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The Sixty-Second Year of Administration of the U.S. Trademark (Lanham) Act of 1946

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U.S. Trademark (Lanham) Act of 1946

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INTRODUCTION

By Theodore H. Davis, Jr.

The July 1, 2008 to June 30, 2009 Lanham Act “year” was perhaps most notable for an opinion falling just outside that time period, namely, In re Bose Corp.,1 in which the Federal Circuit abrogated the de facto strict liability standard articulated in Medinol Ltd. v. Neuro Vasx, Inc.2 for finding fraud on the U.S. Patent and Trademark Office (USPTO). The Federal Circuit’s skepticism toward fraud-on-the-USPTO claims was anticipated by some other Article III courts,3 but not necessarily

1. 580 F.3d 1240 (Fed. Cir. 2009).

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all of them.\textsuperscript{4} Reported opinions by the Trademark Trial and Appeal Board (the “Board”) itself in the months leading up to \textit{Bose} similarly appeared to reflect some ambivalence toward \textit{Medinol} and its progeny. In what ultimately may prove to be the high-water mark of the \textit{Medinol} doctrine, the Board rather aggressively concluded that an agreement to an inaccurate identification of goods and services suggested by an examining attorney could be the basis for a finding of fraud even if not subsequently verified by a sworn declaration.\textsuperscript{5} Following that decision, however, the Board rejected other claims of fraudulent filings\textsuperscript{6} and then unexpectedly opened the door for at least some registrants and applicants to cure their past inaccurate averments of use;\textsuperscript{7} those mechanisms presumably survive the end of the \textit{Medinol} era for those with exposure to a finding of fraud even under the more stringent \textit{Bose} standard.

The Board proved to be far less flexible on other issues. Some were procedural in nature and resulted in the Board’s rejection of a notice of opposition filed by fax,\textsuperscript{8} its dismissal of another opposition in which the notice was not properly served,\textsuperscript{9} its entry of an order requiring supplementation of mandatory initial disclosures,\textsuperscript{10} its

\begin{footnotesize}


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rejection of improperly submitted evidence,\textsuperscript{11} its refusal to allow an opposer to make points in rebuttal that should have been made as part of the opposer’s case-in-chief,\textsuperscript{12} its holding that the Paris Convention does not allow for a claim of priority in the absence of actual use in commerce,\textsuperscript{13} and, in a case decided in 2007 but only reported in 2009, its refusal to accept a factual showing grounded in untimely supplemented discovery responses.\textsuperscript{14} The Board took an equally hard line toward the merits of claims of protectable rights, holding that sounds cannot be inherently distinctive marks if emitted in the ordinary operation of the goods sold in association with them,\textsuperscript{15} that a finding of functionality may lie even if an applicant can distinguish the disclosure of a related utility patent,\textsuperscript{16} that a specimen showing a mark on a package ordinarily is not acceptable to support a claim of service mark usage,\textsuperscript{17} that a variable component will render an applied-for mark an impermissible “phantom” one,\textsuperscript{18} that evidence of an intent to use a mark in other countries will not establish such an intent in the United States,\textsuperscript{19} and, for the benefit of those not yet clear on the concept, that a showing of secondary meaning will not cure a finding of genericness.\textsuperscript{20}

Developments in the state and federal courts were modest by comparison, but there were some notable highlights. Not the least of these which was the continued split in judicial opinion on the evidentiary significance of registrations on the Principal Register that have not yet become incontestable. Consistent with the majority rule (but not the arguable trend), a Second Circuit district court held that such a registration affirmatively shifts the burden of proof on mark validity from the plaintiff to the defendant; the defendant therefore must establish by a preponderance of the evidence of mark invalidity before the registration may be disregarded.

\begin{itemize}
\item \textsuperscript{12} See Life Zone Inc. v. Middleman Group, 87 U.S.P.Q.2d 1953, 1358 (T.T.A.B. 2008).
\item \textsuperscript{13} See Bayer Consumer Care AG v. Belmora LLC, 90 U.S.P.Q.2d 1587, 1591-92 (T.T.A.B. 2009).
\item \textsuperscript{17} See In re wTe Corp., 87 U.S.P.Q.2d 1536, 1540-41 (T.T.A.B. 2008).
\item \textsuperscript{19} See Honda Motor Co. v. Winkelmann, 90 U.S.P.Q.2d 1660, 1662-64 (T.T.A.B. 2009).
\item \textsuperscript{20} See In re Hotels.com, LP, 87 U.S.P.Q.2d 1100, 1108 (T.T.A.B. 2008), aff’d, 573 F.3d 1300 (Fed. Cir. 2009).
\end{itemize}
evidence that the registered mark is not valid. In contrast, the Fourth Circuit confirmed its rule that such a registration shifts only the burden of production to the defendant. Although this outcome was consistent with that in past Fourth Circuit decisions, the methodology employed by the court to get there was novel:

[W]hatever support [the registrant] might be able to claim from the registrations is in this case undermined by the fact that the PTO only grudgingly issued the registrations after intervention by North Carolina’s congressional delegation. . . . Before then, the PTO examiners rejected [the registrant’s] application five times. . . .

Assuming that they could prove protectable rights in the first instance, plaintiffs faced varying degrees of difficulty in demonstrating that defendants were engaged in “uses in commerce” within the meaning of the statutory causes of action set forth in Sections 32, 43(a), and 43(c) of the Lanham Act. One plaintiff’s success in navigating this obstacle led to a clarification of 1-800 Contacts, Inc. v. When U.com, Inc. by the Second Circuit, which vacated a holding that Google’s keyword advertising program was not an actionable use in commerce. In contrast, other courts continued to apply more restrictive interpretations of the use in commerce requirement; indeed, two opinions went so far as to dismiss plaintiffs’ cases at the pleading stage for failure to state a claim.

Claims of likely dilution failed to produce any significant doctrinal developments, but the same was not necessarily true on the infringement front, where cases addressing the merits of allegations of likely confusion produced a mixed bag of results. On the plaintiffs’ side of the ledger, the Second Circuit held that a finding of infringement may lie if the alteration of a genuine good interferes with a trademark owner’s ability to control the nature and quality of the goods sold under its mark, the Ninth Circuit

23. Id. at 342.
25. 414 F.3d 400 (2d Cir. 2005).
confirmed that the likelihood-of-confusion test for infringement contemplates more than simply comparing goods covered by a plaintiff’s registration to those offered by the defendant, and the Seventh Circuit rejected the proposition that the local nature of a defendant’s operations could somehow immunize those operations from a finding of infringement. On the other side of the coin, however, the Supreme Court of Utah came perilously close to holding that survey evidence of confusion is necessary for a plaintiff to respond successfully to a defense motion for summary judgment, one federal district court adopted a highly restrictive test for imposing contributory liability on an online auction site through which goods bearing counterfeit marks allegedly were sold, and two others went so far as to grant motions to dismiss for failure to state a claim despite the defendants’ reproduction, albeit in limited contexts, of exact copies of the plaintiffs’ marks.

Finally, in a little-noticed but nevertheless significant opinion addressing competing claims to the technology underlying an allegedly “innovative” basketball, the Federal Circuit held that Section 43(a)(1)(A) of the Act cannot be used to circumvent the restrictive interpretation of Section 43(a)(2)(B) articulated in Dastar Corp. v. Twentieth Century Fox Film Corp. Applying Ninth Circuit law, the Federal Circuit noted that “[w]hile . . . dictum in Dastar might suggest that the Supreme Court left open the possibility of a claim arising from a misrepresentation concerning the qualities of certain goods, it does not necessarily suggest that claims based on false designation of authorship are actionable under Section 43(a)(1)(B).” Instead, because “[s]uch a holding could create overlap between the Lanham and Patent Acts,” the court concluded, “authorship . . . is not a nature, characteristic, or quality, as those terms are used in Section 43(a)(1)(B) of the Lanham Act.” As it further explained, “[t]o find

29. See Halicki Films, LLC v. Sanderson Sales & Mkting., 547 F.3d 1213, 1227-28 (9th Cir. 2008).
30. See Autozone, Inc. v. Strick, 543 F.3d 923, 932 (7th Cir. 2008).
36. Baden Sports, 556 F.3d at 1337.
37. Id.
otherwise, i.e., to allow [the plaintiff] to proceed with a false advertising claim that is fundamentally about the origin of an idea, is contrary to the Ninth Circuit’s interpretation of Dastar.\textsuperscript{38} The clear message is that the Lanham Act does not protect creativity and originality, regardless of the provision of the Act that might be invoked by plaintiffs for the contrary proposition.

PART I. LIKELIHOOD OF CONFUSION

By Jordan S. Weinstein\textsuperscript{*}

A. Likelihood of Confusion Found

Bose Corp. v. Hexawave, Inc.

Although the 2007 Bose decision of the Trademark Trial and Appeal Board (the “Board”) will be remembered more for its holding on the fraud counterclaim,\textsuperscript{39} the Board also sustained Bose’s opposition to HEXAWAVE for various electronic components, including tuners and amplifiers, and acoustic equipment, based upon Bose’s registrations for ACOUSTIC WAVE and WAVE for loud speakers systems, music systems incorporating radio tuners and similar sound reproduction devices.\textsuperscript{40} The Board found that Bose’s marks are famous for music systems that include amplifiers and tuners, that because the applicant failed to limit the types and trade channels of its tuners and amplifiers, an overlap in trade channels and classes of purchasers is presumed.\textsuperscript{41} The Board also determined that the applicant’s mark HEXAWAVE incorporated the entirety of the opposer’s WAVE mark as well as a substantial portion of the ACOUSTIC WAVE mark, creating a similar commercial impression and a similar connotation, at least when used in connection with amplifiers. The Board rejected the applicant’s argument, based upon evidence of third-party registrations

\textsuperscript{38} Id. at 1308 (citing Sybersound Records, Inc. v. UAV Corp., 517 F.3d 1137, 1144 (9th Cir. 2008).

\textsuperscript{*} Partner, Oblon, Spivak, McClelland, Maier & Neustadt, P.C., Alexandria, Virginia; Associate Member, International Trademark Association. Author of Parts I, II and III of the 62nd year. The author wishes to thank David Kera for his assistance in reviewing cases for his contribution to this publication. The author also wishes to thank Debra Bondurant, Jean Barrett, Felice Barnes and Mary Jane O’Loughlin for their assistance in preparing the manuscript. Finally, the author gratefully acknowledges the sounding board assistance of former T.T.A.B. Administrative Trial Judges David Kera and Beth Chapman.

\textsuperscript{39} See Part III.C.13 infra.


\textsuperscript{41} Hewlett Packard Co. v. Packard Press, Inc., 281 F.3d 1261 (Fed. Cir. 2002).
incorporating the term, that the term WAVE is weak, noting that third-party registrations are not evidence of use\textsuperscript{42} and that the opposer had already established that its marks are famous, thus outweighing any perceived weakness due to suggestiveness.

\textit{In re SL & E Training Stable Inc.}

The Board affirmed an Examining Attorney’s refusal to register SAM EDELMAN in connection with luggage, handbags, wallets and related goods in view of likelihood of confusion with a registration for EDELMAN in connection with leather goods including handbags, traveling bags, luggage, wallets, trunks and other leather products.\textsuperscript{43} The Board rebuffed the applicant’s argument that he has the unfettered right to register his personal name, noting that neither the Court of Appeals for the Federal Circuit nor its predecessor has adopted a “strong public policy” favoring registration of personal names, but that any such policy must give way to the more compelling public and private interests in avoiding a likelihood of confusion.\textsuperscript{44} The Board found the applicant’s and registrant’s goods, as identified by their respective applications and registration, either to be identical or closely related, such as tote bags and sports bags by the applicant and traveling bags by the registrant. The Board noted that the applicant’s mark incorporated the entire registered mark and found that members of the public viewing the registrant’s EDELMAN mark may see it as an abbreviation of the applicant’s mark SAM EDELMAN. As a result, the Board found the marks to be confusingly similar in appearance, sound, connotation and commercial impression. That the applicant owned a prior registration for SAM EDELMAN in connection with footwear did not justify registration of the current mark, even where the additional goods in the application were closely related to those listed in the prior registration.\textsuperscript{45} The applicant’s argument that the renown of its principal SAM EDELMAN mark justified registration was rejected by the Board as unsupported by the evidence submitted and because Mr. Edelman’s renown would not diminish the likelihood of confusion with the registered mark.

\textsuperscript{42} Trademark Rules 2.122(c) and 2.122(d). See also W. R. Grace & Co. v. Herbert J. Mayer Indus., Inc., 190 U.S.P.Q. 308 (T.T.A.B. 1976).
\textsuperscript{44} Ford Motor Co. v. Ford, 462 F.2d 1405 (C.C.P.A. 1972).
In re RSI System, LLC

The Board affirmed a refusal to register RSI & Design for ink cartridges, inkjet printers and cartridges, and machines used in printing based upon a prior registration for RSI for printing machines and document imaging services.\(^{46}\) The Board held that the applicant’s disclaimer of the letters RSI did not remove this matter from the mark for purposes of determining likelihood of confusion and that the word elements of the marks at issue were identical.\(^{47}\) The Board noted that the registrant’s printing machines were closely related to the applicant’s inkjet printers, inkjet cartridges and inkjet delivery systems. Concluding that the applicant’s sphere design did not change significantly the appearance, pronunciation, meaning or commercial impression of its mark, the Board held that confusion was likely.

Apple Computer v. TVNET.Net Inc.

On summary judgment, the Board sustained an opposition by Apple Computer to an application for VTUNES.NET for digital, music, video and Internet downloads, based upon likelihood of confusion with Apple’s marks ITUNES and ITUNES MUSIC STORE in connection with, respectively, computer software for various uses with audio data, and a wide range of services, including retail store services in the field of musical and audiovisual works and related merchandise, provided via the Internet.\(^{48}\) The Board found that there were no genuine issues of material fact and that Apple was entitled to judgment as a matter of law,\(^{49}\) despite the fact that the evidentiary record and all reasonable inferences to be drawn from the facts must be viewed in the light most favorable to the non-moving party.\(^{50}\) The Board determined that Apple removed the issue of priority from the case by submitting copies of its pleaded registrations, prepared by the USPTO, demonstrating that it had current title to the registrations and that they were valid and subsisting.\(^{51}\) The applicant admitted the fame of the opposer’s marks and the opposer corroborated the admissions with additional evidence of fame. The Board found no genuine issue of material fact that the opposer’s marks were famous. Comparing the marks, the Board stated that the dominant feature of the opposer’s ITUNES MUSIC

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47. *In re Shell Oil Co.*, 992 F.2d 1204 (Fed. Cir. 1993).
51. *See* King Candy Co. v. Eunice King’s Kitchen, Inc., 496 F.2d 1400 (C.C.P.A. 1974).
STORE mark was the term ITUNES, which was afforded greater weight because the words MUSIC STORE had been disclaimed by the opposer and were descriptive or generic in connection with the opposer’s services. Similarly, the Board determined, as a matter of law, that the applicant had admitted that the dominant feature of the applicant’s mark was VTUNES, as the term “.net” is a generic top-level domain name. When the descriptive or generic elements of the parties’ marks were disregarded, the dominant portions of the parties’ respective marks, ITUNES and VTUNES, differed by only one letter, which was held insufficient to distinguish the dominant portions of the marks, and therefore the marks in their entitireties would engender sufficiently similar overall impressions such that confusion would be likely. The Board found that the applicant’s goods would compete with the opposer’s goods and services, and that the applicant’s goods would be either related to or encompassed within the opposer’s identified goods or rendered as part of the opposer’s online retail store services. The channels of trade would be identical as both parties offered their goods and services over the Internet to the general public. The Board rejected the applicant’s argument that the opposer had permitted many companies to use the “I” prefix in the names of various products used in connection with the opposer’s iPOD device, thus weakening the mark, because use of the “I” prefix was not relevant to likelihood of confusion with the parties’ marks at issue. Considering all the evidence on likelihood of confusion, the Board sustained the opposition, finding that the opposer carried its burden of proof and that no genuine issues of material fact existed as to standing, priority or likelihood of confusion.

Brown Shoe Co. v. Robbins

The Board sustained an opposition to PALOMITA in standard character form for shirts, pants, shoes and hats, based upon the opposer’s two registrations for PALOMA for various articles of clothing including shoes. Each party based its argument on the doctrine of foreign equivalents for a comparison of the marks. The opposer contended that its marks should be translated as “dove” and that the applicant’s mark was the diminutive version of the opposer’s mark and should be translated as “little dove”; the applicant asserted, by contrast, that its mark had additional meanings in Spanish, namely “checkmark” and “popcorn.” The applicant contended that “checkmark” was the most likely translation because she displayed her mark with a checkmark serving as the letter “I” in PALOMITA.

Rejecting the arguments of both parties, the Board determined that it would not be appropriate to apply the doctrine of foreign equivalents, because both marks were Spanish words and it was therefore necessary to consider the marks’ connotations both for Spanish-speaking and non-Spanish-speaking consumers. For consumers who do not speak Spanish, the Board held that the words would have no meaning; however, even though they would not understand either word, consumers would likely perceive them as having similar meanings because of their similarity in appearance and pronunciation. As a result, any differences in the actual meanings would be insufficient to distinguish the marks. Furthermore, the Board rejected the applicant’s argument that the stylization of its mark would influence purchasers to think of the “checkmark” meaning of its mark, because the mark, as applied for, was displayed in standard character form; consequently, the Board could not limit its analysis to any particular manner of display.54

Considering the other relevant *Du Pont*55 factors, the Board found the goods legally identical and otherwise closely related, and presumed, as a matter of law, that the parties’ goods would be sold in the same channels of trade to the same classes of purchasers, because neither the registration nor the subject application contained limitations.56 The Board held that consumers would not exercise a great deal of care in purchasing the general clothing items at issue, which would increase the likelihood of confusion. Based upon the relevant evidence, the Board found a likelihood of confusion between the marks and sustained the opposition.

*In re Ginc UK Ltd.*

The Board affirmed the U.S. Patent and Trademark Office’s (USPTO’s) refusal to register ZOGGS TOGGS for articles of clothing, finding likelihood of confusion with ZOG & Design, previously registered for various articles of clothing that overlapped those listed in the application.57 The Board found that at least some of the goods at issue were identical. Because neither the application nor the registration had any restrictions, it had to be assumed that the identical goods would be used for all usual purposes, sold in all normal channels of trade to all usual purchasers for the goods, and thus the uses, channels of trade and purchasers for both the applicant’s and registrant’s goods would be

the same.\textsuperscript{58} The goods constituted ordinary consumer items that would be sold to the public at large, who would not be likely to exercise a high degree of care in purchasing the goods, increasing the likelihood of confusion.\textsuperscript{59} Comparing the marks, the Board found that their differences were outweighed by their similarities in sound, appearance, meaning and commercial impression; that the TOGGS portion of the applicant’s mark was generic and therefore the dominant portion of the mark was ZOGGS, which was only a slightly different spelling from ZOG, the dominant word portion of the registrant’s mark. Comparing the marks as a whole, the Board found that they were similar in sound and appearance, and that any differences would not serve to prevent confusion. The applicant argued that its ownership of a prior registration for ZOGGS for various eyewear items entitled it to register the current mark for clothing, because such goods were within the natural zone of expansion of its eyewear products. However, the Board found this argument unpersuasive. The goods in the prior registration and the current application were not the same, and the applicant’s receipt of a registration for different goods had no bearing on whether its application for the current goods was likely to cause confusion. The Board repeated its oft-cited mantra that it was not bound by previous determinations of the USPTO, and to the extent the previous registration was erroneously issued, the Board stated that it would not repeat the error.\textsuperscript{60} Finding that the marks at issue were very similar and that they were used in connection with identical goods, the Board held that there was a likelihood of confusion and affirmed the refusal to register.

\textit{In re Cynosure, Inc.}

The Board affirmed the USPTO’s refusal to register CYNERGY for medical lasers for the cosmetic and medical treatment of the face and skin and for vascular treatment. The lasers were sold directly to licensed medical practitioners.\textsuperscript{61} The USPTO asserted that the mark would likely be confused with a prior registration, SYNERGIE PEEL, registered for medical devices used for microdermabrasion. The registrant had disclaimed PEEL and a statement that the English translation of SYNERGIE is “synergy.” The Board found the marks to be similar in that the dominant element of the registered mark was SYNERGIE, which was highly similar to the applicant’s entire

\textsuperscript{58} See \textit{J & J Snack Foods Corp. v. McDonald’s Corp.}, 932 F.2d 1460 (Fed. Cir. 1991).

\textsuperscript{59} See \textit{Specialty Brands, Inc. v. Coffee Bean Distribs., Inc.}, 748 F.2d 669 (Fed. Cir. 1984).

\textsuperscript{60} See \textit{In re Nett Designs}, 236 F.3d 1339 (Fed. Cir. 2001).

\textsuperscript{61} \textit{In re Cynosure, Inc.}, 90 U.S.P.Q.2d 1644 (T.T.A.B. 2009).
mark. Although the applicant argued that the term PEEL distinguished the registrant’s mark from its own, the Board found the disclaimed term insufficient to distinguish the marks. Furthermore, SYNERGIE was the first element of the registered mark, making it more likely to be impressed on the mind of a purchaser. The applicant argued that its ownership of two prior registrations for CYNOSURE and CYNOSURESPA created a family of marks with its current application, making it more likely that customers familiar with its prior registrations would pronounce the mark of its application differently from the registered mark, pronouncing the first “Y” as a long “I.” However, the Board rejected this contention, because a family-of-marks argument would not be available to an applicant seeking ex parte to overcome a likelihood of confusion refusal. Considering the goods, the Board found them to be related because they were used for overlapping purposes and purchased by the same entities for use in the same facilities, as shown by record evidence from numerous facilities, such as spas and clinics, that offered both microdermabrasion and laser procedures. While the applicant did not dispute these facts, it argued that the limitations on the channels of trade for its goods, as well as the high cost of its lasers—in the range of $90,000 to $170,000—created a class of sophisticated purchasers. Nonetheless, the Board found that under the totality of circumstances, the level of care that would be exercised in the purchases was still not sufficient to preclude a likelihood of confusion. Resolving any doubt on the likelihood of confusion issue in favor of the owner of the prior, cited registration, the Board affirmed the refusal to register.

In re Thor Tech, Inc.

The Board affirmed an Examining Attorney’s refusal to register WAVE in connection with recreational vehicles, namely, travel trailers and fifth-wheel trailers in view of a cited registration for THE WAVE for trailers, dump trailers and truck bodies. The Board found the marks to be virtually identical. Thus, the degree of similarity between the goods that is required to support a finding of likelihood of confusion is decreased. Where the marks are virtually identical, only a viable relationship

between the goods needs to be shown to find a likelihood of confusion.\(^{68}\) The Examining Attorney submitted several third-party registrations identifying both trailers and trailers associated with recreational vehicles and motor homes as evidence that the listed goods were likely to emanate from the same source.\(^{69}\) In opposition, the applicant submitted 13 sets of registrations for the same or similar marks owned by different entities and identifying different types of trailers and argued that the registrations suggested that the listed goods were of a type that could emanate from different sources. The Board found that the applicant’s proffered evidence did not support its contention, because none of the registrations identified trailers per se. The mere fact that both commercial and recreational trailers were listed in the respective registrations did not mean that the registrants considered them to be different products; it could have been that the registrants were simply being specific about the types of trailers covered by their registrations. Most important, however, was the fact that the registered mark included the term “trailers” without any limitations, and therefore, the term encompassed the travel trailers and fifth-wheel trailers sold by the applicant.\(^{70}\) As a result, the Board found the goods to be related. Similarly, neither the application nor the registration contained limitations as to channels of trade or classes of purchasers, so the Board had to presume that the parties’ trailers should move in all channels of trade that are normal for those products and that they would be available to all normal classes of purchasers for those goods.\(^{71}\) The applicant submitted various third-party registrations incorporating the word WAVE to show that the mark was weak and entitled only to a narrow scope of protection. However, the Board found the applicant’s argument to be unpersuasive because the third-party registrations identified goods far removed from trailers and recreational vehicles.\(^{72}\) Citation of third-party registrations with no relevance to the goods at issue are of no assistance to indicate descriptive or suggestive connotations for the mark in connection with the goods under consideration.\(^{73}\) Because the marks were virtually identical, the goods were legally the same and are presumed to move through the same channels of

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68. *In re* Shell Oil Co., 992 F.2d 1204 (Fed. Cir. 1993).
trade to the same classes of consumers, the applicant’s mark was held likely to be confused with the registrant’s mark.

B. Likelihood of Confusion Not Found

Boston Red Sox Baseball Club LP v. Sherman

The Board found the applicant’s stylized mark SEX ROD for various articles of clothing unlikely to cause confusion with the stylized logo of the Boston RED SOX in connection with novelty pins, beverage containers, baseball exhibition services, baseball trading services, baseball trading cards, cloth pennants and towels, shirts, embroidered hats and other products. Despite giving due consideration to the fame of the opposer’s mark, the identification of goods, and the impulse nature of their purchase, the Board found that the marks were simply too dissimilar to support a likelihood of confusion, and found the dissimilarity of the marks to be dispositive. Although the Board found the marks to be remarkably similar in appearance, the Board noted that when the marks are considered as a whole, their word portions are the most significant part. Furthermore, the difference in the word portions resulted in differences in sound and meaning, which far outweighed the marks’ visual similarities created by their stylized display.

Bass Pro Trademarks, LLC v. Sportsman’s Warehouse, Inc.

The Board denied a petition to cancel SPORTSMAN’S WAREHOUSE & Design in connection with retail and wholesale store services featuring hunting, fishing, camping, reloading supplies, outerwear, clothing and footwear based upon the petitioner’s registration for BASS PRO SHOPS-SPORTSMAN’S WAREHOUSE & Design for retail stores featuring clothing, fishing supplies and sporting goods. Each party had disclaimed the exclusive right to use “sportsman’s warehouse” apart from its mark. The petitioner presented evidence of substantial advertising expenditures and sales revenues for its mark. However, the Board found this evidence of limited value in establishing that the


76. Red Sox fans need not despair, however; registration was refused on other grounds. See Parts III.C.5, 6 and 11 infra.

petitioner’s mark had acquired distinctiveness, because the petitioner’s advertising always featured the term SPORTSMAN’S WAREHOUSE together with its BASS PRO SHOPS mark. As a result, the Board determined that there was no direct evidence that consumers would view SPORTSMAN’S WAREHOUSE as a distinctive indication of source for the petitioner’s services. Although the petitioner submitted evidence of actual confusion to show that its mark had acquired distinctiveness, the Board found that the evidence was inconclusive because the parties’ levels of use of their marks were comparable at the time the first instances of confusion were reported. Consequently, the petitioner did not have substantially exclusive use of its mark, without which the term failed to point to a unique source.\footnote{Levi Strauss \& Co. v. Genesco, Inc., 742 F.2d 1401 (Fed. Cir. 1984).} For the same reason, the Board discounted the petitioner’s likelihood of confusion survey, which was conducted at a time when the respondent had 48 SPORTSMAN’S WAREHOUSE stores in 23 states, while the petitioner had only 3 stores in 3 states. As a result, the Board concluded that the petitioner failed to prove priority over the term SPORTSMAN’S WAREHOUSE through common law rights.

Turning to likelihood of confusion, the Board concluded that although the services were identical in part and the channels of trade and classes of purchasers were the same, the combination of SPORTSMAN’S WAREHOUSE with the BASS PRO SHOPS logo in the petitioner’s mark created differences in appearance, pronunciation, connotation and overall commercial impression, which rendered the marks dissimilar. The Board discounted once again the petitioner’s evidence of incidents of actual confusion, finding instead that the confusion resulted from the parties’ common use of a merely descriptive term for which the petitioner had not acquired distinctiveness.\footnote{Cambridge Filter Corp. v. Servodyne Corp., 189 U.S.P.Q. 99 (T.T.A.B. 1975).} Giving great weight to the fact that “sportsman’s warehouse” was a descriptive term that had not acquired distinctiveness, the Board found the marks sufficiently dissimilar so that no confusion would be likely to result even when used in connection with identical services.

**H. D. Lee Co. v. Maidenform, Inc.**

The Board dismissed an opposition to the applicant’s mark ONE FAB FIT for outerwear, finding the mark not likely to be confused with the opposer’s mark ONE TRUE FIT for underwear, foundation garments, and intimate apparel.\footnote{H. D. Lee Co. v. Maidenform, Inc., 87 U.S.P.Q.2d 1715 (T.T.A.B. 2008), also discussed below at Parts III.C.18.h. and III.C.18.j.} Although the marks were similar in format, the opposer’s mark was highly suggestive
and subject to a narrower scope of protection. Further, the marks differed in commercial impression; the opposer’s ONE TRUE FIT mark was more formal, while the applicant’s ONE FAB FIT mark was more informal and slangy. The opposer failed to show that its mark had achieved renown or market strength, and the mark was not entitled to a broad scope of protection particularly in view of its suggestiveness. The Board found the parties’ goods to be different types of clothing with different purposes and sold in different parts of stores. Although the Board was willing to posit that the target consumers might purchase the applicant’s undergarments as part of a clothing ensemble, the Board would not take judicial notice of such a practice. Instead, the Board determined that it was the opposer’s obligation to establish that such shopping practices existed as part of its burden to prove that the applicant’s intimate apparel was related to the opposer’s outerwear. The Board concluded that the opposer’s evidence on this issue was unpersuasive.

**Giersch v. Scripps Networks, Inc.**

The Board denied a petition to cancel DESIGNED TO SELL in connection with entertainment services provided in the form of an audio and visual program for gardening, landscaping, furniture, antiques, interior design, architecture and other subjects in the field of homes and gardens, on the basis of the existence of the petitioner’s common law mark DESIGNED2SELL. While the Board found the marks to be nearly identical, which weighed in favor a likelihood of confusion, a lack of similarity between the parties’ services combined with the highly suggestive nature of the mark proved to be the petitioner’s downfall.

The petitioner attempted to base its claim upon a pending application for DESIGNED TO SELL in connection with providing services of staging managers and renters who were placed in residences for the purpose of maintaining them through the sales cycle, in addition to interior decorating services and landscape maintenance and improvements. Each service was offered to improve the home’s selling potential. The petitioner asserted that its application had been refused registration by the USPTO on the basis of a likelihood of confusion with the registrant’s mark. However, the petitioner failed to make the application that was asserted in the petition for cancellation properly of record in the proceeding. Consequently, the application was given no consideration by the Board. Nonetheless, the petitioner’s application filing date post-dated the filing date of the registrant’s registration, so the application would not have established the
petitioner’s priority in any case. While the petitioner attempted to prove common law rights in its mark in connection with each of the services listed in his application, the Board held that the testimony corroborated only the petitioner’s prior rendering of the staging and property management services, which the petitioner admitted were 95 percent of its business, but not the arguably similar interior decorating and landscaping services. Comparing the staging services to the services listed in the registrant’s registration, the Board noted that the petitioner submitted no evidence to show that his staging or property management services were in any way related to the registrant’s entertainment services. In view of the mark’s highly suggestive nature, the Board found that it had a limited scope of protection and that the services were not sufficiently related to find a likelihood of confusion despite the similarities in the marks.

PART II. EX PARTE CASES

By Jordan S. Weinstein

A. Court of Appeals for the Federal Circuit

1. Geographic Descriptiveness

a. Relationship with Doctrine of Foreign Equivalents

In re Spirits Int’l N.V.

What turned out to be the lengthiest report in Part II of last year’s Annual Review was a treatment of the Board’s opinion holding that MOSKOVSKAYA for vodka was primarily geographically deceptively misdescriptive82 of vodka. As a result of the Federal Circuit’s reversal on appeal, the case is revisited.

In the original decision, the Board held that the term, which translates from Russian as “of or from Moscow,” would deceive an appreciable number of relevant consumers into believing that the applicant’s vodka was made in Moscow, which was not the case.83 This commentator noted the tension in the Board’s decision between the “ordinary American purchaser” test of In re Thomas84 for determining whether the doctrine of foreign equivalents should be applied, with the “relevant public” test of Palm Bay Imports, Inc. v. Veuve Cliquot Ponsardin Maison Fondée en 177285 for

85. 396 F.3d 1369 (Fed. Cir. 2005).
determining whether a mark is primarily geographically deceptively misdescriptive.

The Board determined that Thomas trumped Palm Bay, holding that an appreciable number of relevant consumers would be deceived into believing that the applicant’s vodka was made in Moscow because Russian is a common, modern language, and an appreciable number of Russian-speaking Americans who purchase vodka would automatically translate the applicant’s mark absent a particular reason not to do so. It rejected the applicant’s argument that Palm Bay should govern because Thomas improperly incorporated within the definition of “ordinary American purchaser” the qualifier “who is knowledgeable in the foreign language.” The applicant had introduced a mall intercept survey to rebut the assertion that consumers would automatically translate its mark, but the Board dismissed the survey in part because it failed to screen for Russian speakers.

The Federal Circuit reversed on appeal, reconciling In re Thomas and Palm Bay as suggested in last year’s article.86 The court recognized that California Innovations,87 its decision setting forth the test for primary geographic deceptive misdescriptiveness, did not address whether the materiality portion of the test incorporated a requirement that a significant portion of relevant consumers be deceived. In spirit, the court answered this question in the affirmative, holding that the appropriate inquiry for materiality is whether a substantial portion of relevant consumers as a whole, not a particular segment (such as foreign language speakers), is likely to be deceived. The Federal Circuit compared the materiality requirement in the test for primary geographic deceptive misdescriptiveness88 with the materiality requirement in the test for deceptiveness under Section 2(a) of the U.S. Trademark (Lanham) Act.89 The court noted that the provision was intended to codify, not change, the common law prohibiting registration of deceptive marks. Examining the case law, the court noted that court did not apply the common law doctrine of deceptiveness when relatively small numbers of consumers were

86. In re Spirits Int’l N.V., 563 F.3d 1347 (Fed. Cir. 2009).
87. In re Cal. Innovations, Inc., 329 F.3d 1334 (Fed. Cir. 2003) (Test for Primary Geographic Deceptive Misdescriptiveness is that (1) the mark’s primary significance is a generally known geographic location; (2) the relevant public would be likely to believe that the goods originate in the place named in the mark (i.e., that a goods/place association exists) when in fact the goods do not come from that place; (3) a misrepresentation is a material factor in consumer’s decision).
misled. The common law of deceptive advertising also requires deception of a significant portion of the intended audience.

From these analogs, the Federal Circuit concluded that the materiality requirement of Section 2(e)(3) also requires that a significant portion of a relevant consuming public be deceived. The fact that a mark is in a foreign language is significant only to the extent that it may be evidence of the relevant consumer universe, namely, that the product is targeted at the speakers of that language. The Federal Circuit noted that no such contention was made by the parties and was not addressed by the Board. The court thus remanded the case to the Board to address this issue and to apply the correct test for material deception.

**B. Trademark Trial and Appeal Board**

**1. Descriptiveness**

The year 2008 saw three *ex parte* appeals on the issue of descriptiveness.

**In re Tea and Sympathy, Inc.**

In *In re Tea and Sympathy*, the Board reversed an Examining Attorney’s decision refusing registration to the mark THE FARMACY for online and retail store services featuring natural herbs and organic products, and dietary and nutritional guidance and information about dietary supplements and nutrition. The Board agreed with the applicant that its mark was a double entendre of the words “pharmacy” and “farm,” playing on the natural or farm-fresh characteristics of the applicant’s herbs and organic products featured in the services, and held that it was just inventive and clever enough so that the meaning or commercial impression of the mark was more than simply “the pharmacy.”

**In re BetaBatt, Inc.**

The Board affirmed a refusal to register DEC in connection with batteries deriving power from the nuclear decay process. The Examining Attorney submitted evidence showing that DEC is an abbreviation for direct energy conversion, a feature or characteristic of the goods. The Board found that the applicant failed to meet its burden to submit evidence showing that DEC

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90. Coca-Cola Co. v. Koke Co. of Am., 254 U.S. 143 (1920).
would not be perceived as an abbreviation by the relevant purchasing public.

*In re Tokutake Industry Co.*

The Board affirmed a refusal to register AYUMI and Japanese characters in connection with footwear. The Examining Attorney had submitted evidence that the translation of AYUMI and its Japanese-character counterpart was “walking” or “a step,” which the Examining Attorney asserted was merely descriptive of a type of footwear. The applicant asserted that there were many translations of the term, and the one submitted by the Examining Attorney was not appropriate in the context. Unfortunately, the applicant itself had submitted this same definition, making it difficult for the applicant to argue, in the Board’s view, that the definition was inappropriate.95

2. Geographic Descriptiveness

*In re Mankovitz*

The Board overturned an Examining Attorney’s refusal to register THE MONTECITO DIET for various printed publications, on-line journals, health information and global computer websites, nutrition, diet and lifestyle choices. The word “diet” was disclaimed. The Examining Attorney refused registration on the ground that the mark was primarily geographically descriptive.97

The test for primary geographic descriptiveness requires proof that (1) the mark’s primary significance is a generally known geographic location and (2) the relevant public would be likely to make a goods/place association.98 The Board determined that the first part of the test was satisfied, noting that the Examining Attorney’s evidence proved that Montecito refers to an area near Santa Barbara, California, and that no evidence showed that the term had any other meaning. While the information of record was minimal, the Board found it sufficient to establish that the term was a generally known geographic location.

However, the Board came to a different conclusion on the goods/place association requirement. The Examining Attorney argued that purchasers would be likely to believe that the

95. *Id*.
applicant’s goods and services originated in Montecito because the applicant was located there, and so his goods and services did or would originate there, and that the mark was closely connected to the applicant’s goods and services because he lived in Montecito. The Board found that the mere fact that the applicant lived in Montecito was insufficient to establish a goods/place relationship.\textsuperscript{99} The Board noted there was no evidence that the applicant’s books and publications originated in Montecito, or that the public would believe that the applicant’s on-line journals and health information services originated there. Without such evidence, the Board held, it could not conclude either that the goods or services originated from Montecito, or that the public would conclude there was a goods/place relationship. Although the Board reversed the refusal to register, it left open the possibility that the applicant’s specimens or advertising for the goods or services, when submitted with an Allegation of Use, could demonstrate a connection with Montecito that was not currently apparent.

\textbf{3. Res Judicata}

\emph{In re Hotels.com, LP}

When the Board has issued a final decision refusing registration of a mark, \textit{res judicata} prevents the applicant from taking a second bite at the apple by reapplying for the same mark for the same goods or services. However, an applicant can avoid \textit{res judicata} by showing that facts or circumstances have changed since the prior decision was rendered.\textsuperscript{100} In this case, the applicant sought to register HOTELS.COM both as a word mark and as a design mark in connection with information about temporary lodging and reservations, and bookings for lodging. The USPTO refused registration of the word mark as merely descriptive and as generic, and thus incapable of registration under Section 2(f) of the U.S. Trademark (Lanham) Act.\textsuperscript{101} In the design mark application, the USPTO required a disclaimer of the words HOTELS.COM, finding that the mark was not unitary and that the terms “hotels” and “.com” were generic. The applicant appealed the refusal of the design mark and the USPTO suspended prosecution of the word mark application pending the appeal. The Board affirmed the disclaimer requirement. Rather than appealing further, the applicant entered the disclaimer.


\textsuperscript{100} \textit{In re Hotels.com, LP, 87 U.S.P.Q.2d 1100 (T.T.A.B. 2008).}

\textsuperscript{101} 35 U.S.C. § 1052(f).
In the meantime, the applicant commissioned a survey to determine the significance to the public of the term HOTELS.COM. It requested remand of the application to the Examining Attorney for consideration of the survey. The Examining Attorney rejected the survey evidence as unpersuasive and the applicant appealed the refusal of the word mark.

The Examining Attorney contended that the Board’s prior decision, in which it found HOTELS.COM to be merely descriptive and generic, was res judicata and therefore precluded registration of the word mark. However, the Board found the res judicata doctrine to be inapplicable here. An applicant is not precluded by a prior adverse decision on the same mark for the same goods or services, if the facts or circumstances have changed since the final decision was rendered. Here, the Board found that the conducting and submission of the survey was a sufficient change in circumstances to avoid the application of res judicata.102

4. Genericness

In re Hotels.com, LP

In the same case discussed immediately above,103 the Board considered the applicant’s survey evidence and found that it did not tip the scales sufficiently to overcome the genericness refusal. Seventy-six percent of those surveyed answered that HOTELS.COM is a brand name; however, the Board found that the survey was fatally flawed, because, although survey respondents were screened to understand the difference between a brand name and a generic name, there was no screening to cull out respondents who did not know the difference between a domain name and a brand name. The Board noted that many consumers equate the two and believe that they share the same function. Consequently, the Board held that the survey expert should have eliminated those participants who could not make the distinction. The Board stated that the survey would have carried greater weight had it tested participants for their understanding of terms combined with the .com top-level domain names, including combinations with generic terms.


103. In re Hotels.com, LP, 87 U.S.P.Q.2d 1100 (T.T.A.B. 2008), is also discussed in the previous section.
In re Noon Hour Food Products

In a decision that highlighted the importance of good docketing for maintenance of even the oldest registrations, the Board refused registration for a mark that the applicant had used exclusively for 100 years and had registered for 70, but had inadvertently allowed to expire.104 The applicant sought to register BOND-OST for cheese. The Examining Attorney refused registration, submitting evidence of dictionary definitions, media and Internet usage showing that “bond” and “ost” mean “peasant” and “cheese” in Swedish. The Examining Attorney contended that the evidence showed widespread generic use of the combined terms, and refused registration of the century-old mark for genericness. The applicant appealed to the Board, submitting evidence that its U.S. retailers understood that there was essentially one source for BOND-OST cheese in the United States: from the applicant.

The Board upheld the refusal to register. Despite retailers’ understanding that the applicant was the sole source for BOND-OST cheese in the United States, there was still substantial probative evidence of generic use of the term by members of the public, on the Internet, in newspaper articles, by authors specializing in Swedish foods, and by the U.S. Department of Agriculture. Reviewing the totality of the evidence, the Board concluded that the Examining Attorney had met the burden of proving that “bond-ost” was a generic term for a type of cheese. The Board found that the relevant purchasing public perceived the name as generic, even if a subset of that public exclusively associated the applicant with the cheese. Therefore, the Board concluded that the applicant’s variation BOND-OST would be regarded as a generic term. The Board noted that it was “most unfortunate” that the applicant had allowed its 70-year-old registration to expire, but this still would not have prevented the Board from refusing registration of the new application.

5. Mere Ornamentation

In re Right-On Co.

The Board refused registration of three applications for designs stitched on the pockets of clothing, on the basis that the design marks constituted mere ornamentation.105 The design marks were intended to identify clothing that included jeans, and

the applications were based upon Requests for Extension of Protection that were filed under the Madrid Protocol.\textsuperscript{106}

To determine whether a mark is inherently distinctive or merely ornamental, the Board considers whether the mark is a common basic form or design, is unique or unusual in a particular field, or a mere refinement of a common, well-known form of ornamentation.\textsuperscript{107} The Board found that the evidence of record made it clear that stitching on pockets is common in the jeans market, and thus, is a commonly adopted and well-known form of ornamentation, although it is a form capable of acquiring distinctiveness. In this case, however, it found that the applicant’s designs were not unique or unusual, but were, at best a mere refinement of this well-known form of ornamentation. As such, the designs were not inherently distinctive.

The applicant had submitted its own prior registrations for similar stitching marks issued on the Principal Register, without a showing of acquired distinctiveness, as evidence that its current applications should have been treated similarly. However, the Board found these registrations of little persuasive weight, because they were registered under the Madrid Protocol, which has no requirement for specimens to be submitted before registration. Under the circumstances, the Examining Attorney may not have been aware of how the marks were used or how they would be perceived. The Board noted that it was proper in this case for the Examining Attorney to issue an ornamentation refusal if the marks were decorative or ornamental on their face as shown in the trademark drawing.\textsuperscript{108} The Examining Attorney could also request that the applicant provide information on the intended use of the mark to better understand how the proposed mark may be perceived.\textsuperscript{109}

\section*{6. Functionality}

\textit{In re UDOR U.S.A., Inc.}

A utility patent that discloses a product’s utilitarian advantages creates a strong inference that the product design shown therein is functional, and hence, unregistrable.\textsuperscript{110} However,

\begin{footnotesize}
\textsuperscript{108} See TMEP § 1904.02(a) ("[u]nder Section 68(a) of the Trademark Act, a request for extension of protection will be examined under the same standards as any other application for registration on the Principal Register.").
\textsuperscript{109} Trademark Rule 2.61(b), 37 C.F.R. § 2.61(b).
\textsuperscript{110} 1035 U.S.C. § 1052(e)(5).
\end{footnotesize}
to qualify as proper evidence of functionality, the utility patent must not simply show the design, but must reveal its utilitarian aspect.\textsuperscript{111} In this case, the applicant sought to register the design of a cylindrical spray nozzle head in connection with metal spray nozzles. The Examining Attorney refused registration, contending that the design was functional for the goods,\textsuperscript{112} or alternatively, was a non-distinctive product design that failed to function as a mark.\textsuperscript{113} As evidence of the former, the Examining Attorney submitted a copy of the applicant’s utility patent for its cylindrical spray nozzles. The Board noted that a patent that discloses a product’s utilitarian advantages creates a strong inference of functionality and places an especially heavy burden on a trade dress claimant to overcome that inference. However, the Board must examine the patent carefully to determine whether it reveals utilitarian aspects of the design. In this case, the Board found that the cylindrical head shape shown in the trademark drawing did not serve a function within the terms of the utility patent. The head shape was not shown as a useful part of the claimed invention; rather, the Board found that the patent covered the design of parts within the cylinder head, which were invisible in the trademark application. Nevertheless, the Board found the applicant’s cylindrical-shaped spray nozzle to be functional. The Board noted that competitors’ spray nozzle shapes were visually and functionally similar, and that the cylindrical shape of the head was efficient, economical and advantageous. Therefore, the Board affirmed the refusal to register the mark, despite the inapplicability of the applicant’s utility patent to the functionality question.

7. Failure to Function as a Mark

\textit{In re Roberts}

The Board affirmed a refusal to register IRESTMYCASE in connection with professional legal services.\textsuperscript{114} For a specimen of the mark, the applicant submitted a Web profile promoting the phrase www.restmycase.com. The Examining Attorney found the specimen unacceptable because it differed from the mark as shown in the drawing, and required the applicant to submit a new specimen consistent with the applied-for mark. In response, the applicant submitted a printout from an Internet message board

\begin{flushleft}
\textsuperscript{112} 15 U.S.C. § 1052(e)(5).
\textsuperscript{113} 15 U.S.C. §§ 1051, 1052 and 1127.
\end{flushleft}
with her user profile and letterhead. The Examining Attorney refused registration again on the ground that the mark failed to identify and distinguish the applicant’s services or to indicate source.\textsuperscript{115} The Board affirmed the refusal to register. The Board found that the substitute specimens failed to show acceptable trademark use. Here, the critical element was the impression that the matter makes on the relevant purchasing public. There must be a direct association between the matter to be registered and the services identified in the application.\textsuperscript{116} The specimens showed the applicants’ mark variously at www.restmycase.com, www.irestmycase and Vicki@restmycase.com. The Board determined that the forms of the marks shown in the substitute specimens all differed materially from the mark in the drawing and would merely indicate the location where the applicant could be found. The Board found that the purchasing public would perceive the mark on the specimens as an address and not as a trademark or service mark, and affirmed the refusal to register.

\textit{In re Innovative Companies, LLC}

The Board also affirmed the refusal to register FREEDOMSTONE for building stones used as landmarks or cornerstones because the applicant had only intended to identify a single stone by the mark.\textsuperscript{117} The Examining Attorney refused registration on the basis that the mark identified a single work and not a series of goods in trade.\textsuperscript{118} To support the refusal to register, the Examining Attorney submitted Internet articles about a cornerstone for the soon-to-be-built Freedom Tower at the World Trade Center site. The applicant contended that it had intended to sell small replicas of the FREEDOMSTONE cornerstone as mementos to the public. The Board affirmed the refusal to register. It noted that the identification of goods included cornerstones but not replicas or souvenirs, and that the evidence of record showed that only one cornerstone would bear the mark. The Board agreed with the Examining Attorney that a mark used as a title of a single creative work such as this cornerstone is not registrable.\textsuperscript{119} Finding that the applicant left too few stones unturned, the Board affirmed the refusal to register.

\textsuperscript{118} 15 U.S.C. §§ 1051, 1052 and 1127.
8. Inherent Distinctiveness—Costume Mark for Services

In re Chippendales USA, Inc.

The Board affirmed a refusal to register a service mark in the form of wrist cuffs and neck collar (the “Cuffs and Collar” mark) worn by the applicant’s employees while rendering exotic dancing for women—namely, the iconic Chippendales uniform. Although the applicant previously registered the mark with a showing of acquired distinctiveness, and that registration had become incontestable, the applicant sought stronger protection in the form of registration on the Principal Register without a showing of acquired distinctiveness. The applicant proposed that the Board adopt a new test to determine whether costumes are inherently distinctive for services, as follows:

(1) Is the costume used in a channel of trade where consumers are conditioned through their past experiences to presume a source identification function?

(2) Is the costume immediately associated with an iconic larger-than-life character where the costume acts as an intrinsic symbol for the character?

If the answer to either questions is yes, then the costume is inherently distinctive unless the costume is nothing more than a common depiction of a familiar symbol that pre-existed the costume.

If the answer to both questions is no, then the costume is not inherently distinctive.

The Board rejected the proposed new test and instead evaluated whether the proposed mark would be inherently distinctive pursuant to the Seabrook test, namely, (1) whether the Cuffs and Collar mark is a common basic shape or design; (2) whether the Cuffs and Collar mark is unique or unusual in the particular field; (3) whether the Cuffs and Collar mark is a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods or services viewed by the public as a dress or ornamentation for the goods or services; or (4) whether the mark is capable of creating a commercial impression distinct from any accompanying words, which factor was irrelevant in this case, where there were no accompanying words.

Considering the first factor, the Board noted that persons performing the same or similar services routinely wear costumes

or uniforms that are revealing and provocative, usually connected with some sort of fantasy occupation such as a doctor, construction worker or cowboy. The Board noted that costumes commercially available for general purchase included male and female costumes consisting of cuffs, collars, and g-strings; thus the costume was well within the general type of costumes or uniforms in use in the field, and that it invoked a fantasy of wealth and privilege. From this, the Board concluded that in context, the Cuffs and Collar mark was a common basic shape or design.

As for the second factor, the Board answered the question whether the mark was unique or unusual in the particular field in the negative, finding the mark to be a simple variation of revealing and provocative costumes generally in use in the exotic dancing field. The Board seized on the evidence of the applicant’s own expert comparing the applicant’s Cuffs and Collar mark to the Playboy bunny suit as evidence that the applicant’s mark was nothing new, and noted further that some of the costumes for sale included a “sexy bunny costume” that featured cuffs and collar. The Board rejected the applicant’s attempt to distinguish its Cuffs and Collar mark for male dancers from those used for female entertainers, noting that although the applicant was the first to use the costume for male dancers, evidence that the garb was inspired by costumes for females indicated that it was not necessarily unique in the broader field of adult entertainment. More importantly, the Board found that the Cuffs and Collar mark was not unusual in the field of adult entertainment generally, let alone in the field of adult entertainment for women.

Considering the third factor, the Board found that the Cuffs and Collar mark was merely a refinement of existing ornamentation for the same reasons discussed in its treatment of the first two factors.

Considering all of the relevant evidence, the Board concluded that the Examining Attorney established a *prima facie* case that the Cuffs and Collar mark was not inherently distinctive, and that the applicant was unsuccessful in countering that challenge. Finally, the Board explained why it felt that the applicant’s expert testimony should have been accorded little weight. Although acknowledging that her education and experience in the field of dramaturgy were impressive, the Board found her expertise and analysis to have little probative value. The Board determined that she was not familiar with relevant trademark subjects, and that she did not conduct any empirical research to determine how relevant consumers had perceived the Cuffs and Collar mark at the time the applicant began to use it. Likening the applicant’s Cuffs and Collar mark to the umbrella of Mary Poppins, the applicant’s expert noted that the fantasy attributes of the Chippendales dancer were transferred to the Cuffs and Collar
outfit just as the fantasy attributes of Mary Poppins were transferred to her umbrella. As such, the Cuffs and Collar mark is an intrinsic symbol for the Chippendales dancer, who himself is an iconic larger than life character. While faulting the applicant’s expert’s testimony for several other reasons, at bottom, the Board found nothing in her analysis that altered the simple fact that it was the bodies of the applicant’s performers that were the focus of its service, not the particulars of their minimal attire. Considering all the evidence, the Board concluded that the applicant’s Cuffs and Collar mark was not inherently distinctive and affirmed the refusal to register.

In a dissenting opinion, Judge Bucher conducted a thorough analysis of both the applicant’s expert’s testimony and the majority’s opinion, and found the former to be persuasive and the latter to be lacking. While a full treatment of his analysis is beyond the scope of this article, he noted that the majority’s reliance on evidence of Halloween costumes for personal use failed to support its position regarding uniforms for professional exotic male dancers; that combinations of color, design and ornamentation of clothing, such as the Cuffs and Collar, are analogous to the garb of iconic characters, such as Superman’s cape that may represent fantasy powers, like the ability to leap tall buildings in a single bound;122 that journalists writing about the Chippendales in their early days noted that the Cuffs and Collar served as the “applicant’s trademark;” and that the applicant’s Cuffs and Collar theme was carried through to the applicant’s waiters, was reprinted as images in the program, was placed in indicia around the performance venue, and was used online; and most notably that from the early days of the applicant’s commercial success, those trying to compete with it began copying its distinctive Cuffs and Collar imagery. From this evidence, Judge Bucher asserted that the Office had not met its burden of showing that the Cuffs and Collar mark was not inherently distinctive, and that it would reverse the USPTO’s refusal to register the trade dress design.

9. “Phantom” Marks

*In re Primo Water Corp.*

The year 2008 saw yet another attempt to register a phantom mark, the applicant having no more success than its predecessors.123 The applicant sought to register the configuration of a large bottle to be used in water coolers. Describing the mark,

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122. See *In re DC Comics, Inc.*, 689 F.2d 1042 (C.C.P.A. 1982).

the applicant stated that the mark consisted of the placement and orientation of identical spaced indicia on each side of the handle of a water bottle; indicia on one side of the handle being the mirror image of the indicia on the other. This indicia could have been text, graphics or both, or a combination of both. The Examining Attorney refused registration on the basis that the mark constituted more than a single mark, registration of which is prohibited, and the Board affirmed. The Board held that the text and graphic material was a changeable, phantom element, and thus, the application encompassed more than one mark.

10. Sound Marks

_In re Vertex Group LLC_

The sound of a product whose function is to produce that sound is registrable only with a showing of acquired distinctiveness. In this case, the applicant sought to register the sound of a “descending frequency sound pulse” as a trademark for a personal security alarm in the form of a child’s bracelet. The Examining Attorney refused the application because the sound was a feature of the goods that served a utilitarian function. A sound may function as a source indicating mark where the sound assumes a definitive arrangement and is used to create in the hearer’s mind an association with a good or service. But to be registrable, a sound must be arbitrary, unique or distinctive. Commonplace sounds must acquire distinctiveness to be registrable. Where the goods make sound as part of their normal operation, prospective purchasers would normally expect them to do so, and thus, no association would be created with a product or service. Because the applicant made no claim that the mark had acquired distinctiveness, the Board affirmed the refusal to register on the basis that the sound was not inherently distinctive. Further, the Board found that the alarm sound was functional because an audible alarm was essential to the purpose of a personal security alarm.

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124. See Int’l Flavors & Fragrances Inc., 183 F.3d 1361 (Fed. Cir. 1999); TMEP § 1214.01.
129. _Id._
11. Specimen Is “Substantially Exact Representation” of Mark in Drawing

The Board had the opportunity in two cases to consider whether a specimen of the mark was a substantially exact representation of the mark sought to be registered.\textsuperscript{131} While the question was the same in each case, the results differed.

\textit{In re Yale Sportswear Corp.}

An applicant who sought to register UPPER 90 for clothing\textsuperscript{132} had its specimen refused when it filed an Allegation of Use with a specimen showing the mark as UPPER 90°. Here, the issue was whether the mark sought to be registered for UPPER 90 created a separate and distinct commercial impression from the material appearing on the specimen (UPPER 90°).\textsuperscript{133} The Board found that the commercial impression of UPPER 90 was not separate and distinct from the degree symbol. It noted that the meaning of “90” was unclear in the trademark drawing and that the degree symbol clearly modified the proceeding numerals, clarifying that “90” meant “90 degrees”—an angle or a temperature. The Board found that the mark had a different connotation, pronunciation and appearance with the degree symbol and that these could not be separated from each other. Therefore, the mark on the specimen was not a substantially exact representation of the mark in the trademark drawing, and the Board affirmed the refusal to register.

\textit{In re wTe Corp.}

Two applications for SPECTRAMET for contract processing of metals and for optoelectronic apparatus for measuring and analyzing composition of metals met the same refusal but a different fate.\textsuperscript{134} Here, the trademark drawing showed the mark as a typed term, while the specimen showed the letter C in SPECTRAMET as a stylized figure consisting of two “yin and yang” arrows which formed the letter C. The Examining Attorney argued that this stylized figure differed from the letter C and could be perceived as the letter O, creating an entirely different commercial impression.

To determine if the mark of the specimen is a substantially exact representation, the Board first compares the specimen to the

\begin{itemize}
\item \textsuperscript{131} See 37 C.F.R. § 2.51(b).
\item \textsuperscript{132} In re Yale Sportswear Corp., 88 U.S.P.Q.2d 1121 (T.T.A.B. 2008).
\item \textsuperscript{133} See In re 1175856 Ont. Ltd., 81 U.S.P.Q.2d 1446 (T.T.A.B. 2006).
\item \textsuperscript{134} In re wTe Corp., 87 U.S.P.Q.2d 1536 (T.T.A.B. 2008).
\end{itemize}
mark in the drawing. With a standard character drawing, the mark on the specimen often is not a substantially exact representation. The Board noted that the purpose of a typed or standard character drawing is to permit an applicant to apply for the mark without a showing of any particular design. Simply because a design is associated with a mark does not prevent an applicant from using a standard character form in its drawing. The question is whether the words or other indicia create a distinct commercial impression apart from any stylization or design element appearing on the specimen.

Turning to the drawing at issue, the Board found that although some purchasers could perceive the stylized element in question as a letter O instead of a letter C, this was not necessarily fatal. If so, one could never ascertain whether an applicant meant to use the letter O for the numeral 0, or the letters I or L for the numeral 1. The Board found that most purchasers would view the stylized element as a letter C, and that the arrow design was not a very significant element as applied to the mark. As a result, the Board held that the mark in the drawing and in the specimen remained the same in essence and reversed refusal on this basis.

12. Improper Specimen for Service Mark

In re wTe Corp.

In the case discussed immediately above, the Board found the specimen to be unacceptable in the service mark application for a different reason: the specimen failed to show actual service mark use. The specimen submitted by the applicant was a package label affixed to boxes mailed to customers. The Examining Attorney contended that the label did not show use in connection with the sale or advertising of the services, and therefore, there was no association between the mark and the service activity. To be an acceptable specimen for a service, the specimen must show a direct association between the service and the mark. Here, a return address label for products already made and sold did not show a connection between the mark and the services of contract metals processing. Without such a connection, the specimen was unacceptable service mark use and the Board affirmed the refusal to register.

135. Id.
136. TMEP § 807.04(b).
In re DSM Pharmaceuticals, Inc.

An application for LIQUID ADVANTAGE in connection with the custom manufacture of pharmaceuticals with liquid fill and finish technology suffered the same fate.140 The brochure submitted as a specimen used the mark to refer to software and not the services set forth in the application. The Board affirmed the refusal to register, finding that there was no direct association between the proposed mark and the services.141

13. Disparagement

In re Heeb Media LLC

The Board affirmed a refusal to register HEEB for clothing and conducting parties on the grounds that the mark was disparaging of Jewish people, despite the applicant’s ownership of a prior registration for HEEB for publication and magazines, as well as the applicant’s argument that in the context of the applicant’s goods and services, the matter would not be viewed as disparaging.142 The applicant argued that the mark was being used by Jewish individuals for products and services directed towards Jewish prospective purchasers, and that many charities and cultural organizations openly support its magazine and its events. The applicant argued that it aimed to “transvalue” the term HEEB from an epithet to a term of empowerment. Nevertheless, the Board affirmed the refusal to register. From dictionary definitions, the Board found that the likely meaning of HEEB for potential purchasers would be a derogatory term, and that the term would have no other, alternative meaning for the applicant’s identified clothing or parties. The Board noted from NEXIS articles submitted by the Examining Attorney that Jewish groups have objected to the applicant’s use of the term. To be found disparaging, only a substantial composite of prospective purchasers need to find the term objectionable, not a majority thereof.143

14. False Suggestion of Connection

*In re MC MC S. r. l.*

An applicant for the mark MARIA CALLAS for jewelry and watches survived a false connection refusal. The USPTO refused registration of the mark on the basis that it would falsely suggest a connotation with Ms. Callas, who though now deceased, was one of the most renowned opera singers of the twentieth century. According to the Board, the flaw in the Examining Attorney’s argument was that a deceased natural person’s right to prevent registration of a mark causing a false connection under Section 2(a) of the U.S. Trademark (Lanham) Act will not be enforced without heirs or successors to claim it. Ms. Callas had died decades before the applicant filed an application and the evidence of record as to whether any heirs still existed was contradictory. Resolving all doubt in the applicant’s favor, the Board found that the Examining Attorney did not meet her burden to establish the false suggestion or connection refusal. The Board noted that a successor, if any, would have recourse to challenge registration by an opposition or cancellation procedure.

15. Requirement to Disclaim Descriptive Matter

*In re Ginc UK Ltd.*

The Board affirmed an Examining Attorney’s requirement for a disclaimer of the term TOGGS from the mark ZOGGS TOGGS, in connection with various articles of clothing. The Examining Attorney submitted a dictionary definition of “togs” as meaning clothing, and submitted copies of three use-based third-party registrations, each of which included a disclaimer of “togs.” The Board found that the generic meaning of “togs” as clothing was not overcome by the applicant’s misspelling of the word as TOGGS, finding the latter to be equally generic for the applicant’s goods. The Board also rejected the applicant’s argument that its mark ZOGGS TOGGS was a unitary mark, finding the fact that a mark rhymes or is alliterative was insufficient to negate the descriptive meaning as a

147. *Id*.
whole. A unitary mark must have inseparable elements that combine to give the mark a distinct meaning, independent of the meaning of its separate elements. The resulting mark must create a single and distinct commercial impression. The Board found that nothing about the composite mark ZOGGS TOGGS caused the generic word “togs” to lose its ordinary meaning. As a result, the Board affirmed the requirement that TOGGS be disclaimed.

16. Evidentiary Value of Internet Searches

In re Innovative Companies, LLC

In the context of an ex parte decision on whether an applicant’s mark would be denied registration on the ground that it was the title of a single creative work, the Board had the opportunity to consider the evidentiary weight to be accorded to a GOOGLE search engine search conducted by the Examining Attorney. The Board gave the search results little evidentiary weight, citing In re Bayer Aktiengesellschaft for the proposition that search engine results provide little context to discern how a term is actually used on the web page that may be accessed from the search result link. Consequently, the search results were insufficient to enable the Board to determine the nature of the use of the term or the relevance of the search results themselves to the question of whether a mark should be registered.

PART III. INTER PARTES CASES

By Jordan S. Weinstein

A. United States Court of Appeals for the Federal Circuit

1. Use in Commerce

Aycock Engineering, Inc. v. Airflite, Inc.

The Federal Circuit affirmed a decision of the Trademark Trial and Appeal Board cancelling a registration for AIRFLIGHT because the mark was never used in commerce, despite the fact


152. 488 F.3d 960 (Fed. Cir. 2007).
that it had been registered for more than three decades. Aycock’s registration covered services of “arranging for individual reservations for flights on airplanes.” Testimony in the Board proceeding below showed that although Mr. Aycock advertised his service to air taxi operators, he never marketed the AIRFLIGHT service to the general public, never gave them an opportunity to book reservations, never spoke with a member of the general public about making a reservation, and never arranged for a single passenger to fly on a chartered flight. During prosecution of the application, Aycock engaged in lengthy negotiations with the USPTO regarding the appropriate description of services. Although eventually agreeing on the recitation of services set forth above, each version of the proposed description envisioned that Aycock would serve in some way to connect potential passengers with air taxi operators. It was undisputed that this never happened, even though Aycock signed agreements with several air taxi operators to provide such services.

On appeal, Aycock argued that the Board erroneously construed the services in the registration, and that the record supported a construction of the services under which mere arranging of a network of air taxi operators could itself constitute the service. The Federal Circuit disagreed, noting that “arranging for individual reservations for flights on airplanes” included more than preparatory efforts to arrange a network of air taxi operators, and it affirmed the Board’s determination that the scope of the services required the arranging of flights between an air taxi operator and a passenger. Addressing the question of whether the preparations to use the mark for the recited services constituted use in commerce, the Federal Circuit answered in the negative. While a specimen advertising or publicizing a service may be acceptable for purposes of registration, the specimen must relate to an existing service already offered to the public. Advertising or publicizing a service that the applicant intends to render in the future is insufficient to support registration. Reviewing the record, the Federal Circuit found that the Board’s determination that Aycock had failed to offer his services to the public was supported by substantial evidence because he had never given any member of the public the opportunity to use the AIRFLIGHT service to reserve a charter flight. Even though the registration was obtained at a time when “token use” would have been acceptable under the U.S. Trademark (Lanham) Act, the Federal

156. See Blue Bell, Inc. v. Jaymar-Ruby, Inc., 497 F.2d 433 (2d Cir. 1974).
Circuit found that Aycock failed to meet even this less-stringent requirement because the service was never rendered even in a token capacity. While the Federal Circuit expressed regret that Aycock had forfeited a decade’s registration, it noted that there is no statute of limitations that provides a registration with immunity from invalidation under the use requirement. The Federal Circuit noted that Aycock might still be able to find some source of protection under the common law trademark doctrine.

B. United States Court of Appeals for the District of Columbia Circuit

1. Laches

_Pro Football, Inc. v. Harjo_

In the latest chapter of this long-running dispute, the U.S. Court of Appeals for the District of Columbia Circuit affirmed the decision of the U.S. District Court for the District of Columbia, which held that an action filed by several Native Americans seeking cancellation of several of Pro Football Inc.’s REDSKINS marks was barred by laches. To summarize, in 1992, seven Native Americans filed a Petition to Cancel six trademark registrations owned by Pro Football, including the word REDSKINS. As a basis for cancellation, the petitioners asserted that the marks disparaged Native Americans at the times when they were registered. Pro Football contended that the petitioners’ claims were barred by laches. The Board disagreed, finding laches to be inapplicable. Agreeing with the petitioners on the merits, it cancelled all of the registrations.

Pro Football then filed a _de novo_ appeal in the U.S. District Court for the District of Columbia, asserting that laches barred the cancellation petition. The District Court granted summary judgment to Pro Football on its laches claim. The Native Americans appealed the decision to the U.S. Court of Appeals for the District of Columbia Circuit, which held that laches begins to run from the time each party to the proceeding reaches majority, and remanded the case to the district court to evaluate laches by examining the period between the claimant’s attainment of majority and the filing of the Cancellation petition. On remand, the District Court had found that laches barred the petitioners’ claims. On appeal from this decision, the Court of Appeals for

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158. For analysis of the dispute in past editions of The Trademark Reporter, see 89 TMR 46 (1999), 95 TMR 54 (2005), and 97 TMR 81 (2007).
159. _See_ Part III.C.16 _infra_.
the District of Columbia Circuit affirmed. The appellants challenged neither the applicability of laches to their case nor the finding that they had unreasonably delayed in bringing suit, but only whether the District Court properly found that Pro Football had suffered procedural, or “trial,” prejudice and economic prejudice sufficient to support a defense of laches. Noting that the appellant conceded that the material facts are not in dispute, the Circuit Court reviewed the District Court’s decision de novo for the existence of material facts in dispute, or whether the evidence was sufficient to support the District Court’s order, while deferring to the District Court’s discretion in applying the principles of laches to the undisputed facts.160

On the question of whether the District Court properly found trial prejudice, the crucial facts were (1) the death of former Redskins President Edward Bennett Williams during the period of delay and (2) the delay period’s general contribution to the time lapse from the date the marks were originally registered. The District Court had found that both of these factors made it more difficult for Pro Football to marshal evidence supporting its mark. The appellants argued that the delay did not result in legal prejudice because any such evidence would have had only minimal value. Specifically, (1) Mr. Williams’ testimony would have reflected only his personal views on the disparaging nature of the Redskins’ marks and (2) the possibility that attitudes toward the mark in 1967 could have been surveyed better had the suit been filed earlier would be outweighed by other, overwhelming evidence of disparagement, which was equally available later when the suit was actually filed. Rejecting this argument, the Circuit Court found that contemporaneous public opinion and the ability to garner it closer to the time of registration was not irrelevant, and that it was within the District Court’s discretion to decide. The Circuit Court would not presume that such evidence would have lacked persuasive content.

As for economic prejudice, the appellants argued that Pro Football’s expansion of its merchandising efforts and investment in the team was irrelevant absent evidence that Pro Football would have acted otherwise had the suit been filed earlier. Such an argument might have carried weight against the defense of estoppel, which requires proof of specific reliance on the plaintiff’s silence or inaction. However, laches requires only general proof of prejudice, therefore, proof of continued investment in the mark alone may suffice.161 Particularly in view of the lengthy delay in filing suit, the District Court had very broad discretion to account

160. See, e.g., Hot Wax, Inc. v. Turtle Wax, Inc., 191 F.3d 813 (7th Cir. 1999).
for whether the facts presented by Pro Football rose to the level of prejudice, and the Circuit Court found no abuse of discretion.

C. Trademark Trial and Appeal Board

1. Descriptiveness

Grand Canyon West Ranch, LLC v. Hualapai Tribe

The Board dismissed an opposition against an application for GRAND CANYON WEST in connection with airport services, recreational travel tours and related transportation services, holding that, although the mark was primarily geographically descriptive and primarily merely descriptive, the applicant’s evidence of acquired distinctiveness was sufficient to overcome both objections. The Board found the mark to be primarily geographically descriptive because GRAND CANYON describes a generally known, not obscure place, and relevant consumers would associate the named services with the Grand Canyon. Adding the geographic term WEST enhanced the geographic descriptive significance of the mark. The Board also found the mark to be primarily merely descriptive because GRAND CANYON WEST describes the fundamental purpose of the applicant’s services: namely, to bring visitors to and around the Grand Canyon. Further, the term WEST identifies where the services are offered.

Nevertheless, the Board found that the applicant’s evidence of acquired distinctiveness was sufficient to overcome both of the opposers’ descriptiveness objections. The Board determined that the applicant demonstrated exclusive use of the mark for 20 years. The applicant had advertised and promoted its services extensively under the mark, and the evidence of record indicated that a substantial number of Internet users had visited its website. Evidence of media coverage also indicated a high level of consumer awareness. Finding from this evidence that the mark had acquired distinctiveness, the Board dismissed the opposition on this basis. However, as discussed below, the opposition was sustained on the basis of fraud.

163. Id.
164. See Part III.C.13 infra.
2. Agreements Prohibiting Use

*Bausch & Lomb, Inc. v. Carl Storz GmbH & Co. KG*

Although enforcement of contracts proscribing trademark use is more the bailiwick of federal or state courts, the Board will not ignore the issue if it arises in the context of an opposition proceeding.165 Storz filed an application for the mark STORZ THE WORLD OF ENDOSCOPY & Design. Bausch & Lomb opposed on the ground that a 1982 agreement between the parties proscribed Storz's use of STORZ except if combined with the prefix KARL, KS or K, and with the German word endoskop. Bausch & Lomb moved for summary judgment based upon the agreement.

The Board stated that although courts are the proper tribunals to litigate actions for breach or enforcement of a contract, it would still consider this issue in opposition proceedings.166 Here, the Board found that the applied-for mark was in fact proscribed by the agreement because the mark included the English word "endoscope" rather than the German word endoskop, and because it lacked the prefix KARL, KS or K. Consequently, the Board granted summary judgment to Bausch & Lomb and sustained the opposition.

3. Acquired Distinctiveness—Color Mark

*Saint-Gobain Corp. v. 3M Co.*

The Board sustained an opposition against an application to register a shade of the color purple in connection with paper- or cloth-backed coated abrasives, originally identified in the application as sandpaper.167 The opposer asserted that the applicant had failed to prove that its color mark had acquired distinctiveness for the goods, and that the color was functional. During the course of the proceeding, the applicant attempted several times to amend its application, both to narrow the mark's description from purple to a specific shade of purple, and to narrow the scope of the goods from "sandpaper" to "coated abrasives with either paper or cloth backing." The Board accepted the applicant's first attempt to restrict its mark to a single, clearly defined shade of purple, but rejected its second and third attempts to clarify the color, finding that these attempts led only to more confusion. In

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addition, the Board accepted the amendment to the identification of goods, noting that “sandpaper” is an outdated term and that the amendment clarified the goods and helped narrow the issues for trial. The opposer established its standing by showing that it used various colors on coated abrasives. The Board noted that it was unnecessary for purposes of proving standing that the opposer prove it used the applicant’s exact mark; it was sufficient that the opposer made or sold the same or related goods or that the applicant’s product was one that the opposer could have produced in the normal expansion of opposer’s business.

Once an opposer meets its initial burden of challenging or rebutting an applicant’s evidence of distinctiveness made of record during prosecution, it becomes the applicant’s burden to establish that its mark has acquired distinctiveness. While color alone can function as a trademark, colors can never be inherently distinctive, as a matter of law. As a result, a color mark would only be registrable on the Principal Register with sufficient evidence that the mark has acquired distinctiveness.

To support its claim of acquired distinctiveness in this case, the applicant presented the testimony of four witnesses. Noting that coated abrasives constituted a multimillion dollar market, the Board found this limited testimony unimpressive. The testimony only established that a very small portion of the purchasing public identified the goods with the applicant because of their color, but the evidence failed to establish that the applicant’s shade of purple had acquired distinctiveness for coated abrasives generally. The Board gave little weight to form declarations submitted by individuals stating that they associated the distinctive hue of purple with the applicant, because of the cursory nature of the statements and their lack of basic information, including where these individuals worked. Taking the testimonial evidence as a whole, the Board concluded that it was insufficient to prove that a sizable percentage of prospective purchasers recognized the applicant’s mark as a trademark. The Board found that part of the problem rested with the description of the applicant’s mark itself, being restricted to a particular hue of purple. Because of this restriction, evidence that the applicant promoted the color purple in general, either through advertising or through legends on this

168. See 37 C.F.R. § 2.71(a).
product, such as “The Color PURPLE is a trademark of 3M,” did not support registration for the specific shade in the application.

The Board gave consideration to the applicant’s survey expert, whose survey purported to show that only 6% of survey respondents identified the applicant—or any one company—as a single source of purple sandpaper, which the expert asserted was the same level of recognition to be expected based on noise or error. The opposer faulted the survey because it was conducted telephonically and therefore respondents could not actually see the mark. However, the Board found that a telephonic survey would not be inherently unreliable, for if anything, it favored the applicant by including respondents who viewed any shade of purple as indicating a single source for coated abrasives.

The Board also noted that a number of third-party users offer purple-colored abrasives, indicating that purchasers would find it that much more difficult to recognize that only a single source provided the product.174 While the applicant sought to discount evidence of third-party use in the beauty care market, the Board held that the applicant’s application was not limited to any particular industry and therefore the identified goods should have been presumed to include all usual industries, including beauty care. The Board noted the fact that color use is common by abrasive manufacturers, thereby increasing the applicant’s burden to demonstrate distinctiveness for its claimed hue.175

Considering all the evidence of record, the Board found that the applicant failed to sustain its burden of proof that its specific shade of purple acquired distinctiveness.

The Board also sustained the opposition on the ground of functionality, finding that third parties, and even the applicant, used several shades of color to indicate various grades of coated abrasives, from coarse to fine. The Board observed that color also serves a function in coated abrasives because the abrasives themselves span the spectrum of colors, and manufacturers often dye the backings in dark colors to hide cracks that occur when the abrasive is flexed. The Board found that there is a competitive need for colors to be available for others’ use in the coated abrasive industry. The Board noted its hope that efforts such as these, specifically to define the color(s) of an applicant’s mark, would be headed for extinction because of the requirement that color marks be reproduced in color as part of the application drawing.176

While this requirement may provide some assistance, reports of the anticipated demise of these cases are likely exaggerated.

176. See TMEP § 807.07(a)(1).
First of all, while it is required that drawings for color marks be in color, the USPTO has not removed the requirement for a color description of the mark. Simply because applicants may not be required to be specific about the colors does not mean that they will not try to do so, as the applicant did here. Second, because trademark records are now available electronically, the depiction of a mark’s color is limited by the color reproduction capabilities of computer systems, and particularly the idiosyncrasies of computer monitors. As anyone who has ever displayed a color photograph on a computer can attest, there can be wide variations in color depiction from one monitor to the next. Applicants for whom a particular shade of color is important to the protection of their marks may still be well advised to be specific about the exact shade in the color description. The day will likely come when the Board will have to address the discrepancy between the color shown in the mark drawing and the color as described in the color description.

4. Standing

a. Cuban Embargo

Corporacion Habanos, S.A. vs. Annicas, Inc.

The U.S. State Department may not formally recognize the Cuban government, but at least the Trademark Trial and Appeal Board may recognize geographic and deceptive misdescriptiveness claims by Cuban entities. The opposer was a Cuban entity that sought to oppose registration of HAVANA CLUB for cigars based on the opposer’s assertion that the mark was geographically deceptively misdescriptive. The applicant asserted that the opposer’s claim was barred by the Cuban embargo Section 211(b) of the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999, which specifies that “no U.S. court shall recognize . . . any assertion of treaty rights . . . under Section 44(b) or (e) of the Trademark Act . . . for a mark . . . that is . . . substantially similar to a mark . . . used in connection with a business or assets that were confiscated . . . ” The Board rejected this argument, noting that the opposition was based not on a claim of ownership of or substantial similarity to a confiscated mark, but rather on the basis that the mark sought to be registered was

181. Id. § 1126 (e).
geographically deceptively misdescriptive. The Board held that Section 211(b) did not apply to any such claim.\textsuperscript{182} Similarly, the Board rebuffed the applicant’s argument that the opposer lacked standing to bring its suit. The Board noted that the opposer had submitted a status and title copy of its pleaded registration for the mark HABANOS UNICOS DES DE 1492 & Design,\textsuperscript{183} and that the opposer’s vice president testified that the opposer used the mark in advertising in U.S. publications and intended to sell 100% Cuban-origin cigars in the United States under the mark as soon as U.S. laws allowed it. As a result, the Board found that the opposer had a “real interest”\textsuperscript{184} in the outcome of this proceeding. Furthermore, the Board relied on a letter submitted by the opposer from the U.S. Department of Treasury confirming that Cuban entities are permitted under the Cuban Assets Control Regulations\textsuperscript{185} to oppose registration of a new trademark in order to protect a trademark in which Cuba had an interest. Even though the embargo on Cuban goods could prevent the opposer from engaging in any business in the United States, the Board found that it had standing to bring this opposition.

\textbf{b. Failure of Proof of Priority}

\textit{Syngenta Crop Protection, Inc. v. Bio-Chek, LLC}

When an opposer failed properly to introduce its trademark registration into evidence, the Board found that this failure was not fatal to its standing, but was fatal to its priority claim.\textsuperscript{186} The opposer opposed registration of the applicant’s mark AGMETER for pesticide detectors and evaluation and testing of produce for pesticides. The opposer alleged priority and likelihood of confusion with the mark in its registration for AGROMETER for “related goods and services.” The applicant denied the allegations in the Notice of Opposition. While the opposer attached to its opposition notice a copy of its certificate of registration, that copy was not prepared and issued by the USPTO showing both the current status and current title to the registration.\textsuperscript{187} Nor did the opposer use any other method to introduce its registration into evidence, such as identifying and introducing a status and title copy of the registration during its testimony period\textsuperscript{188} or obtaining an

\textsuperscript{182} See also Havana Club Holding, S.A. v. Galleon, S.A., 203 F.3d 116 (2d Cir. 2000).
\textsuperscript{183} Registration No. 2,177,837, issued Aug. 4, 1998.
\textsuperscript{184} Ritchie v. Simpson, 170 F.3d 1092 (Fed. Cir. 1999).
\textsuperscript{185} 37 C.F.R. § 515.527.
\textsuperscript{187} See 37 C.F.R. § 2.122(d)(2).
\textsuperscript{188} Id.
admission or stipulation by the applicant to the ownership and validity of the registration. As a result, the Board found that the opposer’s registration was not properly introduced in evidence and would not consider the same.

The opposer had submitted evidence of its common law use of the mark through the testimony of two witnesses and various exhibits submitted by Notice of Reliance. Because the opposer’s registration was not properly admitted in evidence, the opposer could not rely on it to prove standing. Nevertheless, the Board found that the opposer had standing through the testimony of its witness establishing that the opposer used its mark in connection with a temperature sensing device, which the Board deemed sufficient to support a reasonable belief that the opposer would be damaged by registration of the applicant’s mark. But while the testimony evidence of common law use was sufficient to establish standing, the Board found that it was insufficient to establish priority. Unfortunately for the opposer, neither of its witnesses testified clearly when the opposer had begun using its mark. The only date mentioned during testimony was a date after the filing date of the applicant’s application. However, the applicant could rely on the filing of its application as a constructive use date for purposes of priority.

The Board found that the opposer failed to meet its burden to demonstrate that it owned a trademark that was used prior to the applicant’s mark and that was not abandoned. Having neither a registration in evidence nor a prior common law use date, the opposer failed to establish priority, a necessary element of its claim. As a result, the Board did not need to reach the issue of likelihood of confusion.

c. Santiago Convention

Franpovi, SA v. Wessin

In a case of first (and likely last) impression, the Board considered whether a company from the Dominican Republic had standing to oppose a U.S. application for POLLOS VICTORINA

189. Changes in the Board’s rules, effective Aug. 31, 2007, allow an opposer to submit admissible evidence of its registration by attaching copies of USPTO electronic records showing the status and title of the pleaded registration. See 37 C.F.R. § 2.122(d)(1).
based upon the Santiago Convention for the Protection of Commercial, Industrial and Agricultural Trade Marks and Commercial Names.\textsuperscript{195} The Santiago Convention had been superseded by the Pan-American Convention,\textsuperscript{196} the latter of which the U.S. had joined but the Dominican Republic had not. The Board found that the Santiago Convention failed to provide the opposer with standing, because protection under the Santiago Convention required that the opposer first have presented an application for recognition of its rights to an “Inter-American Bureau,” which had been established in Havana, Cuba but ceased functioning on November 2, 1949. The requirement for filing a claim for protection through the Inter-American Bureau was never superseded, nor had it lapsed or been replaced. Therefore, the Board found that the requirement could not be read out of the treaty. As a result, the Board determined that the opposer was not in compliance with the Santiago Convention, and therefore could not obtain relief under the treaty. Consequently, the Board granted summary judgment for the applicant denying the opposer’s Santiago Convention claim, but allowing the opposition to go forward on the opposer’s claim of a foreign famous/well-known mark.

5. Scandalous Mark

\textit{Boston Red Sox Baseball Club LP v. Sherman}

Although the Boston Red Sox struck out when they argued that the applicant’s SEX ROD mark in the same stylized format was likely to cause confusion\textsuperscript{197} with the RED SOX mark, when the ball club asserted that the applicant’s mark constituted scandalous matter under Section 2(a) of the U.S. Trademark (Lanham) Act,\textsuperscript{198} it had a hit.\textsuperscript{199} The Board determines whether a mark is immoral or scandalous, not from the standpoint of a majority of the general public, but from a substantial composite thereof, and in the context of the identified goods, from the relevant mark in place and contemporary attitudes.\textsuperscript{200} Proof that the mark is vulgar is sufficient to establish that it comprises immoral or scandalous

\textsuperscript{195} 44 Stat. 2494 (1923).
\textsuperscript{197} See Part I.B. \textit{supra}.
\textsuperscript{198} 15 U.S.C. § 1052(a).
\textsuperscript{200} In re Blvd. Entm’t, 334 F.3d 1336 (Fed. Cir. 2003).
matter for purposes of Section 2(a). Vulgarity can be determined based upon dictionary evidence alone.

In this case, the opposer submitted and the Board took notice of dictionary definitions, which demonstrated that “rod” has a vulgar meaning and, when preceded by the word “sex,” denotes only that meaning. The Board agreed with the opposer that use of the term on children’s and infant clothing as identified in the application made the applicant’s term particularly lurid and offensive. The Board found the evidence sufficient to establish a prima facie showing that SEX ROD was vulgar. The applicant submitted no evidence to rebut the opposer’s showing and the Board sustained the opposition on the grounds that the mark constituted scandalous matter.

6. Disparagement

_Boston Red Sox Baseball Club LP v. Sherman_

By arguing further that the applicant’s mark was disparaging under Section 2(a), Boston got extra bases. The test for disparagement has two elements: First, that the communication reasonably would be understood as referring to the plaintiff, and second, that the communication is disparaging, namely, that it would be considered offensive or objectionable by a reasonable person of ordinary sensibility. This test differs, however, when the party alleging disparagement is an individual, instead of a commercial corporate entity like the Boston Red Sox. The Board found that the applicant’s mark would be understood as referring to the Boston Red Sox, noting that the applicant copied the form, style and structure of the ball club’s corporate symbol, that his mark was visually similar to the original, and that the applicant had admitted that the stylized RED SOX designation was identified and associated with the ball club. From this, the Board presumed that the applicant intended its mark to refer to the opposer and that the mark would therefore be perceived as such.

201. Id.
202. Id.
208. See Dunkin’ Donuts of Am., Inc. v. Metallurgical Exoproducts Corp., 840 F.2d 917 (Fed. Cir. 1988).
Having also determined that the applicant’s mark SEX ROD would be perceived as a vulgar term by a substantial number of consumers,\textsuperscript{209} the Board determined that the mark would be viewed as a sexually vulgar version of the club’s symbol and as an offensive comment about the ball club. As a result, the Board sustained the opposition on the grounds that the mark was disparaging.

7. False Suggestion of Connection

\textit{Hornsby v. TJX Companies}

Although the Model Formerly Known as “Twiggy” may no longer receive the adulation of screaming crowds of fans as she did in the 1960’s, at least the Trademark Trial and Appeal Board recognized that her fame was still sufficient to support the cancellation of the registration of TWIGGY in connection with clothing.\textsuperscript{210} Leslie Hornsby petitioned to cancel a registration for TWIGGY for various clothing articles on several bases, including that the mark would falsely suggest a connection\textsuperscript{211} with Twiggy the model. To prevail on a false suggestion claim, the plaintiff must demonstrate that the name or its equivalent, which the plaintiff claimed had been appropriated by the defendant, must be unmistakably associated with a particular personality or “personae” and must point uniquely to the plaintiff.\textsuperscript{212} Following the Board’s four-part test in \textit{Buffet v. Chi-chi’s Inc.},\textsuperscript{213} it found the case to turn on the fourth factor: whether the name “Twiggy” was famous enough so that when it was used by the defendant on its clothing, a connection would be presumed.

The respondent argued that its TWIGGY mark would not be recognized as the petitioner’s name, because the petitioner’s name had not retained sufficient fame or reputation so that consumers seeing it on children’s clothing would presume a connection. However, despite the fact that her ubiquitous publicity waned after the early 1970’s, the Board found that Ms. Hornsby retained a sufficient degree of fame or reputation so that, as of the date the

\begin{itemize}
  \item 209. See Part III.C.5. \textit{supra}.
  \item 211. 15 U.S.C. § 1052(a).
  \item 212. Univ. of Notre Dame du Lac v. J. C. Gourmet Food Imports Co., 703 F.2d 1372 (Fed. Cir. 1983).
  \item 213. 226 U.S.P.Q. 428 (T.T.A.B. 1985): 1. The defendant’s mark is the same or a close approximation of the plaintiff’s previously used name or identity; 2. The mark would be recognized as such; 3. The plaintiff is not connected with the activities performed by the defendant under the mark; and 4. The plaintiff’s name or identity is of sufficient fame or reputation that when the defendant’s mark is used on its goods or services, a connection with the plaintiff would be presumed.
\end{itemize}
cancellation petition was filed, a connection with her would still be presumed by consumers seeing the TWIGGY mark on children’s clothing. Furthermore, the Board found that Ms. Hornsby was not simply a model who made a name for herself 30 years ago and then disappeared from public view, but that she continued to play a public role through the years. She gained significant national exposure by starring in U.S. films, winning Golden Globe Awards, appearing on major television shows, being nominated for a Tony Award in a Broadway musical, and even garnering a dictionary definition. The Board concluded that these activities kept her in the public eye and built on the extraordinary reputation she had developed in the peak years of her career of 1967 to 1970. As a result, the Board found that the respondent’s mark falsely suggested a connection with Twiggy the model, and sustained the cancellation petition on this ground. However, the Board refused the cancellation petition on Ms. Hornsby’s other grounds of likelihood of confusion (not proven), dilution (Ms. Hornsby failed to prove sufficient fame prior to the filing of the respondent’s application), and fraud (Ms. Hornsby failed to prove that the respondent knowingly made a false statement).

8. Geographic Deceptive Misdescriptiveness

Corporacion Habanos, S.A. vs. Anncas, Inc.

Having ruled that the opposer may maintain its opposition despite being a Cuban entity, the Board decided the substantive question of whether the applicant’s mark HAVANA CLUB is geographically deceptively misdescriptive. In so doing, the Board considers whether (1) the primary significance of the mark is a generally known geographic location; (2) the consuming public is likely to believe the place identified by the mark indicates the origin of the goods bearing the mark (i.e., that a goods-place association exists), when in fact the goods do not come from that place; and (3) the misrepresentation would be a material factor in the consumer’s decision to purchase the goods. In this case, the Board found the primary significance of HAVANA to be a generally known location, that there is a goods-place association between the city of Havana and cigars, and that the association between the city of Havana and cigars would be material in the decision to purchase cigars.

The pivotal issue was whether the goods actually come from Havana. The applicant argued that the seeds for its cigars originated from Cuba so, therefore, the goods also should have been deemed to originate from Cuba, thus preventing the opposer from meeting the second leg of the test. However, the Board noted that the opposer’s evidence showed that tobacco grown outside of Cuba for many generations (like the applicant’s tobacco) cannot replicate the qualities and characteristics of tobacco grown in Cuba. The Board determined that there was an insufficient connection between Cuban seed tobacco and the city of Havana to find that the applicant’s goods originated in Havana. As a result, the opposer had satisfied all three legs of the test and proved its claim that the applicant’s mark was geographically deceptively misdescriptive. Therefore, the Board sustained the opposition and refused registration of the applicant’s mark.

9. Abandonment

_General Motors Corp. v. Aristide & Co._

A period of three consecutive years of uninterrupted nonuse of a mark serves as _prima facie_ evidence that the mark has been abandoned.217 This shifts the burden to the party contesting the abandonment either to come forward with evidence to disprove the facts (that the mark was not used for three consecutive years), triggering the presumption, or to provide evidence of an intent to resume use to disprove the presumed fact that there was no intent to resume use.218 When General Motors opposed an application for LASALLE for motor vehicles based upon its own use of the mark sixty years previous, GM sought to overcome the presumption of abandonment, in part by asserting the auto industry’s habit of brand reintroduction after a period of nonuse.219 GM introduced evidence of prior reintroductions, such as that of the Ford Thunderbird, Chevy Malibu, Pontiac GTO, and Dodge Charger. Nevertheless, the Board found that an auto industry habit does not exempt the industry from the statutory presumption of abandonment. The Board found that GM presented no evidence or testimony about specific plans to reintroduce the LASALLE name on automobiles, and without that specific evidence, the Board found, GM could not overcome the statutory presumption. While the Board noted there was evidence that GM had licensed the mark for the sale of LASALLE automobile parts, it found no

evidence that licensees had actually sold the parts. As a result, the Board found that GM had abandoned its LASALLE mark and thus had no standing to oppose the applicant’s application.

10. Priority of Use

*Life Zone Inc. v. Middleman Group, Inc.*

Merely reciting ownership of trademark registrations in a Notice of Opposition fails to establish an opposer’s claim of priority, a lesson this opposer learned to its detriment. Life Zone Inc. filed a Notice of Opposition against the mark LIFEZONE for educational services. While the Notice of Opposition recited ownership of registered marks, the opposer failed to introduce its registrations in evidence during its testimony period. The Board dismissed the opposition on this basis. An opposer must prove prior trademark rights, and the mere assertion of their ownership is insufficient without submitting evidence thereof. Unless the plaintiff’s allegations are admitted, the pleading alone is insufficient. While the applicant in this case had admitted that the opposer had used its mark, that admission was insufficient to prove priority without an admission of the first date of the opposer’s use. As a result, the opposition was dismissed.

11. Bona Fide Intent to Use

*Boston Red Sox Baseball Club LP v. Sherman*

The Red Sox continued their battle with Mr. Sherman into extra innings. As another ground for opposition, the baseball club asserted that the applicant lacked a *bona fide* intent to use his mark, based on the absence of any documents to prove his intent and the lack of any explanation for their absence. The Board

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221. When this decision was issued, the proper ways of introducing evidence of registrations owned by the asserting party were (1) to submit with the Notice of Opposition or Petition for Cancellation two status and title copies of the claimed registration prepared by the PTO, (2) to make the registration of record by appropriately identifying and introducing the same during testimony, or (3) to file a Notice of Reliance accompanied by a status and title copy of the registration. See Trademark Rule 2.122(d). Subsequently, Rule 2.122(d) was amended to provide that an opposer or cancellation petitioner may submit with the initial pleading one status and title copy of the claimed registration, or a current printout of information from the USPTO’s database showing the current status and title of the registration.

222. The Board made many other helpful rulings and suggestions regarding the submission of evidence in Board proceedings. A full treatment of these issues is below at Part IV.C.18.f.

agreed with the Red Sox that, in this case, the absence of documents proved a lack of *bona fide* intent. It is the opposer’s initial burden to demonstrate a lack of *bona fide* intent. Where an applicant has no documentary evidence to document its *bona fide* intent, the burden shifts to the applicant to explain or outweigh its failure to produce such documents.\(^\text{224}\) The Board did not find credible the applicant’s explanation that he could market over 150 clothing items essentially overnight with no prior planning. Rather than supporting his *bona fide* intent, the Board found that his claim detracted from it, and as a result, the Board afforded it no weight. Furthermore, the Board accorded no evidentiary value and gave no consideration to unsupported factual statements that the applicant made in his trial brief.\(^\text{225}\)

**Honda Motor Co. v. Winkelmann**

Where an applicant’s *bona fide* intent to use a mark in commerce is challenged, and the applicant lacks documentary evidence to support its *bona fide* intent, the burden of proof shifts to the applicant to present facts adequately to explain or outweigh its failure to provide documentary evidence.\(^\text{226}\) For the first time, the Board applied these standards of proof, not just to an application filed with an intent-to-use basis under Section 1(b) of the U.S. Trademark (Lanham) Act,\(^\text{227}\) but also to an application under Section 44(e),\(^\text{228}\) which claims priority based on a registration of the applicant’s mark in a foreign country, and includes a verified statement that the applicant has a *bona fide* intent to use its mark in commerce.\(^\text{229}\)

In this case, the applicant sought to register the mark V.I.C. for vehicles for transportation, based upon a prior German registration and claiming a *bona fide* intent to use the mark in commerce. The opposer based its opposition on the likelihood of confusion with its mark CIVIC. The opposer subsequently moved to amend its Notice of Opposition to assert that the applicant lacked a *bona fide* intent to use its mark in commerce at the time it filed its application, and moved for summary judgment on this ground. To support its claim, the opposer submitted the applicant’s

\[^{225}\text{See Trial and Appeal Board Manual of Procedure (TBMP) § 704(d), and Schering-Plough HealthCare Prods. v. Huang, 84 U.S.P.Q.2d 1323 (T.T.A.B. 2007).}\]
\[^{226}\text{See Commodore Elecs., 26 U.S.P.Q.2d 1503.}\]
\[^{227}\text{See 15 U.S.C. § 1051(b).}\]
\[^{228}\text{See id. § 1126(e).}\]
responses to the opposer’s discovery requests and document production requests, in which it was revealed that the applicant had no activities in the United States, had made no business plans, strategy, arrangements or methods there, and had not identified channels of trade to be used in the United States. Furthermore, the applicant identified no documents to support its claim of a *bona fide* intent to use the mark. Responding to the motion, the applicant submitted website printouts showing that the mark was used in Europe in connection with a gift box of items used in connection with automobiles, but not showing use with any vehicles for transportation as identified in the U.S. application.

The Board held that the standard for *bona fide* intent for applications filed under Section 1(b) of the Lanham Act applied to applications filed under Section 44(e). The Board found that the documents that the applicant had submitted in opposition to the summary judgment motion did not demonstrate trademark use for the claimed goods, or that the applicant had an intent to use its mark in the United States. As reflected on its materials, the applicant’s mark appeared to be used to identify promotional material or car care packages as opposed to the vehicles themselves, and the materials showed no evidence of the applicant’s *bona fide* intent to use its mark in the United States in connection with the vehicles for transportation listed in the application. Finding that no genuine issue of material fact existed as to the applicant’s *bona fide* intent to use the mark, the Board granted the opposer’s motion for summary judgment and sustained the opposition.

12. Ownership

a. Implied License


Failure to exercise control over a licensee’s use of a licensor’s mark and the rendering of services thereunder may be deemed a naked license, and constitute an abandonment by the licensor of its trademark.\(^{230}\) Despite the absence of a written agreement, however, an informal effort to monitor the licensee’s services may be a sufficient system of quality control to avoid such abandonment.\(^{231}\) In this case, the petitioner sought to cancel registrations of JOYCE (stylized), JOYCE THEATRE, and JOYCE SOHO, and to oppose registration of the mark JOYCE in standard

\(^{230}\) BarcAmerica Int’l USA Trust v. Tyfield Imps., Inc., 289 F.3d 589 (9th Cir. 2002).

characters, all for performance theaters. The proceedings arose in the context of a landlord-tenant dispute between the petitioner, owner of the building that housed the Joyce Theater, and the respondent, the petitioner’s tenant who was responsible for operating a dance theatre in the premises. The petitioner asserted that it was the owner of the marks and that the respondent used them under implied license. Where there are no express contractual provisions for control over the marks, the Board examines the dealings of the parties to determine if there is an informal system of quality control. Based upon the evidence of record in this case, the Board found that the petitioner had informally monitored the quality of services rendered by the respondent by having an interlocking board of directors with the respondent and by the provisions of the respondent’s lease.

The petitioner argued that the terms of its lease constituted an implied trademark license covering the name of the theater. However, the Board found that this argument went too far because the lease failed to reference the name of the theater and neither expressly nor impliedly licensed any trademark rights. Nevertheless, the Board determined that the lease was relevant proof of an informal quality control system. The lease specified that the property was to be used as a dance theater, that the tenant/respondent was to raise funds and contributions in an effort to minimize the charges to be imposed upon dance companies using the premises, that the respondent was to maintain the premises consistent with similar first class facilities pursuant to the petitioner’s judgment, that the petitioner had the right to enter the theater to inspect the premises, and that the respondent could not change or alter the premises without the petitioner’s consent. The penalty for the respondent’s failure to perform or comply with any of these provisions was termination of the lease. Furthermore, the Board found that the petitioner monitored the quality of the respondent’s services because its staff acted on behalf of the respondent, because the petitioner’s ballet company performed at the theater, and because the respondent reported the status of the theater renovations to the petitioner’s board of directors.

The respondent further asserted that the petitioner exercised no control or input over its second theater, named JOYCE SOHO, which the respondent acquired on its own and operated for 12 years without any input from the petitioner. However, the Board rejected the respondent’s assertion that its acquisition and operation of the JOYCE SOHO theatre proved the absence of an implied license. It reasoned that the petitioner’s failure to object to

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the respondent’s use of the JOYCE SOHO name for its second theatre was not necessarily an abandonment of the JOYCE mark, as a licensor could be justified in relying on its licensee’s integrity in renewing its services. Such reliance was justified where there was no evidence of deviation from the level of services and the expansion was consistent with petitioner’s original goals.233

Finding that the parties’ relationship constituted an informal system of quality control, the Board agreed that the petitioner was the owner of the marks, granted the cancellations, and sustained the opposition.

13. Fraud

*University Games Corp. v. 20Q.Net Inc.*

Continuing the pattern of previous years, 2008 saw several decisions specifying acts that did or did not constitute fraud before the USPTO. In the latter category, the Board found that an opposer-counterclaim respondent avoided a finding of fraud on summary judgment by deleting goods that the applicant had not sold from a use-based application.234 Specifically, the opposer based its opposition to the applications for the mark on its registrations for the mark 20 QUESTIONS for board games. The applicant amended its pleadings to assert a counterclaim for fraud and moved for summary judgment.

The basis for the counterclaim was that the applicant’s application originally included t-shirts, promotional videos and paper products, which the applicant had promoted at gift and toy fairs. During prosecution of the opposer’s application, the Examining Attorney objected to the classification of the goods because the applicant had included t-shirts together with board games in Class 28. Rather than amending the application to add Class 25 for the t-shirts, the opposer deleted them from the application, together with the paper products and promotional videos.

The Office approved the application for publication and the opposer’s mark was registered. Fraud requires that an applicant make a knowingly false, material representation of fact in connection with an application to register a mark.235 Where an applicant amends its goods during prosecution to delete goods in

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question, a rebuttable presumption is created that the applicant lacked a willful intent to deceive.\textsuperscript{236} Here, the Board found that a genuine issue of material fact existed as to the nature of the opposer’s use of the mark on t-shirts prior to the filing of the application. However, even if the opposer’s use of its mark on t-shirts was insufficient to support registration, the Board found that the applicant had failed to adduce facts sufficient to rebut the aforementioned presumption of no intent to commit fraud. As a result, the Board denied summary judgment to the applicant.

In a concurring opinion, Judge Walsh asserted that summary judgment would have been appropriate, finding that fraud had not been committed. He asserted that the opposer’s corrective actions should have negated the intentional element necessary for fraud because the deletion of the goods negated the intent to deceive, and once the goods were deleted, they were no longer material to the later approval of the application.

\textit{Bose Corp. v. Hexawave, Inc.}

In a non-precedential decision, the Board held that a counterclaim respondent committed fraud because it had no reasonable grounds to believe that the form of use it made of a mark constituted use in commerce.\textsuperscript{237} Bose’s opposition to HEXAWAVE for electrical acoustical equipment components was met with a counterclaim for cancellation on the basis of fraud. Hexawave alleged that, although Bose’s registration for ACOUSTIC WAVE included audio tape cassette players, Bose had not manufactured or sold such products for several years before it submitted a Section 8\textsuperscript{238} maintenance declaration, which averred that the mark was being used in commerce on these goods, among others. Admitting that it had completely phased out sales of this product before filing its Section 8 declaration, Bose asserted that their inclusion in the declaration was not fraudulent because Bose was still repairing these products and transporting the repaired products back to consumers. Bose argued that its reshipment to consumers of repaired goods bearing the mark constituted use of the mark in commerce.

The Board did not agree. While acknowledging that sales of goods are not necessary to establish trademark ownership and that transportation of those goods can be sufficient to establish use,\textsuperscript{239}

\begin{footnotesize}
\begin{enumerate}
\item 15 U.S.C. § 1058.
\item See, e.g., Int’l Mobile Machs. Corp. v. Int’l Tel. & Tel. Corp., 800 F.2d 1118 (Fed. Cir. 1986); Sunbeam Corp. v. Merit Enters., Inc., 451 F. Supp. 571 (S.D.N.Y. 1978); La Maur,
the entity transporting the goods must own the goods at the time of transportation. The Board determined that it was unreasonable for Bose to believe that repair and reshipment services constituted use of the trademark in connection with goods being repaired, as Bose knew it had ceased manufacturing and selling these goods, and it would be unreasonable to interpret the statute to mean that transportation of repaired goods bearing the mark without ownership of the goods constituted use of the mark in connection with that good. As a result, the Board found that the statement by Bose that the mark was being used in connection with its cassette players was false, and it was not reasonable for Bose to believe that reshipment of repaired cassette recorders to their owners after rendering a repair constituted use of the mark in commerce sufficient to maintain a registration for these goods. Consequently, the Board found that Bose committed fraud on the USPTO in maintaining a registration and it cancelled the registration in its entirety.

Although not mentioned in the Board’s decision, another reason why reshipment of repaired goods could not of itself be considered use in commerce is because companies other than Bose could easily render the same repair and reshipment services. Under the theory advanced by Bose, repair and reshipment of a Bose WAVE cassette player by a party unrelated to Bose would constitute infringement of Bose’s mark, placing Bose in the untenable position of facing forfeiture of its registration by not prosecuting those who have a right to repair Bose cassette players.

**Grand Canyon West Ranch, LLC v. Hualapai Tribe**

This case illustrates the potentially risky interplay between the USPTO’s insistence on ever-increasing levels of specificity in descriptions of goods and services with the heightened standard for fraud under Medinol and its progeny. The applicant sought to register GRAND CANYON WEST in connection with “providing related transportation [to recreational activities and tourism].” The USPTO found the services indefinite and required amendment to specify the means of such related transportation. The Examining Attorney suggested amending the recitation of services to read, in part, “. . . providing related transportation of passengers

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241. Although the Court of Appeals for the Federal Circuit overturned this ruling, the Federal Circuit’s decision was handed down after the reporting period ceased for this edition. The Federal Circuit’s decision will be discussed in detail in next year’s report.

by air, boat, rail or bus.” (emphases in original). In an Examiner’s amendment, the applicant’s attorney agreed to amend the proposed recitation of services to read, in part, “... providing related transportation of passengers, by air, boat, raft, rail, train, bus, motorized on-road and off-road vehicles, non-motorized vehicles featuring bicycles, and domestic animals.” It was not disputed that at the time the applicant had filed its use-based application that the applicant was not using the mark in commerce in connection with providing related transportation of passengers by rail, train, non-motorized vehicles featuring bicycles, and domestic animals. The applicant argued that its inclusion of these goods in the applications was not fraud, for two reasons: First, the error was made inadvertently by the applicant, based upon his laymen’s innocent and reasonable reliance on the Examining Attorney’s instructions for an “appropriate or applicable” amendment to the recitation of services; and second, because the circumstances of this case differed from the ordinary fraud case in that an Examiner’s Amendment differed from a verified statement of goods in an Affidavit of Continued Use, or in a Statement of Use.

The Board rejected both of these arguments. It held that Statements of Use, wherever they may appear, are essential to the integrity of the application and registration process in that they define the scope of the rights claimed. Because the USPTO cannot verify the truth of the identification independently of the applicant’s or registrant’s statement, the USPTO must depend upon the accuracy of the information provided. Therefore, when an applicant or registrant provides false information in this critical element of the application or registration, the Board will apply a test of whether the applicant or registrant knew or should have known that the information in question was false. The Board concluded that the applicant knew or should have known that the statements included in the Examiner’s amendment were false because the applicant did not merely adopt passively the Examining Attorney’s proposed amendment to the goods and services, but included additional items not suggested by the Examining Attorney in the preceding Office action. Further, the Board charged the applicant with the responsibility of ensuring that it communicate accurate information to the USPTO or correct any misstated information promptly as invited by an Office action. Accordingly, the Board found that the applicant committed fraud


244. Medinol, 67 U.S.P.Q.2d 1205. Query whether the Board would have reached the same conclusion had its decision issued after the Federal Circuit’s opinion in Bose.
by including services in its recitation that the applicant was not rendering in commerce under the mark, and sustained the opposition on this basis.

From the point of view of a trademark owner, it is difficult to see what purpose is served by the Examining Attorney’s insistence upon a level of detail greater than “transportation of passengers related to recreational activities and tours.” Surely, specifying the mode of such transportation would not make the refusal to register a confusingly similar mark more or less likely whether the transportation is rendered by boat, bus, or non-motorized vehicle (although perhaps a case could be made for domestic animals). In addition to the result in the current case, one can easily envision a registration that includes such unnecessary levels of detail being voided in the future if the methods of transportation by the then-registrant either changed for business reasons or were updated due to technology. It would not appear to advance the purposes for the registration and protection of trademarks by first demanding such specificity from applicants and then subjecting them to such harsh results when they either failed to use or ceased using their marks in connection with such excruciatingly detailed recitations of services.

_G & W Laboratories, Inc. v. GW Pharma Ltd._

Moving beyond what acts by an applicant or registrant constitute fraud on the USPTO, in 2008, the Board also had the opportunity to consider the scope of the effect of a fraudulent statement in a multiple-class application. The applicant filed counterclaim petitions for cancellation against two registrations that were relied upon by the opposer, registrations that included various pharmaceutical preparations in Class 5 and distributorship for distributing such goods in Class 35. The applicant/counterclaim petitioner alleged that the opposer/counterclaimant had not rendered the services on behalf of others and therefore had not used the mark in commerce for the services. During the proceeding and after the counterclaims were asserted, the opposer/counterclaim defendant filed required maintenance affidavits for each of the registrations subject to the counterclaims, deleting the Class 35 services from the registrations. The opposer/counterclaim defendant then moved to dismiss the counterclaims against Class 35 as moot, and therefore also to dismiss the counterclaims against Class 5 products for failure to state a claim.

The Board denied the opposer/counterclaim petitioner’s motion to dismiss the counterclaims with respect to the Class 35 services, 245. _G & W Labs., Inc. v. GW Pharma Ltd._, 89 U.S.P.Q.2d 1571 (T.T.A.B. 2009).
noting that the fraud claim was not mooted by deleting the services through a Section 8 filing.\textsuperscript{246} However, the Board granted the motion to dismiss the counterclaims as to the Class 5 products. Although fraud as to any goods or services in a single-class application will lead to a finding that the application or registration is void in the class in which fraud has been committed,\textsuperscript{247} no prior case has given the Board occasion to consider whether fraud in less than all classes of a multiple-class application should result in cancellation of the entire registration. The Board held that it should not, reasoning that a multiple-class application should be viewed as a series of single-class applications combined into one application, and that commission of fraud in connection with one class should leave the filer of a multiple-class application in the same position it would have occupied had it filed several single-class applications instead.\textsuperscript{248} The Board noted that a holding to the contrary would provide an incentive against the filing of multiple-class applications, and there would no justification to treat applications of registration differently based on whether the applicant combined them or filed them separately. Accordingly, the Board granted the motion to dismiss the counterclaims as to Class 5, and entered judgment against the opposer/counterclaim defendant cancelling the registrations as to the services in Class 35.

\textit{Bass Pro Trademarks, LLC v. Sportsman’s Warehouse, Inc.}

In another case involving the interplay of nonuse of a mark and fraud before the USPTO, the Board had the opportunity to consider when a registrant must delete services no longer being rendered under a mark in order to avoid a charge of fraud.\textsuperscript{249} The petitioner sought to cancel the respondent’s registration, contending that the respondent committed fraud by failing to delete wholesale store services from the recitation of services. The Board found credible the testimony of the respondent’s witnesses establishing that the respondent rendered wholesale store services prior to the filing and issuance of its registration, and that such services were sufficient to support their inclusion in the application. Although the respondent could have filed an

\begin{footnotes}
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amendment to its registration to delete these services as soon as it stopped using the mark in connection with them, the Board found that it was reasonable for the respondent to do so when it filed a Declaration of Use under Section 8 of the U.S. Trademark (Lanham) Act. As a result, the Board declined to infer fraud in this instance and dismissed the petition for cancellation.

Comparing the Board’s holding in Bass Pro with its holding in G & W, the reason for the Board’s different treatment of the maintenance affidavits filed in each case is evident. In Bass Pro, the statements alleged to be the source of fraud were originally true when made, while the statements in G & W were false ab initio. The false statements in G & W could not be cured by deleting them after registration, while it was reasonable to allow a registrant to correct at the time of maintenance true statements that later became false.

Hiraga v. Arena

An allegation that an applicant committed fraud in securing its registration by providing a false date of first use will not be sufficient grounds to cancel the resulting registration because the first use date is immaterial to the USPTO’s decision to approve a mark for publication. A petitioner who sought to cancel a registration for GARDEN ORGANICS based on fraud fell short of the mark for this reason. Specifically, the petitioner argued that rather than making use of its mark in commerce at least as early as the November 1, 2003 date of first use claimed in the registrant’s application, the respondent actually made use of its mark in commerce, at the earliest, sometime in December 2003. However, the petitioner acknowledged that the respondent used its mark in commerce at least as early as December 2003, well prior to the application’s filing date of April 14, 2005. Given the petitioner’s acknowledgement and the evidence of record, the Board concluded that the respondent did not commit fraud in procuring his registration, and denied the petition to cancel with prejudice.

Zanella Ltd. v. Nordstrom, Inc.

The Board denied summary judgment to an applicant on its counterclaim for cancellation of an opposer’s four registrations on


252. See the separate treatment on this issue below at Part III.C.18.i.
the grounds that the opposer/registrant had committed fraud by including in its four use-based applications goods on which the opposer had never used its respective marks. Before the opposer filed its opposition, it had filed maintenance declarations deleting all of the goods on which each mark was not used. The Board determined that by taking timely, proactive, corrective actions with respect to its registration, the opposer raised a genuine issue of material fact regarding whether it had the intent to commit fraud. The Board found the applicant’s evidence in support of summary judgment to be insufficient to rebut the presumption of no intent. Therefore, the Board concluded that a genuine issue of material fact remained as to the opposer’s intent to commit fraud, and it denied summary judgment.

The Board’s holding goes beyond that in University Games, extending the scope of the rebuttable presumption created when an applicant or registrant deletes goods before issue is joined. In University Games, there was also a genuine issue of material fact as to whether the goods asserted to have been fraudulently included in the applicant’s application were actually being sold under the mark in commerce. In the present case, it was apparently unquestioned that the opposer/registrant had never used its marks on the goods in question, and maintained the registrations with these goods until it filed maintenance declarations, thereby receiving a wider scope of protection for its marks than it might otherwise have received. While this pre-

Bose decision may need to be revisited in view of the shift in standard that Bose has brought, the decision would appear to permit any registrant that has fraudulently maintained a registration listing goods on which the mark has not been used to avoid a future fraud problem by moving proactively to delete the unsold goods prior to any contested proceedings.

a. Fraudulent Misuse of Registration Symbol

Brown Shoe Co. v. Robbins

As a separate ground for opposition in a likelihood of confusion case, the Board found that the opposer had failed to commit fraudulent misuse of the registration symbol because the applicant believed her use to be proper inasmuch as her mark was registered

in Mexico.\textsuperscript{258} By Notice of Reliance, the opposer submitted the applicant’s admission that she knew her mark was not registered in the U.S. when she misused the registration symbol together with her mark, as well as interrogatory answers that explained that the applicant understood that she could use the registration symbol when the mark was registered and believed that use of the symbol was proper because the mark was registered in Mexico. The opposer contended that because the applicant took no testimony and made no evidence of record, she was precluded from claiming that she owned a Mexican registration.

The Board rejected this argument, determining that because the opposer placed these responses into the record under Notice of Reliance and relied on them in support of its case, the applicant could do the same. The Board found that the opposer failed to prove its claim of fraudulent misuse in that a mistaken belief that a foreign registration entitled use of the registration symbol did not rise to the level of fraud.\textsuperscript{259} Furthermore, the applicant ceased using the registration symbol upon learning that it possibly constituted misuse when the opposer added its fraud count to the Notice of Opposition. As a result, the Board dismissed the opposition as to the claim of fraudulent misuse, although its sustained the opposition on grounds of likelihood of confusion.

\textbf{b. Amendment of Filing Basis from Supplemental to Principal Register—Can This Be Fraud?}

\textit{Kraft Group LLC. v. William A. Harpole}

The New England Patriots football team’s loss in Super Bowl XL ensured that, as of this writing, the only team in the National Football League ever to have an undefeated season would be the 1972 Miami Dolphins. But in an act of unbridled optimism, two parties filed applications to commemorate what they anticipated would be an even greater feat by the Patriots in 2008. One of those entities was Kraft Group LLC, owner of the Patriots, which filed an application to register 19-0 \textit{THE PERFECT SEASON} on January 17, 2008 to identify a wide range of goods and services in Classes 9, 16, 25, 28 and 41. The other is the applicant, William A. Harpole, who sought to register the identical mark for various clothing items in his application filed on November 26, 2007. What follows is the \textit{Iliad} of these two combatants.\textsuperscript{260}

\textsuperscript{258} Id.


Although the filing date of Harpole’s application predated Kraft’s, Harpole’s application had what Kraft thought to be an Achilles heel. Kraft sought summary judgment that Harpole’s application was void *ab initio* because the application sought registration on the Supplemental Register, but failed to meet the filing basis requirements in that the application contained no allegation that the mark was in use in commerce. In the alternative, Kraft asserted that the application should be assigned an effective filing date of April 22, 2008, the date on which Harpole amended his application from the Supplemental Register to intent-to-use on the Principal Register, instead of Harpole’s original filing date of November 26, 2007. Because this effective filing date of April 2008 was after Kraft’s filing date of January 17, 2008, Kraft asserted that it was entitled to judgment.

The Board rejected both of Kraft’s arguments. The Board found that Kraft conflated the requirements for receiving a filing date with the requirements for having a valid filing basis. Although Harpole’s application did not meet all the requirements for a filing basis on the Supplemental Register, it was properly entitled to receive a filing date because it included the applicant’s name, a correspondence name and address, a listing of goods and a filing fee for at least one class of goods. Where a filing basis is incomplete, the proper procedure is for the Examining Attorney to require that the applicant comply with the relevant requirements for the chosen filing basis, and to provide the applicant with an opportunity to do so, without forfeiting the original filing date. Because the applicant met the filing date requirements and properly used his opportunity to complete his filing basis, the application was not void.

The Board also found that there was no authority for it to give Harpole’s application an effective filing date instead of its original filing date. While an effective filing date is assigned to an application filed on an intent-to-use basis on the Principal Register and then is subsequently amended to seek registration on the Supplemental Register, the converse is not true where an application is filed seeking registration on the Supplemental Register and then is subsequently amended to the Principal Register. In this case, a continuing valid filing basis is presumed unless there is contradictory evidence in the record, and the

262. Trademark Rule 2.47.
263. See Trademark Rule 2.21.
264. See Trademark Rules 2.32, 2.34(a) and 2.47(a)(e).
265. Under Trademark Rule 2.75(b), the effective filing date of such an application will be the date the applicant files an Allegation of Use.
application retains its original filing date. Under the circumstances, the Board would presume that the applicant had a continuing valid filing basis since the date of the application and would not change its actual filing date. Accordingly, the Board denied Kraft’s motion for judgment on the pleadings that the applicant’s mark was void \textit{ab initio} or should have been accorded a later effective filing date.

Turning to Harpole’s cross motion for judgment on the pleadings, the Board found that Harpole’s filing date of November 8, 2007, preceded Kraft’s priority date of January 17, 2008, the filing date of Kraft’s pleaded application. Because both applications were based on intent to use and neither party alleged any prior use, the Board found that Harpole had priority in the mark and that Kraft could not prevail in this proceeding. As a result, it was not necessary for the Board to address the question of likelihood of confusion concerning the two identical marks. Because the opposer’s priority claim had to fail as a matter of law, the Board granted the applicant’s cross motion for judgment on the pleadings and entered judgment in the applicant’s favor, dismissing the opposition. Given that no professional football team has achieved a 19-0 perfect season, it appears unlikely that either the opposer or applicant would be making actual use of this mark in commerce.

14. Asserting Misrepresentation as to Source Without U.S. Use

\textit{Bayer Consumer Care AG v. Belmora LLC}

Pushing our baseball theme perhaps a little too far, the Board held that the petitioner struck out in its third attempt to allege claims of likelihood of confusion, fraud and protection of a foreign famous mark under Article 6bis of the Paris Convention, but the third time was a charm for the petitioner’s misrepresentation claim. The obstacle that the Board found prevented the petitioner from asserting viable likelihood of confusion and fraud claims was that it could not allege use of its mark in the United States. Its first and second pleadings were rejected for alleging rights based upon advertising and sale of products under the mark, and purchase by consumers of products bearing the


268. When the 1972 Miami Dolphins had their perfect season, the football season was shorter. The Dolphins went 17-0, a record that still stands.

petitioner’s mark in the United States, respectively. The Board found these allegations insufficient because the petitioner failed to plead that it made use of the mark in the United States prior to the respondent’s filing date in its application. Although the petitioner stated that it used its FLANAX mark on particular goods, it never stated that such use was made in the United States. In its third try, the petitioner alleged that its mark “has long been and is being used in the United States on products authorized by petitioner, and that consumers have purchased in the United States goods authorized by petitioner and bearing its mark.” Once again, the Board found these allegations insufficient to support a likelihood of confusion claim because the petitioner failed to plead that the goods it alleged were purchased in the United States were manufactured or distributed in the United States by the petitioner or on its behalf. The Board determined that the allegation that the goods were authorized by the petitioner failed to specify the petitioner’s relationship with the trademarked goods purchased in the United States. The fact that a third party imported and resold into the United States goods bearing the petitioner’s mark was insufficient to constitute use by the petitioner of the mark in the United States, without some allegation that the third party’s importation and resale was licensed or authorized by the petitioner to use the mark on the petitioner’s goods. The Board agreed that this claim was to be dismissed once and for all, and it dismissed the petitioner’s likelihood of confusion claim with prejudice.

The petitioner’s claim of foreign famous trademark rights and fraud received similar treatment. The Board noted that the Paris Convention is not self-executing and therefore Article 6bis of the Paris Convention provides no independent cause of action in Board proceedings.270 Without an allegation of use of its mark in the United States, Section 44 of the U.S. Trademark (Lanham) Act271 does not provide an independent basis for cancellation to the owner of an assertedly famous trademark.272 The petitioner’s failure to plead use in the United States was also fatal to its fraud claim, because the petitioner did not allege sufficiently that it had legal rights superior to those of the respondent.273 The Board dismissed the fraud claim with prejudice as well.

On its misrepresentation claim, the petitioner finally had a hit. To be viable, a misrepresentation of source claim must be

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supported by allegations that the respondent blatantly misused the mark in a manner calculated to trade upon the petitioner's good will and reputation.\textsuperscript{274} In this case, the petitioner alleged that the respondent copied its mark, including its display and all elements of its packaging. This extended to using an identical blue color, an identical font, and making the FLA portion of the mark bolder than the NAX portion. The Board found in this pleading that the respondent's packaging colorably imitated and appropriated the petitioner's, sufficient to support a claim of misrepresentation of source under Section 14(3) of the U.S. Trademark (Lanham) Act. The Board was untroubled by the respondent's assertion that the petitioner had no standing because the petitioner failed to allege use of its mark in the United States. It was sufficient that the petitioner alleged that it was damaged by the respondent's use of copied packaging to misrepresent the source of the respondent's goods. Noting that existing law does not address whether the petitioner's failure to use its mark in the United States could prevent it from maintaining a claim of misrepresentation of source, the Board found that, at a minimum, the petitioner pleaded the claim specifically enough to argue for a good faith extension of existing law. Finally, the Board implied that the petitioner could base its standing on the allegation that the respondent was (mis)using its mark in the United States, even if the petitioner was not using its mark in the United States. The Board denied the respondent's motion to dismiss the petitioner's misrepresentation claim and allowed it to proceed to trial.

While the Board's suggestion about the viability of the petitioner's misrepresentation claim in the absence of use in the United States is \textit{dicta}, this is a case that merits watching. One could envision that the Person's department store could have made such a claim to overcome its company's lack of use in the United States, such nonuse having barred it from relief in \textit{Persons Co. v. Christman}.\textsuperscript{275}

\textbf{15. Morehouse Defense}

\textit{Land O'Lakes, Inc. v. Hugunin}

Under the \textit{Morehouse} doctrine,\textsuperscript{276} an opposer cannot be damaged by issuance to the applicant of a second registration when the applicant already owns an existing, unchallenged registration of the same mark for the same goods. However, an

\textsuperscript{275} 900 F.2d 1565 (Fed. Cir. 1990).
expired registration may not form the basis of a valid *Morehouse* defense because no previous injurious registration exists, the injury being expunged on expiration of the registration.\(^{277}\) In this case, the applicant sought judgment as a matter of law that an opposition proceeding was barred under a *Morehouse* defense, based on a prior registration it owned.\(^{278}\) Specifically, the applicant claimed ownership of registration no. 2,355,268 for the mark LAND O' LAKES for “fishing tackle.” The registration issued on June 6, 2000, and expired by operation of law on June 7, 2006, when the applicant failed to file its maintenance Declaration under Section 8 of the U.S. Trademark (Lanham) Act.\(^{279}\) The applicant filed his new application on January 2, 2007, and the USPTO did not cancel the applicant’s prior registration until March 10, 2007. Based on this chronology, the applicant argued that he was entitled to assert a *Morehouse* defense because the USPTO did not cancel his registration until after he filed his application for the same mark and goods. The Board rejected this argument, holding that the date the applicant’s registration expired depended not on the date the USPTO entered the cancellation into the USPTO database, but rather on the date the registration expired by operation of law. Because the latter date was prior to the filing of the applicant’s new application, the applicant was not entitled to assert a *Morehouse* defense.

16. Laches

*Land O’ Lakes, Inc. v. Hugunin*

Asserting the same prior, expired registration, the applicant Mr. Hugunin also moved for judgment on the pleadings on the basis that the opposer failed to object to the applicant’s earlier registration, and therefore, a defense of laches was applicable.\(^{280}\) While a laches defense is applicable even if the prior registration to which the opposer did not object has expired, the period of delay from which laches is measured begins on the issue date of the prior registration and ends with its expiration. This is because an expired registration no longer serves as constructive notice of the registrant’s claim of ownership.\(^{281}\) In this case, the Board determined that genuine issues of material fact existed as to

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whether the applicant could rely on the opposer’s asserted inaction regarding the prior registration, because the applicant was not the owner of record thereof, the registration being in the name “Land O Lakes Tackle Company,” and not of Mr. Hugunin. Further, the Board found that genuine issues of material fact existed as to whether the applicant suffered material prejudice as a result of the opposer’s action or inaction. Under the circumstances, the Board concluded that the applicant did not show that he was entitled to judgment on the pleadings, and it denied the applicant’s motion.

Pro-Football, Inc. v. Harjo

On remand from the Court of Appeals for the D.C. Circuit, the U.S. District Court for the District of Columbia dismissed an action filed by several Native Americans seeking cancellation of several of Pro Football Inc.’s REDSKINS marks, holding that the action was barred by laches. Laches “requires proof of (1) lack of diligence by the party against whom the defense is asserted, and (2) prejudice to the party asserting the defense.” Prejudice to the party asserting laches may arise either from trial prejudice or economic prejudice. The party asserting the defense of laches bears the burden of proving it.

The district court determined that a wait of seven years and nine months by the youngest petitioner, Mateo Romero, was too long to permit his claim. The court found that Mr. Romero had both actual and constructive notice of Pro Football’s registrations, and that he asserted no reasonable excuse for his delay. As a result, Pro Football established a lack of diligence on Mr. Romero’s part with respect to pursuing cancellation. The court established that as a result of the delay, Pro Football suffered trial prejudice from the death of its president, which deprived it of potentially important testimony, and by increasing the delay between the time Pro Football could take opinion surveys and the time period for which they were relevant (namely, when the marks were registered). The court found that Pro Football also suffered trial prejudice because the delay resulted in Pro Football’s having lost

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282. The applicant’s motion was accompanied by evidence outside the pleadings, allowing the Board to treat it as a motion for summary judgment under Fed. R. Civ. P. 56. However, the Board noted that it would have reached the same result under either interpretation.


285. Id.

documents containing financial records and lists of sponsors, all of which were relevant to the laches defense.

The court established that Pro Football also suffered economic prejudice as a result of the delay from its investment in and development of the marks and its continued commercial use and promotion of the marks during the period. Determining that Mr. Romero delayed unreasonably in bringing his Cancellation Petition and that his eight-year delay demonstrated a lack of diligence, the court found that there was both trial prejudice and economic prejudice to Pro Football, and that it would be inequitable to allow petitioner Romero’s claim to proceed. As reported above, the Court of Appeals for the District of Columbia Circuit affirmed the decision on appeal.

17. Pleading

*IdeasOne, Inc. v. The Nationwide Better Health, Inc.*

An applicant whose application is refused registration based upon likelihood of confusion with a prior registration may, as one of the arrows in its quiver, utilize the strategy of seeking partial cancellation of the cited registration to clarify or limit the registration to goods or services that would not cause a likelihood of confusion. However, the Board should not entertain such a cancellation petition when the goods or services sought to be excised from the registration were not within its scope in the first place. In this case, the petitioner had filed applications for the mark WELLCORPS INTERNATIONAL, with and without a design, for dietary supplements. Registration of both applications was refused based upon a prior registration for WELLCORP for consulting services in the field of health. In response, the applicant filed a petition for partial cancellation of the WELLCORP registration, asserting that the respondent never used its registered mark in connection with dietary supplements sold to the general public, and that restricting the respondent’s registration to “consulting services in the field of health offered to employers, not including the provision of dietary supplements” would obviate any likelihood of confusion. The respondent moved to dismiss the petitions for failure to state a claim.

While the Board established that the petitioner had pleaded facts that would establish the necessary elements for a

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287. See Part III.B.1 *supra*.
cancellation claim, the Board found the proposed restriction to be deficient because it proposed to excise the provision of dietary supplements, which does not constitute a service within the meaning of Section 45 of the U.S. Trademark (Lanham) Act. Such sales are not encompassed in the recitation “consulting services in the field of health,” and therefore, the proposed restriction is ineffective as it seeks to exclude goods from a registration that covers only services. Recognizing that the petitioner made a good faith effort to assert a proper claim, the Board granted it 20 days to amend its pleadings to state a proper claim for cancellation, otherwise, the cancellation petition would be dismissed with prejudice.

18. Procedural Issues

a. Electronic Filing of Oppositions

Vibe Records, Inc. v. Vibe Media Group LLC

The Board declined to institute an opposition proceeding that a potential opposer attempted to file electronically through the Board’s ESTTA system. The applicant’s application was published for opposition on November 14, 2007. The Board granted the potential opposer’s request for an extension of time to oppose the application through March 14, 2008. On March 14th, the potential opposer attempted to file an opposition online using the ESTTA system. Apparently, that effort was unsuccessful, and the opposer instead filed by facsimile a copy of the ESTTA form that it had filled out and submitted online but that was not accepted for filing. The Board instituted proceedings and the applicant moved to dismiss them on the ground that the opposition was untimely. The Board granted the applicant’s motion to dismiss, finding that the opposer’s filing was not completed by the ESTTA submission as the opposer did not make a payment. The Board found that the opposer’s attempt to file a printout of the draft ESTTA submission was also insufficient as the Board’s rules specifically proscribe filing by facsimile. Although the Board recognized that the facsimile filing should be given no effect, it is curious that this decision ever saw the light of day because no opposition should have been instituted in the first place given that the form was filed by facsimile.

291. An acronym for “Electronic System for Trademark Trials and Appeals.”
293. See Trademark Rule 2.195 (d)(3).
b. Service of Notice of Opposition

Schott AG v. Scott

Another case that reached a similar result eventually, and that should have done so preliminarily, involved an opposer who filed two Notices of Opposition, each of which failed to include a certificate of service.294 No service of the opposition notices was actually made on the applicant. The applicant moved to dismiss both oppositions, and the Board granted the motions. As of November 1, 2007, the Board’s rules require that an opposer include a certificate of proof of service together with a Notice of Opposition.295 The opposer failed to satisfy both the requirement for service and the requirement to certify the same.296 The Board rebuffed the opposer’s attempt to remedy these deficiencies retroactively by moving to amend its Notices of Opposition to include proof of service and actually to serve the amended notices. Although the opposer argued that it was entitled to amend its Notices of Opposition as a matter of right,297 an opposer cannot cure failure properly to serve the original Notices of Opposition by filing amended Notices. A Notice of Opposition cannot be amended if the original notice was improper. Rather, the original oppositions must be dismissed as a nullity and there are no operative notices of opposition to amend. As it often does in cases dismissing oppositions on procedural grounds, the Board noted that the opposer is free to file petitions to cancel if and when the involved applications actually register.298

c. Initial Disclosures

Kairos Institute of Sound Healing LLC v. Doolittle Gardens LLC

While an opposer may be sanctioned for its failure to serve initial disclosures, no sanctions are available without a motion to compel.299 The Board instituted opposition proceedings on January 16, 2008, making the parties’ initial disclosures due April 25, 2008. The opposer served its initial disclosures on May 30, 2008, which were over a month late. Between those dates, the applicant filed a

motion for sanctions. While the applicant argued that dismissal of the opposition was an appropriate sanction, the opposer asserted that its failure to serve timely disclosures was inadvertent and unintentional, and was therefore cured when the opposer made its disclosures on May 30th. The Board denied the motion, noting that sanctions with respect to initial disclosures may be ordered only where they follow an order of the Board affirming or reiterating the party’s obligation to make those disclosures,\textsuperscript{300} unless the party states affirmatively that its disclosures will not be forthcoming.\textsuperscript{301} Because neither of these conditions was extant, the Board found the applicant’s motion for sanctions to be premature and denied the motion. Nevertheless, the Board warned the opposer that it had to adhere to the provisions of the applicable rules and that its conduct in connection with the initial disclosures could be considered an aggravating factor if a motion for sanctions were to be filed later.

\textit{Influence, Inc. v. Zuker}

In another case involving initial disclosures, the Board ruled that a party can be compelled to supplement its initial disclosures.\textsuperscript{302} In a cancellation proceeding, the petitioner sought to have the Board compel the respondent to serve initial disclosures that had not yet been received. The respondent then served those initial disclosures, and the petitioner, in its reply, complained that they were inadequate. The petitioner complained that the respondent’s initial disclosures included lists of witnesses and documents, but lacked addresses or telephone numbers for the witnesses, and failed to list the subject matter about which each witness had information. Similarly, the petitioner complained that the respondent identified documents properly but did not provide their location or take the alternative action of producing them. Given the deficiencies in the respondent’s initial disclosures, the Board granted the petitioner’s motion, requiring the respondent to supplement her disclosures to provide the subject matter about which each identified witness likely had discoverable information, to provide any known addresses or telephone numbers for the identified witnesses, and to provide the location of all documents identified or, in the alternative, to produce them. Further, the Board required the respondent to have her initial disclosures signed by her or her attorney, and to have the disclosures bear the caption and proceeding number of the case.

\textsuperscript{300} See Trademark Rule 2.120(g)(1).
\textsuperscript{301} See Trademark Rule 2.120(g)(2).
It is only appropriate that our triple-header on initial disclosures involve the Boston Red Sox. In another opposition proceeding,303 the Boston Red Sox conferred with the applicant. The parties agreed to waive their initial disclosure obligations, filing a paper titled “Notice of Waiver of Initial Disclosures.” The Board approved the notice, noting that Trademark Rules 2.120(a)(2) and (a)(3) permit the parties to modify the discovery and trial schedule, including the deadline for making initial disclosures. The prerequisite is that the parties must file and the Board must approve a stipulation or motion to that effect. The Board noted that it strongly preferred that the parties include a description of their alternate plans for discovery, even if such plans merely provided for the use of traditional discovery devices. Such a description need not be extensive, although any limitations on the use of discovery devices should be reported.

d. Supplementation of Discovery Responses

Quality Candy Shoppes/Buddy Squirrel of Wisconsin Inc. v. Grande Foods

Where a party files at trial a Notice of Reliance and submits less than all of its adversary’s discovery responses, the adversary is permitted to supplement those responses by its own Notice of Reliance, if the additional responses are to be considered in fairness so that what was offered by the inquiring party is not misleading.304 A party’s attempt to supplement its own discovery answers, not just for purposes of completeness but to supplement its discovery answers, was rebuffed by the Board.305 In this case, the petitioner sought to cancel the respondent’s registration for KRAZY KORN for “toasted corn product for snack purposes” on the ground of abandonment. During discovery, the respondent answered the petitioner’s discovery requests by admitting that it could not verify continuous and uninterrupted use of the mark on the goods for each of the years 2001-2005, and that it did not sell any toasted corn product for snack purposes in interstate commerce in connection with the mark in each of those years. In response to interrogatories regarding use of its mark, the respondent stated that it had insufficient information to respond to

304. 37 C.F.R. § 2.120(j)(5).
the interrogatories requesting information about periods of non-use. Discovery closed on October 25, 2005, and the respondent served these responses on November 18, 2005. On May 5, 2006, more than a month after the petitioner's testimony period closed and four days before the respondent took the testimony of its own two witnesses, the respondent served “supplemental” discovery responses to clarify the use of its trademark by a distributor. The petitioner filed a motion to strike the “supplemental” exhibits submitted by the respondent pursuant to its Notice of Reliance, contending that they were filed during trial and that the respondent failed to provide substantial justification for failing earlier to supplement its responses. Further, the petitioner asserted that the respondent did not supplement its responses because it discovered new information, but simply because it changed its interpretation of the petitioner’s discovery requests. This rationale was disingenuous in view of the respondent’s maintenance declaration for its registration under Section 8 of the U.S. Trademark (Lanham) Act, in which the respondent stated that it was using the mark in commerce on or in connection with all the goods listed in the existing registration. The respondent contended that it properly supplemented its responses because the petitioner submitted at trial less than all of the respondent’s answers to interrogatories and fewer than all of the respondent’s admissions; therefore, the respondent was entitled to submit additional responses to these discovery requests for purposes of fairness and completeness. Furthermore, the respondent asserted that it was justified in serving supplemental responses because it originally interpreted the petitioner’s interrogatories and admission requests as seeking information only about the respondent and not about its exclusive distributor. That supplementation was needed to provide full disclosure and “not to be misleading in terms of crediting respondent with prior use of the ‘KRAZY KORN’ trademark.”

The Board granted the petitioner’s motion to strike, finding that the respondent was not entitled to rely on Trademark Rule 2.120(j)(5) in this instance. The rule does not pertain to this situation where the respondent submitted entirely new responses that it characterized as supplemental, to discovery requests it had previously answered differently. These new answers were not even provided to the petitioner until after the petitioner’s testimony period closed. The Board found the respondent’s statement that it misunderstood the original discovery requests to be specious in

306. See Fed. R. Civ. P. 37(c) and 26(e)(2).
308. See 37 C.F.R. § 2.120(j)(5).
view of the fact that the respondent was comfortable stating in its maintenance declaration that it used the mark in commerce, and that it stated in an interrogatory answer that popcorn products were manufactured and sold to major grocery and retail outlets under its mark. Each of these statements clearly encompassed use of the mark by the respondent’s distributor, and nothing in the petitioner’s discovery requests suggested that use by a distributor was not part of the inquiry. Particularly in view of the fact that the respondent gave no viable reason for its delayed supplementation of its discovery responses, the Board granted the motion to strike and gave the respondent’s supplemental exhibits no consideration. Further, the Board refused to consider the statements and depositions of the respondent’s witnesses that pertained to facts disclosed only in the stricken exhibits.309

Turning to the substantive issue of abandonment, the Board determined that the petitioner made its prima facie case of abandonment by submitting the respondent’s admission that it did not sell any of the identified goods in interstate commerce in connection with the mark in any of the years from 2000 to 2004. The Board found that this evidence established the petitioner’s prima facie case of abandonment based on three consecutive years of non-use,310 shifting to the respondent the burden of going forward and rebutting the petitioner’s evidence. The Board concluded that the record before it did not contain sufficient evidence for the respondent to meet its burden, and therefore held that the respondent abandoned its mark in the subject registration. Therefore, the Board granted the petition to cancel.

e. Discovery Conference

_Guthy-Renker Corp. v. Boyd_

In the context of a dispute about scheduling a discovery conference, the Board had occasion to clarify the parties’ respective—and mutual—obligations.311 The opposer filed a motion for sanctions for the applicant’s failure to cooperate in scheduling a discovery conference. The applicant cross-moved to dismiss as a sanction for the opposer’s alleged bad faith prosecution, or, in the alternative, for lack of prosecution. The Board denied both motions. The opposer asserted that it had sought to arrange a discovery conference with the applicant’s counsel of record, who failed to respond to two letters and a telephone message. The

309. See TBMP §§ 408.02 and 408.03.
applicant asserted that its counsel was a different attorney, whom
the applicant asserted would be contacting the opposer to arrange
the discovery conference. The opposer pointed out that the
applicant’s new counsel had never entered an appearance in the
proceeding.

The Board first commented that the opposer’s counsel properly
sought to correspond with and contact the applicant’s attorney of
record in attempting to schedule a discovery conference. To the
extent that an applicant changes its representation, it is the dual
responsibility of the applicant and its attorney to enter any such
changes in the record. However, the parties share responsibility to
ensure that a discovery conference takes place by the deadline
assigned by the Board.\textsuperscript{312} Therefore, the protracted squabbling
over the parties’ failure to convene a discovery conference could
have been resolved by requesting the Board’s participation in the
conference,\textsuperscript{313} which might have eliminated the need for motion
practice. To avoid further disputes, the Board ordered the
applicant to file an appointment of its new attorney, and required
the parties to hold the required discovery conference by a date
certain, which date would not be extended absent “extraordinary
meticulously detailed circumstances.”

\textbf{f. Introduction of Evidence at Trial}

\textit{Life Zone Inc. v. Middleman Group, Inc.}

An otherwise routine opposition proceeding based on
likelihood of confusion gave the Board an opportunity to offer a
primer on the introduction of evidence at trial.\textsuperscript{314} First, materials
that may be submitted together with a Notice of Reliance are
limited to adverse depositions, interrogatory answers, adverse
discovery depositions, admissions, printed publications and official
records.\textsuperscript{315} The opposer submitted with its Notice of Reliance a
printout of its own website. Web pages that are not the equivalent
of printed publications are not admissible under a Notice of
Reliance.\textsuperscript{316} While the Board normally would have excluded this
evidence from consideration, the Board instead treated the web
page evidence as having been stipulated because the applicant
stated that it would rely on this evidence in its own Notice of
Reliance. However, the Board pointed out that the web pages

\textsuperscript{312} See Trademark Rules 2.120 (a)(1) and (a)(2), 2.120 (g)(1).

\textsuperscript{313} See Trademark Rule 2.120(a)(2).


\textsuperscript{315} Trademark Rule 2.120(e).

\textsuperscript{316} Paris Glove of Can. Ltd. v. SPC/Sporto Corp., 84 U.S.P.Q.2d 1856 (T.T.A.B. 2007);
would not be considered for the truth of the matters asserted within them.

Similarly, Internet search results are not admissible by Notice of Reliance,\textsuperscript{317} and even if they were considered, they would have little or no probative value.\textsuperscript{318} Absence a stipulation of the parties, testimony must be presented by a testimonial deposition, which allows the adverse party an opportunity to cross-examine the witness.\textsuperscript{319} Testimonial depositions need not and should not be submitted under a Notice of Reliance.\textsuperscript{320} Transcripts of the parties’ radio advertisements and copies of the parties’ newsletters do not qualify on their face as “printed publications,” and therefore are inappropriate for submission under a Notice of Reliance.\textsuperscript{321} The opposer may submit its pleaded registration in evidence if the opposition is accompanied by two copies of the registration prepared and issued by the USPTO showing both the current status and title to the registration.\textsuperscript{322} The Board will now accept a current printout of information from the electronic database records of the USPTO showing the current status and title of the registration.\textsuperscript{323} Trial briefs should not include evidentiary attachments; new evidence submitted during briefing is untimely and will not be considered,\textsuperscript{324} while evidence that was already timely filed during the parties’ trial periods should not be resubmitted.\textsuperscript{325} Citing in the brief directly to the trial record is not only the proper procedure, it saves time and effort for the Board, which would otherwise have to determine whether any attachments to the trial brief are properly part of the record.\textsuperscript{326} Last, the opposer’s effort to present the testimony of its founder over the applicant’s objection that it constituted improper rebuttal was rebuffed and stricken by the Board. Although the opposer argued that the testimony was presented only to respond to and rebut the applicant’s witness and his assertions about the opposer and its business, the Board rejected the argument that this “opened the door” to rebuttal testimony about the opposer’s registrations and common law trademarks, which the Board found

\textsuperscript{317} Paris Glove, 84 U.S.P.Q.2d 1856.
\textsuperscript{318} In re Bayer Aktiengesellschaft, 82 U.S.P.Q.2d 1828 (Fed. Cir. 2007).
\textsuperscript{320} See Trademark Rule 2.123.
\textsuperscript{322} Trademark Rule 2.122(d). This Rule was recently amended as part of Trademark Board proceedings.
\textsuperscript{323} 37 C.F.R. § 2.122(d)(1).
\textsuperscript{324} See TBMP § 704.05(b) and cases cited therein.
\textsuperscript{326} See Trademark Rule 2.123(l).
went well beyond what would have been necessary to correct the applicant’s alleged misstatements. A party plaintiff may not present its case in chief in rebuttal merely because the defendant denies that the plaintiff has made its case during its case in chief.327

Turning to the merits of the case, the Board dismissed the opposition, finding that the opposer failed to establish priority because it failed to submit admissible evidence of its trademark registrations and failed to present evidence proving use or priority of a common law mark. Even the applicant’s witness’s admission that the opposer used its mark for certain goods did not save the opposer, because the applicant never admitted—and the opposer did not prove—when such use had commenced. Because the opposer failed to prove priority, the Board did not address the merits of its claim because the opposer could not otherwise prevail.

g. Excluding Access to Confidential Materials

Life Zone Inc. v. Middleman Group, Inc.

As an interesting side note to the previous case, the Board refused to disturb a ruling by an interlocutory attorney denying the applicant’s counsel access to the opposer’s confidential information because applicant’s counsel had served as an officer of the applicant’s corporation during its incorporation.328 The assigned Interlocutory Attorney had twice adhered to that ruling on reconsideration. Despite the fact that counsel no longer participated in his role as an officer, the Board saw no reason to disturb the ruling at trial.

h. Exclusion of Evidence at Trial

H. D. Lee Co. v. Maidenform Inc.

In another evidentiary ruling, the Board overruled the applicant’s objection to the documents that the opposer introduced during testimony and with its Notice of Reliance;329 the applicant had objected on the ground that the opposer failed to produce the documents in response to the applicant’s discovery requests. While the opposer admitted this was true, it also acknowledged that discovery closed without either party having served responses to outstanding discovery, and without filing a Motion to Compel discovery before the close of the discovery period. By failing to

move to compel discovery before the close of discovery, the applicant waived its right to object to testimony in evidence that would otherwise have been responsive to the discovery requests on the ground that it was not produced during the discovery period. Furthermore, the Board would not hear the applicant’s complaint about the admissibility of the opposer’s testimony in evidence because the applicant itself was guilty of the same omission.

**i. Admissible Evidence—The “Wayback Machine”**

*Hiraga v. Arena*

In the setting of a petition to cancel a registration based on fraud, the Board had occasion to rule on the admissibility of evidence from the “wayback machine,” found at archive.org. To support her allegation that the respondent had not used his mark in commerce by the first use date claimed in his registration, the petitioner submitted printouts from the wayback machine dated on or after the respondent’s claimed use date, showing pages from the respondent’s website that did not depict the products sold under the mark in question. The petitioner submitted these webpage printouts during her testimony period under a Notice of Reliance. In response, the respondent submitted his own screen printouts of his website from the wayback machine, showing use of the mark in question prior to his claimed first use dates. Web pages such as these are not the equivalent of printed publications, and thus are not properly submitted with a Notice of Reliance. However, because both parties used Notices of Reliance to introduce screen printouts from the wayback machine, the Board treated the documents as having been stipulated into the record. The petitioner also argued that the respondent should be precluded from introducing evidence of his website from the wayback machine because the respondent had not disclosed it during discovery.

The Board rejected this argument, finding the evidence to be appropriate rebuttal for the respondent. Despite the fact that the respondent stated in a response to the petitioner’s document

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330. The fraud issue is discussed above at Part III.C.13.

331. For those unfamiliar with popular culture of the 1960’s, “wayback machine” takes its name from the WABAC time machine operated by the canine Mr. Peabody and his boy sidekick Sherman in the cartoon “Peabody’s Improbable History,” part of the Rocky and Bullwinkle cartoon series. A full treatment of this issue may be found on wikipedia.org.


requests that he provided all documents that support his claims and assertions in this matter, the Board found that the respondent was not obligated to employ the wayback machine to search for responsive documents. However, once the petitioner resorted to the wayback machine to obtain trial evidence, the respondent was free to do likewise.

**j. Proving Affirmative Defense of Tacking**

**H. D. Lee Co. v. Maidenform Inc.**

On another procedural issue, the Board refused to permit the applicant to plead and prove the affirmative defense of tacking, which the applicant had raised during its testimony deposition over the opposer’s objection. Tacking is a defense that must be pleaded to put an opposer on notice of the defense and to provide an opportunity to respond. Mere denial of an opposer’s priority is insufficient pleading to permit an applicant to prove the elements of tacking, which requires proof not only of earlier use, but of earlier use of a mark that is the legal equivalent of the applicant’s opposed mark, which provides the basis for a claim of priority. Because the opposer in this case objected to the testimony and argument regarding the applicant’s earlier mark, the Board found that the issue of tacking was not tried by implied consent of the parties, and therefore, it sustained the opposer’s objection to testimony in evidence on this issue, and the evidence of the applicant’s priority was limited to the filing date of its intent-to-use application.

**k. Inadvertently Issued Registration**

**Schering-Plough Animal Health Corp. v. Aqua Gen AS**

In a cautionary tale, the Board made sure practitioners are aware of the perils that await them for taking undue advantage of the USPTO’s mistakes. Schering filed notices of opposition against two applications by Aquagen for the mark AQUAGEN. While the proceedings were suspended for settlement discussions, the USPTO inadvertently registered one of the two pending applications. The applicant moved for dismissal of the opposition proceeding involving the inadvertently registered application. The

Board denied the motion. It noted that the opposer timely filed a proper Notice of Opposition against the application, and that opposition had not been dismissed. In such case, a registration is deemed to have been issued inadvertently. The Board noted that the Director cancelled the registration and restored the application to pending status. The proper action would have been to inform the Board by phone or in writing of the inadvertent issuance of the registration without requesting dismissal of the case. Characterizing the motion to dismiss as untenable under the circumstances, the Board found that the applicant’s counsel unnecessarily delayed the proceedings and increased costs to both parties, and it wasted the Board’s resources. Reminding the applicant’s counsel of his obligations under Federal Rule of Civil Procedure 11, the Board characterized the filing as a misunderstanding of its practice and procedure. The Board required the applicant’s counsel and his co-counsel to secure permission from the interlocutory attorney by telephone before filing any further unconsented or unstipulated motions in this matter. The Board sent a clear message by word and deed that it would not tolerate attempts to take advantage of the USPTO’s procedural errors.

19. Motions Practice

a. Motion to Amend Pleadings

_Media Online, Inc. v. El Clasificado, Inc._

In proceedings before the Board, the need to amend pleadings is freely granted at any stage of the proceedings when justice requires, unless entering the proposed amendment would violate settled law or prejudice the rights of an adverse party.

This year, however, the Board found that justice did not require amending the pleadings where the petitioner delayed seven months in filing its motion until after the respondent filed a motion for judgment on the pleadings.

The petitioner sought to cancel the respondent’s registration for EL CLASIFICADO ONLINE based on the petitioner’s common law mark for CLASIFICADOS ONLINE.COM and CLASIFICADOS ONLINE for which the petitioner asserted priority based on first use of November 27, 1999. Six months after


the petition for cancellation was filed, the respondent moved for judgment on the pleadings on the petitioner’s claim for priority. A month later, the petitioner cross-moved to amend its petition for cancellation to add claims of descriptiveness and fraud. The movant’s timing in filing its motion to amend is a major factor in determining whether the nonmovant would be prejudiced if the amendment were allowed.\textsuperscript{342} A motion for leave to amend should be filed as soon as grounds for the amendment become apparent, and a long delay between discovery of the grounds and filing of the motion may render the amendment untimely.\textsuperscript{343}

The Board found that the petitioner’s amended claims were based on facts that were within the petitioner’s knowledge as of the time it filed the petition to cancel. To support its descriptiveness and fraud claims, the petitioner consulted dictionary definitions and accessed the respondent’s website, actions that the Board established the petitioner could easily have been undertaken prior to filing the petition to cancel, or immediately thereafter. Instead, the petitioner waited seven months, until a month after the respondent moved for judgment before seeking leave to amend its pleadings, to add the additional claims. The Board found that this constituted undue delay in filing the motion.\textsuperscript{344} The Board also found that the petitioner’s explanation for the delay was insufficient justification. The petitioner’s explanation that it was engaged in settlement negotiations with the respondent was not sufficient grounds to excuse the delay because the parties never filed a stipulation or a consented motion to suspend proceedings for additional time to pursue settlement talks. It was unreasonable for the petitioner to conclude that it was not responsible for moving the case forward and for preparing all possible claims for trial. The Board found that the petitioner’s further explanation that it was surprised by the respondent’s motion for judgment on the pleadings was also insufficient to excuse the delay. Priority was placed at issue by the petitioner’s pleading of a likelihood of confusion claim under Section 2(d) of the U.S. Trademark (Lanham) Act,\textsuperscript{345} and a claim the petitioner must prove is also the foreseeable basis for a defense. The respondent’s ability to move for judgment on the pleadings should also have been foreseeable, because (as discussed further below) the respondent had the ability to rely on its filing date for priority, and that date was apparent from the face of the respondent’s registration. Finally, the Board determined that the

\textsuperscript{342} See TBMP § 507.02 and cases cited therein.  
\textsuperscript{345} 15 U.S.C. § 1052(d).
respondent would be prejudiced if leave were granted to amend the pleadings, because the petitioner had access to all the relevant information at or soon after the time it filed the cancellation petition and the petitioners delayed, piecemeal filing of its claims would unfairly prejudice the respondent by increasing the time, effort and money the respondent would expend to defend against the petitioner’s challenge to the respondent’s registration. As a result, the Board found that the petitioner unduly delayed in filing its motion to amend the pleadings to add new claims of descriptiveness and fraud, and it denied the petitioner’s motion to amend.

As a further ground for denying the motion to amend, the Board established that the petitioner’s fraud claim would be futile, because the petitioner failed to plead with sufficient particularity facts that established that the respondent knowingly made false statements, a mandatory element for pleading a fraud claim. Here, the petitioner alleged that the respondent currently had not offered the services identified in its registration, a statement the Board found insufficient because it lacked details regarding what statements the respondent made before the Office, which were purportedly false at the time the application was filed.

b. Motion for Judgment on Pleadings

Media Online, Inc. v. El Clasificado, Inc.

Turning to the respondent’s motion for judgment on the pleadings, the Board found that the petitioner could not prevail as a matter of law on its claim of priority. The petitioner verified its claim of priority based upon its first use in commerce of November 27, 1999, while the respondent’s application at issue in this proceeding was filed on November 24, 1999, a date on which the respondent could rely as its constructive date of first use. As a result, the respondent had priority based upon its constructive date of first use, namely the filing date of its application. The Board rejected the petitioner’s argument that the respondent was precluded from moving for judgment on the pleadings for failing to assert priority of use as an affirmative defense. As previously noted, priority is a required element of the petitioner’s claim of likelihood of confusion, and the date the respondent relied on for priority should have been readily apparent to the petitioner from


the very commencement of the proceeding. Because the petitioner lacked priority as a matter of law, the Board found that it could not prevail. As a result, the Board granted the respondent’s motion for judgment on the pleadings, entering judgment in favor of the respondent and denying the petition for cancellation.

c. Motion to Strike Evidentiary Exhibits

Giersch v. Scripps Networks, Inc.

In the course of a cancellation proceeding reported elsewhere in this review, the Board granted a motion to strike approximately 460 pages of documents that were not properly introduced in a testimony deposition and in two discovery depositions stipulated into evidence by the parties. Although the deponents did refer to the subject documents during their depositions, the documents were not physically present during the depositions and therefore were not specifically identified and authenticated. Although the petitioner produced those documents in response to the respondent’s document production requests, this did not automatically make them of record. As a result, the motion was granted and the Board struck from the record the contested exhibits.

d. Conversion of Motion to Dismiss for Failure to State a Claim/Motion for Judgment on Pleadings to Motion for Summary Judgment

Compagnie Gervais Danone v. Precision Formulation, LLC

Ordinarily when a party files a motion to dismiss in a Board proceeding and submits evidence outside of the pleadings, the Board will convert that motion to a motion for summary judgment under Federal Rule of Civil Procedure 56. In opposition proceedings that two parties filed against each other, the Board had occasion to clarify how the Board’s new rules modified this procedure. Precision sought to register FRUITOLOGY for various cosmetic products, nutritional goods and medicated skin creams and beverages. Danone opposed and moved for summary

349. See Part I.B. supra.
351. See 37 C.F.R. § 2.122(e), 2.123(b).
352. See Fed. R. Civ. P. 12(b); Advanced Cardiovascular Sys. v. SciMed Light Sys., 988 F.2d 1157 (Fed. Cir. 1993); TBMP § 503.04.
judgment on its claim of priority and likelihood of confusion regarding the beverages and nutritional goods. In the cross-proceeding, Precision opposed Danone’s intent-to-use application for FRUITOLOGY filed May 22, 2007, based on Precision’s application filed February 21, 2007. Danone moved to dismiss, alleging that Precision’s opposition failed to state a claim on which relief could be granted. In its motion to dismiss, Danone included facts relating to its underlying application, which it asserted were incorporated by reference in the Notice of Opposition. For the sake of completeness, Danone submitted copies of its application with its reply brief on the motion. Although the Board may normally convert motions to dismiss accompanied by material outside the pleadings into a motion for summary judgment, the Board stated that it would no longer do so in cases like the present one where the motion was filed before the moving party serves its initial disclosures. Under the Board’s new rules effective on or after November 1, 2007, a party may not file a motion for summary judgment until the party has made its initial disclosures.354 Because it would have been premature for Danone to file a motion for summary judgment, the Board would not convert Danone’s motion to dismiss into a summary judgment motion. Instead, the Board excluded from consideration those matters outside the pleadings and it considered the motion to dismiss on the pleadings alone.

Turning to the substance of Danone’s motion, the Board noted that although it is required to treat all well pleaded allegations in the Notice of Opposition as true355 for purposes of a motion to dismiss, the Board may also consider other facts that may contradict those allegations. These include such facts as the filing date of an application, its filing basis, the priority date, publication date, and an applicant’s name in an application that has been opposed. These facts need not be proved because the Board may look to USPTO records to determine whether such facts are well pleaded in a party’s allegations. Here, the Board noted that the USPTO records contradicted Precision’s allegations, specifically that Danone’s application was filed as a Request for Extension of Protection under the Madrid Protocol,356 rather than as an intent-to-use application,357 as pleaded by Precision. This discrepancy was fatal to Precision’s allegation, because Danone was entitled to claim priority from the international registration on which its

354. See Trademark Rule 2.127(e)(1). Exceptions are made for a motion asserting claim or issue preclusion or lack of jurisdiction by the Board.
357. 35 U.S.C. § 1051(b).
extension request was based.\textsuperscript{358} Danone's priority date was therefore December 6, 2006, two months prior to Precision's filing date of February 21, 2007 and first use date of February 2007. Because Precision's alleged priority date did not establish a claim of priority over Danone's priority date, the Board granted Danone's motion to dismiss, contingent upon issuance of a registration to it.

e. Page Limits—Summary Judgment Oppositions and Cross-Motions

Cooper Technologies Co. v. Denier Electric Co.

One of the many amendments to the Board's rules that became effective in November 2007 was to codify the Board's policy concerning page limitations for briefs on motions.\textsuperscript{359} The Board had occasion to clarify how its new rule applies to cross-motions for summary judgment.\textsuperscript{360} In a cancellation proceeding, the respondent moved for summary judgment while the petitioner filed a combined brief opposing the respondent's summary judgment motion and a cross-motion of its own for summary judgment. Under the newly-amended rules codifying the \textit{Saint-Gobain} decision,\textsuperscript{361} neither a brief supporting a summary judgment motion nor a response thereto may exceed 25 pages in length, including the table of contents, table of cases, description of the record, statement of the issues, recitation of the facts, argument and summary.

In this case, the Board held that the page limitation applied to a brief combining an opposition and cross-motion that addressed the same issues. Parties cannot subvert the page limitation by combining two motions where the same issues are addressed. Neither can a party avoid the page limit by filing a separate brief opposing summary judgment and a cross-motion for summary judgment if both briefs address the same issue.\textsuperscript{362} When the original motion and the cross-motion involve different issues, the page limit of one brief would not be counted against the page limit for the other, whether or not the briefs were combined. The fact that neither party objected to the excessive length of its adversary's brief was immaterial to the Board's ruling, as the page

\begin{itemize}
  \item \textsuperscript{358} See 15 U.S.C. § 1141. The applicant is entitled to make such a priority claim when the international registration is filed within six months of the filing date of the application on which the international registration is based.
  \item \textsuperscript{359} See Trademark Rule 2.127(a); codifying \textit{Saint-Gobain Corp. v. 3M}, 66 U.S.P.Q.2d 1220 (T.T.A.B. 2005).
  \item \textsuperscript{361} \textit{Id.}
\end{itemize}
limitations could not be waived by action, inaction, or (as here) consent of the parties. Finding that both parties’ summary judgment motions violated the page limitations, the Board denied both motions for summary judgment, without prejudice.

PART IV. TRADEMARK INFRINGEMENT AND UNFAIR COMPETITION IN THE COURTS OF GENERAL JURISDICTION

A. Acquisition of Trademark Rights

1. What Can Qualify as a Protectable Mark?

The deliberately broad definition of “trademark” contained in Section 45 of the Lanham Act lends itself to claims of protectable rights to nontraditional indicators of origin, including, in the past year, the color combinations used by four universities with prominent football programs. Challenging the defendants’ use of those combinations in connection with sportswear, the plaintiffs were met with the argument that their asserted rights were too broad to merit protection. In affirming entry of summary judgment in the plaintiffs’ favor, the Fifth Circuit noted that “the [plaintiff] Universities do not claim that every instance in which their team colors appear violates their respective trademarks. Instead, “the claimed trademark[s] [are] in the colors on merchandise that combines other identifying indicia referring to the Universities.” Invoking Qualitex Co. v. Jacobson Products Co., the court held that “[b]ecause the [Supreme] Court recognizes that trademarks may include color, we see no reason to exclude color plus other identifying indicia from the realm of protectible marks, provided the remaining requirements for protection are met.”

This broad holding notwithstanding, however, plaintiffs alleging protectable rights in nontraditional indicators of origin are not excused from defining their claimed marks or trade dresses with at least some degree of specificity. One litigant learning this lesson the hard way was a manufacturer of lighting products, which asserted that a group of competitors had infringed the trade

366. Id. at 475.
368. Smack Apparel, 550 F.3d at 476.
dress of an entire line of its goods. The court’s evaluation of the defendants’ motion to dismiss for failure to state a claim began ominously for the plaintiff: “[C]ourts have been reluctant to extend trade dress protection to a product’s design (as opposed to its packaging) and to an entire line of products (as opposed to a single product). Plaintiff’s claimed trade dress [here] involves product design and covers an entire product line.” The court then found that, despite having been afforded numerous opportunities to do so, the plaintiff had failed to provide anything more in its pleadings than “a laundry list of the elements that constitute a lighting fixture’s design, rather than a description of which of [the] plaintiff’s trade dress design elements are distinctive and how they are distinctive.” The plaintiff was no more successful as the case went on; instead, “[w]hen asked repeatedly at oral argument to describe the scope of the claimed trade dress, [the] plaintiff was unable to identify which of the twelve listed design elements are consistent throughout [its] entire product line or how specifically the claimed trade dress incorporates those common elements.” Having concluded that the plaintiff’s deficient claims could not be “rescued by the mere attachment of brochures, photographs and specifications to the Amended Complaint,” the court dismissed those claims with prejudice.

2. The Use in Commerce Requirement

a. The Nature and Quantity of Use Necessary to Establish Protectable Rights

To secure relief against a defendant’s allegedly unlawful conduct, a plaintiff ordinarily must first demonstrate that it has prior rights to its mark through the mark’s use in commerce. The U.S. Trademark (Lanham) Act is replete with sections codifying this requirement. Sections 32 and 43(a) recognize it as a prerequisite for the protection of a mark under a likelihood-of-confusion-based theory. Likewise, Section 43(c) mandates it in

370. Id. at 561.
371. Id. at 562 (footnotes omitted).
372. Id. (footnote omitted).
373. Id. at 562-63.
an action to protect the fame and distinctiveness of the underlying
mark from likely dilution.376

Consistent with volumes of prior authority to similar effect, one
court held as a matter of law that the first party to originate a
mark will not enjoy priority of rights as to another party that
actually uses the same or a confusingly similar mark in commerce
or applies to register it on an intent-to-use basis.377 The plaintiff in
the case alleged that it had trade-secret rights to a proposed
television network that would operate under the BIG TEN
NETWORKS mark. When, after entertaining but rejecting the
plaintiff’s proposal, the Big Ten Conference applied to register the
BIG TEN NETWORK mark for its own network, the plaintiff sued
for damages under Section 38 of the Act.378 Granting the
defendant’s motion to dismiss for failure to state a claim, the court
held that the plaintiff’s promotional activities did not establish
prior trademark rights that rendered false the plaintiff’s sworn
averm ent that it was unaware of any other parties with the right
to use the same or a confusingly similar mark: “[A] mark is not
‘used’ when it is presented to a potential customer as part of a
business plan; it must be employed in commerce such that it
distinguishes the goods or services of a seller from another in the
marketplace.”379

Another court was similarly skeptical of claims of use-based
priority by a set of related companies operating under names that
included the word “Rearden.”380 As summarized by the court, the
plaintiffs’ showing of their alleged prior use consisted of the
following:

Plaintiffs first established use of the name “Rearden” in
1999 after incorporating Rearden Steel, Inc. Since 1999,
plaintiffs have used “Rearden” in connection with certain
commercial transactions, including: (1) plaintiffs’ securing of
$67 million in funding for Rearden Steel Technologies in 2001;
(2) plaintiffs’ payment for incubation services provided to [a
third party] in 2004; and (3) plaintiffs’ receipt of $12.5 million
in revenue for the sale of a minority interest in an incubated
start-up in 2007. The name “Rearden” has also been ascribed
to plaintiffs in numerous news articles.381

At the same time, however, “[n]otably absent from the record is
any evidence that [the plaintiffs have] marketed any products or

381. Id. at 1017 (record citations omitted).
services to consumers using the Rearden name”; rather, “the [plaintiffs] have served only to incubate [the] . . . ideas [of their principal] and that no one actually pays [the plaintiffs] to have their ideas incubated.” 382 The court noted that that “if the [plaintiffs’] entities merely use the [Rearden] name amongst themselves but do not market any good or service under the name, the fact that they have consistently used the name does not necessarily mean that it has been used in commerce.” 383 Nevertheless, it also “assume[d] without deciding” for purposes of the defendant’s motion for summary judgment that the plaintiffs had raised “a triable issue of fact as to whether their use of the Rearden name and mark constitutes public use.” 384

In a less conventional case, but one applying similarly well-established principles of law, the Dallas Cowboys successfully established protectable rights to the AMERICA’S TEAM mark by relying in part on evidence of the public’s association of the mark with the team. 385 In granting the team’s motion for summary judgment as to the parties’ relative priority of rights, the court noted that “[a]lthough ‘America’s Team’ is only a nickname for the Dallas Cowboys, such informal references can connote a strong association with a particular team.” 386 In particular, “courts have recognized that ‘abbreviations and nicknames of trademarks or names used only by the public give rise to protectable rights in the owners of the trade name or mark which the public modified.’” 387 Although the team’s evidentiary showing on this point was not described in great detail by the court’s opinion, it apparently made the grade; in any case, the team apparently also had actual use of the mark in connection with a movie title, souvenir coins, and a calendar prior to the defendant’s claimed priority date. 388

b. Use-Based Geographic Rights

In disputes in which no federal registration is implicated, a geographic separation between the parties can result in each acquiring rights in its respective zone of reputation. The situation is different, however, if a junior party seeks to preserve a federal registration against an attack by a prior user, even if that prior

382. Id.
383. Id. at 1018.
384. Id.
386. Id. at 633.
387. Id. (quoting Nat’l Cable Television Ass’n v. Am. Cinema Editors, Inc., 937 F.2d 1572, 1577 (Fed. Cir. 1991)).
388. See id. at 633-64.
user’s operations are local in nature. In one case demonstrating this principle, a restaurateur and federal registrant based in Midtown Manhattan failed to convince a jury that it enjoyed rights superior to those of the defendants, who used a closely similar mark for pizzerias in East Harlem. Responding to the defendants’ post-trial motion for an order cancelling the plaintiff’s registrations under Section 2(d), the registrant invoked the distance between the parties’ places of business, only to have the court point out that “[g]eographical separation of the parties is not relevant in an opposition” under Section 2(d). Of equal importance, “[t]o claim that two restaurants, each located in Manhattan, merely at different ends of Central Park, are in different markets is utterly nonsensical and not supported by the law.”

Another geographic rights dispute provided a reminder that, although the rights of an unregistered user are generally limited to the area in which it operates, that area can be wide indeed. Following a jury finding of liability, the court was tasked with determining the appropriate scope of injunctive relief. Reviewing use of the plaintiffs’ mark by a licensee (and predecessor in interest), it observed that:

Based on the evidence presented, the Court finds that although [the licensee’s] sales were limited in actual value in some states, [the licensee] has sold its products under the . . . mark in all fifty states, with substantial sales in geographically diverse areas across the country. Having considered all of the evidence, the Court concludes that [the lead plaintiff’s] common law rights extend nationwide by virtue of sales of products in all fifty states, placement of products for sale in catalogs distributed nationally, nationwide advertising and promotion of the products, including extensive use of the . . . mark on the Internet, nationwide media coverage, and Internet sales of products using the . . . mark through third party retailer sites. Therefore, [the lead plaintiff] does possess nationwide common law rights in the . . . mark.

392. Id.
394. Id. at 598-99.
3. Distinctiveness

a. Effect of Federal Registrations on the Distinctiveness Inquiry

The evidentiary value of federal registrations on the Principal Register (or the absence of them) in the distinctiveness inquiry continued to produce judicial confusion and disagreement. On one level, it is apparent that a plaintiff lacking a federal registration bears the burden of proving the distinctiveness of its claimed mark.\(^{395}\) What is less apparent, however, is the proper allocation of the burdens of proof and production when a registration comes into play, especially if that registration is less than five years old or otherwise is not become incontestable because the registrant has not filed a Section 15 declaration.\(^{396}\)

On one side of the debate, district courts from the Second and Ninth Circuits held that such a registration affirmatively shifts the burden of proof on mark validity from the plaintiff to the defendant; the defendant therefore must establish by a preponderance of the evidence that the registered mark is not valid.\(^{397}\) In contrast, the Fourth Circuit confirmed its rule that such a registration shifts only the burden of production to the defendant.\(^{398}\) In doing so, the court noted that:

[W]hatever support [the registrant] might be able to claim from the registrations is in this case undermined by the fact that the PTO only grudgingly issued the registrations after intervention by North Carolina’s congressional delegation. . . . Before then, the PTO examiners rejected [the registrant’s] application five times. . . .\(^{399}\)

The picture was considerably clearer where incontestable registrations were concerned. For example, one Second Circuit district court relied on case law from its reviewing court to hold that incontestably registered marks such as the one before it were “presumed to be distinctive and should be afforded the utmost


\(^{399}\) Id. at 342.
b. Distinctiveness of Word Marks

(1) Generic Terms and Designations

Perhaps the most notable finding of genericness over the past year came on a defense motion to dismiss for failure to state a claim. The claimed mark in question was “closed loop marketing,” used in connection with marketing services. The USPTO’s rejection of three applications to register the phrase, which the court concluded “may serve as a persuasive authority,” played at least some role in the outcome. Of greater probative value, however, was the defendant’s submission of “judicially noticed exhibits identify[ing] at least six non-party companies that have actually answered the question ‘could you refer me to a closed loop marketing company?’ by pointing to themselves, with websites advertising that they offer closed loop marketing services.”

Rather than responding to this evidence on the merits, the plaintiff made the fatal mistake of relying instead on the alleged secondary meaning it had cultivated, a consideration that the court quite properly rejected on the ground that “[o]nce it has been established that a name is generic, that name is ineligible for protection regardless of any evidence of a secondary meaning.”

The court in a different case was decidedly unsympathetic to the plaintiff’s claim of protectable rights to the phrase “Las Vegas market.” Without discussion of the plaintiff’s ownership of a federal registration covering those words and despite the defendant’s failure to contest the issue, the court concluded that the words “are generic and purely descriptive in the most basic sense, and not subject to trademark or service mark protection.


403. See id. at 1217.

404. Id. at 1219.

405. Id. at 1220.

Neither party can preclude the other, or anyone else for that matter, from using these words or this phrase.407 The plaintiff’s motion for a preliminary injunction therefore was denied on the ground that “[t]o permit a single party to claim ownership [of] such a phrase would be against the public interest and deny others their legitimate right to describe their business or activities.”408

Finally, one Third Circuit opinion was noteworthy for its treatment of a genericness claim, even if it did not actually resolve the issue of the distinctiveness of the claimed mark before it.409 That court which vacated a district court’s finding of genericness as a matter of law, holding that “[i]f the term refers to the product (i.e., the genus), the term is generic. If, on the other hand, it refers to one source or producer of that product, the term is not generic (i.e., it is descriptive, suggestive, or arbitrary or fanciful.)”410 The claimed mark was COCOA BUTTER FORMULA for skin care products containing cocoa butter, which led the district court to conclude of the “genus” in question that “cocoa butter formula is the relevant product class.”411 Not surprisingly, this premise resulted in the entry of summary judgment of mark invalidity; because the premise should have been that “[t]he established product class . . . is ‘Skin Care Products’ or ‘Lotion,’” the district court’s holding in the defendant’s favor was legal error.412

(2) Descriptive Marks

Many cases in which marks were found descriptive were routine and focused on the marks’ role in communicating the nature or quality of the goods and services associated with them. For example, the parties and the Supreme Court of Iowa alike agreed in one case that the COMMUNITY STATE BANK mark used by both parties was descriptive of the banking services provided under it.413 In a different case arising from the banking industry in which the distinctiveness of the plaintiff’s THE GREENWICH BANK & TRUST and GREENWICH BANK & TRUST marks was disputed, the court gave short shrift to the defendant’s claim that the marks were generic rather than descriptive.414 The INTERFOOD mark was similarly found to be

407. Id. at 1189.
408. Id.
409. See E.T. Browne Drug Co. v. Cococare Prods., Inc., 538 F.3d 185 (3d Cir. 2008).
410. Id. at 192.
411. Quoted in id. at 192 n.3.
412. Id. at 194.
descriptive “in that it conveys two characteristics of the international food company it names.”415 Another court concluded that the WOUNDED WARRIOR PROJECT mark was descriptive of services rendered to injured members of the armed forces on the ground that “[t]he charitable mission of the [the mark’s owner] is readily apparent in the name: helping wounded warriors. Imagination, thought, and perception are not required to reach that conclusion.”416 Finally, HEALTHSOURCE CHIROPRACTIC failed to make the grade as a claimed suggestive mark for chiropractic services, falling into the descriptiveness category instead.417

In a less routine determination of descriptiveness over the past year, the Fourth Circuit held that, just as a mark can become generic as a result of the mismanagement of its owner, so too can it become geographically descriptive for the same reason.418 The mark in question was OBX, used and registered by the plaintiff for a variety of goods. Although claiming protectable rights to the mark, the plaintiff had done little to cultivate brand recognition for it; instead, as its principal testified, his intent when developing the mark had been to associate it with a geographic location, namely, North Carolina’s Outer Banks. As the court noted, “the letters OBX had the potential of becoming a valid and enforceable trademark to identify an OBX brand and [the plaintiff] as the source of the product.”419 Because “OBX did, as intended, become a commonly accepted abbreviation for ‘Outer Banks,’ and thus became a geographically descriptive abbreviation,”420 and because the plaintiff had failed to adduce any evidence of secondary meaning, the court affirmed the district court’s entry of summary judgment in the defendant’s favor.421

In another, less obvious, finding, one district court concluded on the parties’ cross-motions for summary judgment that the AMERICA’S TEAM mark was descriptive of the entertainment services and related services provided by the Dallas Cowboys football team.422 Reviewing the defendant’s showing that “countless” other professional teams were referred to by the same

419. Id. at 340.
420. Id. at 341.
421. See id. at 341-42.
verbiage in various media, the court observed: “The implication is that, at least with regard to sporting teams, the term ‘America’s Team’ depends on the success of the squad and the national mood.”423 In any case, the court rejected the team’s argument that “because it hints that the goods and services offered under the mark are sports-related, but does not refer to football or to the fact that the Cowboys are located in the Dallas area.”424 Rather, “the suggestiveness of the . . . mark is thin at best, therefore warranting an examination of possible secondary meaning.”425

Of course, in addition to communicating information about the nature and characteristics of their associated goods and services, descriptive marks may be classified as such because they are the surnames of their owners.426 One set of plaintiffs attempting to protect the claimed PHILBRICK’S SPORTS mark for the retail sale of sporting goods learned this lesson the hard way.427 Concluding that the appearance of the word “sports” did nothing to render the mark inherently distinctive, the court was equally unconvinced by census data allegedly demonstrating the rareness of “Philbrick” as a surname. Especially because the plaintiffs used the word in its possessive form, “the rareness of the name alone does not create a genuine issue of fact as to whether the public thinks of ‘Philbrick’s Sports’ as a personal name, because there is no reason—either inherent in the mark or in the form of proof as to actual customer attitudes—to believe the public thinks otherwise.”428 As a consequence, “[t]here is no legitimate dispute that ‘Philbrick’s Sports’ is descriptive, i.e., that it denotes a sporting goods business owned by or affiliated with someone named Philbrick.”429

Two final cases in which the plaintiffs were forced to show acquired distinctiveness came in disputes in which the claimed marks were the titles of literary works.430 Applying Second Circuit law, one of those courts acknowledged that that jurisdiction had a “stringent rule [applicable to] literary titles . . . requiring the

423. Id. at 635.
424. Quoted in id. at 635.
425. Id. at 636.
428. Id. at 368.
429. Id.
trademark proprietor to demonstrate secondary meaning.” 431 Moreover, that rule applied regardless of whether the title was actually suggestive, rather than descriptive, of the work’s contents.432

(3) Suggestive Marks

Findings of mark suggestiveness were the exception, rather than the rule, but they did occur. Perhaps the most unusual such outcome arose from a claim of rights to a series of marks and corporate names consisting in part of the word “Rearden.”433 As the court acknowledged, “Rearden is an actual family name,”434 and such a finding ordinarily would result in a requirement that the plaintiffs show secondary meaning for it. Nevertheless, referring to both the word “Rearden” and the company name of one of the plaintiffs, the court also concluded that “‘Rearden’ and ‘Rearden Steel’ invoke an image of entrepreneurial success to the many businesspeople familiar with Ayn Rand’s *Atlas Shrugged.*”435

Moving on from this doctrinally improbable premise, the court concluded:

For better or worse, *Atlas Shrugged* has sold over six million copies and has been enormously influential among industrialists and entrepreneurs. It takes but small exercise of some imagination, to associate the “Rearden” mark with services that incubate and support new business. Thus, “Rearden” is best categorized as a suggestive mark, which is protected though not triggering the highest degree of trademark protection.436

Using more conventional arguments, another plaintiff successfully fended off an attack on the inherent distinctiveness of its NOW mark for watches.437 According to the defendant, the mark was merely descriptive because the word “now” described the time of day displayed by the timekeepers sold by both parties. This theory was insufficiently compelling to preclude the grant of the plaintiff’s motion for a preliminary injunction; instead, “‘Now’ is not a term of description for either of the parties’ watches, but rather suggests a watch’s function—telling the present time. Some

431. *Syler*, 610 F. Supp. 2d at 265 (quoting Twin Peaks Prods. v. Publ’ns Int’l, 996 F.2d 1366, 1379 n.4 (2d Cir. 1993)).
432. See id.
434. Id. at 1019.
435. Id.
436. Id. at 1019-20 (footnote, internal quotation marks, and citation omitted).
imagination is required for the purchaser to make a link between the word and the product.”⁴³⁸

Other marks were found to be suggestive without extended analysis. They included BUZZOFF for garments made of fine mesh netting,⁴³⁹ MEDICI CLASSICS PRODUCTIONS for a classical music label,⁴⁴⁰ MD FORMULATIONS for a “prestige skincare product line,”⁴⁴¹ MOROCCANOIL for a line of hair care products containing argan oil,⁴⁴² and CUBS SCOUTS, EAGLE SCOUT, BOY SCOUTS OF AMERICA, and SEA SCOUTS for youth development programs.⁴⁴³ They also included a mark whose salient component might well have led to it being classified as either fanciful or coined, namely, SAGEMARK CONSULTING for financial services.⁴⁴⁴

(4) Arbitrary Marks

In one of the few cases in which the classification of arbitrary marks was contested,⁴⁴⁵ the court had little difficulty concluding that the VISA mark was an arbitrary one for credit card and other financial services.⁴⁴⁶ Adopting its analysis from a prior order in the same case, the court’s finding was a straightforward one: “[t]he Visa mark is arbitrary when used in connection with the goods and services provided by [Plaintiff], such as financial and banking services, because the dictionary or common meaning of ‘visa’ does not describe any characteristic of these goods and services.”⁴⁴⁷ Moreover, “[w]hile in some sense the word ‘visa’ could connote the ability to purchase—that is, one typically will have difficulty traveling without money—and thus could be suggestive of Plaintiff’s goods and services, the court still finds the VISA mark is more appropriately labeled as arbitrary.”⁴⁴⁸

⁴³⁸. Id. at 516.
⁴⁴⁵. For a case in which the parties agreed that the plaintiff’s MYSTIQUE mark for women’s shoes was not contested, see Mystique, Inc. v. 138 Int’l, Inc., 601 F. Supp. 2d 1320, 1324 (S.D. Fla. 2009).
⁴⁴⁷. Quoted in id. at 1316 (alterations in original).
⁴⁴⁸. Id. at 1318.
(5) Fanciful or Coined Marks

Fanciful marks were frequently discussed in reported cases, but they made few actual appearances. One that did was a design mark described as a “triangle ‘winged M’” logo, which was used in connection with precision machinery parts. Although deeming the mark both “arbitrary and fanciful,” the court did so with accompanying language suggesting that the latter category was the more appropriate of the two: “It is not an image of an [sic] readily identifiable object, and it is not by its nature representative of [the plaintiff] or its products.”

\[449. \text{See Miyano Mach. USA, Inc. v. MiyanoHitec Mach., Inc., } 576 \text{ F. Supp. 2d 868 (N.D. Ill. 2008).}\]
\[450. \text{Id. at 886.}\]
\[451. \text{505 U.S. 763 (1992).}\]
\[452. \text{514 U.S. 159 (1995).}\]
\[453. \text{529 U.S. 205 (2000).}\]
\[455. \text{See id. at 1079-80.}\]
\[456. \text{See Lance Mfg., LLC v. Voortman Cookies Ltd., } 617 \text{ F. Supp. 2d 424 (W.D.N.C. 2009).}\]

\[457. \text{According to the court, the plaintiffs’ trade dress claims swept in the following elements:}\]

- red horizontal stripes on the upper and lower portions of the package outside the central label;
- two tones of red used as background and accent colors;
- gold trim on banners and other graphic elements;
- white lettering with gold borders;
- a gold-
motion for a preliminary injunction, the court rejected the defendant’s showing that “several” components of the plaintiffs’ packaging were used by other industry participants. As it explained, “that these elements may be commonly used is not dispositive. ‘[T]rade dress is the “total image” of a product, and thus, the relevant inquiry is not whether the individual components of a design are common or not, but rather whether the alleged trade dress as a whole is inherently distinctive.’”\footnote{Id. at 433.}

A different court applied much the same analysis to reach the same conclusion.\footnote{Id. (quoting Ashley Furniture Indus., Inc. v. SanGiacomo N.A. Ltd., 187 F.3d 363, 368 (4th Cir. 1999)) (brackets in original).} The plaintiff’s claimed trade dress was the interior appearance of its two sushi restaurants, which featured such elements as red “accent walls” that contrasted with the rest of the décor, booths with privacy curtains, “industrial ceiling[s],” “tables covered with black table cloths with light colored chairs and brown craft paper placed over the top of each table cloth,” black-clad waiters, waitresses, and chefs,” and—rather ominously—a “[b]rown stain on a bare concrete floor.”\footnote{Id. at 1382.} Although the defendant adduced expert witness testimony that these claimed elements were used by other restaurants, the court declined to accord it significant weight, finding instead that the “total image, design, and appearance [of the plaintiff’s restaurants] create a protectable trade dress.”\footnote{Id. at 1384 (internal quotation marks omitted).} That there were minor differences between the plaintiff’s two stores did not affect this outcome.\footnote{See id.}

Finally, in the most unlikely trade dress case over the past year, the plaintiffs were the operators of a cat circus, and their claimed trade dress consisted of both the costume worn by a clown during his and his felines’ performances and the appearance of posters used to promote those performances.\footnote{See Kuklachev v. Gelfman, 600 F. Supp. 2d 437 (E.D.N.Y. 2009).} The defendants moved to dismiss the plaintiffs’ allegations of distinctiveness, but their exertions went for naught. Although the costume consisted in part of “clothing commonly worn by clowns,” it also included trimming bright red banner across the top edge of the main label, notched around a medallion displaying the brand name; a light-colored background with white and light yellow gradients radiating from behind the logo medallion in a sunbeam effect; and photographs of portions of three cookies arranged against the left, right and bottom sides of the main label. Of particular distinction is a central red ribbonlike scroll with gold trim that displays the product variety, such as “oatmeal” or “oatmeal raisin.”
European-style elements reminiscent of the Romantic Era.\footnote{Id. at 471.} And, with respect to the plaintiffs’ promotional materials, the court found that “[w]hile each of [its] elements is not inherently distinctive, together they may create a distinctive whole.”\footnote{Id. at 472.} As a consequence, “Plaintiffs have stated a claim for trade dress infringement with regards to the advertisements.”\footnote{Id.}

\section*{d. Secondary Meaning Determinations}

\subsection*{(1) Cases Finding Secondary Meaning}

Some findings of secondary meaning did not involve verbal marks but instead came in suits to protect nontraditional designations of origin.\footnote{See, e.g., Lance Mfg., LLC v. Voortman Cookies Ltd., 617 F. Supp. 2d 424, 433-34 (W.D.N.C. 2009) (finding secondary meaning on plaintiffs’ motion for summary judgment based solely on defendant’s intentional copying of plaintiffs’ packaging).} The leading example of such an outcome originated in the unauthorized use on clothing of the color schemes used by four universities with prominent football programs.\footnote{See Bd. of Supervisors v. Smack Apparel Co., 550 F.3d 465 (5th Cir. 2008), cert. denied, 129 S. Ct. 2759 (2009).} Affirming a finding of secondary meaning for the color schemes as a matter of law, the Fifth Circuit offered the following restatement of its standard for acquired distinctiveness:

We have applied a multi-factor test for determining secondary meaning. The factors include: “(1) length and manner of use of the mark or trade dress, (2) volume of sales, (3) amount and manner of advertising, (4) nature of use of the mark or trade dress in newspapers and magazines, (5) consumer-survey evidence, (6) direct consumer testimony, and (7) the defendant’s intent in copying the [mark or] trade dress.”\footnote{Id. at 476 (quoting Pebble Beach Co. v. Tour 18 I Ltd., 155 F.3d 526, 541 (5th Cir. 1998)).}

On its face, the plaintiffs’ evidence and testimony of secondary meaning was considerable: Not only had three of the four plaintiffs used their color schemes for over a century, each enjoyed tens of millions of dollars of sales of licensed goods annually. The defendants, however, countered with the argument (as characterized by the Fifth Circuit) that “the longstanding use of the school colors to adorn licensed products is not the same as public recognition that the school colors identify the [plaintiff]
Universities as . . . unique source[s] of goods.”

The court did not expressly address this contention but, after reviewing the record, concluded that “[w]e think this desire by consumers to associate with a particular university supports the conclusion that team colors and logos are, in the minds of the fans and other consumers, source indicators of team-related apparel.”

Moreover, it held, “[b]y associating the color[s] and other indicia with the university, the fans perceive the university as the source of or sponsor of the goods because they want to associate with that source.”

The Fifth Circuit test for acquired distinctiveness came into play in another case from that jurisdiction, this one at the district court level. The plaintiffs’ mark was AMERICA’S TEAM for goods and services associated with the Dallas Cowboys professional football team. Ironically, one consideration found by the court to weigh in favor of a finding of acquired distinctiveness was “the mark’s use in newspapers and magazines, evidenced by the summary judgment record, [which] reflects consistent and longstanding references to the Cowboys as ‘America’s Team’—even when the author is attempting to apply the label to another franchise.”

Other favorably received showings by the plaintiffs included longtime use of the mark “in a variety of contexts and across a range of products,” its sales under the mark (despite being “not clearly established prior to the 1990s, apparently due to changes in personnel and poor record-keeping”), and the defendant’s bad faith intent in copying the mark.

Two other cases in which the existence of secondary meaning was litigated arose from disputes between banks. In the first, the plaintiff claimed protectable rights to the marks THE GREENWICH BANK & TRUST COMPANY and GREENWICH BANK & TRUST. Applying Second Circuit doctrine, the court noted that the secondary meaning inquiry properly should take into account “(1) advertising expenditures, (2) consumer studies linking the mark to a source, (3) unsolicited media coverage of the product, (4) sales success, (5) attempts to plagiarize the mark, and, (6) length and exclusivity of the mark’s use.”

Despite the

470. Id.
471. Id. at 478.
472. Id.
474. Id. at 636.
475. Id.
477. Id. at 413 (quoting Centaur Commc’ns, Ltd. v. A/S/M Commc’ns, Inc., 830 F.2d 1217, 1221-22 (2d Cir. 1987)).
plaintiff’s failure to offer evidence on the dollar volume of its promotional efforts—it claimed to rely on “shoe leather” and note-writing campaigns—the court found that the marks in question had acquired distinctiveness in the nine years they had been used prior to the defendant’s use of its mark. Although the plaintiff’s expansion from one to four branches and the existence of at least some actual confusion weighed in favor of this conclusion, the court was most influenced by what it viewed as the bad faith adoption of the defendant’s BANK OF GREENWICH mark: As to that consideration, “[t]he court is left with no plausible explanation for [the defendant] choosing a mark strikingly similar to the [plaintiff’s] marks other than it was trying to capitalize, in some way, on [the plaintiff’s] local success or mimic its marketing strategy.”

In the second banking case, the Supreme Court of Iowa was similarly convinced by the showing of acquired distinctiveness proffered by the owner of the COMMUNITY STATE BANK. An intermediate appellate court had concluded that the plaintiff’s use of the mark for twelve years was an insufficient period of time, but the state court of last resort held both that “[t]here is no length-of-use threshold that must be met in order to demonstrate secondary meaning” and that “[a]lthough the five-year presumption in [Section 2(f) of] the Lanham Act does not, in itself, establish that ‘Community State Bank’ has acquired secondary meaning, it is a factor weighing in favor of secondary meaning.” Other factors considered probative of the acquired distinctiveness of the plaintiff’s mark included survey evidence that 90% of respondents recognized the mark as a mark, “over two million dollars” of advertising by the plaintiff, and “a substantially larger percentage of the market share” in the county in which the parties competed most directly.

A substantially lower investment in advertising expenditures—“over $10,000”—was no bar to a finding of secondary meaning, at least in the Rochester, New York market in which the plaintiff operated. As described by the court, this figure had enabled the plaintiff “to sponsor sports events, attend events, promote [his] services and maintain [his] website.”

478. See id. at 414, 416.
479. Id. at 415.
481. Id. at 526 (citing 15 U.S.C. § 1052(f) (2006)).
482. See Cmty. State Bank, 758 N.W.2d at 526-27.
484. Id.
resulting “at least a modicum of advertising success,” coupled with the plaintiff’s continuous use of his mark since 2003, was enough to establish the mark’s acquired distinctiveness, even if the plaintiff failed to introduce survey evidence or establish that defendants had deliberately plagiarized his mark.485

A final case required a determination of whether the MIYANO mark was distinctive for machinery equipment despite its status as the surname of the founder of the company claiming the rights to it.486 A Seventh Circuit district court considering this issue noted that, under the case law of that jurisdiction, “[f]actors relevant to [the secondary meaning] determination include: 1) the amount and manner of advertising; 2) the volume of sales; 3) the length and manner of use; and 4) consumer testimony and surveys. At the preliminary injunction stage, consumer surveys are not necessary evidence.”487 The mark’s use for over thirty years weighed in the plaintiff’s favor, as did the mark’s appearance during that time “on a wide range of materials, including the [plaintiff’s] machines themselves, and also servicemen’s shirts, warranties, invoices, and various promotional items.”488 Of greater importance in the court’s estimation, however, the plaintiff adduced documentary evidence that the public associated the mark with the plaintiff. Testimony by two individual defendants to similar effect only sealed the deal.489

(2) Cases Declining to Find Secondary Meaning

Although the existence of secondary meaning is a question of fact, that did not stop some courts from resolving it as a matter of law.490 These included the Third Circuit,491 in which inquiries into acquired distinctiveness turn on an examination of eleven factors:

“(1) the extent of sales and advertising leading to buyer association; (2) length of use; (3) exclusivity of use; (4) the fact of copying; (5) customer surveys; (6) customer testimony; (7)

485. See id. at 439-40.
487. Id. at 881 (citations omitted).
488. Id.
489. See id.
491. See E.T. Browne Drug Co. v. Cococare Prods., Inc., 538 F.3d 185 (3d Cir. 2008).
the use of the mark in trade journals; (8) the size of the company; (9) the number of sales; (10) the number of customers; and, (11) actual confusion.”492

Viewing the evidentiary record, the court noted the plaintiff’s use of its claimed mark for twenty years, along with “substantial amounts” of promotional expenses, increased sales under the mark, and the defendant’s alleged intentional copying. At the same time, however, “[t]he evidence’s core deficiency is that while it shows [the plaintiff] used the term . . . on many occasions over a long period of time, it does not show [the plaintiff] succeeded in creating secondary meaning in the minds of consumers.”493 In particular, “[j]urors would have to make a leap of faith to conclude that the term gained secondary meaning because the record fails to provide meaningful support [for that conclusion].”494 There were a number of reasons for this, but the most important was that the plaintiff was seeking to protect the COCOA BUTTER FORMULA mark while the mark it actually used in the marketplace was PALMER’S COCOA BUTTER FORMULA. In the absence of a secondary meaning survey, judgment as a matter of law in the defendant’s favor thus was appropriate on the ground that “[n]othing in the record would allow a jury to evaluate the strength of the term ‘Cocoa Butter Formula’ independently of the larger term including ‘Palmer’s.’”495

The Third Circuit was not alone in concluding that twenty-plus years of a mark’s use failed to create a factual dispute on the issue of the mark’s acquired distinctiveness.496 In another case featuring such a scenario, the court noted its willingness to accept both direct and circumstantial evidence on the issue. As to the former, “[t]he only direct evidence probative of secondary meaning is customer surveys and testimony of individual consumers.”497 In contrast,

[c]ircumstantial evidence of secondary meaning includes, but is not limited to: (1) the length and manner of the mark’s use, (2) the nature and extent of its advertising and promotion, (3) the efforts made to promote a conscious connection between the mark and the product’s source, (4) the product’s

492. Id. at 199 (quoting Commerce Nat’l Ins. Servs., Inc. v. Commerce Ins. Agency, 214 F.3d 432, 438 (3d Cir. 2000)).
493. Id.
494. Id.
495. Id. at 200.
497. Id. at 369 (quoting Yankee Candle Co. v. Bridgewater Candle Co., 259 F.3d 25, 43 (1st Cir. 2001)).
established place in the market, and (5) proof of the defendant’s intentional copying of the mark.498

The defendant in the action was the record owner of three domain names, philbricksports.com, philbricksports.net, and philbrickssports.net, all of which resembled the plaintiff’s claimed PHILBRICK’S SPORTS mark to some extent. Not surprisingly, the plaintiffs argued that the resemblance was evidence of intentional copying and therefore of secondary meaning. Adopting a generous view of the defendant’s conduct, which included the display of “a ‘Welcome to philbricksports.com’ banner and links describing the very products the plaintiffs sell,”499 the court was unswayed by the argument. Rather, because “the court cannot infer solely from similarities between the text of the links and the plaintiffs’ wares, that any of [the defendant’s] ‘philbricks’ sites was part of an effort at ‘passing off’ someone else as the plaintiffs . . . ,” the defendant was not guilty of intentional copying in the first instance.500

The remainder of the plaintiffs’ proffered circumstantial evidence of secondary meaning was received even less favorably. First, although it was undisputed that the plaintiffs had used their mark for 25 years, “it is also undisputed that for that entire period, there has been at least one other business in the same area [operated by the lead plaintiff’s relatives] using the name ‘Philbrick’s,’ at times in conjunction with ‘Sports.’”501 Second, “plaintiffs list the various television and radio stations and publications where they advertised,” but “they provide no facts as to when they did so, for how long, or how many consumers might have been exposed to the ads as a result—which . . . is the crucial question”; what’s more, “the record indicates that this advertising was limited in scope to the Seacoast region of New Hampshire and, in some cases, greater Boston.”502 Third, despite invoking an alleged online presence, the plaintiffs had used their claimed mark in that context only for a brief time before the domains in question were registered.503 Finally, the record evidence of the plaintiffs’ sales failed to establish which portion of those sales had occurred in connection with the claimed mark.504

498. Id.
499. Id. at 371.
500. Id. at 372.
501. Id. at 373.
502. Id. at 373-74.
503. See id. at 374.
504. See id. at 374-75.
Other courts relied heavily on evidence of third-party use in rejecting plaintiffs’ claims of secondary meaning. One of those declined to find that the claimed trade dress for a defunct amusement park had achieved secondary meaning during the five months in which the park had operated. Central to the court’s analysis was an admission by the plaintiff’s principal that many of the claimed features of the park’s trade dress had been copied from, for example, the Statue of Liberty, the Battersea Power Station in London, and “houses in the Georgian style.” After reviewing these and other preexisting third-party uses, the court summarized their significance to the secondary meaning inquiry with the observation that “[i]n short, [the plaintiff’s] claim of ‘ownership’ in its copies of others’ work is preposterous.”

Conflating (and confusing) the test for protectable rights in the first instance with the separate test of whether those rights have been infringed, one court held on a motion for a preliminary injunction that the plaintiff had failed to demonstrate that her PERFECTLY IMPERFECT mark—a component of a book she’d written entitled The Good-Enough Mother: The Perfectly Imperfect Book of Parenting—had acquired secondary meaning. Although the plaintiff had a federal registration of a mark corresponding to that component, the court gave the registration short shrift because it did not cover printed materials, the category of goods offered by the defendants; that distinction, of course, properly should have come into play only in the liability inquiry. With the plaintiff unable to avail itself of a prima facie presumption of validity, her showing of secondary meaning failed to impress the court, in substantial part because that showing demonstrated public awareness only of the title as a whole and not the particular two-word component of the title claimed as a mark. Of equal significance, “absent from the record are the total number of copies of [the plaintiff’s] book that have sold, the precise number of lectures that she has given [to support the book], the amount of

507. See id. at 493-94.
508. Id. at 494.
510. With only marginally greater justification, the court declined to give a second registration owned by the plaintiff, which did cover printed materials, any weight on the ground that it issued after the defendants’ use; the proper analysis as to that registration would have been to examine the relationship between the plaintiff’s filing date and the defendant’s date of first use. See id. at 266-67.
money that has been used to advertise the book, and any evidence of actual consumer confusion."

Finally, and unusually, some courts took the rare step of holding that allegations of secondary meaning in complaints were so deficient that they failed to state claims upon which relief could be granted. For example, the plaintiff in one case was a participant in the “seduction advice” industry and claimed protectable rights to the PIVOT mark in connection with those services. As characterized by the court, the complaint alleged that the mark “has acquired a secondary meaning as applied to seduction.” This allegation, the court determined, missed the mark. Because “Plaintiff does not allege that the secondary meaning in the industry [creates] a [protectable] mark to identify himself as the source of any goods or services that he manufactures or provides,” dismissal at the pleading stage was appropriate.

(3) Secondary Meaning to Be Determined

Whether a mark or trade dress has acquired distinctiveness is a question of fact that may not lend itself to resolution on a motion for summary judgment. In one case demonstrating this principle, which arose from a dispute between purveyors of jewelry, the defendants argued that the plaintiff’s designs lacked secondary meaning as a matter of law. Applying Second Circuit law, the district court entertaining the defense motion for summary judgment initially noted that “[r]elevant factors in determining secondary meaning include: ‘(1) advertising expenditures, (2) consumer studies linking the dress to the source, (3) unsolicited media coverage of the product, (4) sales success, (5) attempts to plagiarize the dress, and (6) length and exclusivity of the [dress]’s use.’” Record evidence bearing on those factors that created a justiciable question of fact included $4 million worth of sales of the

511. Id. at 266.
512. See, e.g., Douglas v. Osteen, 87 U.S.P.Q.2d 1146, 1151 (E.D. Pa. 2008) (dismissing complaint based on plaintiff’s failure to allege facts demonstrating secondary meaning other than internet sales and on evidence of third-party use adduced by defendant); Knights Armament Co. v. Optical Sys. Tech., Inc., 568 F. Supp. 2d 1369, 1376 (M.D. Fla. 2008) (holding allegation that plaintiff’s product featured a “distinctive material finish, shape, and exterior design” to be “a mere recitation of the elements of the cause of action for trade dress infringement, which is insufficient to survive a motion to dismiss”).
514. Id. at 666.
515. Id.
517. Id. at 81 (quoting L. & J.G. Stickley, Inc. v. Canal Dover Furniture Co., 79 F.3d 258, 263 (2d Cir. 1996)) (second set of brackets in original).
plaintiff’s designs, $400,000 spent advertising them, and the strategic product placement of them in the collections of other fashion professionals.  

e. Survey Evidence of Distinctiveness

Surveys were rarely introduced to prove the distinctiveness or nondistinctiveness of claimed marks over the past year, but one found partial favor in an appeal to the Third Circuit that resulted in the rejection of the defendant’s claim of genericness. The disputed mark at issue was COCOA BUTTER FORMULA, used in connection with skin care products. To establish that these words functioned as a mark, the plaintiff conducted a Thermos survey that studied respondents’ perceptions of the mark in the absence of the plaintiff’s PALMER’S house mark. Finding genericness as a matter of law, the district court faulted the plaintiff for failing to include the house mark, but the Third Circuit disagreed, holding instead that “[t]he inclusion of the word ‘Palmer’s’ in the survey would have confused matters and would have taken the survey outside the ‘Thermos survey’ model.” To be sure, the survey did have some “non-trivial flaws”:

Only 30% of valid respondents used a noun identifying the product genus (e.g., lotion, cream). The majority of respondents either answered with an adjective describing the product class (e.g., healing, moisturizing) or did not answer. This suggests that the questions confused many respondents. The survey may have caused this confusion by deviating from the standard “Thermos survey” model by asking respondents for terms describing the products in addition to asking (as a “Thermos survey” should) for terms identifying the products. The survey likely would have been strongest if it had asked respondents, as the “Thermos survey” and did, how they would ask at a store for the type of product at issue.

In the final analysis, however, the district court, having admitted the survey into evidence, should have recognized that it created a material factual dispute as to the distinctiveness of the claimed mark.

518. See id. at 81-82.
519. See E.T. Browne Drug Co. v. Cococare Prods., Inc., 538 F.3d 185 (3d Cir. 2008).
521. E.T. Browne Drug, 538 F.3d at 198.
522. Id. at 197.
523. See id.
A Teflon survey\textsuperscript{524} met with similar judicial favor, albeit in an opinion that did not address the study’s methodology at length.\textsuperscript{525} That methodology, however, apparently was consistent with the court’s description of what a Teflon survey should be:

The “Teflon Survey” is often used in trademark cases to establish secondary meaning where the disputed mark is comprised of common descriptive terms. In a “Teflon Survey,” participants are given an explanation of the difference between generic terms and brand names. Then the survey runs the participant through a series of terms (such as “pop” and “Coke”) asking whether they are types or brands. Once the participant grasps the distinction between the two, the survey asks the participant to categorize the several terms, including the one at issue.\textsuperscript{526}

Finally, one court accepted a consumer recognition survey commissioned by the defense not as proof of the distinctiveness of the plaintiff’s marks but instead as evidence that the senior user did not own a family of marks for hair care products based on the word “sexy.”\textsuperscript{527} In holding that the senior user was not entitled to summary judgment on the issue, the court did not describe the survey’s methodology. It noted of the results, however, that “fewer than 1.6% of the respondents associated the words ‘SEXY hair care products’ with [the senior user]; instead, nearly two-thirds associated SEXY hair care products with no particular company.”\textsuperscript{528} These numbers, the court concluded, “raise questions of material fact as to whether the word ‘sexy’ has acquired recognition among the purchasing public indicative of [the senior user] as the common source of hair care products containing the word ‘sexy’ in their name.”\textsuperscript{529}

\textbf{4. Functional Features}

\textit{a. Effect of Federal Registrations on the Functionality Inquiry}

Although not itself defining the significance of a federal registration on the Principal Register to the functionality inquiry,
Section 43(a)(3) of the Act does address the significance of the absence of such a document. It provides that “[i]n a civil action for trade dress infringement . . . for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.” This language seems unambiguous, but one court missed the point by holding in an action brought under Section 43(a) that “[t]he burden is now on [the counterclaim defendants] to establish that [the counterclaim plaintiffs’] trade dress is functional . . . .” Ultimately, however, this error proved to be a harmless one, as the product packaging trade dress at issue was found nonfunctional as a matter of law.

Another product packaging case did feature a federal registration—and an incontestable registration at that—covering the claimed feature. Considering the registration in the context of a defense motion for summary judgment, the court held that “[t]he mark’s [incontestably registered] status does not bar a challenge that it is . . . functional. But it does create a presumption of validity, which the challenger bears the burden of rebutting.”

b. Utilitarian Functionality

As always, some defendants argued that plaintiffs’ designs were functional in the utilitarian sense when application of aesthetic functionality principles would have made more sense. One such argument occurred in an action to protect the colors and other indicia used by four major universities. Seeking to head off at the pass the plaintiffs’ claim of protectable rights, the defendants argued that the colors and indicia were functional under the Supreme Court’s standard in TrafFix Devices, Inc. v. Marketing Displays, Inc., which focuses on “whether the feature is essential to the use or purpose of the product or whether it

531. Id.
533. See id.
535. Id. at 1231.
536. See, e.g., Lance Mfg., LLC v. Voortman Cookies, LLC, 617 F. Supp. 2d 424, 432 (W.D.N.C. 2009) (holding, in cursory analysis, that “arbitrary combination of colors and graphic elements” found on plaintiffs’ packaging was “neither essential to use of the goods nor relevant to their cost or quality”).
affects the cost or quality of the product.”539 The Fifth Circuit was unconvinced. Applying this “traditional test” for functionality, it concluded that:

The school colors and other indicia used here do not make the t-shirts [bearing them] ‘work.’ The t-shirts would function just as well as articles of clothing without the colors and designs. [The defendants’] t-shirts are sold not because of any functionality in the marks [the defendants] placed on them but rather because they bear the identifiable marks of the plaintiff Universities.540

In a case only marginally more suited for an application of utilitarian functionality principles, the plaintiff sought to protect the appearance of the packaging for its nutritional drinks.541 In response to the plaintiff’s motion for a preliminary injunction, the defendants argued that the packaging was necessarily functional because the Food and Drug Administration had approved only a limited number of packaging designs for products such as those sold by the parties. Although acknowledging that third parties used the same underlying “Tetra Pak” package, the court pointed out that the plaintiff claimed protectable rights in the graphics affixed to that package. Not only did the third parties’ packages “contain unique names and design elements that distinguish their products from that designed by plaintiff,” it was also the case that “plaintiff’s advertising does not tout the utilitarian advantages of [that] design.”542 To be sure, “plaintiff’s design is the result of a comparatively simple and inexpensive method of manufacture,” but the design was nonfunctional when all the relevant factors were taken into consideration.543

A final opinion applied utilitarian functionality doctrine in a case in which it was appropriate to do so, even if the court never resolved the ultimate issue of whether the plaintiff’s claimed mark for alcoholic beverages actually was functional.544 As described by the incontestable registration covering it, the mark consisted of a “wax-like coating covering the cap of the bottle and trickling down the neck of the bottle in a freeform irregular pattern.”545 Moving for summary judgment, the defendants argued that the wax used by both sets of parties protected their corks from air, moisture, and

539. Smack Apparel, 550 F.3d at 485-86.
540. Id. at 486 (footnote omitted).
542. Id. at 1078.
543. Id. at 1078-79.
545. Quoted in id. at 1229.
contaminants, thereby preserving the contents. In holding that factual disputes precluded the grant of the defendants’ motion, the court applied the four Morton-Norwich factors,546 examining: (1) whether a utility patent disclosed the utilitarian advantages of the design; (2) whether advertising by the plaintiff touted those advantages; (3) the availability of alternative designs to competitors; and (4) facts indicating that the design resulted in a comparatively simple or cheap method of manufacture.547 There was no record evidence or testimony bearing on the first and second factors, and, as to the third and fourth, the court concluded that:

If the evidence shows that the only “function” is compliance with the tamper-proof federal regulation, [the defendants] would have a difficult time proving that any number of other designs or materials could not perform this “function” equally well. . . .

[A]lmost any packaging, regardless of its shape and design could provide a tamper-evident seal. And given the variety of alternative ways of complying with the tamper-proof requirement, it seems unlikely that the evidence would show that wax coating with tendrils is a comparatively simple, cheap or superior method of accomplishing this purpose. On the other hand, if the evidence demonstrates that the wax coating with tendrils actually protects the liquor contained in [the defendants’] product, there may well be fewer alternative designs available to accomplish this purpose. In this case, the Court would consider the extent to which removing the tendrils (an undisputedly non-functional aspect of the mark as a whole) renders wax sealing a more complicated, expensive, and inferior method of preserving a liquor product.548

**c. Aesthetic Functionality**

Consistent with the trend in recent years, courts viewed defendants’ invocation of the aesthetic functionality doctrine with jaundiced judicial eyes.549 The leading example of this trend came in a dispute over the protectability of the school colors used by four universities.550 As characterized by the Fifth Circuit, the

548. *Id.* at 1233 (internal quotation marks and citations omitted).
defendants’ argument was that the colors on T-shirts licensed by the plaintiffs were functional because “the shirts allow groups of people to bond and show support for a philosophy or goal; facilitate the expression of loyalty to the school and a determination of the loyalties of others; and identify the wearer as a fan and indicate the team the fan is supporting.”\(^{551}\) To support this theory, the defendants turned to the Fifth Circuit’s prior holding in *Eppendorf-Netheler-Hinz GmbH v. Ritter GmbH*\(^{552}\) that “a functional feature is one the exclusive use of which would put competitors at a significant non-reputation-related disadvantage.”\(^{553}\) The court, however, concluded that the defendants were not entitled to benefit from an application of this test. Rather, “[the defendants’] competitive disadvantage in the ability to sell . . . apparel relates solely to an inability to take advantage of the Universities’ reputation and the public’s desired association with the Universities. . . . This is not an advantage to which [the defendants are] entitled under the rubric of legitimate competition.”\(^ {554}\)

A claim of aesthetic functionality also fell short in a battle between the operators of competing sushi restaurants.\(^{555}\) With some exceptions, most notably a claim to a “brown stain” appearing on the floor, the plaintiff’s trade dress consisted of the usual laundry list of restaurant fixtures.\(^{556}\) Rejecting the argument that the plaintiff’s trade dress was functional, the court explained that “[the plaintiff’s] trade dress is nonfunctional although many of its elements (floor, walls, flat screen TV, privacy booths, table cloths, and employee uniforms) are functional.”\(^ {557}\) In particular, the combination of features claimed as trade dress by [the plaintiff] is not functional and would in no way harm competition because there are so many other alternative appealing designs available to a competing restaurant.”\(^{558}\)

Of course, plaintiffs seeking to escape findings or holdings of aesthetic functionality need to put at least some effort into it. Claiming proprietary rights in two designs stitched into the back pockets of its jeans, one plaintiff loaded up its complaint against a competitor with allegations that the defendant’s use of similar designs constituted copyright infringement and trade dress

\(^{551}\) *Id.* at 486-87.  
\(^{552}\) 289 F.3d 351 (5th Cir. 2002).  
\(^{553}\) *Id.* at 356 (internal quotation marks and citation omitted).  
\(^{554}\) *Smack Apparel*, 550 F.3d at 488.  
\(^{556}\) See *id.* at 1382.  
\(^{557}\) *Id.* at 1385.  
\(^{558}\) *Id.*
infringement and, additionally, created a likelihood of dilution.\textsuperscript{559} Reviewing the plaintiff’s opening papers, the court noted that “[t]he Amended Complaint includes a conclusory assertion that the [primary design at issue] is ‘unique and nonfunctional,’ but proffers no factual allegations demonstrating that the design is not aesthetically or otherwise functional”; in particular, that document “contains no factual allegations as to whether protecting the [design] in the manner contemplated by Plaintiff would put competitors at a significant non-reputation-related disadvantage.”\textsuperscript{560} As a consequence, “Plaintiff’s Lanham Act trade dress infringement claim and Plaintiff’s Lanham Act trade dress dilution claim, both of which must satisfy the non-functionality [requirement], must be dismissed.”\textsuperscript{561}

\section*{B. Establishing Liability}

\subsection*{1. Proving Use in Commerce by Defendants}

To trigger liability, the Lanham Act’s primary statutory causes of action each require that a defendant be using the challenged mark in commerce.\textsuperscript{562} The issue of precisely what satisfies this requirement continued to produce controversy, especially in the Internet context.

\subsubsection*{a. Cases Finding Use in Commerce by Defendants}

Since 2005, the Second Circuit’s decision in 1-800-Contacts, Inc. v. When U.com, Inc.\textsuperscript{563} has led Second Circuit district courts to dismiss challenges to a variety of Internet-based conduct based on the theory that, if the conduct isn’t visible to consumers, it doesn’t constitute an actionable use in commerce. In one of the most significant cases of the year, however, the Second Circuit clarified and limited the scope of its earlier holding in 1-800-Contacts. As a consequence, that jurisdiction no longer necessarily can be considered inhospitable to Internet-related unfair competition suits.

The occasion for the court’s revisitation of the use-in-commerce issue was a suit against Google by the computer repair company Rescuecom, which took issue with the former’s AdWords program, under which advertisers can purchase “keywords” as triggers for sponsored advertising.\textsuperscript{564} Invoking 1-800-Contacts, the district

\begin{itemize}
\item \textsuperscript{559} See DO Denim LLC v. Fried Denim Inc., 634 F. Supp. 2d 403 (S.D.N.Y. 2009).
\item \textsuperscript{560} Id. at 408.
\item \textsuperscript{561} Id.
\item \textsuperscript{562} See 15 U.S.C. §§ 1114, 1125(a), 1125(c) (2006).
\item \textsuperscript{563} 414 F.3d 400 (2d Cir. 2005).
\item \textsuperscript{564} See Rescuecom Corp. v. Google, Inc., 562 F.3d 123 (2d Cir. 2009).
\end{itemize}
court dismissed the plaintiff’s Lanham Act claims on the ground that they failed to allege an actionable use in commerce, but the Second Circuit vacated this holding. It faulted the district court for misreading 1-800-Contacts, both because the alleged trigger for the advertising in the earlier case had been the plaintiff’s website address, rather than its service mark, and because “[t]he display of a particular advertisement was controlled by the category associated with the website or keyword, rather than the website or keyword itself.” Moreover, “[t]o the extent that an advertisement for a competitor of the [1-800-Contacts] plaintiff was displayed when a user opened the plaintiff’s website, the trigger to display the ad was not based on the defendant’s sale or recommendation of a particular trademark.”

The appellate court noted that Google’s program differed from that at issue in 1-800-Contacts in several important respects:

First, in contrast to 1-800-Contacts, where we emphasized that the defendant made no use whatsoever of the plaintiff’s trademark, here what Google is recommending and selling to its advertisers is Rescuecom’s trademark. Second, in contrast with the facts of 1-800-Contacts where the defendant did not “use or display,” much less sell, trademarks as search terms to its advertisers, here Google displays, offers, and sells Rescuecom’s mark to Google’s advertising customers when selling its advertising services. In addition, Google encourages the purchase of Rescuecom’s mark through its Keyword Suggestion Tool. Google’s utilization of Rescuecom’s mark fits literally within the terms specified by [Section 45 of the Lanham Act].

The court therefore remanded the action to the district court for an evaluation of the merits of Rescuecom’s claims of likely confusion. In the process, however, it attached to its opinion a scholarly appendix entitled “On the Meaning of ‘Use in Commerce’ in Sections 32 and 43 of the Lanham Act,” which, although expressly labeled as dictum, had the apparent approval of both the panel hearing the case and the members of the 1-800-Contacts court.

The Second Circuit was not the only court to conclude that the sale of marks as triggers for sponsored advertising constituted a potentially actionable use in commerce. Addressing the issue without controlling authority from its own jurisdiction, a First Circuit district court used a different analysis to reach the same

565. Id. at 129.
566. Id.
567. Id.
568. See id. at 131-41 (dictum).
result. The initial part of the court’s analysis would apply equally to the sale of sponsored advertising by any industry participant:

The purchase of a competitor’s trademark to trigger search-engine advertising is ... a use in commerce [within the meaning of Section 32], even if the trademark is never affixed to the goods themselves. In effect, one company has relied on its competitor’s trademark to place advertisements for its own products in front of consumers searching for that exact mark. The Lanham Act’s use requirement is not so narrow or cramped that it would fail to treat this conduct as a “use in commerce.”

The second basis for the court’s holding was more dependent on the particular display of the search results employed by the defendant:

On the facts of this case, ... a computer user’s search for the trademarked phrase necessarily involves a display of that trademark as part of the search-results list. For instance, if a computer user searches for the [plaintiff’s] trademark ... , the text “Web search results for [the plaintiff’s trademark]” is prominently displayed above the search results, including the sponsored links. Indeed, this display is exactly what the Defendant paid for: the association of [its] sponsored link with the searched-for trademark.

In a case not featuring sponsored advertising, the plaintiff owner of the VISA mark for various financial services challenged the defendant’s use of the EVISA mark for related services. Entertaining a claim that the defendant’s use was likely to dilute the distinctiveness of the plaintiff’s mark, the court followed the Ninth Circuit practice of conflating the threshold issue of use in commerce under Section 43(c), on the one hand, with the test for liability on the merits under that section, on the other; as a consequence, the plaintiff was required to show not only a use in commerce by the defendant, but a use in commerce of an “identical, or nearly identical” mark. This the plaintiff was able to do, however, as the court concluded that the use of the letter “e” as a prefix in the manner undertaken by the plaintiff was nothing

570. Id. at 282.
571. Id.
573. Id. at 1316 (quoting Thane Int’l, Inc. v. Trek Bicycle Corp., 305 F.3d 894, 905 (9th Cir. 2002)).
more than a common strategy for denoting the online version of a business.574

b. Cases Declining to Find Use in Commerce by Defendants

Notwithstanding the fact-sensitive nature of the use-in-commerce inquiry, some courts did not shy away from resolving it as a matter of law,575 with two in particular granting defense motions to dismiss for failure to state a claim. In the first case, the plaintiff provided uniform-related goods and services under the federally registered CINTAS mark, while the defendants were labor unions and employees of the plaintiff who operated several websites directly or indirectly accessible at the domain www.cintasexposed.org.576 Most of the content on the defendants’ sites was critical commentary on the plaintiff and its labor practices, but there were three aspects of the sites that the plaintiff argued constituted actionable uses in commerce under Section 43(a): (1) the defendants’ online sale of union “t-shirts, pins, and other sundry items”; (2) the defendants’ advocacy of a “card-check/neutrality agreement” with the plaintiff that would allow the plaintiff’s employees to unionize without a vote; and (3) the defendants’ efforts to secure access to union dues and pension benefits from the plaintiff’s employees.577 The court rejected each of these claimed bases for a finding that the defendants’ references were uses in commerce, concluding that: (1) the online union store was “twice-removed” from the challenged domain; (2) “an effort to obtain a card-check/neutrality agreement does not represent an attempt to profit”; and (3) the defendants’ unionizing activities were “too attenuated and independent from the accused conduct to support an inference that the use is an attempt to profit.”578

In the second case, the defendants had registered a series of corporate names in Arizona, Oklahoma, and Texas that resulted in the plaintiffs being unable to register their own corporate names (which incorporated the plaintiffs’ primary trademark) in the first and third of those states.579 Unable to strike a deal with the

574. See id. at 1316-17.
575. See, e.g., Bryant v. Europadisk, Ltd., 91 U.S.P.Q.2d 1825, 1834 (S.D.N.Y. 2009) (granting summary judgment of nonliability on plaintiffs’ claims that defendants had “unbundled” plaintiffs’ marks from their goods on ground that plaintiffs’ case “depends on the fact that Defendants did not ‘use’ [their] protected mark at all”).
577. Id. at 580.
578. Id.
defendants to abandon their registrations, the plaintiffs filed suit for infringement, using a vaguely worded complaint that failed to identify clearly any use in commerce of the challenged names. Responding to the defendants’ motion to dismiss, the plaintiffs argued that the defendants had used the names in correspondence that demanded consideration for the abandonment of the names. The court concluded otherwise: Dismissal was appropriate because, even if true, the plaintiffs’ allegations failed to establish that the defendants were “operating any type of businesses or conducting any advertising under any of the registered names or otherwise using Plaintiffs’ . . . mark in connection with any goods or services.”

2. Likelihood of Confusion

a. Factors Considered

(1) The First Circuit

In a case presenting allegations of reverse confusion, the First Circuit upheld the use of its standard likelihood-of-confusion factors to evaluate the defendant’s liability for infringement: (1) the similarity between the parties’ marks; (2) the similarity between the parties’ goods and services; (3) the relationship between the parties’ channels of trade; (4) the juxtaposition of the parties’ advertising; (5) the classes of prospective purchasers; (6) evidence of actual confusion; (7) the defendant’s intent in adopting its allegedly infringing mark; and (8) the strength of the plaintiff’s mark. District courts in the same jurisdiction applied the same test in evaluating conventional infringement claims, with one holding in the context of a challenge to sponsored advertising on the Internet that:

In addition to these familiar factors, under the circumstances here, the likelihood of confusion will ultimately turn on what the consumer saw on the screen and reasonably believed, given the context. This content and context includes: (1) the overall mechanics of web-browsing and internet navigation, in which a consumer can easily reverse course; (2) the mechanics of the specific consumer search at issue; (3) the content of the search results webpage that was displayed, including the content of the sponsored link itself; (4) downstream content on the Defendant’s linked website likely

580. Id. at 1933.
to compound any confusion; (5) the web-savvy and sophistication of the Plaintiff’s potential customers; (6) the specific context of a consumer who has deliberately searched for trademarked diamonds only to find a sponsored link to a diamond retailer; and, in light of the foregoing factors, (7) the duration of any resulting confusion. This list is not exhaustive, but it identifies what the Court views as the most relevant elements to showing a likelihood of confusion in this case.583

(2) The Second Circuit

The *Polaroid* test584 continued to hold sway in the Second Circuit, with courts there examining: (1) the strength of the plaintiff’s mark; (2) the degree of similarity between the marks; (3) the proximity of the products or services; (4) the likelihood that the senior user will “bridge the gap” into the junior user’s product service line; (5) evidence of actual confusion between the marks; (6) whether the defendant adopted the mark in good faith; (7) the quality of defendant’s products or services; and (8) the sophistication of the parties’ customers.585

(3) The Third Circuit

In traditional infringement cases, the Third Circuit’s *Lapp* factors586 remained unchanged and took into account: (1) the degree of similarity between the parties’ marks; (2) the strength of the plaintiff’s mark; (3) the price of the goods or services and other factors indicative of consumers’ care and attention when making a purchase; (4) the length of the defendant’s use of its mark without actual confusion; (5) the defendant’s intent when adopting its mark; (6) any evidence of actual confusion; (7) whether the goods or services, if not competitive, are marketed through the same

586. See *Interpace Corp. v. Lapp, Inc.*, 721 F.2d 460, 463 (3d Cir. 1983).
channels of trade and advertised through the same media; (8) the extent to which the targets of the parties’ sales efforts are the same; (9) the relationship of the goods or services in the minds of consumers because of the similarity of function; and (10) other facts suggesting that the consuming public might expect the prior owner to expand into the defendant’s market.\textsuperscript{587}

(4) The Fourth Circuit

The Fourth Circuit’s “Pizzeria Uno” test for likely confusion\textsuperscript{588} went unchanged by the courts of that jurisdiction, which examined: (1) the strength or distinctiveness of the plaintiff’s mark; (2) the similarity of the parties’ marks; (3) the similarity of the parties’ goods; (4) the similarity of the parties’ retail outlets; (5) the similarity of the parties’ advertising; (6) the defendant’s intent in selecting its mark; and (7) the existence of any actual confusion.\textsuperscript{589} One district court applying this test pointed out that “not all of these factors carry equal weight or are relevant to every case.”\textsuperscript{590}

(5) The Fifth Circuit

Consistent with its past authority, the Fifth Circuit applied a test for likelihood of confusion turning on the application of seven “digits of confusion”: “(1) the type of mark allegedly infringed, (2) the similarity between the two marks, (3) the similarity of the products or services, (4) the identity of the retail outlets and purchasers, (5) the identity of the advertising media used, (6) the defendant’s intent, and (7) any evidence of actual confusion.”\textsuperscript{591} One panel of the court observed that “[c]ourts also consider . . . the degree of care exercised by potential purchasers.”\textsuperscript{592}

\begin{footnotesize}
\footnote{587. See, e.g., HRP Creative Servs. Co. v. FPI-MB Entm’t, LLC, 616 F. Supp. 2d 481, 494 (D. Del. 2009).}
\footnote{588. See Pizzeria Uno Corp. v. Temple, 747 F.2d 1522, 1527 (4th Cir. 1984).}
\footnote{590. Volkswagen, 584 F. Supp. 2d at 884.}
\footnote{592. Bd. of Supervisors, 550 F.3d at 478 (footnote omitted).}
\end{footnotesize}
(6) The Sixth Circuit

As in past years, Sixth Circuit courts evaluated claims of likely confusion using the eight-factor test for liability originally set forth in Frisch’s Restaurants v. Elby’s Big Boy. Those factors consisted of: (1) the strength of the plaintiff’s mark; (2) the relatedness of the parties’ goods and services; (3) the similarity of the parties’ marks; (4) the degree of purchaser care; (5) the defendant’s intent in selecting its mark; (6) the marketing channels used by the parties; (7) the likelihood of expansion of the parties’ product lines; and (8) evidence of actual confusion.

(7) The Seventh Circuit

The test for liability for infringement in the Seventh Circuit did not evolve over the past year. Rather, it continued to turn on seven factors: (1) the similarity between the parties’ marks in appearance and suggestion; (2) the similarity between the parties’ products; (3) the area and manner of concurrent use; (4) the degree of care likely to be exercise by the parties’ consumers; (5) the strength of the plaintiff’s mark; (6) any actual confusion; and (7) the defendant’s intent. One Seventh Circuit panel explained of these factors that “[n]o single factor is dispositive. Courts may assign varying weight to each of the factors depending on the facts presented, though usually the similarity of the marks, the defendant’s intent, and actual confusion are particularly important.”

(8) The Eighth Circuit

The relevant factors for consideration in likelihood-of-confusion determinations by federal courts remained unchanged in the Eighth Circuit and included: (1) the strength of the plaintiff’s mark; (2) the similarity between the parties’ marks; (3) the parties’ competitive proximity; (4) the alleged infringer’s intent to pass off its goods or services as those of the plaintiff; (5) the degree of care exercised by consumers; and (6) incidents of actual confusion.

593. 670 F.2d 642, 648 (6th Cir. 1983).
596. Autozone, 543 F. Supp. 2d at 929.
Applying the common law of that state, the Supreme Court of Iowa ratified use of the same factors.598

(9) The Ninth Circuit

The Sleekcraft test for likelihood of confusion599 remained the most popular standard in the Ninth Circuit, but the statement of that test varied from court to court. One formulation took into account the following eight factors: (1) the strength of the plaintiff’s mark; (2) the proximity of the parties’ products; (3) the similarity of the parties’ marks; (4) evidence of actual confusion; (5) the marketing channels used by the parties; (6) the type of goods or services provided by the parties; (7) the defendant’s intent in selecting its mark; and (8) the likelihood of expansion.600 Another, however, weighed the following similar, but slightly differing, considerations: (1) the similarity of the marks; (2) the relatedness of the parties’ products; (3) the marketing channels used; (4) the strength of the plaintiff’s mark; (5) the defendant’s intent in selecting its mark; (6) evidence of actual confusion; (7) the likelihood of expansion into other markets; and (8) the degree of care exercised by purchasers.601

(10) The Tenth Circuit

There were no apparent reported opinions in the Tenth Circuit bearing on the likelihood-of-confusion inquiry during the past year.

(11) The Eleventh Circuit

The test for likely confusion applied by the Eleventh Circuit courts did not evolve over the past year and focused on: (1) the type or strength of the plaintiff’s mark; (2) the similarity between the parties’ marks; (3) the similarity between the goods associated with the parties’ marks; (4) the similarity between the parties’ trade channels and customers; (5) similarity of the parties’ advertising media; (6) the defendant’s intent; and (7) the extent of

599. See AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 348-49 (9th Cir. 1979).
any actual confusion. One court observed that “[o]f these factors, the most important in this circuit are the [plaintiff’s] mark’s strength and evidence of actual confusion.”

(12) The District of Columbia Circuit

There were no apparent reported opinions in the District of Columbia Circuit bearing on the likelihood-of-confusion inquiry during the past year.

b. Findings and Holdings

(1) Likelihood of Confusion: Preliminary Relief

A number of likelihood of confusion-based motions for preliminary injunctive relief proved to be so well-founded that they did not merit extended analysis, and nowhere was this more true than in suits against holdover franchisees and licensees. For example, an identity of marks and services led to entry of preliminary injunctive relief in a dispute between a pair of franchisors and a group of their franchisees who had stopped making royalty payments due the franchisors. The parties


604. For examples of opinions entering preliminary injunctions against defendants’ uses of marks identical or virtually identical to those of plaintiffs without extended discussion of the relevant likelihood of confusion factors, see Lorillard Tobacco Co. v. S & M Brands, Inc., 616 F. Supp. 2d 581, 588 (E.D. Va. 2009) (finding that appearance of plaintiffs’ mark in advertisement for defendant’s directly competitive goods was likely to cause confusion); Cmty. of Christ Copyright Corp. v. Devon Park Restoration Branch of Jesus Christ’s Church, 613 F. Supp. 2d 1140, 1143 (W.D. Mo. 2009) (finding that parties’ concurrent use of REORGANIZED CHURCH OF JESUS CHRIST OF LATTER DAY SAINTS for religious services was likely to cause confusion); Blue Bell Creameries LP v. Denali Co., 89 U.S.P.Q.2d 1146, 1148-51 (S.D. Tex. 2008) (finding a likelihood of confusion between parties’ respective uses of MOOSE TRACKS and MOO TRACKS for ice cream).


differed on the issue of whether the franchisees had been properly terminated by the franchisors, but this was resolved in the franchisors’ favor on the ground that “[t]his Court is not aware of a single case where, as here, a franchisee was terminated for non-payment of fees as plainly set forth in a franchise agreement, did not contest its non-payment, and nevertheless established improper termination.” 607 Nor was this the only bright-line rule applied to the franchisees’ disadvantage; rather, the court also held that “a district court may confine its digits-of-confusion analysis to the determination that the marks used by the allegedly infringing party are the exact marks owned by the plaintiff and, if they are, find that confusion is likely.” 608

The Olympic and Amateur Sports Act (OASA) reserves the exclusive right to use certain marks to the United States Olympic Committee (USOC), 609 but the broad reach of that protection does not deprive the USOC of more conventional rights under the Lanham Act. In one case making this point, the USOC and the International Olympic Committee took aim at a group of defendants selling spurious tickets to the 2008 Beijing Games. 610 Not content to rely on its rights under Sections 32 and 43(a), the USOC additionally invoked those under the OASA.

As a threshold matter, the court found that “there is no question that [the USOC’s] marks are strong. In fact, the Olympic Marks are so strong that Congress, by passing the OASA, has granted [the] exclusive use of those marks in the United States to the USOC.” 611 The USOC and IOC successfully overcame the hurdles posed by the remaining likelihood-of-confusion factors by securing findings that the parties offered “the same goods,” that there had been at least one instance of actual confusion, that the parties employed converging marketing channels, and that “the evidence of Defendants’ bad faith is overwhelming.” 612 The defendants argued that the parties’ customers were sophisticated, but the court noted the limited nature of such a showing: “Where the products are identical and the marks are strongly similar . . . , the sophistication of buyers cannot be relied on to prevent confusion, and this factor will not mitigate the likelihood of confusion.” 613 Under these circumstances, “consideration of the

607. Id. at 790.
608. Id. at 788.
611. Id. at 2016.
612. See id. at 2016-17.
613. Id. at 2017.
relevant factors amply demonstrates that Plaintiffs are likely to succeed on their claim that Defendants’ attempt to capitalize on the success of Plaintiffs’ business by using the same well-known trademarks for the very services that Plaintiffs already are offering. . . .”

In yet another case in which mark identity played a role in the outcome, the lead defendant, a company founded by former employees of the plaintiff owner of the DELTEK mark for project accounting and financial software, displayed on its website a flashing banner that, *inter alia*, featured the messages “Deltek Upgrade,” “We Provide Deltek Solutions,” and “Technology Consultants With Deltek Experience.” Its use of the plaintiff’s mark also extended to the mark’s incorporation into metatags and two domains, www.installdeltek.com and www.installdeltek.net. On these facts, the court had little difficulty concluding that the plaintiff was likely to prevail on the merits of its infringement claims.

Of course, the parties’ marks need not be identical for a finding of likely confusion, and a mere near-identity proved to be the ticket to a preliminary injunction for a purveyor of watches under the incontestably registered NOW mark. The defendant had unsuccessfully sought to register his THE NOW WATCH mark for the same goods on three prior occasions, and this lack of success extended to his inability to escape the entry of preliminary injunctive relief against him. The proposition that “registered trademarks are presumed to be distinctive and should be afforded the utmost protection,” weighed in the plaintiff’s favor, as did the similarity between the parties’ marks, the competitive proximity of their goods, and the plaintiff’s “persuasive argument that [the defendant] did not adopt his mark in good faith” in light of the USPTO’s earlier rejections of his applications. Confusion therefore was likely, despite the absence of any actual confusion and conflicting claims by the parties as to the sophistication of their customers.

614. *Id.*


616. *See id.* at 1930.

617. *See id.* at 1932-34.


619. *Id.* at 516 (quoting Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co., 799 F.2d 867, 871 (2d Cir. 1986)).

620. *See id.* at 516-17.

621. *See id.* at 517.

622. *Id.*

623. *See id.* at 518.
In another case not turning on an identity of the parties’ marks, the plaintiff sold a nutritional supplement under the federally registered MUSCLE MILK and in packaging featuring an allegedly distinctive trade dress; for its part, the defendant marketed a competitive product using the MUSCLE POWER mark in “an identical font, in an identical color, on an identically shaped package, and placed . . . on the package in an identical location.” As to mark similarity, the court concluded that “[i]t is well established that the use of two trademarks comprising different terms but which convey an overall similar commercial connotation may tend to confuse consumers.” It then made short work of the defendant’s argument that the plaintiff’s disclaimer of “muscle” from another registration not at issue reduced the likelihood of confusion between the parties’ marks; even as to that registered mark, “[s]uch disclaimers are not helpful in preventing likelihood of confusion in the mind of the consumer, because [the consumer] is unaware of their existence.” In light of the “overwhelming similarity” between the parties’ marks, the plaintiff’s showings that “one [party’s] product could be substituted for the other,” that the parties used the same advertising media to compete for the same consumers, that the plaintiff’s mark and trade dress were strong and had been deliberately imitated, that actual confusion existed, and that the parties’ goods were purchased without careful consideration ultimately carried the day.

A combination of trade dress similarity (but not identity) and actual confusion also triggered entry of a preliminary injunction in a dispute between the operators of competing sushi restaurants. Attempting to distinguish their interior décor from that of the plaintiff, the defendants relied upon expert witness testimony identifying other restaurants that used components of the plaintiff’s claimed trade dress. The court accorded the expert’s testimony and supporting exhibits little weight, observing that the defendants had not identified “a single restaurant with the entire combination that makes up the [plaintiff’s] claimed trade dress” and concluding that “the total visual appearance [of the parties’

625. Id. at 1066.
627. Id. at 1068.
628. See id. at 1068-78.
630. Id. at 1384.
restaurants] is the same.” Actual confusion by a business acquaintance of the plaintiff’s principal who had mistakenly dined at the defendants’ restaurant, a precipitous decline in the plaintiff’s sales since the opening of the defendants’ restaurant, and the parties’ shared use of the Internet as a promotional tool were additional considerations weighing in favor of the existence of likely confusion.

A similar analysis led to a similar outcome in a challenge brought by the owner of the federally registered MOROCCANOIL mark for hair care products against junior users of the MOROCCAN GOLD and MOROCCAN MIRACLE OIL marks for competing wares. Although there were at least some differences between the parties’ marks, the court concluded that “the ... similarities carry more weight than [the] differences,” especially in light of their similar presentations on the parties’ packaging.

The suggestive nature of the plaintiff’s mark weighed in favor of a finding of liability, as did the competitive proximity of the parties’ goods, the defendants’ adoption of their mark with knowledge of the plaintiff’s prior use, the defendants’ failure to discontinue use of their mark after the USPTO rejected an application to register it, and the parties’ shared marketing channels. Finally, the court found that the degree of care likely to be exercised by consumers also supported the plaintiff’s case, despite its predicate finding that “a reasonably prudent consumer would likely exercise a higher degree of care in purchasing the parties’ products.”

Differences between the parties’ marks also failed to preclude a preliminary injunction in favor of the owner of the HEISMAN mark for, *inter alia*, apparel. The plaintiff’s target was the sale by the defendant of shirts reading HE15MAN and HE.IS.the.MAN to promote the Heisman Trophy candidacy of a particular player. The court noted of the uses that “[t]he alterations that [the defendant] has made to the word ‘Heisman’ on its T-shirts ... do not sufficiently distinguish [the defendant’s] reference to ‘Heisman’ from the mark itself. [The defendant’s] reference to ‘Heisman’ is confusingly similar to [the plaintiff’s] protected mark, especially when the T-shirts are viewed from a slight distance.”

631. *Id.* at 1385.
632. See *id.* at 1386.
634. *Id.* at 1278.
635. See *id.* at 1277-81.
636. *Id.* at 1280.
638. *Id.* at 327.
the competitive proximity of the parties’ goods also weighed in favor of liability, the nail in the defendant’s coffin was a prior settlement agreement between the parties arising out of the defendant’s past sale of T-shirts reading HEISTMAN, which led the court to conclude that “[the defendant’s] continuation of conduct that it has already promised to refrain from is a sign of bad faith.”

Another court faced with a defendant’s intentional copying—of distinctive packaging in this case—apparently saw no need to consider additional considerations. Rather, it held:

“In light of the evidence that [the defendant’s package] was an intentional copy of the [plaintiff’s] trade dress, the Court . . . finds that [the plaintiff] has made an adequate showing of a likelihood of confusion. . . . ‘[C]ourts have almost unanimously presumed a likelihood of confusion upon a showing that the defendant intentionally copied the plaintiff’s trademark or trade dress.’”

Nevertheless, intentional copying is not a prerequisite for relief, and even a wholly innocent infringer may be subject to a preliminary injunction. In a case brought by the owner of the GARDEN & GUN mark for a magazine against the prospective operator of a nightclub under the mark THE GARDEN AND GUN CLUB, the defendant argued, apparently without contradiction, that it had been unaware of the plaintiff’s use at the time it adopted its own name. Because “[a]ctual intent to confuse is not necessary to state a claim under the Lanham Act,” however, the court held that “this factor does not weigh in favor of either party.” The absence of actual confusion was similarly of no assistance to the defendant. In light of the plaintiff’s showings that its mark was “commercially strong” within the magazine industry as a result of the mark’s “uniqueness” and the plaintiff’s promotional efforts, that the parties’ goods and services were not so dissimilar as to preclude confusion and that the parties employed similar advertising media, confusion was likely and a preliminary injunction appropriate.

639. Id. at 328.
641. Id. at 434 (quoting Larsen v. Terk Techs. Corp., 151 F.3d 140, 149 (4th Cir. 1998)) (fourth set of brackets in original).
643. Id.
644. See id.
645. See id. at 1676-77.
Finally, a recurring theme in reported unfair competition cases is that of defendants, who, having sold their family-owned business, have second thoughts and reenter the market under a name similar to the one used with their former enterprise. This scenario inevitably leads to the entry of a preliminary injunction, and it did so in a case in which the defendants, having sold their rights to a “winged M” logo and the MIYANO MACHINERY mark for precision machinery equipment, began using a similar logo and the MIYANOHITEC/TOM and STEVEN MIYANO MACHINERY marks for a new business in the same industry.\(^{646}\) The court concluded that the parties’ marks were “very similar” and was particularly dismissive of the defendants’ attempts to distinguish the parties’ logos: Noting that the only distinction between the two was that the plaintiff’s “winged M” logo was contained in a triangle while the defendants’ was not, the court found that “[t]his similarity of marks would lead the consumer to assume that the two companies are affiliated, as it seems incredibly unlikely that two companies operating in the same industry would mark items with identical ‘winged M’s’, whether inside a triangle or not, if they were not affiliated.”\(^ {647}\) Coupled with the related nature of the parties’ goods, the overlapping nature of their markets, the strength of the plaintiffs’ marks, three instances of actual confusion, and the defendants’ bad-faith intent, this showing was sufficient to overcome the defendants’ claim that the sophistication of the parties’ customers precluded confusion between the marks.\(^ {648}\)

(2) Likelihood of Confusion: As a Matter of Law

The use of identical or closely similar marks in connection with identical or closely related goods is a sure ticket to a finding of likelihood of confusion as a matter of law,\(^ {649}\) especially if there is record evidence and testimony of actual confusion.\(^ {650}\) Such was certainly the result in an action brought by four universities with prominent football programs against a clothing retailer and its


\(^{647}\) Id. at 884.

\(^{648}\) See id. at 884-87.

\(^{649}\) See, e.g., Microsoft Corp. v. AGA Solutions, Inc., 589 F. Supp. 2d 195, 202 (E.D.N.Y. 2008) (entering summary judgment of infringement without extended analysis based on record demonstrating that defendant had trafficked in goods bearing counterfeit imitations of plaintiff’s marks).

The defendants sold goods featuring the color schemes used by the universities, but they otherwise assiduously avoided using the universities’ names on their products. Having lost an initial battle over the schemes’ protectability, the defendants sought to prove that the colors were weak through the introduction of third-party uses, but the Fifth Circuit rejected this argument. The only other factor seriously contested by the defendants was the degree of similarity between the parties’ marks. On this subject, the appellate court noted that, although the defendants’ clothing did not expressly refer to the plaintiffs, it nevertheless contained numerous oblique references to them. Referring to the claims of the lead plaintiff against the defendants, it concluded that:

For example, one of [the defendant’s] shirt designs in purple and gold . . . was targeted toward LSU fans. The front of the shirt proclaims “2003 National Champions,” and the back contains the scores from twelve games won by LSU. The scores are arranged in a circle with a short phrase poking fun at each opponent. The shirt also contains the final score of the 2004 Sugar Bowl, which LSU won, and the phrase “Sweet as Sugar!” Although the shirt does not use the initials “LSU” anywhere, its identification of LSU as the national champion is unmistakable from the colors and from the references to the games in which LSU played. This shirt is strikingly similar to LSU’s own merchandise that also uses the purple and gold colors and proclaims LSU as the national champion. Several of the official designs contain the scores of the games from LSU’s season and at least two designs present those scores in a circular arrangement. The official designs also contain the phrases “Ain’t It Sweet!” and “Pour It On!” Under these circumstances, summary judgment in the plaintiffs’ favor had been appropriate.

An identity of marks and closely related goods and services led to a finding of infringement as a matter of law in another case, this one in the automotive industry. The plaintiffs owned the AUDI word mark and a design mark consisting of four interlocking rings. The defendants used both of these marks in connection with their own business by answering their phone “all Audi,” displaying signs reading “Audi Parts Warehouse,” using “audi” in their e-mail

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652. See id. at 479.
653. Id. at 480.
654. Id. at 485.
address, and incorporating “Shokan Audi Parts” into their e-mail signature block. The plaintiffs’ incontestable registrations and past judicial findings that their marks were strong convinced the court to reach the same conclusion, and the court was equally receptive to the argument that the defendants were using “identical” copies of the plaintiffs’ marks. Other considerations weighing in favor of liability included the competitive proximity of the parties’ businesses and at least “de minimis evidence of [actual] confusion.” Against this backdrop, the absence of undisputed evidence of the defendants’ bad faith, the plaintiffs’ inability to demonstrate the inferiority of the defendants’ products, and the sophistication of the parties’ customers failed to defeat the plaintiffs’ motion for summary judgment at least as to the defendants’ use of the AUDI mark in their e-mail address and signature block.

Of course, a strong case grounded in an identity of marks and an identity of goods and services can get stronger still if the defendant has intentionally copied the plaintiff’s mark. Such was the result in a case in which the defendant attempted to license to the plaintiff a mark ultimately found to belong to the plaintiff. Crediting the plaintiff’s showing that the defendant also had attempted later to sell the mark to the plaintiff, the court concluded that “[t]he strong inference . . . is that [the defendant] is effectively squatting, akin to so-called ‘cybersquatters’ who register a domain name on the World Wide Web in the hope of selling it at an inflated price to a legitimate business by the same name.”

These outcomes notwithstanding, one case demonstrated that a showing of mark identity is not a prerequisite for entry of summary judgment of liability. The plaintiff claimed protectable rights to the HOMES & LAND mark for a free magazine featuring real estate listings. When the defendant launched a competing publication under the HOMES & LOANS MAGAZINE mark, the plaintiff filed suit. The court entered summary judgment of infringement. However descriptive (and therefore weak) the plaintiff’s mark originally may have been, the plaintiff’s three decades of use of, and incontestable registration covering, the mark strengthened the plaintiff’s claims. Moreover, “[w]hen

656. See id. at 272-75.
657. See id. at 275-79.
659. Id. at 640.
661. See id. at 1258-61.
considered as a whole, the trademarks ‘HOMES & LAND’ and ‘HOMES & LOANS MAGAZINE’ are of similar appearances and sounds.”662 Particularly in light of the plaintiff’s additional showings that at least some actual confusion had occurred and that the parties’ sales and advertising methods were identical, the court concluded that “[c]learly, a likelihood of confusion exists . . ., and no reasonable jury could find otherwise.”663

A finding of a likelihood of confusion as a matter of law can also lie even if neither the parties’ marks nor their primary goods and services are identical. One set of defendants learning this the hard way sold vodka under a variety of marks based on the surname of the late guitarist Jimi Hendrix, including HENDRIX ELECTRIC, HENDRIX ELECTRIC VODKA, JIMI HENDRIX ELECTRIC and JIMI HENDRIX ELECTRIC VODKA.664 They were sued by a group of plaintiffs owning even more marks for a variety of goods and services, including five incontestable registrations covering, inter alia, the AUTHENTIC HENDRIX, EXPERIENCE HENDRIX, and JIMI HENDRIX marks.665 Defending against the plaintiffs’ motion for summary judgment, the defendants pointed out that the plaintiffs’ rights did not extend to alcoholic beverages and that the plaintiffs’ business model excluded the possibility of an expansion into that field. Finding that the defendants had sold such promotional goods bearing their marks as beverage glasses, T-shirts, and posters, the court declined to find that the lack of direct competition in what the defendants characterized as the parties’ primary markets created a factual dispute as to liability. Rather, there already was a “collision” between the parties’ goods, particularly as many of those sold by the plaintiffs were not ancillary to their business at all; instead, selling them was the plaintiffs’ business.666 Having cleared this hurdle, the plaintiffs had little difficulty demonstrating that the remaining likelihood-of-confusion considerations weighed in their favor, including the strength of their marks, the existence of e-mails reflecting “at least some actual confusion,” the parties’ shared marketing channels, the “relatively little care” exercised by certain segments of the parties’ shared customers, and the defendants’ knowing emulation of the plaintiffs’ marks.667

662. Id. at 1262.
663. Id. at 1268.
665. See id. at 1887-88.
666. See id. at 1893-94.
667. See id. at 1892-97.
A showing of actual confusion played a more significant role in a different case originating in competitive uses of the MD FORMULATIONS and MD SKINCARE marks for high-end skin care products; also at stake were allegations of product packaging trade dress infringement. As to the word marks used by the parties, the court credited the counterclaim plaintiffs’ showing of both anecdotal and survey evidence and testimony of actual confusion. The counterclaim defendants’ position was not improved by the court’s conclusions that the counterclaim plaintiffs’ incontestably registered mark was strong, that “the [parties’] products are sold in the same retail outlets” and that “[t]he stylized logo of both [parties’] marks is confusingly similar.” These considerations were sufficient for a holding that the word marks were likely to be confused as a matter of law; what’s more, having found that the counterclaim plaintiff’s trade dress was strong and that, “[w]hile the parties’ trade dress is not identical, the similarities in the appearance [of] the parties’ packaging are significant . . . ,” the court determined that the same considerations merited summary judgment of trade dress infringement as well.

Although significant, a showing of actual confusion is no more required for a finding of infringement as a matter of law than it is in other contexts, especially if the junior use is a relatively new one. Thus, the Boy Scouts of America (BSA) successfully pursued a motion for summary judgment against the user of the YOUTHSCOUTS mark for competitive youth development services. The absence of actual confusion was no obstacle to this outcome in light of the “infancy” of the counterclaim defendant’s use, and the remaining likelihood-of-confusion factors of record lined in the BSA’s favor. These included the “significant conceptual and commercial strength” of the BSA’s marks, the competitive proximity of the parties’ services, the court’s findings that “[t]he two-syllable marks mean similar things and employ the same root term, ‘scout’ in the same context and in generally the same youth market,” the similarity of the parties’ marketing

669. See id. at 185-86.
670. See id. at 187.
671. Id. at 187.
672. Id. at 191.
673. Id. at 195.
675. Id. at 1045.
676. See id.
677. Id.
channels, and the defendant’s knowledge of the BSA’s marks before adopting his own.

(3) Likelihood of Confusion: After Trial

The relative scarcity of actual trials in trademark infringement disputes did not prevent findings of liability from occurring. One came in a reverse confusion case in which a jury found that the parties’ marks were “substantially similar” and that there was a “likelihood that potential customers have been or will be confused.” The marks in question were VISIBLE, used by the plaintiff in connection with enterprise modeling and architecture software, and 3D VISIBLE ENTERPRISE, under which the defendant provided consulting services, including those in the enterprise modeling field. Challenging the adverse jury verdict, the defendant argued on appeal that the marks were distinguishable and that the parties were “fundamentally different businesses.” The First Circuit was unswayed: Not only were “the dissimilarities [between the two marks] . . . not so great as to render irrational the finding of [a] likelihood of reverse confusion,” “[t]his is not a case in which the two companies’ offerings are so dissimilar as to make confusion highly unlikely.”

Directly competitive services offered under the same marks led to a finding of liability under Iowa common law in an action between two banks offering competing services under the COMMUNITY STATE BANK. In reinstating a bench verdict in the plaintiff’s favor, the Supreme Court of Iowa was receptive to the defendant’s claims of good faith. Nevertheless, each of the remaining likelihood-of-confusion factors favored a finding of liability, especially actual confusion in the form of misdirected telephone calls, customers seeking “to deposit and withdraw funds from the wrong bank,” and “correspondence . . . sent to the wrong bank, including title companies sending abstracts to the wrong bank.” Under these circumstances, the trial court’s finding of infringement had been justified because “although banking

678. See id. at 1046.
679. See id.
682. Quoted in id. at 73.
683. Id.
685. Id. at 528.
customers ordinarily exercise a great deal of care when it comes to banking, given the banks’ virtually identical names and their close proximity, even a prudent customer would be confused.”686

A court hearing another dispute between two banks similarly declined to find that the sophistication of the parties’ customers precluded confusion between the plaintiff’s THE GREENWICH BANK & TRUST COMPANY and GREENWICH BANK & TRUST marks, on the one hand, and the defendant’s BANK OF GREENWICH mark, on the other. 687 On that issue, the court found that “[t]he average bank customer seeking to merely deposit a check or make a withdrawal has no incentive to thoroughly investigate the name of a bank when it appears to be the bank he or she is looking for at first glance”; somewhat less convincingly, it also observed that “customers have little incentive to investigate the identity of a [bank] from which they seek financing.”688 In any case, however, that the plaintiff’s marks had overcome their inherent weakness by “acquir[ing] some muscle,” the competitive proximity of the parties’ services, multiple instances of actual confusion (including one involving “a prominent attorney”), and the defendant’s adoption of its mark despite knowledge of those of the plaintiff were all considerations weighing in favor of likely confusion.689

These outcomes notwithstanding, a finding of direct competition between the parties is not a prerequisite for a finding that confusion is likely. For example, a jury in one case concluded that the defendants had used their marks in connection with the operation of a “pizzeria,” rather than a “restaurant.”690 This led the plaintiffs, one of whom owned a pair of registrations covering “restaurant services not including pizza” to argue that the defendants’ priority of rights as to pizzerias did not provide a basis for cancelling the registrations. The court rejected this contention in a post-trial opinion that properly recognized that “[i]t is an axiomatic principle of trademark law that injunctive relief is appropriate where two parties’ marks are deemed to be confusingly similar, even where the services provided by the parties are not identical.”691

686. Id.
688. Id. at 421.
689. See id. at 416-22.
691. Id. at 468.
The highly factual nature of the likelihood-of-confusion inquiry often leads courts to defer its resolution until trial. This frequently occurs on appeal, which was the outcome in one dispute that found its way to the Second Circuit. The plaintiff, the computer repair company Rescuecom, objected to Google’s AdWords program, under which Google identified and recommended to its advertisers trademarks that could be used as triggers for the sponsored advertising appearing next to its “organic” search results. The primary focus of the court’s opinion was the issue of whether Google had made an actionable use in commerce. Its concluding paragraphs, however, took issue with the suggestion that the inability of Google’s users to see the company’s various “uses” of the plaintiff’s mark warranted the dismissal of the plaintiff’s infringement claims for failure to state a claim. The court first rejected Google’s claim that it was doing nothing more than providing favorable product placement similar to that provided by traditional retailers:

From the fact that proper, non-deceptive product placement does not result in liability under the Lanham Act, it does not follow that the label “product placement” is a magic shield against liability, so that even a deceptive plan of product placement designed to confuse consumers would similarly escape liability. It is not by reason of absence of a use of a mark in commerce that benign product placement escapes liability; it escapes liability because it is a benign practice which does not cause a likelihood of consumer confusion. In contrast, if a retail seller were to be paid by an off-brand purveyor to arrange product display and delivery in such a way that customers seeking to purchase a famous brand would receive the off-brand, believing they had gotten the brand they were seeking, we see no reason to believe the practice would escape liability merely because it could claim the mantle of “product placement.” The practices attributed to Google by the Complaint, which at this stage we must accept as true, are significantly different from benign product placement that does not violate the Act.

It then noted that:

Rescuecom has alleged ... that would-be purchasers (or explorers) of its services who search for its website on Google are misleadingly directed to the ads and websites of its competitors in a manner which leads them to believe

692. See Rescuecom Corp. v. Google Inc., 562 F.3d 123 (2d Cir. 2009).
693. Id. at 130.
mistakenly that these ads or websites are sponsored by, or affiliated with Rescuecom. This is particularly so, Rescuecom alleges, when the advertiser’s link appears in a horizontal band at the top of the list of search results in a manner which makes it appear to be the most relevant search result and not an advertisement. What Rescuecom alleges is that by the manner of Google’s display of sponsored links of competing brands in response to a search for Rescuecom’s brand name (which fails adequately to identify the sponsored link as an advertisement, rather than a relevant search result), Google creates a likelihood of consumer confusion as to trademarks. If the searcher sees a different brand name as the top entry in response to the search for “Rescuecom,” the searcher is likely to believe mistakenly that the different name which appears is affiliated with the brand name sought in the search and will not suspect, because the fact is not adequately signaled by Google’s presentation, that this is not the most relevant response to the search. Whether Google’s actual practice is in fact benign or confusing is not for us to judge at this time. We consider at the 12(b)(6) stage only what is alleged in the Complaint.\textsuperscript{694}

Similar facts and similar causes of action led to a similar result in a case before a First Circuit district court.\textsuperscript{695} Anticipating the Second Circuit’s holding by a few weeks, that court initially noted that “[i]nitial interest confusion targets . . . confusion at the very earliest stage—not with respect to the source of specific goods or services under consideration, but during the process of searching and canvassing for a particular product.”\textsuperscript{696} Following a scholarly survey of initial-interest-confusion doctrine in the Internet context, the court eventually held that “[t]he crucial question in these cases is one of degree: Whether the consumer is likely confused in some sustained fashion by the sponsored link and the defendant’s website, or whether the link serves instead as a benign and even beneficial form of comparison shopping.”\textsuperscript{697} Reviewing the plaintiff’s allegations under this standard, the court declined to dismiss the action for failure to state a claim, holding instead that:

the Plaintiff has offered sufficient allegations to support its claim that consumers were likely confused, and potentially misled, by [the defendant’s] use of the [plaintiff’s] trademark as a trigger for its sponsored links. While these

\textsuperscript{694}. \textit{Id.} at 130-31.


\textsuperscript{696}. \textit{Id.} at 284.

\textsuperscript{697}. \textit{Id.} at 287.
advertisements may not have displayed the mark itself, the surrounding context supplies a sufficient basis to support allegations of consumer confusion at this early stage of the litigation.698

Different facts and a different procedural disposition nevertheless led to a similar outcome in a Ninth Circuit appeal.699 In entering summary judgment in favor of the defendant, the district court had held that the plaintiffs’ rights to injunctive relief were limited to the goods recited in the plaintiffs’ registrations: Because there was no overlap between those goods and the ones offered by the defendant, that tribunal concluded that no liability was possible and, indeed, that the plaintiffs had no standing to pursue their claims. On the plaintiffs’ appeal of that decision, the Ninth Circuit reversed. Pointing out that the prerequisite of direct competition had “long since been superceded,”700 the appellate court held that “[t]he question of whether the products on which the allegedly infringing mark appears are sufficiently related to goods sold by the plaintiff such that the defendant’s actions qualify as infringement is . . . a merits question.”701 It therefore cautioned the district court on remand “to take a sufficiently broad approach if and when it reaches the merits of [the plaintiffs'] claim.”702

Entry of summary judgment of nonliability similarly failed to survive an appeal to the Seventh Circuit.703 The marks at issue were AUTOZONE for the retail sale of automotive parts, on the one hand, and OIL ZONE and WASH ZONE for oil-change and car-wash services, on the other. Faulting the district court’s conclusion that there were no disputes of material fact, the appellate court noted that “the prominent similarities between the marks may very well lead a consumer cruising down the street to believe, after driving past both parties’ businesses, that Oil Zone and Wash Zone represented AutoZone’s entry into the oil-change and car wash-services market.”704 Although aspects of the evidentiary record such as the related nature of the parties’ services, the strength of the plaintiffs’ mark, and the defendants’ knowledge of the plaintiffs’ prior rights favored a vacatur of the district court’s order, the Seventh Circuit had particular scorn for

698. Id. at 288.
699. See Halicki Films, LLC v. Sanderson Sales & Mktg., 547 F.3d 1213 (9th Cir. 2008).
700. Id. at 1228 (quoting Team Tires Plus, Ltd. v. Tires Plus, Inc., 394 F.3d 831, 833-35 (10th Cir. 2005)).
701. Id. at 1227.
702. Id. at 1228.
703. See Autozone, Inc. v. Strick, 543 F.3d 923 (7th Cir. 2008).
704. Id. at 930.
the defendants’ argument that confusion was unlikely because of the geographically limited scope of their operations:

[The defendants] [do] not cite any authority, however, for conditioning infringement on the scale of the parties’ respective operations, and of good reason: that proposition is undoubtedly incorrect. Such a rule would run counter to . . . cases . . . holding that infringement occurs when consumers are confused over affiliation, and not merely when businesses are identical. Moreover, accepting what [the defendants] advocate[] would allow local businesses a free ride off of the advertising efforts and goodwill of larger national businesses. But trademark law makes no exception for the localized infringer.705

Of course, some district courts also proved reluctant to resolve the issue of likely confusion as a matter of law, both on motions to dismiss for failure to state a claim706 and on motions for summary judgment.707 One example of an unsuccessful motion for summary

705. Id. at 932.
706. See, e.g., Facebook, Inc. v. Power Ventures, Inc., 91 U.S.P.Q.2d 1430, 1435 (S.D.N.Y. 2009) (denying motion to dismiss plaintiff’s allegations that promotional e-mail featuring plaintiff’s mark and transmitted by defendants was likely to “confuse recipients and lead to the false impression that [plaintiff] is affiliated with, endorses, or sponsors” defendants’ services); Young v. Vannerson, 612 F. Supp. 2d 829, 847 (S.D. Tex. 2009) (holding that plaintiffs’ allegations of prior common-law trademark rights, similarity between the parties’ product lines, and public perception of an association between the parties were sufficient to defeat motion to dismiss infringement cause of action for failure to state a claim); Kuklachev v. Gelfman, 600 F. Supp. 2d 437, 471 (E.D.N.Y. 2009) (denying motion to dismiss on ground that “some amount of confusion . . . is evident”); Indiaweekly.com, LLC v. Nehaflx.com, Inc., 596 F. Supp. 2d 497, 502 (D. Conn. 2009) (denying motion to dismiss grounded in plaintiff’s alleged failure to aver likely confusion with particularity under Federal Rule of Civil Procedure 9(b)); Jones Day v. Blockshopper LLC, 89 U.S.P.Q.2d 1623, 1627 (N.D. Ill. 2008) (denying motion to dismiss on ground that “[i]t cannot be said, at this pleadings stage, that [the plaintiff’s] allegations of confusion are implausible”); ESPN, Inc. v. Quiksilver, Inc., 586 F. Supp. 2d 219, 226-27 (S.D.N.Y. 2008) (denying motion to dismiss on ground that “[l]ooking at both [parties’] logos reveals ample reason not to dismiss at the pleading stage”); Knights Armament Co. v. Optical Sys. Tech., Inc., 568 F. Supp. 2d 1369, 1375-76 (M.D. Fla. 2008) (declining, in cursory analysis, to grant motion to dismiss on ground that “[t]he [defendants] have been provided with the requisite notice of [the plaintiff’s] trademark infringement claim”).
judgment came in an action by Volkswagen AG to protect its incontestably registered “New Beetle” product configuration mark for automobiles. Volkswagen challenged the defendant’s publication of a children’s book entitled Fun Cars, which, although primarily two-dimensional, nevertheless featured a silhouette imitating that of Volkswagen’s New Beetle design. Declining to find a likelihood of confusion as a matter of law, the court acknowledged that the New Beetle design was a strong indicator of origin because it was covered by an incontestable registration and that the defendant used a similar design. Nevertheless, the dissimilarities between the parties’ goods, the likely degree of care of parents purchasing children’s books, the lack of any conclusive evidence of the defendant’s bad faith, differences in the parties’ marketing channels, the lack of any plans by Volkswagen to expand into children’s books, and the “minimal weight” properly accorded to survey evidence adduced by Volkswagenwerk were, taken together, sufficient to create a justiciable question of fact as to liability.

Another unsuccessful motion for summary judgment was filed in an appeal from a Trademark Trial and Appeal Board order finding that the defendant had a “family” of marks for hair care products based on the word “sexy” and that the plaintiff’s SO SEXY mark for similar products was likely to be confused with the defendant’s marks. Seeking to replicate its victory before the Board, the defendant moved for summary judgment on both of these issues. The court found that there was a factual issue as to whether the defendant owned a family of marks, and this determination weighed against the defendant’s argument that the plaintiff’s mark was confusingly similar to the individual marks making up the putative family. Of equal importance, the plaintiff adduced new evidence and testimony that had not been exhibits, “the allegedly large difference in price” between the parties’ goods, and the absence of evidence of actual confusion).


709. See id. at 801-06.


[The defendant] has secured U.S. trademark registrations for hair care products for various of its SEXY marks, including SEXY HAIR; SEXY HAIR & Design; SEXY HAIR CONCEPTS & Design; WILD SEXY HAIR; HOT SEXY HIGHLIGHTS; SHORT SEXY; HEALTHY SEXY; and STRONG SEXY HAIR. [The defendant] has regularly policed the SEXY marks in the hair care category, opposing use and registration of marks which contain the term “sexy” for hair care products.

Id. at 1672.

711. See id. at 1679-80.
before the Board, namely, expert reports from a linguist and a market research consultant. Relying in particular on the results of two surveys conducted by the latter expert, the court concluded that “there are . . . issues of fact as to the likelihood of confusion regarding the source of [the plaintiff’s] SO SEXY products.”712

(5) Unlikelihood of Confusion: Preliminary Relief

Actual confusion may be the best evidence that confusion is likely under most circumstances, but a plaintiff seeking the extraordinary remedy of preliminary injunctive relief should be prepared to document such a showing in some detail. In a case demonstrating this point, an employee of the plaintiff submitted declaration testimony of customer inquiries concerning the parties’ possible affiliation, but, as the court found, “[t]he lack of any detail in the summary description of these inquiries [customers not identified, no dates of alleged inquiries, no sworn statements from customers] limits the power and persuasiveness of the averment.”713 According to the court, the plaintiff’s showing fell short for other reasons as well: Although both parties used the INTERFOOD mark in connection with food products, the plaintiff apparently had retreated from the market for dairy products in which the parties would otherwise compete.714 Particularly as the plaintiff had failed to support many of its other allegations with citations to the record, its motion for a preliminary injunction was denied.715

Claims of actual confusion also failed to carry the day in another case.716 The plaintiff’s and the defendant’s respective marks were HEALTHSOURCE CHIROPRACTIC and HEALTHQUEST CHIROPRACTIC, both of which, not surprisingly, were used in connection with chiropractic services. In response to the plaintiff’s claim of having received misdirected e-mails and telephone calls, the court found that “[a]lthough this is insufficient to show actual confusion, it does weigh in favor of a finding of likelihood of confusion.”717 This internally inconsistent observation, however, was balanced by the court’s equally improbable conclusion that third-party use of marks similar to that of the defendant (as opposed to that of the plaintiff) weighed

712. Id. at 1681.
714. See id. at 1039.
715. See id.
717. Id. at 445 (citation omitted).
against liability. With the considerations of the defendant’s good faith and the sophistication of the parties’ customers also favoring a finding of no liability, the plaintiff’s motion for a preliminary injunction was denied.

A plaintiff that fails to address the likelihood-of-confusion test extant in the jurisdiction in which its case is pending places itself at a distinct disadvantage from which it may not recover. One plaintiff making this mistake sought to protect the appearance of an amusement park that the plaintiff had briefly operated under license from the Hard Rock Café. After having purchased the property on which the park sat, the defendant made numerous changes to it, only to have the plaintiff seek a preliminary injunction on the eve of the park’s reopening under the defendant’s management. In the absence of a factor-by-factor likelihood-of-confusion analysis by the plaintiff, the court found that the changes made to the park made it “far from identical” to the one formerly operated by the plaintiff, that the plaintiff’s claimed trade dress was weak, that the public would have associated the old park with the Hard Rock Café and not the plaintiff, that the defendant had acted in good faith, and that there was no actual confusion.

The weakness of the plaintiff’s mark played a central role in a more conventional action to protect a word mark, namely, MEDICI CLASSICS PRODUCTIONS for a classical music label. The defendants used the MEDICI MASTERS and the MEDICIARTS marks in connection with “CDs, DVDs, documentary films and audiovisual content for broadcast over the internet,” including, inter alia, “a relative[ly] broad range of orchestral music[,] chamber music and ballets.” The similarity between the parties’ marks and the closely related, if not competitive, nature of their businesses might ordinarily have resulted in the plaintiff having the upper hand. Based on the plaintiff’s “modest” advertising and limited sales, however, the court concluded that its mark was a weak one entitled to only a narrow scope of protection. Moreover, when viewed in context, the marks “create a vastly different impression on the viewer.” Likewise, although the parties both offered classical music, the fact that the plaintiff’s label featured recordings by only a single artist meant that “plaintiff’s product is so uniquely circumscribed that the risk of confusion is materially

718. See id.
719. See id. at 446-47.
720. See id. at 494-95.
722. Id. at 553-54.
723. Id. at 555.
lessened.”724 With the plaintiff unable to show that its operations were likely to expand, the existence of any mistaken purchasing decisions by customers, bad faith by the defendants, a difference in the quality of the parties’ goods, or a lack of sophistication among the parties’ customers, preliminary injunctive relief was denied.725

The sophistication of, and degree of care exercised by, customers of the parties to another case played a significant role in the denial of preliminary injunctive relief.726 The goods in question were ice fishing shelters, and the court understandably observed that “the harsh winter conditions in which the shelters are used and the specialized niche market of portable ice fishing shelters support an informed and considered purchasing decision by consumers”;727 that the shelters “range[d] in price from $200 to $700” was further evidence of the care with which they were purchased.728 With the plaintiff unable to demonstrate that the defendant had acted in bad faith or that actual confusion had occurred in the (relatively short) period of time in which the parties had coexisted, confusion was unlikely.729

(6) Unlikelihood of Confusion: As a Matter of Law

Defense motions to dismiss allegations of likely confusion for failure to state a claim rarely succeed, but they occasionally provide a return on the investment required to prepare them.730 In one case in which the plaintiff’s infringement claims failed to survive the pleading stage, the defendant produced a film featuring a three-and-a-half minute scene that included a pinball machine manufactured by the plaintiff.731 As the court described the scene, the machine could be seen “intermittently in the background, next to another pinball machine” and “only for seconds at a time, always in the background, and always partially obscured by [one of the lead characters], a recliner chair, or a bar stool.”732 After viewing the film, the court granted the defendant’s

724. Id. at 555.
725. See id. at 555-58.
727. Id. at 1317.
728. Id. at 1316-17.
729. See id.
732. Id. at 630.
motion to dismiss, in substantial part because “it would be difficult for even a keen observer to pick out [the plaintiff’s] trademark. . . .” An additional consideration weighing in favor of dismissal was the implausibility of the plaintiff’s claims of bad faith, of which the court noted “[t]here is no indication that [the defendant] deliberately placed [the plaintiff’s machine] into the scene to capitalize on the good will associated with [the plaintiff’s] mark”; indeed, “[the defendant] could just as well have substituted any other pinball machine to meet its purpose and, in fact, there was a second, apparently unrelated pinball machine in the scene as well.”

In another case in which a motion to dismiss a claim of infringement carried the day, the plaintiff owner of the CINTAS mark for uniforms and uniform supply services objected to the lead defendant’s registration of the www.cintasexposed.org domain, through which could be accessed several websites critical of the plaintiff’s business practices. Weighing the defendants’ motion to dismiss for failure to state a claim, the court concluded that, at least as far as the plaintiffs’ complaint was concerned, four of the relevant likelihood-of-confusion factors weighed “heavily” in the defendants’ favor: (1) the absence of any competitive proximity between the parties’ goods and services; (2) the unlikelihood of the gap between the parties being bridged; (3) the absence of any bad faith by the defendants to associate themselves with the plaintiff; and (4) the sophistication of the plaintiff’s customer base. Dismissal therefore was appropriate because “[w]hile the materials available on Defendants’ websites may disparage [the plaintiff], the likelihood that [the plaintiff’s] actual or potential customers would be confused about who provides [the plaintiff’s] goods and services is remote.” That the defendants’ websites featured “a prominent disclaimer” of affiliation with the plaintiff only sealed the deal.

Of course, a finding of noninfringement as a matter of law can be secured through a motion for summary judgment as well as a motion to dismiss. One of the more unlikely such findings came in an action in which the defendant was the record owner of a series of domain names that clearly imitated the claimed PHILBRICK’S SPORTS mark of the plaintiffs, who were purveyors of sporting

733. Id. at 634-35.
734. Id. at 635.
736. See id. at 578-79.
737. Id. at 579.
738. See id. at 579-80.
goods; the plaintiffs' ire was exacerbated by the appearance on the sites associated with the domains of “a ‘Welcome to philbricksports.com’ banner and links describing the very products the plaintiffs sell.” Although this factual scenario cried out for an application of the initial-interest-confusion doctrine, the plaintiffs failed to invoke it, and the court saw no need to do so on its own initiative. Reviewing the arguments the plaintiffs did assert, the court found in short order that, because the defendant had registered two of the three domains at issue at the request of a third party, it could not be charged with bad faith. It also found that “there is no evidence that competing products could be purchased by following any of the links on the [defendant’s] sites, or that this could be accomplished in a way that would confuse purchasers into thinking they were dealing with the plaintiffs,” and that there was an absence of actual confusion; with respect to this last consideration, the court improbably found that “one customer’s awareness that the ‘philbricksports.com’ site was not the plaintiffs’ indicates that confusion is not likely.”

Even the existence of at least some actual confusion failed to ward off summary judgment of nonliability by a different court. The defendant’s mark was REARDEN COMMERCE, used in connection with a proprietary web-based technology, while the plaintiffs were a number of companies in the technology incubation industry, all of which had the word “Rearden” in their names. As summarized by the court, the plaintiffs’ response to the defendant’s motion for summary judgment included “an extensive list of incidents involving: (1) confusion by authors of trade publications; (2) confusion by organizers of the Web 2.0 Expo trade show; (3) confusion by plaintiffs’ vendors; (4) confusion by plaintiffs’ legal representatives and auditor; and (5) miscellaneous incidents of confusion.” The court identified two reasons why

740. See id. at 376 n.28.
741. See id. at 377. As to the third of the three domains, which the defendant had registered in its own name and its own initiative, the court observed that “there is evidence that [the defendant] registered it due to its perceived ability to attract traffic. But that, in and of itself, does not fairly suggest an attempt to confuse purchasers. . . .” Id.
742. Id.
743. Id. at 377.
745. Id. at 1023.
this showing was insufficient to defeat the defendant’s motion for summary judgment, the first of which was that “in each case, confusion occurred with respect to the parties’ names or affiliation, but never occurred with respect to the source of the parties’ products or services.” The second was that “[n]early every example in the record implicates a vendor or an industry insider. The critical determination for finding a likelihood of confusion is whether prospective purchasers are likely to be deceived, regardless of the experiences of vendors, industry insiders, and job-seekers.” Having thus disposed of the plaintiffs’ claims of actual confusion, the court concluded as a matter of law that differences in the parties’ lines of business, the sophistication of their customers, and the lack of any bad faith by the defendant precluded liability.

Still another finding of no likelihood of confusion as a matter of law came in a case in which the plaintiff’s and defendant’s marks—SAGEMARK CONSULTING and SAGEPOINT FINANCIAL, respectively—bore at least a superficial similarity to each other, particularly as both were used in connection with financial consulting services. But the plaintiff previously had distinguished the prior-registered SAGE CORPORATE BOND FUND when applying to register its own mark, and its arguments in connection with that application came back to haunt it. Its case also was not helped by the court’s findings that, as presented in the marketplace, “[t]he parties’ logos differ in terms of fonts, capitalization, layout, coloring, and design elements,” that the parties’ customers “are wealthier individuals and businesses seeking to invest their savings [who] exercise care in picking an investment service,” that the plaintiff had failed to demonstrate that its mark was strong, that the plaintiff’s showing of actual confusion “doesn’t appear to be probative,” and that the defendant “acted reasonably and without bad faith in adopting its mark.

746. Id.
747. Id.
748. See id. at 1020-27.
750. See id. at 1117.
751. Id.
752. Id. at 1118.
753. See id.
754. Id. at 1120.
755. Id. at 1121.
One Eleventh Circuit district court entering summary judgment of nonliability similarly focused on the presentation in the marketplace of marks that the court otherwise found to “sound similar and look similar.” The marks were PRO-LITE and PROLINE, both used in connection with chain saw accessories. Although the parties sold “directly competitive” goods under their marks, the court found that “the confusion that [the marks’] similarity might otherwise cause a consumer is diminished by the manner in which the marks are portrayed.” Specifically, the counterclaim plaintiffs’ PRO-LITE mark appeared in what might properly be considered a larger composite mark, while the counterclaim defendants’ PROLINE mark was used without any other accompanying words or design and in a distinguishable font. Noting that “[c]ourts in this circuit have repeatedly found that marks otherwise confusingly similar in the abstract are rendered distinct by their presentation,” the court entered summary judgment in the counterclaim defendants’ favor. Additional considerations underlying the court’s holding were the counterclaim plaintiffs’ failure either to adduce evidence of actual confusion or to establish that the absence of trademark availability searches in the counterclaim defendants’ responsive document production constituted evidence of willful blindness of the counterclaim plaintiffs’ rights.

Just as the Second Circuit partially retreated from its 2005 opinion in 1-800-Contacts, Inc. v. WhenU.com, Inc. over the past year, the Supreme Court of Utah questioned 1-800-Contact’s significance to Utah unfair competition law, albeit in a decision that affirmed a finding of noninfringement as a matter of law on facts similar to those in the earlier case. The defendant was an online purveyor of various consumer products that relied on downloadable spyware to trigger pop-up advertising when consumers accessed the plaintiff’s website. Based on 1-800-Contacts and similar cases, the trial court granted the defendant’s motion for summary judgment on the plaintiff’s claims under Utah law, concluding that “computer users are not confused by pop-up advertisements that appear in a window that is separate from the one in which they entered the website.”

757. Id.
758. Id. at 1315.
759. See id. at 1316-18.
760. 414 F.3d 400 (2d Cir. 2005).
761. See Rescuecom Corp. v. Google, Inc., 562 F.3d 123 (2d Cir. 2009).
and distinct from the underlying website.” 764 On appeal, the Supreme Court of Utah declined to adopt “a per se rule that all pop-ups do not violate Utah unfair competition law,” further holding that “[t]he WhenU cases are of limited value . . . because they interpret federal laws. . . .” 765 Nevertheless, the court affirmed the trial court’s decision because “[i]n its affidavit to oppose summary judgment, [the plaintiff] failed to provide evidence of any material fact that was based on more than unsubstantiated opinions and conclusions.” 766 The appellate court was particularly critical of the plaintiff’s failure to adduce survey evidence of actual confusion: “Absent such evidence, the court is entitled to assume that pop-ups appearing in a separate window and labeled with the sponsor’s name are not unfairly competitive.” 767

Finally, one court reached a finding of no liability as a matter of law in a case presenting allegations of reverse confusion. 768 The plaintiff, who used the mark MY CARD. MY WORK. in connection with advertising and design services, challenged the defendants’ use of MY LIFE. MY CARD. in connection with credit card and related services. In contrast to most mark owners, the plaintiff did not seriously contest the defendants’ arguments that his mark, although inherently distinctive, was nevertheless weak. Instead, the plaintiff tried to turn this circumstance into an advantage, and the court obliged him:

A reverse confusion claim such as [the plaintiff’s] rests on a theory that the defendant has saturated the marketplace with a mark similar to the plaintiff’s less well known mark to such a degree that consumers will be misled into believing that the plaintiff is “an authorized infringer” of the defendant’s mark. Obviously, a well known mark—one that has a high degree of acquired distinctiveness—is less susceptible to this sort of confusion than a mark that is not widely recognized. In the reverse confusion context, therefore, the “commercial weakness of [the plaintiff’s] mark supports, rather than undermines, his claim.” 769

Still, however, the weakness of that mark was not enough to carry the day for the plaintiff. To begin with, although finding that “the marks share a similar structure, [are] read with a similar cadence, and have several words in common,” the court also noted

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764. Quoted in Overstock.com, 192 P.3d at 863.
765. Id.
766. Id. at 864.
767. Id.
769. Id. at 520-21 (citation omitted).
that they were presented “using dissimilar modes of presentation”; moreover, the defendants’ mark was used consistently “in immediate conjunction with the familiar American Express ‘blue box’ logo.”\textsuperscript{770} Also weighing in the defendants’ favor were the court’s findings that “no reasonable trier of fact could find that the products sold under the parties’ marks were in competitive proximity”\textsuperscript{771} and that the parties were unlikely to bridge the gap between their respective businesses.\textsuperscript{772} With the court further determining that the defendants had not adopted their mark in bad faith, the plaintiff’s proffered showing of eight instances of actual confusion—only one of which involved a mistaken purchasing decision—failed to ward off summary judgment.\textsuperscript{773}

\textbf{(7) Unlikelihood of Confusion: After Trial}

Somewhat unusually, there were no apparent reported opinions reaching or bearing on findings of no likelihood of confusion after full trials on the merits.

c. \textit{Survey Evidence of Actual or Likely Confusion}

Some courts confronting surveys offered by the parties gave relatively little attention to the methodology devised by the experts conducting them. For example, one court gave short shrift to the defendant’s criticisms of a survey that yielded a 25.4\% rate of confusion among respondents; as the court explained, not only was it “sufficient for a preliminary injunction motion that plaintiff has proffered survey evidence as \textit{some} evidence of actual confusion,” but “this court as well as other circuit courts have accepted survey results well below the 25\% net confusion” rate adduced by the plaintiff’s survey as probative evidence that confusion was likely.\textsuperscript{774} In contrast, one court faced with competing survey results announced that “[t]he parties have presented conflicting, inconclusive and ultimately unilluminating survey evidence” and went on to decide the case without express reliance on either study.\textsuperscript{775}

In most cases in which survey results were proffered, however, courts carefully examined the methodology underlying them before

\textsuperscript{770}. \textit{Id.} at 521-22.
\textsuperscript{771}. \textit{Id.} at 522.
\textsuperscript{772}. \textit{See id.} at 523.
\textsuperscript{773}. \textit{See id.} at 524-26.
deciding their admissibility or appropriate weight. For example, the court in one case applied the following test when evaluating the admissibility of the survey evidence before it:

The following factors are relevant when determining the admissibility of survey evidence: 1) whether the universe was properly defined; 2) whether a representative sample of the universe was selected; 3) whether the questions to be asked of the interviewees were framed in a clear, precise, and non-leading manner; 4) whether sound interview procedures were followed by competent interviewers who had no knowledge of the litigation or the purpose of the survey; 5) whether the data gathered was accurately reported; 6) whether the data was analyzed in accordance with accepted statistical principles; 7) whether the objectivity of the entire process was ensured.776

Applying this test, the court found the survey results were probative despite attacks on them by the counterclaim defendants. For example, although the counterclaim defendants argued that the survey had targeted an improper universe, the court found that not only did more than a quarter of the survey’s respondents fall within the universe proposed by the counterclaim defendants, the confusion rate among those respondents (47%) was even higher than that among respondents as a whole (34.5%). The court similarly rejected criticisms of the survey’s format, which exposed respondents first to the counterclaim plaintiffs’ product and then to a lineup that included the counterclaim defendants’ product, followed by questioning to determine if the respondents believed that any of the products in the lineup were produced by the same company putting out the first product. Finally, because the plaintiff advanced allegations of trade dress, as well as trademark, infringement, the court was not overly troubled by the survey’s failure to control for similarities in the parties’ packaging: “[T]here are aspects of the trade dress that are separate from the trademark, and the failure to [distinguish between the trade dress and the trademark] is a flaw in the survey. However, this flaw is not fatal, as it does not deprive the survey of all relevance,”777

In a different case, the plaintiff’s survey expert conducted a survey that purportedly yielded what might have been a respectable 29.9% confusion rate among respondents.778 Because of several perceived irregularities in the survey’s administration, the court concluded that the survey was entitled to “minimal

777. See id. at 191.
weight.” These included what the court regarded as leading questions that “asked survey takers, in a multiple-choice type question, if [the defendant] needed permission to use the mark.” The court also concluded that, at least for summary judgment purposes, the survey lacked objectivity because it was conducted in anticipation of litigation and because the plaintiff’s expert was a good friend of one of its attorneys. Accordingly, the survey results were not sufficiently compelling to overcome other record evidence and testimony placing the ultimate issue of likelihood of confusion in dispute, and the plaintiff’s motion for summary judgment therefore was denied.

In another case, it was a pair of defense surveys that helped to create a factual dispute as to the likelihood of confusion between the parties’ marks, all of which contained the word “sexy” and were used in connection with hair care products. The action had been filed as an appeal from a holding of likely confusion by the Trademark Trial and Appeal Board, and the plaintiff commissioned two Eveready surveys to support its attack on the Board’s opinion. As described by the court, the first survey was designed to conform to the survey design requirement of the TTAB in which the marks are evaluated based solely on the elements of the affected application and registration, without regard to how the parties’ respective goods are actually perceived in the marketplace. Accordingly, respondents were shown a card that contained the [plaintiff’s] SO SEXY [mark] in plain block letters, above a listing of a variety of hair care products. They were then asked, among other things, “[w]ho, or what company, do you believe puts out the products on this card with this name?” Only 2.29% of respondents reported that they believed SO SEXY hair products were affiliated with [the defendant].

In contrast, the second survey sought to replicate the actual marketplace conditions under which the parties’ products might be purchased: In that survey, respondents—females likely to purchase a hair care product within the next six months—were shown a photograph, taken at [the plaintiff’s] store, of a display of hair

779. *Id.* at 805.
780. *Id.*
781. *See id.*
782. *See id.*
784. *Id.* at 1680 (record citations omitted).
care products, as well as a bottle of SO SEXY shampoo, and were asked questions with respect to the source or business affiliation of the product. Fewer than 1% of responses were clarified as associating SO SEXY with [the plaintiff]. [The defense’s survey expert] testified that the survey results supported a finding of no likelihood of confusion.\textsuperscript{785}

Like the first survey, the second weighed against the defendant’s argument that confusion was likely as a matter of law.\textsuperscript{786}

One court took the unusual step of excluding portions of one survey expert witness report while taking others into account.\textsuperscript{787} The case was a dispute between a manufacturer of cosmetic products and a husband-and-wife team that resold those products on its website. Moving for summary judgment, the defendants also sought to exclude the results of a survey commissioned by the plaintiff, which invited respondents to view the defendants’ website and then asked them whether they believed the site was “affiliated” with the plaintiff. The court agreed with the defendants that the mere fact that “about forty five percent” of respondents perceived such an affiliation was inadmissible; because the survey asked follow-up questions (undisclosed by the opinion) that allowed the court “easily [to] distinguish legally relevant confusion from legally irrelevant confusion,” however, the survey’s results would not be excluded in their entirety.\textsuperscript{788} Moreover, to the extent that the defendants objected to the survey’s control and the allegedly leading nature of its primary question, the technical issues they raised went to the “weight of the [survey] evidence, not its admissibility.”\textsuperscript{789}

\textbf{d. Effect of Disclaimers}

Defendants’ use of disclaimers generally fail to preclude findings that confusion is likely, but there are exceptions to this general rule. One came in a case in which the defendant had prepared advertisements featuring marks owned by the plaintiffs.\textsuperscript{790} As described by the court, the advertisements featured “large, unambiguous language” inviting consumers to compare the defendant’s goods to the directly competitive goods sold by the plaintiffs.\textsuperscript{791} In denying the plaintiffs’ motion for a

\begin{itemize}
  \item \textsuperscript{785} Id. at 1680-81 (record citation omitted).
  \item \textsuperscript{786} Id. at 1681.
  \item \textsuperscript{787} See Mary Kay, Inc. v. Weber, 601 F. Supp. 2d 839 (N.D. Tex. 2009).
  \item \textsuperscript{788} See id. at 848.
  \item \textsuperscript{789} Id. at 849.
  \item \textsuperscript{791} Id. at 589.
\end{itemize}
preliminary injunction, the court found that “the text [of the defendant’s advertisement] clearly encourages consumers to make a choice and compare two, obviously competing brands. In this aspect, the advertisement’s use of the word ‘compare’ serves as a form of disclaimer to guard against brand confusion, rather than inviting it.”792

Other cases featured more characteristic treatments of disclaimers.793 In one, the successor in interest to a family-owned business sought a preliminary injunction against members of the family who had reentered the industry using marks closely similar to those of the business they had sold.794 In response to a demand letter from the plaintiff, the defendants “began putting a tiny disclaimer on their cubicle at trade shows.”795 The court was disinclined to accept the disclaimer as either evidence of the defendants’ good faith or a mechanism for avoiding confusion. As it explained, “a disclaimer this tiny could only be intended to avoid litigation, not to prevent confusion.”796

3. Dilution

a. Retroactivity of the Trademark Dilution Revision Act of 2006

The issue of the retroactivity of the Trademark Dilution Revision Act of 2006 (“TDRA”) continued to be resolved according to that legislation’s express text. Thus, for example, the court in a case filed before passage of the TDRA properly concluded that only a showing of likely dilution was necessary to prove liability under the revised Section 43(c), even if a showing of actual dilution was necessary for recovery of monetary relief.797

b. Proving Mark Fame and Distinctiveness

Claims of mark fame and distinctiveness are more easily asserted than proven.798 Nevertheless, some marks so clearly

792. Id. at 590.
795. Id. at 887.
796. Id.
798. For an opinion addressing the distinction between these two concepts, see ESPN, Inc. v. Quiksilver, Inc., 586 F. Supp. 2d 219, 229 (S.D.N.Y. 2008) (denying motion to dismiss federal dilution claims at pleading stage on ground that “since [the plaintiff] has not moved
qualified for protection under Section 43(c) that their owners prevailed on the issue as a matter of law. One set of plaintiffs falling into this category were the owner of the AUDI word mark and a design mark consisting of four interlocking rings, along with the mark owner’s exclusive United States distributor. Relying on the lead plaintiff’s incontestable registrations, the court had little difficulty concluding that the marks were distinctive, and, with respect to the fame of the marks, accepted the plaintiffs’ showing of “international advertising and sales” under the marks.

The owner of the VISA mark for various financial services was similarly successful in establishing its eligibility for protection under Section 43(c). The case had been filed before the 2006 revisions to Section 43(c), which led the court to refer to the factors contained in both the pre-2006 and post-2006 versions of that Section. The court ultimately considered the latter to be more relevant to its analysis, however, and found the plaintiff’s mark to possess the required degree of fame as a matter of law based on showings of: (1) the mark’s use over a twenty-five year period in each state and in multiple foreign countries; (2) over $1 billion invested to promote the mark in the four years preceding the defendant’s use; (3) $1.3 trillion in sales under the mark “at more than twenty-four million locations worldwide, including more than 6.3 million locations in the United States”; (4) favorable survey evidence documenting respondents’ awareness of the plaintiff’s mark; and (5) multiple federal registrations covering the mark.

These outcomes notwithstanding, other courts evaluating claims of mark fame and distinctiveness reached outcomes favorable to defendants. One plaintiff subjected to this treatment claimed protection under Section 43(c) for the trade dress of an amusement park open for only five months before going out of business. Although the modest length of the park’s operation played a role in the court’s analysis, it was overshadowed by the court’s distaste for the plaintiff’s having copied preexisting works such as the Statue of Liberty:

for a preliminary injunction or for summary judgment, it has no obligation to prove anything’); see also Jones Day v. Blockshopper LLC, 89 U.S.P.Q.2d 1623, 1627 (N.D. Ill. 2008) (holding, without extended analysis, that plaintiff had sufficiently alleged mark fame to escape defendants’ motion to dismiss).

800. See id. at 280.
802. Id. at 1314-16.
Here it borders on the laughable to think that [the plaintiff’s] trade dress . . . is “famous.” This is so not merely because of the few months that [the park] was open and the paltry number of visitors it tried to entertain. It is especially so because . . . [the plaintiff’s] alleged trade dress claims are largely founded on a collection of copies of other people’s creativity.804

Another plaintiff fell victim to an aberrational Second Circuit rule abrogated—or widely thought to have been abrogated—by the TDRA.805 Prior to the enactment of that legislation, the Second Circuit stood alone in holding that only inherently distinctive marks could qualify for protection against actual or likely dilution under federal law.806 The structure of the revised Section 43(c), however, makes clear that inherent distinctiveness is not a threshold “gatekeeping” issue: Instead, courts properly should consider “the degree of inherent or acquired distinctiveness of the [plaintiff’s] mark” as only one of many factors in the inquiry into that mark’s fame.807 Despite this change, one Second Circuit district court applied that jurisdiction’s former rule to dismiss for failure to state a claim an action to protect the descriptive MOSCOW CATS THEATRE mark for a cat circus.808

c. Proving Actual or Likely Dilution

(1) Actual or Likely Dilution by Tarnishment

Tarnishment “occurs when a trademark is linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context, with the result that the public will associate the lack of quality or lack of prestige in the defendant’s goods with the plaintiff’s unrelated goods.”809 Although typographical errors rarely drive the resolution of trademark disputes, one did in an application of this standard by a court entertaining the parties’ cross-motions for summary judgment. Granting that of the plaintiffs, the court noted that “Plaintiffs’ evidence shows Defendant in 2006 distributed thousands of . . . wristbands [bearing the challenged mark] with the word ‘basketball’

804. Id. at 495.
806. See TCPIP Holding Co. v. Haar Commc’ns, Inc., 244 F.3d 88, 97 (2d Cir. 2001).
808. See Kuklachev, 600 F. Supp. 2d at 472.
misspelled. Certainly such shoddy goods can harm the reputation of the famous mark.”

(2) Actual or Likely Dilution by Blurring

Relying heavily on the text of Section 43(c)(2)(B), one court offered the following restatement of the law of dilution-by-blurring:

Blurring involves a diminution in the uniqueness or individuality of a mark because of its use on unrelated goods. To determine dilution by blurring, a court may consider all relevant factors including: the degree of similarity between the [challenged] mark or trade name and the famous mark; the degree of inherent or acquired distinctiveness of the famous mark; the extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark; the degree of recognition of the famous mark; whether the user of the [challenged] mark intended to create an association with the famous mark; and any actual association between the [challenged] mark or trade name and the famous mark.

The court’s actual application of this standard was considerably less detailed: Although acknowledging the plaintiffs’ argument that the defendant had been using an exact copy of a mark owned by the lead plaintiff, a professional football team, in connection with baseball hats and sports-related awards, the court’s entry of summary judgment in the plaintiffs’ favor was grounded in the simple observation that “[a] consideration of the relevant factors on blurring shows a high degree of similarity between Defendant’s mark and the [lead plaintiff’s] famous mark and that Defendant intended to create an association with the famous mark.”

Another court squarely addressed the issue of whether the use by a defendant of an exact copy of the plaintiff’s mark is a necessary prerequisite for liability. The plaintiff’s mark was VISA for various financial products in the financial services industry, while the defendant used EVISA for related services. Responding to the plaintiff’s allegations of likely dilution, the defendant referred the court to the substantive content of its website and argued that, in context, its mark had a readily distinguishable appearance from that of the plaintiff. The court found otherwise, concluding that:

810. Id. (internal quotation marks omitted).
812. Dallas Cowboys Football Club, 616 F. Supp. 2d at 642 (citation and internal quotation marks omitted).
813. Id. at 643.
Defendant’s use of the EVISA mark is not limited to the content of Defendant’s homepage. Rather, Defendant also uses EVISA as its website’s domain name, that is, <evisa.com>. Thus, Defendant has used the VISA mark in a setting where context-specific factors, such as the appearance of Defendant’s homepage, are largely irrelevant.815

With the exception of the plaintiff’s failure to establish the exclusive use of its mark and a bad-faith intent by the defendant, the remaining factors set forth in Section 43(c)(2)(B)816 also broke in the plaintiff’s favor, including: (1) the inherent distinctiveness of the plaintiff’s mark; (2) evidence from a survey commissioned by the plaintiff demonstrating widespread public recognition of the plaintiff’s mark; (3) the results of another survey “showing that 73 percent of . . . respondents mentioned VISA when asked whether EVISA reminded them of another brand name,” which the court found to be “strong evidence that there is an association between the marks.”817

Although findings of actual dilution by blurring, especially those as a matter of law, are relatively rare, they still do occur. In an action brought by the owner and licensee of the AUDI word mark and a design mark consisting of four interlocking rings, the plaintiffs successfully convinced the court that the defendants had used identical copies of their marks in connection with identical and closely related goods and services.818 Based on this showing, the court granted the plaintiffs’ motion for summary judgment on their Section 43(c) claim, holding that “the court finds as a matter of law that Plaintiffs have established the actual dilution element of their trademark dilution claim, and Defendants’ other arguments regarding dilution, actual or likely, need not be addressed.”819

(3) Survey Evidence of Actual or Likely Dilution

Survey evidence came into play in only a few dilution disputes, among which was a case brought by Volkswagen against the publisher of a children’s book entitled Fun Cars, which not only was in the shape of a Volkswagen “New Beetle” automobile but also featured Volkswagen’s VW emblem.820 Rejecting Volkswagen’s

815. Id. at 1317-18.
819. Id. at 281.
claim that the defendant had violated Section 43(c) as a matter of law, the court was unconvinced by Volkswagen’s reliance on a survey apparently conducted for likelihood-of-confusion purposes:

[T]he record demonstrates, by way of VW’s consumer survey, that actual consumers may make mental associations between Fun Cars and VW. However, the record does not demonstrate that a consumer is likely to form a different impression of VW after coming into contact with Fun Cars. The record also does not demonstrate that there has been, or likely will be, a lessening of VW’s ability to identify and distinguish its cars as a result of [the defendant’s] release of Fun Cars. Construing the evidence in a light most favorable to [the defendant,] VW has not shown dilution by tarnishment or blurring.821

Another survey found to have produced probative evidence of likely dilution came in a case in which the plaintiff and defendant used the VISA and EVISA marks, respectively, for financial services.822 Although not described in great detail by the court, the plaintiff’s survey apparently exposed respondents to the use of the EVISA mark on the defendant’s website and invited them to identify any other marks of which the defendant’s mark reminded them. Seventy-three percent of respondents mentioned the plaintiff’s mark, which was enough for the court to conclude that the results weighed in favor of a finding of likely dilution. En route to this determination, the court answered the defendant’s attacks on the survey’s methodology by holding that respondents had seen the defendant’s mark as it appeared in the marketplace and that, despite primarily targeting business, the survey had been directed at an appropriate universe.823

4. Section 43(a) Claims

a. Passing Off and Reverse Passing Off

In its 2003 decision in Dastar Corp. v. Twentieth Century Fox Film Corp.,824 the Supreme Court adopted a restrictive interpretation of Section 43(a)(1)(A)825 that for all practical purposes placed it off limits as a basis for claims of reverse passing off (despite the failure of myriad plaintiffs since then to recognize this).826 In doing so, however, the Court expressly acknowledged in

821. Id. at 808 (citations omitted).
823. See id. at 1319-1320.
826. As in past years, claims of false designation of origin in violation of Section 43(a)(1)(A) similar to those advanced in Dastar fell short, usually as a matter of law. See,
dictum that Section 43(a)(1)(B)\textsuperscript{827} remained an option for a plaintiff seeking to challenge a defendant who, “in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or another person’s goods, services, or commercial activities.”\textsuperscript{828} As the Court explained, a false designation of origin in violation of Section 43(a)(1)(A) was one thing, but a misrepresentation of the inherent nature of goods and services was another.\textsuperscript{829}

Nevertheless, as the Federal Circuit held in a case addressing the relationship between the two sections, the Court’s dictum does not mean that Section 43(a)(1)(A) can be used to circumvent the limitations of Section 43(a)(2)(B).\textsuperscript{830} The plaintiff was a basketball manufacturer that objected to the defendants’ promotion of their competitive balls as “innovative”: According to the plaintiff, the defendants’ advertising violated Section 43(a)(1)(B) because the plaintiff, rather than the defendants, had originated the innovative technology underlying the defendants’ balls. A jury awarded the plaintiff $8,054,579 for the defendants’ allegedly false advertising, but the Federal Circuit reversed the finding of liability outright. Applying Ninth Circuit law, the appellate court noted that “[w]hile the dictum in \textit{Dastar} might suggest that the Supreme Court left open the possibility of a claim arising from a misrepresentation concerning the qualities of certain goods, it does not necessarily suggest that claims based on false designation of authorship are actionable under Section 43(a)(1)(B).”\textsuperscript{831} Instead, because “[s]uch a holding could create overlap between the Lanham and Patent Acts,” the court concluded, “authorship . . . is not a nature, characteristic, or quality, as those terms are used in Section 43(a)(1)(B) of the Lanham Act.”\textsuperscript{832} As it further explained,


828. \textit{Id.}
829. \textit{See Dastar}, 539 U.S. at 38.
831. \textit{Id.} at 1307.
832. \textit{Id.}
“[t]o find otherwise, i.e., to allow [the plaintiff] to proceed with a false advertising claim that is fundamentally about the origin of an idea, is contrary to the Ninth Circuit’s interpretation of *Dastar.*”

Of course, *Dastar* was not the only reason that claims of reverse passing off failed. In one appeal to the Tenth Circuit, the plaintiff sought relief under Section 43(a) for the alleged copying of its architectural plans. In addressing the plaintiff’s copyright claims arising out of the same alleged conduct, the appellate court affirmed a finding below that the defendants had neither had access to the plaintiff’s plans nor was there convincing evidence or testimony that the plans had, in fact, been copied. Under these circumstances, the independent creation of the defendants’ plans necessarily precluded a violation of Section 43(a) arising from the defendants having held themselves out as the origin of those plans.

In a case presenting allegations of both passing off and reverse passing off, the court deemed the plaintiff’s allegations concerning the former tort to be so deficient that they failed to state a claim. And so they were: Rather than alleging that the defendants were representing falsely that the defendants’ lighting fixtures were those of the plaintiff, the plaintiff’s amended complaint asserted that one defendant had advised potential customers that they could buy fixtures “just like [the plaintiffs’] for a less expensive price.” In granting a defense motion to dismiss, the court noted of this allegation that the defendants had been “correctly telling customers that the defendants would be the manufacturer[s] of the lighting fixtures they sold from the showroom. This conduct does not state a claim for false designation of origin under Section 43(a) of the Lanham Act because there was no alleged misrepresentation as to the origin of the goods defendants were selling.”

833. *Id.* at 1308 (citing Sybersound Records, Inc. v. UAV Corp., 517 F.3d 1137, 1144 (9th Cir. 2008)).

The court did, however, observe that “[w]e note that under the law of a different circuit, this case may well have a different result.” *Id.* at 1308 n.1.

834. *See* La Resolana Architects, PA v. Reno, Inc., 555 F.3d 1771 (10th Cir. 2009).

835. *See id.* at 1177-80.

836. *See id.* at 1181-82.


838. *Quoted in id.* at 563.

839. *Id.* at 563-64.

The plaintiff’s reverse passing off claims were disposed of through a standard *Dastar* analysis. *See id.* at 564 (granting defense motion to dismiss on ground that “[the plaintiff] alleges that the products that defendants were and are selling at the showroom were manufactured by the defendants, not by the plaintiff”).
b. False Endorsement

As have other courts in the immediate past, the Third Circuit conflated the test for false endorsement under Section 43(a) with that for trademark infringement. In an action challenging the unauthorized use of the voice of a deceased football commentator, the court held that:

To prove a violation of § 43(a)(1)(A) in a false endorsement case, a plaintiff must show that: (1) its mark is legally protectable; (2) it owns the mark; and (3) the defendant’s use of the mark to identify its goods or services is likely to create confusion concerning the plaintiff’s sponsorship or approval of those goods or services.

Having adopted this test, however, the court immediately set about distinguishing the two torts. Specifically, it affirmed the district court’s holding that the standard likelihood-of-confusion factors applicable to claims of infringement were of limited utility when evaluating claims of false endorsement such as those asserted by the plaintiff. According to the court, the proper factors included: (1) “the level of recognition that the plaintiff has among the segment of society for whom the defendant’s product is intended”; (2) the relationship between the plaintiff’s fame and the defendant’s product; (3) the similarity between the defendant’s use to the plaintiff’s; (4) evidence of actual confusion and the length of time between the inception of the defendant’s use and the emergence of actual confusion; (5) the marketing channels used by the parties; (6) the likely degree of purchaser care; (7) the defendant’s intent; and (8) the likelihood of expansion of the parties’ product lines. Although otherwise vacating entry of summary judgment in the plaintiff’s favor in light of material disputes in the factual record, the court rejected the defendants’ argument that a showing of actual confusion was a necessary prerequisite for relief, as might have been the case had the plaintiff proceeded under Section 43(a)(1)(B); rather, under the Court’s modified test for liability, “no single factor is dispositive. . . .”

c. False Advertising and Commercial Disparagement

As has increasingly been the case in recent years, courts gravitated toward variations on a five-part test for determining

841. Id. at 1014.
842. Id. at 1019-20.
843. Id. at 1021.
whether false advertising in violation of Section 43(a)(1)(B) has occurred:

The five elements are (1) a false or misleading statement of fact about a product; (2) such statement deceived or had the capacity to deceive a substantial segment of potential consumers; (3) the deception is material, in that it is likely to influence the purchasing decision; (4) the product is in interstate commerce; and (5) the plaintiff has been or is likely to be injured as a result of the statement.844

Whatever the precise test for liability, courts generally recognized two ways of demonstrating falsity in the first instance. As the Federal Circuit explained in application of Fifth Circuit law:

A distinction exists between claims based on literally false statements, and claims based on statements that are ambiguous or true but misleading. If a statement is ambiguous or true but misleading, the plaintiff must introduce evidence of the statement’s impact on consumers, referred to as materiality. In other words, recovery [for] a misleading statement requires evidence of actual deception. Thus, the distinction between a literally false statement and a materially misleading statement is important. A claim based on a materially false statement requires proof of actual consumer deception, while in the case of a claim based on a literally false statement the court presumes the existence of deception.845


845. Clock Spring, 560 F.3d at 1329 (internal quotation marks and citations omitted); see also Champion Labs., 616 F. Supp. 2d at 693 (“If the plaintiff proves that the statements made were literally false, the plaintiff prevails without evidence that the statements actually misled consumers because actual deception is presumed.”); Philbrick v. Enom, Inc., 593 F. Supp. 2d 352, 380 (D.N.H. 2009) (“The significance of this distinction is that a plaintiff may recover under § 43(b) for a literally false statement without having to prove that it actually deceived consumers, while actual deception is an additional element of proof on a claim arising out of a literally true or ambiguous statement.”); PlastWood SRL v. Rose Art Indus., 90 U.S.P.Q.2d 1241, 1244 (W.D. Wash. 2008) (“[I]f the statement at issue . . . is literally false, the court must assume that it actually mislead [sic] and confused consumers, without any evidence of such deception from [the plaintiffs].”).

Of course, a plaintiff unable to prove literal falsity is unable to avail itself of a presumption of consumer deception. See, e.g., NetQuote, 90 U.S.P.Q.2d at 1643.
(1) Proving Use “in Commercial Advertising and Promotion” by Defendants

Bucking a recent trend, few reported cases over the past year addressed Section 43(a)’s requirement that an allegedly false statement be made in “commercial advertising and promotion.” In a case that did turn in part on this requirement, the counterclaim plaintiff objected to a press release by the counterclaim defendants and to an article featuring quotations from one of their principals accusing the counterclaim plaintiff of utility patent infringement and misappropriation of trade secrets.846 Granting a motion to dismiss, the court held that the counterclaim plaintiff’s allegations were insufficient as a matter of law for several reasons, with one being their failure to establish that the challenged statements had occurred in commercial advertising and promotion:

[T]o be commercial speech the statements must, at a minimum, criticize or unfavorably compare [the counterclaim plaintiff’s] products. In this case, neither the press release nor article contains statements criticizing [the counterclaim plaintiff’s] products or unfavorably comparing them to [the counterclaim defendants’] products. Indeed, the statements do not discuss the products at all. Rather, the statements criticize [the counterclaim plaintiff’s] product development methods. Where a statement does not disparage the products themselves, there is no implicit invitation to sample the competing products. The press release and . . . article, then do not contain statements that invite a commercial transaction and are not commercial speech.847

Another plaintiff had better luck establishing a use in commercial advertising or promotion, at least at the summary judgment stage of the case, even though the representations in question were made only to a single recipient. The parties occupied a niche market in the automotive parts industry, namely, that for fuel filters intended for a particular engine manufactured by General Motors (GM).848 In a presentation made both through e-mail transmission and live on-site at GM’s offices, the defendant represented to GM that the defendant’s filters performed better in removing contaminants finer than two microns. Although this and other representations were supposedly grounded in the results of tests conducted on the parties’ products, contemporary e-mails

847. Id. at 668 (internal quotation marks and citation omitted).
from those conducting the tests cast doubt on the accuracy of the representations made in the presentations.\footnote{849}

Contending that GM’s status as the sole recipient of the presentations precluded them from being considered commercial advertising and promotion, the defendant moved for summary judgment. In response, the plaintiff established to the court’s satisfaction that “[t]he ‘relevant purchasing public’ for this part is GM.”\footnote{850} Summary judgment of nonliability therefore was inappropriate on the ground that “[i]f the jury finds that the market is made up solely of GM, by showing the presentation to GM, [the defendant] arguably sufficiently disseminated the presentation in the market.”\footnote{851}

(2) False or Misleading Statements of Fact

i. “Puffery”

The argument that allegedly false advertising is actually nonactionable “puffery” is rarely successful, but several defendants managed to secure the dismissal of claims against them by invoking it. Chief among them was an online entity that disseminated breaking news stories to its customers.\footnote{852} Because the defendant did not undertake any original reporting, but instead mined the Internet for stories prepared by others, the Associated Press challenged as false advertising the defendant’s claims, \textit{inter alia}, to be a “news service” with a “news division.” In granting a defense motion to dismiss for failure to state a claim, the court explained that “[t]he defendant’s] self-described status as a news-gathering organization is an inadequate basis for a Lanham Act claim. As framed here, this claim would require the Court or a jury to sit in judgment of whether a self-described news service is required by the Lanham Act to do ‘original reporting.’”\footnote{853} The challenged statements were therefore mere puffery: “Here, the definition of a ‘news service’ does not lend itself to absolute criteria, and is exempt from the reach of section 43(a).”\footnote{854}

A finding of nonactionable puffery also came in an action in which the plaintiff sought a preliminary injunction against the defendants’ claims that their diapers “fit more naturally” than

\footnote{849. See id. 688-90.}
\footnote{850. Id. at 695.}
\footnote{851. Id.}
\footnote{853. Id. at 2028.}
\footnote{854. Id.}
those sold by the plaintiff.855 Denying the plaintiff’s motion for interlocutory relief, the court determined that the defendants’ advertising could not be proven true or false and, additionally, that it was based solely on subjective consumer preferences. As to the first of these considerations, “it is not . . . clear that the benchmark concept—a ‘natural fit’—is capable of concrete definition. Because it is not known what criteria should factor into the definition, it is impossible to conclude with any credibility that one product fits more naturally than another.”856 And, as to the second, the court observed that:

If subjectivity plays a role in deciding what it means to “fit more naturally,” it plays an even stronger role in measuring the “natural fit” of a diaper. That is, even if we could all agree on what it means (in the abstract) for a diaper to fit more naturally, our conclusions as to which diaper actually fit more naturally would be based on purely subjective judgments. Because this kind of “opinion puffery” can only be evaluated based on the subjective opinions of the audience, it cannot be “proved.”857

The court was unswayed by responses to a survey of mothers (as opposed to the infants who actually wore the parties’ diapers) commissioned by the plaintiff because “[w]henever subjective preference is the arbiter of a claim . . . resort to consumer studies is of limited value in the Lanham Act context and only underscores the inherent difficulty in disproving such claims.”858

A more characteristic treatment of a claim that allegedly false advertising was merely a recitation of the defendant’s own opinions came in a dispute between two manufacturers of automobile fuel filters.859 The challenged statements were made in two presentations to the primary customer of both parties’ products and were allegedly supported by the results of tests conducted by the defendant’s engineers on those products. The court declined to accept the defendant’s invitation to hold as a matter of law that the statements were not of facts but instead of opinions:

[I]t is clear that [the defendant] has confused the meaning of “opinion” with that of speculation about future events based on factual statements. [The defendant’s] statements assert facts,

856. Id. at 800.
857. Id. (citation omitted).
858. Id. at 801.
purportedly based on its testing of the two products. [The defendant] asserted test results and observations, and drew factual conclusions from the test results and observations. The presentation was based on and contained data gleaned from comparison testing of the two filters; it did not merely contain the personal beliefs of [the defendant’s] sales or engineering teams about the superiority of the [defendant’s] filter. . . . Pointing out that [the defendant] speculated about the problems [the parties’ primary customer] might incur if it used the [plaintiff’s] filters is not enough to show that the statements were opinion.860

\textit{ii. Literally False Claims}

As usual, most allegations of literally false advertising fell short, often as a matter of law.861 An example of this phenomenon came in an action brought by the owner of the claimed PHILBRICK’S SPORTS service mark against the record owner of three domain names, philbricksports.com, philbricksports.net, and philbrickssports.net, which led to a website with a banner headline reading “Welcome to Philbricksports.com.”862 Entering summary judgment in the defendant’s favor, the court observed that “[t]he plaintiffs do not explain how the statement ‘Welcome to Philbricksports.com’ is literally false. . . . On its face, the statement simply welcomes the viewer to a website named ‘Philbricksports.com,’ which, after all, is literally true in the sense that philbricksports.com is the name of the website.”863 As the court further explained, “[t]he statement may well suggest . . . that the site is affiliated with a business named ‘Philbrick’s Sports,’ but ‘claims that are implicit, attenuated, or merely suggestive usually cannot fairly be characterized as literally false.’”864

Another example of a successful defense motion for summary judgment came in a case in which the plaintiffs’ allegations of literal falsity were grounded in the advertising for, and the

860. \textit{Id.} at 696.


863. \textit{Id.} at 380.

864. \textit{Id.} (quoting Cashmere & Camel Hair Mfrs. Inst. v. Saks Fifth Ave., 284 F.3d 302, 311 (1st Cir. 2002)).
packaging of, the defendant’s magnetic construction toy sets. The defendant promoted its sets by, *inter alia*, representing that they could be used to build “500 designs.” To support their allegation that this statement was literally false, the plaintiffs retained an expert who opined that he had been unable to build three of the referenced designs. In response, the defendant adduced its own expert testimony that the designs could indeed be built using nothing more than the sets’ contents. Invited by the court to comment on a video apparently documenting the successful construction of the designs by the defendant’s expert, the plaintiffs’ expert was unable to state unequivocally that the defendant’s expert had failed to accomplish what he testified he had. With no record evidence or testimony placing the report of the defendants’ expert into dispute, summary judgment in the defendants’ favor was appropriate.

Claims of literal falsity in the context of preliminary injunction motions also failed. Perhaps the most interesting opinion to reach such a result came in an action between competing manufacturers of diapers, in which the plaintiff argued that the defendants’ claims that their diapers had a “more natural fit” were literally false. Although the defendants proffered underlying test data to back up this claim, the court held that there were two reasons why it was unnecessary to address the plaintiff’s attacks on the data’s validity, the first of which was that “the Lanham Act does not require testing to support a claim’s ‘truth’—presumably advertisers routinely make countless claims that are both true and untested.” As a consequence, “since a consumer test was not even required by the Act, the particular criticisms [the plaintiff] has leveled at the methods used in [the defendants’] study are of only limited relevance.”

Second, the challenged advertising did not contain any references to the defendants’ study. Of this omission, the court noted that:

> [W]hen the existence or results of tests are *not* incorporated into the advertisement, as here, a plaintiff may not meet its burden of showing falsity merely by leveling attacks at any

866. See id. at 1245-46.
868. In addition to challenging the defendants’ data, the plaintiff introduced the results of its own study, which, although not described in any detail by the court, apparently contained a “single ‘fit’ question.” Id. at 805. Although rejecting the defendants’ criticisms of the study’s methodology, the court otherwise did not accord it significant weight. See id.
869. Id. at 802.
870. Id.
tests that might happen to exist; such attacks are simply not affirmative evidence of falsity. It is one thing to say “that is false,” but another thing altogether to say “you have no proof.” In the Lanham Act context, the latter is not enough.871

These outcomes demonstrate the difficulty of proving literal falsity in an ordinary case, but a plaintiff with access to a defendant’s internal e-mails questioning the accuracy of its own advertising may well wind up in the driver’s seat. In a case featuring just such a scenario, the defendant had forwarded the initial results of tests conducted by its engineers to the primary customer of both parties’ products.872 It did not, however, forward e-mails documenting that, inter alia, the engineers “saw far different results later in the day,” considered it “dangerous to give [the customer] these first day test results,” and ultimately had concluded that, with respect to a critical characteristic, the parties’ products were “fairly indistinguishable.”873 Not surprisingly, the court was unreceptive to the defendant’s motion for summary judgment, concluding that “[v]iewing the evidence in the light most favorable to [the plaintiff], the non-moving party, this Court finds that [the plaintiff] presented evidence that a jury could use to conclude that [the defendant] made statements to [the customer] that were literally false.”874

iii. Accurate, But Misleading, Claims

Although easily pleaded,875 allegations of literally true but misleading advertising can be just as difficult to establish as those of literally false advertising.876 In an extreme example of such a disposition, one court dismissed allegations of false advertising under this theory for failure to state a claim.877 The sole allegation advanced by the plaintiff’s amended complaint bearing on this theory was an allegation that one of the individual defendants had told “potential clientele he was manufacturing [lighting fixtures] for [the plaintiff] but could manufacture fixtures just like [the

871. Id. at 803.
873. Quoted in id. at 697.
874. Id.
875. See, e.g., Kuklachev v. Gelfman, 600 F. Supp. 2d 437 (E.D.N.Y. 2009) (denying motion to dismiss for failure to state a claim grounded in plaintiffs’ failure to support allegations of implicitly false advertising at pleading stage).
plaintiff’s] for a less expensive price.”878 The plaintiff conceded that this representation was not literally false, but the court was disinclined to find it false under any theory. Instead, “rather than misleading or confusing customers, [the individual defendant] was allegedly telling them precisely what the sales arrangement was: his firm was manufacturing for [the plaintiff] but was willing to sell some of those fixtures directly to customers for a discount.”879

(3) Causation and Likelihood of Injury

A relatively rare example of the causation prerequisite for liability under Section 43(a) playing a role in a reported opinion arose from inaccurate claims that a “gutter protector” sold by the defendants was patented.880 The plaintiffs were New Zealand domiciliaries and, although their goods were available through a website, it was undisputed that they had never made a sale in the United States. Under these circumstances, the court held that the plaintiffs could not have been damaged by the defendants’ sales in the United States and that this consideration precluded entry of summary judgment in the plaintiffs’ favor.881

Of course, if the absence of sales over a website precludes a claim of damage, the absence of visitors to the site in the first instance properly should be an even greater obstacle. Such was the result in a case in which it was apparently undisputed that the allegedly false statements had only been disseminated online.882 Although the plaintiff was sidetracked by its inability to prove falsity, it also fell short in the causation inquiry: According to the court, “[the plaintiff] has not shown any actual or likely injury resulting from [the defendant’s] advertisements. It presented no evidence that its agents ever visited the [defendant’s] site, or that anyone was influenced against purchasing [the defendant’s services] as a result of seeing those advertisements.”883 Not only did this failure prevent the plaintiff from prevailing on the merits of its claim, it would have precluded monetary relief even if liability existed.884

878. Quoted in id. at 563.
879. Id. at 565.
881. Id. at 741.
883. Id. at 1643.
884. See id.
(4) Statements Related to the Enforcement of Patent Rights

Under the Federal Circuit’s forgiving approach to false advertising, the owner of a patent has the right to “enforce its patent, and that includes threatening alleged infringers with suit.”885 This means that a plaintiff seeking to recover for a defendant’s dissemination of allegedly false statements made by patentees must demonstrate that the statements were made in bad faith, a requirement that often leads to holdings of no liability as a matter of law.886 There are exceptions to this rule, however, and one led to the denial of a plaintiff’s motion for summary judgment in a case in which the plaintiff’s dissemination of both a letter to the trade and a press release touting the scope of its rights had led to a counterclaim for false advertising.887 It was the press release that proved to be the motion’s undoing. As the court explained, statements suggesting that competitors cannot design around a patent—“known as ‘exclusive source’ statements”—are “inherently suspect . . . not only because with sufficient effort it is likely that most patents can be designed around, but also because such a statement appears nearly impossible to confirm a priori.”888 Because the press release repeatedly used the word “exclusive,” the court concluded that “[t]he representations in [the press release] . . . reasonably can be construed as marketplace statements suggesting that competitors are incapable of designing around [its] patents.”889 Particularly because the plaintiff had failed to present “evidence showing that competitors are in fact incapable of designing around its patents,” summary judgment of nonliability was inappropriate.890

5. Cybersquatting Claims

a. In Rem Actions

As explained by one court, Congress enacted the in rem procedure available under the Anticybersquatting Consumer Protection Act (“ACPA”) “largely for the purpose of providing

888. Id. at 1125 (quoting Zenith Elecs. Corp. v. Exzec, Inc., 182 F.3d 1340, 1354 (Fed. Cir. 1999)).
889. Id. at 1126.
890. Id.
remedies for trademark owners who cannot find a person or entity responsible for registering . . . offending domain names.” 891 In particular, the ACPA

provides that “the owner of a mark may file an *in rem* action against a domain name in the judicial district in which the domain name registrar [or] domain name registry . . . is located if” [the owner first] can establish each of the elements of a trademark infringement or dilution claim and, second, that the owner is not able to find or obtain *in personam* jurisdiction over the person who would have been the defendant. . . . 892

Applying this standard to the particular domain at issue, the court easily concluded that the plaintiffs—one of which was the owner of the federally registered VOLKSWAGEN mark for automobiles and related goods and services—were entitled to relief against the volkswagentalk.com domain, at which was accessible “paid advertisements . . . [and] posts by users about aftermarket parts and unlicensed accessories.” 893 Not only were the plaintiffs’ marks “indisputably famous and . . . distinctive,” the challenged domain incorporated the lead plaintiff’s VOLKSWAGEN mark “verbatim” and allowed access to services “similar to Plaintiffs’ services and . . . intended to supplant the provision of those services by Plaintiffs.” 894 The plaintiffs’ use of the Internet for promotional purposes also favored a finding of liability, as did “[t]he logical purpose of registering the Domain Name . . . , [which was] to capitalize on consumer confusion as to the source, sponsorship, affiliation, or endorsement of its products and services.” 895 An order requiring the transfer of the domain to the plaintiffs followed. 896

**b. In Personam Actions**

In an *in personam* action under the ACPA, the owner of a valid trademark is entitled to relief if it can demonstrate that the defendant has “(1) a bad faith intent to profit from that mark and (2) registers, trafficks in, or uses a domain name that (3) is identical or confusingly similar to [the] plaintiff’s mark, or

893. Id. at 884.
894. Id. at 884-85.
895. Id. at 885.
896. See id.
protected by special legislation.” In a case in which just such a “special statute” was implicated, the U.S. Olympic Committee (USOC) and the International Olympic Committee challenged the defendants’ incorporation into a number of domain names of certain marks reserved by the Olympic and Amateur Sports Act to the USOC. The defendants established websites accessible at the domain names, which, according to the court, “misled the public into believing that Defendants were operating an official Olympic ticket site”; they also took steps to conceal their identities and contact information. On these facts, the court did not hesitate to conclude that the plaintiffs had demonstrated the requisite bad faith intent to profit from the domain names’ registration.

At least one claim under the ACPA succeeded at the preliminary injunction stage. The plaintiff, which produced and sold a variety of food products under the INTER FOOD mark, registered the interfood.com domain for use in the dairy business in 1999. The two individual defendants in the case were former employees of the plaintiff and had founded a business to compete with the plaintiff after leaving its payroll. One of the individual defendants then registered the www.interfood.us domain, at which customers could access information on the individual defendants’ new business, which was also named as a defendant. Focusing on statements on the defendants’ website that it believed disparaged the plaintiff, the court found that the plaintiff had successfully demonstrated the defendants’ bad-faith intent to profit from their domain and therefore ordered it inactivated pending disposition of the case on the merits. In a later opinion in the same case, the court denied the registrant’s motion for summary judgment, although it did allow the remaining defendants to escape liability based on the plaintiff’s failure to demonstrate that they were responsible for the registrant’s actions.

The doctrine of foreign equivalents is well-established in infringement litigation, and the past year saw an application of it

900. Id. at 2014.
901. See id. at 2015.
902. See id. at 2018.
904. See id. at 1039-40.
in an action under the ACPA.\footnote{906} The plaintiff was the owner of various federal registrations of the MASTERCARD mark for financial services, and it sued the defendant after he ill-advisedly wrote the plaintiff to advise it of his registration as a domain of the Hindi translation of MASTERCARD; although not referring to it in his correspondence, he also proved to be the owner of the www.mastércard.com domain. Concluding that the defendant’s registration of both domains violated the ACPA, the court noted with respect to the former that it “does not have the same appearance as MASTERCARD, but it is identical in translation, pronunciation, and meaning.”\footnote{907}

In a final series of cases on the plaintiffs’ side of the ledger, just as courts routinely decline to dispose of allegations of likely confusion on motions to dismiss for failure to state a claim, so too are they generally unreceptive to motions to dismiss actions under the ACPA.\footnote{908} For example, the Eleventh Circuit rejected a challenge to the sufficiency of one plaintiff’s allegations of a bad-faith intent to profit under the ACPA.\footnote{909} Because of litigation-related misconduct earlier in the case, the district court struck the defendants’ answer, leaving them unable to object to the imposition of liability except by challenging the adequacy of the plaintiff’s allegations of unlawful cybersquatting. That challenge included the theory that the plaintiff had failed to aver that the defendants had acted with the required bad-faith intent to profit. Unfortunately for the defendants, the plaintiff’s complaint in fact recited that “Defendants continue to use the domain names with the bad faith intent of profiting unlawfully from [the plaintiff’s] trademarks,”\footnote{910} and a finding at the summary judgment stage that there was a possibility the defendants had not acted in bad faith did not affect the sufficiency of this allegation.\footnote{911}

In contrast, another court was far less sympathetic to \textit{in personam} claims under the ACPA, entering summary judgment of nonliability after concluding that the domains of which the defendant was the record owner were not identical or confusingly similar to the personal name of the lead plaintiff.\footnote{912} That name was Daniel Philbrick, while the domains in question were

\footnotesize

\begin{itemize}
  \item \footnote{906} See Mastercard Int’l Inc. v. Trehan, 629 F. Supp. 2d 824 (N.D. Ill. 2009).
  \item \footnote{907} Id. at 830.
  \item \footnote{908} See, e.g., Kuklachev v. Gelfman, 600 F. Supp. 2d 437, 472 (E.D.N.Y. 2009) (denying motion to dismiss grounded in alleged absence of bad faith intent to profit from registration of domain in question).
  \item \footnote{909} See Eagle Hosp. Physicians, LLC v. SRG Consulting, Inc., 561 F.3d 1298 (11th Cir. 2009).
  \item \footnote{910} Quoted in id. at 1308.
  \item \footnote{911} See id.
\end{itemize}
philbricksports.com, philbricksports.net, and philbrickssports.net. Of the distinction between these, the court remarked that “[t]he configuration of the domain name ‘philbricksports’ is not ‘substantially similar’ to that of the name ‘Daniel Philbrick,’ in that the former omits . . . Philbrick’s first name and tacks the word ‘sports’ on to the end.” Beyond this, “even the most careless viewer would not mistake the word ‘philbricksports’ for the words ‘Daniel Philbrick,’ so the two are also not confusingly similar.”

Other courts rendering defense-oriented outcomes focused on the absence of evidence of a bad faith intent to profit by accused cybersquatters. For example, when a group of labor organizations and several employees of Cintas Corporation registered the www.cintasexposed.org domain in their efforts to unionize Cintas, Cintas responded with “a sprawling 334 paragraph amended complaint larded with seventy-nine exhibits,” which asserted, inter alia, that the organizations and employees had violated the ACPA. Granting the defendants’ motion to dismiss for failure to state a claim, the court rejected seriatim the three bases of the plaintiff’s claim that the defendants were acting with a bad-faith intent to profit from the domain’s registration and use. First, although the defendants sold union-related merchandise in an online store, the store was accessible through links “twice removed” from the domain. Second, even if the defendants were successful in their advocacy of a procedure that would allow the plaintiff’s employees to unionize without a vote, that success would not constitute a thing of monetary value to the defendants. Finally, the defendants’ attempts to secure access to union dues and pension benefits from the plaintiff’s employees was “too attenuated and independent from the accused conduct to support any inference that the use is an attempt to profit.”

The absence of a bad faith intent to profit similarly led to the denial of a motion for a preliminary injunction. The lead defendant owned the www.healthsourcechiro.com domain, which the court compared to the plaintiff’s www.healthsourcechiropractic.com domain, rather than the plaintiff’s HEALTHSOURCE CHIROPRACTIC service mark. Although concluding that the parties’ domains were confusingly

913. Id. at 379.
914. Id.
916. Id. at 580.
917. See id.
918. Id.
similar, the court was unconvinced that the lead defendant had registered its domain in bad faith. Not only was that defendant using HEALTHSOURCE CHIROPRACTIC as a service mark, it had searched, cleared, and applied to register the mark eight months prior to registering the domain. This sequence of events weighed against a finding of bad faith, as did the lead defendant’s ownership only of domains similar to marks used in its franchise system and its provision of accurate information when registering the domain challenged by the plaintiff. With the plaintiff therefore unlikely to succeed on the merits of its ACPA claim, its motion for a preliminary injunction was denied.

6. Recovery for Fraudulent Procurement of Registrations

Section 38 of the Act provides a civil cause of action against “[a]ny person who shall procure registration in the Patent and Trademark Office of a mark by a false or fraudulent declaration or representation, oral or in writing, or by any false means.” In a case in which the plaintiff sought to recover damages under Section 38, the court concluded that the plaintiff had failed to establish use of its mark prior to the defendant’s application to register its own mark. Under the circumstances, the defendant could not have defrauded the USPTO by averring that it was unaware of other users with prior rights to use the same or a confusingly similar mark.

7. State and Common-Law Claims

a. Preemption of State Unfair Competition Causes of Action

A perennial issue for courts addressing state unfair competition is whether those claims are preempted by federal law, especially by Section 301 of the Copyright Act. A rare holding of no preemption came in a Third Circuit appeal in a case arising from the plaintiff’s attempt to recover under the Pennsylvania right of publicity statute for the unauthorized use of a vocal recording to promote sales of a video game. Entertaining the

920. See id. at 440-43.
923. See id. at 2037-40.
defendants’ argument that the plaintiff’s claims were preempted, the court applied the standard Section 301 analysis, holding that “for a state-law claim to be preempted by copyright law, it must protect (1) an exclusive right in (2) a work within copyright’s subject matter.”927 Noting that the Pennsylvania statute in question required the plaintiff to demonstrate that what it sought to protect had commercial value, the court concluded that the statute mandated a showing of an additional element not contemplated by the Copyright Act.928 It next determined that the sound of the voice underlying the plaintiff’s claims was outside the scope of copyright protection; consequently, no express preemption existed under Section 301.929 Moreover, because the defendants had used the recording in a promotional advertisement, their conduct was not an expressive one that might cause the plaintiff’s claim to be barred under the separate doctrine of conflict preemption.930

A far more characteristic outcome in preemption disputes was the granting of motions to dismiss.931 One example of this pattern over the past year came in a case brought by the owner of several copyrighted books on architectural and design works.932 In addition to advancing a claim of copyright infringement against defendants it alleged had copied its books, the plaintiff asserted causes of action for unjust enrichment and misappropriation under New York law. In response to a motion to dismiss by the lead defendant, the plaintiff argued that deception on the part of that defendant rendered the plaintiff’s state law causes of action substantively different from its copyright claim. Because the plaintiff had alleged no such deception in its complaint, the court

927. Id. at 1026.
928. See id. at 1027.
929. See id. at 1027-28.
930. See id. at 1028-32.
concluded otherwise; in any case, however, even had the plaintiff made such an averment, its presence in the case would not have rendered the state law torts qualitatively different from the plaintiff’s primary copyright claim.933

b. Right of Publicity

Another plaintiff successfully demonstrated liability under the Pennsylvania right of publicity statute934 for the unauthorized use of a vocal recording in the promotion of a videogame.935 In affirming a finding that the statute had been violated, the Third Circuit noted that (1) the voice underlying the recording had commercial value, (2) the defendants had used the recording for commercial purposes, and (3) a release secured by the defendants permitting other uses of the voice did not extend to the particular use made by the defendants.936

State courts in Georgia and North Carolina took aim at right-of-privacy claims that appeared to be more properly disposed of under right-of-publicity doctrine. In both cases, the counterclaim plaintiffs alleged that their former employers had failed to remove their likenesses from the former employers’ websites following the counterclaim plaintiffs’ departures.937 In the North Carolina action, the counterclaim defendants made an uncontroverted showing that they had instructed their technical support service to delete information relating to the counterclaim plaintiffs when the counterclaim plaintiffs departed and that the requested deletion had occurred.938 In contrast, the counterclaim plaintiff’s case in the Georgia action foundered on his inability to demonstrate that the counterclaim defendants had benefited in any way from his continued appearance on their website.939 The ultimate outcome of each case was the same: summary judgment of nonliability.940

933. See id. at 509-11.
936. See id. at 1025.
938. See Merritt, 676 S.E.2d at 88-89.
939. See Gettner, 677 S.E.2d at 157-58.
940. See id. at 158; Merritt, 676 S.E.2d at 89.
c. Other State Statutory and Common-Law Unfair Competition Claims

(1) District of Columbia

The law of most states contemplates at least some form of a trade name registration system, but few substantive consequences typically accompany noncompliance. Not so in the District of Columbia, in which one plaintiff sought to recover monies due it for the repair and refurbishment of historical property.941 Although a sole proprietorship, the plaintiff operated under the designation HUNTER INNOVATION COMPANY, which the defendant argued was required to be registered with the District of Columbia Department of Consumer and Regulatory Affairs. The court agreed with the defendant that the relevant statute defined “trade name” as “a word or name, or any combination of a word or name, used by a person to identify the person’s business which . . . [i]ncludes words which suggest additional parties of interest such as ‘company.’”942 Because of another provision of the D.C. Code prohibiting unregistered businesses from bringing suit “in any of the courts of the District of Columbia,”943 the plaintiff’s action was dismissed without prejudice.944

(2) Georgia

In addition to its version of the Uniform Deceptive Trade Practice Act,945 Georgia has a Fair Business Practices Act,946 which contains similar prohibitions on deceptive practices. The latter, however, is available only to consumers, and this restriction led to the dismissal of one plaintiff’s claim under it.947 As the court taking this action explained, “[t]he Plaintiff only seeks to vindicate its business interest and ignores its rights as a consumer. Therefore, in regard to the unfair competition claim, the complaint is deficient, and the claim should be dismissed.”948

943. Id. § 47-2855.03(d).
946. Id. § 10-1-393.
948. Id. at 1047.
(3) Iowa

In a dispute between two banks over the COMMUNITY STATE BANK service mark, the defendant argued that the federally chartered plaintiff's use of the mark violated an Iowa statute providing that "[a] national bank . . . shall not use the word 'state' in its legally chartered name." In reinstating a bench verdict of infringement in the plaintiff's favor, the Supreme Court of Iowa declined to hold that the state statute rendered the plaintiff's use unlawful. As it explained, "[t]he plain language of the statute indicates that it applies to legally-chartered names. Legally-chartered names are different from trademark names. Thus the statute does not prevent [the plaintiff] from using 'state' in its trademark name, 'Community State Bank.'"

(4) Nebraska

Ownership of a valid trademark or service mark obviously is a prerequisite for the prosecution of an infringement action, but a Nebraska district court confirmed that liability for deceptive trade practices can exist even in the absence of a protectable mark. The plaintiff's mark had been found descriptive and lacking secondary meaning, which led the defendant to argue that the plaintiff's motion for a preliminary injunction under the Nebraska Deceptive Trade Practices Act necessarily was without merit. The court rejected this theory, holding that "[the defendant's] argument ignores the possibility that a factual situation could exist that violates the [statute] but does not constitute trademark infringement." Although further observing that "[t]he Court finds it likely that such a situation exists here," the court's opinion did not describe in any detail the precise nature of that violation beyond the defendant's use of a similar name.

(5) New Jersey

The New Jersey version of the Truth in Music Act is aimed at preventing the misappropriation of the names of older performing groups by individuals or other groups with no current or former affiliation with the original groups. In a short-lived threatened

951. Cnty. State Bank, 758 N.W.2d at 528-29.
954. WWP, 566 F. Supp. 2d at 977-78.
955. Id. at 978.
prosecution under the Act, state authorities briefly took the position that any performing group not owning a federal registration of its name was required to bill itself as a “tribute” act. In the ensuing civil rights action against the state by the potential defendants, the state retreated from this position by confirming its intention to treat owners of registered and unregistered marks alike under the Act; thus, those groups able to establish protectable common-law rights to their names would be immune from prosecution. Not only did this resolve the plaintiffs’ equal protection challenge to the Act, it precluded them from recovering their attorneys’ fees in bringing the challenge.

(6) New York

After several years of spinning off opinions from both state and federal courts alike, the long-running litigation in *ITC Ltd. v. Punchgini, Inc.* finally ground to an apparent halt, only to generate new proceedings in another case over the extent to which a plaintiff without actual use of its mark in commerce can nevertheless claim protectable rights under New York common law. There, the owner of the COHIBA mark for cigars in jurisdictions outside the United States, which was prevented by the Cuban embargo from doing business domestically, challenged the use of the same mark by a United States company. In determining that the plaintiff was entitled to relief, the court noted that a finding of misappropriation under *ITC* did not require a showing of bad faith: “The [New York Court of Appeals] was . . . clear in its articulation of the showing necessary to establish a misappropriation claim under New York law, and nowhere in its opinion did the Court make reference to or point to facts that would indicate that a separate showing of bad faith is necessary to prove misappropriation.” Accordingly, it held in the plaintiff’s favor on the basis of findings of fact earlier in the litigation (1) that the defendant had deliberately copied the plaintiff’s mark; and (2) that consumers of cigars in New York associated the COHIBA mark with the plaintiff. The court did not, however, address the nature of the relief to which the plaintiff was entitled.

958. See id. at 612.
959. 482 F.3d 135 (2d Cir.), certified questions accepted, 870 N.E.2d 151 (N.Y.), cert. denied, 128 S. Ct. 288, certified questions answered, 880 N.E.2d 852 (N.Y. 2007), later proceedings, 518 F.3d 159 (2d Cir. 2008).
961. Id. at 628.
962. Id. at 630-32.
Other courts had opportunities to confirm the scope of several statutory causes of action under New York law, especially that for deceptive trade practices.\footnote{963}{See, e.g., DO Denim LLC v. Fried Denim Inc., 91 U.S.P.Q.2d 1589, 1593 (S.D.N.Y. 2009) (dismissing state claim for deceptive trade practices on ground that “no . . . sort of injury to public health or safety can reasonably be inferred from the Amended Complaint”); LBB Corp. v. Lucas Distrib. Inc., 88 U.S.P.Q.2d 1057, 1059-60 (S.D.N.Y. 2008) (dismissing cause of action for failure to state a claim based on failure to allege harm to consumers).} The conduct challenged by one plaintiff’s complaint was the defendants’ alleged sale in the United States of diverted goods intended only for distribution in other countries.\footnote{964}{See Krasnyi Oktyabr, Inc. v. Trilini Imps., 578 F. Supp. 2d 455 (E.D.N.Y. 2008).} In addition to federal infringement and unfair competition claims, the plaintiff invoked state law prohibitions against deceptive trade practices and false advertising.\footnote{965}{See N.Y. Gen. Bus. L. §§ 350, 360-1 (McKinney 1996).} After considering the parties’ cross motions for summary judgment, the court dismissed these claims. As to the plaintiff’s allegations of deceptive trade practices, the court held that “the statute requires that plaintiff demonstrate some harm to the consumer or public at large,” a showing that was absent in the record.\footnote{966}{Id. at 470.} The plaintiff’s claim that the defendant had engaged in actionable false advertising failed for the same reason, with an additional deficiency in the plaintiff’s case being that the defendants had not engaged in any advertising in the first instance.\footnote{967}{See id.}

8. Contributory Infringement and Vicarious Liability

Unfair competition law recognizes two types of secondary liability—contributory infringement and vicarious liability. In one of the most carefully watched trademark cases in recent memory, Tiffany fell short in its attempt to impose contributory liability on the online auction site eBay for sales of merchandise bearing counterfeit imitations of the TIFFANY mark.\footnote{968}{See Tiffany (NJ) Inc. v. eBay, Inc., 576 F. Supp. 2d 463 (S.D.N.Y. 2008).} In a lengthy opinion following a bench trial, the district court held that a finding of contributory liability could not rest on eBay’s “generalized” knowledge that unauthorized merchandise was being sold using its services. Quoting the Supreme Court’s opinion in 

\textit{Inwood Laboratories v. Ives Laboratories},\footnote{969}{456 U.S. 844 (1982).} the court instead required Tiffany to prove that eBay had continued to supply its services “to one whom it knows or has reason to know is engaging in trademark infringement.”\footnote{970}{Tiffany, 576 F. Supp. 2d at 502.} It then found that:

\begin{itemize}
\item \textit{Inwood Laboratories v. Ives Laboratories}, 456 U.S. 844 (1982).
\item \textit{Tiffany (NJ) Inc. v. eBay, Inc.}, 576 F. Supp. 2d 463 (S.D.N.Y. 2008).
\item \textit{Krasnyi Oktyabr, Inc. v. Trilini Imps.}, 578 F. Supp. 2d 455 (E.D.N.Y. 2008).
\item \textit{DO Denim LLC v. Fried Denim Inc.}, 91 U.S.P.Q.2d 1589, 1593 (S.D.N.Y. 2009).
\item \textit{Id. at 470.}
\item \textit{See id.}
\end{itemize}
The evidence adduced at trial demonstrates eBay had *general knowledge* of infringement by sellers using its website [as a result of communications from Tiffany and dissatisfied consumers]. Such general knowledge, however, does not require eBay to take action to discontinue supplying its service to all those who *might* be engaged in counterfeiting. Having concluded that, as a matter of law, general knowledge of infringement is insufficient, the Court proceeds to consider whether the generalized assertions of infringement made by Tiffany are sufficiently specific to impute to eBay knowledge of any and all instances of infringing sales on eBay. The Court concludes that Tiffany’s general allegations of counterfeiting failed to provide eBay with the knowledge required under *Inwood*.971

Some plaintiffs fared better, at least on defense motions for summary judgment.972 For example, seeking to put an end to the online distribution of goods bearing unauthorized imitations of its marks, Louis Vuitton filed suit in a California district court against the owners of IP addresses used to host sites through which the merchandise was sold.973 One of the causes of action recited in Vuitton’s complaint sounded in contributory liability, which the district court held would ordinarily require Vuitton to demonstrate “that the defendant[s] ‘(1) intentionally induced the primary infringer to infringe, or (2) continued to supply an infringing product to an infringer with knowledge that the infringer is mislabeling the particular product supplied.’”974 Nevertheless, because the defendants were providing services, rather than goods, to the actual alleged infringers, the court noted that Ninth Circuit authority allowed it to “consider the extent of control exercised by [a] defendant over [a] third party’s means of infringement’ to determine if actual or constructive knowledge of the third party’s infringement would give rise to contributory liability.”975 Rejecting the defendants’ motion for summary judgment, the court concluded that there was a factual dispute as to the defendants’ control over the actual alleged infringers, particularly in light of evidence and testimony that the defendants

971. *Id.* at 511.

972. *See*, e.g., R.F.M.A.S., Inc. v. So, 619 F. Supp. 2d 39, 84 (S.D.N.Y. 2009) (declining to dismiss plaintiff’s claims of contributory infringement as a matter of law, citing record testimony that moving defendants were aware of allegedly infringing trade dress before its introduction).


974. *Id.* at 1111 (quoting *Inwood Labs. v. Ives Labs.*, 456 U.S. 844, 854 (1982)).

975. *Id.* (quoting *Lockheed Martin Corp. v. Network Solutions, Inc.*, 194 F.3d 980, 983 (9th Cir. 1999)).
could disable websites using their addresses either on an individual basis or by unplugging an entire server.\textsuperscript{976}

Vuitton’s bid to hold the defendants accountable for their clients’ conduct under a vicarious liability theory fared less well. According to the court, “[v]icarious trademark infringement requires ‘a finding that the defendant and the infringer have an apparent or actual partnership, have authority to bind one another in transactions with third parties or exercise joint ownership or control over the infringing product.’”\textsuperscript{977} In response to the defendants’ motion for summary judgment, Vuitton again invoked the defendants’ ability to terminate the websites in question, but the court held that this showing failed to place into dispute testimony by the individual defendant (who was also the principal of the two corporate defendants) that the defendants did not have such a relationship with those selling the offending goods. As a consequence, summary judgment of no liability on Vuitton’s claims of contributory liability followed.\textsuperscript{978}

9. Personal Liability

Corporate liability for unfair competition is one thing, but personal liability is often another. In particular, a plaintiff seeking to hold an individual defendant liable must demonstrate that that defendant “is a moving, active, conscious force behind” the underlying liability.\textsuperscript{979} Nevertheless, as one case from the past year demonstrated, an allegation that individual defendants “caused the complained-of actions is sufficient to plead individual liability,” at least in response to a motion to dismiss.\textsuperscript{980} Moreover, affidavit testimony that an individual defendant was never an employee of a corporate defendant will not change this result if the well-pleaded allegations of the complaint allege otherwise.\textsuperscript{981}

That opinion was not the only one to weigh in on the issue, however. In another case in which it arose, the plaintiff sought to hold two officers of a corporate defendant liable for infringement and likely dilution.\textsuperscript{982} Applying Seventh Circuit authority, the

\textsuperscript{976.} See id. at 1111-12.
\textsuperscript{977.} Id. at 1113 (quoting Perfect 10 v. Visa Int’l Serv. Ass’n, 494 F.3d 788, 807 (9th Cir. 2007)).
\textsuperscript{978.} See id. at 1112-13.
\textsuperscript{981.} See id. at 508.
court held that “to impose infringement liability on individual officers of a corporation, there must be a ‘special showing’ that the officers acted willfully and knowingly and personally participated in the infringing acts or otherwise used the company to carry out their own deliberate infringement.” 983 Although the plaintiff argued that this “special showing” was an evidentiary standard, rather than a heightened pleading requirement, the court held that “the Complaint does not contain sufficient allegations to plausibly state a claim of individual liability against [the two corporate officers],” because “[t]here are no allegations that [the officers] organized [the corporate defendant] for the purpose of committing infringing acts or that they willfully participated, directed, or ordered the allegedly infringing acts here.” 984 Accordingly, the plaintiff’s claims against the officers were dismissed for failure to state a claim. 985

C. Counterfeiting Matters

As is often the case, the playing field in disputes between government entities and those accused of having trafficked in goods bearing counterfeit marks proved to be slanted against defendants. 986 For example, although use in commerce ordinarily is a prerequisite for trademark protection under federal law, the Ninth Circuit confirmed that civil penalties can be imposed against the importer of goods bearing a counterfeit mark even if the mark owner itself no longer produces those goods. 987 Reviewing Section 526(e) of the Tariff Act of 1930, 988 which itself incorporates the prohibition of Section 42 of the Lanham Act 989 against the importation of goods with marks “cop[ying] or simulat[ing]” federally registered marks, the court held:

To run afoul of the civil penalty provision of the Tariff Act, . . . the offending merchandise must bear a mark identical to or substantially indistinguishable from a registered trademark owned by a United States citizen or corporation, where the

983. Id. at 1628 (quoting Dangler v. Imperial Mach. Co., 11 F.2d 945, 947 (7th Cir. 1927)).
984. Id.
985. See id. at 1629.
986. See, e.g., People v. Chen Lu, 882 N.Y.S.2d 646, 648-50 (N.Y. Crim. Ct. 2009) (holding that arresting officer’s affidavit, based on personal knowledge of defendant’s activities and on past law enforcement experience, established sufficient probable cause for misdemeanor complaint against defendant).
offending merchandise copies or simulates the registered trademark, meaning that it is likely to cause the public to associate the offending merchandise with the registered trademark under [the test for likelihood of confusion]. Nowhere does this statutory scheme require the owner of the registered mark to make the same goods as those bearing the offending mark.\footnote{Referring to amendments to federal law made in 1984, the court rejected the defendant’s argument that the mark owner must necessarily have goods on the market for the additional reason that:}

\begin{quote}
Congress included an explicit identity of goods requirement in both the civil and criminal provisions of the 1984 Act, amended the Lanham Act in 1984, amended the Tariff Act in 1996, and then clarified the requirement in the criminal provisions of the 1984 Act in 2006, but never added such a requirement to the provisions of the Tariff Act and Lanham Act at issue here, [which] supports the inference that the omission of such a requirement from those provisions was intentional.\footnote{These holdings notwithstanding, one appellant convicted of having engaged in counterfeiting in violation of Ohio law prevailed on appeal based on the failure of an expert witness for the prosecution to have examined the certificates of registration of the marks allegedly imitated.\footnote{Instead, the expert based his testimony that the goods sold by the appellant bore counterfeit marks on his status as “one of the more knowledgeable people in Northeast Ohio about trademark counterfeiting.”\footnote{The conviction was overturned:}}}
\end{quote}

Because the state introduced no evidence of the marks as they appear on the [USPTO’s Principal Register], the jury was unable to measure [the expert’s] testimony against the proper statutory definition set forth under [Ohio law, which required reference to the marks in question as they were registered]. By allowing him to draw his conclusion without introducing evidence of the marks as they exist on the [Principal Register], the issue of whether the marks were counterfeit was taken from the jury. Therefore, [the expert’s] testimony, which

990. \textit{Able Time}, 545 F.3d at 830 (citations omitted).
991. Id. at 832.
993. \textit{Quoted in id.} at 860.
carried with it an air of authority beyond that of general lay testimony, acted to usurp the jury’s role. 994

Judicial solicitude toward defendants extended into the civil context as well, 995 with the leading example of an opinion taking such an approach coming in a case brought by NASCAR and other plaintiffs affiliated with it against a large number of defendants allegedly engaged in the trafficking in goods bearing counterfeit marks. 996 At an earlier stage of the proceedings, the court entered an ex parte order authorizing the seizure of goods from the defendants, and that relief eventually was converted to a preliminary injunction. Based on the plaintiffs’ practice in past cases of dismissing their claims upon the end of each racing season, the court became concerned about the disposition of the seized goods:

If Plaintiffs have voluntarily dismissed every case without ever having obtained a final judgment, whether by trial or default, then they have never “established” a violation of the Lanham Act. Thus, they have no statutory authority to destroy or otherwise dispose of the goods . . . , and those goods remain in custodia legis . . . . At the preliminary injunction hearing, Plaintiffs’ counsel informed the Court that the goods are often donated to charitable institutions and distributed overseas. Noble though this may be, Plaintiffs have been disposing of property in which Defendants, and possibly others, continue to have legal rights, and over which Plaintiffs have no legal title or statutory authority, other than serving as the Court’s temporary custodian. 997

The court was disinclined to allow a similar outcome in the case before it. Should the plaintiffs dismiss their claims again, “all seized property, never having been finally adjudicated to be counterfeit, must be returned to Defendants.” 998 The court acknowledged “the near impossibility of this task given Defendants’ transient nature, as well as the inequity of returning likely counterfeit property to the suspected counterfeiters.” 999 It therefore tempered the plaintiffs’ burden in the event of a

994. Id. at 862.
997. Id. at 829.
998. Id.
999. Id.
dismissal by treating the remaining proceedings as in rem, rather than in personam, in nature. Referring to the Supplemental Rules for Admiralty or Maritime Claims and Asset Forfeiture Actions, it obligated the plaintiffs to provide notice by publication for three weeks of the intended disposition of the seized goods. Addressing the notice’s content, the court required the plaintiffs to “(1) describe the property with reasonable particularity, (2) state the time by which a claim and answer must be filed with the Court, and (3) name the attorney for Plaintiffs to be served with the claim.”\textsuperscript{1000} And, as to the location of the notice, the court yielded to “the realities of the twenty-first century and the information age”\textsuperscript{1001} and concluded that “the only suitable place of publication” was the NASCAR website.\textsuperscript{1002}

Of course, not all defendants in civil counterfeiting actions escaped liability.\textsuperscript{1003} For example, one group of defendants was found liable as a matter of law for having trafficked in watches bearing counterfeit imitations of registered design marks.\textsuperscript{1004} This holding applied only to some of the goods sold by the defendants, however, as the quality of the exhibits submitted by the plaintiffs prevented the court from determining that the remaining marks used by the defendant were “identical with, or substantially indistinguishable from” the plaintiffs’ marks as required by Section 45’s definition of “counterfeit”;\textsuperscript{1005} as to those marks, the plaintiffs’ only option was to demonstrate infringement through the conventional likelihood-of-confusion test if they expected to prevail as a matter of law.\textsuperscript{1006}

\textbf{D. Defenses}

1. Legal Defenses

\textit{a. Abandonment}

(1) Non-Use

Under Section 45 of the Lanham Act, “[a] mark shall be deemed to be ‘abandoned’ . . . [w]hen its use has been discontinued with intent not to resume such use.”\textsuperscript{1007} Of course, no finding of

\textsuperscript{1000} Id. at 830 (footnote omitted).
\textsuperscript{1001} Id. at 826.
\textsuperscript{1002} Id. at 831.
\textsuperscript{1006} See Yurman Studio, 591 F. Supp. 2d at 498-500.
abandonment can lie under this definition if a mark remains in actual use in commerce.\textsuperscript{1008} One of the more imaginative theories of abandonment to be thwarted by this point over the past year was asserted in the unlikely vehicle of a Rule 12(b)(6) motion to dismiss for failure to state a claim.\textsuperscript{1009} There was apparently no dispute that the plaintiff’s mark was in use in some form; the defendant argued, however, that the mark’s original version had been abandoned because the plaintiff had come to use that version only with another mark. Requiring the defendant to show abandonment “by clear and convincing evidence,”\textsuperscript{1010} the court was disinclined to find that that standard had been met, especially at the pleading stage. Not only did exhibits to the plaintiff’s complaint show the mark in question being used on a standalone basis, “even if [the defendant] could demonstrate that all of the exhibits showed that [the second mark] was used in conjunction with [the mark sought to be protected], this evidence, by itself, would not conclusively demonstrate abandonment.”\textsuperscript{1011}

A consideration not conclusively demonstrating abandonment in another case was the cancellation under Section 8 of the Act\textsuperscript{1012} of a federal registration owned by the plaintiff.\textsuperscript{1013} Initially noting that “[a] mark may be deemed ‘abandoned’ when its use has been discontinued with no intent to resume use,” the court then observed that “although allowing a [registration] to expire may be taken into account as evidence of abandonment, such expiration does not itself establish abandonment.”\textsuperscript{1014} “[C]onsidering that the two specific factors named above must be proven to establish

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\textsuperscript{1009}. See E. Gluck Corp. v. Rothenhaus, 585 F. Supp. 2d 505 (S.D.N.Y. 2008).

\textsuperscript{1010}. \textit{Id.} at 513.

\textsuperscript{1011}. \textit{Id.} at 514.


\textsuperscript{1014}. \textit{Id.} at 880 (citation omitted).

The court also rejected the defendants’ claims that another mark relied upon by the plaintiff had been abandoned because the mark was presented in a stylized form not used at its inception: “Under the ‘tacking’ doctrine, ‘minor changes in a mark which do not change the overall commercial impression created on buyers’ do not lead to abandonment of the prior, similar mark.” \textit{Id.} at 882 (quoting Sands, Taylor & Wood Co. v. Quaker Oats Co., 978 F.2d 947, 954 (7th Cir. 1992)).
abandonment and that common law trademark rights exist independent of registration,” the cancellation of the registration was no obstacle to the entry of a preliminary injunction to protect the mark.\textsuperscript{1015}

Significantly, although the Lanham Act requires a showing of both nonuse and an intent not to resume use, that same test may not be applicable under the law of all states. For example, in a rare opinion in a trademark case from the Supreme Court of South Dakota, the Court addressed a claim of abandonment grounded in the plaintiff’s nonuse of its mark for six years.\textsuperscript{1016} Of that period, the court noted that “[t]his evidence, standing alone, was sufficient to create a prima facie case of abandonment. . . .”\textsuperscript{1017} It then held that “[b]ecause [the defendant] established a prima facie case of abandonment, we conclude that the [trial] court correctly imposed on [the plaintiff] the responsive burden of identifying specific facts showing or inferring current use of the trademark.”\textsuperscript{1018} The plaintiff failed to carry this burden in rather spectacular fashion after its CEO ill-advisedly testified that he was “not going to waste any time or efforts” tracking down third-party licensees that might (or might not) still be using his company’s claimed mark.\textsuperscript{1019} Significantly, the trial court’s entry of summary judgment of abandonment was affirmed on the basis of this nonuse alone, without consideration of any apparent intent by the plaintiff to resume the mark’s use.\textsuperscript{1020}

Finally, the potentially unexpected consequences of submitting a claim of abandonment to a jury were apparent in the outcome of a dispute between competing claimants to variations on the PATSY’S mark in the New York City area.\textsuperscript{1021} One of the defendants owned a federal registration of PATSY’S PIZZERIA covering “restaurant services.” The plaintiffs successfully argued at trial that, rather than continuously providing restaurant services under the mark, that defendant had instead provided only pizzeria services. Seeking to overturn the jury’s finding that rights to the registered mark had been abandoned as to restaurant services, the defendants invited the court in a post-trial motion either to harmonize inconsistent findings by the jury allegedly arising from its recognition of a distinction between restaurant services and pizzeria services or to order a new trial on the issue of

\textsuperscript{1015}. Id.

\textsuperscript{1016}. See Dakota Indus., Inc. v. Cabela’s.com, Inc., 766 N.W.2d 510 (S.D. 2009).

\textsuperscript{1017}. Id. at 514.

\textsuperscript{1018}. Id.

\textsuperscript{1019}. Quoted in id. at 515-16.

\textsuperscript{1020}. See id. at 516.

\textsuperscript{1021}. See Patsy’s Italian Rest., Inc. v. Banas, 575 F. Supp. 2d 427 (E.D.N.Y. 2008).
abandonment. The court left the jury’s finding undisturbed, explaining that “[a]t most, . . . the classification of restaurant services as opposed to pizzeria services is an issue of mixed fact and law. Nonetheless, the jury was perfectly capable of making such a determination, and Defendants did not object to presenting this issue to the jury.”

(2) “Naked” Licensing

“Abandonment because of uncontrolled licensing is purely an “involuntary” forfeiture of trademark rights, for the mark owner probably has no subjective intent to abandon the mark.” A rare jury finding of abandonment through so-called “naked” licensing led to a post-trial opinion that sought to define the consequences of that finding. Having prevailed on the issue at trial, the plaintiffs not surprisingly argued that the entirety of the defendants’ rights were forfeited, while the defendants argued that, if abandonment had indeed occurred, its consequences were properly limited to the two licensed restaurant locations whose activities they had failed to police. The court sided with the defendants for several reasons. To begin with, the record indicated that the defendants’ policing efforts had been more effective at their other licensed locations, which in any case were operated by a licensee that was not a party to the litigation. The court was also satisfied that the defendants had taken steps during the pendency of the litigation to remedy their past naked licensing. Finally, the record failed to demonstrate that the marks in question had lost their significance as marks at the defendants’ unlicensed locations.

As always, it was far more common for claims of naked licensing to fail in their entirety. One example of such an outcome came in an action brought by several entities affiliated with a church. In response to the plaintiffs’ motion for a preliminary injunction, the defendants argued that the lead plaintiff had abandoned its rights by failing to control use of its marks by an exclusive licensee. The court rejected this proposition,

1022. Id. at 446; see also id. at 466.
1024. See id. at 451-53.
1025. See id. at 453.
1027. See Cmty. of Christ Copyright Corp. v. Devon Park Restoration Branch of Jesus Christ’s Church, 613 F. Supp. 2d 1140 (W.D. Mo. 2009).
finding instead that “[the lead plaintiff] has established that it is capable of exercising and in fact does exercise reasonable control over the services offered under the marks-in-suit through its officers, who duly serve as leaders in its exclusive licensee’s hierarchical church body.”

Another example of the extent to which courts often bend over backwards to avoid finding a naked license came in a case in which the defendant extended to the plaintiff both a distributorship agreement covering branded pianos produced by the plaintiff and a license that allowed the plaintiff to use the defendant’s mark on those goods. The defendant eventually terminated the distributorship agreement, but the court agreed with the plaintiff that the license remained in force, despite the absence from the latter document of any quality control provisions. Under the court’s view of the quality control requirement, “[w]hen a trademark is licensed, a licensor, by definition, relinquishes some loss of control over product quality. As long as the licensor maintains ‘reasonable control’ over the product’s quality, however, it does not forfeit its trademark rights through licensing agreements.” Despite the fact that the parties had become adversaries, the court concluded that no naked license existed because “plaintiff had sold defendant’s pianos for nearly two decades when the license was signed...”; as a consequence, “no formal agreement was needed to ensure adequate quality control...”

b. Fair Descriptive Use

Fair descriptive use by a defendant of either the plaintiff’s mark or the words making up the plaintiff’s mark may be justified under either of two theories. First, Section 33(b)(4) of the Act recognizes as a defense to the conclusive evidentiary presumption attaching to an incontestable registered mark that a defendant is using the mark “fairly and in good faith only to describe the [associated] goods or services ... or their geographic origin.” Second, the common law preserves defendants’ ability to use descriptive terms in their primary descriptive sense;
consequently, a defendant in an action to protect a registered mark who first satisfies Section 33(b)(4)'s requirements can then fall back on the common law to provide a defense on the merits.

A defendant claiming fair descriptive use must demonstrate as a threshold matter that it is not using the challenged term as a mark, and this proved to be an insurmountable hurdle in some cases.1034 For example, one defendant argued in a Rule 12(b)(6) motion that the plaintiff's allegations of infringement failed to state a claim because the defendant was making a fair descriptive use of the word “now” in connection with watches.1035 Although the court expressed doubt that the fact-intensive nature of fair use disputes did not lend themselves to being resolved at the pleading stage,1036 it nevertheless addressed the merits of the defendant’s argument because the plaintiff had moved the court for a preliminary injunction. Unfortunately for the defendant, the record demonstrated that his advertising presented “now” as an adjective modifying a noun, that he used the word in capital letters accompanied by the TM symbol, that he sold his watches at a website accessible at the URL www.thenowwatch.com, and even that he had tried to registered THE NOW WATCH on “several” occasions.1037 Under these circumstances, the court concluded that “[the plaintiff] is likely to succeed in proving that [the defendant] is using THE NOW WATCH as a mark.”1038

This outcome contrasted with that in a different case in which the use of the words “love potion” in connection with perfumed oils and beauty products were at issue.1039 One of the counterclaim plaintiffs owned an incontestable registration of the LOVE POTION PERFUME mark for “perfumed essential oils for personal use,” while the counterclaim defendant sold “lickable, tasteable, and . . . kissable” products applied to the user’s skin.1040 One of the counterclaim defendant’s products was marketed as a “Belly Button Love Potion Fragrance,” with packaging and labels reading “deliciously kissable love potion fragrance” and

1034. See, e.g., Cmty. of Christ Copyright Corp. v. Devon Park Restoration Branch of Jesus Christ’s Church, 613 F. Supp. 2d 1140, 1144 (W.D. Mo. 2009) (rejecting claim of descriptive fair use by church and other defendants on ground that “Defendants’ use of the marks on their sign, website, and other materials is not merely descriptive of faith and beliefs; these instances of use are invitations to the public to join in worship at the defendant church”).
1036. See id. at 514-15.
1037. See id. at 515.
1038. Id.
1040. Quoted in id. at 420 (alteration in original).
“deliciously kissable belly button love potion.”\textsuperscript{1041} In a well-reasoned and scholarly opinion, the court found that the counterclaim defendant’s uses were fair descriptive ones as a matter of law. On the issue of whether those uses were trademark or non-trademark ones, the court noted that they had always been accompanied by the counterclaim defendant’s DESSERT mark and concluded that “[w]ords on a product’s packaging generally do not serve as a trademark where there is also a conspicuously visible trademark that clearly serves that function.”\textsuperscript{1042} The court also found that the challenged uses were descriptive of the counterclaim defendant’s goods because “they . . . describe the effects that the products have on whoever ‘kisses’ or ‘tastes’ the products worn by the wearer, or at least to describe the purpose with which consumers will use the product,” because of the prevalence of uses of the words “love potion” in common parlance and the trade, and because of the non–attention-getting manner in which they appeared on the counterclaim defendant’s packaging.\textsuperscript{1043} Finally, the counterclaim defendant had acted in good faith despite having failed to conduct a trademark availability search of the words “love potion” and to discontinue its uses of the words after receiving the counterclaim plaintiffs’ cease-and-desist letter: Not only did the counterclaim defendant prominently display its own mark on its packaging, “the dissimilarities between the products are patently obvious as to dispel any inference that [the counterclaim defendant] was trying to pass off its products . . . or to confuse consumers as to source or sponsorship.”\textsuperscript{1044}

Another group of defendants had better luck before the Second Circuit.\textsuperscript{1045} Before the district court, the plaintiff successfully argued that the defendants had assigned their rights to make any uses of the lead defendant’s personal name to the plaintiff. Largely on the basis of this finding, the district court determined as a matter of law that the defendants’ planned references to the name in connection with a new line of goods could not be in good faith. Once the Second Circuit had vacated the district court’s expansive interpretation of the assignment documents, however, the finding of bad faith grounded in it necessarily also fell by the wayside. Beyond this, the appellate court faulted the lower tribunal for missing the significance of its finding that the defendants planned to use the name in question to distinguish their line from that of

\textsuperscript{1041} Quoted in id. at 420-21.
\textsuperscript{1042} Id. at 424.
\textsuperscript{1043} Id. at 424-26.
\textsuperscript{1044} Id. at 428.
\textsuperscript{1045} See JA Apparel Corp. v. Abboud, 568 F.3d 390 (2d Cir. 2009).
the plaintiff and for failing to review the defendants’ proposed promotional materials. The rejection of the defendants’ claim of fair descriptive use therefore warranted reconsideration.\textsuperscript{1046}

As always, courts and litigants alike confused the statutory fair descriptive use defense with its extrastatutory nominative fair use cousin. One example of this phenomenon came in an action brought by Volkswagen against the publisher of a children’s book titled \textit{Fun Cars}, which was shaped like the automaker’s “New Beetle” design and contained photographs of that particular model of car; the cover of the book also reproduced Volkswagen’s VW logo as part of one such photograph.\textsuperscript{1047} Granting a defense motion for summary judgment as to the use of the “New Beetle” configuration, the court held that “[t]he use of a registered trademark on a book cover may be a non-trademark use if the mark is merely descriptive of the book’s subject matter and the source of the book is clearly indicated.”\textsuperscript{1048} As to the appearance of the VW mark on the book’s cover, however, the court noted that “[the defendant’s] use of the mark may be a trademark use because [the defendant] arguably depicts the mark on the cover of \textit{Fun Cars} in a prominent manner. Accordingly, the question of whether [the defendant] uses VW’s mark as a trademark in \textit{Fun Cars} is one for the jury.”\textsuperscript{1049} The better approach, of course, would have been to recognize that each of the defendant’s uses at issue was clearly a trademark one, albeit one that used the mark in question to refer to the plaintiff’s goods, rather than those of the defendant.

\textbf{c. Nominative Fair Use}

The Fifth Circuit offered the following explanation of the nominative fair use doctrine:

The nominative fair use doctrine provides that one who has lawfully copied another’s product can tell the public what he has copied. It also permits one to use another’s mark truthfully to identify another’s goods or services in order to describe or compare its product to the markholder’s product. The right of fair use is limited, however, insofar as the use cannot be one that creates a likelihood of confusion as to source, sponsorship, affiliation, or approval.\textsuperscript{1050}

\begin{flushleft}
1046. See id. at 399-403.
1048. Id. at 809.
1049. Id.
\end{flushleft}
The occasion for the court’s restatement of these principles was a claim by the manufacturers of sportswear bearing the color schemes and other indicia of four major universities that the designs of the clothing were permissible references to the universities. Affirming entry of summary judgment in the universities’ favor, the court noted that “to avail oneself of the nominative fair use defense ‘the defendant (1) may only use so much of the mark as necessary to identify the product or service and (2) may not do anything that suggests affiliation, sponsorship, or endorsement by the markholder.’” The defendants had failed to satisfy the second of these requirements. Specifically, “[the defendants] did not incorporate the colors and other indicia to describe or compare its shirts with shirts licensed by the Universities, nor did it do so to tell the public what it had copied.” Moreover, “[the defendants] did incorporate the marks to identify the Universities as the subjects of the shorts, but it did so in a way that improperly suggested affiliation, sponsorship, or endorsement.”

A claim of protected nominative fair use by the very same defendant in another case, this one in the Southern District of New York, also fell short. To promote the Heisman Trophy candidacy of a college football player whose number was 15, the defendant produced T-shirts bearing the legend HE15MAN. Granting a motion for preliminary injunctive relief by the owner of several registrations of the HEISMAN mark, the court was unsympathetic to the defendant’s argument that its use was a protected fair nominative one. Instead, the court turned to a test having its origin in the Ninth Circuit’s opinion in *New Kids on the Block v. News America Publishing International* to conclude that the likelihood of confusion between the parties’ marks trumped any claim to the doctrine the defendant might make. As it explained, “[a]lthough [the defendant] is arguably correct that it cannot produce T-shirts promoting Heisman Trophy candidates without referencing the Heisman Marks, the T-shirts here go beyond using as much of the marks as reasonably necessary.”

Faced with the need to evaluate claims of fair nominative use in the absence of controlling authority from the Second Circuit,
two other district courts from that jurisdiction similarly adopted Ninth Circuit doctrine. According to the first court's reading of *New Kids on the Block* and *Playboy Enterprises v. Welles*:\(^{1057}\)

The defense of fair nominative use . . . is appropriate where the (1) the product or service in question is not readily identifiable without use of the [trademark holder's] trademark; (2) only so much of the marks are used as is reasonably necessary to identify the product or service; and (3) the [defendant] does nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder. . . . [W]here nominative fair use is asserted, the aforementioned three-prong test replaces the “likelihood of confusion” test for trademark cases.\(^{1058}\)

In an application of this standard, the court concluded that “each of the alleged infringing uses”—which included the display of the plaintiffs’ logos on the defendants’ website and door, the defendants’ use of the plaintiffs’ word mark when answering the phone, and the defendants’ use of that mark in their e-mail address and electronic signatures—“could imply sponsorship by Plaintiffs of Defendants. Accordingly, Defendants . . . cannot avoid a finding of liability on Plaintiffs’ infringement claims based on a nominative fair use defense.”\(^{1059}\)

The second district court from the Second Circuit grounded its analysis only in *New Kids on the Block*.\(^{1060}\) Its application of Ninth Circuit doctrine was triggered by the defendants’ use of the plaintiffs’ CARTIER and BULGARI marks for jewelry “to highlight the similarity of their own products to those sold by plaintiffs. For example, products are advertised as ‘Cartier-esque’ or ‘Bulgari-esque,’ and as ‘inspired by’ or ‘replicas of’ [p]laintiffs’ brands.”\(^{1061}\) Denying the defendants’ motion for summary judgment, the court held that “[t]he use of plaintiffs’ brand names to describe defendants’ own products, combined with the similarity of defendants’ products to plaintiffs’ [registered design marks], may suggest or imply plaintiffs’ sponsorship, endorsement, or the affiliation of defendants’ products with those of the plaintiffs.”\(^{1062}\)

In contrast, two Fourth Circuit district courts, which similarly lacked controlling authority on the standards governing the nominative fair use defense, declined to look to the Ninth Circuit

\(^{1057}\) 279 F.3d 796 (9th Cir. 2002).


\(^{1059}\) *Id.* at 270.


\(^{1061}\) *Id.* at 501 (footnote omitted).

\(^{1062}\) *Id.*
for guidance. The first court rejected the defendants’ arguments in
cursory fashion without reference to authority from any
jurisdiction. As the second court saw things, “[n]ominative fair
use falls outside the typical statutory understanding of trademark
law, and is a common law defense asserted against alleged
trademark infringement—though not used in this Circuit.” Because “the Fourth Circuit has not adopted it in any form,” that
court concluded, “no statutory or common law defense exists to
Defendant’s alleged infringement.”

Not all invocations of the nominative fair use doctrine by
defendants failed. One court dismissed a plaintiff’s infringement
and unfair competition claims using nominative fair use principles
but did so without expressly identifying them as such. The
defendant was an online news organization that did not engage in
direct reporting but instead either rewrote or republished in their
entireties stories that its allegedly “poorly paid” employees found
on the Internet. As edited, the stories used “according to”
language when referring to the original source, which led the
Associated Press to argue in a brief that such a reference to itself
constituted infringement. Although dismissing this cause of action
on the ground that it had not been properly pleaded in the AP’s
complaint, the court also noted that “trademark law ‘generally
does not prevent one who trades a branded product from
accurately describing it by its brand name, so long as the trader
does not create confusion by implying an affiliation with the owner
of the product.’”

Finally, the inherently factual nature of the nominative fair
use inquiry led one court to defer resolving it until trial. In a
motion for summary judgment, the defendants in the case argued
that their online advertisements of genuine goods to which the
plaintiff’s MARY KAY trademark had been legitimately affixed
made nothing more than nonactionable uses of that mark. The
court accepted the defendants’ contention that their purchase from
Google of seventy-five “keywords” containing the MARY KAY mark
as triggers for sponsored links did not in and of itself disqualify
them from availing themselves of the nominative fair use

2009).
1065. Id. at 589.
1067. Quoted in id. at 2023.
1068. Id. at 2027 (quoting Dow Jones & Co. v. Int’l Sec. Exch., Inc., 451 F.3d 295, 308 (2d
Cir. 2006)).
Nevertheless, it also held that the plaintiff had demonstrated that there was a justiciable question of fact as to whether the text of the defendants’ advertising created a likelihood of confusion as to the source of their goods or their affiliation with the plaintiff. For example, the court noted an advertisement that read “Mary Kay Sale 50% Off” that “[o]ne could easily conclude from this ad that the entity offering the sale either is Mary Kay, or has Mary Kay’s approval.” 1071 Referring to the Fifth Circuit’s multifactored test for infringement, it similarly concluded that, with the exception of the defendants’ intent, each of the relevant factors weighed in favor of a finding that uses of the plaintiff’s mark on the defendants’ website created a likelihood of confusion. 1072 Under these circumstances, “the court cannot grant summary judgment on the defendants’ affirmative defense of [nominative] fair use.” 1073

d. Antitrust Violations

As is always the case, some litigants faced with possible liability for trademark infringement over the past year responded with allegations of antitrust violations, but, as is almost always the case, those allegations fell short. 1074 One leading example of such an outcome came in an appeal to the Second Circuit in an action brought by Major League Baseball’s (MLB’s) exclusive licensing agent. 1075 The defendant argued that the concentration of licensing rights to each team’s trademarks in the plaintiff licensing constituted naked horizontal and output restrictions that should be treated as per se violations of Section 1 of the Sherman Act. 1076 Affirming the district court’s rejection of this contention, the Second Circuit noted that the record demonstrated MLB’s relationship with the plaintiff had led to an increase in licenses and that the price restriction alleged by the defendant was nothing

1070. See id. at 855-57.
1071. Id. at 858.
1072. See id. at 858-59.
1073. Id. at 859.
1074. See, e.g., Rick-Mik Enters. v. Equilon Enters., 532 F.3d 963, 972-74 (9th Cir. 2008) (rejecting plaintiffs’ cursory allegations that defendant’s trademark and other intellectual property rights conferred market power in the gasoline distributor franchise market); Wrenn v. Boy Scouts of Am., 89 U.S.P.Q.2d 1039, 1047-48 (N.D. Cal. 2008) (granting summary judgment of nonliability on plaintiff’s antitrust claims on ground that “having found that the [defendant’s] registrations are valid and not based on fraud, and the [registered marks] not generic, the Court finds no basis for a finding of liability based on an antitrust theory”).
more than a profit-sharing agreement. Under these circumstances, the proper analysis was that of the rule of reason, a standard that the plaintiff ultimately was able to satisfy, in no small part because of the defendant’s failure to respond to the plaintiff’s showing on the issue.

In a case the Supreme Court has agreed to review, the Seventh Circuit also waded into the licensing-of-sports-team-trademarks-as-antitrust-violation thicket, only to uphold a similar defense verdict as a matter of law. The case before that court was brought by a corporation that designed, manufactured, and sold headwear bearing the marks of various professional athletic teams against the National Football League, the league’s licensing agent, the league’s individual teams (the “NFL defendants”), and Reebok, which had received an exclusive license for headwear products bearing the team’s marks. According to the plaintiff, the individual teams’ collective agreement to grant the league’s licensing agent the exclusive ability to license the teams’ marks constituted a conspiracy to restrict competition in violation of Section 1 of the Sherman Act and a monopoly of the NFL team licensing and product wholesale markets in violation of Section 2 of that legislation.

The district court granted the NFL defendants’ motion for summary judgment, and the Seventh Circuit affirmed. As to the plaintiff’s allegations of a conspiracy between the NFL defendants, the appellate court noted that “though the several NFL teams could have competing interests regarding the use of their intellectual property that could conceivably rise to the level of potential intra-league competition, those interests do not necessarily keep the teams from functioning as a single entity.”

Moreover:

[The NFL teams can function only as one source of economic power when collectively producing NFL football. . . . It thus follows that only one source of economic power controls the promotion of NFL football; it makes little sense to assert that each individual team has the authority, if not the responsibility, to promote the jointly produced NFL football. Indeed, the NFL defendants introduced uncontradicted

1077. See Major League Baseball Props., 542 F.3d at 318-21.
1079. See id. at 334.
1082. Am. Needle, 538 F.3d at 743.
evidence that the NFL teams share a vital economic interest in collectively promoting NFL football. After all, the league competes with other forms of entertainment for an audience of finite (if extremely large) size, and the loss of audience members to alternative forms of entertainment necessarily impacts the individual teams’ success.\footnote{Id. (citations omitted).}

That the NFL defendants constituted a single entity precluded them from conspiring to restrain trade in violation of Section 1,\footnote{See id. at 744.} which in turn doomed the plaintiff’s claims under Section 2. As the court explained, “[a]s a single entity for the purpose of licensing, the NFL teams are free under § 2 to license their intellectual property on an exclusive basis, even if the teams opt to reduce the number of companies to whom they grant licenses.”\footnote{Id. (citations omitted).} Consequently, “[the plaintiff] has no colorable claim that the NFL teams and NFL Properties created a monopoly by awarding Reebok the exclusive headwear licensing contract,” and summary judgment in the defendants’ favor had therefore been appropriate.\footnote{Id.}

\section*{2. Equitable Defenses}

\textbf{a. Unclean Hands}

Just as the sun rises in the east and sets in the west, defendants’ claims of unclean hands fell short of the mark.\footnote{See, e.g., Gross v. Bare Escentuals Beauty Inc., 90 U.S.P.Q.2d 1448, 1460 (S.D.N.Y. 2008) (rejecting without extended discussion unclean hands defense grounded in counterclaim plaintiffs’ “conduct in obtaining a mark with ‘MD’ in its name [for skin care products], distributing in non-aesthetician retail channels, and referring to themselves as ‘MD’ and ‘MDF’”); Dress for Success Worldwide v. Dress 4 Success, 589 F. Supp. 2d 351, 363-65 (S.D.N.Y. 2008) (addressing and dismissing in cursory treatment, defendant’s claims of unclean hands grounded in plaintiff’s alleged failure to participate in joint fundraiser, manufacturing of reasons for defendant’s termination as licensee, and operation of illegal franchise).} Because “[a] defendant must show that a plaintiff’s conduct is inequitable in relation to the subject matter of the [plaintiff’s] claims,”\footnote{Experience Hendrix LLC v. Elec. Hendrix LLC, 90 U.S.P.Q.2d 1883, 1892 (W.D. Wash. 2008) (rejecting as a matter of law unclean hands defense to claims of trademark infringement based on plaintiffs’ alleged misconduct in prior right of publicity related policing efforts).} one court explained that “[i]n its historical formulation, the unclean hands doctrine may preclude equitable relief only when the wrongful act ‘has immediate and necessary relation to
the equity that [the plaintiff] seeks. . . .”1089 The plaintiffs before the court were a pair of franchisors, who had terminated the defendants’ franchises for nonpayment of royalties and then sued the defendants for infringement and unfair competition after they declined to discontinue their use of the plaintiffs’ marks. In rejecting the defendant franchisees’ unclean hands defense, the court held that:

Plaintiffs’ trademark infringement claim is based on their termination of the Franchise Agreements; that termination is in turn based on Franchisees’ default for failure to pay any franchise fees. For the alleged wrongful acts to have the requisite relationship to this chain of events, Franchisees must show that Plaintiffs’ actions relate to Franchisees’ failure to pay. Franchisees do not do so.1090

In a case presenting more compelling facts than most for the recognition of an unclean hands defense, the plaintiffs relied on two federal registrations, which had issued only after two registrations owned by one of the defendants had been ordered cancelled by the Trademark Trial and Appeal Board.1091 The Board had taken that action after the plaintiffs called a district court decision in their favor to the Board’s attention and represented that no appeal from it had been noticed. In fact, the defendants later did appeal the decision, but the plaintiffs failed to advise the Board of that fact. The defendants in turn were unaware that the Board was considering acting on the earlier decision to their detriment because the owner of the registration had failed to keep its address of record current in the USPTO.

Of these facts, the court observed in a post-jury trial opinion that “it is a well-settled principle that inequitable conduct may arise where a party was silent and had a duty to speak” and that “Plaintiffs’ actions and non-actions have resulted in the . . . litigation becoming unnecessarily protracted, which is to some degree inequitable. . . .”1092 Nevertheless, because the jury had rejected the defendants’ claims that the plaintiffs had procured their registrations through fraudulent conduct before the Board, the court was disinclined to find that the plaintiffs had unclean hands.1093 Less convincingly, it pointed to the jury’s findings that one of the registrations relied upon by the defendants had been

1090. Id. at 800.
1092. Id. at 463.
1093. See id.
fraudulently procured and that one set of defendants had willfully infringed the plaintiff’s marks. Under these circumstances, “[e]ven if the Court found that Plaintiffs’ conduct was egregious, it is clear that barring recovery would merely leave two wrongs at large.”1094

Nevertheless, at least one court did reach a finding of unclean hands, albeit without extended discussion of the issue.1095 In a suit in which it challenged the defendant’s allegedly false advertising, the plaintiff was disclosed to have engaged in false advertising of its own, which included letters to pharmacies suggesting that the sale of the defendant’s product could result in the loss of state licenses and liability for Medicare fraud.1096 Based on this conduct, the court was not inclined to grant the plaintiff’s request for injunctive relief against certain promotional practices of the defendant: Not only did the request lack a factual basis, “[the plaintiff’s] unclean hands, characterized by the company’s wilful [sic] misstatements regarding its product, and aimed directly at destroying the ability of [the defendant] to compete, bar the relief sought.”1097

b. Laches

According to the Fifth Circuit:

Laches is an inexcusable delay that results in prejudice to the defendant. Laches comprises three elements: (1) delay in asserting one’s trademark rights, (2) lack of excuse for the delay, and (3) undue prejudice to the alleged infringer caused by the delay. A defendant who intentionally infringes a trademark with the bad faith intent to capitalize on the markholder’s good will lacks the clean hands necessary to assert the equitable defense.1098

Although the last of these considerations rarely plays a role in judicial decisions rejecting claims of laches, it did so in the case before the court, in which the “the record . . . establishe[d] the substantive and knowing bad faith necessary to foreclose an equitable defense.”1099

1094. Id. (emphasis omitted).
1096. See id. at 503-04.
1097. Id. at 507-08.
1099. Bd. of Supervisors, 550 F.3d at 489-90.
Although this principle was applied in at least two other cases, some opinions addressing defense claims of laches focused instead on the reasonableness of plaintiffs’ delays in challenging defendants’ conduct, sometimes using the statute of limitations for analogous state law causes of action as a benchmark. Thus, for example, a Texas federal district court declined to grant summary judgment against a plaintiff that allegedly had delayed three years before filing suit, noting that the equivalent tort under Texas law was governed by a four-year statute of limitations, and that the delay therefore “is well within the time period considered reasonable.” A New York federal district court went still further: Referring to the six-year statute of limitations applicable to analogous torts under the law of that state, it entered summary judgment rejecting a laches defense grounded in a two-year delay by the counterclaim plaintiff, without consideration of any claim of prejudice that might have been advanced by the counterclaim defendants.

The concept of progressive encroachment played a significant role in an appeal to the Eighth Circuit of a holding on summary judgment that the plaintiff’s seven-year delay in challenging the defendants’ use was unreasonable. Overturning this outcome, the appellate court pointed out that, in addition to the traditional tripartite test, “courts consider two additional factors when evaluating the merits of a laches defense: (1) the doctrine of progressive encroachment, and (2) notice to the defendant of the plaintiff’s objections to the potentially infringing mark.” As to the first of these considerations, “it would be unworkable to require a district court to locate the precise moment a trademark claim became actionable before proceeding with its laches analysis . . .”; nevertheless, “more was required” than the district court’s decision to tie that precise moment to the date on which the defendants’ sales had outpaced those of the plaintiff and the district court’s rejection of the plaintiff’s argument that a change

1100. See Société des Bains de Mer et du Cercle des Étrangers à Monaco v. MGM Mirage, 90 U.S.P.Q.2d 1028, 1033-34 (S.D.N.Y. 2008) (denying motion to dismiss based on alleged laches by plaintiff on ground that “[t]he Amended Complaint alleges intentional infringement, a set of facts that, if true, would avoid application of the laches defense altogether”); Patsy’s Italian Rest., Inc. v. Banas, 575 F. Supp. 2d 427, 457 (E.D.N.Y. 2008) (holding that jury finding of willful infringement barred defendants from invoking laches defense on ground that “[a] defendant is foreclosed from asserting laches as a defense when it [is] found to have acted in bad faith or to have willfully infringed a plaintiff’s mark”).


1103. See Roederer v. J. Garcia Carrion, S.A., 569 F.3d 855 (8th Cir. 2009).

1104. Id. at 859.

1105. Id. at 860.
in the defendants’ products had occurred.\textsuperscript{1106} And, as to the second, the district court had failed to consider the plaintiff’s earlier opposition to an application to register the challenged mark filed by a predecessor of the defendants, which had placed the defendants on notice of the plaintiff’s objections.\textsuperscript{1107} In any case, the court was unconvinced that the defendants had demonstrated the required prejudice in the first instance, because, rather than proving that they had invested in the challenged mark during the plaintiff’s inaction, their showing proved only that they had invested in the relevant industry.\textsuperscript{1108}

The Eighth Circuit was not alone in recognizing that a plaintiff’s delay alone cannot constitute laches if the defendant has not been prejudiced by it.\textsuperscript{1109} In a case appealed to the Ninth Circuit that led to that court emphasizing this point in dramatic fashion, the plaintiff had delayed more than four years before challenging the defendants’ use of a mark found by a jury to be infringing.\textsuperscript{1110} Because this period exceeded the applicable state law statute of limitations for unfair competition causes of action, the district court found, and the Ninth Circuit agreed, that a presumption of laches existed. On the subject of prejudice, however, the defendants’ luck changed. Although the defendants’ business had expanded from 2,000 to 13,000 customers during the plaintiff’s inaction, the appellate court rejected their argument that promotional expenditures \textit{per se} over that period necessarily constituted the required prejudice; rather, the proper inquiry was whether those expenditures were “based on an investment in the mark . . . as the identity of the business in the minds of the public.”\textsuperscript{1111} In substantial part because of the nature of their business, the defendants could not satisfy this standard:

The district court held that [the defendants] did not demonstrate prejudice from [the plaintiff’s] delay in bringing suit, because [the defendants] did not spend the time in the interim developing brand recognition of its mark. The

\textsuperscript{1106} Id.
\textsuperscript{1107} See id. at 860-61.
\textsuperscript{1108} See id. at 861.
\textsuperscript{1109} See, e.g., Volkswagen AG v. Dorling Kindersley Pub’g, Inc., 614 F. Supp. 2d 793, 812 (E.D. Mich. 2009) (denying defense motion for summary judgment in light of absence of record evidence or testimony of prejudice to defendant); Dress for Success Worldwide v. Dress 4 Success, 589 F. Supp. 2d 351, 365 (entering preliminary injunction and rejecting laches defense on ground that “[the defendant] has not shown how it is prejudiced by the [plaintiff’s] delay beyond simply asserting that it relied on [the plaintiff’s] express and/or implied assurances”).
\textsuperscript{1110} See Internet Specialties W., Inc. v. Milon-Digiorgio Enters., 559 F.3d 985 (9th Cir. 2009).
\textsuperscript{1111} Id. at 992.
uncontested evidence at trial showed that the vast majority of [the defendants’] advertising took the form of “pay-per-click” advertisements, through which potential customers are funneled to [the defendants’] website based on their interest in a particular type of service (i.e., internet services in Southern California). Such advertising creates little to no brand awareness. Furthermore, [the defendants] typically did not even include [their mark] in the pay-per-click advertisements. It is a simple premise that [the defendants] cannot create “public association” between the [their mark] and [themselves] if [they do] not even use the . . . mark in [their] most prevalent form of advertising.1112

A Second Circuit district court rejected claims of laches on multiple grounds.1113 The two sets of parties to the case had coexisted for decades while operating different types of restaurants. The departure by two licensees of the defendants from the pizzeria-style establishment operated by the defendants prior to the commencement of hostilities, however, was found to be progressive encroachment that excused the plaintiffs’ earlier inaction.1114 The court rejected the plaintiffs’ argument that the mere opening of the two licensed restaurants in territory not previously occupied by the defendants was reason enough to allow the plaintiffs’ claims to proceed. As it explained, however, “[a]lthough geographic expansion does not provide an excuse for Plaintiffs’ delay, the [new licensed locations] are such a significant departure from [the defendants’] previously licensed locations that Plaintiffs’ delay in bringing suit is excused.”1115 In any case, “even if Plaintiffs’ delay was unexcused, . . . the public interest dictates that Defendants’ laches defense should not prevent the Court from imposing injunctive relief to prevent consumer confusion.”1116

Progressive conduct of a different sort took center stage in another case in which a claim of laches was rejected.1117 Although the plaintiff banking institution was aware of the defendant’s efforts to organize a competing enterprise under a closely similar name, it believed, based on the track record of the defendant’s principal, that the defendant would not be able to raise the necessary capital. When, the capital was raised nine months later, the plaintiff voiced its objections to the defendant, only to have the defendant proceed with the adoption of its mark. On these facts,

1112. Id. (footnote omitted).
1114. See id. at 457.
1115. Id. at 459.
1116. Id. at 460.
the court was unwilling to find either an unreasonable delay or that the defendant had been prejudiced:

To require [the plaintiff] to begin legal proceedings based on the unlikely probability that [the defendant] would succeed promotes a “sue first and ask questions later” strategy. This would place an unfair burden on [the plaintiff] as the holder of its mark, and on the court to adjudicate unnecessary disputes. Additionally, [the plaintiff] initiated legal action nearly nine months before [the defendant] opened for business . . . . This provided [the defendant] with ample opportunity to make any necessary changes to its formation, marketing, and naming strategies. [The defendant] suffered no prejudice by [the plaintiff’s] delay in beginning legal proceedings.1118

c. Acquiescence

In contrast to the two-part test for laches, “[t]he elements of the defense of acquiescence are: ‘(1) the senior user actively represented that it would not assert a right or claim; (2) the delay between the active representation and assertion of the right or claim was not excusable; and (3) the delay caused the defendant undue prejudice.’”1119 Although invocations of the acquiescence defense did not always succeed,1120 they did in the most hard-fought battle over that defense during the past year.1121 There, the parties previously had entered into a consent agreement that either authorized or barred the use by the defendants of a vanity telephone number, the mnemonic of which incorporated the plaintiffs’ registered trademark. Reviewing the past agreement, the court agreed with the defendants that the agreement “unambiguously” authorized the number’s use, thus satisfying the first requirement of the relevant analysis. The court then turned to the second, concluding from the record that the defendants’ use of the number for over two decades in a manner consistent with that at the time of the agreement constituted detrimental reliance.1122 With respect to the third and final requirement, the court rejected

1118. Id. at 424 (quoting ProFitness Physical Therapy Ctr. v. Pro-Fit Orthopedic & Sports Physical Therapy P.C., 314 F.3d 62, 70 (2d Cir. 2002)).
1120. See, e.g., Wathne Imports, Ltd. v. PRL USA, Inc., 881 N.Y.S.2d 402, 404 (N.Y. App. Div. 2009) (holding that licensee’s objections to licensor’s alleged breach of license agreement precluded finding as a matter of law that licensee had acquiesced in alleged breach).
1121. See Audi., 592 F. Supp. 2d at 257-59.
1122. See id. at 266-67.
the plaintiffs’ argument that they had only recently become aware of the defendants’ advertising of the number, noting that such an advertisement had been the trigger for the earlier dispute between the parties. Under these circumstances, the plaintiffs had acquiesced in the defendants’ use as a matter of law.

**d. Estoppel**

The precise test for the affirmative defense of estoppel can vary from court to court, and one over the past year adopted a standard that bore more than a passing resemblance to the standard for the related defense of acquiescence:

A defendant to an infringement suit must prove three elements to be successful in asserting the defense of equitable estoppel: 1) misleading conduct that leads the defendant to believe that the plaintiff will not bring an infringement suit; 2) reliance on the misleading conduct by the defendant; and 3) material prejudice suffered by the defendant as a result of the defendant’s reliance.

In an application of this test, the court held that the defendant was not entitled to summary judgment because, *inter alia*, “[the defendant] does not allege facts to show evidentiary or economic prejudice,” because the plaintiff apparently had been unaware of the final iterations of the defendant’s allegedly infringing uses, and because the plaintiff had sent the defendant “at least four letters” protesting the defendant “at least four letters” protesting the defendant’s conduct.

A claim of estoppel by the lead defendant in a different case fell even more short of the mark. Accused of having infringed the product design trade dress of a flashlight, the lead defendant asserted that the plaintiff was barred from pursuing that cause of action “because it has previously claimed that the same elements that form the basis of its trade dress are functional elements that formed the basis of [a] utility patent” that the plaintiff also happened to be asserting against the lead defendant. The court found this allegation to be fatally insufficient, granting the plaintiff’s motion to strike on the ground that “Defendant’s estoppel defense is vague and fails to provide adequate notice of its

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1123. See id. at 267–68.
1124. See id. at 268.
1126. Id. at 814.
1128. Quoted in id. at 1108.
factual basis.”\textsuperscript{1129} In particular, “Defendant does not identify the earlier case where Plaintiff allegedly claimed the trade dress was a functional element, nor the relevant time period during which it allegedly relied on Plaintiff’s prior claim or how it relied to its detriment.”\textsuperscript{1130}

\textbf{e. Claim and Issue Preclusion}

Because the issue of acquired distinctiveness can turn on how long a mark has been used, a factual finding of no secondary meaning is one that can be revisited at a later date. In an Eighth Circuit appeal in which the plaintiff sought to do just that, a jury had found the plaintiff’s mark descriptive and lacking secondary meaning, but the registration covering the mark escaped cancellation because the defendant delayed seeking that remedy until after the registration’s fifth anniversary.\textsuperscript{1131} Five years later, the plaintiff filed a Section 15 declaration\textsuperscript{1132} for its registration and then filed suit against the same defendant, which predictably led to a defense motion to dismiss on collateral estoppel grounds.

The district court granted the defendant’s motion, but the Eighth Circuit reversed. According to the appellate court:

\textquotedblleft[I]ssue preclusion has five elements: (1) the party sought to be precluded in the second suit must have been a party, or in privity with a party, to the original lawsuit; (2) the issue sought to be precluded must be the same as the issue involved in the prior action; (3) the issue sought to be precluded must have been actually litigated in the prior action; (4) the issue sought to be precluded must have been determined by a valid and final judgment; and (5) the determination in the prior action must have been essential to the prior judgment.”\textsuperscript{1133}

Referring to this test, the court held that “[t]he question turns on whether the issue litigated and decided in the prior action is the same as the issue presented in this action.”\textsuperscript{1134} It then held that the plaintiff’s claims were not barred:

In the prior action, the jury determined only that [the plaintiff’s] mark was descriptive and had not obtained a secondary meaning. With this determination, there was no need to address the second element of a trademark

\textsuperscript{1129} Id.
\textsuperscript{1130} Id.
\textsuperscript{1131} See B & B Hardware, Inc. v. Hargis Indus., 569 F.3d 383 (8th Cir. 2009).
\textsuperscript{1133} Id. at 387-88 (quoting Robinette v. Jones, 476 F.3d 585, 589 (8th Cir. 2007)) (internal quotation marks omitted).
\textsuperscript{1134} Id. at 388-89.
infringement claim—whether there was a likelihood of confusion between the two marks. While the issue of likelihood of confusion may have been involved and litigated in the prior action, it was not finally decided or essential to the prior judgment. . . . Accordingly, it is not appropriate to apply collateral estoppel to the current trademark infringement action because the jury in the prior litigation never determined the likelihood of confusion issue, a different and distinct issue from whether the mark was valid and protectible.\textsuperscript{1135}

The only other reported opinion to address squarely the concept of issue preclusion in a trademark case did so in an application of Ohio law by a federal district court within that state: “Under Ohio law, collateral estoppel or issue preclusion will apply when (1) the parties in the prior action are identical to, or in privity with, the parties in the subsequent action and (2) the issue in dispute was actually litigated and (3) necessarily decided in the earlier action.”\textsuperscript{1136} The earlier action had been a state court case in which the defendant sought to demonstrate a likelihood of confusion between the parties’ respective marks under Ohio unfair competition and deceptive trade practices causes of action. That effort failed as a matter of law, and the court held that the plaintiff would be barred by Ohio issue preclusion doctrine from litigating the same issue in a subsequent state court action under the Lanham Act.\textsuperscript{1137} Under these circumstances, full-faith-and-credit principles\textsuperscript{1138} precluded allowing the plaintiff’s Lanham Act claims in federal court.\textsuperscript{1139}

\textbf{E. Remedies}

\textit{1. Injunctive Relief}

\textit{a. Ex Parte Preliminary Relief}

Reported opinions taking on the requirements for \textit{ex parte} seizure orders under Section 34(d) of the Act\textsuperscript{1140} invariably are cautionary tales for plaintiffs, and this pattern held true over the past year. In the sole published decision on the subject, the

\begin{itemize}
  \item \textsuperscript{1135} Id. at 389-90.
  \item \textsuperscript{1137} See id. at 1178-79.
  \item \textsuperscript{1138} See 28 U.S.C. § 1738 (2006) (mandating that a state court judgment be given by a federal court “the same preclusive effect as would be given that judgment under the law of the state in which the judgment was rendered”).
  \item \textsuperscript{1139} See Stark, 90 U.S.P.Q.2d at 1178-79.
  \item \textsuperscript{1140} 15 U.S.C. § 1116(d) (2006).
\end{itemize}
plaintiff swept into court seeking an order authorizing the seizure of golf clubs bearing allegedly counterfeit marks. The plaintiff’s showing, however, was fatally deficient on two separate and independent grounds. The first was that, because the plaintiff did not own a federal registration of its mark, the defendant’s alleged imitation of that mark could not be considered a counterfeit one under federal law. The second deficiency was the plaintiff’s failure to establish that an ex parte seizure was the only mechanism available to maintain the status quo. As the court explained in disposing of the plaintiff’s motion:

Plaintiff does not contend that failure to issue a temporary restraining order without notice would render further proceedings in this case futile, that Defendant is likely to disregard a court order, or that it has a history of spoliation of evidence. Instead, Plaintiff’s argument is based, without articulation or citation to legal authority, on an implied premise that continued sale of allegedly infringing products equals destruction of evidence. Plaintiff fails to make the showing necessary before a temporary restraining order can be issued ex parte.

b. Preliminary Injunctions

To secure the equitable remedy of a preliminary injunction, a plaintiff must demonstrate that it will suffer irreparable harm in the absence of injunctive relief. This standard, however, has historically been relatively easy to meet in trademark infringement (as opposed to false advertising) litigation, because courts in most jurisdictions have held that a showing of likelihood of confusion creates a presumption of irreparable harm. As one opinion explained in applying this rule, “it is reasonable for the court to assume that continuing infringement will leave the plaintiff with a loss of control of its reputation and a loss of its goodwill.”

1142. See id. at 1286.
1143. Id. at 1287.
It is an open question, however, whether the disapproval by the Supreme Court in *eBay Inc. v. MercExchange, LLC*\(^{1146}\) of the corresponding rule in the utility patent context requires courts hearing infringement cases to take the required showing of irreparable harm more seriously. At least some of those courts have concluded that the traditional rule remains intact despite *eBay*,\(^{1147}\) even those answering to the Eleventh Circuit,\(^{1148}\) which was the first federal appellate court to question the traditional rule’s continued viability.\(^{1149}\) According to an opinion from one Second Circuit district court reaching this conclusion, “[*eBay*] involved permanent injunctions issued under the Patent Act; the presumption still stands in this Circuit for preliminary injunctions.”\(^{1150}\)

A Fifth Circuit district court took a more nuanced approach in a case brought by the operators of a franchised system of travel centers against a group of breakaway franchisees.\(^{1151}\) It concluded that “*eBay* does not necessarily foreclose a presumption of harm”; rather, “[a] conclusive determination that [all other] equitable factors automatically [weigh in favor of injunctive relief] when success on the merits is established is quite far from a mere

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presumption that a single factor—irreparable harm—should usually follow when likelihood of confusion is established.”

In any case, although ultimately applying the presumption of irreparable harm, it concluded that the plaintiffs had satisfied their burden independent of the presumption. The considerations underlying this finding included the small population of potential customers for the plaintiffs’ franchise services, as well as the risk that “if [the defendant] Franchisees fail to provide the quality of service customers expect, customers will almost certainly attribute the poor service to Plaintiffs and could be discouraged from returning to other . . . [of the plaintiffs’] franchises in the future.”

Other courts hearing infringement cases similarly applied a presumption of irreparable harm and, additionally, identified record evidence and testimony documenting that harm. For example, after applying a presumption of irreparable harm, a different court observed that “[e]ven absent the presumption, Plaintiffs [the U.S. Olympic Committee and the International Olympic Committee] have shown irreparable injury in the absence of an injunction.” How had they done so? Among other things, the record demonstrated that, through their operation of websites falsely advertising the sale of tickets to the Olympic Games, “Defendants were . . . leading consumers to believe that Defendants are associated with or approved by Plaintiffs when they are not. Such an association between Plaintiffs and [w]ebsites that are aimed at deceiving the public tarnishes Plaintiffs’ image and threatens to turn the public off to the Olympics in general.”

What’s more, “a significant source of irreparable injury lies in the fact that Defendants are lessening the value of Plaintiffs’ intellectual property, on which Plaintiffs rely for revenue, and

1152. Id. at 794.
1153. Id. at 795.
1154. See, e.g., Syler v. Woodruff, 610 F. Supp. 2d 256, 263 (S.D.N.Y. 2009) (invoking presumption (despite plaintiff’s ultimate failure to prove likelihood of confusion) and additionally observing that “it would be extraordinarily difficult for [the plaintiff] to delineate with any certainty her lost profits”); Am. Taxi Dispatch, Inc. v. Am. Metro Taxi & Limo Co., 582 F. Supp. 2d 998, 1005-07 (N.D. Ill. 2008) (invoking presumption but then additionally relying on plaintiff’s showing of actual confusion and concomitant harm to plaintiff’s reputation in entry of injunctive relief); Happy Sumo Sushi Inc. v. Yapona, 89 U.S.P.Q.2d 1380, 1386 (D. Utah 2008) (declining to pass on continued viability of presumption of irreparable harm after eBay on ground that “[the plaintiff] has shown irreparable harm by the loss of good will, business reputation, and loss of control over its trade dress”).

1156. Id. at 2019.
harming Plaintiffs’ relationships with their sponsors, consumers and other third parties.”\textsuperscript{1157}

Potential lost revenue also proved to be the ticket to a finding of irreparable harm for a set of counterclaim plaintiffs in the ice cream business, who received income from licensing their mark.\textsuperscript{1158} In entering preliminary injunctive relief, the court considered, but then declined to rely upon, a presumption of irreparable harm created by the counterclaim plaintiffs’ showing of likely confusion. Instead, the court found that the counterclaim plaintiffs “were likely to lose [their] licensees, who would no longer be willing to pay a license fee for a trademark that is not protected.”\textsuperscript{1159} That the counterclaim plaintiffs had no control over the quality of the goods sold under the infringing mark was an additional basis for granting their motion: “The irreparable injury stems from [the] lack of control, not from the actual quality of the [counterclaim defendant’s] products.”\textsuperscript{1160}

The plaintiff in a different case successfully established the requisite irreparable harm by relying on its ownership of the real estate on which the defendants—terminated franchisees of the plaintiff’s service station system—were ensconced.\textsuperscript{1161} In addition to demonstrating the potential loss of “incalculable” potential damage in the form of “lost revenues, harm to plaintiff’s reputation, and the alienation of future customers,” the plaintiff demonstrated to the court’s satisfaction that:

Defendants’ continued occupation of plaintiff’s property and use of its equipment deprives plaintiff of the ability to make productive use of this particular site. In the absence of an injunction, plaintiff would face substantial risks through its immediate inability to properly monitor and exercise control over the underground storage tanks, pumps, and related equipment at the site. A denial would expose plaintiff to general liability, and in particular, liability regarding environmental regulations. These issues are enough to show that plaintiff would suffer irreparable harm absent an injunction. . . .\textsuperscript{1162}

These holdings notwithstanding, other courts hearing motions for preliminary injunctive relief proved unreceptive to claims of

\textsuperscript{1157} Id.
\textsuperscript{1159} Id. at 1151.
\textsuperscript{1160} Id.
\textsuperscript{1162} Id. at 522.
irreparable harm.\textsuperscript{1163} The plaintiff was the former owner of a defunct amusement park, the physical assets of which had been purchased and then modified by the defendant.\textsuperscript{1164} Nineteen days after filing its complaint and immediately prior to the defendant’s planned Memorial Day weekend opening, the plaintiff sought a preliminary injunction, averring that it would suffer irreparable harm to its reputation as a result of the defendant’s changes to the property. Clearly influenced by the plaintiff’s absence from the marketplace, the court also credited the defendant’s showing both that it could suffer losses in excess of $300,000 a day if enjoined and that the plaintiff’s precarious financial position was likely to preclude recovery of those losses if an injunction were to issue wrongly. It therefore denied the plaintiff’s motion in part because “[t]he balance here is not close. The harm to [the defendant] would be catastrophic if we granted any injunction. [The plaintiff’s] harm if we were to deny the injunction would be minimal at worst.”\textsuperscript{1165}

The absence of the plaintiff from the market for dairy products in which the parties otherwise would compete also played a role in a dispute between purveyors of various food products under the INTERFOOD mark and an accompanying green triangle logo.\textsuperscript{1166} The plaintiff alleged that it was being irreparably harmed by the conduct of the two individual defendants in the case, who had founded the lead corporate defendant after leaving the plaintiff’s payroll. The court, however, credited the defendants’ argument that the plaintiff had ceased selling dairy products—which were all the defendants sold—after the individual defendants’ departure. On these facts, the court concluded, “plaintiff . . . falls short of a persuasive showing in support of preliminary injunctive relief.”\textsuperscript{1167}

Of course, it is the alleged absence of the defendant from the marketplace that more typically comes into play in disputes over the propriety of preliminary injunctive relief.\textsuperscript{1168} In one trade dress case between purveyors of cookies, the defendant urged the court

\begin{thebibliography}{9}
\item \textsuperscript{1163} See, e.g., Scentsy, Inc. v. Performance Mfg., Inc., 90 U.S.P.Q.2d 1762, 1764-65 (D. Idaho 2009) (denying motion for temporary restraining order against sales through existing outlets of goods deemed to be infringing in light of plaintiff’s failure to demonstrate irreparable harm).
\item \textsuperscript{1164} See HRP Creative Servs. Co. v. FPI-MB Entm’t, LLC, 616 F. Supp. 2d 481 (D. Del. 2009).
\item \textsuperscript{1165} \textit{Id.} at 490-91.
\item \textsuperscript{1166} See Interfood Holding, B.V. v. Rice, 574 F. Supp. 2d 1035 (E.D. Mo. 2008).
\item \textsuperscript{1167} \textit{Id.} at 1039.
\item \textsuperscript{1168} Cf. Pedinol Pharmacal, Inc. v. Rising Pharms., Inc., 570 F. Supp. 2d 498, 508 (E.D.N.Y. 2008) (declining to issue permanent injunctive relief against false advertising previously undertaken by counterclaim defendant on ground that “[t]here is no reason to believe that [the counterclaim defendant] will make such misstatements in the future.”).
\end{thebibliography}
to deny the plaintiff’s motion for a preliminary injunction on the ground that the defendant was no longer using the packaging to which the plaintiffs objected. The court identified two reasons why the defendant’s discontinuance did not render the plaintiffs’ request for injunctive relief moot, the first of which was that the defendant had failed to establish it was unable to resume production of the challenged packaging in the future. The second was that cookies packaged in the allegedly infringing trade dress remained on store shelves and in the inventories of the defendant’s distributors.

Judicial disagreement over whether a showing of likelihood of success on the merits necessarily creates a presumption of irreparable harm extended beyond the infringement context to the realm of false advertising. On one side of the divide, a court hearing allegations of deceptive trade practices invoked the presumption of irreparable harm, but only after invoking other considerations meriting entry of preliminary injunctive relief. The parties were charitable organizations, and the plaintiff was able to demonstrate that donations intended for it had gone to the defendant instead. The court observed of this showing that “[f]or each consumer who complained that his donations were not going where he expected, it is likely that there are others who did not complain. It is also likely that still others continue to donate to a different organization than they intended and are unaware of it.” Moreover, “the number of prospective donors who responded to [the plaintiff’s] advertising and marketing, but mistakenly visited [the defendant’s] web page, cannot be determined.” Under these circumstances, “[the plaintiff] is unable to determine the exact amount of its economic damage, the damage to its reputation, or the damage to its goodwill.”

In contrast, another court hearing allegations of false advertising under Section 43(a) declined to acknowledge the presumption’s validity at all, at least in the absence of comparative advertising referring to the plaintiff’s goods or services. The plaintiff, a manufacturer of premium electric toothbrushes, objected to such promotional statements by a direct competitor as “[t]he sonic bristles create bubbles that pulsate at an exact

1170. See id. at 431.
1172. Id. at 978.
1173. Id.
1174. Id.
ultrasonic frequency for optimal plaque removal.” 1176 Prior to addressing the merits of the plaintiff’s attack on these claims, the court identified three reasons why the plaintiff was not entitled to a presumption of irreparable harm. First, “[t]he advertising claims at issue . . . do not reference [the plaintiff] or any other toothbrush manufacturer or dental care product by name. Nor do the advertising claims make it obvious to the viewing public that the advertisement is targeted at the plaintiff.” 1177 Second, although acknowledging that “[a] presumption of irreparable harm may also apply where the “false or misleading advertising claims create a danger to public health,”” no such danger was presented by the claims the defendant had made about its toothbrush. 1178 Finally, the court rejected the plaintiff’s novel argument that the presumption was warranted because the allegedly false statements related to a unique feature of the product being advertised. 1179

The plaintiff fared no better in its attempt to establish irreparable harm as a factual matter, which led to a cascade of findings in the defendant’s favor. To begin with, although the plaintiff introduced three studies suggesting that the defendant’s launch of its product would generate sales of 66,000 toothbrushes, 50% of which allegedly would come at the plaintiff’s expense, neither the studies nor the testimony introducing them adequately distinguished between sales produced by lawful competition and those produced by the defendant’s alleged misconduct. 1180 Moreover, the plaintiff’s primary study suffered from methodological deficiencies, something that was also true of a consumer survey it proffered, both of which used leading questions and lacked a control group. 1181 The court continued to pile on the plaintiff from there: Not only was the plaintiff’s claimed injury—lost sales—readily quantifiable, its six-month delay in seeking preliminary relief weighed against any claim of irreparable harm it might make. 1182 Finally, having relied in the past on the same type of corroborating laboratory studies undertaken by the defendant, the plaintiff was in a uniquely poor position to allege harm arising from advertising based on those studies. 1183

1176. Quoted in id. at 343.
1177. Id. at 347.
1179. See id.
1180. See id. at 348-50.
1181. See id. at 350-51
1182. See id. at 353-54.
1183. See id. at 354-56.
c. Permanent Injunctions

Recognition that eBay might have some significance to requests for permanent injunctive relief in trademark actions did occur on occasion, but, as in the preliminary injunction context, courts entertaining such requests seemed to be blissfully unfazed by the potential need to address that case. Thus, the Supreme Court of Iowa upheld one prevailing plaintiff’s entitlement to a permanent injunction without reference to eBay on the ground that “[d]emonstrating actual financial harm in trademark cases is not required, as injuries arising from trademark infringement are presumed to be irreparable.” A Second Circuit district court took a different tact, acknowledging that “the Supreme Court recently adopted a slightly more stringent standard for issuing a permanent injunction in patent cases,” but then concluding that “the Second Circuit has not held that this standard also applies in trademark cases.”

Of course, eBay did not factor into all cases in which the propriety and scope of permanent injunctions were disputed. One Ninth Circuit opinion arose from an appeal of a permanent injunction barring the defendants from making all uses of their mark, including those they argued were noninfringing. The Ninth Circuit sided with the district court and the plaintiff: “The essence of trademark infringement is the likelihood of confusion, and an injunction should be fashioned to prevent just that. We find no abuse in the district court’s determination that, in order to avoid confusion to consumers, [the defendants] must abandon all use of the [infringing] name...”

In contrast, a district court took a more flexible approach in a case in which a jury had found that the defendants had created a likelihood of reverse confusion. In response to the plaintiffs’ request for a permanent injunction against all uses of the lead defendant’s BUZZ OFF mark, the court acknowledged that the


1188. See Internet Specialties W., Inc. v. Milon-Digiorgio Enters., 559 F.3d 985 (9th Cir. 2009).

1189. Id. at 993 (footnote omitted).

defendants’ infringement was causing irreparable harm and that
the jury’s award of actual damages was an inadequate remedy.
Because the lead defendant had “invested significant time and
resources establishing its business, and was not engaging in fraud
or in other aggravated conduct,” however, and because the
plaintiffs’ use of their mark was winding down for reasons
unrelated to the defendants’ infringement, “the potential
hardships to [the lead defendant] would seem to outweigh the
hardships to [the plaintiffs] unless the injunction is tailored to the
circumstances of this case.”1191 The court therefore concluded that
“it would not impose too great a hardship on [the lead defendant]
to enjoin [the lead defendant] from any use of ‘BUZZ OFF’
standing alone, including use of the website <buzzoff.com>.”1192
Nevertheless, “the Court further finds that [the lead defendant]
should be allowed to continue use of the business name ‘Buzz Off
Insect Shield, LLC,’ especially if, as the court ultimately ordered,
that use were to be accompanied by a disclaimer of affiliation with
the plaintiffs.”1193

d. Contempt

One court restated the rules governing the disposition of
contempt motions in the following manner:

[I]n seeking a civil contempt order, plaintiff has the initial
burden of proving by clear and convincing evidence that (1) a
valid court order existed, (2) defendants had knowledge of the
order and (3) defendants disobeyed the order. If plaintiff
makes such a showing, the burden shifts to defendants to
show that defendants complied with the order or that they
could not do so.1194

On its face, this standard might seem a strict one for plaintiffs
to satisfy. Nevertheless, a defendant who willingly agrees to entry
of a permanent injunction, violates it, and then ignores the
resulting contempt motion is in a poor position to complain of the
consequences. Those consequences in one case turned out to
include an award of the fees and costs incurred in the preparation
of the motion, an accounting of any profits earned during the
period of contempt, and, for good measure, “a coercive fine . . . to

1191. Id. at 599-600.
1192. Id.
1193. Id.
2008) (citation omitted). For an alternative test requiring the plaintiff to demonstrate the
additional factor “that [the] movant suffer[s] harm as a result” of the defendant’s violation of
a prior order, see Buffalo Wings Factory, Inc. v. Mohd, 574 F. Supp. 2d 574, 597 (E.D. Va.
compel compliance with the permanent injunction” in the amount of $1,000 a day. \footnote{1195}

Defendants who do contest the issue, but who admit to widespread violations of a prior injunction, may fare no better. In a case featuring this scenario, the parties had reached an earlier settlement agreement, which had been memorialized in a consent judgment. \footnote{1196} In addition to mandating the discontinuance of their infringing restaurant trade dress, the consent judgment required the defendants to make regular payments to the plaintiff and to provide a promissory note guaranteeing those payments. In depositions, the defendants admitted both their knowledge of these violations and their failure to take any actions to comply with the consent judgment. The resulting sanctions included an award of the plaintiff’s attorneys’ fees and an accounting of one-third of the defendants’ revenues as profits. \footnote{1197}

In another case addressing the propriety of contempt sanctions, the plaintiff secured a consent injunction against a corporate defendant “and its respective agents, officers, directors, partners, shareholders, servants, employees, attorneys, representatives, successors and assignees, and all other persons and entities in active concert or participation with them.” \footnote{1198} When the sole owner of the corporate defendant, who was not a named defendant, engaged in conduct inconsistent with the injunction’s terms, the plaintiff sought to have him sanctioned as a non-party contemnor. The court obliged, in the process rejecting the owner’s argument that he had not been personally served with the motion: As the court pointed out, the motion had been mailed to three business addresses associated with the owner and had additionally been served on counsel for the corporate defendant. \footnote{1199}

\section*{2. Monetary Recovery}

\textit{a. Actual Damages}

A showing of actual confusion was once regarded as a necessary prerequisite for an award of actual damages, but strict judicial adherence to that rule continued to crumble over the past

\footnote{1195. See Premium Nutritional Prods., 571 F. Supp. 2d at 1220-21.}
\footnote{1196. See Buffalo Wings Factory, 574 F. Supp. 2d at 576-77.}
\footnote{1197. See id. at 581-82.}
\footnote{1198. Quoted in City Cab Co. of Orlando, Inc. v. All City Yellow Cab, Inc., 581 F. Supp. 2d 1197, 1199 (M.D. Fla. 2008).}
\footnote{1199. See id. at 1199-1201.}
year, especially in cases involving allegations of reverse confusion. The First Circuit delivered an example of this trend in an opinion affirming a jury’s award of $250,000 to a plaintiff alleging that the (much larger) defendant’s saturation campaign had created a likelihood of reverse confusion. Pointing to a decline in its revenues in the quarter immediately following the launch of the defendant’s campaign, the plaintiff argued at trial that it had suffered $500,000 in lost profits. On appeal, the defendant argued that the alleged decline in the plaintiff’s sales was nothing more than a normal fluctuation, but the First Circuit wasn’t buying. Instead, it held that testimony of the lost sales by the plaintiff’s president had given the jury a basis for its award; the plaintiff’s failure to receive the entire amount it had sought was further evidence that was “itself a sign that the jury did not behave unreasonably.”

The absence of deception was similarly no bar to a potential award of actual damages in an action alleging false comparative advertising. Addressing the defendants’ motion for summary judgment on the subject of their liability for actual damages, the court observed that “[a] party seeking monetary damages for false advertising . . . must establish that it has been injured by the false advertising. To make this showing, the plaintiff must demonstrate that the false advertisement actually deceived or misled consumers, which in turn caused injury to the plaintiff.” Nevertheless, having apparently set a high burden for false advertising plaintiffs seeking to be made whole, the court immediately backtracked from that standard, concluding the absence of a showing of deception in the case before it was outweighed by evidence of the defendants’ intentional bad-faith conduct:

[A] presumption of causation and harm should apply to claims for actual damages when a defendant disseminates willfully deceptive, comparative advertising. Such a presumption forces the willful fabricator—rather than its intended victim—to

1201. See, e.g., Buzz Off Insect Shield, LLC v. S.C. Johnson & Son, Inc., 606 F. Supp. 2d 571, 585 (M.D.N.C. 2009) (upholding jury award of actual damages on ground that “[u]nder this ‘reverse confusion’ doctrine, the injury to [the plaintiffs] was based on [the defendants’] extensive use of a mark that infringed upon and overwhelmed [the plaintiffs’] mark, . . . even if there were no consumers who were misled . . .”).
1203. Id. at 75.
1205. Id. at 1320 (citations omitted).
bear the burden of demonstrating that its deliberate misrepresentations did not result in harm to its competitor. Thus, it discourages companies from engaging in deliberately deceptive advertising campaigns, protecting consumers and competitors alike.\textsuperscript{1206}

(2) Calculation of Actual Damages

One measure of a plaintiff's actual damages is the lost royalties it would have enjoyed if an infringing defendant taken a license to use the plaintiff's mark, but what constitutes an appropriate royalty rate can be a subject of considerable disagreement. In a case in which a jury found a likelihood of reverse confusion, the plaintiffs introduced an expert witness who testified that a reasonable royalty for the defendants' infringement would be $533,978.00, while the defendants' expert opined that the appropriate figure would be $213,518.00.\textsuperscript{1207} In declining to disturb a verdict falling between these competing figures, the court held that "the jury's award of $280,000 in damages was within the range of the expert opinion[s] presented in this case on the issues of damages, and consistent with the Court's instructions, could have been awarded by the jury as a reasonable royalty 'as an alternative to actual damages.'"\textsuperscript{1208} The court also held that the jury had properly considered the $275,000.00 purchase price paid by the lead plaintiff for a mark that had given the plaintiffs priority of rights in the first instance, concluding that "such a reference simply provided additional evidence regarding the value of the trademark that was appropriated and the potential amount of compensation due to [the plaintiffs] for [the defendants'] infringement of the mark."\textsuperscript{1209}

(3) Adjustments of Awards of Actual Damages

Section 35 authorizes entry of an award of actual damages, "according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such an amount."\textsuperscript{1210} Entertaining a motion for the augmentation of an actual damages award under this provision, one Fourth Circuit district court turned to the factors in that jurisdiction governing awards of actual damages in the first instance, namely:

\textsuperscript{1206} Id. at 1321.
\textsuperscript{1207} See Buzz Off Insect Shield, LLC v. S.C. Johnson & Son, Inc., 606 F. Supp. 2d 571, 585 (M.D.N.C. 2009).
\textsuperscript{1208} Id.
\textsuperscript{1209} Id. at 586.
“(1) whether the defendant had the intent to confuse or deceive, (2) whether sales have been diverted, (3) the adequacy of other remedies, (4) any unreasonable delay by the plaintiff in asserting his rights, (5) the public interest in making the misconduct unprofitable, and (6) whether it is a case of palming off.”

Notwithstanding a jury finding that the defendants had acted willfully, as well as evidence that the plaintiffs “may have lost some potential market presence” as a result of the defendants’ conduct, the court declined to enhance the actual damages found by a jury. Specifically, it determined that appropriate injunctive relief was an adequate alternative remedy, that the plaintiffs had failed to bring suit for two years after bringing their objections to the defendants’ attention, that the public interest might be harmed by the anti-competitive effects of an augmented award, and that there was an absence of evidence that the defendants had been engaged in palming off. Under these circumstances, “the Court, in its discretion, under the principles of equity, particularly in view of the circumstances of this case, concludes that the jury’s award . . . is an appropriate and adequate amount of actual damages in this case.”

b. Statutory Damages

There are two bases for awards of statutory damages in federal unfair competition cases. First, Section 35(c) provides that, in cases involving the trafficking of goods bearing counterfeit marks, the plaintiff may elect to receive “not less than $1,000 or more than $200,000 per counterfeit mark per type of goods or services sold”; moreover, an award of up to $1,000,000 is possible “if the court finds that use of the counterfeit mark was willful.” Second, in cases involving violations of the ACPA, Section 35(d) allows a prevailing plaintiff to elect an award of statutory damages “in the amount of not less than $1,000 and not more than $100,000 per domain name, as the court considers just,” provided that

1212. Id.
1213. See id at 589-90.
1214. Id. at 590.
registration of the domain in question occurred after the effective date of the ACPA.1217

Since the amendment of the Lanham Act to permit awards of statutory damages, some defendants held liable for violations of plaintiffs’ trademark rights and copyrights argued, generally unsuccessfully, that awards of statutory damages for both types of liability in the same case were mutually exclusive. Nevertheless, one court proved to be resistant to this dual recovery of statutory damages over the past year.1218 Thus, although the defendants in the action had defaulted, the court declined to enter the default judgment requested by the plaintiff, which would have imposed both remedies. Instead, the court required additional briefing to identify “sufficient legal justification for Plaintiff’s position that this Court has the authority to award statutory damages under both Acts.”1219

Assuming that an award of statutory damages is indeed appropriate under either Section 35(a) or Section 35(d), the next step in the relevant analysis is determining an appropriate quantum of recovery. Because Section 35 provides little in the way of guidelines on this subject, one court turned to those set forth in Section 504(c) of the Copyright Act1220 for insight: Thus, it announced that it had

considered the following factors in setting statutory damage awards under the Lanham Act: (1) the expenses saved and the profits reaped; (2) the revenues lost by the plaintiff; (3) the value of the copyright; (4) the deterrent effect on others besides the defendant; (5) whether the defendant’s conduct was innocent or willful; (6) whether a defendant has cooperated in providing particular records from which to assess the value of the infringing material produced; and (7) the potential for discouraging the defendant.1221

Based on these considerations, the court awarded statutory damages of $2,000 against each of thirty-one defendants found to have trafficked in cigarettes bearing counterfeit imitations of the plaintiff’s marks.1222

1217. For an example of an opinion denying an award of statutory damages against a defendant that had registered its domain name after the ACPA’s effective date, see Silver Ring Splint Co. v. Digisplint, Inc., 567 F. Supp. 2d 847, 857 (W.D. Va. 2008).
1219. See id. at 9.
1222. See id. at 674.
c. Accountings of Profits

(1) Plaintiffs’ Entitlement to Accountings

One Eleventh Circuit district court hearing a false advertising action disposed of the argument that an accounting of profits is inappropriate in the absence of a showing the defendant benefited from its unlawful conduct. In denying a defense motion for summary judgment grounded in this theory, the court acknowledged that other courts had interposed such a requirement. It was disinclined to follow suit, noting that, in the trademark infringement context, “Eleventh Circuit decisions ... have consistently concluded that once the plaintiff produces evidence regarding the defendant’s gross sales, the burden is on the defendant-wrongdoer to demonstrate that its profits are not due to its Lanham Act violation rather than vice-versa.” From this, it held that:

While the court will not speak to all false advertising cases, it concludes that where a competitor specifically disparages a market newcomer through deliberately false advertisements, it will not require that newcomer to prove that the advertisements benefited the disseminator before awarding an accounting of profits. So long as the newcomer can provide evidence of the infringer’s gross sales, the newcomer will be eligible for an award of profits at the court’s discretion.

Because the plaintiffs had adduced “unrefuted evidence that [the defendants] engaged in deliberate, literally false, material advertising,” as well as evidence of the defendants’ gross sales, the defendants were not entitled to summary judgment on the plaintiffs’ request for an accounting.

The viability of the formerly near-universal rule that a showing of willful misconduct by a defendant is a necessary prerequisite for an accounting of profits continued to divide courts. One Second Circuit district court concluded that the rule remained intact in that jurisdiction. It then identified two sets of factors warranting consideration in the inquiry into whether an accounting was appropriate, the first of which included “(1) the degree of certainty that the defendant benefitted from the

1224. Id. at 1323 (citing Burger King Corp. v. Mason, 855 F.2d 779, 781 (11th Cir. 1988); Wesco Mfg., Inc. v. Tropical Attractions of Palm Beach, Inc., 833 F.2d 1484, 1488 (11th Cir. 1987); Nutriveda, Inc. v. Immuno Vital, Inc., 46 F. Supp. 2d 1310, 1316 (S.D. Fla. 1998)).
1225. Id. at 1323-24 (footnote omitted).
1226. Id. at 1324.
unlawful conduct; (2) availability and adequacy of other remedies; (3) the role of a particular defendant in effectuating the wrongful conduct; (4) plaintiff's laches; and (5) plaintiff's unclean hands.” 1228 The second set posited that an accounting would be justified if: “(1) the defendant is unjustly enriched; (2) the plaintiff sustained damages from the [defendant's false statements]; or (3) the award of profits is necessary to deter a willful [wrongdoer] from doing so again.” 1229 Ultimately, and although there appeared to have been extensive testimony and evidence of the counterclaim defendant's willful misconduct in the record, the court ordered an accounting without any express consideration of it. 1230 Instead, an accounting was appropriate because the counterclaim defendant had been unjustly enriched and because the counterclaim plaintiff had suffered actual damages as a result of the counterclaim defendant’s conduct. 1231

(2) The Accounting Process

Section 35(a) governs the mechanics of an accounting of an infringing defendant’s profits and provides in relevant part that:

In assessing profits the plaintiff shall be required to prove defendant’s sales only; defendant must prove all elements of cost or deduction claimed. . . . If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. 1232 The statute imposes no duty on prevailing plaintiffs to apportion defendants’ gross revenues between infringing or noninfringing sources or to identify permissible deductions from those gross revenues. 1233 Thus, for example, one Fourth Circuit district court overturned an accounting by the jury of less than the counterclaim defendant’s revenues on the ground that “many of the deductions that [the counterclaim defendant] seeks to subtract from [its] sales are unsupported by business records.” 1234 The court

1228. Id. at 504.
1229. Id. (quoting George Basch Co. v. Blue Coral Inc., 968 F.2d 1532, 1538 (2d Cir. 1992)) (alterations in original).
1230. See id. at 503-04 (describing extensive campaign of false advertising undertaken by counterclaim defendant).
1231. See id.
also grounded its decision in the six factors identified by the Fourth Circuit as properly considered in the accounting process:

“(1) whether the defendant had the intent to confuse or deceive; (2) whether the [plaintiff’s] sales have been diverted; (3) the adequacy of other remedies; (4) any unreasonable delay by the plaintiff in asserting its rights; (5) the public interest in making the misconduct unprofitable; and (6) whether it is a case of palming off.”

Of these considerations, the first, third, and fifth weighed in favor of a full accounting, while the remaining ones were merely neutral.

Nevertheless, a prevailing plaintiff that applies a reasonable discount to the overall revenues of an uncooperative defendant in the accounting process stands a good chance of receiving the figure it requests. In one case in which the defendants chose not to contest an accounting ordered as a sanction for their violation of a permanent injunction, the court credited the plaintiff’s showing that the defendants had derived $350,000 in annual revenues from their infringement. The court proved equally receptive to testimony by the plaintiff’s principal that the defendants’ profit margin was likely between 55 percent to 65 percent of their sales. Having found the defendants in contempt for a period of 210 days, the court applied the low end of the defendants’ estimated profit margin to their daily revenue of $958 from infringing sales to yield $110,460.00 “as the measure of defendants’ profits from continued contemptuous use of plaintiff’s trademarks.”

In contrast, an overaggressive claimed profit margin nearly came back to bite one plaintiff when its claims failed but the defendant’s counterclaim succeeded. While it thought it had the upper hand in the litigation, the plaintiff argued that the defendant’s profit margin was a healthy 66 percent. When it, rather than the defendant, was found liable for false advertising, it claimed that its own profit margin on sales of products directly competitive with those of the plaintiff was a mere 8.5 percent. Not

1235. Id. at 1123 (quoting Synergistic Int’l LLC v. Korman, 470 F.3d 162, 175 (4th Cir. 2006)).
1236. See id.
1237. See, e.g., Buffalo Wings Factory, Inc. v. Mohd, 574 F. Supp. 2d 574, 582 (E.D. Va. 2008) (granting, in context of contempt motion, plaintiff’s request for accounting of one-third of defendant’s overall revenues “considering the difficulty in calculating precisely which portion of Defendants’ revenues have been derived from their wrongful conduct”).
1239. Id.
surprisingly, the defendant sought to shore up its estimate of the plaintiff’s profit margin as 33 percent by referring to the earlier 66 percent figure asserted by the plaintiff. The court was unwilling to hold the plaintiff to the larger figure, concluding after reviewing the parties’ submissions that the plaintiff had carried its burden under Section 35 “to come forward with appropriate documentation showing the expenses that should be deducted to arrive at its profit figure.”

Accordingly, an accounting of 33 percent of the plaintiff’s overall revenues was “an appropriate measure of recovery.”

A final opinion addressing the accounting remedy offered a stark reminder that, although the rules governing accountings are slanted toward plaintiffs, that general bias is not absolute. After the defendant defaulted and therefore admitted liability, the plaintiff sought to establish the revenues enjoyed by the defendant during the period of infringement through hearsay testimony of information received from a third party. The court was disinclined to find that the defendant had carried its burden of proof: “Although Plaintiff is correct that it need only prove Defendant’s sales, and that Defendant has the burden of demonstrating that any reductions are appropriate, the Court finds that Plaintiff has not sufficiently met its burden of proving Defendant’s sales.”

Not only were there were no unusual circumstances that warranted suspension of the rule against the admission of hearsay testimony, “it appears to the Court that, with a modicum of additional effort, Plaintiff should be able to obtain reliable, non-hearsay evidence” of the defendant’s revenues. The plaintiff’s failure to invest that effort prior to seeking an accounting led the court to hold the plaintiff’s motion in abeyance until the plaintiff returned with a more convincing showing.

(3) Adjustments of Accountings

One opinion served as a useful reminder that the accounting of profits remedy is an equitable one, and that district courts enjoy considerable discretion in deciding whether to order one. Following findings of liability on the plaintiff’s copyright

1241. Id. at 507.
1242. Id.
1244. Id. at 31-32.
1245. Id. at 32.
1246. See id.
infringement and reverse passing off causes of action, the court hearing the action held a separate hearing on the plaintiff's claim for monetary relief. Addressing the plaintiff's request for an accounting under the Lanham Act first, the court determined both that the plaintiff had carried its burden of proving the defendant's infringing revenues and that the defendant had failed to prove by a preponderance of the evidence each of the deductions it claimed from those revenues. Nevertheless, the accounting ordered under Section 504(b) of the Copyright Act yielded a considerably larger figure, and, because the respective accountings were based in part on the same sales, this led the court to decline to enter what it considered to be the recovery of overlapping amounts:

[B]ecause this court is awarding gross revenues from sales . . . that the court previously found infringing [under the Copyright Act], the court will exercise its discretion to adjust the Lanham Act award. The court finds that recovery based on profits under the Lanham Act is excessive in view of the other circumstances of this case, and declines to award damages [sic] to Plaintiff under the Lanham Act.

**d. Attorneys’ Fees**

Awards of attorneys’ fees to prevailing parties in trademark and unfair competition litigation are left to the discretion of trial courts, and there a number of mechanisms authorizing the exercise of that discretion. Although it is possible in some jurisdictions for prevailing parties to secure awards of fees under state law, most cases to award fees over the past year did so under federal law, which recognizes a number of bases for fee awards. For example, the Federal Rules of Appellate Procedure authorize awards of fees to reimburse the expenses of frivolous appeals. As in any federal court action, a court hearing a trademark case also may award fees if a litigant has “unreasonably and vexatiously” multiplied the proceedings in a case. Similarly, courts may impose awards of fees in the form of sanctions under Rule 11 of the Federal Rules of Civil Procedure, or, in the case of discovery violations, under Rule 37(a)(5)(C).

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1248. See id. at 661-62.
1250. Universal Furniture, 599 F. Supp. 2d at 663.
likewise have the inherent power to award fees if bad-faith litigation practices by the parties justify them\(^{1255}\) or as a condition to the lifting of a default judgment.\(^{1256}\) Finally, and of greatest significance to fee petitions under federal law, Section 35(a) authorizes the imposition of fees upon the losing party in “exceptional cases.”\(^{1257}\) While Section 35(b) makes such an award virtually mandatory in cases in which a defendant has been found liable for trafficking in goods or services associated with counterfeit marks.\(^{1258}\)

(1) Awards in Favor of Prevailing Plaintiffs

Although it often weighs in favor of an award of fees to a prevailing plaintiff, a showing of intentional copying may not carry the day,\(^{1259}\) especially if the case presents novel issues of law. In one case presenting such a scenario, the defendant clothing manufacturers had deliberately imitated the color schemes and other indicia used by the plaintiffs, four universities with successful football programs.\(^{1260}\) Requiring the plaintiffs to demonstrate the exceptional nature of the defendants’ conduct by clear and convincing evidence, the Fifth Circuit held that “[a]n exceptional case is one where the violative acts can be characterized as malicious, fraudulent, deliberate, or willful.”\(^{1261}\) It acknowledged the district court’s finding that the defendants had acted with sufficient bad faith to bar their claim of laches, but nevertheless noted that “deliberate copying does not render a case per se exceptional.”\(^{1262}\) Moreover, “[a]s the district court also recognized, this case presents somewhat novel issues [bearing on the functionality and nominative fair use doctrines]—also evidence by the presence of several amicus briefs—concerning the trademark protection for color schemes used by the Universities.”\(^{1263}\) Because “[a] party does not act in bad faith by

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1255. See, e.g., San Juan Prods., Inc. v. San Juan Pools, Inc., 849 F.2d 468, 476 (10th Cir. 1988).
1258. Id. § 1117(b).
1259. See, e.g., Patsy’s Italian Rest., Inc. v. Banas, 575 F. Supp. 2d 427, 471 (E.D.N.Y. 2008) (denying fees even as to willfully infringing defendants on ground that plaintiff had prevailed on only some of its claims).
1261. Id. at 491 (quoting Pebble Beach Co. v. Tour 18 I Ltd., 155 F.3d 526, 555 (5th Cir. 1998)).
1262. Id.
1263. Id.
predicating his legal claim or defense on an unsettled legal theory,” the district court had not abused its discretion by denying the plaintiffs’ fee petition.1264

A jury finding in another case that the defendants had willfully engaged in reverse confusion was similarly no ticket to an award of fees for the prevailing plaintiffs.1265 Addressing the finding of willfulness, the court concluded that “[the defendants] originally selected [their] mark without any intent to trade on [the plaintiffs’] goodwill, and without intent to commit fraud on the public. In addition, [the defendants] had multiple bases for challenging the validity, scope and enforceability of the [plaintiffs’] mark.”1266 The court was equally unreceptive to the plaintiffs’ argument that the defendants’ conduct during the pendency of the case was an independent basis for a fee award: “Both sides strongly contested the factual and legal issues involved in this case, but the Court concludes that the positions taken by the parties do not establish fraud or bad faith on either side in the course of this litigation.”1267 Moreover, this result held despite showings by the plaintiffs that the defendants’ responses to certain of the plaintiffs’ requests for admission proved to be inaccurate.1268

A plaintiff unable to prove the intentional imitation of its mark is likely to fare poorly in a request for an award of its fees. In a reverse confusion action appealed to the First Circuit, the district court had denied a fee petition based on the court’s finding at the summary judgment stage that the defendant had not acted in bad faith.1269 The plaintiff argued that bad faith was established by the defendant’s failure to offer an innocent explanation of how it had adopted its infringing mark and the downloading by the defendants’ employees of information and software from the plaintiff’s website. The appellate court, however, declined to disturb the district court’s disposition of the issue, citing evidence and testimony that the defendant’s advertising agency had developed the mark and that none of the defendant’s employees involved in the incidents cited by the plaintiff had been involved in the mark’s selection.1270

1264. Id.
1266. Id. at 591.
1267. Id.
1268. See id. at 592-95.
1270. See id. at 76.
Awards in Favor of Prevailing Defendants

If awards of fees in favor of prevailing plaintiffs are relatively rare, this pattern is even more pronounced where prevailing defendants are concerned. In one case, for example, the plaintiff asserted that the defendant had fraudulently prosecuted an application to register a mark substantively identical to one contemplated by a business plan shown by the plaintiff to the defendant. The gravamen of the plaintiff’s case was that, despite an absence of actual use of his mark, the defendant had been obligated to disclose to the USPTO the plaintiff’s alleged rights to it. The Seventh Circuit district court hearing the case rejected as “patently untenable” the plaintiff’s claim that his alleged trade secret rights in the business plan created cognizable service mark rights the defendant was bound to honor. Nevertheless, the court noted that the Seventh Circuit itself had never rejected such a theory and, in any case, that the action had been dismissed for failure to state a claim before the plaintiff had been able to engage in any litigation-related misconduct. Under these circumstances, the case could not be considered an exceptional one, and an award of fees was therefore inappropriate.

A Fourth Circuit district court declining to grant a fee petition by prevailing defendants noted that, under the controlling authority of that jurisdiction, “although a prevailing plaintiff . . . must establish ‘bad faith’ to recover attorneys’ fees, a prevailing defendant . . . need not establish bad faith on the part of the plaintiff to prove an ‘exceptional’ case under Section 35(a) of the Lanham Act.” The defendants had convinced the court to dismiss one of the infringement claims advanced by the plaintiffs before trial, but, revisiting the claim in the context of the defendants’ request for reimbursement of their fees, the court found without extended explanation that the defendants’ allegations of infringement had not been “frivolous or baseless.”

1271. See, e.g., Acumed LLC v. Advanced Surgical Servs., Inc., 561 F.3d 199, 230 (3d Cir. 2009) (affirming denial of fees on ground that “notwithstanding the jury’s verdict [in favor of the defendant], there was a foundation for [the plaintiffs’] that [the defendant] was liable to them under the Lanham Act . . .”).
1273. Id. at 2040.
1274. See id. at 2040-41.
1276. Id. at 586.
Likewise, although the defendants prevailed in a jury trial on separate federal and state false advertising causes of action advanced by the plaintiffs, “the evidence presented at trial could have supported a verdict either way on the claims.”\textsuperscript{1277} A fee award therefore was inappropriate even under the relatively low Fourth Circuit standard.

\textbf{e. Awards of Costs}

In addition to authorizing awards of actual damages and statutory damages, as well as accountings of profits, Section 35 permits the taxation of costs against the losing party in litigation under the Lanham Act. In one of the few reported opinions over the past year employing this mechanism, the court imposed a default judgment of liability on thirty-one defendants.\textsuperscript{1278} It then granted the plaintiff’s motion to divide the filing fees and service costs incurred by the plaintiff evenly among the defendants, which resulted in the taxation of $62.14 against each defendant.\textsuperscript{1279}

\textbf{F. Constitutional Matters}

\textbf{1. The First Amendment}

Although successful invocations of the First Amendment in trademark litigation are relatively rare, several defendants successfully defeated unfair competition claims by establishing that they were engaged in protected speech.\textsuperscript{1280} The most notable opinion to reach such a result came from the Ninth Circuit, which was confronted with a challenge by the owner of the mark THE PLAY PEN strip club to the producers of a video game that featured an animated strip club using the mark THE PIG PEN.\textsuperscript{1281} In affirming entry of summary judgment in the defendants’ favor, the appellate court held that the Second Circuit’s \textit{Rogers v. Grimaldi}\textsuperscript{1282} test for liability was fully applicable to the appearance of the plaintiff’s mark in the defendants’ game: “Although this test traditionally applies to uses of a trademark in

\textsuperscript{1277} Id. at 596.
\textsuperscript{1279} See id. at 675.
\textsuperscript{1280} See Syler v. Woodruff, 610 F. Supp. 2d 256, 265 (S.D.N.Y. 2009) (denying motion for preliminary injunction to enjoin use of literary title on ground that “[a]s a result of the First Amendment concerns that suffuse the naming of literary works, courts in this Circuit have required a ‘particularly compelling’ likelihood of confusion before finding infringement under the Lanham Act” (quoting Twin Peaks Prods. v. Publ’n Int’l, 996 F.2d 1366, 1379 n.4 (2d Cir. 1993))).
\textsuperscript{1281} See E.S.S. Entm’t 2000, Inc. v. Rock Star Videos, Inc., 547 F.3d 1095 (9th Cir. 2008).
\textsuperscript{1282} 875 F.2d 994 (2d Cir. 1989).
the title of an artistic work, there is no principled reason why it ought not also apply to the use of a trademark in the body of the work.”\textsuperscript{1283} Thus, the defendants’ use would be protected unless it had no artistic relevance to the underlying work or, if it was artistically relevant, it was explicitly misleading as to the source or content of the work.\textsuperscript{1284}

The Ninth Circuit agreed with the district court that the defendants’ use qualified for protection under both prongs of this test. As to the first, the court noted that “the level of relevance merely must be above zero” and that the defendants’ alleged imitation of the plaintiff’s mark and club was relevant to the East Los Angeles ambiance of the game.\textsuperscript{1285} And, as to the latter, the court held that “[b]oth [the defendants’ game] and the Play Pen offer a form of lowbrow entertainment; besides this general similarity, they have nothing in common. . . . [V]ideo games and strip clubs do not go together like a horse and carriage or, perish the thought, love and marriage.”\textsuperscript{1286} The defendants’ use therefore could not be considered explicitly misleading because “[a] reasonable consumer would not think a company that owns one strip club in East Los Angeles, which is not well known to the public at large, also produces a technologically sophisticated video game like [that of the defendants].”\textsuperscript{1287}

Application of the \textit{Rogers} test did not carry the day for all defendants. When one published a book called \textit{Fun Cars} that was shaped like a Volkswagen “New Beetle” automobile and featured the federally registered VW logo on its cover, Volkswagen challenged use of the design by asserting a variety of unfair competition causes of action.\textsuperscript{1288} The defendant responded by moving for summary judgment on the theory that its use was a protected one under \textit{Rogers}. Although accepting the defendant’s argument that \textit{Rogers} provided the appropriate framework, the court concluded that “while the record demonstrates that [the defendant’s] use of the mark is relevant to the ‘fun’ theme of \textit{Fun Cars}, [the defendant] does not put forth an argument as to the second prong of the \textit{Rogers} test. . . .”\textsuperscript{1289} Specifically, because the defendant had failed to demonstrate that its use did not explicitly

\textsuperscript{1283}. \textit{E.S.S. Entm’t}, 547 F.3d at 1099.
\textsuperscript{1284}. \textit{See id.}
\textsuperscript{1285}. \textit{Id.} at 1100.
\textsuperscript{1286}. \textit{Id.}
\textsuperscript{1287}. \textit{Id.} at 1100-01.
\textsuperscript{1289}. \textit{Id.} at 810.
mislead consumers as to the source of its goods, summary judgment of no liability was inappropriate.\textsuperscript{1290}

Other opinions rejected outright defendants’ claims that the First Amendment protected their conduct,\textsuperscript{1291} including one from the Third Circuit, which declined to dismiss a challenge to the unauthorized use of a vocal recording in what amounted to an infomercial promoting a videogame.\textsuperscript{1292} The defendant argued that its use of the recording was protected expressive speech, but the court disagreed. It noted that “[o]ur Court has ‘three factors to consider in deciding whether speech is commercial: (1) is the speech an advertisement; (2) does the speech refer to a specific product or service; and (3) does the speaker have an economic motivation for the speech.’”\textsuperscript{1293} Although further observing that “we err on the side of fully protecting speech when confronted with works near the line dividing commercial and noncommercial speech . . . ,” the court ultimately considered the question not to be a close one under its tripartite standard.\textsuperscript{1294} In particular, the court was convinced that the absence of critical commentary in the challenged use “belies any argument that [it] has a documentary purpose.”\textsuperscript{1295}

In another case on the plaintiffs’ side of the ledger, the Eleventh Circuit rejected claims that the First Amendment protected the publication of nude photographs of a murder victim taken 20 years before her death.\textsuperscript{1296} Deeming the victim’s death to be a legitimate matter of public interest, the district court dismissed the right of publicity cause of action brought by her estate, but the Eleventh Circuit reversed this holding. Although the defendants included a brief biography of the victim in their magazine, the appellate court concluded from the record that “[t]he heart of [the defendants’] article was the publication of nude photographs—not the corresponding biography”;\textsuperscript{1297} as a

\textsuperscript{1290}. See id. at 810-11.
\textsuperscript{1292}. See Facenda v. N.F.L. Films, Inc., 542 F.3d 1007 (3d Cir. 2008).
\textsuperscript{1293}. Id. at 1017 (quoting U.S. Healthcare, Inc. v. Blue Cross of Greater Philadelphia, 898 F.2d 914, 933 (3d Cir. 1990)).
\textsuperscript{1294}. Id. at 1018.
\textsuperscript{1295}. Id.
\textsuperscript{1296}. See Toffoloni v. LFB Publ’g Group, LLC, 572 F.3d 1201 (11th Cir. 2009).
\textsuperscript{1297}. Id. at 1209.
consequence, “the biographical piece cannot suffice to render the nude photographs newsworthy.” In any case, the Georgia courts have never held, nor do we believe that they would hold, that if one is the victim of an infamous murder, one’s entire life is rendered the subject of the legitimate subject of public scrutiny. Such a ruling would eviscerate the Georgia right of publicity, allowing the newsworthiness exception to that right to swallow the rule.

Particularly because the victim herself had never herself attempted to exploit the photographs commercially, the action was remanded to allow her estate’s claim to go forward.

2. The Fifth Amendment

Successful claims that the federal government has violated the Takings Clause of the Fifth Amendment by depriving a mark owner of its property without due process of law occur infrequently at best, and such was the case over the past year. In a case turning on the Byzantine maze of Cuban Asset Control Regulations, a federal registrant domiciled in Cuba challenged the refusal of the Office of Foreign Assets (“OFAC”) to issue a license that would allow the registrant to renew its registration. Among other arguments advanced by the registrant was that OFAC had unconstitutionally taken the registrant’s property without due process of law. Granting summary judgment to the government, the court held not only that the registrant had been given both procedural and substantive due process, but also that there had been no taking in the first instance. On this last point, the court held that the registrant’s argument was meritless because [the statute authorizing OFAC’s action] was enacted in the economic sanctions context and because it did not vest property in the United States. Courts have been wary of classifying economic sanctions as Constitutional violations because this would significantly hamper the ability of Congress and the Executive to manage foreign relations. The United States neither seized the registrant’s mark for its

1298. Id. at 1210.
1299. Id.
1300. See id. at 1212-13.
1301. U.S. Const. amend. V.
own use nor prevented [the registrant] from continuing to use the mark in other countries.1303

3. The Eleventh Amendment

States charged with unfair competition under the Lanham Act inevitably argue that they are protected against monetary exposure by the Eleventh Amendment, which provides that “[t]he Judicial power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against one of the United States by Citizens of another State, or by Citizens or Subjects of any Foreign State.”1304 In adding Section 40 to the Act1305 through the passage of the 1992 Trademark Remedy Clarification Act (TRCA),1306 Congress sought to abrogate the states’ immunity against Lanham Act causes of action by exercising its authority to regulate interstate commerce under Article I of the Constitution,1307 as well as to enforce the Due Process Clause of the Fourteenth Amendment.1308 The Supreme Court invalidated the Commerce Clause basis underlying Section 40 (and similar legislation) in Seminole Tribe of Florida v. Florida,1309 and the Court subsequently held in College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board1310 that Congress had failed to justify its attempt to abrogate the states’ immunity to false advertising actions under Section 43(a);1311 a companion case to College Savings Bank,

1303. Id. at 81-82 (citations omitted).
1304. U.S. Const. amend. XI.
1307. U.S. Const. art. I, §8, cl. 3.
1308. U.S. Const. amend. XIV, § 1.
1311. College Savings Bank arose from allegedly false advertising undertaken in the state of Florida. The Court’s holding in the state’s favor was two-fold. First, the Court disposed of the bank’s claims that it had suffered a constitutionally impermissible deprivation of property by concluding that the bank had no property interest in being free from false advertising. Although conceding that trademark rights under the Lanham Act might be “the ‘property’ of the owner because he can exclude others from using them,” the Court nevertheless concluded that the Act’s prohibitions against false advertising conveyed no such right to exclude. Id. at 674-75.

Second, the Court also disposed of the bank’s fallback claims that the state had constructively waived its Eleventh Amendment immunity, thereby removing the need for the bank to demonstrate a property interest. Although the bank argued that the constructive waiver theory of abrogation had survived Seminole Tribe, the Court made short work of this assertion:

[There is little reason to assume actual consent [to suit under federal law] based upon the State’s mere presence in a field subject to congressional regulation. There is a
Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank,\(^{1312}\) similarly overturned legislation abrogating the states’ immunity to patent suits.\(^{1313}\)

Nevertheless, neither Seminole Tribe, College Savings Bank, nor Florida Prepaid expressly invalidated the TRCA where trademark infringement in violation of Sections 32 and 43(a) was concerned, which set the stage for an examination of that issue in Board of Regents v. Phoenix Software International, Inc.\(^{1314}\) The case arose from a district court appeal by the University of Wisconsin from the Trademark Trial and Appeal Board’s invalidation of one of the University’s registrations. Once the action had been lodged in the district court, the defendant (the opposer before the Board) asserted a counterclaim for infringement, leading the University to move to dismiss the counterclaim as barred by the Eleventh Amendment.

The court granted the University’s motion. Relying on Florida Prepaid, it noted that “Congress may abrogate [a] state’s sovereign immunity only if it (a) makes an ‘unequivocal expression’ of its intent to abrogate the immunity and (b) acts ‘pursuant to a valid

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fundamental difference between a State’s expressing unequivocally that it waive its immunity, and Congress’s expressing unequivocally its intention that if the State takes certain action it shall be deemed to have waived that immunity. In the latter situation, the most that can be said with certainty is that the State has been put on notice that Congress intends to subject it to suits brought by individuals. That is very far from concluding that the State made an “altogether voluntary” decision to waive its immunity.

Id. at 680-81.


1313. In Florida Prepaid, the Court did not have the luxury of dismissing the plaintiff’s “property” claims as it had in College Savings Bank: By all accounts, patent rights were property rights within the meaning of the Fourteenth Amendment, and Congress had identified them as such in subjecting the states to suit. See id. at 642. Nevertheless, the Court invoked its prior decision in City of Boerne v. Flores, 521 U.S. 507 (1997), to conclude that “for Congress to invoke [the Due Process Clause], it must identify conduct transgressing the Fourteenth Amendment’s substantive provisions, and must tailor its legislative scheme to remedying or preventing such conduct.” Fla. Prepaid, 527 U.S. at 639. Under the Eleventh Amendment, therefore, “[i]t is . . . unremedied patent infringement by the States . . . that must give rise to the Fourteenth Amendment violation that Congress sought to redress in the Patent Remedy Act.” Id. at 640. Because Congress had made no findings that (1) the states were engaged in rampant infringement and (2) state laws typically did not provide remedies against this activity, the attempted abrogation of immunity was invalid:

[A] State’s infringement of a patent, though interfering with the patent owner’s right to exclude others, does not by itself violate the Constitution. Instead, only where the State provides no remedy, or only inadequate remedies to injured patent owners for its infringement of their patent[s] could a deprivation of property without due process result.

Id. at 643.

exercise of power.’”\textsuperscript{1315} Although finding that “[w]ithout a doubt, [Section 40] is an ‘unequivocal expression’ of Congress’ intent to abrogate immunity,”\textsuperscript{1316} the court held that the TRCA was not a valid exercise of congressional authority under either the Commerce Clause or the Due Process Clause. Specifically, the former had been placed off-limits by \textit{Seminole Tribe},\textsuperscript{1317} while the legislative history of the TRCA failed to establish the sort of widespread violations of trademark owners’ rights that might justify remedial action under the latter.\textsuperscript{1318}

The court then turned to the defendant’s argument that the University had voluntarily waived its immunity by invoking the district court’s jurisdiction in its appeal. This theory also was found wanting:

In the context of administrative appeals in federal courts, the question of ‘voluntariness’ depends on the state’s role during the administrative proceedings. When a state initiates administrative proceedings or uses them as a litigation tool, waiver of immunity may be proper regardless of who appeals the administrative decision to a federal court. At the same time, a state simply \textit{defending} its cause in administrative proceedings brought against it does not waive immunity by appealing the result of the proceedings. . . . [The University’s] role has been limited to defending [the registration of] its mark from cancellation, and now appealing the adverse decision of the board [to the district court]. There is nothing “voluntary” about this appeal.\textsuperscript{1319}

In any case, “even if [the University] could be said to have waived its sovereign immunity by filing an appeal of [the] cancellation of its [registration], defendant’s counterclaim [for infringement] does not fall within the scope of that waiver.”\textsuperscript{1320}

\textbf{4. The Fourteenth Amendment}

One case requiring reference to constitutional principles dealt with the more obscure topic of the Indian Arts and Crafts Enforcement Act (“IACEA”).\textsuperscript{1321} Section 305e(a) of that statute provides a private cause of action against the sale of any good in a manner that falsely suggests it is “Indian produced, an Indian

\begin{footnotes}
\begin{enumerate}
\item \textsuperscript{1315} \textit{Id.} at 1011 (quoting \textit{Fla. Prepaid}, 527 U.S. at 635).
\item \textsuperscript{1316} \textit{Id.}
\item \textsuperscript{1317} \textit{See id.}
\item \textsuperscript{1318} \textit{See id.} at 1011-13.
\item \textsuperscript{1319} \textit{Id.} at 1014 (citations omitted).
\item \textsuperscript{1320} \textit{Id.} at 1015.
\end{enumerate}
\end{footnotes}
product, or the product of a particular Indian or Indian tribe or Indian arts and crafts organization,” 1322 and that provision was invoked by just such an organization in a challenge to the defendant’s sale of goods labeled “Native American Designs.” 1323 The defendant responded to the plaintiff’s complaint with a broad motion to dismiss, which included the argument that the IACEA was race-based legislation subject to strict scrutiny under the Fourteenth Amendment. 1324 The court held instead that “congressional categorization of Indians is not a racial categorization as understood by the due process and equal protection analysis.” 1325 Specifically, in light of Congress’s plenary power to regulate commerce with the Indian tribes, 1326 “[c]ongressional statutes favoring Indian commerce (such as the IACEA as applied here) must be reviewed under rational-basis scrutiny like any ordinary commerce clause challenge.” 1327

G. Procedural Matters

1. Declaratory Judgment Actions

Both Article III of the U.S. Constitution and the federal Declaratory Judgment Act require federal courts acting under their authority to find the existence of an “actual controversy” before proceeding. 1328 Recipients of demand letters frequently file declaratory judgment actions seeking findings of no liability, and these actions often lead to responsive motions to dismiss on the theory that the letters have not created the required case and controversy. In the wake of the Supreme Court’s 2007 decision in MedImmune, Inc. v. Genentech, Inc. 1329 which greatly loosened the requirements for a finding of a cognizable case and controversy, those motions have increasingly met with judicial disfavor.

One example of this trend came in a Tenth Circuit opinion reversing the dismissal of a declaratory judgment action against a defendant that had filed five oppositions against the plaintiff’s applications and, while those proceedings were pending, periodically menaced the plaintiff with threats of district court

1322. Id. § 305e(a).
1324. U.S. Const. amend. XIV.
1326. U.S. Const. art. I, § 8, cl. 3.
The appellate court acknowledged that its past authority required declaratory judgment plaintiffs to demonstrate a reasonable apprehension of imminent suit. Nevertheless, and despite originating in a utility patent infringement suit, *MedImmune* had changed the rules of the game. As the court noted,

> [the defendant] offers no persuasive reason why the interpretation of the Declaratory Judgment Act’s terms depends on the nature of the intellectual property right at issue, and nothing in *MedImmune*’s analysis suggests one. Indeed two of the cases the *MedImmune* Court cited in the process of rejecting the reasonable apprehension of suit test were insurance cases—they themselves well outside the intellectual property, much less patent, context.

With its former test now defunct, the court held that “the question in each case is whether the facts alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.” Several considerations in the case at hand demonstrated that this standard had been satisfied: (1) the parties were using “the same” or “very similar” marks; (2) the defendant had, “through various communications with [the plaintiff], made clear its belief that [the plaintiff’s] mark already causes confusion in the market and therefore currently infringes on [the defendant’s] trademark rights”; and (3) the defendant had itself threatened to initiate legal proceedings. The court then turned to the significance of the pending opposition proceedings between the parties, an issue on which it declined to articulate a bright-line rule:

> [W]e underscore that we have no need today to pass on what *MedImmune* means to a case where the only indicia of a live infringement controversy is the existence of a single TTAB opposition proceeding, or perhaps a single cease-and-desist letter. In this case, we have five separate TTAB oppositions combined with an extensive history of interactions between the parties in which the . . . defendant expressly and repeatedly suggested historical and existing infringing activity by the . . . plaintiff. It is only this combination that we pass

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1330. See Surefoot LC v. Sure Foot Corp., 531 F.3d 1236 (10th Cir. 2008).
1331. See id. at 1241.
1332. Id. at 1243.
1333. Id. at 1244 (quoting *MedImmune*, 549 U.S. at 127).
1334. Id. at 1244-45.
upon today and which we hold suffices to demonstrate the
existence of Article III jurisdiction. . . . To the extent one might
worry that allowing declaratory litigation might supersede or
even supplant already-ongoing administrative TTAB
proceedings, or that it might impede efforts by parties to
secure an informal resolution through correspondence and
personal negotiation, we note that there exists a more
appropriate venue for addressing such concerns: Before
assuming declaratory judgment jurisdiction, a district court
must not only consider its Article III authority to hear the
case, it is also free to consider a range of other discretionary
factors in assessing whether or not to exercise jurisdiction
under the Act. At the end of the day, however, such
discretionary considerations should not be confused with, or
included in, the very different and non-discretionary
assessment whether the Article III case-or-controversy
requirement has been satisfied.1335

The Tenth Circuit was not the only court to address the
relationship between opposition proceedings before the Trademark
Trial and Appeal Board and infringement and dilution litigation
before federal district courts in the context of a motion to
dismiss.1336 When a National Football League player discovered
four pending intent-to-use applications to register marks that the
player considered to infringe his rights, he and his licensing
company initially opposed the applications and then eventually
filed suit against those responsible for them. Although the mere
filing of an intent-to-use application ordinarily cannot itself serve
as the basis for a case and controversy,1337 the court found that the
defendants’ conduct extended beyond simply staking a claim in the
USPTO. Specifically, in response to a question during a deposition
in the Board proceeding, the lead defendant indicated that he
would “try and prohibit” the use by another party of the marks
underlying his application, which were the same ones to which the
plaintiffs claimed rights.1338 Not only had the defendants’ counsel
made similar statements, his clients had undertaken “preparations
to use the marks, including producing samples of various products
incorporating the marks, contacting manufacturers, and ‘testing
the market.’”1339 Surveying MedImmune and its progeny, the

1335. Id. at 1247-48 (citations omitted).
1337. See, e.g., Geisha, LLC v. Tuccillo, 525 F. Supp. 2d 1002, 1013-18 (N.D. Ill. 2007)
(dismissing suit filed against intent-to-use applicant in absence of impending use of mark
covered by application).
1338. Quoted in Young, 612 F. Supp. 2d at 837.
1339. Id. at 838.
When a trademark applicant asserts rights based on certain identified ongoing or planned activity of another party, and that party contends that it has the rights to those marks, an Article III case or controversy may arise and the party need not risk a suit for infringement by engaging in the identified activity before seeking a declaration of its legal rights.\textsuperscript{1340} Alternatively, “[i]f . . . a party has taken steps such as producing prototypes or samples of the allegedly infringing products, soliciting business from and sending advertising to potential customers, or otherwise investing significant funds in preparation to produce the products, the case and controversy requirement is satisfied.”\textsuperscript{1341} Particularly because “a trademark application need not have matured into a registration before an actual controversy of sufficient immediacy and reality exists between the parties,”\textsuperscript{1342} the defendants’ motion to dismiss was without merit.\textsuperscript{1343}

\textit{MedImmune} notwithstanding, a Fifth Circuit opinion confirmed that Article III cannot be stretched to fit every situation.\textsuperscript{1344} In response to a letter from the defendant asserting that the plaintiff’s under-development dump trailer had the same shape as a model produced by the defendant and suggesting that the trailer’s introduction into commerce would infringe the defendant’s trade dress rights, the plaintiff sought a declaratory judgment of noninfringement from its local federal district court. That court dismissed the action, and the Fifth Circuit affirmed. As the latter pointed out, “[f]or a decision in a case such as this to be anything other than an advisory opinion, the plaintiff must establish that the product presented to the court is the same product which will be produced if a declaration of noninfringement is obtained.”\textsuperscript{1345} Because the plaintiff neither was “immediately prepared to manufacture and sell the trailers at the time it filed suit”\textsuperscript{1346} nor had its design “become sufficiently fixed at the time of the suit to compare its shape against that of [the plaintiff’s] trailers,”\textsuperscript{1347} no federal subject matter jurisdiction existed over the plaintiff’s claims.

\textsuperscript{1340}. \textit{Id.} at 841.
\textsuperscript{1341}. \textit{Id.} at 844.
\textsuperscript{1342}. \textit{Id.} at 845 (internal quotation marks omitted).
\textsuperscript{1343}. See \textit{id.} at 846.
\textsuperscript{1344}. See Vantage Trailers, Inc. v. Beall Corp., 567 F.3d 745 (5th Cir. 2009).
\textsuperscript{1345}. \textit{Id.} at 749 (quoting Int’l Harvester Co. v. Deere & Co., 623 F.2d 1207, 1216 (7th Cir. 1980)).
\textsuperscript{1346}. \textit{Id.} at 750 (internal quotation marks omitted).
\textsuperscript{1347}. \textit{Id.}
In a more unusual case in which the required case and controversy was similarly found to be absent, the plaintiff sought a declaratory judgment of noninfringement and the cancellation of certain of the defendant’s registrations, and the defendant counterclaimed for infringement of the marks covered by those registrations. After several years of protracted litigation, the defendant dismissed its counterclaim with prejudice; it then also moved the court to dismiss the plaintiff’s declaratory judgment action for lack of federal subject matter jurisdiction. The defendant’s proffered notice of dismissal acknowledged that the defendant no longer considered the plaintiff’s conduct to be infringement, and this concession determined the court’s disposition of the defendant’s motions. As it explained, “[n]ow that [the defendant] has agreed to dismiss its Counterclaim with prejudice and concedes that [the plaintiff] is not infringing its name or mark, . . . [the defendant’s] conduct no longer creates ‘a real and reasonable apprehension of liability on the part of the plaintiff.’” Dismissal therefore was appropriate because “[a]n actual controversy regarding trademark law between the parties therefore no longer exists.”

2. Standing

a. Cases Finding Standing

On its face, Section 32(1) provides for liability for certain enumerated acts “in a civil action by the [federal] registrant,” but this language has become an increasingly less significant obstacle to non-registrants seeking to invoke the statute’s protections. One example of this trend over the past year came in an action by an automobile manufacturer domiciled outside of the United States and by the manufacturer’s exclusive United States distributor, which joined the manufacturer as a plaintiff. The defendants’ challenge to the distributor’s standing under Section 32 was limited to a discussion of the issue in a footnote, and the court’s dismissal of that challenge was similarly cursory: In its own footnote, it observed that “[c]ourts in [the Second] [C]ircuit

1349. Id. at 1009 (quoting Planet Hollywood (Region IV), Inc. v. Hollywood Casino Corp., 80 F. Supp. 2d 815, 873 (N.D. Ill. 1999)).
1350. Id.; see also id. at 1009-10 (employing similar analysis to dismiss plaintiff’s claim for cancellation of defendant’s registrations).
have held that an exclusive licensee of a trademark owner has standing to prosecute a claim for trademark infringement.”\textsuperscript{1353}

Disputes over standing also arose in the context of counterclalmso n to cancel registrations placed into play by plaintiffs. Faced with allegations of the infringement and likely dilution of the plaintiff’s registered mark, the defendant in one action counterclaimed for cancellation on the ground that the plaintiff’s registrations had been fraudulently procured.\textsuperscript{1354} Arguing that the defendant lacked standing to proceed, the plaintiff sought the dismissal of the counterclaim, but the court was unsympathetic. Noting that the defendant’s counterclaim also asserted both priority of rights and infringement of those rights, the court denied the plaintiff’s motion with the observation that “[the plaintiff’s] contention that its filing of trademark infringement claims against [the defendant] is insufficient to confer standing on a party who claims to be the senior user of the mark is simply silly.”\textsuperscript{1355}

The same outcome resulted in a case in which the defendants responded to the plaintiff’s suit by voluntarily suspending their use of a movie title the plaintiff claimed was likely to cause confusion and dilution.\textsuperscript{1356} That action was sufficient to confer standing on the defendants to seek the cancellation of the registrations asserted against them. Rejecting the plaintiff’s argument that the defendants were required to aver monetary damage,\textsuperscript{1357} the court denied the plaintiff’s motion to dismiss the defendants’ counterclaim on the ground that the defendants’ allegations were clearly sufficient to establish that Defendants are not mere intermeddlers, but rather have a personal interest in the outcome of this case beyond that of the general public. A real controversy exists between the parties because an actual dispute regarding the use of Plaintiff’s registered trademarks led to this action. Defendants have claimed use of the [Plaintiff’s mark] as [part of] the title of their film, and the instant litigation seeks to interrupt that use. The outcome of this litigation will dictate whether Defendants will be able to further exploit their film and generate future revenue. Therefore, Defendants’ allegations, which are taken as true, are sufficient to establish that Defendants will be damaged, if they have not already been damaged, by the continued

\textsuperscript{1353} Id. at 272 n.6.
\textsuperscript{1355} Id. at 231.
\textsuperscript{1357} See id. at 1177.
registration of Plaintiff’s marks. Accordingly, Defendants have alleged facts sufficient to confer standing to cancel Plaintiff’s trademark registrations within the meaning of Section 14 of the Lanham Act.\footnote{1358}

Moreover, the same allegations were sufficient to establish the defendants’ standing to pursue monetary relief under Section 38 of the Act\footnote{1359} as well.\footnote{1360}

**b. Cases Declining to Find Standing**

Beyond the inevitable opinion holding that consumers lack standing to bring suit under the Lanham Act, cases rejecting claims of standing were few and far between over the past year.\footnote{1361} Faced with a suit from a distributor of goods bearing the marks they were alleged to have infringed, one set of defendants successfully challenged the plaintiff’s standing under Section 32(1), but not by pointing out that the plaintiff lacked registrations covering the marks.\footnote{1362} Rather, it successfully demonstrated to the court’s satisfaction that, during the pendency of the litigation, the plaintiff had assigned its right to sue to protect the marks from infringement. Unconvinced by the plaintiff’s claim that it had been authorized in an oral communication from the assignee to file suit, the court granted a defense motion for summary judgment on the ground that the plaintiff lacked standing to proceed under Section 32.\footnote{1363}

The same outcome held in another case, although at a much later stage of the proceedings.\footnote{1364} The court previously had entered a permanent injunction after concluding that the defendant had trafficked in goods associated with a counterfeit mark by failing to disassociate itself from the plaintiff’s franchise system. When the plaintiff sought an award of statutory damages, its showing called into serious question whether it actually had the rights it purported to have. In denying the plaintiff’s motion, the court stood by its earlier finding that confusion was “an inevitable result” of the defendant’s continued use of the mark after the termination of the defendant’s franchise.\footnote{1365} Nevertheless, the

\footnote{1358. Id. at 1176-77 (citing 15 U.S.C. § 1064 (2006)).}
\footnote{1359. 15 U.S.C. § 1120 (2006).}
\footnote{1360. See Roxbury Entm’t, 91 U.S.P.Q.2d at 1178.}
\footnote{1361. See Rotblut v. Ben Hur Moving & Storage, Inc., 585 F. Supp. 2d 557, 560 (S.D.N.Y. 2008) (“[T]he Lanham Act, which provides federal causes of action for unfair competition and false advertising, does not provide consumers standing to sue.”).}
\footnote{1362. See Krasnyi Oktyabar, Inc. v. Trilini Imports, 578 F. Supp. 2d 455 (E.D.N.Y. 2008).}
\footnote{1363. See id. at 464-66.}
\footnote{1364. See Shell Co. v. Los Frailes Serv. Station, Inc., 596 F. Supp. 2d 193 (D.P.R. 2008).}
\footnote{1365. Quoted in id. at 202.}
evidence before the court established that “[the plaintiff] was not the registrant of the . . . trademark [in question] when the events underlying the claims in this case took place.” Of equal importance, although the plaintiff submitted to the court a license to use the mark that post-dated the genesis of the parties’ dispute by three years, that license expressly recited that it was non-exclusive in nature. The court therefore denied the plaintiff’s request for statutory damages with prejudice and modified its original permanent injunction order to clarify that the order had been entered under Section 43(a) only. As it explained, “[Section 32(1)(a)] restricts relief to trademark registrants. The term registrant includes assignees, and it may include exclusive licensees, but it certainly does not include nonexclusive licensees.”

Claims of standing under Section 43(a) also fell short of the mark, especially those involving allegations of false advertising. One in particular was so strained that it could not withstand a motion to dismiss for failure to state a claim. The plaintiff was a purveyor of “seduction” advice, who took issue with a reality TV show based on the awkwardness of its male stars around women. The plaintiff alleged that the show’s producers had violated the Lanham Act in numerous ways, which included the use of paid female actors in a dance club scene, a depiction of a “completely fake” strip club scene, and the overstating of the social ineptness of the show’s male participants.

As might be expected, the court moved swiftly to get the case off its docket. It noted that five factors merited consideration in the determination of whether the plaintiff had a reasonable interest to protect: (1) the nature of his alleged injury; (2) the directness or indirectness of that injury; (3) the proximity or remoteness of the party causing the alleged injury; (4) the speculativeness of the damages claim; and (5) the risk of duplicative damages or

1366. Id.
1367. See id. at 203 n.8.
1368. See id. at 203.
1369. Id. at 202 (citations omitted).
1370. See, e.g., Praxair, Inc. v. Gen. Insulation Co., 611 F. Supp. 2d 318, 328-29 (W.D.N.Y. 2009) (entering summary judgment of nonliability for false advertising on ground that “[s]tanding for a false advertising claim under the Lanham Act requires that ‘the plaintiff must be a competitor of the defendant and allege a competitive injury’” (quoting Telecom Int’l Am., Ltd. v. AT & T Corp., 280 F.3d 175, 197 (2d Cir. 2001)); Yurman Studio, Inc. v. Castaneda, 591 F. Supp. 2d 471, 504 (S.D.N.Y. 2008) (granting, in cursory analysis, defense motion for summary judgment based on defendants’ showing that parties were not competitors).
1372. See id. at 662.
complexity in apportioning claims.1373 In an application of these factors, the court first determined that “Plaintiff alleges [a] commercial interest in the ‘seduction education’ industry, but fails to allege the required competitive harm caused by Defendant[s’] actions”; findings that the plaintiff had failed to state a direct connection between the defendants’ conduct and his alleged injuries and that the defendants might be exposed to multiple bases for liability followed. Under the circumstances, the plaintiff lacked standing, and his claims were dismissed.1374

c. Standing to be Determined

It is a common belief among unsophisticated defendants that a federal registration is a necessary prerequisite for the prosecution of an unfair competition suit, and this misperception occasionally makes its way into the minds of trial judges as well. This occurred in a dispute arising out of the original and remade versions of the film *Gone in 60 Seconds*.1375 When the plaintiffs asserted the rights to an unregistered mark consisting of the name of a vehicle used in the movie and sought relief against the use of the same mark by the defendant, the district court dismissed the plaintiffs’ claims because the mark was unregistered. The Ninth Circuit quite properly reversed this aspect of the district court’s decision. It noted that “[t]o establish standing to sue for trademark infringement under the Lanham Act, a plaintiff must show that he or she is either (1) the owner of a federal . . . registration, (2) the owner of an unregistered mark, or (3) a nonowner with a cognizable interest in the allegedly infringed trademark.”1376 As a consequence, “ownership of an unregistered trademark, like ownership of a registered mark, is sufficient to establish standing under the Lanham Act.”1377 The appellate court therefore remanded the action to determine whether the plaintiffs could demonstrate prior use of their claimed mark.1378

1373. See id. at 664.
1374. See id. at 665.
1375. See Halicki Films, LLC v. Sanderson Sales & Mktg., 547 F.3d 1213 (9th Cir. 2008).
1376. Id. at 1225 (footnote omitted).
1377. Id. at 1226.
1378. See id.
3. Jurisdictional Issues

a. Personal Jurisdiction

An evaluation of the propriety of an exercise of personal jurisdiction under the long-arm statute of a particular state traditionally has been a two-step process. Specifically,

for a ... court to exercise personal jurisdiction over a defendant pursuant to a state long-arm statute, two requirements must be satisfied. First, the forum state’s long-arm statute must authorize the exercise of such personal jurisdiction. Second, if that authorization exists, the Due Process Clause of the Fourteenth Amendment requires that the defendant have sufficient minimum contacts with the forum state.1379

The Due Process Clause analysis also mandates application of a multifactedored test:

“(1) The nonresident defendant must do some act or consummate some transaction with the forum or perform some act by which he purposefully avails himself of the privilege of conducting activities in the forum, thereby invoking the benefits and protections of its laws; (2) the claim must be one which arises out or results from the defendant’s forum-related activities; and (3) exercise of jurisdiction must be reasonable.”1380

In addition to this traditional analysis, plaintiffs faced with non-U.S. defendants have in recent years increasingly turned to Federal Rule of Civil Procedure 4(k)(2) as an alternative means of establishing the propriety of an exercise of jurisdiction. That rule provides that:

For a claim that arises under federal law, serving a summons or filing a waiver of service establishes personal jurisdiction over a defendant if:

(A) the defendant is not subject to jurisdiction in any state’s courts of general jurisdiction; and

(B) exercising jurisdiction is consistent with the United States Constitution and laws.1381


Opinions Exercising Personal Jurisdiction

The Eleventh Circuit became the latest federal appellate court hearing an unfair competition action to endorse use of the so-called “Calder test”\(^{1382}\) for evaluating the propriety of an exercise of jurisdiction in a forum in which the plaintiff has suffered an injury.\(^{1383}\) The occasion for the court’s holding was an infringement and right of publicity action brought by a performing artist against a former manager who had allegedly promoted his services using a website that featured the plaintiff’s image. Although the former manager himself did not have extensive ties to the forum state—Florida—the plaintiff resided there. This led the plaintiff to argue that an exercise of jurisdiction in Florida was appropriate because he had suffered an injury in that state. The Eleventh Circuit agreed that the plaintiff’s alleged injury satisfied constitutional requirements, in substantial part because “[the defendant] is alleged to have committed an intentional tort against [the plaintiff]—using his trademarked name and his picture on a website accessible in Florida in a manner to imply [the plaintiff’s] endorsement of [the defendant] and his products. The use was not negligent, but intentional.”\(^{1384}\) These allegations, the court held, “satisfy the Calder effects test for personal jurisdiction—the commission of an intentional tort, expressly aimed at a specific individual in the forum whose effects were suffered in the forum.”\(^{1385}\)

In an application of the New York long-arm statute,\(^{1386}\) a federal district court in that state confirmed that the sale of beverages in packaging allegedly infringing the rights of a New York domiciliary could provide a basis for the exercise of jurisdiction because “(1) defendants committed a tortious act outside New York, (2) that caused injury within New York State, (3) defendants expected or should reasonably have expected the act to have consequences in New York, and (4) they derived substantial revenue from interstate commerce.”\(^{1387}\) Independent of that conclusion, the court also held an exercise of personal jurisdiction appropriate because “We need not decide whether trademark injury necessarily occurs where the owner of the mark resides, as the Florida district courts have held, because in this case, the alleged infringement clearly also occurred in Florida by virtue of the website’s accessibility in Florida.”\(^{1388}\)


\(^{1383}\). See Licciardello v. Lovelady, 544 F.3d 1280 (11th Cir. 2008).

\(^{1384}\). Id. at 1287.

\(^{1385}\). Id. at 1288. The court chose to dodge the issue where satisfaction of the requirements of the Florida long-arm statute was concerned, but nevertheless held that jurisdiction was appropriate as a matter of state law as well: “We need not decide whether trademark injury necessarily occurs where the owner of the mark resides, as the Florida district courts have held, because in this case, the alleged infringement clearly also occurred in Florida by virtue of the website’s accessibility in Florida.” Id. at 1283.


jurisdiction appropriate on the ground that the defendants had transacted business within New York by shipping the allegedly infringing packaging to New York customers making purchases through the defendants’ website. This latter result held despite the defendants’ post-filing strategy of making their website a passive one: “The fact that defendants changed their website after the complaint was filed to remove any elements that support a finding of personal jurisdiction is inconsequential.”

A similar interpretation of the New York long-arm statute held in another case, in which the defendants, who operated a casino in Las Vegas, were accused of infringement and likely dilution by the operator of a Monaco casino. Denying a defense motion to dismiss, the court declined to require the plaintiff to demonstrate that the defendants’ website expressly targeted New York residents; rather, the court held, “[t]he relevant inquiry is whether, through the internet, the Defendants transact business in this forum.” And, on the basis of that inquiry, the court held that a number of considerations warranted an exercise of personal jurisdiction, including the defendants’ sale through their website of hotel rooms and vacation packaging to New York residents, their acceptance of New York residents as members of a “players club,” and their website’s provision of information on New York airports as departure points.

Online sales also proved significant in an opinion finding an exercise of jurisdiction appropriate under Delaware law. Responding to the defendants’ motion to dismiss, the plaintiff was able to establish “that defendants operated a website accessible in Delaware, received orders and payments from customers in Delaware and shipped their products to Delaware.” Although the number of units bearing the defendants’ allegedly infringing mark that were shipped into Delaware constituted “less than 1%” of their sales during the year the suit was filed, “the sales are not the kind of “fortuitous,” “random,” and “attenuated” contacts the Supreme Court has held insufficient to warrant the exercise of jurisdiction.” Specific personal jurisdiction existed and the defendants’ motion therefore was without merit.

1388. Id.
1390. Id. at 1032 (internal quotation marks omitted).
1391. See id.
1393. Id. at 593.
1394. Id. at 593-94 (quoting Burger King Corp. v. Rudzewicz, 471 U.S. 462, 475 (1985)).
1395. See id. at 594.
Other courts found the exercise of personal jurisdiction appropriate without resort to the effects test or to the nature of the defendant’s website.\textsuperscript{1396} For example, the Fourth Circuit had little difficulty affirming the exercise of personal jurisdiction under Virginia law in an opinion unusual only for the procedural disposition of the case on appeal.\textsuperscript{1397} The defendant was an Indian company that approached the Virginia-based plaintiff in 1984, which led to a visit by representatives of the plaintiff to the defendant in 1985; the parties entered into a license agreement the same year. Their relationship deteriorated over the course of the next decade and, in 1995, the defendant entered into a settlement agreement with the plaintiff, which the plaintiff terminated in 1997 and the defendant terminated in 1998. When the defendant failed to appear in the resulting lawsuit, a default judgment was entered against it by a Virginia federal district court.\textsuperscript{1398}

When, over eight years later, the defendant sought to have the default overturned on the ground that it was not subject to an exercise of personal jurisdiction under Virginia law, the district court concluded that the defendant’s ties to the United States rendered the defendant subject to an exercise of personal jurisdiction under Rule 4(k)(2). On the defendant’s appeal, the Fourth Circuit declined to address the substance of the district court’s Rule 4(k)(2) holding, concluding instead that the defendant’s ties to Virginia rendered the defendant subject to an exercise of personal jurisdiction under the traditional analysis. Specifically, the court accorded significant weight to certain stipulations the defendant had made before the district court, namely, that: (1) a representative of the defendant had visited the plaintiff in Virginia; (2) another had later attended a meeting of the plaintiff’s board; (3) the defendant had corresponded and collaborated with the plaintiff over an extended period of time, and (4) the defendant had entered into the earlier settlement agreement with the plaintiff. Of these, the court observed that “[a]lthough limited in number, the [stipulations] reveal the parties’ substantial business relationship and establish that [the defendant] purposefully transacted business with [the plaintiff] in Virginia.”\textsuperscript{1399} Particularly because the plaintiff’s trademark claims

\textsuperscript{1396. See, e.g., Jim Beam Brands Co. v. Tequila Cuervo La Rojeña S.A. de C.V., 881 N.Y.S.2d 421, 421 (App. Div. 2009) (affirming exercising of personal jurisdiction under New York law based on plaintiff’s allegations that, through the conduct of their licensees in New York, lead defendant had breached a prior settlement agreement “negotiated in New York by defendant’s long-standing New York counsel” and containing a choice-of-law provision mandating application of New York law).}

\textsuperscript{1397. See CFA Inst. v. Inst. of Chartered Fin. Analysts of India, 551 F.3d 285 (4th Cir. 2009).}

\textsuperscript{1398. See id. at 287-89.}

\textsuperscript{1399. Id. at 294.}
arose out of this purposeful transaction, it satisfied not only the requirements of the Virginia long-arm statute but of the Due Process Clause as well.\textsuperscript{1400}

Another opinion applying District of Columbia law provided a cautionary tale of individual defendants holding themselves out as controlling officers of a putative District of Columbia corporation that in fact was not a corporation at all.\textsuperscript{1401} Whatever receptiveness the court might have had to the argument that personal jurisdiction over the defendants’ organization did not flow automatically to its agents was dispelled by the plaintiff’s showing that the organization was unincorporated. Not only was there no corporate veil to protect the defendants under these circumstances,\textsuperscript{1402} their conduct removed them from the protection of the Due Process Clause: “By holding themselves out as officers of an organization incorporated in the District of Columbia, [the defendants] have asserted their entitlement to the benefits and protections afforded to District of Columbia corporations.”\textsuperscript{1403}

(2) Opinions Declining to Exercise Personal Jurisdiction

Notwithstanding its increasing popularity as a basis for the exercise of personal jurisdiction on a macro level, applications of the \textit{Calder} effects test did not always result in favorable outcomes for plaintiffs over the past year. In a federal infringement suit filed in the District of Kansas against a group of non-Kansas residents, the plaintiffs alleged that personal jurisdiction existed over the lead defendant because the conduct of that defendant’s licensees had injured the plaintiffs in Kansas.\textsuperscript{1404} Entertaining the lead defendant’s motion to dismiss, the court noted the existence of nonbinding authority holding that:

\[ \text{[A] licensor is subject to personal jurisdiction if the license agreement provides that both the licensor and licensee are required, and have the right, to litigate infringement claims, where there is an agreement for the licensor to indemnify the licensee for any third-party infringement action, or where the licensor exercises control over the licensee’s sales or marketing activities.}\textsuperscript{1405} \]

\begin{itemize}
  \item \textsuperscript{1400} \textit{See id.} at 294-97.
  \item \textsuperscript{1401} \textit{See Bible Way Church of Our Lord Jesus Christ World Wide, Inc. v. Showell,} 578 F. Supp. 2d 164 (D.D.C. 2008).
  \item \textsuperscript{1402} \textit{See id.} at 169-70.
  \item \textsuperscript{1403} \textit{Id.} at 170.
  \item \textsuperscript{1405} \textit{Id.} at 1254 (citing Breckenridge Pharm., Inc. v. Metabolite Labs., 444 F.3d 1356, 1366 (Fed. Cir. 2006)) (footnote omitted).
\end{itemize}
Even if it were to adopt that test, the court noted, none of the lead defendant’s licensees were headquartered or doing business in Kansas. Under these circumstances, “[p]laintiffs have . . . failed to establish that [the lead defendant] engaged in intentional action that was expressly aimed at Kansas with knowledge that the brunt of the injury would be felt in Kansas,”1406 and their claims against that defendant were dismissed.1407

An invocation of the effects test also fell short in a federal suit brought in Alabama.1408 The Chicago-based defendant had been using its mark since 1991, and, in April 2000, established a passive website that recited the Chicago address of the defendant’s store and a local Chicago phone number; other than the website’s accessibility from that state, the defendant had no apparent ties to Alabama. Noting that the plaintiff’s mark was unregistered at the time the defendant’s site had been launched, the court concluded that “there are no allegations in the complaint that Defendant either targeted its activities expressly at the State of Alabama or that Defendant knew that Plaintiff would be injured as a result of its use of a name [it] had enjoyed for over fifteen years before the [Alabama] business [registered] [its] trademark. . . .”1409 Under these circumstances, it could not be said that the defendant had deliberately targeted an Alabama domiciliary in a manner sufficient to satisfy the effects test; moreover, “because Defendant’s site does not contain features that reveal an intent to reach across the borders of Illinois to do business with anyone in the State of Alabama, entertaining personal jurisdiction over [it] [on the basis of the site’s accessibility in the state] would not be proper.”1410

An Indiana district court applied a similar analysis en route to the conclusion that the California defendants before it were not properly subject to an exercise of personal jurisdiction in Indiana.1411 Reconsidering an earlier holding to the contrary, the court credited the defendants’ showing that, although they had a website accessible in Indiana, the entirely California-oriented content on that site did not reflect an intent to damage the plaintiff. Addressing the plaintiff’s reliance on the possibility of initial interest confusion as establishing such an intent, the court observed that:

1406. Id. at 1255.
1407. See id.
1409. Id. at 1289.
1410. Id. at 1291.
Given trademark law’s explicit approval of concurrent uses of marks in different geographic areas or product markets, this momentary confusion on the internet is not a sign of intentional targeting. The internet is available worldwide. Use of a locally established trademark on a website may cause momentary confusion among consumers. The solution to that problem is not to require that all trademarks be given worldwide effect even if their non-web use is limited to a narrow geographic area. Instead, users of the web simply need to understand that a worldwide web search may turn up results from distant businesses. . . . To [hold otherwise] would subject any trademark defendant who operates a website to personal jurisdiction in any jurisdiction where another entity uses a similar mark concurrently.1412

As neither the defendants’ partially interactive website nor their filing of a concurrent use application that included a claim to most of Indiana provided alternative bases for an exercise of personal jurisdiction, the court granted the defendants’ motion to dismiss.1413

Other opinions not turning on application of the effects test took more restrictive approaches to websites operated by defendants,1414 with the most restrictive of all appearing in an opinion from the Southern District of New York.1415 The case had been filed after an employee of the plaintiffs’ law firm in that venue purchased a handbag bearing an allegedly counterfeit copy of the plaintiffs’ mark from the defendants’ website. Located in California, the defendants successfully moved to dismiss the action on the theory that the purchase by the employee could not be used to “manufacture” jurisdiction. Conflating the personal jurisdiction analysis with that for liability on the merits, the court explained that:

[T]he sale to [the employee of the plaintiff’s law firm] is not a contact that can be used to support specific jurisdiction because Plaintiffs’ cause of action does not arise out of or relate to this sale. The counterfeit handbag in question was purchased by an agent of Plaintiffs’ counsel and subsequently maintained almost continuously in counsel’s possession and/or

1412. Id. at 919-20.
1413. See id. at 921-22.
1414. See Bible Way Church of Our Lord Jesus Christ World Wide, Inc. v. Showell, 578 F. Supp. 2d 164, 171 (D.D.C. 2008) (dismissing action on ground that “[b]ecause the [plaintiff] has failed to show that defendants’ website is in any way interactive with users in the District of Columbia, [the plaintiff] has not made a prima facie case for the court’s assertion of personal jurisdiction over [the defendants]”).
control. There is no likelihood of either “point-of-sale” or “post-sale” confusion associated with such a purchase. 1416

Moreover, with the plaintiffs unable to identify any additional sales by the defendants to New York consumers, even the fully interactive nature of the defendants’ website failed to carry the day; rather, “the . . . website did not target New York residents specifically, but made products available for sale to consumers worldwide.” 1417

Another New York district court declined to exercise personal jurisdiction over an out-of-state individual defendant simply because he was the president of a corporation that also had been named as a defendant. 1418 As the court pointed out, New York law required more than conclusory allegations that the individual defendant controlled the corporate defendant. Because the plaintiff’s complaint failed to allege either that the individual defendant personally had participated in the alleged infringement or that the corporation was merely his alter ego, dismissal of the plaintiff’s allegations against him was appropriate. 1419

(3) Personal Jurisdiction to be Determined

As did the Eleventh Circuit, 1420 the Third Circuit took up the effects test for evaluating the propriety of an exercise of personal jurisdiction, but, unlike the former court, proved less enthusiastic about it. 1421 The occasion for the court’s treatment of the issue was a procedurally complex case in which a New Jersey district court had sought to determine whether an exercise of personal jurisdiction over the parties by a California district court hearing a related action had been proper. The parties’ dispute arose out of the alleged violation by a group of New Jersey–based parties of an earlier settlement agreement with a California-based mark owner. The mark owner argued that, because the resulting infringement had injured it in California, its claims should be heard in that state.

Although ultimately concluding that further fact-finding by the district court was necessary, the Third Circuit was less than impressed with the mark owner’s allegations of injury in California. It pointed out that the alleged infringement consisted of the New Jersey parties’ failure to change certain telephone

1416. Id. at 525-26 (citation omitted).
1417. Id. at 530.
1419. See id. at 647-48.
1420. See Licciardello v. Lovelady, 544 F.3d 1280 (11th Cir. 2008).
1421. See Budget Blinds, Inc. v. White, 536 F.3d 244 (9th Cir. 2008).
listings in that state and to turn over a New Jersey telephone number to the mark owner. That the New Jersey parties apparently were not receiving calls intended for the mark owner’s franchise system “suggest[s] that little economic harm has been inflicted upon [the franchisor’s] New Jersey franchisees, let alone the national entity.” \textsuperscript{1422} In remanding the action, the court was equally unwilling to give dispositive effect to another consideration proffered by the mark owner, namely, that the New Jersey parties had entered into the settlement agreement with the California-based mark owner in the first place;\textsuperscript{1423} it also noted the absence of any connections other than the agreement between the New Jersey parties and the state of California.\textsuperscript{1424}

\noindent \textbf{b. Subject Matter Jurisdiction}

Two appeals produced a pair of the most unusual appellate opinions in recent memory to take on the issue of federal subject matter jurisdiction in trademark-related litigation. The first came in an action brought in federal district court by a cigarette manufacturer against a company run by two members of the Yakama tribe of Native Americans, as well as against the tribe members themselves.\textsuperscript{1425} The defendants responded to the plaintiff’s action by seeking declaratory relief in Yakama Tribal Court. The federal district court granted the defendants’ motion to stay its own proceedings pending those of the tribal court, and the plaintiff appealed to the Ninth Circuit.

The appellate court reversed. With considerable understatement, it led off its analysis with the observation that “[t]ribal jurisdiction cases are not easily encapsulated, nor do they lend themselves to simplified analysis.”\textsuperscript{1426} Nevertheless, in a scholarly opinion that surveyed its own jurisprudence on the subject and that of the Supreme Court, it eventually concluded that the Yakama Tribal Court did not have colorable jurisdiction over the defendants’ tribal action for declaratory relief. Because the plaintiff was not a tribal member, the court concluded that the plaintiff was beyond the jurisdiction of the tribal court unless one of two circumstances was present: (1) the plaintiff had entered consensual relationships with tribal members; or (2) the issues at stake directly affected the tribe’s political integrity, economic

\begin{itemize}
  \item \textsuperscript{1422} \textit{Id.} at 265.
  \item \textsuperscript{1423} \textit{See id.} at 261-63.
  \item \textsuperscript{1424} \textit{See id.} at 265.
  \item \textsuperscript{1425} \textit{See Philip Morris USA, Inc. v. King Mountain Tobacco Co.}, 569 F.3d 932 (9th Cir. 2009).
  \item \textsuperscript{1426} \textit{Id.} at 937.
\end{itemize}
security, health, or welfare.\textsuperscript{1427} Although the plaintiff did sell goods on the Yakama reservation, those sales did not create the first circumstance because there was no nexus between the sales and the plaintiff’s claims;\textsuperscript{1428} and, as to the second circumstance, “[p]ursuit of federal and state trademark claims hardly poses a threat” to tribal sovereignty.\textsuperscript{1429} Particularly because “[n]othing in the Lanham Act suggests that it was intended by Congress to expand tribal jurisdiction,” the district court’s conclusion that the Yakama Tribal Court enjoyed jurisdiction over the parties’ claims was legal error.\textsuperscript{1430}

In the second case of particular note, the Fifth Circuit confronted the argument that a legal malpractice action should be heard in federal district court because its resolution would require consideration of principles of federal trademark law.\textsuperscript{1431} The plaintiff was the disgruntled owner of a descriptive mark, whose infringement suit against a third party had failed for want of secondary meaning. Believing that his counsel in the original action had neglected to put forward all available evidence of acquired distinctiveness, the plaintiff filed suit against them in Texas state court. The defendants removed the action to federal district court, which declined to remand the proceedings back to state court and eventually entered summary judgment in the defendants’ favor. Because Texas law required legal malpractice plaintiffs to demonstrate that they would have prevailed in an underlying action but for the malfeasance of their counsel, the defendants argued in response to the plaintiff’s appeal that the need for a “suit within suit” of the plaintiff’s original federal law claims created federal subject matter jurisdiction.

The Fifth Circuit disagreed with the defendants’ argument that the plaintiff’s claims presented a federal question. As a threshold matter, it held that “federal question jurisdiction exists where (1) resolving a federal issue is necessary to resolution of the state law claim; (2) the federal issue is actually disputed; (3) the federal issue is substantial; and (4) federal jurisdiction will not disturb the balance of federal and state judicial responsibilities.”\textsuperscript{1432} Although agreeing with the defendants that the first and second of these requirements were “probably satisfied,” it concluded that the third and fourth were not. Specifically, as to the third, the court held that “[f]ederal

\textsuperscript{1427} See id. at 938-40.
\textsuperscript{1428} See id. at 941-43.
\textsuperscript{1429} Id. at 943.
\textsuperscript{1430} Id. at 944.
\textsuperscript{1431} See Singh v. Duane Morris LLP, 538 F.3d 334 (5th Cir. 2008).
\textsuperscript{1432} Id. at 338.
trademark law not only provides no remedy for aggrieved clients to recover against negligent trademark attorneys but also has an object entirely different from that of state malpractice law. It cannot be said that federal trademark law evinces any substantial federal interest in regulating attorney malpractice.”1433 And, as to the fourth, extending federal jurisdiction to every instance in which an attorney committed malpractice in the litigation of a federal claim “would constitute a substantial usurpation of state authority in an area in which states have traditionally been dominant.”1434

The court was also skeptical of the defendants’ fallback argument, namely, that federal jurisdiction existed under the All Writs Act, which authorizes federal courts to issue “all writs necessary or appropriate in aid of their respective jurisdictions and agreeable to the usages and principles of law.”1435 The basis for defendants’ contention was an order in a later suit filed by the plaintiff requiring that “all cases that [the plaintiff] might file in the future” be sent “to the docket of [federal district court] Judge Vanessa D. Gilmore.”1436 The court declined to hold that the district court had properly retained jurisdiction under the All Writs Act, concluding that “[i]t is well-established that ‘the All Writs Act, by itself, creates no jurisdiction in the district courts’ and ‘empowers them only to issue writs in aid of jurisdiction previously acquired on some other independent ground.’”1437 Because pursuit of the plaintiff’s malpractice claim would “in no way disturb or interfere with the judgments of the federal courts on the trademark claims” brought by the plaintiff in the earlier litigation, the All Writs Act did not prevent entry of dismissal for want of jurisdiction.1438

c. Appellate Jurisdiction

The distinction between civil contempt, on the one hand, and criminal contempt, on the other, took center stage in one appeal to the Ninth Circuit bearing on appellate jurisdiction.1439 After seizures of goods bearing counterfeit imitations of the plaintiff’s marks and the imposition of preliminary injunctive relief against the defendants, the plaintiff established to the district court’s

1433. Id. at 339.
1434. Id. at 340.
1436. Quoted in Singh, 538 F.3d at 341.
1437. Id. at 341 (quoting Brittingham v. Comm’r, 451 F.2d 315, 317 (5th Cir. 1971)).
1438. Id.
1439. See Koninklijke Philips Elecs., N.V. v. KXD Tech., Inc., 539 F.3d 1039 (9th Cir. 2008).
satisfaction that there was “abundant evidence of the Defendants’ non-compliance and active violations of both the TRO and preliminary injunction.” The resulting monetary sanctions swept in the plaintiff’s fees in bringing its motion to have the defendants held in contempt, as well as seizure and storage costs, lost royalties, and a per diem penalty pending the defendants’ compliance with the district court’s earlier orders; the defendants were also required to post a substantial bond.

The defendants sought interlocutory review of the district court’s order, but the Ninth Circuit was in no mood to entertain their appeal. Quoting Supreme Court authority, it pointed out that “[t]he rule is settled in this Court that except in connection with an appeal from a final judgment or decree, a party to a suit may not ... appeal an order fining or imprisoning him for the commission of a civil contempt.” Having framed the issue as whether the district court’s sanctions order had been civil or criminal in nature, it further explained that “an otherwise criminal contempt order (i.e., an order not intended to be compensatory) will nevertheless be categorized as civil, and thus not appealable on interlocutory review, when the defendant is given the opportunity to comply with the order before payment of the sanction becomes due.” As to the merits of the defendants’ claim that they had been found in criminal contempt, the court held:

The contempt order here is plainly civil . . . . The attorneys’ fees, lost royalties, and storage costs were assessed in order to compensate the plaintiff for losses sustained. Furthermore, the per diem fine was not to be assessed until fourteen days after entry of the order, and the defendants could avoid the fine by complying with the terms of the injunction. Because the per diem fine allowed the defendants the opportunity to purge the contempt before payment became due, it was a civil sanction. We also note that the district court was cognizant of the distinction between the two types of contempt. Although the district court warned the defendants that it “may desire to impose criminal sanctions next time,” it limited itself “this time to civil sanctions.”

The defendants’ request for interlocutory review was therefore dismissed for want of appellate jurisdiction.

1440. Quoted in id. at 1041.
1441. See id.
1442. Id. at 1042 (quoting Fox v. Capital Co., 299 U.S. 105, 107 (1936)).
1443. Id.
1444. Id. at 1042-43.
1445. See id. at 1046.
4. Venue

Venue challenges can take several forms under federal law. These include motions to transfer under 28 U.S.C. § 1404(a), which provides that “[f]or the convenience of the parties and the witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought.” Challenges to venue also can include motions to dismiss brought under 28 U.S.C. § 1406(a), which authorizes federal district courts to transfer or dismiss cases “laying venue in the wrong division or district.” Both mechanisms were employed by defendant in trademark and unfair competition actions over the past year.

a. Cases Finding Venue Appropriate

One federal court declining to transfer an action from the Southern District of New York to the Eastern District of Wisconsin under 28 U.S.C. § 1404(a) held that:

In assessing whether a transfer is appropriate, courts have considered, inter alia: 1) the plaintiff’s choice of forum; 2) the locus of the operative facts; 3) the convenience and relative means of the parties; 4) the convenience of witnesses; 5) the availability of process to compel the attendance of witnesses; 6) the location of physical evidence; 7) the relative familiarity of the court with the applicable law; and 8) the interests of justice, including the interests of trial efficiency.

Because the defendants’ showing established only that the proposed forum would be more convenient for them than the existing one, their motion failed to meet this standard and was denied.

Another Second Circuit court applying the same standard reached the same result. Noting as an initial matter that “[the] plaintiff’s choice of forum should be accorded deference in the event that other factors do not weigh strongly in favor of transfer,” the court’s treatment of those other factors focused primarily on the convenience of possible party and non-party witnesses. On one level, the court noted that this consideration was “probably the single-most important factor” in determining

1447. Id. § 1406(a).
1449. See id. at 650.
1451. Id. at 547.
whether the plaintiff’s choice of forum should stand.\textsuperscript{1452} On another level, however, the court accorded that choice little real weight after surveying a number of potential non-party witnesses who lived either in or closer to the proposed transferee forum; although their locations weighed in favor of a transfer, the law governing the plaintiff’s claims and the locus of operative facts sufficiently bolstered the plaintiff’s choice of forum that a transfer was inappropriate.\textsuperscript{1453}

The Second Circuit factors also came into play in an action brought in the Southern District of New York by a Monaco-based plaintiff against a group of defendants resident in Nevada.\textsuperscript{1454} Entertaining the defendants’ motion to transfer the action to their home state, the court noted that the plaintiff’s choice of forum was entitled to deference, but with a significant caveat: “[W]hen a foreign plaintiff chooses a U.S. forum, [its] bona fide connection to the forum will be proportional to the deference given to [its] choice.”\textsuperscript{1455} This observation might have opened the door for the defendants, but they failed to step through it. Although arguing that the convenience of party witnesses and non-party witnesses alike weighed in favor of a transfer, “Defendants . . . failed to specify which persons will be key witnesses and what the nature of their testimony will be.”\textsuperscript{1456} Moreover, even with respect to any key witnesses that might indeed be located in Nevada, “[v]ideotaping or deposition testimony is an option in this case, and therefore, [the location of those witnesses is] not a factor that weighs towards transfer.”\textsuperscript{1457} Finally, although none was located in the Southern District of New York, “[all] parties are corporations and . . . have the means to pursue litigation in this district.”\textsuperscript{1458} Because the factors of record either were neutral or did not weigh heavily in favor of a transfer, the defendants’ motion was denied.\textsuperscript{1459}

A final notable opinion declining to order a transfer to another venue, this one from the District of Minnesota, addressed the proper scope of the “first-to-file” rule, pursuant to which the first court in which a dispute between two parties is filed has priority to

\begin{itemize}
  \item \textsuperscript{1452} Id. (quoting Fuji Photo Film Co. v. Lexar Media, Inc., 415 F. Supp. 2d 370, 373 (S.D.N.Y. 2006)).
  \item \textsuperscript{1453} See id. at 551.
  \item \textsuperscript{1454} See Société des Bains de Mer et du Cerie des Etrangers à Monaco v. MGM Mirage, 90 U.S.P.Q.2d 1028 (S.D.N.Y. 2008).
  \item \textsuperscript{1455} Id. at 1034.
  \item \textsuperscript{1456} Id. at 1035.
  \item \textsuperscript{1457} Id.
  \item \textsuperscript{1458} Id.
  \item \textsuperscript{1459} See id.
\end{itemize}
consider the merits of the parties’ claims. Like most first-to-file disputes, the case was filed after the plaintiff received a demand letter from the defendant; unlike most, however, the defendant had not responded by initiating its own action in the proposed transferee forum, the District of Colorado. Under these circumstances, the court was mystified by the defendant’s argument that the first-to-file rule warranted a transfer: As it explained, “[a] number of facts undermine Defendant’s first-filed Rule argument, not the least of which is the fact that Defendant has not filed suit in the District of Colorado.” Other considerations warranting the denial of the defendant’s motion included the defendant’s failure to establish that litigation in Minnesota would be more inconvenient for it than litigation in Colorado would be for the plaintiff, that both Minnesota and Colorado had “an equal connection to the case,” and the ability of the Minnesota court to apply Colorado law.

b. Cases Finding Venue Inappropriate

A Delaware federal district court faced with a motion under 28 U.S.C. § 1404(a) to transfer the unfair competition action before it to Arizona noted that Third Circuit doctrine identified a number of considerations that properly should be taken into account:

These factors entail six private and five public interests. Private interests include: (1) the plaintiffs’ forum preference as manifested by the plaintiffs’ original forum choice; (2) the defendant’s forum preference; (3) whether the claim arose elsewhere; (4) the convenience of the parties as indicated by their relative physical and financial condition; (5) the convenience of the witnesses—but only to the extent that the witnesses may actually be unavailable for trial in one of the fora; and (6) the location of the books and records. Public interests include: (1) the enforceability of the judgment; (2) practical considerations that could make the trial easy, expeditious, or inexpensive; (3) the relative administrative difficulty in the two fora resulting from court congestion; (4) the local interest in deciding local controversies at home; and (5) the familiarity of the trial judge with the applicable state law in diversity cases.

1461. Id. at 993.
1462. See id. at 994-95.
Although a plaintiff’s choice of forum ordinarily should be a “paramount consideration” under this test, the court nevertheless found that “the inconvenience defendants would bear if compelled to litigate in Delaware is significantly greater than that plaintiff would bear if the court transfers this case to Arizona.” This finding was grounded largely in two showings by the defendants: (1) they had only nine employees and three officers, all of whom were located in Arizona; and (2) the plaintiff’s headquarters was located in South Carolina, which meant that its documents and witnesses would need to be transported anyway. With the remaining factors for consideration “not weight[ing] heavily in either direction,” a transfer was appropriate.

A forum selection clause in a prior agreement between the parties can trump the plaintiff’s choice of venue in a suit arising out of the agreement, but that rule carries reduced force if the clause is not mandatory. Such was the result when a group of Michigan-based defendants challenged the filing of a suit in Connecticut on the ground that the plaintiff previously had acknowledged in a franchise agreement that it was subject to an exercise of personal jurisdiction in Michigan and would not object to Michigan as a venue for any dispute over the agreement’s terms: “[B]ecause the forum-selection clause . . . is permissive rather than mandatory, [the plaintiff] was not obligated to bring the instant action in Michigan.” Even if not dispositive, however, the permissive nature of the clause weighed in favor of a transfer, as did the convenience of the defendants and the locus of the operative facts alleged by the plaintiff. Nevertheless, when coupled with the defendants’ failure to establish the knowledge that non-party witnesses in Michigan might have, any sources of proof located in that state, the hardship the defendants would suffer from litigating in Connecticut, or that the parties’ claims against each other would be more speedily resolved in Michigan, transfer was inappropriate.

1464. Id. at 594 (quoting Shutte v. Armco Steel Corp., 431 F.2d 22, 25 (3d Cir. 1970)).
1465. Id. at 595.
1466. Id.
1467. For an example of a court declining to enforce a forum selection clause in a case involving claims not arising out of the agreement containing the clause, see Arma v. Buyseasons, Inc., 591 F. Supp. 2d 637, 645 (S.D.N.Y. 2008) (“Where, as in the present action, the rights being asserted do not originate from the contract containing the forum selection clause, the clause does not apply.”).
1469. Id. at 303.
1470. See id. at 308-12.
The court in a different case similarly gave a forum selection clause little weight in finding that a transfer was appropriate.\textsuperscript{1471} Over the course of a seven-year relationship, the parties had entered into a series of franchise agreements that contained clauses identifying Kentucky, Michigan, and North Dakota as either mandatory or permissive fora for the resolution of disputes between them; the situation was further complicated by the fact that some of the agreements revoked the forum selection clauses of their predecessors, while other agreements ratified them. At the end of the day, however, at least some of the agreements identified North Dakota as an appropriate (but not mandatory) forum, and that was where the plaintiff filed suit, notwithstanding the existence of a prior action filed by the defendants against the plaintiff in Kentucky.

Faced with the myriad forum selection clauses at issue, the North Dakota court threw up its hands: Although acknowledging that “\textit{[c]ourts generally enforce a forum selection clause unless enforcement of the clause would be ‘unreasonable under the circumstances’},”\textsuperscript{1472} it nevertheless held that “\textit{[i]f the Court were to enforce the forum selection clauses of all the agreements, the parties would be forced to litigate, in multiple forums, the exact same claims raised in this action.”}\textsuperscript{1473} Then, having found that “\textit{it would be ‘unreasonable under the circumstances’ to enforce the North Dakota forum selection clauses},”\textsuperscript{1474} the court rejected the plaintiff’s other proffered bases for the court to retain the case. Although grounded in the usual weighing of the convenience of the parties and the witnesses, the primary grounds for this aspect of the court’s holding were the existence of a prior-filed Kentucky action and an earlier decision by the Kentucky court not to transfer the claims before it to North Dakota.\textsuperscript{1475}

A final opinion finding the plaintiff’s choice of venue inappropriate did not transfer the action to another forum: Instead, the court dismissed it altogether.\textsuperscript{1476} The plaintiff, an Arizona restaurant operating in that state, alleged infringement of its federally registered mark by thirteen defendants resident in states other than Arizona. One of those defendants, located in Oregon but with an online advertisement accessible in Arizona,


\scriptsuperscript{1472} Id. at 1086 (quoting M/S Bremen v. Zapata Off-Shore Co., 407 U.S. 1, 10 (1972)).

\scriptsuperscript{1473} Id.

\scriptsuperscript{1474} Id.

\scriptsuperscript{1475} See id. at 1086-89.

successfully convinced the court that venue was inappropriate under the general federal venue statute, 28 U.S.C. § 1391.1477 As the court pointed out, “[v]enue is proper under that section in any district ‘in which a substantial part of the events or omissions giving rise to the claim occurred.'”1478 More specifically, “[i]n a trademark suit brought under the Lanham Act, a ‘substantial part’ of the events giving rise to the claims occur in any district where consumers are likely to be confused by the accused goods, ‘whether that occurs solely in one district or in many.’”1479 Reviewing the allegations in the complaint concerning the moving defendant’s ties to Arizona, the court concluded that

there is no basis for venue under [28 U.S.C.] § 1391(b)(2) in this case because Plaintiff’s only allegation is that [the moving defendant] advertises its business using [the allegedly infringing name] on Google Maps. This allegation, absent something more, is insufficient to make venue proper in Arizona because there is no alleged “passing off” or resulting confusion in Arizona.1480

5. Abstention

Under the Supreme Court’s decisions in Younger v. Harris1481 and its progeny, “[i]n the absence of extraordinary circumstances, interests of comity and the respect for state processes demand that federal courts should abstain from interfering with ongoing state judicial proceedings.”1482 In the sole reported trademark-related case in which Younger or any other form of abstention principles made an appearance, the defendants, former franchisees of the plaintiff, had initiated a proceeding before the Puerto Rico Department of Consumer Affairs in which they alleged the plaintiff had overcharged them rent.1483 Because the particular Puerto Rico mechanism upon which the defendants relied became moot upon a showing that they had been terminated as franchisees, however, the court found that “[d]efendants’ argument that this court should abstain from issuing a preliminary injunction because of the existing [administrative] proceedings lacks merit.”1484

1479. Id. (quoting Cottman Transmission Sys. v. Martino, 36 F.3d 291, 295 (3d Cir. 1994)).
1480. Id. at 1287-88 (citation omitted).
1482. Esso Standard Oil Co. v. López-Freytes, 522 F.3d 136, 143 (1st Cir. 2008).
1484. Id. at 548.
6. Expert Witness Testimony

Federal Rule of Evidence 702 governs the admissibility of expert testimony in federal court litigation. Under it, district courts are obligated to act as gatekeepers, admitting expert testimony only “if (1) the testimony is based upon sufficient facts or data, (2) the testimony is the product of reliable principles and methods, and (3) the witness has applied the principles and methods reliably to the facts of the case.”1485

Some courts proved receptive to expert witness testimony on subjects other than surveys designed to measure actual or likely confusion,1486 including one hearing allegations of false advertising in the magnetic construction toy market.1487 The gravamen of the plaintiffs’ claims was that the defendant had misleadingly represented in its advertising that “500 designs” could be built from one of its sets of magnetic blocks. To prove the falsity of this representation, the plaintiffs relied on the testimony of an expert who opined that he had been unable to build three of the designs shown on the plaintiff’s packaging. In response, the defendant submitted testimony of its own expert, supported by video corroboration, that the designs could indeed be built using only the components of the defendant’s set. Based on the videos of the defendant’s expert in action, coupled with the sudden hedging of the plaintiffs’ expert after seeing the videos, the court entered summary judgment in the defendant’s favor.1488

Another court proved to be more skeptical over the past year, admitting expert testimony on some subjects but not on others.1489 The veracity of advertising in the chain saw industry was at issue, and the plaintiffs proffered a mechanical engineer to testify ostensibly on three subjects: (1) how product testing generally was conducted; (2) how the defendants’ testing deviated from normal testing practices; and (3) how the defendants’ test results did not support their promotional claims. Although finding the witness qualified to opine on these topics, the court noted that his actual testimony went beyond the three categories described by the plaintiffs and into territory in which he was not qualified.1490 This included such subjects as the importance of saw chain breakage

1486. See, e.g., Facenda v. N.F.L. Films, Inc., 542 F.3d 1007, 1024 (3d Cir. 2008) (citing to district court’s reliance on testimony of expert witness lacking survey experience but putatively able to opine on likelihood of confusion based on knowledge of celebrity endorsement practices).
1488. See id. at 1245-46.
1490. See id. at 1303.
rates to consumers, the frequency of saw chain breakage, the relationship between saw chain durability and user safety, industry standards, and stress cycles that a saw chain would experience in use. 1491 Accordingly, testimony on those issues was excluded. 1492

A proffered expert in another case fared much worse. 1493 The parties’ marks were MOOSE TRACKS and MOOO TRACKS, both used in connection with ice cream, and the counterclaim defendant sought to distinguish between the two by relying on the testimony of a linguistics expert. According to that witness, the “moo” component of the counterclaim defendants’ mark was pronounced in the manner of a drawn-out bovine vocalization. The court found no basis for this conclusion, however, and it additionally pointed out that the expert had “further undermined his already unconvincing testimony by repeatedly testifying that he was unable to express an opinion—either professionally or as a lay person—regarding the similarities between any terms other than those for which he had been retained (at a rate of $400.00 per hour).” 1494 It therefore granted the counterclaim plaintiffs’ motion for preliminary relief in part because “[t]he evidence is overwhelming that the registered trademark ‘Moose Tracks’ and [the counterclaim defendant’s] ‘Moo Tracks’ [mark] are almost identical in . . . sound. . . .” 1495

7. Right to Jury Trial

Although all too often overlooked by courts, the question of whether a plaintiff’s request for the equitable remedy of an accounting of the defendant’s profits triggers a right to a jury trial under the Seventh Amendment 1496 is a very real one. Having received an award of its own actual damages from a jury, one plaintiff argued to the First Circuit that it had been entitled to a jury trial on its claim for an accounting as well. 1497 The appellate court began its analysis by noting that “[t]here is no dispute that [the plaintiff] was entitled to and received a jury trial for [its] claim of its own damages for infringement, although the request was joined with a request for equitable relief.” 1498 It then turned to the underlying purposes of the accounting remedy:

1491. See id. at 1306-08.
1492. See id. at 1308-09.
1494. Id. at 1149.
1495. Id.
1496. U.S. Const. amend. VII.
1498. Id. at 77.
This circuit, like others, has recognized three rationales for awarding to the plaintiff an accounting of the defendant’s profits: “(1) as a rough measure of the harm to the plaintiff; (2) to avoid unjust enrichment of the defendant; or (3) if necessary to protect the plaintiff by deterring a willful infringer from further infringement.”

Addressing each of these rationales, the court held that the district court had not erred in preventing the plaintiff from pursuing an accounting before the jury but did so without addressing the constitutional issue. Rather, it held that “[t]he power of a trial judge to determine that the evidence is insufficient to support an award of a disgorgement of the infringer[’s] profits is unaffected” by any Seventh Amendment right to a jury trial.

The district court’s holding that the plaintiff was not entitled to a jury trial therefore did not constitute reversible error because (1) any harm suffered by the plaintiff had been remedied by an award of actual damages, (2) the evidence failed to show any profits enjoyed by the defendant, and (3) “[t]he injunction here provides adequate deterrence.”

8. Extraterritorial Application of the Lanham Act

In contrast, the First Circuit was more skeptical of a request for a permanent injunction that would reach an infringing defendant’s country-specific websites outside the United States. Seeking to overturn the district court’s rejection of this relief, the plaintiff argued that allowing the defendant to use its mark in this manner would contravene the principle that the Lanham Act reaches extraterritorial conduct that has a substantial effect on domestic commerce. The record failed to establish that the plaintiff itself had an online presence aimed at other countries or that it had meaningful sales outside the United States, however, and this led the First Circuit to hold that the district court properly had declined to give dispositive weight to the ability of domestic consumers to access websites established by the defendant to target their foreign counterparts.

9. Sanctions

Fortunately for trademark litigants and their counsel, opinions imposing sanctions for litigation-related misconduct were

1499. Id. at 79 (quoting Attrezzi, LLC v. Maytag Corp., 436 F.3d 32, 37 (1st Cir. 2006)).
1500. Id.
1501. See id. at 80-81.
1503. See id. at 77.
rare over the past year. A dramatic exception to this general rule, however, came in an action brought by a medical services provider against an individual defendant and two companies affiliated with him. The plaintiff alleged cybersquatting in violation of the ACPA, and the defendants asserted counterclaims for payments they claimed were due them under an earlier contractual arrangement between the parties. In the course of the proceedings before the district court, the individual defendant filed an affidavit to which were attached e-mail messages between the plaintiff and its lawyers. When the individual defendant refused to disclose how he had become privy to the privileged e-mails and whether he was continuing to monitor communications between the plaintiff and its lawyers, the district court struck the defendants’ answer and counterclaims and entered a default judgment against them.

Noting that “[a] court may impose sanctions for litigation misconduct under its inherent power,” the Eleventh Circuit affirmed. The appellate court rejected the defendants’ claims that the individual defendant’s invocation of the Fifth Amendment’s right against self-incrimination precluded entry of the default:

Here, . . . assertion of the Fifth Amendment was not unduly burdened because the dismissal was not a punishment for invoking the Fifth Amendment. The court did not enter a dismissal because of [the individual defendant’s] use of the Fifth Amendment. Rather, [the plaintiff] had introduced evidence that [the individual defendant] had been improperly intercepting confidential emails of the opposing party and that [he] refused to answer questions about whether he could continue to do so. This evidence of misconduct established that [the individual defendant] had disrupted the litigation, and the district court felt it was necessary in light of the disruption to strike [the defendants’] pleadings and enter a default judgment for [the plaintiff]. The dismissal issued as a result of the disruption, not as a direct result of [the individual defendant’s] invocation of the Fifth Amendment. Under the circumstances in this case, the court assigned the proper evidentiary weight to [the individual defendant’s] silence.


1506. See id. at 1301.

1507. Id. at 1306.

1508. Id. at 1304-05.
The defendants’ claims that the district court had improperly found the individual defendant to have acted in bad faith fell on similarly deaf judicial ears; rather, “[b]ecause [the individual defendant] was a doctor and a frequent litigator, the [district] court surmised that [he] would be familiar with the notion of privileged information and would know that he should not be intercepting confidential emails.”1509 “[I]n the face of egregious misconduct that indicated all of [the plaintiff’s] confidential email communications had been and would continue to be monitored,”1510 the district court therefore had not abused its discretion in entering a sanction “commensurate with the level of misconduct.”1511

Stonewalling by a plaintiff in response to a defendant’s discovery requests also led to the imposition of sanctions.1512 Although claiming that the defendant’s violations of the Lanham Act and the ACPA entitled him to monetary relief, the plaintiff repeatedly declined to respond to the defendant’s discovery requests on that subject, as well as his defenses to the defendant’s counterclaims; he then failed to comply with the court’s orders compelling production of the requested information and documents. Citing the plaintiff’s “obstinance at every stage of this case,”1513 which included the absence of a response to the defendant’s motion for sanctions, the court barred the plaintiff from introducing evidence of his alleged damages and defenses at trial. Although acknowledging the severity of this action, particularly in light of the pendency of the parties’ cross-motions for summary judgment, the court nevertheless found the sanctions “fully appropriate even in light of their potential reach and the current procedural posture of the case, as Plaintiff’s behavior and the record before the Court soundly support even the most severe discovery sanctions.”1514

Disrespect for judicial orders to mediate an action led to the imposition of sanctions on the defendant in a different case.1515 After first defying several orders to identify a date on which he would engage in mandatory mediation and then apparently leaving the country, the defendant predictably became the subject of a motion for sanctions. The magistrate judge to whom the

1509. Id. at 1306.
1510. Id. at 1307.
1511. Id.
1513. Id. at 261.
1514. Id. at 262.
Motion was referred recommended entry of the default judgment as a sanction for the defendant’s misconduct, and the federal district court assigned to the case accepted that recommendation. Referring to the Federal Rules of Civil Procedure, the court noted that “Rule 16(a)(5) permits the district courts to issue orders regarding pretrial conferences for the purpose of facilitating settlement, and Rule 16(f) provides that sanctions may be imposed against a party who fails to appear at a pretrial conference or fails to obey a pretrial order.” It then rejected the defendants’ three objections to the magistrate’s recommendations, which included the defendant’s putative religious objections to participation in the mediation, the magistrate’s reliance on past statements by the defendant’s counsel that the defendant would not participate in a trial on the merits, and that the mediation would have been unnecessary had the court ruled in the defendant’s favor earlier in the litigation. Accordingly, the court entered the requested default judgment.

A far more unsympathetic treatment of a motion for sanctions came in an action in which the defendant invoked Rule 11 even prior to discovery. The basis for the defendant’s motion was the alleged lack of merit of the plaintiff’s infringement and cybersquatting claims. Noting that “[t]he appropriateness of sanctions is distinct from the underlying merits of a claim,” the court found that the plaintiff had taken reasonable steps to determine that there was a factual basis for its various challenges to a mark used by the defendant in connection with watches. Those included the plaintiff’s purchase of watches produced by the defendant from four different sources, its review of the defendant’s website, its familiarity with the USPTO’s rejection of applications filed by the defendant, its knowledge of trademark law gained “through preparation for another trademark infringement case against another defendant,” and its transmittal of a demand letter to the defendant. Particularly in light of the defendant’s continued use of its mark despite findings by USPTO examiners that the mark was likely to be confused with the plaintiff’s prior-registered mark, the court concluded that the plaintiff had determined from a reasonable inquiry that there were both factual and legal bases for the claims asserted against the defendant:

Indeed, “[i]n the Court’s assessment, . . . [the defendant’s] Rule 11

1516. Id. at 1845.
1517. See id. at 1846-47.
1518. See id. at 1847.
1520. Id. at 179.
1521. Id. at 180.
motion teeters as close as it can approach, without crossing over, to the borderline of being sanctionable itself.”

10. Class Certification

Trademark and unfair competition suits are rarely good candidates for class action certification, and a district court opinion addressing the issue explained why. The case was filed by four plaintiffs against a group of defendants primarily active on the Internet, who, the plaintiffs alleged, were engaged in a scheme to register, license, and monetize purportedly deceptive domain names at the expense of the plaintiffs. Not content to vindicate their own rights, the plaintiffs sought certification for a class consisting of “[a]ny individual or owner of a mark whose personal name or mark is identical to or differs from a domain name parked and advertised on by one or more of the Defendants only by addition of a pre-pending ‘www’ or ‘http’ or post-pending ‘com.’”

The court noted that the plaintiffs’ motion was governed by Rules 23(a) and 23(b) of the Federal Rules of Civil Procedure, the former of which required the plaintiffs to demonstrate that: “(1) the class is so numerous that joinder of all members is impracticable; (2) there are questions of law or fact common to the class; (3) the claims or defenses of the representative parties are typical of the claims or defenses of the class; and (4) the representative parties will fairly and adequately protect the interests of the class.” Rule 23(b) in turn required showings by the plaintiffs that: (1) the prosecution of individual actions by individual class members would create the risk of judgments that were either inconsistent with each other or that affected the ability of other class members to vindicate their own interests; (2) the party opposing certification had acted in a manner that justified injunctive relief with respect to the entire class; and (3) there were common questions of fact and law that predominated over any questions affecting only individual class members.

Although agreeing with the plaintiffs that the requirements of Rule 23(a) were satisfied, the court invoked multiple grounds for rejecting their claims that certification was appropriate under Rule 23(b). These included the anticipated difficulty in identifying

1522. *Id.* at 183. Despite this conclusion, the court denied the plaintiff’s petition for an award of the fees the plaintiff had incurred in responding to the defendant’s motion. *See id.* at 183.


1524. *Quoted in id.* at 524.

1525. *Id.*

1526. *See id.* at 524-25.

1527. *See id.* at 525-27.
potential class members, “which could lead to potentially thousands of individual merits hearings and rulings.”1528 They also swept in the need to conduct “a multi-faceted, fact-specific inquiry particular to each putative mark at issue, which includes a detailed inquiry into whether a mark is generic, descriptive, suggestive, arbitrary or fanciful”;1529 the same was true with respect to those members of the proposed class whose interest in their personal names was at stake, because “the court must perform [an] individual inquiry into a particular name and the corresponding purposes associated with protecting names before it can determine whether a specific personal name is distinctive or not.”1530 And, if “the individual analyses required to analyze distinctiveness for unregistered marks and personal names for the proposed classes are staggering and militate against class certification,”1531 that was also the case with respect to the plaintiffs’ claims of unjust enrichment under the laws of various states,1532 as well as the defendants’ affirmative defenses.1533 Particularly because the plaintiffs were unable to demonstrate that a class action was superior to other mechanisms for protecting the proposed class members’ interests,1534 that the defendants had acted in a manner affecting those interests in the same general way,1535 or that the individual judgments that would result from leaving the proposed class members to their own devices would produce a quagmire of inconsistent rulings,1536 class certification was inappropriate.1537

11. Court Review of, and Deference to, United States Patent and Trademark Office Decisions

Courts are typically invited to defer to actions by the USPTO in three contexts, the first of which is an appeal to a district court brought by a dissatisfied litigant before the Trademark Trial and Appeal Board under Section 21(b)(1) of the Act.1538 One court

1528. Id. at 528.
1529. Id. at 529.
1530. Id. at 530.
1531. Id.
1532. See id. at 531-34.
1533. See id. at 530-31.
1534. See id. at 534-35.
1535. See id. at 535-36.
1536. See id. at 536-37.
1537. See id. at 537.
hearing such an appeal offered the following summary of the applicable standards of review:

A district court sits in a dual capacity in reviewing a TTAB decision under Section 21(b)(1); it serves as both appellate reviewer of the facts found by the Trademark Board as well as fact-finder with respect to any new evidence that the parties may choose to introduce at the district court level. The facts found by the TTAB are to be reviewed with deference; the district court applies a “substantial evidence” standard of review which requires it to evaluate “whether a reasonable mind might accept” a particular evidentiary basis as “adequate to support a conclusion.” The legal conclusions of the TTAB are reviewed de novo.1539

Entertaining the appellee’s motion for summary judgment, the court did not have a full opportunity to apply these standards, however, as it concluded that myriad factual disputes prevented it from affirming the Board’s disposition of the parties’ respective claims as a matter of law.1540

The second scenario arises when litigants invite courts to defer to actions taken by examining attorneys in processing applications filed by one of the parties. The extent to which courts are willing to give weight to these administrative actions varies widely from jurisdiction to jurisdiction and also turns on the nature of the earlier action in question. Where the ex parte examination process is concerned, courts tend to give far greater weight to the rejection, rather than the approval, of applications by USPTO examining attorneys.1541 One example of this phenomenon came in an opinion entering a preliminary injunction in part on the plaintiff’s showing that applications by the defendant to register his mark had been unfavorably received.1542 As the court explained, “[t]he PTO has determined, on at least three occasions, that there is a likelihood of confusion between [the plaintiff’s] and [the defendant’s] marks. While these ex parte determinations are not ‘conclusive,’ they are to be afforded ‘great weight’ by courts in trademark suits.”1543

1540. See id. at 1677, 1679, 1681.
1541. See, e.g., Closed Loop Mktg., Inc. v. Closed Loop Mktg., LLC, 589 F. Supp. 2d 1211, 1217 (E.D. Cal. 2008) (observing that rejection of three applications filed by the plaintiff “may serve as persuasive authority” weighing in favor of finding that underlying marks lacked distinctiveness).
1543. Id. at 515 (quoting Syntex Labs. v. Norwich Pharmacal Co., 437 F.2d 566, 569 (2d Cir. 1971)).
Finally, courts may have an additional opportunity to defer to the USPTO if the parties before them are also engaged in *inter partes* litigation before the Trademark Trial and Appeal Board involving the same marks. An example of a court leaping at that opportunity over the past year was triggered by a battle between competing cat circuses.1544 Because one of the defendants had sworn in a federal application that he was the owner of the underlying mark, and because he had supported that application with specimens featuring photographs and reviews of the plaintiffs’ performances, the plaintiffs alleged that the application was being prosecuted through fraudulent filings. As the plaintiffs had challenged the application in an opposition proceeding before the Board, however, the Court would have none of it: The plaintiffs’ challenge was dismissed on the ground that “[t]he [Trademark Trial and] Appeal Board is best equipped to address plaintiffs’ objections, including any allegations of fraud or falsity, in [its] determination of whether registration is proper.”1545

In contrast, a different court faced with merely the potential for parallel litigation proved unwilling to defer to a Board finding that had not yet been made.1546 Seeking to dismiss a counterclaim for cancellation of one of the registrations it had asserted, the plaintiff in the case argued that the defendants should be forced to file a petition for cancellation before the Board in light of the USPTO’s specialized expertise. The court acknowledged that “[i]n the rare case where deference to the USPTO is justified, . . . the Court may issue a stay pending resolution of [a] concurrent PTO proceeding.”1547 Nevertheless, “[u]sually courts are fully capable of making registration and cancellation decisions,” and [t]he fact of the matter is that [the plaintiff] has presented no evidence in support of its allegation that the issues [presented by the proposed counterclaim] are too complex for judicial review.”1548 Because “judicial economy militates in favor of trying the counterclaim together [the plaintiff’s] claim for infringement,”1549 the plaintiff’s motion to dismiss fell short.

### 12. Impleader

Attempts to add third-party defendants occur infrequently in reported unfair competition cases, and the sole example of such a

1545. Id. at 478 (footnote omitted).
1547. Id. at 614.
1548. Id.
1549. Id.
strategy in a reported opinion over the past year proved unsuccessful.\textsuperscript{1550} Having been charged with contempt, the lead defendant sought to implead his former counsel into the case on the ground that the former counsel had failed to advise him of the plaintiff's allegations that the consent injunction had been violated. Quoting a prior Ninth Circuit interpretation of Federal Rule of Civil Procedure 14(a), the California district court assigned to the action noted as an initial matter that “[t]he purpose of rule . . . [14(a)] is to promote judicial efficiency by eliminating the necessity for the defendant to bring a separate action against a third individual who may be secondarily or derivatively liable to the defendant for all or part of the plaintiff's original claim.”\textsuperscript{1551} It then compared the trademark and copyright infringement claims against the lead defendant with those he sought to bring against his former counsel, namely, professional negligence, breach of fiduciary duty, breach of contract, and breach of an implied covenant of good faith and fair dealing. Of the latter, the court observed that “[a]lthough these claims may be tangentially ‘related to’ plaintiff’s copyright and trademark infringement claims against [the lead defendant], they are not derivative of those claims. To the contrary, the nature of these claims is ‘entirely different and independent’ from the claims plaintiff raises.”\textsuperscript{1552} Particularly because allowing the impleader would prejudice the plaintiff and both delay and complicate the trial of the matter, the motion to add the former counsel as a third-party defendant was denied.\textsuperscript{1553}

\section*{13. Severance of Defendants}

Just as cases addressing the impleader of defendants in trademark and unfair competition disputes are rare, so too are those addressing the severance of defendants. Indeed, the latter issue arose in only a single reported opinion over the past year after a plaintiff domiciled in Arizona filed suit in that state against thirteen otherwise unconnected defendants scattered throughout the United States.\textsuperscript{1554} A defendant based in Oregon invited the court to dismiss it from the action under Federal Rule of Civil Procedure 20, and the court accepted the invitation. After concluding that the plaintiff’s responsive showing failed to

\begin{itemize}
  \item \textsuperscript{1550} See Zero Tolerance Entm't, Inc. v. Ferguson, 254 F.R.D. 123 (C.D. Cal. 2008).
  \item \textsuperscript{1551} Id. at 126 (quoting Sw. Adm'rs, Inc. v. Rozay's Transfer, 791 F.2d 769, 777 (9th Cir. 1986)) (ellipses and second set of brackets in original).
  \item \textsuperscript{1552} Id. (quoting United States v. One 1977 Mercedes Benz, 708 F.2d 444, 452 (9th Cir. 1983)).
  \item \textsuperscript{1553} See id. at 127-28.
  \item \textsuperscript{1554} See Golden Scorpio Corp. v. Steel Horse Bar & Grill, 596 F. Supp. 2d 1282 (D. Ariz. 2009).
\end{itemize}
establish that the claims against each defendant arose from the same transaction, occurrence, or series of occurrences as required by Rule 20(a)(2)(A), the court exercised its authority under Federal Rule of Civil Procedure 21 to sever the moving defendant from the action.1555

H. Judicial Authority Over Federal Registrations and Applications

Section 37 of the Lanham Act provides that in any action involving a registered mark, the court “may determine the right to registration, order the cancellation of the registrations, in whole or in part, restore cancelled registrations, and otherwise rectify the register with respect to the registrations of any parties to the action.”1556 Section 37 is most typically used by district courts to order the cancellation of registrations of marks confusingly similar to those of prior users,1557 but a more unusual issue to arise under it over the past year was whether federal courts can order the USPTO to enter disclaimers to existing registrations. A case presenting that question was brought by the federal registrant of the PALMER’S COCOA BUTTER FORMULA mark for skin care products and resulted in a finding as a matter of law that the mark’s COCOA BUTTER FORMULA component was descriptive and lacked secondary meaning.1558 The district court declined to order a disclaimer because that relief would not benefit the particular defendant in the case, but the Third Circuit took a broader view: “[E]ven if [the defendant] will not benefit from that disclaimer, we should not allow the absence of a disclaimer on the [P]rincipal [R]egister to confuse a future business into believing that it may not use the term ‘Cocoa Butter Formula.’”1559 As a consequence, “on remand, the District Court should order that an appropriate disclaimer should be entered on the [P]rincipal [R]egister.”1560

Some federal appellate opinions took more deferential attitudes toward district courts’ implementations of Section 37.1561

1555. See id. at 1284-85.
1558. See E.T. Browne Drug Co. v. Cococare Prods., Inc., 538 F.3d 185 (3d Cir. 2008).
1559. Id. at 202.
1560. Id.
1561. See, e.g., OBX-Stock, Inc. v. Bicast, Inc., 558 F.3d 334, 342-43 (4th Cir. 2009) (holding that district court had not abused its discretion in declining to order cancellation of plaintiff’s registrations, especially in light of defendant’s failure to request that relief in a counterclaim).
Having successfully defended against the plaintiff's infringement claims, the defendants in a case arising in the Second Circuit unsuccessfully moved the district court to order the USPTO to cancel the plaintiff's federal registrations. The defendants had failed to seek this relief at the pleading stage, and this made all the difference to the Second Circuit on appeal. In affirming the denial of the defendants' motion, that court observed that when such a request is made for the first time after the underlying trademark dispute has been adjudicated, it is properly construed as being based on an estoppel theory. That is, a request for section [37] relief made for the first time after judgment essentially amounts to a claim that because the district court adjudicated a trademark case in a certain way, there is nothing left for the PTO to decide, and so it ought to be instructed to follow the court’s lead for the sake of efficiency and consistency. . . . [W]e see no reason why it was an abuse of discretion for the district court simply to tell [the defendants] to raise [their] estoppel claim before the PTO and let the agency decide, subject to review by the Federal Circuit, what preclusive effect should be given to [the outcome of the current proceedings], if any.

Independent of these procedural issues, and as has increasingly been the case in recent years, federal court litigants emboldened by Medinol Ltd. v. Neuro Vasx, Inc. and its progeny—at least prior to the Federal Circuit’s abrogation of Medinol in In re Bose—asserted fraud-on-the-USPTO claims with varying degrees of success. Within the universe of failed such claims, perhaps the least successful example came in an action in which a defendant asserted in a Rule 12(b)(6) motion to dismiss the affirmative defense that the plaintiff had fraudulently procured a registration by submitting a hangtag showing its mark in a standalone presentation when, in fact, other hangtags used by

1562. See Empresa Cubana del Tabaco v. Culbro Corp., 541 F.3d 476 (2d Cir. 2008).
1563. Id. at 479.
1565. 580 F.3d 1240 (Fed. Cir. 2009).
1566. See, e.g., Miyano Mach. USA, Inc. v. Miyanohtech Mach., Inc., 576 F. Supp. 2d 868, 880 (N.D. Ill. 2008) (holding that recitation of inaccurate date of first use in use-based application did not rise to the level of fraud if actual date of first use predated application's filing date); id. at 883 (rejecting claim of fraud grounded in renewal of registration of standard character format mark allegedly then used in stylized form); Experience Hendrix LLC v. Elec. Hendrix LLC, 90 U.S.P.Q.2d 1883, 189-91 (W.D. Wash. 2008) (finding that defendants had failed to prove false statements made to the USPTO in the first instance); see also Wrenn v. Boy Scouts of Am., 89 U.S.P.Q.2d 1039, 1047 (N.D. Cal. 2008) (rejecting, without extended analysis, counterclaim defendant's “vague” allegations that counterclaim plaintiff had failed to disclose third-party user of similar marks on ground that USPTO had registered third-party marks and therefore was aware of them).
the plaintiff showed the mark with another mark.\textsuperscript{1567} The court was skeptical that this theory was a proper subject of a motion to dismiss in the first instance, observing that “[w]hile affirmative defenses may be raised in a Rule 12(b)(6) motion, a motion to dismiss is not the proper mechanism to raise defenses that are necessarily fact-intensive.”\textsuperscript{1568} In any case, the defendant’s theory failed on the merits for two reasons. First, “[e]ven if the tag [submitted as a specimen] did not reflect the manner in which [the mark] was used on other materials, [the defendant] has not proven that the selection of the tag would amount to anything more than ‘mere error or inadvertence,’ which is not sufficient to prove fraud.”\textsuperscript{1569} Second, “even if [the defendant] proved that [the plaintiff’s second mark] was used with the [mark sought to be protected] in all other materials, it is clear that multiple marks may be used together.”\textsuperscript{1570}

A fraud-based challenge brought by the Dallas Cowboys football team and the National Football League’s licensing agency against a registration of the AMERICA’S TEAM mark for shirts was more fruitful.\textsuperscript{1571} One basis for the plaintiffs’ allegation of fraudulent procurement was that, prior to filing its application, the defendant’s predecessor had reviewed the file wrapper history of another application to register the same mark, which had been rejected on the ground that the mark falsely suggested a connection to the Cowboys. The court agreed that, as a result of this review, the signatory on the application that matured into the defendant’s registration had had actual knowledge of the team’s superior rights. It then held as a matter of law that “[i]t is . . . apparent to this Court that Defendant’s trademark [registration] was fraudulently obtained. Fraud is rarely proven directly, but may be inferred through circumstantial evidence, the weight of which is overwhelming here.”\textsuperscript{1572}

A relatively rare example of fraud-on-the-USPTO claims being tried to a jury came in a dispute between multiple parties claiming rights to marks incorporating the same salient element and used in connection with restaurant services, pizzeria services, and food items.\textsuperscript{1573} An earlier round of the proceedings had produced a

\textsuperscript{1567. See E. Gluck Corp. v. Rothenhaus, 585 F. Supp. 2d 505 (S.D.N.Y. 2008).}
\textsuperscript{1568. Id. at 512.}
\textsuperscript{1569. Id. at 513 (quoting Martha Graham Sch. & Dance Found. Inc. v. Martha Graham Ctr. of Contemporary Dance Inc., 153 F. Supp. 2d 512, 524 (S.D.N.Y. 2001), aff’d, 43 F. App’x 408 (2d Cir. 2002)).}
\textsuperscript{1570. Id.}
\textsuperscript{1571. See Dallas Cowboys Football Club, Ltd. v. Am.’s Team Props., 616 F. Supp. 2d 622 (N.D. Tex. 2009).}
\textsuperscript{1572. Id. at 645.}
\textsuperscript{1573. See Patsy’s Italian Rest., Inc. v. Banas, 575 F. Supp. 2d 427 (E.D.N.Y. 2008).}
finding that the plaintiffs used to procure an order from the Trademark Trial and Appeal Board cancelling two registrations owned by one of the defendants. The plaintiffs failed to advise the Board of an appeal of that finding, however, which led the defendants to allege that two registrations subsequently issued to one of the plaintiffs had been fraudulently procured. The jury found otherwise, however, and the court declined the defendants’ post-trial invitation to set aside this finding. Particularly because the issue turned in part on the credibility of testimony viewed by the jury, “it is reasonable that the jury concluded that whatever mistakes were made at the PTO in issuing the '836 and '866 Registrations and in cancelling Defendants’ '110 and '574 Registrations, these actions were not the result of Plaintiffs’ intentional representations.”

At the same time, however, the court refused to disturb the jury’s finding that the owner of the registrations relied upon by the defendants had defrauded the USPTO with respect to one of those registrations by failing to disclose the plaintiffs’ superior rights. The defendants argued that the registrant had reasonably believed that the plaintiffs did not have the right to use their marks, and that it therefore had had no duty to advise the USPTO of the plaintiffs’ potentially conflicting rights. This argument was no more successful in the post-trial context than it had been at trial: “The jury obviously believed otherwise. The jury’s verdict shows that it found that this information was material, and that [the registrant’s] principals intentionally failed to disclose that Plaintiffs had concomitant rights in the mark . . . . This finding is supported by the evidence and testimony presented at trial.”

In a case not featuring allegations of fraud, one federal district court exercised its jurisdiction under Section 37 to produce an opinion that confused the differing concepts of incontestability under Section 14, on the one hand, and Sections 15 and 33, on the other. At the time the action was filed, a registration owned by the plaintiff had not yet passed its fifth anniversary, and the defendants moved the day before that event for leave to assert a counterclaim for cancellation on the ground that the underlying mark was merely descriptive of the associated goods and lacked secondary meaning. On its face, Section 14 bars such a claim if brought after the fifth anniversary of the targeted registration,

1574. Id. at 449.
1575. Id. at 450.
1578. Id. §§ 1065, 1115.
and this prohibition automatically applies even if the registrant has not filed a declaration of incontestability under Section 15.\textsuperscript{1579} This, however, did not discourage the court from referring to Section 15’s requirements in considering whether the defendants’ motion for leave to assert the counterclaim qualified as an attack on the registration’s validity that precluded the registration from becoming incontestable. Ultimately, it concluded that, because the motion had not been granted before the registration’s fifth anniversary, there had been no counterclaim for cancellation pending on that date, and the registration therefore was immune from attack on the theory asserted by the defendants.\textsuperscript{1580}

\textbf{I. Miscellaneous Matters}

\textbf{1. Tort Liability of Trademark Licensors}

Under New York law, a trademark licensor is not strictly liable for injuries caused by a defective product to which the licensor’s mark is affixed, unless the licensor had “\textit{significant involvement}” in the product’s distribution or was capable of exercising control over the product’s quality.\textsuperscript{1581} That quality control provisions are necessary to any valid license is obviously a consideration weighing against trademark licensors under the second prong of this test, and such was the case in a suit to recover damages for a fire allegedly caused by a defective lawn mower.\textsuperscript{1582} In response to a motion for summary judgment filed by the owner of a mark appearing on the lawn mower, the plaintiff adduced evidence and testimony of extensive contacts between the mark owner and the lawn mower’s manufacturer, including: (1) the mark owner’s approval of the lawn mower’s safety features; (2) “frequent on-site visits by [the mark owner’s] quality control personnel to [the] manufacturing facility calculated to assure [the manufacturer’s] detailed compliance with the [licensor-approve specifications”; (3) sampling and testing of the manufacturer’s lawn mowers; and (4) maintenance of a toll-free customer complaint line.\textsuperscript{1583} Not surprisingly, the court concluded that “[t]aken as a whole, the record reasonably supports an inference

\textsuperscript{1579.} See, e.g., Imperial Tobacco, Ltd. v. Philip Morris, Inc., 899 F.2d 1575, 1579 n.5 (Fed. Cir. 1990); see also W. Worldwide Enters. v. Qingdao Brewery, 17 U.S.P.Q.2d 1137, 1139 (T.T.A.B. 1990) (“A registration that is over five years old may be cancelled solely on the grounds set forth in Section 14(3), irrespective of whether or not the owner of the registration has filed an affidavit under Section 15.”).

\textsuperscript{1580.} See Holley Performance Prods., 624 F. Supp. 2d at 615-16.


\textsuperscript{1582.} See id. at 412-13.

\textsuperscript{1583.} Id. at 428-29.
that [the mark owner’s] detailed oversight of issues related to the quality of [the licensee’s] manufacturing process for the lawnmower, and its corresponding influence upon this process, was so extensive as to constitute actual control over such product quality matters, including the lawnmower’s defective wiring system at issue in this case.”

Summary judgment in the mark owner’s favor therefore was inappropriate under a strict liability theory; what’s more, as to the plaintiff’s fall-back claim of negligence, “a reasonable juror could conclude that [the mark owner] was sufficiently involved in the design and manufacture of the lawnmower to be found liable . . . for negligent design or manufacture of the lawnmower.”

2. The Merger Doctrine

“Under the merger rule, ‘A licensee’s prior claims of any independent rights to a trademark are lost, or merged into the license, when he accepts his position as licensee, thereby acknowledging the licensor owns the marks and that his rights are derived from the licensor and enure to the benefit of the licensor.’” All too often, defendant licensees with what might otherwise be claims to the prior use of their marks are held to have forfeited that priority by entering into licenses with plaintiff licensors. Although the Second Circuit had never addressed the rule, a district court in that jurisdiction did not hesitate to apply it in preliminarily enjoining a licensee’s return to a mark it had used prior to taking a license from the plaintiff to use a slightly different mark.

3. Exhaustion of Rights and Diverted Goods

Once a trademark owner introduces a product into the stream of commerce, it ordinarily will not have the ability to use its trademark rights to restrict the subsequent sale of that product: This principle is alternatively referred to as the exhaustion doctrine or first-sale doctrine. Whatever the name of the rule may be in particular jurisdictions, “trademark law does not reach the sale of genuine goods bearing a true mark even though the sale is not authorized by the mark owner. Thus, a distributor who resells trademark goods [sic] without change is not liable for trademark

1584. Id. at 430.
1585. Id. at 440.
1587. See id. at 359-63.
infringement.””1588 One court applying these principles therefore granted a defense motion for summary judgment on the plaintiff’s infringement and dilution claims alike after determining from the record that “[n]o evidence has been presented suggesting that customers are able to discern a difference in the quality of the parties’ goods or that defendants have ever sold expired goods.”1589

Nevertheless, a number of reported opinions over the past year drove home the points that the first-sale doctrine is inextricably linked to the likelihood-of-confusion test for liability for infringement and that, if the diverted goods in question differ in some material respect from their authorized counterparts, a finding of infringement will lie.1590 Perhaps the leading example of such an outcome appeared in a case that focused on the plaintiff’s practice of attaching to its fragrances a unique production code (“UPC”).1591 In entering a preliminary injunction, the district court credited the plaintiff’s showing that the defendant was selling fragrances that had been produced under the authority of the plaintiff but that either lacked the plaintiff’s UPC altogether or featured an altered one.

The Second Circuit affirmed. Noting that the tampering with the UPC had involved “the cutting of packaging, the application of chemicals to wipe away the labeling, and the grinding of the bottles,”1592 the appellate court concluded that the goods sold by the defendant were materially different and therefore infringing because:

It is a logical inference that consumers may regard a product whose packaging has been tampered [with] as inferior and perhaps suspicious. Mutilation of packaging to conceal markings may lead the consumer to suspect that the item is stolen merchandise, or is defective and has been diverted from a recall, or is otherwise untrustworthy. Furthermore, fragrances are often purchased to be offered as romantic gifts. Mutilated packaging makes the item less appealing to such a purchaser, who runs the risk that the gift will be viewed by the recipient as a sketchy, cheap purchase from an illicit source or of the sort given by Tony Soprano to Carmela. In

1589. Id. at 468; see also id. at 471.
1591. See Zino Davidoff SA v. CVS Corp., 571 F.3d 238 (2d Cir. 2009).
1592. Id. at 246.
short, trademarked goods whose luxury packaging is damaged are materially different from those that are intact.\textsuperscript{1593}

Had the court rested its analysis solely on this point, the resulting victory for the plaintiff would not have broken any new doctrinal ground: Visible material differences of this sort have long been a basis for a finding that confusion is likely.\textsuperscript{1594} But another consideration underlay the court’s holding, one with possibly greater long-term significance. That was the proposition that:

Where the alleged infringer has interfered with the trademark holder’s ability to control quality, the trademark holder’s claim is not defeated because of failure to show that the goods sold were defective. That is because the interference with the trademark holder’s legitimate steps to control quality unreasonably subjects the trademark holder to the risk of injury to the reputation of its mark. . . . Reputation for quality, whether good or bad, becomes associated with a mark in the minds of consumers. Many consumers are willing to pay more to buy goods bearing a mark which experience has taught the consumer represents an assurance of high quality.\textsuperscript{1595}

Citing to its past authority to similar effect,\textsuperscript{1596} the court recognized that injunctive relief would lie in an action by a mark owner if “(i) the asserted quality procedures are established, legitimate, substantial, and nonpretextual, (ii) [the plaintiff] abides by these procedures, and (iii) sales of products that fail to conform to these procedures will diminish the value of the mark.”\textsuperscript{1597} The court agreed with a finding below that this test had been satisfied, but then concluded that “[w]hether [the plaintiff’s] retailers and consumers are aware of how to obtain information from the UPC number is of no significance. . . . Whether consumers and/or retailers understand the codes is irrelevant to the codes’ performance or their function.”\textsuperscript{1598} Because a consumer without understanding of a UPC is unlikely to regard its presence or absence as a material consideration in his or her purchasing decision, this outcome arguably decouples relief against the sale of differing diverted goods from the traditional requirement that the differences be material to consumers and therefore likely to lead to confusion.

\begin{footnotes}
\item 1593. \textit{Id.}
\item 1594. \textit{See, e.g.,} Davidoff \& Cie, S.A. v. PLD \textsc{I}nt’l Corp., 263 F.3d 1297, 1303-04 (11th Cir. 2001).
\item 1595. \textit{Zino Davidoff,} 571 F.3d at 243-44.
\item 1597. \textit{Zino Davidoff,} 263 F.3d at 244.
\item 1598. \textit{Id.} at 245.
\end{footnotes}
Although not going as far as the Second Circuit, other courts confirmed that differences in diverted goods need not be physical to be actionable.\textsuperscript{1599} These included the Tenth Circuit, which heard an appeal from a preliminary injunction against the sale of radar detectors manufactured by the plaintiff but from which the legitimate serial numbers had been removed (sometimes to be replaced with false ones) before the detectors were resold by the defendants.\textsuperscript{1600} Because the plaintiff declined to honor warranties covering goods lacking the original serial numbers, it argued that the diverted goods sold by the defendants sufficiently differed from the goods’ authorized counterparts as to be actionable. The court agreed, pointing out that “[t]he Lanham Act does not proscribe material differences per se; it proscribes sales and offers for sale that are ‘likely to cause confusion, or to cause mistake, or to deceive.’”\textsuperscript{1601} The record reflected instances of purchasers of goods sold by the defendants contacting the plaintiff for warranty services, which established to the court’s satisfaction that the district court had not erred in finding that defendants’ claimed efforts to educate purchasers as to the warranty status of those goods were ineffectual;\textsuperscript{1602} although not addressed by the court, those instances might well have also demonstrated the materiality of warranties to those purchasers.

An opinion from a Fifth Circuit district court held that goods with an expired shelf life also can qualify as materially different for purposes of the first-sale doctrine.\textsuperscript{1603} The goods in question were cosmetics and related products, to which, the parties agreed, the plaintiff’s mark had been legitimately affixed. But many, if not most, of the goods sold by the defendants featured expiration dates that had come and gone, a circumstance that led the court to deny the defendants’ motion for summary judgment. Adopting Second Circuit doctrine, it explained that “to be entitled to relief, the mark holder [has] to show only that ‘(i) it has established legitimate, substantial, and nonpretextual quality control procedures, (ii) it abides by these procedures, and (iii) the non-conforming sales will diminish the value of the mark.’”\textsuperscript{1604} The court then concluded that

\textsuperscript{1599} See, e.g., Kia Motors Am. Inc. v. Autoworks Distrib., 90 U.S.P.Q.2d 1598, 1602 (D. Minn. 2009) (holding that conflicting evidence on the issue of whether consumers would regard differing warranty coverage as material precluded grant of defense motion for summary judgment).

\textsuperscript{1600} See Beltronics USA, Inc. v. Midwest Inventory Distrib., 562 F.3d 1067 (10th Cir. 2009).

\textsuperscript{1601} Id. at 1074 (quoting 15 U.S.C. § 1114(a)-(b) (2006)).

\textsuperscript{1602} See id. at 1074-76.


\textsuperscript{1604} Id. at 853 (quoting Warner-Lambert Co. v. Northside Dev. Corp., 86 F.3d 3, 6 (2d Cir. 1996)).
“[t]he evidence presented is enough to allow a reasonable juror to conclude that [the plaintiff] makes legitimate efforts to keep expired products out of the stream of commerce, and that the [defendants] are hindering that effort to such an extent that they are devaluing the [plaintiff’s] mark.”1605 Because “[i]f the jury so concludes, the first sale doctrine will not apply,” summary judgment was inappropriate.1606

4. Interpretation of Trademark Assignments

Assignments of trademark rights are rarely the subject of opinions from federal appellate courts, but the Second Circuit had the opportunity to weigh in on the proper interpretation of an agreement by fashion designer Joseph Abboud and two companies owned by him to sell certain assets to the plaintiff.1607 Those assets included “names, trademarks, trade names, service marks, logos, insignias, and designations” recited on a schedule that included such items as “Joseph Abboud,” “Joseph Abboud & Design,” and “Joseph Abboud and Miscellaneous Diamond”; they also included “[a]ll rights to use and apply for the registration of new trade names, trademarks, service marks, logos, insignias and designations containing the words ‘Joseph Abboud,’ ‘designed by Joseph Abboud,’ ‘by Joseph Abboud,’ ‘JOE’ or ‘JA,’ or anything similar thereto or derivative thereof.”1608

When it discovered that the defendants planned to promote a new line of clothing through references to Abboud, the plaintiff convinced the district court that the defendants were in breach of the assignment as a matter of law, and that the plaintiff was entitled to injunctive relief against all commercial uses by the defendants of Joseph Abboud’s name. This victory was short-lived, though, as the Second Circuit concluded that the assignment’s treatment of “names” was ambiguous in light of provisions suggesting that that word was meant to refer only to “brand names”; under the circumstances, a vacatur and remand was appropriate to allow the parties to introduce extrinsic evidence on the word’s meaning under the agreement.1609

5. Interpretation of Trademark Licenses

Disputes over the proper interpretation of trademark licenses have produced an increasing number of reported opinions in recent
years. The Eighth Circuit issued one such opinion in a declaratory judgment action brought by a retailer seeking to escape an agreement into which it had entered with a competitor.\textsuperscript{1610} That agreement provided for the defendant’s contingent right to take a “perpetual, exclusive license” to use the plaintiff’s marks, but also recited that “[s]uch license shall be evidenced by a separate written agreement in form and content customary to licenses of the type [contemplated by the agreement].”\textsuperscript{1611} In response to the plaintiff’s claim that the defendant had no enforceable rights under this portion of the agreement, the defendant relied on a draft license that it had forwarded to the plaintiff upon the occurrence of the contingency, as well as expert witness testimony that the draft had both form and content consistent with that contemplated by the parties’ agreement.

The Eighth Circuit was unmoved. It faulted the defendant’s expert for failing to base his opinion “upon an analysis of the form and content customary to perpetual, exclusive trademark licenses generally.”\textsuperscript{1612} It therefore concluded that “the expert’s report did not constitute evidence that the [contingent trademark license provision of the original agreement] stipulated sufficient material terms to form an enforceable contract, nor did it provide a method of determining the material terms without further negotiation between the parties.”\textsuperscript{1613} In the final analysis, therefore,

\begin{quote}
[t]he parties’ intent in 1996 to create a trademark license agreement several years in the future upon the happening of certain events does not overcome the fact that they did not agree to sufficient specific terms nor on how to determine sufficient specific terms to render the [contingent trademark license] an enforceable provision.\textsuperscript{1614}
\end{quote}

Another case in which the terms of a license were at issue involved a distributorship agreement authorizing the licensee to sell pianos produced by the licensee.\textsuperscript{1615} The distributorship agreement contained a termination provision, but the license did not; Moreover, parole evidence before the court suggested that the licensor had proposed tying the term of the license agreement to that of the distributorship agreement but that the licensee had rejected that proposal. Somewhat unusually, the court held the parole evidence admissible under the Uniform Commercial Code because “the ‘raison d’etre’ of the license is for the sale of

\begin{footnotes}
\item[1610.] See Gander Mountain Co. v. Cabela’s, Inc., 540 F.3d 827 (8th Cir. 2008).
\item[1611.] Quoted in id. at 829.
\item[1612.] Id. at 832.
\item[1613.] Id.
\item[1614.] Id.
\end{footnotes}
Based on this predicate, the court concluded that “[t]he undisputed evidence of the negotiations of the license reveals that the parties intended for the termination provision in the [distributorship] contract not to apply to the license.” The incongruous outcome of this analysis was that, upon the termination of the distributorship agreement, the licensee was no longer authorized to sell pianos to which the licensor had affixed the licensor’s mark, but it remained entitled to affix the licensor’s mark to those goods itself.

In a more conventional licensing dispute, two sets of parties had entered into a joint venture for a Times Square comedy club that would operate under a mark owned by the plaintiffs. The parties’ relationship soured, and this led to a document styled as a “summary of agreement,” pursuant to which the plaintiffs gave up their interest in the club in exchange for a consulting agreement. Things deteriorated further, and the plaintiffs demanded that the defendants discontinue their use of the club’s name. In response, the defendants argued that the plaintiffs’ involvement in the club following execution of the summary of agreement constituted an oral license to use the mark. The court declined to accord much weight to this argument: “[A]ny such license would have been terminated by [the plaintiffs’ cease-and-desist] letter . . . or as soon thereafter as would be reasonable given the general rule, under New York contract law, that a contract that does not contain a termination provision is terminable only upon reasonable notice.” Accordingly, the court entered summary judgment in the plaintiffs’ favor as to those affirmative defenses and counterclaims bearing on the alleged license.

The distinction between proper and improper termination of a license assumed center stage in another case, this one between participants in the “nautical services” industry. Having terminated without notice a license it had granted to the defendants, the plaintiff alleged that the defendants’ continued use of the formerly licensed marks constituted infringement and unfair competition. The license contained two paragraphs defining the circumstances under which the plaintiff could terminate: Paragraph two authorized termination if the defendants failed to cure any “unauthorized use” of the licensed marks within ten days of receiving notice of that use from the plaintiff, while paragraph

1616. Id. at 999.
1617. Id. at 1000.
1618. See id. at 1001-02.
1620. Id. at 556.
nine authorized immediate termination for quality control reasons, “subject to the cure provisions of paragraph 2.” According to the plaintiff, the incorporation by reference of the second paragraph into the ninth paragraph did not mean that the ninth paragraph’s immediate termination language was qualified by the earlier language. Declining the plaintiffs’ invitation to hold as a matter of law that their alleged concerns about the quality of the services being provided by the defendants had justified the termination without notice, the court not surprisingly concluded that the plaintiffs’ reading of the license was a “strained and errant interpretation.”

6. Rights of Federally Chartered Organizations

Two reported decisions over the past year demonstrated the strengths and limitations of the rights of federally chartered organizations with the exclusive right to use their marks. On the one hand, the United States Olympic Committee (USOC) and International Olympic Committee had little difficulty securing protection against a group of defendants who had used marks reserved to the USOC by the Olympic and Amateur Sports Act in connection with the sale of purported tickets to the 2008 Beijing games. Although finding that the defendants had violated the USOC’s rights under the Lanham Act, the court additionally observed of the Olympic and Amateur Sports Act that:

The statute establishes that the protection afforded to Olympic symbols is broader than the rights provided under the Lanham Act, effectively providing the USOC with an exclusive right in the Olympic words and symbols.

The statute does not require the USOC to prove that a defendant’s use is likely to cause confusion, nor does the statute incorporate the defenses that are available under the Lanham Act.

Accordingly, the court converted a temporary restraining order it previously had entered against the defendants’ conduct into a preliminary injunction.

In contrast, the Second Circuit was less impressed with the claims of another federally chartered organization, the American

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1622. Quoted in id. at 386-87.
1623. Id. at 387.
1626. Id. at 2015-16 (citation omitted).
1627. See id. at 2019.
National Theater & Academy (“ANTA”). Relying on a federal statute reserving to ANTA “the exclusive right to use the name ‘The American National Theater and Academy,’” ANTA challenged a defendant’s use of the marks THE AMERICAN NATIONAL THEATER and ANT for theater services. The district court declined to hold that the statute in question reached the defendant’s conduct, instead concluding that ANTA enjoyed exclusive use of only the precise name identified in the statute, “nothing more, and nothing less.” In a cursory opinion, the Second Circuit agreed “for the reasons stated in [the district court’s] opinion.”

7. Cuban Asset Control Regulations

The statutory and regulatory framework governing relations between United States and Cuban domiciliaries continued to spawn litigation. The dispute leading to the latest reported case in the area originated in three documents issued by the federal Office of Foreign Assets Control (OFAC): (1) a license issued to a United States firm to defend a trademark infringement action filed against a Cuban company that owned a federal registration of a mark confiscated from its original owner by the Castro regime, which OFAC concluded did not authorize the renewal of the registration; (2) a subsequent letter ruling by an OFAC official that a license was required for the renewal of any Cuban-owned registrations; and (3) the denial of a license expressly authorizing the renewal on the ground that the renewal would result in an unlawful acquisition of property by the Cuban company. Although otherwise rejecting the Cuban company’s challenge to OFAC’s refusal to grant a license, an earlier opinion in the case had required OFAC to file an additional brief explaining the basis for its policy that the renewal of a trademark registration required the issuance of an express license in the first instance.

With that issue having been fully briefed and again presented for consideration, the court saw its responsibility as two-fold:

1633. See id. at 64-66.
First, the Court must determine whether OFAC correctly interpreted the [governing statutory and regulatory framework] when it decided that [the Cuban company’s] attempt to renew the . . . registration was prohibited unless specifically licensed. . . .

Next, the Court must review the actual determination by OFAC that [the Cuban company] confiscated the [registered] mark and therefore could not obtain a general license.1635

The first of these issues was governed by Section 211(a) of the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1998,1636 which prohibits the Secretary of the Treasury from authorizing any transaction or payment relating to “confiscated” marks: According to the court, OFAC’s determination that a specific license was required for the renewal of registrations covering confiscated marks was correct and, in any case, was entitled to deference. 1637 And, as to the second issue, the court held that OFAC had rationally relied on a prior Second Circuit opinion upholding a finding that the very mark at issue had been confiscated,1638 and that OFAC’s refusal to issue a general license therefore had been “reasonable, [and] not arbitrary.”1639 Entry of summary judgment in the government’s favor followed.1640

8. Insurance Coverage

a. Cases Ordering Coverage

One Seventh Circuit opinion rejected a particularly imaginative argument by a carrier seeking to escape liability for the defense of a suit against one of its insureds.1641 Prior to purchasing the policy in question, the insured had sold genuine goods bearing a mark owned by the plaintiff in the underlying suit. Because those goods were identical to goods bearing allegedly counterfeit imitations of the same mark that the insured had sold after the policy’s effective date, the carrier argued that the sale of the genuine goods constituted a “prior publication” of the allegedly unauthorized goods at issue in the underlying suit within the meaning of an exclusion using that language. Both the district court and the Seventh Circuit made short work of this theory, with

1640. See id. at 83.
the latter court holding that “[t]he trademarks that [the insured] published on packaging and wrapping prior to the Policy date were not actionable, and thus the prior publication exclusion does not abrogate [the carrier’s] duty to defend [the insured and its employees].”

In a different case, in which the insured had lost before an Illinois trial court but lived to fight another day on appeal, the issue was whether the carrier could decline to provide coverage because the insured had failed to receive the carrier’s permission to settle the underlying litigation. Vacating the trial court’s entry of summary judgment in the carrier’s favor, the appellate court distinguished, “the general rule in Illinois . . . that, provided the insurer has not breached its duty to defend, an insured must obtain the consent of the insurer before settling with an injured plaintiff.” Chief among the considerations driving this result was the fact that, because of a conflict of interest, the insurer had turned control of the litigation over to an independent outside counsel; under these circumstances, “a reasonable settlement by the insured should not prevent an action for . . . indemnification.”

An opinion actually ordering coverage focused on the meaning of a standard advertising injury clause under Minnesota law. The policy in question provided that “‘advertising injury’ means injury arising out of . . . misappropriation of advertising ideas or style of doing business; or . . . infringement of copyright, title or slogan.” Having been sued for trademark infringement, the insured argued that the tort it had allegedly committed could properly be considered infringement of a title and, additionally, misappropriation of an advertising idea. The relatively unusual allegations in the underlying action led the Supreme Court of Minnesota to agree with the insured as to the first part of this theory: Because the plaintiff was the successor to J.R.R. Tolkien and alleged the exclusive right to, inter alia, the title to Tolkien’s book *The Hobbit*, the plaintiff’s challenge to the insured’s use of the HOBBIT TRAVEL mark for travel services fell squarely within the policy. The Court also proved receptive to the insured’s second argument, noting that the complaint in the underlying

1642. *Id.* at 621.
1644. *Id.* at 218.
1645. *Id.* at 220.
1646. See *Gen. Cas. Co. v. Wozniak Travel, Inc.*, 762 N.W.2d 572 (Minn. 2009).
1647. *Quoted in id.* at 576 (first and second set of brackets in original).
1648. *See id.* at 577-78.
action alleged that: (1) the plaintiff had “aggressively promoted” the HOBBIT mark; and (2) the insured “used the word ‘hobbit’ in its domain name and on its website to attract the national public’s attention to its travel agency, and capitalize on the goodwill surrounding the Tolkien works.” Consequently, “‘hobbit’ was used as an ‘advertising idea’ . . . .”

b. Cases Declining to Order Coverage

Applying Wisconsin law, the Seventh Circuit took a restrictive view not only of an advertising injury clause placed before it, but also of the insured’s failure to provide timely notice of the underlying action brought against the insured. As to the latter issue, the court noted that the insured had financed the defense of the underlying action for over six months, notifying the carrier of that action only after entry of a preliminary injunction against it. Entertaining the insured’s appeal from the district court’s entry of summary judgment in the carrier’s favor, the Seventh Circuit concluded as an initial matter that the district court had properly required the insured to prove that the carrier had not been prejudiced by the insured’s delay in reporting the underlying action. Even had that allocation of the burden of proof been mistaken, however, the appellate court concluded that the carrier had indeed been prejudiced as a matter of law:

Although the findings made by the judge [in the underlying action] in granting the preliminary injunction would of course not bind the jury when the case was tried on the merits, the injunction would create momentum in favor of the plaintiff and up its settlement demands, increasing the cost of defending the suit, since that cost rises with the stakes. So clear is this that no reasonable jury could find that [the carrier] was not prejudiced by [the insured’s] inexplicable delay.

The court then turned its attention to the advertising clause at issue, concluding that the clause did not expressly obligate the carrier to defend the underlying action in the first instance. As it noted, the policy provided for the coverage of the defense of suits to protect “registered collective mark, registered service mark or
other registered trademarked name, slogan, symbol or title”; 1655 consequently, “unless [the plaintiff in the underlying action] was suing for infringement of a registered trademark, any damages it obtained would not be covered by [the carrier’s] policy.” 1656 On this issue, the complaint and civil cover sheet in the underlying action each failed to refer to any registration owned by the plaintiff in that action. 1657 Beyond this, though, “[w]hat is critical is that the claim of trademark infringement was described in the complaint as a ‘common law’ claim.” 1658 Because “[t]here is no such animal as a registered common law trademark,” the plaintiff’s claims in the underlying action did not trigger a duty to defend. 1659

Other policies determined not to mandate coverage were less ambiguous. 1660 Although containing what might otherwise be a standard advertising injury clause, the policy in one case also included a “Personal and Advertising Injury” exclusion, which carved out from coverage those suits “[a]rising out of any violation of any intellectual property rights, such as patent, trademark, trade name, trade secret, service mark or other designation of origin or authenticity.” 1661 In the insured’s suit for coverage of the defense of an action alleging common-law unfair competition, the court made short work of the insured’s argument that the exclusion did not apply. Reviewing the plaintiff’s claims in the underlying suit, the court determined that they all revolved around the insured’s alleged misuse of the plaintiff’s marks. It therefore granted the carrier’s motion for summary judgment on the ground that “but for the alleged trademark violation, there would be no unfair competition claim.” 1662

A similar outcome came in an action over a policy governed by Texas law that contained both an advertising injury clause covering the defense of trade dress infringement actions and an express exclusion of coverage “[a]rising out of the infringement of . . . trademark . . . rights.” 1663 The complaint in the underlying

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1655. *Quoted in id.* at 593.
1656. *Id.*
1657. *See id.* at 593-94.
1658. *Id.* at 593.
1659. *Id.*
1662. *Id. at 438.*
action alleged that the insured had sold “lead cards” featuring a trademark owned by the plaintiff in that action. According to the insured, the allegedly infringed mark was part of a more comprehensive trade dress—a theory that, if accepted, would trigger coverage under the advertising injury clause. Referring to controlling authority to the effect that “‘Texas law has adopted the more conventional understanding of a trademark as a label that serves primarily to identify and distinguish products,’” the court held that “[i]t follows that the idea for the [allegedly infringed] trademark is not an ‘advertising idea,’ and that the infringement of the . . . trademark is not the ‘misappropriation of advertising ideas.’”

Not all cases turned on the proper interpretation of advertising injury clauses. One insured argued to the Ninth Circuit that a policy referring to “negligent publication” and governed by California law mandated coverage for the defense of allegations of false advertising. Acknowledging that “[n]egligent publication’ is not defined in the . . . policy, nor does it appear in lay or legal dictionaries or in any California statute,” the court was nevertheless unconvinced that the phrase had the meaning urged by the insured, especially as it appeared on a list with six other torts:

If “negligent publication” were defined as [the insured] suggests—a communication of information to the public, lacking or exhibiting a lack of due care or concern—then the term would be broad enough to subsume virtually all of the other wrongful acts defined in the policy, such as defamation, misappropriation, infringement of copyright, unauthorized use of a name or likeness, and unintentional failure to credit on a matter. Such a reading ignores the maxim that “a court must interpret . . . [policy] language in context, with regard to its intended function in the policy.”

Having thus disposed of the insured’s claim to coverage under the policy’s express terms, the court also rejected the insured’s fallback reliance on an exclusion requiring the carrier to “defend suits alleging any of the foregoing conduct until there is a judgment, final adjudication, adverse admission or finding of fact against [the

1664. Id. at 797 (quoting Sport Supply Group, Inc. v. Columbia Cas. Co., 335 F.3d 453, 464 (5th Cir. 2003)).
1665. Id.
1667. Id. at 1013.
1668. Id. at 1014 (quoting Bank of the W. v. Superior Ct., 833 P.2d 545, 552 (Cal. 1992)) (alterations in original).
insured].”1669 As it explained, “[i]f coverage does not exist, the inquiry ends. The exclusions are no longer part of the analysis because ‘they cannot expand the basic coverage granted in the insuring agreement.’”1670

9. State Taxation of Income Produced by Trademark Licenses

Intellectual property holding companies designed to insulate their corporate parents from tax liability have had their effectiveness reduced at the hands of state departments of revenue in recent years, and this trend continued over the past twelve months. The leading victim, Geoffrey, Inc., was a familiar one, although the state involved—Massachusetts—was not.1671

Responding to an assessment notice, Geoffrey argued that it need not pay corporate excise taxes because it had no nexus to Massachusetts. Notwithstanding Geoffrey’s claimed lack of presence within the commonwealth, the Supreme Judicial Court of Massachusetts disagreed. It first held that “[a] substantial nexus can be established where a taxpayer domiciled in one State carries on business in another State through the licensing of its intangible property that generates income for the taxpayer”1672 and then concluded that “Geoffrey engaged in business activities with a substantial nexus to Massachusetts during the tax years at issue.”1673 The latter determination rested on Geoffrey’s licensing of Massachusetts entities to use its marks, its encouragement of consumers to shop at those licensees “through an implicit promise, manifested by the trademarks, that the products at those stores would be of good quality and value,” its reliance on the licensees’ employees “to maintain a positive retail environment,” its exercise of quality control over the licensees, and the “continued business and substantial profits” it enjoyed as a result of those activities.1674 Adding insult to injury, the court concluded that Geoffrey was not entitled to an abatement for the years prior to the court’s opinion based on the company’s plausible (if ultimately wrong) belief that no taxes were owed.1675

1669. Quoted in id. at 1017.
1670. Id. (quoting Stanford Ranch, Inc. v. Md. Cas. Co., 89 F.3d 618, 627 (9th Cir. 1996)).
1672. Id. at 92.
1673. Id. at 93.
1674. Id.
1675. See id. at 94-95.
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