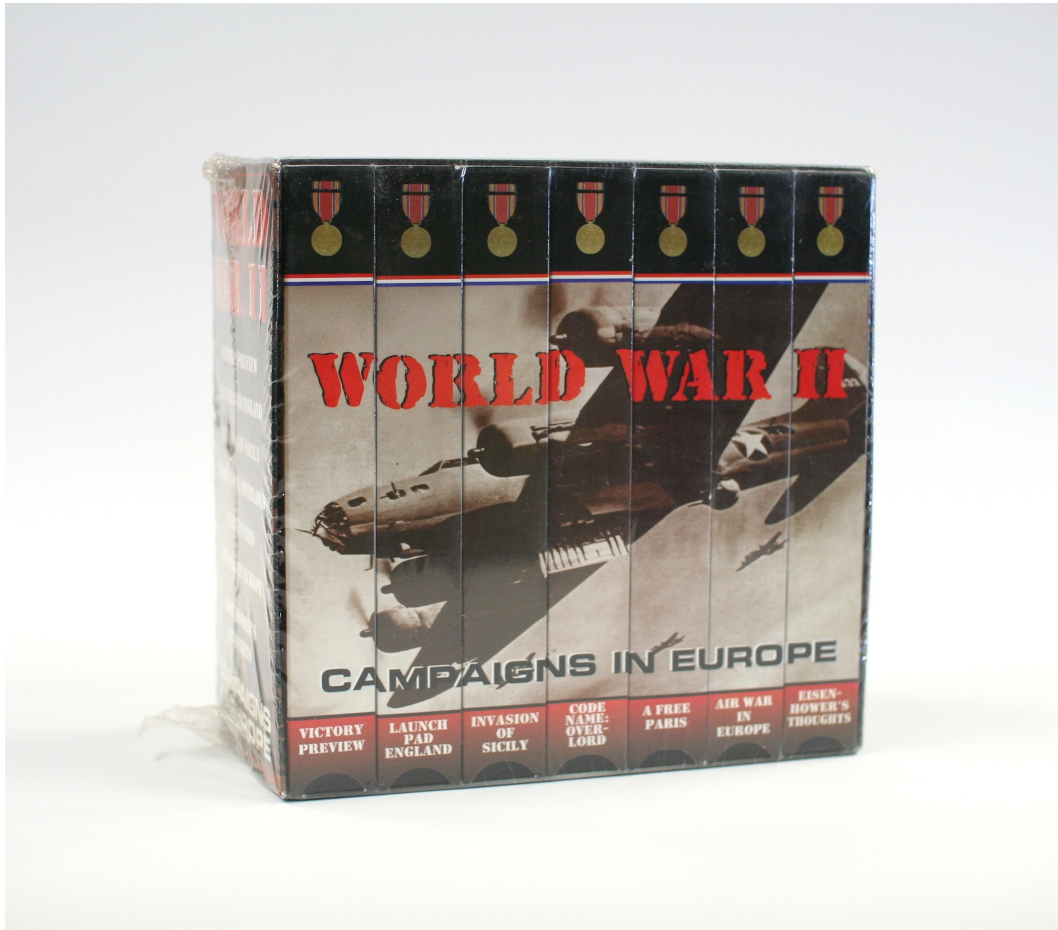
Reading “origin” in § 43(a) to require attribution of uncopyrighted materials would pose serious practical problems. Without a copyrighted work as the basepoint, the word “origin” has no discernable limits. A video of the MGM film *Carmen Jones*, after its copyright has expired, would presumably require attribution not just to MGM, but to Oscar Hammerstein II (who wrote the musical on which the film was based), to Georges Bizet (who wrote the opera on which the musical was based), and to Prosper Mérimée (who wrote the novel on which the opera was based). In many cases, figuring out who is in the line of “origin” would be no simple task. Indeed, in the present case it is far from clear that respondents have that status. Neither SFM nor New Line had anything to do with the production of the *Crusade* television series—they merely were licensed to distribute the video version. While Fox might have a claim to being in the line of origin, its involvement with the creation of the television series was limited at best. *Time, Inc.*, was the principal, if not the exclusive, creator, albeit under arrangement with Fox. And of course it was neither Fox nor *Time, Inc.*, that shot the film used in the *Crusade* television series. Rather, that footage came from the United States Army, Navy, and Coast Guard, the British Ministry of Information and War Office, the National Film Board of Canada, and unidentified “Newsreel Pool Cameramen.” If anyone has a claim to being the original creator of the material used in both the *Crusade* television series and the Campaigns videotapes, it would be those groups, rather than Fox. We do not think the Lanham Act requires this search for the source of the Nile and all its tributaries.

Another practical difficulty of adopting a special definition of “origin” for communicative products is that it places the manufacturers of those products in a difficult position. On the one hand, they would face Lanham Act liability for failing to credit the creator of a work on which their lawful copies are based; and on the other hand they could face Lanham Act liability for crediting the creator if that should be regarded as implying the creator’s “sponsorship or approval” of the copy, 15 U. S. C. § 1125(a)(1)(A). In this case, for example, if Dastar had simply “copied [the television series] as *Crusade* in Europe and sold it as *Crusade* in Europe,” without

changing the title or packaging (including the original credits to Fox), it is hard to have confidence in respondents' assurance that they "would not be here on a Lanham Act cause of action," Tr. of Oral Arg. 35. ...

In sum, reading the phrase "origin of goods" in the Lanham Act in accordance with the Act's common-law foundations (which were not designed to protect originality or creativity), and in light of the copyright and patent laws (which were), we conclude that the phrase 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. See *Eldred v. Ashcroft*, 537 U. S. 186, 208 (2003).

The creative talent of the sort that lay behind the Campaigns videos is not left without protection. The original film footage used in the Crusade television series could have been copyrighted, see 17 U. S. C. § 102(a)(6), as was copyrighted (as a compilation) the Crusade television series, even though it included material from the public domain, see § 103(a). Had Fox renewed the copyright in the Crusade television series, it would have had an easy claim of copyright infringement. And respondents' contention that Campaigns infringes Doubleday's copyright in General Eisenhower's book is still a live question on remand. If, moreover, the producer of a video that substantially copied the Crusade series were, in advertising or promotion, to give purchasers the impression that the video was quite different from that series, then one or more of the respondents might have a cause of action—not for reverse passing off under the "confusion . . . as to the origin" provision of § 43(a)(1)(A), but for misrepresentation under the "misrepresents the nature, characteristics [or] qualities" provision of § 43(a)(1)(B). For merely saying it is the producer of the video, however, no Lanham Act liability attaches to Dastar. ...



?

Confusion Problem

Consider the following types of conduct involving trademarks. In each case, what kinds of confusion, if any, might consumers experience? What kinds of harms, if any, might the plaintiff suffer? In which cases should plaintiffs have a cause of action?

Post-Sale Confusion: Purchasers of the defendant's goods know that they did not come from the plaintiff, so there is no confusion at the point of sale. But once the goods are in the wild, other people may see the goods and falsely believe they came from the plaintiff. For example, the defendant sells bluejeans whose back pocket is stitched in the same pattern as the plaintiff's higher-priced jeans, or handbags that are visually identical to the plaintiff's handbags, or in one memorable case, "Fauxrarris":

One enterprise is the manufacture of fiberglass kits that replicate the exterior features of Ferrari's Daytona Spyder and Testarossa

automobiles. Roberts' copies are called the Miami Spyder and the Miami Coupe, respectively. The kit is a one-piece body shell molded from reinforced fiberglass. It is usually bolted onto the undercarriage of another automobile such as a Chevrolet Corvette or a Pontiac Fiero, called the donor car.

Initial Interest Confusion: The defendant's products or marketing draw the attention of consumers who are looking for the plaintiff's (perhaps deliberately, perhaps unintentionally). On closer inspection, consumers quickly realize these aren't the droids they're looking for. For example, the defendant purchases advertisements on Google that appear when users do a search on plaintiff's trademark, or the defendant sells guitars that from a distance in a music store look like plaintiff's.

Reverse Confusion: Consumers buy the plaintiff's goods in the mistaken belief that they are the defendant's. For example, the plaintiff runs an automotive parts store named Treadwell's; the defendant, a major tire manufacturer, launches a new line of tires named TREADWELLS with a national advertising campaign.

Merchandising: The defendant sells products with the plaintiff's marks on them; consumers buy the products because they like the way the marks look or they want to show loyalty to and solidarity with the plaintiff. For example, the defendant sells Orioles caps without the permission of Major League Baseball, or University of Maryland coffee mugs without the permission of the University.

Ambush Marketing: The defendant sells products in close proximity to the plaintiff's, or to an event that the plaintiff has an exclusive relationship with. For example, Samsung employees walk up to people waiting in line at the Apple Store for a new iPhone launch, demonstrating the new Samsung Galaxy and offering it at a discounted price to anyone willing to leave the line. Or Quaker State gives out free samples of its motor oil in the parking lot for a NASCAR event, knowing that Mobil 1 is the "Official Motor Oil of NASCAR."

4 Dilution

Ty Inc. v. Perryman
306 F.3d 509 (7th Cir. 2002)

POSNER, Circuit Judge.

But what is "dilution"? There are (at least) three possibilities relevant to this case, each defined by a different underlying concern. First, there is concern that consumer search costs will rise if a trademark becomes associated with a variety of unrelated products. Suppose an upscale restaurant calls itself "Tiffany." There is

little danger that the consuming public will think it's dealing with a branch of the Tiffany jewelry store if it patronizes this restaurant. But when consumers next see the name "Tiffany" they may think about both the restaurant and the jewelry store, and if so the efficacy of the name as an identifier of the store will be diminished. Consumers will have to think harder - incur as it were a higher imagination cost - to recognize the name as the name of the store. Cf. *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1031 (2d Cir. 1989) ("The [legislative] history [of New York's antidilution statute] disclosed a need for legislation to prevent such 'hypothetical anomalies' as 'Dupont shoes, Buick aspirin tablets, Schlitz varnish, Kodak pianos, Bulova gowns'"). So "blurring" is one form of dilution.

Now suppose that the "restaurant" that adopts the name "Tiffany" is actually a striptease joint. Again, and indeed even more certainly than in the previous case, consumers will not think the striptease joint under common ownership with the jewelry store. But because of the inveterate tendency of the human mind to proceed by association, every time they think of the word "Tiffany" their image of the fancy jewelry store will be tarnished by the association of the word with the strip joint. So "tarnishment" is a second form of dilution.

Lanham Act

15 U.S.C. § 1125 [Lanham Act § 43] - *False designations of origin, false descriptions, and dilution forbidden*

(c) Dilution by blurring; dilution by tarnishment

(1) Injunctive relief

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) Definitions

(A) For purposes of paragraph (1), 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.
- (B) For purposes of paragraph (1), “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.
- (C) For purposes of paragraph (1), “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.

Nike, Inc. v. Nikepal Intern., Inc.

No. 2:05-cv-1468-GEB-JFM, 2007 WL 278203084 (E.D. Cal. Sept. 18, 2007)

GARLAND E. BURRELL, JR., United States District Judge.

The following findings of fact and conclusions of law issue as a result of a bench trial conducted in this trademark action. Plaintiff Nike, Inc. (“Nike”), a company headquartered in Beaverton, Oregon which uses the mark NIKE, contests the use of the mark NIKEPAL by Defendant Nikepal International, Inc. (“Nikepal”), a com-

pany located in Sacramento, California. ...

Nike seeks an injunction preventing Nikepal from using the term “Nike” (or any term confusingly similar thereto) alone or as part of any trademark, domain name or business name under which Nikepal offers goods or services in commerce. ...

FINDINGS OF FACT

I. THE PARTIES AND THEIR BUSINESSES

A. Nike

Nike was incorporated in 1968 under the original company name Blue Ribbon Sports. In 1971, it adopted the NIKE mark to brand its footwear products and in May 1978, the company’s name was officially changed to “Nike, Inc.” Today, Nike is the largest seller of athletic footwear and apparel in the world. Nike sells around 180 million pairs of shoes annually in the United States alone. Nike’s principal business activity is the design, development, and worldwide marketing and distribution of high quality and technologically advanced footwear, apparel, equipment, and accessories. Nike has continuously used the NIKE mark on and in connection with the various products offered by the company since the 1970s. Sometimes, the word mark NIKE is the only brand used; sometimes, Nike’s Swoosh design mark (i.e. the logo which frequently appears on products along with NIKE, and in some instances alone) is also placed on the product.

B. Nikepal

Nikepal was incorporated on May 18, 1998 by the company’s founder and president, Palminder Sandhu (“Mr. Sandhu”), who then began using the NIKEPAL mark in commerce. Nikepal provides services and products to analytical, environmental, and scientific laboratories. Nikepal’s trademark application to the PTO requested registration for: “import and export agencies and wholesale distributorships featuring scientific, chemical, pharmaceutical, biotechnology testing instruments and glassware for laboratory use, electrical instruments, paper products and household products and cooking appliances.” Nikepal distributes glass syringes in varying volumes and other laboratory products to testing and power companies and also distributes paper boxes (syringe carrying cases) and nylon valves and caps for use with the syringes. Nikepal only distributes its products to laboratories, not to individuals.

Nikepal does not have a retail office, but operates its business through its website (located at www.nikepal.com), via email, and via telephone. Nikepal is run by Mr. Sandhu, who also works as a transportation engineer. Currently, Nikepal has one other part-time employee. Nikepal has only a few hundred customers, but it has a list of thousands of prospective customers, some of whom receive materials from Nikepal advertising its product and service offerings under the mark NIKEPAL.

II. THE PARTIES' MARKS

A. NIKE

Nike first registered the NIKE mark with the PTO in February 1974. Nike owns ten (10) federal trademark registrations for the NIKE mark alone, covering footwear, clothing, bags, timepieces, paper products such as notebooks and binders, sport balls, swim accessories, and retail store services, all of which related to pre-May 1998 uses of the mark. By May 1998, Nike was also using and applied for trademark registrations covering the use of the NIKE mark in combination with other terms or designs for footwear, clothing, bags, timepieces, posters, sport balls, swim accessories, weights, gloves, headgear, and retail store services. For example, Nike owns nineteen (19) federal registrations for NIKE composite marks such as: NIKE and the Swoosh design which has been in use since 1971; NIKE AIR which has been in use since 1987; NIKE-FIT which has been in use since 1990; NIKE TOWN which has been in use since 1990; NIKE SHOP which has been in use since 1991; and NIKE GOLF which has been in use since 1993. (*Id.*) From 1998 to the present, Nike has continued to use the mark NIKE alone and in combination with other terms or designs.

B. NIKEPAL

Mr. Sandhu testified that he conceived of the term Nikepal when he wanted to create a vanity license plate for his car. He testified that he selected the word “Nike” by opening a dictionary to a random page and choosing the first word he saw, and then combined it with the first three letters of his first name “Pal.” (“Pal” means friend or benefactor. Mr. Sandhu admits he knew of the existence of the company Nike and its use of the NIKE mark at the time he devised the term NIKEPAL. Despite Mr. Sandhu’s trial testimony concerning the manner in which he conceived of the term NIKEPAL, the court does not find it to be credible.

The “Nike” portion of the NIKEPAL mark is pronounced the same way as the NIKE mark is pronounced: with a hard “i” (like bike) in the first syllable and a hard “e” (like in “key”) in the second syllable.² The articles of incorporation signed by Mr. Sandhu for Nikepal in 1998 display the company name as “NikePal Interna-

²Nikepal’s attorney attempted to convince the court that there is a pronunciation difference between NIKE and NIKEPAL. In her questions during trial, for example, she pronounced Nikepal’s mark as “nik-a-pal.” However, in answering her questions at trial, Mr. Sandhu, the president of Nikepal, alternated between the pronunciation of NIKEPAL as “nik-a-pal” and as “Ny-key-pal.” Further, Nike’s witness, Joseph Sheehan, a former FBI agent and now a private investigator, provided a tape recording of the outgoing message heard on Nikepal’s answering machine which clearly pronounced the term “Nike” with long, or hard, vowels, that is an “i” like in “bike” and “e” like in “key” identical to the pronunciation of the Nike’s trademark.

tional, Inc.,” with the first word of the company name spelled “NikePal,” with a capital “N” and a capital “P.”

In addition to using Nikepal as the company name, NIKEPAL appears directly on some of Nikepal’s products, including on its syringe products, and on its marketing materials. Nikepal also places www.nikepal.com on its syringes to identify the source of the syringe. Nikepal also uses the NIKEPAL mark in a vanity phone number (1-877-N-I-K-E-P-A-L), on its website, and in its domain names, including nikepal.com, nikepal.biz, nikepal.us, nikepal.tv, nikepal.info, and nikepal.net.

III. NIKE’S SALES

By the late 1980s, United States sales of NIKE branded products were over one billion dollars per year. Starting in 1991 and through the mid 1990s, sales of NIKE products in the United States were approximately two billion dollars per year, and were above five billion dollars per year by 1997. By 1997, Nike was the largest seller of athletic footwear and apparel in the world. The geographic area of Nike’s sales includes the United States and 140 countries throughout the world. Since 1997, Nike has sold over 100,000,000 pairs of NIKE shoes each year.

IV. ADVERTISING AND PROMOTION OF THE NIKE MARK

Nike has undertaken significant expense to promote the NIKE mark. Nike advertises in various types of media, including traditional print advertising, such as magazines (of both special and general interest), newspapers (of general circulation), leaflets, and billboards. Nike also advertises in electronic media, including radio, television, cable and internet, on sides of buildings, on taxi cabs, and through direct mailings. Nike’s television advertisements have run on network channels and have reached national audiences. Nike has also promoted its mark by associating with athletes through endorsement arrangements. By 1991, Nike was spending in excess of one hundred million dollars per year in the United States alone to advertise products bearing the NIKE mark. By 1997, Nike had spent at least \$1,567,900,000.00 to promote the NIKE mark in the United States.

V. NOTORIETY OF NIKE

The NIKE mark has been consistently ranked as a top brand in publications that survey the top brands each year. Since at least 1990, Nike has been named one of the top forty (40) brands in the United States based on the EquiTrend and other studies published in BrandWeek and Financial World Magazine. Other brands ranked in such studies include FRITO LAY, LEVI’S, CAMPBELLS’, HEWLETT-PACKARD, SONY, PEPSI, and VISA. One story printed in Forbes magazine, reported a survey conducted by Young & Rubicam that ranked the NIKE brand among the top ten (10) in the United States in 1996 with COKE, DISNEY, and HALLMARK.

VI. EVIDENCE OF ACTUAL ASSOCIATION

A survey conducted by Phillip Johnson of Leo J. Shapiro and Associates (“Mr. Johnson’s survey”), a Chicago-based market research firm, determined that a significant number of Nikepal’s potential laboratory customers actually associated NIKE with NIKEPAL. Mr. Johnson is an expert at designing surveys that measure consumer behavior. ...

In designing his study, Mr. Johnson used a universe of survey participants randomly selected from lists of companies that Mr. Sandhu’s deposition testimony identified as the sources for Nikepal’s current and prospective customers. (Tr. at 309:3-18.) Mr. Johnson conducted the survey by phone and asked respondents about their perception of a website called nikepal.com. In designing his survey, Mr. Johnson chose one of the ways that the NIKEPAL mark is used in commerce which allowed him to reasonably recreate a purchasing context while obtaining a controlled and accurate measurement. (Tr. at 312:25-314:22.) Mr. Johnson testified that this survey replicated the circumstances in which people typically encountered the NIKEPAL mark. (Tr. at 311:19-312:16, 367:8-17.)

Once survey respondents were screened to confirm that they were the persons most responsible for ordering laboratory equipment at their business, they were asked: “What if anything, came to your mind when I first said the word Nikepal?” Many survey respondents who were not actually confused about the source of the Nikepal website nonetheless identified Nike. Mr. Johnson testified that his survey revealed that the vast majority of respondents, 87%, associated Nikepal with Nike; that is, when they encounter the mark NIKEPAL, they think of Nike and/or its offerings. (Tr. at 324:3-325:23, 326:19-24.) ...

CONCLUSIONS OF LAW

I. DILUTION

Under the Federal Trademark Dilution Revision Act⁵:

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

⁵The TDRA, signed into law on October 6, 2006, amended the previous federal anti-dilution statute (the Federal Trademark Dilution Act (“FTDA”). The TDRA revises the FTDA in three ways: it establishes that likelihood of dilution, and not actual dilution, is a prerequisite to establish a dilution claim; it sets forth four relevant factors courts may consider in determining famousness; and it also lists six relevant factors that courts may consider in determining whether a likelihood of dilution exists. *Century 21 Real Estate LLC v. Century Surety Co.*, 2007 WL 433579, at *1 (D.Ariz. Feb.6, 2007).

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.

15 U.S.C. § 1125(c)(1) (“TDRA”). To prevail on its dilution claim, Nike must prove 1) that its mark was famous as of a date prior to the first use of the NIKEPAL mark and 2) that Nikepal’s use of its allegedly diluting mark creates a likelihood of dilution by blurring or tarnishment.⁶

A. Whether NIKE Was Famous Prior to the First Use of NIKEPAL

A “famous” mark is one that “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.” 15 U.S.C. § 1125(c)(2)(A). [The court quoted the four statutory factors.] ...

Since Nikepal’s first use of NIKEPAL commenced in May 1998, Nike must show that NIKE was famous before that date.

With regard to the first factor, the evidence clearly establishes that through various combinations of athlete endorsements, television, radio, print media, and billboard placements, NIKE was promoted nationally for more than two decades before 1998. By the 1990s, Nike was had spent in excess of a billion dollars for promotion of NIKE products in the United States.

With regard to the second factor, Nike’s sales of NIKE products reached the billion dollar per year level in the United States well before May 1998. By 1997, Nike had spent in excess of one billion dollars to promote the NIKE mark in the United States.

Nike also satisfies the third factor, since recognition of the success of NIKE has been recorded by various publications in surveys and articles written prior to May 1998. Since the early 1990s, NIKE has been consistently ranked as a top brand in

⁶ California’s anti-dilution statute, under which Nike also brings a claim, prescribes:

Likelihood of injury to business reputation or a dilution of the distinctive quality of a mark registered under this chapter, or a mark valid at common law, or a trade name valid at common law, shall be a ground for injunctive relief notwithstanding the absence of competition between parties or the absence of confusion as to the source of goods or services.

Cal. Bus. & Prof.Code § 14330.

If Nike prevails on its federal dilution claim, it will also prevail on its dilution claim under California law. See *Jada Toys, Inc. v. Mattel, Inc.*, 496 F.3d 974, 2007 WL 2199286, at *4 (9th Cir. Aug.2, 2007); see also *Panavision Int’l v. Toepfen*, 141 F.3d 1316, 1324 (9th Cir.1998) (“[Plaintiff’s] state law dilution claim [under California Business and Professions Code section 14330] is subject to the same analysis as its federal [dilution] claim.”).

brand surveys in the United States and the world. Mr. Johnson, who in his professional capacity is familiar with the reputation and methodology used in various brand surveys and literature, opined that these sources evinced that NIKE was famous during the mid 1990s, before Nikepal adopted its mark in 1998. Nikepal counters that only Nike's Swoosh design mark, and not the NIKE mark itself, is famous. However, Mr. Johnson's survey revealed that when participants were exposed solely to the word "Nike" without the Swoosh, the response overwhelmingly indicated recognition of the NIKE mark.

Finally, with regard to the fourth factor, the NIKE mark is registered on the PTO's principal register. Nike owns ten (10) federal registrations for NIKE covering uses prior to 1998 which include retail services, bags, footwear, apparel, heart monitors, electrical items and paper products. Accordingly, the court concludes that NIKE was famous under 15 U.S.C. § 1125(c)(2)(A), prior to Nikepal's first use of the NIKEPAL mark.

B. Likelihood of Dilution by Blurring

The TDRA defines dilution by blurring as an "association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark." 15 U.S.C. § 1125(c)(2)(A). [The court quoted the six statutory factors.]

(i) The Degree of Similarity

Marks in a dilution analysis must be "identical" or "nearly identical." *Thane Int'l, Inc. v. Trek Bicycle Corp.*, 305 F.3d 894, 906 (9th Cir.2002). "For marks to be nearly identical to one another, they 'must be similar enough that a significant segment of the target group of customers sees the two marks as essentially the same.'" *Playboy Enters., Inc. v. Welles*, 279 F.3d 796, 806 n. 41 (9th Cir.2002) (internal citation omitted).

The parties' marks are nearly identical. The NIKEPAL mark is a composite of the word "Nike" with the term of affinity, "pal." The composite nature of the NIKEPAL mark is evident in the logo selected by the company which clearly features an "N" and a "P." In each case the dominant feature of the mark is the term "Nike." In addition, the term "Nike" in both marks is pronounced identically with an "i" like in "bike" and an "e" like in "key." See *Porsche Cars N. Am., Inc.*, 2000 WL 641209, at *3, (finding that the trademark PORSCHE was diluted by PORCHESOURCE.COM); see also *Jada Toys, Inc.*, 496 F.3d 974, 2007 WL 2199286, at *4 (concluding "that a reasonable trier of fact could find that the HOT WHEELS and HOT RIGZ marks are nearly identical.").

Further, as shown by Mr. Johnson's survey, the vast majority of the survey respondents, representing a significant segment of Nikepal's target customer group,

associate Nike and/or its products and services when they encounter the mark NIKEPAL, thus perceiving the two marks as essentially the same. See *Thane Int'l, Inc.*, 305 F.3d at 906 (“The marks must be of sufficient similarity so that, in the mind of the consumer, the junior mark will conjure an association with the senior.”) (citing *Nabisco, Inc. v. PF Brands*, 191 F.3d 208 (2d Cir.1999)). Accordingly, this factor favors Nike.

(ii) Distinctiveness ...

Nikepal does not dispute that NIKE is, at the very least, suggestive. Accordingly, NIKE is inherently distinctive and this factor favors Nike.

(iii) Substantially Exclusive Use

The law does not require that use of the famous mark be absolutely exclusive, but merely “substantially exclusive.” Therefore, a limited amount of third party use is insufficient to defeat a showing of substantially exclusive use.

Nike asserts that its use of the NIKE mark is substantially exclusive. Nikepal introduced evidence of use of the term “Nike” in the company name “Nike Hydraulics, Inc.,” through a bottle jack purchased from the company and a 1958 trademark registration for “Nike” owned by Nike Hydraulics. However, this evidence is insufficient to disprove Nike’s claim that its use of NIKE is substantially exclusive. Even Nikepal’s witness, Roger Smith, admitted that he had not encountered Nike Hydraulics before hearing that name in connection with this action. Accordingly, the court finds that Nike’s use of the NIKE mark is substantially exclusive and this factor therefore favors Nike.⁹

(iv) Degree of Recognition

The degree of recognition of NIKE is quite strong. Millions of NIKE products are sold in the United States annually and the evidence demonstrates that NIKE is readily recognized. This factor therefore favors Nike.

(v) Intent to Create Association

Mr. Sandhu admitted that he was aware of the existence of the NIKE mark before he adopted the company name. Although he testified at trial that he came up with the term Nikepal by opening the dictionary to a random page and essentially finding

⁹Nikepal also introduced evidence that the term “Nike” appears in dictionaries referring to the Greek goddess of victory, that the image of Nike the goddess appeared on some Olympic medals, and that the United States Government named one of its missile programs “Nike.” However, Nikepal did not show that these uses were made in commerce in association with the sale or marketing of goods or services as required under the TDRA. (See 15 U.S.C. § 1125(c) (1) (providing that under the TDRA, only “use of a mark or trade name in commerce” is actionable as diluting a famous mark.))

that word by “fate,” his testimony was not credible. (See Tr. at 372:8-13, 373:1-6.) Therefore, this factor favors Nike.

(vi) Actual Association

Nikepal registered the domain names `nikepal.biz`, `nikepal.net`, `nikepal.us`, `nikepal.info` and `nikepal.tv`. The evidence shows that the domain registrar assigned the domain names an “under construction” page and then associated with that page promotions and advertisement links to a number of web pages that offered NIKE products (or products of Nike’s competitors in the shoe and apparel field). Thus, in the internet context, there is actual association between NIKEPAL and NIKE.

Further, Mr. Johnson’s survey also evinced that there is a strong degree of association between NIKEPAL and NIKE. Mr. Johnson’s survey showed over 87% of the people in Nikepal’s own customer pool associated the stimulus “Nikepal” with NIKE. The survey presents ample proof of association between the marks to support a finding that such exists in the general public. Accordingly, the court finds that there is actual association between the NIKEPAL and NIKE marks and this factor favors Nike.

In conclusion, since the six factors considered in the likelihood of dilution analysis favor Nike, there is a likelihood that NIKE will suffer dilution if Nikepal is allowed to continue its use of NIKEPAL. Accordingly, Nike prevails on its federal and state dilution claims. ...





Dilution Lightning Round

In each case, what kind or kinds of trademark infringement are at stake: confusion about source, confusion about sponsorship, dilution by blurring, or dilution by tarnishment? Should a court find a violation of the trademark owner's rights. (The respective marks are TIFFANY'S for jewelry, I CAN'T BELIEVE IT'S NOT BUTTER! for margarine, and NEW YORK STOCK EXCHANGE for securities-trading services.)







5 Cybersquatting

The Anticybersquatting Consumer Protection Act (ACPA) of 1999 added a § 43(d) to the Lanham Act, 15 U.S.C. § 1125(d). The ACPA allows a civil action against any person, who, with a "bad faith intent to profit ... registers, traffics in, or uses a domain name that ... is identical or confusingly similar to that mark." Remedies include transfer of the domain name. It also provides an in rem action against the domain name itself, with jurisdiction where the "authority that registered or assigned the domain name is located" – useful in the case of foreign infringers. The ACPA includes a list of nine nonexclusive factors a court may consider, *Id.* § 1125(d)(1)(B)(i). *See, e.g.,* Sporty's Farm LLC v. Sportsman's Market, Inc., 202 F.3d 489 (2d Cir. 2000) (discussing ACPA and applying factors).

The ACPA, while regularly invoked, has proven less useful in practice than a private system of mandatory arbitration for domain names in .com and other major top-level domains. The Uniform Domain-Name Dispute Resolution Procedure (UDRP) gives trademark owners the ability to demand arbitration of a claim that a domain-name is "identical or confusingly similar to a trademark" when the registrant has "no rights or legitimate interests in respect of the domain name" and the

domain name "has been registered and is being used in bad faith." The only remedy is transfer of the domain name, and UDRP decisions are expressly non-binding on national courts. Compared with litigation, UDRP actions are fast, inexpensive, and low-risk, making them an attractive first move for aggrieved trademark owners. They are in effect a form of mild international trademark law for the Internet.

E Infringement: Prohibited Conduct

1 Use

Hershey Co. v. Friends of Steve Hershey
33 F.Supp. 3d 588 (2014)

WILLIAM D. QUARLES, JR., District Judge.

[The facts of the case are set forth supra.]

Lastly, the Defendants argue that they did not use the mark "in connection with the sale, offering for sale, distribution, or advertising of goods or services." Courts have interpreted the term "services" broadly. See *Lamparello v. Falwell*, 420 F.3d 309, 314 (4th Cir.2005). The Lanham Act has "been applied to defendants furnishing a wide variety of non-commercial public and civic benefits." *United We Stand*, 128 F.3d at 90. Unlike a trademark dilution claim, a claim under Section 32 of the Lanham Act does not have a commercial activity requirement. See 15 U.S.C. § 1114(1)(a); 15 U.S.C. § 1125(c). Courts have interpreted the term "services" to include political activities. Here, the Defendants used their design to promote a political candidate, disseminate political information, host campaign events, and solicit donations. Accordingly, the Defendants are using Hershey Trade Dress in connection with services.

2 Secondary Liability

Inwood Laboratories, Inc. v. Ives Laboratories, Inc.
456 U.S. 844 (1982)

JUSTICE O'CONNOR delivered the opinion of the Court. ...

[Ives sold the drug cyclandelate under the trademark CYCLOSPASMOL. Ives marketed the drug, a white powder, to wholesalers, retail pharmacists, and hospitals in colored gelatin capsules. It used a blue capsule, imprinted with "Ives 4124," for its 200 mg dosage and a combination blue-red capsule, imprinted with "Ives 4148," for

its 400 mg dosage. After Ives' patent on cyclandelate expired, several generic manufacturers, including the respondents, marketed cyclandelate in 200 mg and 400 mg capsules in colors identical to those selected by Ives, but with no identifying marks or different ones than Ives used.]

The generic manufacturers also follow a normal industry practice by promoting their products primarily by distribution of catalogs to wholesalers, hospitals, and retail pharmacies, rather than by contacting physicians directly. The catalogs truthfully describe generic cyclandelate as "equivalent" or "comparable" to CYCLOSPASMOL. In addition, some of the catalogs include price comparisons of the generic drug and CYCLOSPASMOL and some refer to the color of the generic capsules. The generic products reach wholesalers, hospitals, and pharmacists in bulk containers which correctly indicate the manufacturer of the product contained therein.

A pharmacist, regardless of whether he is dispensing CYCLOSPASMOL or a generic drug, removes the capsules from the container in which he receives them and dispenses them to the consumer in the pharmacist's own bottle with his own label attached. Hence, the final consumer sees no identifying marks other than those on the capsules themselves. ...

[Ives sued for trademark infringement. It alleged that some druggists ignored physicians' written instructions to dispense only CYCLOSPASMOL and dispensed generic products instead, and that some druggists mislabeled generic drugs as CYCLOSPASMOL.] Ives contended that the generic manufacturers' use of look-alike 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. Although Ives did not allege that the petitioners themselves applied the Ives trademark to the drug products they produced and distributed, it did allege that the petitioners contributed to the infringing activities of pharmacists who mislabeled generic cyclandelate. ...

[Ives moved for a preliminary injunction. The District Court denied the motion and the Second Circuit affirmed. After a bench trial, the District Court entered judgment for the defendants. The Court of Appeals reversed, and the Supreme Court granted certiorari and reversed.]

As the lower courts correctly discerned, liability for trademark infringement can extend beyond those who actually mislabel goods with the mark of another. Even if a manufacturer does not directly control others in the chain of distribution, it can be held responsible for their infringing activities under certain circumstances. Thus, 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 contribu-

torially responsible for any harm done as a result of the deceit.

It is undisputed that those pharmacists who mislabeled generic drugs with Ives' registered trademark violated § 32. However, whether these petitioners were liable for the pharmacists' infringing acts depended upon whether, in fact, the petitioners intentionally induced the pharmacists to mislabel generic drugs or, in fact, continued to supply cyclandelate to pharmacists whom the petitioners knew were mislabeling generic drugs. The District Court concluded that Ives made neither of those factual showings. [The Court held that these findings of fact were not clearly erroneous.]



Philip Morris USA Inc. v. Lee
547 F. Supp. 2d 667 (W.D. Tex 2008)

PHILIP R. MARTINEZ, District Judge.

I. FACTUAL AND PROCEDURAL BACKGROUND

... Plaintiff is the registered owner of the Marlboro word mark and the Marlboro Roof Design label mark¹ (collectively, the “Marlboro Marks”), which it uses in connection with its tobacco products.

Plaintiff initiated the present suit against numerous defendants, including Defendant Motohiro Miyagi (“Miyagi”). ...

Evidence submitted by Plaintiff, along with the Affidavits, indicates that Miyagi is a sales and distribution agent for Metrich International Company (“Metrich”), a Chinese company that manufactures counterfeit cigarettes. Miyagi admits that, since 1999, he has been managing and arranging for the sale of these goods, which he knows are counterfeit. For his services, Miyagi receives a \$10.00 commission per case.

Plaintiff alleges that Miyagi orchestrated a conspiracy to illegally import 978 master cases of counterfeit Marlboro cigarettes into the United States.⁶ In August 2003, Miyagi obtained control over a large quantity of counterfeit Marlboro cigarettes manufactured by Metrich. The goods were stored in a warehouse in Curaçao, Netherlands Antilles. Miyagi was responsible for finding people to purchase the goods. To assist him, Miyagi contacted Florida-based Julian Balea (“Balea”) and arranged for Balea, and his company, Synergy Trading Group, Inc. (“Synergy”), to advertise and offer the counterfeit cigarettes for sale to buyers in the United States. Acting as Miyagi’s agent, Balea advertised the counterfeit Marlboro cigarettes for sale on an Internet website.

William Lee (“Lee”) and Felipe Castaneda (“Castaneda”), partners doing business together in El Paso, Texas, as the Kagro Company (“Kagro”), responded to the Internet advertisement, and offered to buy the counterfeit cigarettes. According to the sales invoice, Balea, Lee, and Castaneda reached a deal whereby Kagro agreed to purchase 1,960 master cases of counterfeit Marlboro cigarettes. At his deposition, Balea testified that Miyagi dictated the terms of the deal and retained final authority to approve the transaction.

Once the deal was negotiated, Miyagi prepared to ship the counterfeit cigarettes from Curaçao to the United States. He enlisted the services of John Tominelli (“Tominelli”) and his company, Southeastern Cargo Services, Inc. (“Southeastern”), to inspect the goods in Curaçao. Miyagi traveled to Curaçao and attended the inspection. After inspecting the goods, Tominelli issued a report that listed their quantity, packaging, and freshness. In the report, the cigarettes were falsely described as “Made Under Authority of Philip Morris Products S.A., Neuchatel, Switzerland.” Once the inspection was complete, Miyagi released the counterfeit cigarettes to Tominelli, who shipped them to Lee and Castaneda in El Paso, Texas.

On October 8, 2003, the United States Bureau of Customs and Border Protection (“Customs”) notified Plaintiff that it seized a shipment of counterfeit Marlboro cigarettes at the Port of Houston, Texas. The cigarettes had been shipped from Cu-

⁶In each master case, there are fifty cartons, and in each carton, there are ten packages of cigarettes. Each package contains twenty cigarettes.

ração and were destined for El Paso, Texas. ...

III. ANALYSIS ...

Plaintiff submits that Miyagi used the Marlboro Marks in commerce when he offered for sale, sold, and imported counterfeit cigarettes. The extent of Miyagi's participation in this venture, and specifically in these activities, remains unclear. It is well established that persons other than Miyagi directly conducted the relevant transactions. For example, Balea individually, and through his company, Synergy, organized the sales transaction by advertising the availability of the goods, contacting the buyers, and receiving the payment of funds. At his deposition, Lee testified that he dealt only with Synergy, and was unaware of Miyagi's existence. Tominelli performed the inspection and shipped the goods. Indeed, Miyagi's name appears on neither the sales invoice nor the inspection report. Thus, one may arguably question whether Miyagi directly imported counterfeit cigarettes. This finding, however, does not shield Miyagi from liability. The Court must look to whether Miyagi is liable for conduct that constitutes unlawful infringement under a theory of vicarious liability.

To hold a party liable for the infringing activities of another, a plaintiff must prove that the party had (1) a direct financial interest in the infringing activity, and (2) the right and ability to supervise the infringing party's acts or activities which caused the infringement. *Taylor Made Golf Co. v. MJT Consulting Group*, 265 F.Supp.2d, 732, 746 (N.D.Tex.2003) (holding a defendant personally liable for infringement where he procured and inspected the goods and signed the purchase agreement, though another entity ultimately sold the goods); see also *Playboy Enters. v. Webworld, Inc.*, 991 F.Supp. 543, 553 (N.D.Tex.1997) (holding an employer liable for an employee's infringement where the former had supervisory authority over the latter's activities).

There is undisputed evidence that Miyagi had a direct financial interest and control over the sale and importation of the counterfeit cigarettes into the United States. Miyagi admits Metrich paid him a commission for each case of cigarettes he sold.

There is also evidence that Miyagi had a right and ability to supervise Balea's unlawful activities. Miyagi admits that he controlled the counterfeit Marlboro cigarettes as part of his responsibility to maintain and sell them for Metrich. It is Miyagi who hired Balea and Synergy to assist him with the sale, retaining significant authority over the transaction. At his deposition, Balea testified about his belief that Miyagi was the actual seller of the goods. Balea understood that Miyagi dictated the price of the goods and could exercise control over the terms of the sale to Lee and Castaneda. Miyagi selected Tominelli and Southeastern to perform an inspection and verify the goods. In fact, Miyagi was present at the inspection and authorized the release of goods upon verification. Miyagi's attempted disclaimer of responsibil-

ity on the grounds that he did not know the identity of the buyers or that they lived in the United States is undercut by his admission that he knew that “the buyers [were] located in Texas.” Thus, there is evidence that Miyagi used the Marlboro Marks in commerce when he, acting through Balea, sold and imported counterfeit cigarettes into the United States. Accordingly, the Court holds Miyagi actions constitute “use in commerce.”

Having shown that Miyagi used the Marlboro Marks in commerce when he sold and imported counterfeit cigarettes, Plaintiff is entitled to summary judgment against Miyagi for violating §§ 32 and 43(a) of the Lanham Act. ...

F Defenses

Lanham Act

15 U.S.C. § 1125 [Lanham Act § 43] - *False designations of origin, false descriptions, and dilution forbidden*

(c) ...

- (3) Exclusions 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.

Note that these are statutory defenses to trademark *dilution*. They are all based on well-established defenses to trademark *infringement* first recognized by the courts. As you read the materials in this section, consider the extent to which the statutory codification does or does not track the common-law defenses recognized by the courts.

1 Descriptive Fair Use

Zatarains, Inc. v. Oak Grove Smokehouse, Inc. 698 F.2d 786 (5th Cir. 1983)

XXX illustrations

[The facts and the court’s holding on protectability are set forth supra.]

Even when a descriptive term has acquired a secondary meaning sufficient to warrant trademark protection, others may be entitled to use the mark without incurring liability for trademark infringement. When the allegedly infringing term is “used fairly and in good faith only to describe to users the goods or services of [a] party, or their geographic origin,” Lanham Act § 33(b)(4), 15 U.S.C. § 1115(b)(4) (1976), a defendant in a trademark infringement action may assert the “fair use” defense. The defense is available only in actions involving descriptive terms and only when the term is used in its descriptive sense rather than its trademark sense. *Soweco*, 617 F.2d at 1185; see *Venetianaire Corp. v. A & P Import Co.*, 429 F.2d 1079, 1081-82 (2d Cir. 1970). In essence, the fair use defense prevents a trademark registrant from appropriating a descriptive term for its own use to the exclusion of others, who may be prevented thereby from accurately describing their own goods. *Soweco*, 617 F.2d at 1185. The holder of a protectable descriptive mark has no legal claim to an exclusive right in the primary, descriptive meaning of the term; consequently, anyone is free to use the term in its primary, descriptive sense so long as such use does not lead to customer confusion as to the source of the goods or services. See 1 J. McCarthy, *Trademarks and Unfair Competition* § 11.-17, at 379 (1973). ...

Although Zatarain’s term “Fish-Fri” has acquired a secondary meaning in the New Orleans geographical area, Zatarain’s does not now prevail automatically on its trademark infringement claim, for it cannot prevent the fair use of the term by Oak Grove and Visko’s. The “fair use” defense applies only to descriptive terms and requires that the term be “used fairly and in good faith only to describe to users the goods or services of such party, or their geographic origin.” Lanham Act § 33(b), 15 U.S.C. § 1115(b)(4) (1976). The district court determined that Oak Grove and Visko’s were entitled to fair use of the term “fish fry” to describe a characteristic of their goods; we affirm that conclusion.

Zatarain’s term “Fish-Fri” is a descriptive term that has acquired a secondary meaning in the New Orleans area. Although the trademark is valid by virtue of having acquired a secondary meaning, only that penumbra or fringe of secondary meaning is given legal protection. Zatarain’s has no legal claim to an exclusive right in the original, descriptive sense of the term; therefore, Oak Grove and Visko’s are still free to use the words “fish fry” in their ordinary, descriptive sense, so long as such use

will not tend to confuse customers as to the source of the goods. See 1J. McCarthy, *supra*, § 11.17.

The record contains ample evidence to support the district court’s determination that Oak Grove’s and Visko’s use of the words “fish fry” was fair and in good faith. Testimony at trial indicated that the appellees did not intend to use the term in a trademark sense and had never attempted to register the words as a trademark. Oak Grove and Visko’s apparently believed “fish fry” was a generic name for the type of coating mix they manufactured. In addition, Oak Grove and Visko’s consciously packaged and labelled their products in such a way as to minimize any potential confusion in the minds of consumers. The dissimilar trade dress of these products prompted the district court to observe that confusion at the point of purchase — the grocery shelves — would be virtually impossible. Our review of the record convinces us that the district court’s determinations are correct. We hold, therefore, that Oak Grove and Visko’s are entitled to fair use of the term “fish fry” to describe their products; accordingly, Zatarain’s claim of trademark infringement must fail.⁹

2 Nominative Fair Use

New Kids on the Block v. New America Pub., Inc. 971 F. 2d 302 (9th Cir. 1992)

Kozinski, Circuit Judge:

The individual plaintiffs perform professionally as The New Kids on the Block, reputedly one of today’s hottest musical acts. This case requires us to weigh their rights in that name against the rights of others to use it in identifying the New Kids as the subjects of public opinion polls.

BACKGROUND

No longer are entertainers limited to their craft in marketing themselves to the public. This is the age of the multi-media publicity blitzkrieg: Trading on their popularity, many entertainers hawk posters, T-shirts, badges, coffee mugs and the like — handsomely supplementing their incomes while boosting their public images. The

⁹The district court also rejected Zatarain’s claims of unfair competition under the Lanham Act § 43(a), 15 U.S.C. § 1125(a) (1976), and La.Rev.Stat. Ann. § 51:1405(A) (West Supp. 1982), relying upon the absence of any likelihood of confusion between the products of Zatarain’s, Oak Grove, and Visko’s. We affirm these conclusions also.

It would make no sense to characterize defendant’s use as “fair” within the meaning of the Lanham Act for the purposes of a trademark infringement claim and at the same time characterize his use as “unfair” for the purpose of a section 43(a) unfair competition claim under the same statute.

New Kids are no exception; the record in this case indicates there are more than 500 products or services bearing the New Kids trademark. Among these are services taking advantage of a recent development in telecommunications: 900 area code numbers, where the caller is charged a fee, a portion of which is paid to the call recipient. Fans can call various New Kids 900 numbers to listen to the New Kids talk about themselves, to listen to other fans talk about the New Kids, or to leave messages for the New Kids and other fans.

The defendants, two newspapers of national circulation, conducted separate polls of their readers seeking an answer to a pressing question: Which one of the New Kids is the most popular? USA Today's announcement contained a picture of the New Kids and asked, "Who's the best on the block?" The announcement listed a 900 number for voting, noted that "any USA Today profits from this phone line will go to charity," and closed with the following:

New Kids on the Block are pop's hottest group. Which of the five is your fave? Or are they a turn off? ... Each call costs 50 cents. Results in Friday's Life section.

The Star's announcement, under a picture of the New Kids, went to the heart of the matter: "Now which kid is the sexiest?" The announcement, which appeared in the middle of a page containing a story on a New Kids concert, also stated:

Which of the New Kids on the Block would you most like to move next door? STAR wants to know which cool New Kid is the hottest with our readers.

Readers were directed to a 900 number to register their votes; each call cost 95 cents per minute.¹

Fearing that the two newspapers were undermining their hegemony over their fans, the New Kids filed a shotgun complaint in federal court raising no fewer than ten claims: (1) common law trademark infringement; (2) Lanham Act false advertising; (3) Lanham Act false designation of origin; (4) Lanham Act unfair competition; (5) state trade name infringement; (6) state false advertising; (7) state unfair competition; (8) commercial misappropriation; (9) common-law misappropriation; and (10) intentional interference with prospective economic advantage. The two papers raised the First Amendment as a defense, on the theory that the polls were part and parcel of their "news-gathering activities." The district court granted summary judgment for defendants.

¹The USA Today poll generated less than \$300 in revenues, all of which the newspaper donated to the Berklee College of Music. The Star's poll generated about \$1600.

DISCUSSION

While the district court granted summary judgment on First Amendment grounds, we are free to affirm on any ground fairly presented by the record. Indeed, where we are able to resolve the case on nonconstitutional grounds, we ordinarily must avoid reaching the constitutional issue. Therefore, we consider first whether the New Kids have stated viable claims on their various causes of action.

I

A. ...

A trademark is a limited property right in a particular word, phrase or symbol. And although English is a language rich in imagery, we need not belabor the point that some words, phrases or symbols better convey their intended meanings than others. See *San Francisco Arts & Athletics, Inc. v. U.S.O.C.*, 483 U.S. 522, 569 (1987) (Brennan, J., dissenting) (“[A] jacket reading ‘I Strongly Resent the Draft’ would not have conveyed Cohen’s message.”). Indeed, the primary cost of recognizing property rights in trademarks is the removal of words from (or perhaps non-entrance into) our language. Thus, the holder of a trademark will be denied protection if it is (or becomes) generic, i.e., if it does not relate exclusively to the trademark owner’s product. See, e.g., *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938) (“shredded wheat”); *Eastern Air Lines, Inc. v. New York Air Lines, Inc.*, 559 F. Supp. 1270 (S.D.N.Y. 1983) (“air-shuttle” to describe hourly plane service). This requirement allays fears that producers will deplete the stock of useful words by asserting exclusive rights in them. When a trademark comes to describe a class of goods rather than an individual product, the courts will hold as a matter of law that use of that mark does not imply sponsorship or endorsement of the product by the original holder.

A related problem arises when a trademark also describes a person, a place or an attribute of a product. If the trademark holder were allowed exclusive rights in such use, the language would be depleted in such the same way as if generic words were protectable. Thus trademark law recognizes a defense where the mark is used only “to describe the goods or services of [a] party, or their geographic origin.” 15 U.S.C. § 1115(b)(4). The “fair-use” defense, in essence, forbids a trademark registrant to appropriate a descriptive term for his exclusive use and so prevent others from accurately describing a characteristic of their goods. Once again, the courts will hold as a matter of law that the original producer does not sponsor or endorse another product that uses his mark in a descriptive manner. See, e.g., *Schmid Laboratories v. Youngs Drug Products Corp.*, 482 F. Supp. 14 (D.N.J. 1979) (“ribbed” condoms).

With many well-known trademarks, such as Jell-O, Scotch tape and Kleenex, there are equally informative non-trademark words describing the products (gelatin, cellophane tape and facial tissue). But sometimes there is no descriptive substitute,

and a problem closely related to genericity and descriptiveness is presented when many goods and services are effectively identifiable only by their trademarks. For example, one might refer to “the two-time world champions” or “the professional basketball team from Chicago,” but it’s far simpler (and more likely to be understood) to refer to the Chicago Bulls. In such cases, use of the trademark does not imply sponsorship or endorsement of the product because the mark is used only to describe the thing, rather than to identify its source.

Indeed, it is often virtually impossible to refer to a particular product for purposes of comparison, criticism, point of reference or any other such purpose without using the mark. For example, reference to a large automobile manufacturer based in Michigan would not differentiate among the Big Three; reference to a large Japanese manufacturer of home electronics would narrow the field to a dozen or more companies. Much useful social and commercial discourse would be all but impossible if speakers were under threat of an infringement lawsuit every time they made reference to a person, company or product by using its trademark.

A good example of this is *Volkswagenwerk Aktiengesellschaft v. Church*, 411 F.2d 350 (9th Cir. 1969), where we held that Volkswagen could not prevent an automobile repair shop from using its mark. We recognized that in “advertising [the repair of Volkswagens, it] would be difficult, if not impossible, for [Church] to avoid altogether the use of the word ‘Volkswagen’ or its abbreviation ‘VW,’ which are the normal terms which, to the public at large, signify appellant’s cars.” Church did not suggest to customers that he was part of the Volkswagen organization or that his repair shop was sponsored or authorized by VW; he merely used the words “Volkswagen” and “VW” to convey information about the types of cars he repaired. Therefore, his use of the Volkswagen trademark was not an infringing use.

The First Circuit confronted a similar problem when the holder of the trademark “Boston Marathon” tried to stop a television station from using the name:

[T]he words “Boston Marathon” ... do more than call attention to Channel 5’s program; they also describe the event that Channel 5 will broadcast. Common sense suggests (consistent with the record here) that a viewer who sees those words flash upon the screen will believe simply that Channel 5 will show, or is showing, or has shown, the marathon, not that Channel 5 has some special approval from the [trademark holder] to do so. In technical trademark jargon, the use of words for descriptive purposes is called a “fair use,” and the law usually permits it even if the words themselves also constitute a trademark.

WCVB-TV v. Boston Athletic Ass’n, 926 F.2d 42, 46 (1st Cir. 1991). Similarly, competitors may use a rival’s trademark in advertising and other channels of communication if the use is not false or misleading. See, e.g., *Smith v. Chanel, Inc.*, 402

F.2d 562 (9th Cir. 1968) (maker of imitation perfume may use original's trademark in promoting product).

Cases like these are best understood as involving a non-trademark use of a mark — a use to which the infringement laws simply do not apply, just as videotaping television shows for private home use does not implicate the copyright holder's exclusive right to reproduction. Indeed, we may generalize a class of cases where the use of the trademark does not attempt to capitalize on consumer confusion or to appropriate the cachet of one product for a different one. Such nominative use of a mark — where the only word reasonably available to describe a particular thing is pressed into service — lies outside the strictures of trademark law: Because it does not implicate the source-identification function that is the purpose of trademark, it does not constitute unfair competition; such use is fair because it does not imply sponsorship or endorsement by the trademark holder. “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*, 264 U.S. 359, 368 (1924) (Holmes, J.).

To be sure, this is not the classic fair use case where the defendant has used the plaintiff's mark to describe the defendant's own product. Here, the New Kids trademark is used to refer to the New Kids themselves. We therefore do not purport to alter the test applicable in the paradigmatic fair use case. If the defendant's use of the plaintiff's trademark refers to something other than the plaintiff's product, the traditional fair use inquiry will continue to govern. But, 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;⁷ and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.

B.

The New Kids do not claim there was anything false or misleading about the newspapers' use of their mark. Rather, the first seven causes of action, while purporting to state different claims, all hinge on one key factual allegation: that the newspapers' use of the New Kids name in conducting the unauthorized polls somehow implied that the New Kids were sponsoring the polls. It is no more reasonably possible, however, to refer to the New Kids as an entity than it is to refer to the Chicago Bulls,

⁷Thus, a soft drink competitor would be entitled to compare its product to Coca-Cola or Coke, but would not be entitled to use Coca-Cola's distinctive lettering.

Volkswagens or the Boston Marathon without using the trademark. Indeed, how could someone not conversant with the proper names of the individual New Kids talk about the group at all? While plaintiffs' trademark certainly deserves protection against copycats and those who falsely claim that the New Kids have endorsed or sponsored them, such protection does not extend to rendering newspaper articles, conversations, polls and comparative advertising impossible. The first nominative use requirement is therefore met.

Also met are the second and third requirements. Both *The Star* and *USA Today* reference the New Kids only to the extent necessary to identify them as the subject of the polls; they do not use the New Kids' distinctive logo or anything else that isn't needed to make the announcements intelligible to readers. Finally, nothing in the announcements suggests joint sponsorship or endorsement by the New Kids. The *USA Today* announcement implies quite the contrary by asking whether the New Kids might be "a turn off." *The Star's* poll is more effusive but says nothing that expressly or by fair implication connotes endorsement or joint sponsorship on the part of the New Kids.

The New Kids argue that, even if the newspapers are entitled to a nominative fair use defense for the announcements, they are not entitled to it for the polls themselves, which were money-making enterprises separate and apart from the newspapers' reporting businesses. According to plaintiffs, defendants could have minimized the intrusion into their rights by using an 800 number or asking readers to call in on normal telephone lines which would not have resulted in a profit to the newspapers based on the conduct of the polls themselves.

The New Kids see this as a crucial difference, distinguishing this case from *Volkswagenwerk*, *WCBV-TV* and other nominative use cases. The New Kids' argument in support of this distinction is not entirely implausible: They point out that their fans, like everyone else, have limited resources. Thus a dollar spent calling the newspapers' 900 lines to express loyalty to the New Kids may well be a dollar not spent on New Kids products and services, including the New Kids' own 900 numbers. In short, plaintiffs argue that a nominative fair use defense is inapplicable where the use in question competes directly with that of the trademark holder.

We reject this argument. While the New Kids have a limited property right in their name, that right does not entitle them to control their fans' use of their own money. Where, as here, the use does not imply sponsorship or endorsement, the fact that it is carried on for profit and in competition with the trademark holder's business is beside the point. See, e.g., *Universal City Studios, Inc. v. Ideal Publishing Corp.*, 195 U.S.P.Q. 761 (S.D.N.Y. 1977) (magazine's use of TV program's trademark "Hardy Boys" in connection with photographs of show's stars not infringing). Voting for their favorite New Kid may be, as plaintiffs point out, a way for fans to articulate their loyalty to the group, and this may diminish the resources avail-

able for products and services they sponsor. But the trademark laws do not give the New Kids the right to channel their fans' enthusiasm (and dollars) only into items licensed or authorized by them. See *International Order of Job's Daughters v. Lindenburg & Co.*, 633 F.2d 912 (9th Cir. 1990) (no infringement where unauthorized jewelry maker produced rings and pins bearing fraternal organization's trademark). The New Kids could not use the trademark laws to prevent the publication of an unauthorized group biography or to censor all parodies or satires which use their name.⁹ We fail to see a material difference between these examples and the use here.

Summary judgment was proper as to the first seven causes of action because they all hinge on a theory of implied endorsement; there was none here as the uses in question were purely nominative. ...

Smith v. Chanel, Inc.
402 F.2d 562 (9th Cir. 1968)

BROWNING, Circuit Judge:

Appellant R. G. Smith, doing business as Ta'Ron, Inc., advertised a fragrance called 'Second Chance' as a duplicate of appellees' 'Chanel No. 5,' at a fraction of the latter's price.¹ Appellees were granted a preliminary injunction prohibiting any reference to Chanel No. 5 in the promotion or sale of appellants' product.² This appeal followed.

The action rests upon a single advertisement published in 'Specialty Salesmen,' a trade journal directed to wholesale purchasers. The advertisement offered 'The Ta'Ron Line of Perfumes' for sale. It gave the seller's address as 'Ta'Ron Inc., 26 Harbor Cove, Mill Valley, Calif.' It stated that the Ta'Ron perfumes 'duplicate 100

The advertisement suggested that a 'Blindfold Test' be used 'on skeptical prospects,' challenging them to detect any difference between a well known fra-

⁹Consider, for example, a cartoon which appeared in a recent edition of a humor magazine: The top panel depicts a man in medieval garb hanging a poster announcing a performance of "The New Kids on the Block" to an excited group of onlookers. The lower panel shows the five New Kids, drawn in caricature, hands tied behind their backs, kneeling before "The Chopping Block" awaiting execution. *Cracked* # 17 (inside back cover) (Aug.1992). Cruel? No doubt — but easily within the realm of satire and parody.

grance and the Ta’Ron ‘duplicate.’ One suggested challenge was, ‘We dare you to try to detect any difference between Chanel #5 (25.00) and Ta’Ron’s 2nd Chance. .\$.7.00 .’

In an order blank printed as part of the advertisement each Ta’Ron fragrance was listed with the name of the well known fragrance which it purportedly duplicated immediately beneath. Below ‘Second Chance’ appeared ‘*(Chanel #5).’ The asterisk referred to a statement at the bottom of the form reading ‘Registered Trade Name of Original Fragrance House.’

Appellees conceded below and concede here that appellants ‘have the right to copy, if they can, the unpatented formula of appellees’ product.’ Moreover, for the purposes of these proceedings, appellees assume that ‘the products manufactured and advertised by (appellants) are in fact equivalents of those products manufactured by appellees.’ Finally, appellees disclaim any contention that the packaging or labeling of appellants’ ‘Second Chance’ is misleading or confusing.⁴

I

The principal question presented on this record is whether one who has copied an unpatented product sold under a trademark may use the trademark in his advertising to identify the product he has copied. We hold that he may, and that such advertising may not be enjoined under either the Lanham Act, 15 U.S.C. § 1125(a) (1964), or the common law of unfair competition, so long as it does not contain misrepresentations or create a reasonable likelihood that purchasers will be confused as to the source, identity, or sponsorship of the advertiser’s product.

This conclusion is supported by direct holdings in *Saxlehner v. Wagner*, 216 U.S. 375, 30 S.Ct. 298, 54 L.Ed. 525 (1910); *Viavi Co. v. Vimedia Co.*, 245 F. 289 (8th Cir. 1917), and *Societe Comptoir de L’Industrie Cotonniere Etablissements Boussac v. Alexander’s Dept. Stores, Inc.*, 299 F.2d 33, 1 A.L.R.3d 752 (2d Cir. 1962).

In *Saxlehner* the copied product was a ‘bitter water’ drawn from certain privately owned natural springs. The plaintiff sold the natural water under *564 the name ‘Hunyadi Janos,’ a valid trademark. The defendant was enjoined from using plaintiff’s trademark to designate defendant’s ‘artificial’ water, but was permitted to use it to identify plaintiff’s natural water as the product which defendant was copying.

Justice Holmes wrote:

We see no reason for disturbing the finding of the courts below that there was no unfair competition and no fraud. The real intent of the

⁴Appellants’ product was packaged differently from appellees’, and the only words appearing on the outside of appellants’ packages were ‘Second Chance Perfume by Ta’Ron.’ The same words appeared on the front of appellants’ bottles; the words ‘Ta’Ron trademark by International Fragrances, Inc., of Dallas and New York’ appeared on the back.

plaintiff's bill, it seems to us, is to extend the monopoly of such trademark or tradename as she may have to a monopoly of her type of bitter water, by preventing manufacturers from telling the public in a way that will be understood, what they are copying and trying to sell. But the plaintiff has no patent for the water, and the defendants have a right to reproduce it as nearly as they can. They have a right to tell the public what they are doing, and to get whatever share they can in the popularity of the water by advertising that they are trying to make the same article, and think that they succeed. If they do not convey, but, on the contrary, exclude, the notion that they are selling the plaintiff's goods, it is a strong proposition that when the article has a well-known name they have not the right to explain by that name what they imitate. By doing so, they are not trying to get the good will of the name, but the good will of the goods. 216 U.S. at 380-381, 30 S.Ct. at 298, 2996 ...

In *Societe Comptoir de L'Industrie Cotonniere Etablissements Boussac v. Alexander's Dept. Stores, Inc.*, the defendant used plaintiff's registered trademarks 'Dior' and 'Christian Dior' in defendant's advertising in identifying plaintiff's dresses as the original creations from which defendant's dresses were copied.¹ The district court refused to grant a preliminary injunction.

The appellate court considered plaintiff's rights under both the Lanham Act and common law. Noting that the representation that defendant's dresses were copies of 'Dior' originals was apparently truthful and that there was no evidence of deception or confusion as to the origin or sponsorship of defendant's garments (299 F.2d at 35), the court disposed of the claim of right under the Lanham Act as follows: ...

The Lanham Act does not prohibit a commercial rival's truthfully denominating his goods a copy of a design in the public domain, though he uses the name of the designer to do so. Indeed it is difficult to see any other means that might be employed to inform the consuming public of the true origin of the design. 299 F.2d at 36.

We have found no holdings by federal or California appellate courts contrary to the rule of these three cases. Moreover, the principle for which they stand— that use of another's trademark to identify the trademark owner's product in comparative advertising is not prohibited by either statutory or common law, absent misrepresentation regarding the products or confusion as to their source or sponsorship— is also generally approved by secondary authorities.

¹Defendant described its dresses in newspaper advertisements as copies of Dior's original creations. Tags were hung on each garment reading 'Original by Christian Dior— Alexander's Exclusive— Paris—Adaptation.' 'Dior' or 'Christian Dior' appeared more than a dozen times in a signing commercial on defendant's television fashion show.

The rule rests upon the traditionally accepted premise that the only legally relevant function of a trademark is to impart information as to the source or sponsorship of the product. Appellees argue that protection should also be extended to the trademark's commercially more important function of embodying consumer good will created through extensive, skillful, and costly advertising. The courts, however, have generally confined legal protection to the trademark's source identification function for reasons grounded in the public policy favoring a free, competitive economy.

Preservation of the trademark as a means of identifying the trademark owner's products, implemented both by the Lanham Act and the common law, serves an important public purpose. It makes effective competition possible in a complex, impersonal marketplace by providing a means through which the consumer can identify products which please him and reward the producer with continued patronage. Without some such method of product identification, informed consumer choice, and hence meaningful competition in quality, could not exist. On the other hand, it has been suggested that protection of trademark values other than source identification would create serious anti-competitive consequences with little compensating public benefit. ...

As Justice Holmes wrote in *Saxlehner v. Wagner*, the practical effect of such a rule would be to extend the monopoly of the trademark to a monopoly of the product. The monopoly conferred by judicial protection of complete trademark exclusivity would not be preceded by examination and approval by a governmental body, as is the case with most other government-granted monopolies. Moreover, it would not be limited in time, but would be perpetual. ...

A large expenditure of money does not in itself create legally protectable rights. Appellees are not entitled to monopolize the public's desire for the unpatented product, even though they themselves created that desire at great effort and expense. ...

Disapproval of the copyist's opportunism may be an understandable first reaction, 'but this initial response to the problem has been curbed in deference to the greater public good.' *American Safety Table Co. v. Schreiber*, 269 F.2d at 272. By taking his 'free ride,' the copyist, albeit unintentionally, serves an important public interest by offering comparable goods at lower prices. ... Appellants' advertisement makes it clear that the product they offer is their own. If it proves to be inferior, they, not appellees, will bear the burden of consumer disapproval.²⁵ ...

²⁵In addition, if appellants' specific claims of equivalence are false, appellees may have a remedy under § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) (1964), which provides a civil remedy to a person injured by 'any false description or representation, including words or other symbols * * *' of goods in interstate commerce. [Ed: On remand, the District Court found that "The results of gas chromatograph tests prove that the chemical composition of 'Second Chance' is not identical to that of 'Chanel No. 5,'" and thus the defendant had violated § 43(a). *Smith v. Chanel*, No. 45647 GBH,

We are satisfied, therefore, that both authority and reason require a holding that 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. The district court's contrary conclusion cannot support the injunction. ...

The Blindfold Test

ARPEGE TA'RON



WE DARE YOU—

WE DARE YOU to try to detect any difference between White Shoulders (18.50) and Ta'ron's Love Lure, \$7.00.
WE DARE YOU to try to detect any difference between Christmas Night (35.00) and Ta'ron's Persuasive, \$7.00.
WE DARE YOU to try to detect any difference between Chanel #5 (25.00) and Ta'ron's 2nd Chance, \$7.00.
WE DARE YOU to try to detect any difference between Youth Dew (22.50) and Ta'ron's Temptacious, \$7.00.
WE DARE YOU to try to detect any difference between Guerlain Shalimar (25.00) and Ta'ron's Tahisia, \$7.00.
WE DARE YOU to try to detect any difference between Lanvin Arpege (27.00) and Ta'ron's Volarie, \$7.00.
WE DARE YOU to try to detect any difference between My Sin (27.00) and Ta'ron's Sweet Love, \$7.00.
WE DARE YOU to try to detect any difference between Patou Joy (60.00) and Ta'ron's Ai Di La, \$7.00.

USE THIS TEST ON SKEPTICAL PROSPECTS

THERE HAVE BEEN MANY ATTEMPTS AT DUPLICATING PERFUMES BEFORE—HERE'S WHY THEY ALL FAILED

They have failed because the duplication was phony. Most anyone could detect the difference. Táron's scientists have performed a masterful breakdown. It has taken years to find the secret of positive duplication. The results are paying off. This is not an ordinary event. The duplication of world famous aromas is now an absolute accomplishment. That's why Táron cannot fail, and that's why you can get "into the bucks" quickly and easily by selling America's most sensational line.

TA'RON'S DECOR-DESIGNED BOTTLES, CONTAINERS AND GIFT BOXES WIN RAVES EVERYWHERE SHOWN—

You'll be proud to show Táron's bottles and containers. Every item is in keeping with the very finest boudoir appointments. The bottles are in gold and black. Individually gift boxed with protecting sleeve, ready for resale. Every perfume set is equipped with perfume funnel.



3 Exhaustion

Champion Spark Plug Co. v. Sanders
331 U.S. 125 (1947)

Mr. Justice DOUGLAS delivered the opinion of the Court.

Petitioner is a manufacturer of spark plugs which it sells under the trade mark 'Champion.' Respondents collect the used plugs, repair and recondition them, and resell them. Respondents retain the word 'Champion' on the repaired or reconditioned plugs. The outside box or carton in which the plugs are packed has stamped on it the word 'Champion,' together with the letter and figure denoting the particular style or type. They also have printed on them 'Perfect Process Spark Plugs Guaranteed Dependable' and 'Perfect Process Renewed Spark Plugs.' Each carton contains smaller boxes in which the plugs are individually packed. These inside boxes also

1973 WL 19871, at *3 (N.D. Cal. May 22, 1973).]

carry legends indicating that the plug has been renewed. But respondent company's business name or address is not printed on the cartons. ... On each individual plug is stamped in small letters, blue on black, the word 'Renewed,' which at time is almost illegible.

[The District Court found trademark infringement and entered an injunction which required the respondent (a) to disclose more prominently on the spark plugs the fact that they had been repaired, and (b) to remove the petitioner's "Champion" trademarks from the repaired plugs. The Second Circuit affirmed the disclosure portion of the injunction, but removed the requirement that the marks be removed.]

We are dealing here with second-hand goods. The spark plugs, though used, are nevertheless Champion plugs and not those of another make. There is evidence to support what one would suspect, that a used spark plug which has been repaired or reconditioned does not measure up to the specifications of a new one. But the same would be true of a second-hand Ford or Chevrolet car. And we would not suppose that one could be enjoined from selling a car whose valves had been reground and whose piston rings had been replaced unless he removed the name Ford or Chevrolet. *Prestonettes, Inc., v. Coty*, 264 U.S. 359, 44 S.Ct. 350, 68 L.Ed. 731, was a case where toilet powders had as one of their ingredients a powder covered by a trade mark and where perfumes which were trade marked were rebottled and sold in smaller bottles. The Court sustained a decree denying an injunction where the prescribed labels told the truth. Mr. Justice Holmes stated, '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. It is not taboo.' 264 U.S. at page 368.

Cases may be imagined where the reconditioning or repair would be so extensive or so basic that it would be a misnomer to call the article by its original name, even though the words 'used' or 'repaired' were added. But no such practice is involved here. The repair or reconditioning of the plugs does not give them a new design. It is no more than a restoration, so far as possible, of their original condition. The type marks attached by the manufacturer are determined by the use to which the plug is to be put. But the thread size and size of the cylinder hole into which the plug is fitted are not affected by the reconditioning. The heat range also has relevance to the type marks. And there is evidence that the reconditioned plugs are inferior so far as heat range and other qualities are concerned. But inferiority is expected in most second-hand articles. Indeed, they generally cost the customer less. That is the case here. Inferiority is immaterial so long as the article is clearly and distinctively sold as repaired or reconditioned rather than as new. 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, *supra*, 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.

The decree as shaped by the Circuit Court of Appeals is fashioned to serve the requirements of full disclosure. ... We cannot say that the conduct of respondents in this case, or the nature of the article involved and the characteristics of the merchandising methods used to sell it, called for more stringent controls than the Circuit Court of Appeals provided.

4 Expressive Use

Louis Vuitton Malletier v. Haute Diggity Dog
507 F.3d 252 (4th Cir. 2007)

NIEMEYER, Circuit Judge:

Louis Vuitton Malletier S.A., a French corporation located in Paris, that manufactures luxury luggage, handbags, and accessories, commenced this action against Haute Diggity Dog, LLC, a Nevada corporation that manufactures and sells pet products nationally, alleging trademark infringement under 15 U.S.C. § 1114(1)(a), trademark dilution under 15 U.S.C. § 1125(c), copyright infringement under 17 U.S.C. § 501, and related statutory and common law violations. Haute Diggity Dog manufactures, among other things, plush toys on which dogs can chew, which, it claims, parody famous trademarks on luxury products, including those of Louis Vuitton Malletier. The particular Haute Diggity Dog chew toys in question here are small imitations of handbags that are labeled “Chewy Vuiton” and that mimic Louis Vuitton Malletier’s LOUIS VUITTON handbags.

On cross-motions for summary judgment, the district court concluded that Haute Diggity Dog’s “Chewy Vuiton” dog toys were successful parodies of Louis Vuitton Malletier’s trademarks, designs, and products, and on that basis, entered judgment in favor of Haute Diggity Dog on all of Louis Vuitton Malletier’s claims.

On appeal, we agree with the district court that Haute Diggity Dog’s products are not likely to cause confusion with those 257*257 of Louis Vuitton Malletier and that Louis Vuitton Malletier’s copyright was not infringed. On the trademark dilution claim, however, we reject the district court’s reasoning but reach the same conclusion through a different analysis. Accordingly, we affirm.

I

Louis Vuitton Malletier S.A. (“LVM”) is a well known manufacturer of luxury luggage, leather goods, handbags, and accessories, which it markets and sells world-

wide. In connection with the sale of its products, LVM has adopted trademarks and trade dress that are well recognized and have become famous and distinct. Indeed, in 2006, Business Week ranked LOUIS VUITTON as the 17th “best brand” of all corporations in the world and the first “best brand” for any fashion business.

LVM has registered trademarks for “LOUIS VUITTON,” in connection with luggage and ladies’ handbags (the “LOUIS VUITTON mark”); for a stylized monogram of “LV,” in connection with traveling bags and other goods (the “LV mark”); and for a monogram canvas design consisting of a canvas with repetitions of the LV mark along with four-pointed stars, four-pointed stars inset in curved diamonds, and four-pointed flowers inset in circles, in connection with traveling bags and other products (the “Monogram Canvas mark”). In 2002, LVM adopted a brightly-colored version of the Monogram Canvas mark in which the LV mark and the designs were of various colors and the background was white (the “Multicolor design”), created in collaboration with Japanese artist Takashi Murakami. For the Multicolor design, LVM obtained a copyright in 2004. In 2005, LVM adopted another design consisting of a canvas with repetitions of the LV mark and smiling cherries on a brown background (the “Cherry design”).

As LVM points out, the Multicolor design and the Cherry design attracted immediate and extraordinary media attention and publicity in magazines such as Vogue, W, Elle, Harper’s Bazaar, Us Weekly, Life and Style, Travel & Leisure, People, In Style, and Jane. The press published photographs showing celebrities carrying these handbags, including Jennifer Lopez, Madonna, Eve, Elizabeth Hurley, Carmen Electra, and Anna Kournikova, among others. When the Multicolor design first appeared in 2003, the magazines typically reported, “The Murakami designs for Louis Vuitton, which were the hit of the summer, came with hefty price tags and a long waiting list.” People Magazine said, “the wait list is in the thousands.” The handbags retailed in the range of \$995 for a medium handbag to \$4500 for a large travel bag. The medium size handbag that appears to be the model for the “Chewy Vuiton” dog toy retailed for \$1190. The Cherry design appeared in 2005, and the handbags including that design were priced similarly — in the range of \$995 to \$2740. LVM does not currently market products using the Cherry design.

The original LOUIS VUITTON, LV, and Monogram Canvas marks, however, have been used as identifiers of LVM products continuously since 1896.

During the period 2003-2005, LVM spent more than \$48 million advertising products using its marks and designs, including more than \$4 million for the Multicolor design. It sells its products exclusively in LVM stores and in its own instore boutiques that are contained within department stores such as Saks Fifth Avenue, Bloomingdale’s, Neiman Marcus, and Macy’s. LVM also advertises its products on the Internet through the specific websites 258*258 www.louisvuitton.com and www.eluxury.com.

Although better known for its handbags and luggage, LVM also markets a limited selection of luxury pet accessories — collars, leashes, and dog carriers — which bear the Monogram Canvas mark and the Multicolor design. These items range in price from approximately \$200 to \$1600. LVM does not make dog toys.

Haute Diggity Dog, LLC, which is a relatively small and relatively new business located in Nevada, manufactures and sells nationally — primarily through pet stores — a line of pet chew toys and beds whose names parody elegant high-end brands of products such as perfume, cars, shoes, sparkling wine, and handbags. These include — in addition to Chewy Vuiton (LOUIS VUITTON) — Chewnel No. 5 (Chanel No. 5), Furcedes (Mercedes), Jimmy Chew (Jimmy Choo), Dog Perignonn (Dom Perignon), Sniffany & Co. (Tiffany & Co.), and Dogior (Dior). The chew toys and pet beds are plush, made of polyester, and have a shape and design that loosely imitate the signature product of the targeted brand. They are mostly distributed and sold through pet stores, although one or two Macy’s stores carries Haute Diggity Dog’s products. The dog toys are generally sold for less than \$20, although larger versions of some of Haute Diggity Dog’s plush dog beds sell for more than \$100.

Haute Diggity Dog’s “Chewy Vuiton” dog toys, in particular, loosely resemble miniature handbags and undisputedly evoke LVM handbags of similar shape, design, and color. In lieu of the LOUIS VUITTON mark, the dog toy uses “Chewy Vuiton”; in lieu of the LV mark, it uses “CV”; and the other symbols and colors employed are imitations, but not exact ones, of those used in the LVM Multicolor and Cherry designs.

In 2002, LVM commenced this action ... On cross-motions for summary judgment, the district court granted Haute Diggity Dog’s motion and denied LVM’s motion, entering judgment in favor of Haute Diggity Dog on all of the claims. It rested its analysis on each count principally on the conclusion that Haute Diggity Dog’s products amounted to a successful parody of LVM’s marks, trade dress, and copy-right.

LVM appealed and now challenges, as a matter of law, virtually every ruling made by the district court.

II

LVM contends first that Haute Diggity Dog’s marketing and sale of its “Chewy Vuiton” dog toys infringe its trademarks because the advertising and sale of the “Chewy Vuiton” dog toys is likely to cause confusion. See 15 U.S.C. § 1114(1)(a).

...

To prove trademark infringement, LVM must show (1) that it owns a valid and protectable mark; (2) that Haute Diggity Dog uses a “re-production, counterfeit, copy, or colorable imitation” of that mark in commerce and without LVM’s consent; and (3) that Haute Diggity Dog’s use is likely to cause confusion. 15 U.S.C.

§ 1114(1)(a); *CareFirst*, 434 F.3d at 267. The validity and protectability of LVM's marks are not at issue in this case, nor is the fact that Haute Diggity Dog uses a colorable imitation of LVM's mark. Therefore, we give the first two elements no further attention. To determine whether the "Chewy Vuiton" product line creates a likelihood of confusion, we have identified several nonexclusive factors to consider: (1) the strength or distinctiveness of the plaintiff's mark; (2) the similarity of the two marks; (3) the similarity of the goods or services the marks identify; (4) the similarity of the facilities the two parties use in their businesses; (5) the similarity of the advertising used by the two parties; (6) the defendant's intent; and (7) actual confusion. See *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1527 (4th Cir.1984). These *Pizzeria Uno* factors are not always weighted equally, and not all factors are relevant in every case. See *CareFirst*, 434 F.3d at 268.

Because Haute Diggity Dog's arguments with respect to the *Pizzeria Uno* factors depend to a great extent on whether its products and marks are successful parodies, we consider first whether Haute Diggity Dog's products, marks, and trade dress are indeed successful parodies of LVM's marks and trade dress.

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." *People for the Ethical Treatment of Animals v. Doughney* ("PETA"), 263 F.3d 359, 366 (4th Cir. 2001) (internal quotation marks omitted). "A parody must convey two simultaneous — and contradictory — messages: that it is the original, but also that it is not the original and is instead a parody." *Id.* (internal quotation marks and citation omitted). 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. Thus, "[a] parody relies upon a difference from the original mark, presumably a humorous difference, in order to produce its desired effect." *Jordache Enterprises, Inc. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1486 (10th Cir.1987) (finding the use of "Lardashe" jeans for larger women to be a successful and permissible parody of "Jordache" jeans).

When applying the PETA criteria to the facts of this case, we agree with the district court that the "Chewy Vuiton" dog toys are successful parodies of LVM handbags and the LVM marks and trade dress used in connection with the marketing and sale of those handbags. First, the pet chew toy is obviously an irreverent, and indeed intentional, representation of an LVM handbag, albeit much smaller and coarser. The dog toy is shaped roughly like a handbag; its name "Chewy Vuiton" sounds like and rhymes with LOUIS VUITTON; its monogram CV mimics LVM's LV mark; the repetitious design clearly imitates the design on the LVM handbag; and the coloring is similar. In short, the dog toy is a small, plush imitation of an LVM handbag carried by women, which invokes the marks and design of the hand-

bag, albeit irreverently and incompletely. No one can doubt that LVM handbags are the target of the imitation by Haute Diggity Dog's "Chewy Vuiton" dog toys.

At the same time, no one can doubt also that the "Chewy Vuiton" dog toy is not the "idealized image" of the mark created by LVM. The differences are immediate, beginning with the fact that the "Chewy Vuiton" product is a dog toy, not an expensive, luxury LOUIS VUITTON handbag. The toy is smaller, it is plush, and virtually all of its designs differ. Thus, "Chewy Vuiton" is not LOUIS VUITTON ("Chewy" is not "LOUIS" and "Vuiton" is not "VUITTON," with its two Ts); CV is not LV; the designs on the dog toy are simplified and crude, not detailed and distinguished. The toys are inexpensive; the handbags are expensive and marketed to be expensive. And, of course, as a dog toy, one must buy it with pet supplies and cannot buy it at an exclusive LVM store or boutique within a department store. In short, the Haute Diggity Dog "Chewy Vuiton" dog toy undoubtedly and deliberately conjures up the famous LVM marks and trade dress, but at the same time, it communicates that it is not the LVM product.

Finally, the juxtaposition of the similar and dissimilar — the irreverent representation and the idealized image of an LVM handbag — immediately conveys a joking and amusing parody. The furry little "Chewy Vuiton" imitation, as something to be chewed by a dog, pokes fun at the elegance and expensiveness of a LOUIS VUITTON handbag, which must not be chewed by a dog. The LVM handbag is provided for the most elegant and well-to-do celebrity, to proudly display to the public and the press, whereas the imitation "Chewy Vuiton" "handbag" is designed to mock the celebrity and be used by a dog. The dog toy irreverently presents haute couture as an object for casual canine destruction. 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 — "Chewnel No. 5" targeting "Chanel No. 5"; "Dog Perignonn" targeting "Dom Perignon"; and "Sniffany & Co." targeting "Tiffany & Co."

We conclude that the PETA criteria are amply satisfied in this case and that the "Chewy Vuiton" dog toys convey "just enough of the original design to allow the consumer to appreciate the point of parody," but stop well short of appropriating the entire marks that LVM claims. PETA, 263 F.3d at 366 (quoting *Jordache*, 828 F.2d at 1486).

Finding that Haute Diggity Dog's parody is successful, however, does not end the inquiry into whether Haute Diggity Dog's "Chewy Vuiton" products create a likelihood of confusion. See 6 J. Thomas McCarthy, *Trademarks and Unfair Competition* § 31:153, at 262 (4th ed. 2007) ("There are confusing parodies and non-confusing parodies. All they have in common is an attempt at humor through the use

of someone else's trademark"). The finding of a successful parody only influences the way in which the Pizzeria Uno factors are applied. See, e.g., *Anheuser-Busch, Inc. v. L & L Wings, Inc.*, 962 F.2d 316, 321 (4th Cir.1992) (observing that parody alters the likelihood-of-confusion analysis). Indeed, it becomes apparent that an effective parody will actually diminish the likelihood of confusion, while an ineffective parody does not. We now turn to the Pizzeria Uno factors.

A

As to the first Pizzeria Uno factor, the parties agree that LVM's marks are strong and widely recognized. They do not agree, however, as to the consequences of this fact. LVM maintains that a strong, famous mark is entitled, as a matter of law, to broad protection. While it is true that finding a mark to be strong and famous usually favors the plaintiff in a trademark infringement case, the opposite may be true when a legitimate claim of parody is involved. As the district court observed, "In cases of parody, a strong mark's fame and popularity is precisely the mechanism by which likelihood of confusion is avoided." *Louis Vuitton Malletier*, 464 F.Supp.2d at 499 (citing *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 503-04 (2d Cir.1996); *Schieffelin & Co. v. Jack Co. of Boca, Inc.*, 850 F.Supp. 232, 248 (S.D.N.Y.1994)). "An intent to parody is not an intent to confuse the public." *Jordache*, 828 F.2d at 1486.

We agree with the district court. It is a matter of common sense that the strength of a famous mark allows consumers immediately to perceive the target of the parody, while simultaneously allowing them to recognize the changes to the mark that make the parody funny or biting. See *Tommy Hilfiger Licensing, Inc. v. Nature Labs, LLC*, 221 F.Supp.2d 410, 416 (S.D.N.Y.2002) (noting that the strength of the "TOMMY HILFIGER" fashion mark did not favor the mark's owner in an infringement case against "TIMMY HOLEDIGGER" novelty pet perfume). In this case, precisely because LOUIS VUITTON is so strong a mark and so well recognized as a luxury handbag brand from LVM, consumers readily recognize that when they see a "Chewy Vuiton" pet toy, they see a parody. Thus, the strength of LVM's marks in this case does not help LVM establish a likelihood of confusion.

B

With respect to the second Pizzeria Uno factor, the similarities between the marks, the usage by Haute Diggity Dog again converts what might be a problem for Haute Diggity Dog into a disfavored conclusion for LVM.

Haute Diggity Dog concedes that its marks are and were designed to be somewhat similar to LVM's marks. But that is the essence of a parody — the invocation of a famous mark in the consumer's mind, so long as the distinction between the marks

is also readily recognized. While a trademark parody necessarily copies enough of the original design to bring it to mind as a target, a successful parody also distinguishes itself and, because of the implicit message communicated by the parody, allows the consumer to appreciate it. See *PETA*, 263 F.3d at 366 (citing *Jordache*, 828 F.2d at 1486); *Anheuser-Busch*, 962 F.2d at 321.

In concluding that Haute Diggity Dog has a successful parody, we have impliedly concluded that Haute Diggity Dog appropriately mimicked a part of the LVM marks, but at the same time sufficiently distinguished its own product to communicate the satire. The differences are sufficiently obvious and the parody sufficiently blatant that a consumer encountering a “Chewy Vuiton” dog toy would not mistake its source or sponsorship on the basis of mark similarity.

This conclusion is reinforced when we consider how the parties actually use their marks in the marketplace. See *CareFirst*, 434 F.3d at 267 (citing *What-A-Burger of Va., Inc. v. Whataburger, Inc.*, 357 F.3d 441, 450 (4th Cir.2004)); *Lamparello v. Falwell*, 420 F.3d 309, 316 (4th Cir.2005); *Hormel Foods*, 73 F.3d at 503. The record amply supports Haute Diggity Dog’s contention that its “Chewy Vuiton” toys for dogs are generally sold alongside other pet products, as well as toys that parody other luxury brands, whereas LVM markets its handbags as a top-end luxury item to be purchased only in its own stores or in its own boutiques within department stores. These marketing channels further emphasize that “Chewy Vuiton” dog toys are not, in fact, LOUIS VUITTON products.

C

Nor does LVM find support from the third *Pizzeria Uno* factor, the similarity of the products themselves. It is obvious that a “Chewy Vuiton” plush imitation handbag, which does not open and is manufactured as a dog toy, is not a LOUIS VUITTON handbag sold by LVM. Even LVM’s most proximate products — dog collars, leashes, and pet carriers — are fashion accessories, not dog toys. As Haute Diggity Dog points out, LVM does not make pet chew toys and likely does not intend to do so in the future. Even if LVM were to make dog toys in the future, the fact remains that the products at issue are not similar in any relevant respect, and this factor does not favor LVM.

D

The fourth and fifth *Pizzeria Uno* factors, relating to the similarity of facilities and advertising channels, have already been mentioned. LVM products are sold exclusively through its own stores or its own boutiques within department stores. It also sells its products on the Internet through an LVM-authorized website. In contrast, “Chewy Vuiton” products are sold primarily through traditional and Internet pet

stores, although they might also be sold in some department stores. The record demonstrates that both LVM handbags and “Chewy Vuiton” dog toys are sold at a Macy’s department store in New York. As a general matter, however, there is little overlap in the individual retail stores selling the brands.

Likewise with respect to advertising, there is little or no overlap. LVM markets LOUIS VUITTON handbags through high-end fashion magazines, while “Chewy Vuiton” products are advertised primarily through pet-supply channels.

The overlap in facilities and advertising demonstrated by the record is so minimal as to be practically nonexistent. “Chewy Vuiton” toys and LOUIS VUITTON products are neither sold nor advertised in the same way, and the de minimis overlap lends insignificant support to LVM on this factor.

E

The sixth factor, relating to Haute Diggity Dog’s intent, again is neutralized by the fact that Haute Diggity Dog markets a parody of LVM products. As other courts have recognized, “An intent to parody is not an intent to confuse the public.” *Jordache*, 828 F.2d at 1486. Despite Haute Diggity Dog’s obvious intent to profit from its use of parodies, this action does not amount to a bad faith intent to create consumer confusion. To the contrary, the intent is to do just the opposite — to evoke a humorous, satirical association that distinguishes the products. This factor does not favor LVM.

F

On the actual confusion factor, it is well established that no actual confusion is required to prove a case of trademark infringement, although the presence of actual confusion can be persuasive evidence relating to a likelihood of confusion. See *Care-First*, 434 F.3d at 268.

While LVM conceded in the district court that there was no evidence of actual confusion, on appeal it points to incidents where retailers misspelled “Chewy Vuiton” on invoices or order forms, using two Ts instead of one. Many of these invoices also reflect simultaneous orders for multiple types of Haute Diggity Dog parody products, which belies the notion that any actual confusion existed as to the source of “Chewy Vuiton” plush toys. The misspellings pointed out by LVM are far more likely in this context to indicate confusion over how to spell the product name than any confusion over the source or sponsorship of the “Chewy Vuiton” dog toys. We conclude that this factor favors Haute Diggity Dog.

In sum, the likelihood-of-confusion factors substantially favor Haute Diggity Dog. But consideration of these factors is only a proxy for the ultimate statutory test of whether Haute Diggity Dog’s marketing, sale, and distribution of “Chewy

Vuiton” dog toys is likely to cause confusion. Recognizing that “Chewy Vuiton” is an obvious parody and applying the Pizzeria Uno factors, we conclude that LVM has failed to demonstrate any likelihood of confusion. Accordingly, we affirm the district court’s grant of summary judgment in favor of Haute Diggity Dog on the issue of trademark infringement.

III

LVM also contends that Haute Diggity Dog’s advertising, sale, and distribution of the “Chewy Vuiton” dog toys dilutes its LOUIS VUITTON, LV, and Monogram Canvas marks, which are famous and distinctive, in violation of the Trademark Dilution Revision Act of 2006 (“TDRA”), 15 U.S.C.A. § 1125(c) (West Supp.2007). It argues, “Before the district court’s decision, Vuitton’s famous marks were unblurred by any third party trademark use.” “Allowing defendants to become the first to use similar marks will obviously blur and dilute the Vuitton Marks.” It also contends that “Chewy Vuiton” dog toys are likely to tarnish LVM’s marks because they “pose a choking hazard for some dogs.” ...

A

We address first LVM’s claim for dilution by blurring. ...

We begin by noting that parody is not automatically a complete defense to a claim of dilution by blurring where the defendant uses the parody as its own designation of source, i.e., as a trademark. Although the TDRA does provide that fair use is a complete defense and allows that a parody can be considered fair use, it does not extend the fair use defense to parodies used as a trademark. ...

The TDRA, however, does not require a court to ignore the existence of a parody that is used as a trademark, and it does not preclude a court from considering parody as part of the circumstances to be considered for determining whether the plaintiff has made out a claim for dilution by blurring. Indeed, the statute permits a court to consider “all relevant factors,” including the six factors supplied in § 1125(c)(2)(B).

...

In sum, while a defendant’s use of a parody as a mark does not support a “fair use” defense, it may be considered in determining whether the plaintiff-owner of a famous mark has proved its claim that the defendant’s use of a parody mark is likely to impair the distinctiveness of the famous mark.

In the case before us, when considering factors (ii), (iii), and (iv), it is readily apparent, indeed conceded by Haute Diggity Dog, that LVM’s marks are distinctive, famous, and strong. The LOUIS VUITTON mark is well known and is commonly identified as a brand of the great Parisian fashion house, Louis Vuitton Malletier. So too are its other marks and designs, which are invariably used with the LOUIS

VUITTON mark. It may not be too strong to refer to these famous marks as icons of high fashion.

While the establishment of these facts satisfies essential elements of LVM's dilution claim, see 15 U.S.C.A. § 1125(c)(1), the facts impose on LVM an increased burden to demonstrate that the distinctiveness of its famous marks is likely to be impaired by a successful parody. Even as Haute Diggity Dog's parody mimics the famous mark, it communicates simultaneously that it is not the famous mark, but is only satirizing it. See PETA, 263 F.3d at 366. And because the famous mark is particularly strong and distinctive, it becomes more likely that a parody will not impair the distinctiveness of the mark. In short, as Haute Diggity Dog's "Chewy Vuiton" marks are a successful parody, we conclude that they will not blur the distinctiveness of the famous mark as a unique identifier of its source.

It is important to note, however, that this might not be true if the parody is so similar to the famous mark that it likely could be construed as actual use of the famous mark itself. Factor (i) directs an inquiry into the "degree of similarity between the junior mark and the famous mark." If Haute Diggity Dog used the actual marks of LVM (as a parody or otherwise), it could dilute LVM's marks by blurring, regardless of whether Haute Diggity Dog's use was confusingly similar, whether it was in competition with LVM, or whether LVM sustained actual injury. See 15 U.S.C.A. § 1125(c)(1). Thus, "the use of DUPONT shoes, BUICK aspirin, and KODAK pianos would be actionable" under the TDRA because the unauthorized use of the famous marks themselves on unrelated goods might diminish the capacity of these trademarks to distinctively identify a single source. Moseley, 537 U.S. at 431, 123 S.Ct. 1115 (quoting H.R.Rep. No. 104-374, at 3 (1995), as reprinted in 1995 U.S.C.C.A.N. 1029, 1030). This is true even though a consumer would be unlikely to confuse the manufacturer of KODAK film with the hypothetical producer of KODAK pianos.

But in this case, Haute Diggity Dog mimicked the famous marks; it did not come so close to them as to destroy the success of its parody and, more importantly, to diminish the LVM marks' capacity to identify a single source. Haute Diggity Dog designed a pet chew toy to imitate and suggest, but not use, the marks of a high-fashion LOUIS VUITTON handbag. It used "Chewy Vuiton" to mimic "LOUIS VUITTON"; it used "CV" to mimic "LV"; and it adopted imperfectly the items of LVM's designs. We conclude that these uses by Haute Diggity Dog were not so similar as to be likely to impair the distinctiveness of LVM's famous marks. ...

B

LVM's claim for dilution by tarnishment does not require an extended discussion. To establish its claim for dilution by tarnishment, LVM must show, in lieu of blurring, that Haute Diggity Dog's use of the "Chewy Vuiton" mark on dog toys harms the reputation of the LOUIS VUITTON mark and LVM's other marks. LVM ar-

gues that the possibility that a dog could choke on a “Chewy Vuiton” toy causes this harm. LVM has, however, provided no record support for its assertion. It relies only on speculation about whether a dog could choke on the chew toys and a logical concession that a \$10 dog toy made in China was of “inferior quality” to the \$1190 LOUIS VUITTON handbag. ... There is no record support, however, that any dog has choked on a pet chew toy, such as a “Chewy Vuiton” toy, or that there is any basis from which to conclude that a dog would likely choke on such a toy.

We agree with the district court that LVM failed to demonstrate a claim for dilution by tarnishment.





Louis Vuitton Malletier v. Warner Bros.
868 F. Supp. 2d 172 (S.D.N.Y. 2012)

ANDREW L. CARTER, JR., District Judge.

On December 22, 2011, Louis Vuitton Malletier, S.A. (“Louis Vuitton”) filed a complaint against Warner Bros. Entertainment Inc. (“Warner Bros.”), focusing on Warner Bros.’ use of a travel bag in the film “The Hangover: Part II” that allegedly infringes upon Louis Vuitton’s trademarks. Plaintiff’s complaint asserts three claims

for relief: (1) false designation of origin/unfair competition in violation of § 43(a) of the Lanham Act; (2) common law unfair competition; and (3) trademark dilution in violation N.Y. Gen. Bus. Law 360-l. On March 14, 2012, defendant filed a motion to dismiss the complaint with prejudice for failure to state a claim upon which relief can be granted pursuant to Fed.R.Civ.P. 12(b). The court has fully considered the parties' arguments, and for the reasons set forth below, defendant's motion is granted.

BACKGROUND

Louis Vuitton is one of the premier luxury fashion houses in the world, renowned for, among other things, its high-quality luggage, trunks, and handbags. Louis Vuitton's principle trademark is the highly-distinctive and famous Toile Monogram. Registered in 1932, this trademark, along with its component marks (collectively, the "LVM Marks"), are famous, distinctive, and incontestable. (Id.); see *Louis Vuitton Malletier, S.A. v. LY USA*, No. 06-cv-13463 (AKH), 2008 WL 5637161, at *2 (S.D.N.Y. Oct. 3, 2008).

Louis Vuitton has invested millions of dollars and decades of time and effort to create a global recognition that causes consumers to associate the LVM Marks with high-quality, luxury goods emanating exclusively from Louis Vuitton.

Warner Bros. is one of the oldest and most respected producers of motion pictures and television shows in the country and the world. (Id. at ¶¶ 28-29.) In the summer of 2011, Warner Bros. released "The Hangover: Part II" ("the Film"), the sequel to the 2009 hit bachelor-party-gone-awry-comedy "The Hangover." The Film has grossed roughly \$580 million globally as of the date of the Complaint, becoming the highest-gross R-rated comedy of all time and one of the highest grossing movies in 2011. (Id. at ¶ 31.)

Diophy is a company that creates products which use a monogram design that is a knock-off of the famous Toile Monogram (the "Knock-Off Monogram Design"). (Id. at ¶ 24.) The Diophy products bearing the Knock-Off Monogram Design have been extensively distributed throughout the United States, causing enormous harm to Louis Vuitton. (Id. at ¶ 27.) Despite the inferior quality of Diophy's products, demand for its products bearing the Knock-Off Monogram Design remains high because they are far less expensive than genuine Louis Vuitton products. (Id.)

A. The Airport Scene

As alleged in the complaint, in one early scene in the Film the "four main characters in Los Angeles International Airport before a flight to Thailand for the character Stu's bachelor party and wedding." (Id. at ¶ 32.) "[A]s the characters are walking through the airport, a porter is pushing on a dolly what appears to be Louis Vuitton trunks, some hard-sided luggage, and two Louis Vuitton Keepall travel bags.") Alan,

one of the characters, is carrying what appears to be a matching over-the-shoulder Louis Vuitton “Keepall” bag, but it is actually an infringing Diophy bag.¹ Moments later, Alan is seen sitting on a bench in the airport lounge and places his bag (i.e., the Diophy bag) on the empty seat next to him. (Id. at ¶ 34.) Stu, who is sitting in the chair to the other side of the bag, moves the bag so that Teddy, Stu’s future brother-in-law, can sit down between him and Alan. (Id.) Alan reacts by saying: “Careful that is ... that is a Lewis Vuitton.” (Id.) No other reference to Louis Vuitton or the Diophy bag is made after this point.

After the movie was released in theaters, Louis Vuitton sent Warner Bros.’ a cease and desist letter noting its objection to the use of the Diophy bag in the Film. (Id. at ¶¶ 38-39). Despite being informed of its objection, on December 6, 2011, Warner Bros. released the Film in the United States on DVD and Blu-Ray. (Id. at ¶ 41.) The complaint alleges that “many consumers believed the Diophy [b]ag” used in the Film “was, in fact, a genuine Louis Vuitton,” and that Louis Vuitton consented to Warner Bros.’ “misrepresentation” that the Diophy bag was a genuine Louis Vuitton product. (Id. at ¶¶ 36, 45.) Louis Vuitton claims that its harm has been “exacerbated by the prominent use of the aforementioned scenes and the LVM Marks in commercials and advertisements for the [F]ilm,” and that Alan’s “Lewis Vuitton” line has “become an oft-repeated and hallmark quote from the movie.” (Id. at ¶ 44.) Louis Vuitton attaches to the complaint, as Exhibit E, what it claims are “[r]epresentative Internet references and blog excerpts” demonstrating that consumers mistakenly believe that the Diophy bag is a genuine Louis Vuitton bag. (Id. at ¶ 45.)²

B. The Present Motion

It is instructive to consider what this case is about and what it is not. Louis Vuitton does not object to Warner Bros.’ unauthorized use of the LVM Marks or reference to the name Louis Vuitton in the Film. Nor does Louis Vuitton claim that Warner Bros. misled the public into believing that Louis Vuitton sponsored or was affiliated with the Film. Rather, Louis Vuitton contends that Warner Bros. impermissibly used a third-party’s bag that allegedly infringes on the LVM Marks. ... On the basis of Warner Bros.’ use of the allegedly infringing Diophy bag in the Film, Louis Vuitton

¹Warner Bros. does not dispute for the purposes of this motion that Louis Vuitton’s representations with respect to the source of the bag are accurate.

²Although the Court takes as true the allegations of the complaint, none of the Internet references and blog excerpts attached to the complaint in Exhibit E show that anyone is confused or mistaken into believing that the Diophy bag was a real Louis Vuitton bag. In one blog post, a commenter notes that the luggage on the cart is real, but the bag carried by Alan is a “replica.” Although a few other posts and comments refer to the bags generally as Louis Vuitton bags, no one else specifically writes about Alan’s bag, let alone its authenticity.

asserts three causes of action: (1) false designation of origin/unfair competition in violation of 15 U.S.C. § 1125(a), (2) common law unfair competition,⁴ and (3) trademark dilution in violation of New York General Business Law § 360-1. (Id. at ¶¶ 5069.)

Warner Bros. now moves to dismiss the complaint in its entirety on the ground that its use of the Diophy bag in the Film is protected by the First Amendment under the framework established by *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir.1989).

DISCUSSION ...

B. Lanham Act claim

To state a claim for trademark infringement under the Lanham Act, in addition to showing that it has a valid mark, the plaintiff must show that the defendant's use of its mark is likely to cause "an appreciable number of ordinarily prudent purchasers" "confusion as to the origin, sponsorship, or approval" of the defendant's product. ...

1. First Amendment

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 to the source or content of the work. 875 F.2d at 999; *Twin Peaks Prods., Inc. v. Publ'ns Int'l, Ltd.*, 996 F.2d 1366, 1379 (2d Cir.1993). Louis Vuitton does not dispute that Warner Bros.' challenged use of the mark is noncommercial, placing it firmly within the purview of an "artistic work" under *Rogers*. See *Joseph Burstyn, Inc. v. Wilson*, 343 U.S. 495, 502, 72 S.Ct. 777, 96 L.Ed. 1098 (1952) (holding that motion pictures are protected speech); see also *United States v. United Foods, Inc.*, 533 U.S. 405, 409, 121 S.Ct. 2334, 150 L.Ed.2d 438 (2001) (defining "commercial speech" as "speech that does no more than propose a commercial transaction"). ... *a. Artistic Relevance*

The threshold for "artistic relevance" is purposely low and will be satisfied unless the use "has no artistic relevance to the underlying work whatsoever." *Rogers*, 875 F.2d at 999 (emphasis added). The artistic relevance prong ensures that the defendant intended an artistic — i.e., noncommercial — association with the plaintiff's mark, as opposed to one in which the defendant intends to associate with the mark

⁴ The standards for § 43(a) claims of the Lanham Act and common law unfair competition claims "are almost indistinguishable." *Tri-Star Pictures, Inc. v. Unger*, 14 F.Supp.2d 339, 363 (S.D.N.Y.1998); *Louis Vuitton Malletier v. Dooney & Bourke, Inc.*, 561 F.Supp.2d 368, 381 (S.D.N.Y.2008) (noting that the elements of unfair competition "mirror" the Lanham Act, except that plaintiffs must additionally show bad faith on the state law claim).

to exploit the mark's popularity and good will. See *Rogers*, 875 F.2d at 1001 (finding that the defendant satisfied the artistic relevance prong where its use of the trademark was “not arbitrarily chosen just to exploit the publicity value of [the plaintiffs’ mark] but instead ha[d] genuine relevance to the film’s story”).

Warner Bros.’ use of the Diophy bag meets this low threshold. Alan’s terse remark to Teddy to “[be] [c]areful” because his bag “is a Lewis Vuitton” comes across as snobbish only because the public signifies Louis Vuitton — to which the Diophy bag looks confusingly similar — with luxury and a high society lifestyle. His remark also comes across as funny because he mispronounces the French “Louis” like the English “Lewis,” and ironic because he cannot correctly pronounce the brand name of one of his expensive possessions, adding to the image of Alan as a socially inept and comically misinformed character. This scene also introduces the comedic tension between Alan and Teddy that appears throughout the Film.

Louis Vuitton contends that the Court cannot determine that the use of the Diophy bag was artistically relevant until after discovery. Specifically, Louis Vuitton maintains that it should be able to review the script and depose the Film’s creators to determine whether Warner Bros. intended to use an authentic Louis Vuitton bag or Diophy’s knock-off bag. However, the significance of the airport scene relies on Alan’s bag — authentic or not — looking like a Louis Vuitton bag. Louis Vuitton does not dispute this was Warner Bros.’ intention, and therefore the discovery it seeks is irrelevant. The Court is satisfied that Warner Bros.’ use of the Diophy bag (whether intentional or inadvertent) was intended to create an artistic association with Louis Vuitton, and there is no indication that its use was commercially motivated. See *Rogers*, 875 F.2d at 1001.¹¹

Accordingly, the Court concludes that the use of the Diophy bag has some artistic relevance to the plot of the Film.

¹¹For this reason, the present case is distinguishable from the cases cited by Louis Vuitton. In those cases, the court disbelieved the defendant’s claim that a communicative message was intended and/or expressed concern that the mark’s use was commercially motivated. See *Am. Dairy Queen Corp. v. New Line Prods., Inc.*, 35 F.Supp.2d 727, 734 (D.Minn. 1998) (defendant movie producers’ position was that their proposed movie title [Ed: *Dairy Queens*] was not “designed to evoke or even suggest any relationship at all to [plaintiff’s] trademarked name or any of its products”); *Sherwood 48 Assocs. v. Sony Corp. of Am.*, 76 Fed.Appx. 389, 392 (2d Cir.2003) (plaintiffs alleged that the defendant altered the plaintiffs’ marks “to generate revenue for their film,” and the defendant had not pled that the alteration had “at least some artistic relevance in order to assert a valid First Amendment defense” [Ed: the producers of the movie *Spider-Man* digitally altered the exterior of three buildings in a scene filmed in New York’s Times Square.]); *Parks v. LaFace Records*, 329 F.3d 437, 453 (6th Cir.2003) (finding that “reasonable persons could conclude that there is no relationship of any kind between Rosa Park’s name and the content of the song [Ed: “Rosa Parks” by OutKast],” and noting that the “marketing power” of the song’s title “unquestionably enhanced the song’s potential sale to the consuming public”).

b. Explicitly Misleading

Since using the Diophy bag has some relevance to the Film, Warner Bros.' use of it is unprotected only if it "explicitly misleads as to the source or the content of the work." Rogers, 875 F.2d at 999. The Second Circuit has explained that the relevant question is 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. *Twin Peaks*, 996 F.2d at 1379. ... Only a "particularly compelling" finding of likelihood of confusion can overcome the First Amendment interests. *Id.*

Rogers and the cases adopting its holding have consistently framed the applicable standard in terms of confusion as to the defendant's artistic work. See Rogers, 875 F.2d at 1001 ("The title 'Ginger and Fred' contains no explicit indication that Rogers endorsed the [defendant's] film or had a role in producing it.").

It is not a coincidence that courts frame the confusion in relation to the defendant's artistic work, and not to someone else's. This narrow construction of the Lanham Act accommodates the public's interest in free expression by restricting its application to those situations that present the greatest risk of consumer confusion: namely, when trademarks are used to "dupe[] consumers into buying a product they mistakenly believe is sponsored by the trademark owner." *Rock Star Videos*, 547 F.3d at 1100 (quoting *Walking Mountain*, 353 F.3d at 806). When this concern is present it will generally outweigh the public's interest in free expression. However, if a trademark is not used, "in any direct sense," to designate the source or sponsorship of the defendant's work, then "the consumer interest in avoiding deception is too slight to warrant application of the Lanham Act." *Syler v. Woodruff*, 610 F.Supp.2d 256, 266 (S.D.N.Y.2009) (quoting Rogers, 875 F.2d at 1000). ...

Here, the complaint alleges two distinct theories of confusion: (1) that consumers will be confused into believing that the Diophy bag is really a genuine Louis Vuitton bag; and (2) that Louis Vuitton approved the use of the Diophy bag in the Film. However, even drawing all reasonable inferences in the light most favorable to Louis Vuitton, as the Court is required to do, neither of these allegations involves confusion as to Warner Bros.' artistic work. Specifically, Louis Vuitton does not allege that Warner Bros. used the Diophy bag in order to mislead consumers into believing that Louis Vuitton produced or endorsed the Film. Therefore, the complaint fails to even allege the type of confusion that could potentially overcome the Rogers protection.

Even if the Court assumes, *arguendo*, that Louis Vuitton has stated a cognizable claim of confusion, its claim would fail anyway. The Second Circuit in Rogers emphasized that when First Amendment values are involved, courts should narrowly construe the Lanham Act and "weigh the public interest in free expression against

the public interest in avoiding customer confusion.” Cliffs Notes, 886 F.2d at 494 (citing Rogers, 875 F.2d at 998-99). As such, where an expressive work is alleged to infringe a trademark, “the likelihood of confusion must be particularly compelling.” *Twin Peaks*, 996 F.2d at 1379 (emphasis added).

The Court concludes that Louis Vuitton’s allegations of confusion are not plausible, let alone “particularly compelling.” First, it is highly unlikely that an appreciable number of people watching the Film would even notice that Alan’s bag is a knock-off. Cf. *Gottlieb Dev. LLC v. Paramount Pictures Corp.*, 590 F.Supp.2d 625, 634-35 (S.D.N.Y.2008) (Chin, J.) (no confusion of plaintiff sponsoring defendant’s film where “it would be difficult for even a keen observer to pick out [plaintiff’s] trademark” since “it appears in the background of the scene” and “occupies only a minute fraction [of] the frame for three segments lasting approximately three seconds each”). In this regard, Louis Vuitton is trying to have it both ways: arguing that the Diophy bags are so similar as to create consumer confusion but at the same time so obviously dissimilar that someone watching the Film would notice the slightly different symbols used on the Diophy bag. Yet, the Diophy bag appears on screen for no more than a few seconds at a time and for less than thirty seconds in total, and when it is on screen, it is usually in the background, out of focus, or partially obscured by other things. Like the appearance of the plaintiff’s mark in *Gottlieb*, the Court finds that the difference between the authentic and knock-off bag is so difficult to even notice, that a claim of confusion under the Lanham Act “is simply not plausible.” *Gottlieb*, 590 F.Supp.2d at 635. Furthermore, Louis Vuitton’s position assumes that viewers of the Film would take seriously enough Alan’s statements about designer handbags (even about those he does not correctly pronounce) that they would attribute his views to the company that produced the Film. This assumption is hardly conceivable, and it does not cross the line into the realm of plausibility. See *Twombly*, 550 U.S. at 570, 127 S.Ct. 1955. Lastly, Louis Vuitton is objecting to a statement made by a fictional character in a fictional movie, which it characterizes as an affirmative misrepresentation. However, this assumes that the fictional Alan character knew that his bag was a knock-off; otherwise, he would simply be (innocently) misinformed about the origin of his bag. For these reasons, the Court concludes that the likelihood of confusion is at best minimal, and when balanced against the First Amendment concerns implicated here, it is not nearly significant enough to be considered “particularly compelling.” See *Twin Peaks*, 996 F.2d at 1379. ... Louis Vuitton maintains that the Rogers test cannot be assessed on a motion to dismiss. (Opp. at 14-18.) The Court disagrees. Although many courts have considered the Rogers test on a summary judgment motion, not on a motion to dismiss, the circuit has never stated that a court cannot properly apply the Rogers test (or the likelihood of confusion factors) on a motion to dismiss. In fact, the Second Circuit has suggested that it would be appropriate “where the court is satisfied

that the products or marks are so dissimilar that no question of fact is presented.” Pirone, 894 F.2d at 584 (affirming grant of summary judgment). In the context of a motion to dismiss, courts have disposed of trademark claims where simply looking at the work itself, and the context in which it appears, demonstrates how implausible it is that a viewer will be confused into believing that the plaintiff endorsed the defendant’s work (and without relying on the likelihood of confusion factors to do so). See, e.g., *Stewart Surfboards, Inc. v. Disney Book Group, LLC*, No. 10-cv-2982, slip. op. (C.D.Cal. May 11, 2011) (no likelihood of confusion that readers would believe that plaintiff surfboard manufacturer endorsed a Hannah Montana book because one of its surfboards appeared on the back cover); *Gottlieb*, 590 F.Supp.2d at 630 (no likelihood of confusion that viewers would believe plaintiff pinball machine owner endorsed the movie “What Women Want” because it appeared in the background of a few scenes); *Burnett v. Twentieth Century Fox Film Corp.*, 491 F.Supp.2d 962, 973 (C.D.Cal.2007) (no likelihood of confusion that viewers would believe plaintiff Carol Burnett endorsed a Family Guy sketch making fun of her); cf. *Wham-O, Inc. v. Paramount Pictures Corp.*, 286 F.Supp.2d 1254 (N.D.Cal.2003) (denying preliminary injunction without discovery where no likelihood of confusion that viewers would believe that plaintiff maker of the Slip ‘N Slide endorsed the movie “Dickie Roberts: Former Child Star” because the protagonist (mis)used the toy water slide in one scene of the movie).

Here, there is no likelihood of confusion that viewers would believe that the Diophy bag is a real Louis Vuitton bag just because a fictional character made this claim in the context of a fictional movie. Neither is there a likelihood of confusion that this statement would cause viewers to believe that Louis Vuitton approved of Warner Bros.’ use of the Diophy bag. In a case such as this one, no amount of discovery will tilt the scales in favor of the mark holder at the expense of the public’s right to free expression.

Therefore, even assuming, *arguendo*, that Louis Vuitton could state a cognizable claim of confusion, Warner Bros.’ use of the Diophy bag is protected under Rogers because it has some artistic relevance to the Film and is not explicitly misleading. ...



Trademark Defenses Lightning Round

Do the following uses qualify for any trademark defenses? For your reference, the relevant marks are LITTLE LEAGUE for children's sports; FORD for cars; 7-11 for groceries; FEDEX for delivery services; GOT MILK for milk; MARLBORO for cigarettes; LISTERINE for mouthwash; and M&MS for chocolate candy. It may help to note that "I wish I knew how to quit you" is a line of dialogue from Brokeback Mountain, and observe that black text on the white portion of Target bottle of mouthwash reads "Compare to FRESHBURST® LISTERINE®." (Hint: it never hurts to start by articulating the applicable theory or theories of infringement against which a defense is needed.)

CHRISTIAN LITTLE LEAGUE

SITE MAP MISSION STATEMENT VOLUNTEER APP. CONTACT US SCHEDULE PRINT FORMS STANDINGS FLYERS

WHERE FAMILY AND FRIENDS ARE MORE IMPORTANT THAN WINNING AND THERE ARE NO LOSERS!!!



I FIX FORDS INC.

HOME ABOUT SERVICES BLOG TESTIMONIALS APPOINTMENTS LOCATION CONTACT

I FIX FORDS, INC. IS NOT AFFILIATED WITH FORD MOTOR COMPANY IN ANY WAY AND CAN NOT OFFER FORD WARRANTY SERVICE.

Your expert at servicing Ford vehicles for over 20 years

Ready to Start? Set an appointment!

<h4>EXPERT CAR CARE</h4> <p>Specializing in 1996-current Ford, Lincoln, and Mercury Auto Repair, I Fix Fords has recently updated their computer equipment, and we are now fixing all makes and models of Domestic and Asian Cars and Trucks.</p>	<h4>EXPERIENCE</h4> <p>Conveniently located just south of Fuquay, NC, our 20 years of experience has allowed us to acquire the tools and electronic equipment needed to fix your vehicle right the first time. We provide Dealer level diagnostics on Ford, Lincoln and Mercury cars and trucks as well as maintenance</p>	<h4>MISSION</h4> <p>Our mission at I Fix Fords is to treat our customers with respect, and provide dealer level service combined with honest pricing.</p>
---	--	---

I Fix Fords, Inc
6,096 likes

Like Page Share

Be the first of your friends to like this







I Wish I Knew How to Quit You

Marlboro Red or Longshots 100's — you get a lot to like.

TOWLEROAD.COM

Warning: The Surgeon General has determined that cigarette smoking is dangerous to your health.

King 13 mg "tar," 1.1 mg nicotine av. per cigarette by FTC method. 100's 11 mg "tar," 0.9 mg nicotine av. per cigarette by FTC method.

The advertisement features a photograph of two cowboys in a rugged, rocky landscape. One cowboy is sitting on a rock, and the other is standing nearby. In the background, a herd of horses and a person on horseback are visible. In the foreground, two packs of Marlboro cigarettes are prominently displayed: a red pack of Marlboro Red and a yellow pack of Marlboro Longshots 100's. The text "I Wish I Knew How to Quit You" is overlaid on the top half of the image. Below the packs, there is a small text box with the website "TOWLEROAD.COM" and a warning from the Surgeon General. At the bottom, there is a small line of text providing nicotine and tar content information.



