



**Monday, October 20**  
**4:30 pm-6:00pm**

## **305 Nuts and Bolts of Trademark Practice In-house**

**Karen Shoresman Frame**  
*Associate General Counsel*  
Market Force Information, Inc.

**JoAnn Holmes**  
*Intellectual Property Counsel*  
Cott

**Steven Rosenthal**  
*Senior Counsel, Intellectual Property*  
Diageo North America, Inc.

**Dana Serrano**  
*Attorney*  
Zywave, Inc.

## Faculty Biographies

### **Karen Shoresman Frame**

Karen Shoresman Frame is currently associate general counsel at Market Force Information, Inc in Boulder, Colorado. As associate general counsel, Ms. Frame is responsible for mergers and acquisitions, litigation, employment issues, contracts, and intellectual property, among other matters.

Prior to joining MFI, Ms. Frame was senior director of litigation and associate general counsel of Brocade Communications and McDATA Corporation, where she also focused on providing a variety of legal advice to all departments within the company, oversaw all litigation, trained employees and management on compliance issues, drafted and implemented an assortment of policies and procedures, and managed all IP matters and outside counsel. Prior to Brocade, Ms. Frame was senior counsel of government and external affairs at Covad Communications Company. Previous to that position, Ms. Frame headed up the legal department at Carrier Access Corporation, where she served as corporate counsel. Prior to joining Carrier Access, Ms. Frame spent time in private practice. Prior to that, Ms. Frame was president and CEO of two high technology start-up companies. Ms. Frame was also a business law adjunct professor at the University of Illinois College of Commerce and a former assistant state's attorney.

In her spare time, Ms. Frame is an adjunct instructor at the University of Colorado School of Law and sits on various charitable and professional boards.

Ms. Frame holds a JD from the University of Illinois College of Law, studied at Oxford University in England, and earned her BS from Indiana University.

### **JoAnn Holmes**

JoAnn Holmes is intellectual property counsel for Cott Corporation, the world's fourth largest non-alcoholic beverage company, in Bloomington, Illinois. In that capacity, and as a member of Cott's executive team, Ms. Holmes manages all IP related matters, including Cott's global trademark, patent, trade secret, copyright, and domain name portfolio in over 130 countries and territories. In addition, she is responsible for export, advertising, FDA, and FTC related legal issues.

Prior to joining Cott, Ms. Holmes was a senior associate in the technology and intellectual property practice group of the full service, international law firm, Troutman Sanders. There, she assisted clients with a broad array of IP focused matters including domestic and international trademark prosecution, dispute resolution, and contract negotiations.

Ms. Holmes recently spoke at the Pennsylvania Bar Institute's annual IP conference on advertising and branding issues, has lectured at Cornell Law School on IP management

strategies, and last year co-chaired a conference on intellectual property practice for attorneys of color. She has also taught IP and advertising law as an adjunct professor for a local college. Ms. Holmes is an active advocate for CARE International, a global non-governmental humanitarian organization that focuses on assisting women and children living in poverty throughout the developing world.

A graduate of the Emory School of Law, Ms. Holmes earned her undergraduate degree from Stanford University. She also participated in a global study abroad program through Semester at Sea and a domestic exchange program with Spelman College.

### **Steven Rosenthal**

Steven Rosenthal is senior counsel, intellectual property at Diageo North America, Inc. in Norwalk, Connecticut. Mr. Rosenthal is responsible for a wide variety of intellectual property and advertising matters, such as IP clearance for new product launches and advertising campaigns, IP portfolio management, enforcement, litigation, and licensing. He works on several leading beverage alcohol brands, including Crown Royal and Johnnie Walker whisky, Don Julio tequila, Smirnoff vodka, and Smirnoff Ice malt beverages, among others.

Prior to joining Diageo, Mr. Rosenthal was an associate in the trademark and copyright group at Pennie & Edmonds LLP in New York, and then in the intellectual property and technology group at Skadden, Arps, Slate, Meagher & Flom LLP in New York.

Mr. Rosenthal is ACC's IP Committee's subcommittee chair for webinars, and also serves on the editorial board subcommittee for the International Trademark Association's Trademark Reporter. He has also served on the INTA's Industry Advisory Council and on the enforcement committee.

Mr. Rosenthal graduated from Harvard College with honors, and cum laude from Boston College Law School.

### **Dana Serrano**

Dana Berce Serrano is counsel with Zywave, Inc. in Milwaukee, Wisconsin, where she has worked in-house for three years. She is responsible for Zywave's intellectual property matters and contract management, as well as legal issues relating to marketing, technology, and corporate matters.

Prior to joining Zywave, Ms. Serrano was an attorney with large law firm in Milwaukee practicing intellectual property litigation and trademark prosecution and also practiced at a boutique firm.

Ms. Serrano is a member of the Wisconsin Bar's intellectual property section as well as the Wisconsin Intellectual Property Law Association. In her community, she serves on the board of directors for the Whitefish Bay Civic Foundation.

## Trademark Introduction & Clearance

### Trademark Introduction

- Definition and trademark types
- Brand strength
- Distinctions from other IP
  
- Internal Clearance Request Process
  
- Trademark Searching & Analysis

## Trademark Definition

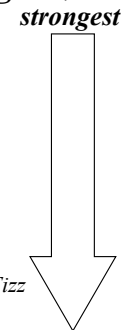
- Source identifier; uniquely distinguish goods or services
- Purpose – Consumer Protection
  - Avoid consumer confusion and deception
- Words, letters, numbers, slogans, characters, logos/designs, symbols, colors, sounds, smells, combinations of the foregoing
  - Example: *National Broadcasting Channel, NBC, 3 tone chime, "Must See TV"*

## Types of Trademarks

- “Trademark” for goods and services
- “Service Mark” for services
- Collective Mark -
  - Owned by a collective group or association
  - Members use the mark
  - Example: *California Granny Smith apples*
- Certification Mark –
  - Identifies a characteristic of a good or service
  - Example: *Darjeeling teas*

## Trademark Strength (Inherent Distinctiveness)

- Fanciful/Coined
  - Invented term: *Pepsi*
- Arbitrary
  - Actual term: *PC*
- Suggestive
  - Hinting term: *Quench*
- Descriptive
  - Describing term: *Texas Fizz*
- Generic
  - Common identifier: *Cola*



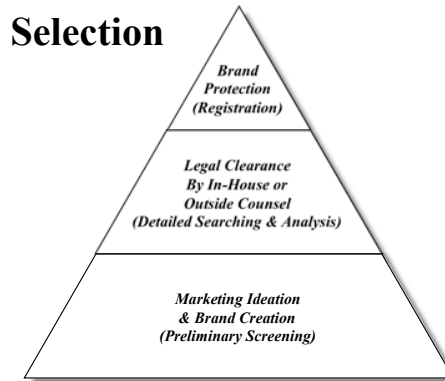
## Other IP

- Trade Dress
  - “Look and feel” in colors, layout, etc.
  - Non-functional, inherently distinctive
  - Example: *IHOP restaurant facade*
- Domain Names
  - Can mirror trademark
  - Example: *Amazon.com*
- Copyright
  - Non-functional, creative works in fixed medium
  - Example: *logo design, packaging, labels, sales sheets*

## Other IP (cont.)

- Patent
  - Useful and novel work; grants monopoly
  - Utility, Design, Plant, Business method
  - Example: *Manufacturing process, bottle design*
- Trade Secret
  - Alternative to patent protection
  - Provides competitive advantage
  - Must maintain confidentiality
  - Example: *Formulae, customer lists, marketing intel*

## Branding Selection



## Brand Selection



## Brand Selection (cont.)

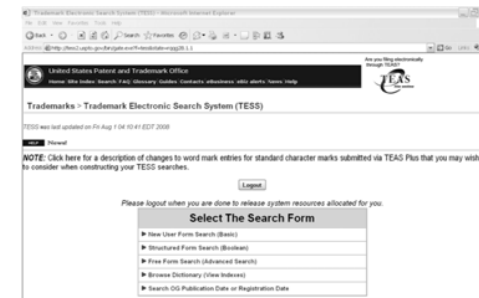
- Marketing Checklist – What's the plan?
  - Trademark(s) *Mountain Pig & Logo*
  - Specific product type *Soft drinks (flavors: colas, citrus, grape, etc.)*
  - Customer *Pig Stop stores*
  - Trademark keyed off another brand? *Similar to Mountain Dew*
  - Who created the brand name? *Outside design firm*
  - Brand on sale now or proposed product?
    - Indicate launch date for existing products *Launch ASAP*
  - Use mark with customer's house brand or existing product brand? *Maybe*
    - Indicate house or existing product brand and launch date *Pig Stop 1/1/05*
  - States/Countries for product's sale *Southeastern US; May expand*
  - Confirm that Marketing Manager has conducted initial searches on US PTO web site *Yes*
  - Deadline for response *ASAP!!!*

## Trademark Clearance Searches

- Immediate Elimination Searches
  - Can be conducted by marketing
  - Free on [www.uspto.gov](http://www.uspto.gov) web site
- Preliminary/Knock-out Searches
  - Federal & State databases
  - Should be conducted by counsel
  - Examples: *Lexis/Westlaw/Trademark.com/Saegis*
  - Common law searching via Internet (e.g., Google, Yahoo)
- Comprehensive Searches
  - Concisely organize federal, state, common law marks, ownership history
  - Domain names, web page screen shots, internet search results
  - Valuable for design searches
  - Best defense against willful infringement claim
  - Example: *CSC, Thomson* (outside search firms)

## Trademark Clearance Searches

- Elimination Search – [www.uspto.gov](http://www.uspto.gov)



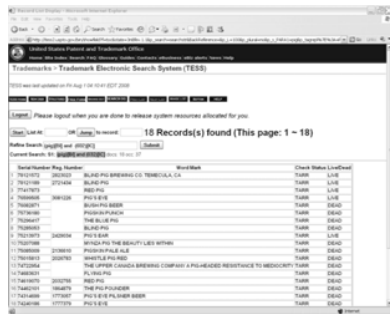
## Trademark Clearance Searches

- TESS Boolean Search – [www.uspto.gov](http://www.uspto.gov)



## Trademark Clearance Searches

- Search results favorable



## Trademark Clearance Searches

- Preliminary Searches - Lexis

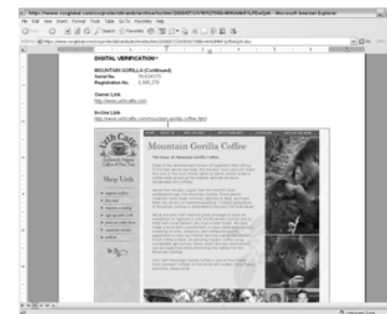


## Trademark Clearance Searches

- Preliminary/Knock-out Searches
  - Name and variations thereof
    - Example: *Pig!*, *Piglet*, *Piggly*
  - Words with similar connotation
    - Example: *Mountain Hog*
  - Similar goods and services
    - Example: Juices, milks, waters, tea, liquors
  - Related International Classes
  - Status of mark
    - Example: *Published*, *allowed*, *registered*, *renewed*?



## Trademark Clearance Searches

- Comprehensive Search - CSC



## Trademark Clearance

### ● Search Analysis

<i>Mark</i>	<i>Goods</i>	<i>Status</i>	<i>Owner</i>
	<i>Carbonated Soft Drinks</i>	<i>Registered</i>	<i>Pepsi Bottling Group</i>
	<i>Beer, Whiskey, Rum</i>	<i>Registered</i>	<i>Vinnie Cilurzo, an individual</i>
<i>Piglet</i>	<i>Coffee, Tea, Juice</i>	<i>Allowed</i>	<i>Disney Enterprises, Inc.</i>
<i>Mountain Pig</i>	<i>Milk, Smoothies</i>	<i>Abandoned 10/06 – No Statement of Use filed</i>	<i>Mountain Pig Convenience Stores, Inc.</i>

## What happens after Clearance?

- Why register at all?
- What should you register?
- Where should you register?
- How do you register?

## Trademark Analysis (cont.)

- Search Report -
  - Mark searched
  - Date range for marks discussed in search
  - Relevant marks found
  - Availability likelihood
  - Opportunities to increase availability of mark
  - Recommendation for investigation or further research

*Time is of the Essence!*

## Why Register?

- Rights under U.S. Federal Law
  - Lanham Act – 15 U.S.C. § 1051 et seq.
- State Law Rights
- International Rights
- Common Law Rights

## What to Register

- Word Mark – MOUNTAIN PIG
- Design Mark –
- Both



## Business Considerations

- Current Use of Mark
- Planned Use of Mark
- Offensive v. Defensive Registration

## Where to Register

- Business Considerations
- International System Possibilities
- Financial Constraints

## International Systems

- U.S. Registration
- International Registration
  - Single Country Filing
    - Paris Convention
  - Regional Agreements
    - OAPI , ARIPO, Andean Pact, MERCOSUR, NAFTA, Pan-American Convention, Benelux, CTM
  - Global Agreements
    - Madrid Protocol



## Financial Considerations

- Attorney & Filing Fees
- International Monitoring & Maintenance
- Compare to Value of Mark

## How to Register

- United States
  - TEAS System – [www.uspto.gov](http://www.uspto.gov)
- International Registrations
  - In-house, Outside and/or Local Counsel
    - Complexity & Cost
    - Type of application – Madrid vs. CTM

## United States – TEAS System

- Main Trademarks Page
  - <http://www.uspto.gov/main/trademarks.htm>
    - File, Search, Retrieve Documents
  - Sample Registration Process – MOUNTAIN PIG – word mark
    - TEAS V. TEASPlus Forms
      - Minimum Filing Requirements
        - » Rule 2.22 (a)
      - Fees

## TEAS System, cont.

- Classification of Goods & Services
- Filing Basis
  - Section 1(a) - In Use Currently
  - Section 1(b) - Intent to Use
  - Section 44(d) – Foreign Application
  - Section 44(e) – Foreign Registration
- Specimen – for 1(a) only

## TEAS System, Cont.

- Complete General Information
- Proof Entry
- Submit or Download Portable File
- Pay Fee
  - Credit Cards, Deposits Accounts, EFT

## TEAS, cont.

- Office Actions
  - Disclaimer – MOUNTAIN PIG SODA COMPANY
    - “No claim is made to the exclusive right to use ‘SODA COMPANY’ apart from the mark as shown.”
  - Common Rejections
    - Likelihood of Confusion – 2(d)
    - Descriptiveness – 2(e)

## TEAS, cont.

- Time to Respond
- Final Office Actions
  - Amend goods/services
  - Amend to file on Supplemental Register
- Publication
- Notice of Allowance
  - Extensions of time for intent-to-use application
    - Up to five 6-month extensions to file evidence of use - \$\$
- Issuance of Registration

## Managing Trademark Portfolios

- Who Is In Charge? (Legal? Marketing? Outside Counsel?)
- Trademark Policy (Part of IP Policy)
- Spreadsheets
- Tickler System (Internal/External? Outlook? Other Docketing Systems?)
  - Examples: PATTSY, CPI, Anaqua

## Managing Trademark Portfolios

- Post Registration Filings
  - Statement(s) of Use (3 Years, 5 Years)
    - U.S.: §8 Affidavit (declare use between 5<sup>th</sup> and 6<sup>th</sup> year after registration)
    - U.S.: §9 Affidavit (incontestability after 5 years)
  - Renewals (10 Years - in most countries)
  - Assignments
  - Address Updates
  - Security Interests
- Budget
  - Developing Budget
  - Which Department?
- International (7-10 Years Out, Primary Marks)

## Trademark Monitoring

- “Formal” Watch Services
  - Thomson CompuMark, CSC
- “Informal” Monitoring
  - Sales and Marketing Departments
  - Reviews (Advertising, Annual Reports, Investor Presentations, Etc.)
  - Internet Searches
  - Customers
  - Audits (Files, PTO Website)
- International Monitoring
  - Thomson CompuMark, CSC

## Trademark Ownership

- Licensing (To/From Other Companies)
- Assignments
- Due Diligence in Acquisitions
- Abandonment

## Trademark Enforcement

- Use of ®, ™, or SM
- Generocide – term used to describe the loss of a mark that no longer serves as an indicator of a source of goods because consumers came to regard the mark as a generic term
  - Example, PowerPoint® presentation
- Customs Registrations
- International Issues

## Trademark Conflicts

- Cease & Desist Letters
- Trademark Office
  - Cancellation Actions (Where Mark Is Not In Use)
- State/Federal Court
  - Infringement/Unfair Competition Actions
  - Dilution/Tarnishment

## Trademark Conflicts

- Co-existence/Workout Agreements
  - Geographic Areas
  - Classifications
  - Fonts, Trade Dress

## Trademark Conflicts

- Common Settlement Terms
  - Rename Product/Service
  - Destroy Everything With Mark On It
  - Buy Conflicting Mark
  - Obtain Consent of Owner of Mark
  - Pay Profits Made On Sale
  - Pay Money Damages
  - Pay Attorneys' Fees

## Best Practices

- IP Department Organization/Management Models
  - Small Departments
  - Large Departments
- Working with Outside Counsel (Domestic/Foreign)
  - Selection
  - Monthly Status Reports
  - No Paper

## Best Practices

- Controlling Costs/Budget
  - Transactional Fees
  - Fixed Fees
  - Hourly Fees
  - Retainers
  - Value Billing
  - Contingent Fee Arrangements (Litigation, Prosecution, Equity Ownership)

## Additional Resources

- [www.acc.com](http://www.acc.com) – Intellectual Property InfoPAK
- [www.uspto.gov](http://www.uspto.gov)
- [www.inta.org](http://www.inta.org)
- [www.wipo.com](http://www.wipo.com)
- [www.aipla.org](http://www.aipla.org)
- [www.trademarks.com](http://www.trademarks.com)
- [www.csc.com](http://www.csc.com)
- [www.lexis.com](http://www.lexis.com)
- [www.inta.org](http://www.inta.org)
- [www.globalip.com](http://www.globalip.com)

## Best Practices

- Training
  - Who
  - 1x Year
  - Include Outside Counsel
- Executive Communications
- Internal Files
  - Labels/Content Organization
  - On G Drive
  - Hard Copies
  - Document Retention
  - Fireproof Cabinets
- Insurance

## Product Name Development Guidelines

### *Understanding Trademark Law*

The purpose of trademarks and service marks is to designate the source of a product or service. Trademarks identify the producer of a particular type of good or service and do not describe the good or the service itself. An example is Kleenex<sup>®</sup> tissue. The brand is Kleenex<sup>®</sup> and the product is tissue.

A product name will only be granted registration if the United States Patent and Trademark Office determines that it is sufficiently distinctive. Distinctiveness is a spectrum with five classifications. The most distinctive names are fanciful. Fanciful names are invented words such as Kodak or Exxon. The second classification is arbitrary. Names that are arbitrary are real words that are unrelated to the named product, such as Apple for computers.

The third classification is suggestive. Names that are suggestive can still be considered distinctive. Microsoft is suggestive of microcomputers and software. The fourth classification is descriptive. If a name is merely descriptive, it is not registrable because it does not operate as an indicator of source. Names that are descriptive of the product may only be registrable after they have gained secondary meaning, a term of art meaning that the name is associated with a certain product. The final classification is generic. Generic terms can never be registered as trademarks.

Using a descriptive name does allow for a consumer to quickly understand the functionality of a product, but it also makes it likely that a competitor will be able to use the same or similar wording to describe their product. Selecting a product name should be more than describing the product succinctly. In fact, some of the strongest brand names do not describe a product at all. Think Crest, Pepsi, Apple. These names do not communicate product descriptions, but are image-driven. The more distinctive a product name is, the easier it is to register as a trademark and to develop a lasting brand.

### *Purpose of the Guidelines*

These guidelines are to be used by all employees and individuals involved in the selection of product names. A naming team should consist of at least one person from each of the following departments: Sales; Development; Creative Services and Partner Services. These guidelines should be followed in the general order that they appear so as to prevent over-committing to a particular name prior to determining its feasibility.

### *Guidelines*

1. **Obtain product description.** Identifying the functionality and purpose of a product will be useful in the selection names that will properly position the product.
2. **Determine whether product is new or another version.** If the product is an enhancement or version of an existing product line, please follow current naming conventions. When it's necessary to distinguish a new version, upgrade or addition to an existing product line or family, efforts should be made to retain the integrity of the naming convention by incorporating a version/model number or similar designation in the product name, rather than creating a unique product or service name.
3. **Determine customer base.** The audience for the product will have an impact on the type of names selected. For instance, if the product is directed at brokers, then the name may contain words of special meaning in the industry, such as ModMaster™.
4. **Review list of competitor's product and company names.** Preparing or reviewing an existing competitive analysis will aid in the positioning, branding and naming of the product.

5. **Develop list of potential product names.** Work with Creative Services to brainstorm list of as many potential names as possible paying attention to meaning, structure, sounds, recognition, prestige and emotion conveyed in the terms.
6. **Narrow list.** Narrow the choices into a short list of preferred names. Include a brief rationale for each possibility.
7. **Request or conduct a domain name search.** This search may be conducted by a member of the naming team or Legal, for the purpose of determining whether suitable domain names containing the selected names are available. The results should be shared with the naming team.
8. **Request a trademark search from Legal.** Forward the short list of choices to the Legal Department. Legal will conduct a trademark search to determine the feasibility of obtaining a trademark registration from the United States Trademark and Patent Office for the selected names.
9. **Request collateral pieces from Creative Services.** Creative Services will develop a sample piece of collateral for each of the top two or three names. This step will allow for the sprouting of a brand identity and will aid in the testing phase.
10. **Test the top two or three names.** Using current Partners through their Partner Service Consultants, follow test protocol to conduct a brief survey regarding key factors such as impression and recall.
11. **Select name.** At this point in the process, a name should be selected, and a positioning strategy should be decided upon.

Please direct any inquiries regarding these Guidelines to the Creative Services Department or the Legal Department.

Filing an application for a Trademark Registration on the Principal Register

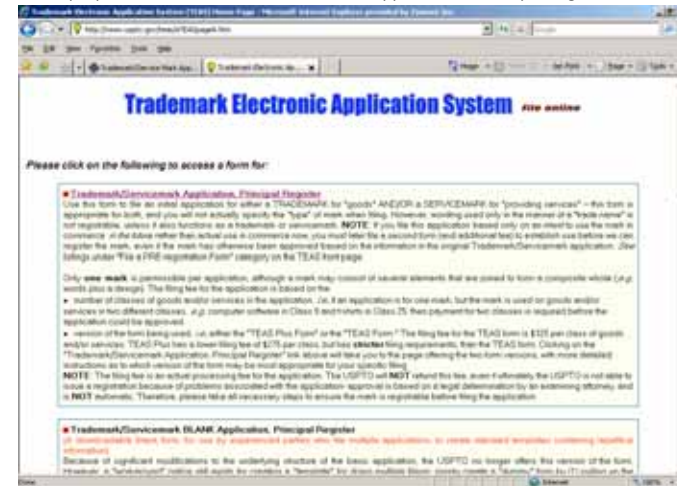
1. Go to [www.uspto.gov/teas/index.html](http://www.uspto.gov/teas/index.html).



2. Select File New Application.



3. Select proper form – Trademark/Service Mark Application – Principal Register.



4. Select application type – TEASplus form or TEAS form.



5. Enter contact information . Have company legal information such as state of incorporation and corporate address available.



6. Enter exact word mark – MOUNTAIN PIG. Hit preview.



7. Add class of goods/services & assign a filing basis for each.



8. Enter attorney information, including signature and declaration.







9. Review all information entered.



10. Enter payment information and send.



## Internal Trademark Usage Guidelines

### Understanding Trademark Law

The purpose of trademarks and service marks is to designate the source of a product or service. Understanding the purpose of trademarks facilitates their proper use. Trademarks identify the producer of a particular type of good or service and do not describe the good or the service itself. An example is Kleenex® tissue. The brand is Kleenex® and the product is tissue. In the case of Zywave, Inc., one of our brands is Broker Briefcase® and the product is an "online library."

It is imperative that we follow these guidelines in order to protect our brands. There are countless cases of trademarks being used improperly or not being protected for so long that they lose their meaning as a brand identifier. Some famous examples are aspirin, cellophane, escalator, zipper, yo-yo, linoleum and nylons. These marks all began life as brand names, or indicators of a single source, but became commonly used words to indicate a type of thing, or the generic term for an item.

Use of the registration symbol or other statutory notice provides notice of the registration to would-be infringers and entitles the owner to claim certain types of damages against infringers. Failure to use a registration notice limits the remedies available to a trademark owner in a lawsuit.

### Usage Guidelines

These guidelines are to be used by all employees and individuals involved in the production of external communications, including but not limited to marketing and sales materials, Web pages and correspondence.

- Use trademark notices.** Trademark rights are acquired by the proper and continuous use of a trademark. A trademark that has not been registered with the United States Patent and Trademark Office may be marked with "™." A trademark that has been registered with the USPTO should be marked with "®." Remember that apart from marking, a trademark should also be properly used pursuant to the guidelines enumerated below.

PlanAdvisor	PlanAdvisor™	Broker Briefcase	Broker Briefcase®
<b>Incorrect</b>	<b>Correct</b>	<b>Incorrect</b>	<b>Correct</b>

- Use trademarks as proper adjectives.** Trademarks are adjectives that designate a specific brand of product. A noun should nearly always be used in connection with the trademark. To determine whether the rule is being followed, simply remove the trademark from the sentence. If a complete and grammatically correct sentence remains, then the trademark is being used properly. For a list of approved generic terms, please refer to the final page of these Guidelines.

PlanAdvisor™	PlanAdvisor™ Claims Analysis Tool	Broker Briefcase®	Broker Briefcase® Online Library
<b>Incorrect</b>	<b>Correct</b>	<b>Incorrect</b>	<b>Correct</b>

- Do not modify trademarks.** This means do not shorten, abbreviate, conjugate, or otherwise modify trademark. Trademarks should not become plural or possessive.

PlanAdvisor's™ features	PlanAdvisor™ Tool's feature	Broker Briefcases®	Broker Briefcase® Online Library
<b>Incorrect</b>	<b>Correct</b>	<b>Incorrect</b>	<b>Correct</b>

- Do not combine trademarks.** Because trademarks are intended to designate source, they should not be combined with the trademarks or product names of other sources.
- Most Prominent Uses.** A trademark symbol is required for all prominent uses of the mark, except where space or style criteria prevent compliance with this requirement.
- First use in text.** When using the same trademark repeatedly in a piece, the following rules apply: (a) at the first reference, the full product name should be used, along with its full descriptor and the appropriate trademark symbols; (b) after the first appearance, the trademark should appear with its noun descriptor as often as possible (at least 50% of the time), but the trademark symbol is not required. It is always acceptable to continue using ® or ™ after the trademarks throughout the document.
- Trademark Credit Line.** All Web pages, manuals, advertisements, promotional and marketing materials should include a variation of one or both of the trademark credit lines included below. The credit line may appear anywhere on the collateral, but typically is displayed on a copyright page, at the end of a document or Web page.
 

"Broker Briefcase, MyWave, HRconnection are all registered with the U.S. Patent and Trademark Office and are owned by Zywave, Inc."

"PlanAdvisor and BrokerageBuilder are trademarks of Zywave, Inc."
- Other Methods of Marking.** If it is not possible or desirable to utilize a ® or ™, an asterisk or other such symbol may be placed next to the trademark, directing a reader to a footnote indicating that the mark is either "Reg. U.S. Patent and Trademark Office," or if it not registered, "\_\_\_\_\_ is a trademark of Zywave, Inc."
- Zywave, Inc.** The word Zywave may be used to refer to Zywave, the corporation. However, Zywave, the company, is different from Zywave, the brand. Any references to Zywave, the corporation should have no markings and the word Zywave should be used as a noun. Any usage of Zywave referring to it as a brand should follow the trademark usage guidelines enumerated herein.

**See Attached Listing of Proper Trademark Usage, Including Approved Generic Terms**

Please direct any inquiries regarding these Guidelines to the Creative Services Department.

Product Name Usage with Trademark			
Product	Description 1 - Doma and web	Description - Sell Sheets	Nouns
Broker Briefcase®	An Instant Internet Library for Brokers	Online Communications Library	library, application
BrokerageBuilder™	Benefits Agency Management System	Benefits Agency Management System	agency management system, application, site
Decision Master® Warehouse	In-depth Claims Analysis Tool	Web-based data analysis tool	application, tool
HRconnection®	The Virtual Employee Communications Expert	HR Communications System	site, communication system
MyWave® Portal	Instant Agent and Client Interface	Personal Client Center	site, client center
MyWave® HR	Electronic Human Resources Assistant	Electronic Human Resources Assistant	site, resource center
MyWave® RM		Risk management center	site, resource center
MyWave® OSHA		occupational safety resources	site, resource center
MyWave® Benefits		one-stop, information center	site, resource center
PlanAdvisor™	The Benefits Plan Design Tool	The Benefits Plan Design Tool	tool, application
RALLE® Warehouse	Expert Insurance Claims Data Analysis Tool	Web-based data analysis tool	tool, application
ZywaveRx™	The Solution for Preferred Prescription Pricing	Preferred pharmacy pricing program	program, solution

## External Trademark Usage Guidelines

These guidelines are to be used by any Partners or other third parties wishing to utilize any of Zywave, Inc.'s trademarks. Zywave's trademarks may only be used pursuant to the guidelines contained herein. Any use that falls outside of the acceptable uses outlined in section one below is strictly prohibited.

- Acceptable Uses.** A Partner or third party may use any of Zywave's trademarks contained herein for the purposes of marketing services to prospective clients, providing services to clients, and promoting Zywave to the same.
- Unacceptable Uses.** A Partner or third party may not use any of Zywave's trademarks contained herein in such a manner that implies that any non-Zywave materials, including but not limited to goods, services, Web sites or publications, are endorsed, sponsored, licensed by or affiliated with Zywave. The trademarks may not be displayed as a primary or prominent feature on any materials that do not originate from Zywave.
- Partner/Third Party Company Logo.** Partners and third parties should display their own company logo or product more prominently than any Zywave trademark on all materials. Do not incorporate Zywave trademarks into your own product names, service names, trademarks or logos. Do not adopt marks or logos that are confusingly similar to Zywave trademarks.
- Review.** Zywave reserves the right to review samples of finished materials belonging to a Partner or third party containing any Zywave trademarks.
- Use trademark notices.** Trademark rights are acquired by the proper and continuous use of a trademark. A trademark that has not been registered with the United States Patent and Trademark Office may be marked with "™." A trademark that has been registered with the USPTO should be marked with "®." Remember that apart from marking, a trademark should also be properly used pursuant to the guidelines enumerated below.

PlanAdvisor	PlanAdvisor™
<b>Incorrect</b>	<b>Correct</b>

Broker Briefcase	Broker Briefcase®
<b>Incorrect</b>	<b>Correct</b>

- Use trademarks as proper adjectives.** Trademarks are adjectives that designate a specific brand of product. A noun should nearly always be used in connection with the trademark. To determine whether the rule is being followed, simply remove the trademark from the sentence. If a complete and grammatically correct sentence remains, then the trademark is being used properly.

PlanAdvisor™	PlanAdvisor™ Claims Analysis Tool
<b>Incorrect</b>	<b>Correct</b>

Broker Briefcase®	Broker Briefcase® Online Library
<b>Incorrect</b>	<b>Correct</b>

- Do not modify trademarks.** This means do not shorten, abbreviate, conjugate, or otherwise modify trademark. Trademarks should not become plural or possessive.

PlanAdvisor's™ features	PlanAdvisor™ Tool's feature
<b>Incorrect</b>	<b>Correct</b>

Broker Briefcases®	Broker Briefcase®
<b>Incorrect</b>	<b>Correct</b>

8. **Do not combine trademarks.** Because trademarks are intended to designate source, they should not be combined with the trademarks or products names of other sources.
9. **Most Prominent Uses.** A trademark symbol is required for all prominent uses of the mark, except where space or style criteria prevent compliance with this requirement.
10. **First use in text.** When using the same trademark repeatedly in a piece, the following rules apply: (a) at the first reference, the full product name should be used, along with its full descriptor and the appropriate trademark symbols; (b) after the first appearance, the trademark should appear with its noun descriptor as often as possible (at least 50% of the time), but the trademark symbol is not required. It is always acceptable to continue using ® or ™ after the trademarks throughout the document.
11. **Trademark Credit Line.** All Web pages, manuals, advertisements, promotional and marketing materials should include a variation of the trademark credit line included below. The credit line may appear anywhere on the collateral, but typically is displayed on a copyright page, at the end of a document or Web page.  
  
 "Broker Briefcase, MyWave, HRconnection are all registered with the U.S. Patent and Trademark Office and are owned by Zywave, Inc."
12. **Other Methods of Marking.** If it is not possible or desirable to utilize a ® or ™, an asterisk or other such symbol may be placed next to the trademark, directing a reader to a footnote indicating that the mark is either "Reg. U.S. Patent and Trademark Office," or if it not registered, "\_\_\_\_\_ is a trademark of Zywave, Inc."
13. **Zywave, Inc.** The word Zywave may be used to refer to Zywave, the corporation. However, Zywave, the company, is different from Zywave, the brand. Any references to Zywave, the corporation should have no markings and the word Zywave should be used as a noun. Any usage of Zywave referring to it as a brand should follow the trademark usage guidelines enumerated herein.

**Listing of Proper Trademark Usage, Including Suggested Generic Terms**

- |   |  |
|---|--|
| Broker Briefcase® Online Library          | MyWave® OSHA Occupational Safety Resources |
| Broker Briefcase® BE Online Library       | MyWave® RM Risk Management Center          |
| Broker Briefcase® PCE Online Library      | MyWave® Portal                             |
| BrokerageBuilder™ BE Data Management Tool | PlanAdvisor™ Claims Analysis Tool          |
| Decision Master® Warehouse                | RALLE® Warehouse Claims Analysis Tool      |
| HRconnection® Human Resource Center       | Zywave® Applications                       |
| MyWave® Benefits Center                   | ZywaveRx™ Pharmacy Benefits Program        |
| MyWave® HR Human Resources Center         |  |

Please direct any inquiries regarding these Guidelines to the Creative Services Department.

**TRADEMARK INFRINGEMENT REPORTING FORM**

Fill out a separate sheet for each infringer. Attach all original documentation (i.e., printouts of websites, newspaper ads, Whois information for domain names, menus, photos, etc.). Submit via facsimile for email to:

[Attorney Name and Contact Info]

**Date Infringement Discovered:** \_\_\_/\_\_\_/\_\_\_

**Name and address of Infringer (if known):**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Phone Number:** \_\_\_\_\_

**Location of Infringement:** \_\_\_\_\_

**Describe Infringement in Detail:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Your Name and Contact Information:**

\_\_\_\_\_

\_\_\_\_\_

### Acquisition and Protection of Trademark Rights Under United States Law: A Primer

Judith A. Powell\* and Theodore H. Davis Jr.\*\*

#### I. INTRODUCTION

Like virtually all industrialized countries, the United States is increasingly becoming a branded society. Although federal unfair competition law originally protected trademarks and service marks against passing off, brand names and symbols no longer merely indicate the origin of their associated goods and services, but instead have themselves become commodities.<sup>1</sup> For example, because of their drawing power, brand names are often at the heart of corporate acquisition strategies.<sup>2</sup> They are routinely offered as collateral to secure loans, qualify for capital gains treatment,<sup>3</sup> and are property of the estate under the U.S. bankruptcy code.<sup>4</sup> Indeed the importance of distinctive brand names and logos is such that a strong brand portfolio can be among a company's most valuable assets.<sup>5</sup>

The owners of powerful trademarks such as the BUDWEISER®, COCA-COLA®, and MARLBORO® marks did not,

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<sup>1</sup> See William M. Landes & Richard A. Posner, *The Economics of Trademark Law*, 78 TRADEMARK REP. 267, 277 (1988).

<sup>2</sup> See generally Andrew Caine, *The Year of the Brand*, ECONOMIST, Dec. 24, 1988, at 95.

<sup>3</sup> See generally Daniel A. Izzo, *Contingent Payment Transfers of Trademarks: A Sale in License Clothing*, 12 VA. TAX REV. 263, 264-65 (1992).

<sup>4</sup> See generally Richard Lieb, *The Interface of Trademark and Bankruptcy Law*, 78 TRADEMARK REP. 307, 316 (1988).

<sup>5</sup> Even prior to the company's dramatic expansion in the 1980s and 1990s, the trademark attorney for the Coca-Cola Co. noted of the relationship between his company's physical assets and trademarks that:

The production plants and inventories of The Coca-Cola Company could go up in flames overnight... Yet, on the following morning there is not a bank in Atlanta, New York, or anywhere else, that would not lend [the] Company the funds necessary for rebuilding, accepting as security only the inherent good will in its trademarks "Coca-Cola" and "Coke."

Julius R. Lunsford, Jr., *Good Will in Trademarks: Coca-Cola and Coke*, COCA-COLA BOTTLER, at 27 (1955), quoted in Thomas D. Drescher, *The Transformation and Evolution of Trademarks—From Signals to Symbols to Myth*, 82 TRADEMARK REP. 301, 301-02 (1992).

however, come to enjoy their assets as accidental windfalls. Rather, the strength of such marks reflects careful selection and maintenance by their owners. Undertaken properly, such strategies can often yield returns far exceeding those attributable to other forms of capital investment.

This article briefly summarizes the most important aspects of the law of trademarks, service marks, collective marks, and certification marks in the United States.<sup>6</sup> This article first provides a brief introduction to U.S. unfair competition law. Next, it examines the acquisition of rights to marks in the federal system of state and national governments. The article then sets forth steps that may be taken by U.S. mark owners to protect the goodwill represented by their marks. Finally, the article suggests precautions properly adopted by companies considering the selection of marks to insure that their marks do not conflict with the rights of other mark owners and that those marks will be entitled to a significant degree of protection.

#### II. U.S. TRADEMARK RIGHTS: AN INTRODUCTION

Trademarks can take many forms, including words, numbers, letters, symbols, slogans, colors, characters, graphic designs, smells, configurations, trade dress, sounds, and any combinations of these items.<sup>7</sup> State and federal law protect not only trademarks, but also service marks, collective marks, and certification marks. A service mark is the counterpart of a trademark, but identifies services rather than goods.<sup>8</sup> A collective mark is owned by a cooperative, association, or other collective group and distinguishes the goods or services of the members from those others.<sup>9</sup> A collective mark also can indicate membership in the collective group or organization.<sup>10</sup> A certification mark represents a certification by the owner of the mark that the goods or services of others meet its standards.<sup>11</sup> Those standards can be quality, method of manufacture, regional origin, or some other characteristic. The owner of a certification mark (e.g., an entity formed to certify goods as made of HARRIS TWEED or ICE-

<sup>6</sup> For purposes of this article, the term "mark" includes service marks, collective marks, and certification marks, unless otherwise indicated. See 15 U.S.C. § 1127 (2006).

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

LANDIC WOOL) cannot itself be the source of goods or services under the mark or rights to the mark will be lost.<sup>12</sup>

A principal requirement for trademark protection is that the mark must be “distinctive,” or capable of distinguishing the products of the owner.<sup>13</sup> Trademarks vary in distinctiveness, and a mark may be either inherently distinctive or, alternatively, may acquire distinctiveness as a result of recognition by the relevant public.<sup>14</sup> The degree of inherent or acquired distinctiveness of a mark is relevant to the scope of protection to which it is entitled. A highly distinctive and famous mark is considered “strong” and will be protectable against use even on unrelated goods (*e.g.*, KODAK cigars or candy).<sup>15</sup> On the other hand, a non-distinctive and “weak” mark may be entitled to only limited protection against use of the same or similar marks on identical or closely related goods (*e.g.*, GOLD MEDAL for food, athletic equipment, and a variety of other products).<sup>16</sup>

In determining the strength of particular marks, U.S. courts frequently refer to a “spectrum” of distinctiveness, according to which marks are classified as coined, arbitrary, suggestive, descriptive, and generic.<sup>17</sup> The most distinctive and protectable marks are unique, coined terms having no inherent linguistic meaning. Examples of coined marks include the invented words EXXON®, KODAK®, and XEROX®.<sup>18</sup> Such terms receive a wide scope of protection because prohibiting their use by others does not deprive competitors or the public of any freedom of speech.<sup>19</sup>

<sup>12</sup> See *id.* § 1064(5).

<sup>13</sup> See, *e.g.*, *American Television & Communications Corp. v. American Communications & Television, Inc.*, 810 F.2d 1546, 1548-50 (11th Cir. 1987).

<sup>14</sup> See generally *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768-69 (1992).

<sup>15</sup> See, *e.g.*, *Exxon Corp. v. Texas Motor Exch.*, 628 F.2d 500, 504 (5th Cir. 1980) (“In short, the more distinctive a [mark], the greater its ‘strength.’”).

<sup>16</sup> See, *e.g.*, *Freedom Sav. & Loan Ass’n v. Way*, 757 F.2d 1176, 1182 (11th Cir. 1985) (“The primary indicator of [mark] strength measures the logical correlation between a name and a product. If a seller of a product or service would naturally use a particular name, it is weakly protected.”).

<sup>17</sup> *Two Pesos*, 505 U.S. at 768.

<sup>18</sup> See generally *Soweco, Inc. v. Shell Oil Co.*, 617 F.2d 1178, 1184 (5th Cir. 1980); *Amstar Corp. v. Domino’s Pizza, Inc.*, 615 F.2d 252, 260 (5th Cir. 1980); *Exxon Corp. v. Xoil Energy Res., Inc.*, 552 F. Supp. 1008, 1014 (S.D.N.Y. 1981).

<sup>19</sup> See RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 13 cmt. c, at 40 (1995) (“Recognition of trademark rights in [a] fanciful term[] protects the significance of the designation as a symbol of identification without diminishing the vocabulary by which competitors can convey information about similar products.”).

Arbitrary marks, which are next in order of distinctiveness, are words having a common meaning but no connotation in association with the user’s goods. Consequently, even if it is in common use, a mark may nevertheless be considered arbitrary if it is “applied to a product or service unrelated to its meaning, so that the word neither describes nor suggests the product or service.”<sup>20</sup> Examples of arbitrary marks include CAMEL® cigarettes, ARROW® shirts, and APPLE® computers. Like coined terms, these marks typically are entitled to a broad scope of protection because they do not deprive competitors of the ability to describe their own products freely.

The third category of distinctiveness includes suggestive marks, which, as the name indicates, suggest some of the qualities of the user’s product or service but do not directly describe them: “A term is suggestive if it requires imagination, thought and perception to reach a conclusion as to the nature of [the] goods.”<sup>21</sup> Examples of suggestive marks are WORD® and WORDPERFECT® for word processing software. Suggestive marks are considered inherently distinctive and capable of protection against use of similar marks upon their adoption.<sup>22</sup> They typically do not, however, receive as broad protection as coined or arbitrary marks. In general, suggestive marks that have not acquired a high degree of fame are likely to be protected only against use of similar marks for related goods and services.<sup>23</sup>

The fourth category of marks consists of descriptive terms, including surnames, geographical marks, and laudatory marks, as well as those directly describing the characteristics, functions, or qualities of the user’s products or services.<sup>24</sup> Descriptive marks are protectable only after they have acquired “secondary meaning” or, in other words, public recognition of the term as not simply referring to

<sup>20</sup> *Tisch Hotels, Inc. v. Americana Inn, Inc.*, 350 F.2d 609, 611 n.2 (7th Cir. 1965).

<sup>21</sup> *Stix Prods., Inc. v. United Merchants & Mfrs.*, 295 F. Supp. 479, 488 (S.D.N.Y. 1968).

<sup>22</sup> See, *e.g.*, *Thompson Med. Co. v. Pfizer Inc.*, 753 F.2d 208, 216 (2d Cir. 1985); *Hindu Incense v. Meadows*, 692 F.2d 1048, 1050 (6th Cir. 1982).

<sup>23</sup> See, *e.g.*, *Freedom Sav. & Loan Ass’n v. Way*, 757 F.2d 1176, 1182-83 (11th Cir. 1985) (holding suggestive mark “weak,” and entitled only to narrow protection).

<sup>24</sup> See *20th Century Wear, Inc. v. Sanmark-Stardust Inc.*, 747 F.2d 81, 88 (2d Cir. 1984) (descriptive marks identify the “qualities, ingredients, effects or other features” of the product or service, the “problem or condition” remedied by the product or service, or “the use to which the product or service is put”); see also *Canal Co. v. Clark*, 80 U.S. (13 Wall.) 311, 324 (1871) (geographic origin).

the nature of the user's products in a descriptive sense, but also as a designation of the source or sponsorship of the goods or services.<sup>25</sup> In keeping with the concept of a continuous spectrum of distinctiveness, however, some terms are only slightly descriptive, and need only a minimum level of usage to acquire secondary meaning, while others may be highly descriptive and need substantial evidence of public recognition to establish secondary meaning.<sup>26</sup> Significantly, the U.S. Supreme Court has held that product shapes may be considered descriptive marks at best, and therefore always require a showing of secondary meaning for protection.<sup>27</sup>

It is possible for a descriptive mark to acquire a high degree of secondary meaning and even become extremely famous. When that happens, the mark is entitled to a broad scope of protection. For example, COCA-COLA® and INTERNATIONAL BUSINESS MACHINES® are marks that were originally descriptive, but have become well-known as designations of origin and are therefore entitled to substantial trademark protection.<sup>28</sup> In the absence of such a high degree of fame, descriptive marks, even if they have acquired sufficient secondary meaning to be protectable as trademarks, generally are entitled to protection only against use of identical marks for closely related goods.

The final category is composed of generic terms, which in fact are not marks at all. A generic term is the common descriptive name for a product or service, such as "software" for computer programs, "car" for automobiles, or "shoe" for footwear.<sup>29</sup> A generic term also may be a mark that has fallen into common usage as a general term for a category of products and, therefore, has lost its distinctiveness as an indicator of origin. Examples of such former marks include "linoleum," "kerosene," "yo-yo," "escalator," "cellophane,"

<sup>25</sup> See, e.g., *Inwood Labs. v. Ives Labs.*, 456 U.S. 844, 851 n.11 (1982); see also *Charcoal Steak House of Charlotte, Inc. v. Staley*, 139 S.E.2d 185, 187 (N.C. 1964) ("When a particular business has used words *publici juris* for so long or so exclusively or when it has promoted its product to such an extent that the words do not register their literal meaning on the public mind but are instantly associated with one enterprise, such words have attained a secondary meaning.")

<sup>26</sup> See, e.g., *Am. Television & Comm's Corp. v. Am. Comm's & Television, Inc.*, 810 F.2d 1546, 1549 ("A high degree of proof is necessary to establish secondary meaning for a descriptive term which suggests the basic nature of the product or service.")

<sup>27</sup> See *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205 (2000).

<sup>28</sup> See, e.g., *Coca-Cola Co. v. Koke Co. of Am.*, 254 U.S. 143 (1920).

<sup>29</sup> *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 194 (1985).

"aspirin," and "shredded wheat." A generic term cannot be exclusively appropriated and may not be protected as a mark.<sup>30</sup> For this reason, producers of new products often provide generic terms to identify their products while preserving their trademarks as designations of the products' source (e.g., *TYLENOL®* acetaminophen). Where nonverbal designations such as product shapes are concerned, courts typically use the term "functionality" when determining whether the designation is necessary to competition in an industry and therefore unprotectable.<sup>31</sup>

### III. ESTABLISHING TRADEMARK RIGHTS IN A FEDERAL SYSTEM

Unlike the situation found in most civil law jurisdictions, where rights are created by registration, common law trademark rights in U.S. historically have been established through *use* of the mark in commerce:

Rights can be acquired in a designation only when the designation has been actually used as a trademark . . . or when an applicable statutory provision recognizes a protectable interest in the designation prior to actual use. A designation is "used" as a trademark . . . when the designation is displayed or otherwise made known to prospective purchasers in the ordinary course of business in a manner that associates the designation with the goods, services, or business of the user . . .<sup>32</sup>

As a consequence, trademark rights be abandoned through an absence of use of the mark. Thus, for example, the federal Lanham Act provides for a presumption of abandonment if a mark has not been used for three years.<sup>33</sup>

<sup>30</sup> See *Soweco, Inc. v. Shell Oil Co.*, 617 F.2d 1178, 1183 (5th Cir. 1980) ("A generic term can *never* become a trademark [and] if a registered mark *at any time* becomes generic with respect to a particular article, the Lanham Act[] provides for the cancellation of that mark's registration."); see also *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976).

<sup>31</sup> See, e.g., *Wilhelm Pudenz, GmbH v. Littelfuse, Inc.*, 177 F.3d 1204 (11th Cir. 1999).

<sup>32</sup> RESTATEMENT, *supra* note 19, § 18, at 184.

<sup>33</sup> See 15 U.S.C. § 1127 (2006).

In the absence of a federal registration, which is discussed below, the geographic scope of trademark rights in the United States is concurrent with the scope of the user's reputation. Thus, for example, it is possible under the common law for two or more good-faith users to adopt the same mark for the same goods and for each establish areas of exclusive ownership rights if:

- (1) The junior user offers its products or services in a geographic area so remote from that of the prior user that it is unlikely the public will be confused or deceived; and
- (2) The junior user's adoption is in good faith (without knowledge of the senior user's use) and outside of the senior user's area of market penetration and "zone of protection" (the area to which the senior user's reputation extends).<sup>34</sup>

Under these circumstances:

- (1) Each user is entitled to prevent the other from entering its "zone of protection"; and
- (2) Both parties have the right to expand into unoccupied territory so long as no customer confusion is likely to result, *i.e.*, if the respective territories remain remote.<sup>35</sup>

#### A. The Federal Registration System

Because the common law sometimes allowed junior users to misappropriate the goodwill associated with senior users' marks and then escape liability by arguing that they were unaware of the prior use,<sup>36</sup> federal trademark laws were established in part to create nationwide protection for registered marks, and Congress repeatedly has expanded the protection available to mark owners. In 1946, con-

<sup>34</sup> See *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90 (1918); *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916); see also *Spartan Food Sys., Inc. v. HFS Corp.*, 813 F.2d 1279, 1282 (4th Cir. 1987).

<sup>35</sup> See *Tally-Ho, Inc. v. Coast Community College Dist.*, 889 F.2d 1018, 1023 (11th Cir. 1989); *Value House v. Phillips Mercantile Co.*, 523 F.2d 424, 431 (10th Cir. 1975).

<sup>36</sup> See, e.g., *Allen Homes, Inc. v. Weersing*, 510 F.2d 360 (8th Cir. 1975).

gressional passage of the Lanham Act<sup>37</sup> recognized service marks and expanded the remedies available to the owners of federal trademark registrations. In 1988, the landmark Trademark Law Revision Act ("TLRA")<sup>38</sup> created the "intent-to-use" application, which, contingent upon the ultimate issuance of a registration, confers nationwide priority of rights as of the application's filing date.<sup>39</sup> In contrast to the common law system of trademark protection, therefore, applicants in the United States can now procure nationwide priority for marks at a date predating the mark's actual use. Thus, to a certain extent, U.S. trademark law has become harmonized with the laws of most other countries by allowing registration applications without prior use. Some of the more significant features of the framework created by the Lanham Act, include the following:

#### 1. The Federal Registration Process in General

The process of applying for a federal trademark registration is subject to various technical requirements. A proper application must identify and be signed by the applicant and must include a filing fee, a depiction of the mark, and a list of goods and services covered by the application. Upon receipt of an application, the PTO grants a filing date and assigns a serial number.<sup>40</sup> The application then is reviewed by an examining attorney, who determines the mark's registrability, including an evaluation of its inherent or acquired distinctiveness and the acceptability of the specification of goods and services recited in the application. In most cases, the examining attorney issues an office action setting forth specific grounds for initially refusing the application. The applicant is provided an opportunity to respond in writing within six months of the rejection.<sup>41</sup> If the objection is overcome, the application is passed on for publication in the PTO's *Official Gazette*.<sup>42</sup> If the objection is not overcome and a final refusal is issued, the applicant has an opportunity for administrative and judicial appeal.<sup>43</sup>

Any party who believes it may be damaged may file a notice of opposition to the registration of a mark published in the *Official*

<sup>37</sup> Pub. L. No. 79-489, 60 Stat. 427 (1946).

<sup>38</sup> Pub. L. No. 100-667, 102 Stat. 3935 (1988).

<sup>39</sup> See 15 U.S.C. §§ 1051(b), 1057(c) (2006).

<sup>40</sup> See 37 C.F.R. § 1.10 (2006).

<sup>41</sup> 15 U.S.C. § 1062(b).

<sup>42</sup> *Id.* § 1062(a).

<sup>43</sup> See generally *id.* §§ 1070-71.



*Gazette*.<sup>44</sup> If no objection is made, or if any opposition is overcome, then (1) in the case of a use-based application, the registration will issue, or (2) in the case of an “intent-to-use” application, a Notice of Allowance will issue. An intent-to-use applicant then must file a Declaration of Use supported by acceptable specimens within six months after issuance of a Notice of Allowance or obtain extensions of time until this evidence of use can be filed.<sup>45</sup> An initial application for a six-month extension will be automatically granted. Subsequent extensions, however, require a showing of good cause. Payment of extension fees is also required and the maximum extension period allowed is a total of three years from the date of the Notice of Allowance.<sup>46</sup>

The primary requirement for maintaining a federal registration is the filing of an Affidavit of Use between the fifth and sixth anniversary of the registration, between the ninth and tenth anniversary of the registration, and then every ten years thereafter.<sup>47</sup> The registrant also must file an application for renewal every ten years.<sup>48</sup> As discussed in greater detail below, an Affidavit of Incontestability also may be filed after five years of continuous use.<sup>49</sup>

## 2. Statutory Bars to Registration

Significantly, not all marks are eligible for registration under U.S. law. Rather, the Lanham Act contains both absolute and conditional prohibitions against the registration of certain marks, which may come into play in two circumstances: (1) an administrative refusal by the Patent and Trademark Office in the application process to register a particular mark; and (2) a challenge to the registrability of the mark by an interested party in either administrative or court litigation.

### a) Absolute Prohibitions

Under section 2 of the Lanham Act, a trademark *cannot* be registered if it:

- (1) consists of or comprises immoral, deceptive, or scandalous matter; or matter that may disparage or falsely suggest a connection with individuals, institutions, beliefs, or national symbols;
- (2) consists of or comprises the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation of those items;
- (3) consists of or comprises a name, portrait, or signature identifying a particular living individual except with his or her written consent;
- (4) is primarily geographically deceptively mis-descriptive; or
- (5) consists of functional material.<sup>50</sup>

These provisions are, for the most part, straightforward and self-explanatory. The test for deceptiveness under section 2(a), however, evolved over time and deserves some attention. At one point in time, the issue of deceptiveness was decided by evaluating the intent of the trademark owner. Today, instead of evaluating intent, a mark will be found deceptive if it implies a falsehood that would “materially affect” the purchaser’s decision to buy the goods or services sold under the mark.<sup>51</sup> Thus, the test is one of impact on the purchaser, rather than intent of the mark owner.<sup>52</sup> For example, the mark ITALIAN MAID for a detergent that is not made in Italy might be registrable because a purchaser probably would not purchase the cleanser because it was thought to be Italian-made. If the product were pasta, however, a different result is probable.

<sup>50</sup> See 15 U.S.C. § 1052(a)-(e) (2006).

<sup>51</sup> See generally *In re Budge Mfg. Co.*, 857 F.2d 773, 775 (Fed. Cir. 1988).

<sup>52</sup> See, e.g., *Evans Prods. Co. v. Boise Cascade Corp.*, 218 U.S.P.Q. 160 (T.T.A.B. 1983) (holding CEDAR RIDGE mark deceptive for embossed hardwood siding not made of cedar); *Tanners’ Council of Am., Inc. v. Samsonite Corp.*, 204 U.S.P.Q. 150 (T.T.A.B. 1979) (holding SOFTHIDE mark deceptive for imitation leather material); *In re United States Plywood Corp.*, 138 U.S.P.Q. 403 (T.T.A.B. 1963) (holding IVORYWOOD mark deceptive on ground that goods not made of ivorywood).

<sup>44</sup> See *id.* § 1063.

<sup>45</sup> *Id.* § 1051(d).

<sup>46</sup> See generally *id.* § 1052(d)(1)-(4).

<sup>47</sup> See *id.* § 1058.

<sup>48</sup> See *id.* § 1059.

<sup>49</sup> See *id.* § 1065.

### b) Conditional Prohibitions

Consistent with the general hostility under U.S. law to claims of exclusive rights to descriptive terms generally, section 2(e) of the Lanham Act prohibits the registration of any mark that (1) is merely descriptive or deceptively misdescriptive, (2) is primarily geographically descriptive, or (3) is primarily merely a surname, unless the mark has acquired secondary meaning.<sup>53</sup> In addition to the methods of demonstrating secondary meaning discussed previously, an applicant in the registration context may rely on a presumption of distinctiveness arising from five years of continuous and exclusive use.<sup>54</sup> This provision contrasts with the absolute bars to registration contained in section 2(a)-(c), under which marks are not registrable even if they have acquired secondary meaning.<sup>55</sup>

### c) Previously Registered and Used Marks

Section 2(d) of the Lanham Act also precludes registration of a mark “which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely . . . to cause confusion, or to cause mistake, or to deceive . . . .”<sup>56</sup> Moreover, although the PTO will not on its own initiative reject an application on this basis, any interested party has the opportunity to challenge the registration of a mark that it believes “dilutes” the distinctiveness of its own marks.<sup>57</sup> The tests for “likelihood of confusion” and “dilution” are outlined below.

## 3. Advantages to Federal Registration of Marks

Federal registration of a mark carries with it a number of competitive advantages. Two of the most important are:

<sup>53</sup> 15 U.S.C. § 1052(e) (2006).

<sup>54</sup> *Id.*

<sup>55</sup> *See, e.g.,* Am. Speech-Language Hearing Ass'n v. Nat'l Hearing Aid Soc'y, 224 U.S.P.Q. 798, 808 (T.T.A.B. 1984); *In re* Charles S. Loeb Pipes, Inc., 190 U.S.P.Q. 238, 241 (T.T.A.B. 1975).

<sup>56</sup> 15 U.S.C. § 1052(d) (2006).

<sup>57</sup> *See id.* §§ 1052, 1063(a), 1064, 1092.

### a) Constructive Notice

The 1946 Lanham Act expanded the geographic scope of trademark rights by establishing that registration constitutes “constructive notice” of the mark throughout the United States.<sup>58</sup> Because a junior user could obtain rights in a mark only by using it in good faith in a geographic area remote from an earlier user of a mark, constructive knowledge based upon a federal registration eliminated the ability to allege good faith adoption after the registration issued.<sup>59</sup> For the first time, federal law provided a U.S. registrant with the ability to protect its trademark rights against subsequent good faith users, where the registrant was not making use of the mark in all parts of the country.<sup>60</sup> Consequently, the Lanham Act encourages mark owners to register their marks quickly by providing that one who adopts and uses a mark confusingly similar to a federally registered mark after the filing date for an application cannot ordinarily acquire any rights superior to those of the federal registrant.<sup>61</sup>

### b) Incontestability

Under U.S. law, the fifth anniversary of a registration's issuance is significant for two reasons. First, prior to that date, a registration may be canceled for any reason that would have prevented its issuance in the first place.<sup>62</sup> Thus, for example, any party enjoying prior use of a confusingly similar mark may petition to cancel the registration in litigation before either the Trademark Trial and Appeal Board or a federal court.<sup>63</sup> Once a registration is five years old, however, section 14(3) of the Lanham Act dramatically limits the grounds upon which cancellation may be sought, eliminating in particular allegations that a mark is merely descriptive without secon-

<sup>58</sup> *Id.* § 1072.

<sup>59</sup> *See* Mesa Springs Enters. v. Cutco Indus., 736 P.2d 1251, 1253 (Colo. Ct. App. 1986).

<sup>60</sup> *See, e.g.,* Scientific Applications, Inc. v. Energy Conservation Corp. of Am., 436 F. Supp. 354, 359 (N.D. Ga. 1977).

<sup>61</sup> *See, e.g.,* Howard Stores Corp. v. Howard Clothing Inc., 308 F. Supp. 70 (N.D. Ga. 1969).

<sup>62</sup> *See, e.g.,* Int'l Order of Job's Daughters v. Lindeburg & Co., 727 F.2d 1087, 1091 (Fed. Cir. 1984).

<sup>63</sup> Not surprisingly, petitions for cancellation are frequent counterclaims in litigation involving federally registered marks. *See, e.g.,* Keebler Co. v. Rovira Biscuit Corp., 624 F.2d 366 (1st Cir. 1980).

dary meaning or that the petitioner was using the mark prior to the registrant.<sup>64</sup>

Second, the Lanham Act also contains a provision allowing a federally registered mark to become “incontestable” after five years of continuous and exclusive use following registration, and provided that the registrant files a so-called “section 15 affidavit” averring that the mark has been in continuous use during this period and that there have been no judicial decisions adverse to the owner’s claims of rights to it.<sup>65</sup> Prior to the filing of a section 15 affidavit, a registration constitutes “prima facie” evidence that the registered mark is a valid one, *e.g.*, that it is not merely descriptive.<sup>66</sup> Although this presumption shifts the burden to the defendant in an infringement action to prove that the plaintiff does not own a valid mark,<sup>67</sup> the defendant nevertheless may rebut the presumption.<sup>68</sup>

Incontestability, however, eliminates the ability of defendants charged with infringement to challenge the validity of the mark on a variety of grounds, including prior use, descriptiveness, use as a surname, and use as a geographic name.<sup>69</sup> Thus, one notable U.S. Supreme Court case upheld a registrant’s ability to foreclose competitors from using marks similar to the PARK ‘N FLY® mark for airport parking, notwithstanding the fact that the mark in question might have been challenged as descriptive during the five years after its registration.<sup>70</sup> Incontestability, however, does not foreclose challenges on certain grounds, including fraud, functionality abandonment, genericness, “fair use” (*i.e.*, use in a non-trademark sense), and certain equitable principles (including laches, estoppel, and acquiescence).<sup>71</sup>

<sup>64</sup> 15 U.S.C. § 1114(3) (2006); *see also* McDonnell Douglas Corp. v. National Data Corp., 228 U.S.P.Q. 45 (T.T.A.B. 1985).

<sup>65</sup> *See* 15 U.S.C. § 1065; *see also* 37 C.F.R. §§ 1.167-168 (2006).

<sup>66</sup> 15 U.S.C. §§ 1057(b), 1115(a).

<sup>67</sup> *See generally* Abercrombie & Fitch v. Hunting World, Inc., 537 F.2d 4, 14 (2d Cir. 1976); Am. Heritage Life Ins. Co. v. Heritage Life Ins. Co., 494 F.2d 3, 10 (5th Cir. 1974).

<sup>68</sup> *See, e.g.*, Vision Ctr. v. Opticks, Inc. 596 F.2d 111, 119-20 (5th Cir. 1979).

<sup>69</sup> *See* Tonka Corp. v. Tonka Phone Inc., 229 U.S.P.Q. 747, 753 (D. Minn. 1985), *aff’d*, 805 F.2d 793 (8th Cir. 1986).

<sup>70</sup> Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189 (1985).

<sup>71</sup> *See* 15 U.S.C. § 1115(b)(1)-(9) (2006).

## B. State Trademark Law

Although federal law constitutes the largest body of trademark law, the importance of state statutes is often underestimated. In addition to state common law protection, most states have enacted statutes prohibiting unfair competition, including trademark infringement. For example, it is possible to register trademarks in every state, in addition to registering them in the federal Patent and Trademark Office.<sup>72</sup> The trademark statutes in most states are based on the Model State Trademark Act, which recognizes service marks, collective marks, and certification marks, as well as trademarks. Although state registrations are of limited value once a federal registration has issued,<sup>73</sup> they usually may be obtained quickly with minimal examination, and, in many states, may afford certain additional remedies against infringement.<sup>74</sup> When litigating, it is often helpful to hold the state registration for the mark in the forum where suit is brought, lest the defendant obtain the registration and confuse the court. Most states do not search federal registrations or deny a registration merely because another party owns a federal registration of a similar mark.

## IV. PROTECTION OF TRADEMARK RIGHTS

### A. Infringement Actions

“Likelihood of confusion” is the basic test of infringement under the federal Lanham Act,<sup>75</sup> as well as under the common law<sup>76</sup>

<sup>72</sup> *See generally* INT’L TRADEMARK ASS’N, STATE TRADEMARK AND UNFAIR COMPETITION LAW (2000 ed.).

<sup>73</sup> *See, e.g.*, Womble v. Parker, 208 Ga. 378, 67 S.E.2d 133, 135 (1951).

<sup>74</sup> *See, e.g.* O.C.G.A. § 10-1-451 (1994).

<sup>75</sup> As framed by Justice Stevens of the U.S. Supreme Court:

[T]he test for liability [for trademark infringement] is likelihood of confusion: “[U]nder the Lanham Act . . . the ultimate test is whether the public is likely to be deceived or confused by the similarity of the marks. . . . Whether we call the violation infringement, unfair competition or false designation of origin, the test is identical—is there a ‘likelihood of confusion?’”

Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 780 (Stevens, J. concurring) (citations omitted).

<sup>76</sup> *See, e.g.*, Ackerman Sec. Sys., Inc. v. Des. Sec. Sys., Inc., 201 Ga. App. 805, 806, 412 S.E.2d 588, 589 (1991).

and the Model State Trademark Act,<sup>77</sup> the Uniform Deceptive Trade Practices Act,<sup>78</sup> and the state fraudulent encroachment statute.<sup>79</sup> Section 32 of the Lanham Act, for example, prohibits the use of “any reproduction, counterfeit, copy, or colorable imitation of a registered mark . . . which . . . is likely to cause confusion, or to cause mistake, or to deceive.”<sup>80</sup> Similarly, section 43(a) of the Lanham Act, which protects both registered and unregistered marks, provides for liability for

any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which . . . is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person.<sup>81</sup>

A finding of likelihood of confusion may rest on a variety of factors, including (1) the strength or weakness of the mark, (2) the similarity of the plaintiff's marks, including a comparison of sound, appearance, and meaning, (3) the similarity of the products or services, (4) the similarity of the purchasers and channels of trade, (5) the similarity of advertising media, (6) the degree of care purchasers are likely to exercise, (7) the intent of the subsequent user, and (8) evidence of actual confusion.<sup>82</sup> Although not essential, showings of bad faith, intent or actual confusion are generally the strongest evidence of likelihood of confusion.<sup>83</sup>

Foreign nationals considering the use of foreign words as trademarks in the United States should note that under the “doctrine of foreign equivalents,” words in other languages are translated into

<sup>77</sup> See, e.g., O.C.G.A. § 10-1-450(1).

<sup>78</sup> *Id.* § 10-1-372(a).

<sup>79</sup> *Id.* § 23-2-55.

<sup>80</sup> 15 U.S.C. § 1114(a) (2006).

<sup>81</sup> *Id.* § 1125(a).

<sup>82</sup> See, e.g., *Univ. of Ga. Athletic Ass'n v. Laite*, 756 F.2d 1535, 1539 (11th Cir. 1985); *Helene Curtis Indus. v. Church & Dwight*, 560 F.2d 1325, 1330 (7th Cir. 1977); *Polaroid Corp. v. Polarad Elec. Corp.*, 287 F.2d 492 (2d Cir. 1961).

<sup>83</sup> See, e.g., *World Carpets, Inc. v. Dick Littrell's New World Carpets*, 438 F.2d 482, 489 (5th Cir. 1971) (actual confusion); *Aetna Casualty & Surety Co. v. Aetna Auto Fin., Inc.*, 123 F.2d 582, 584 (5th Cir. 1941) (predatory intent).

English and then tested for likelihood of confusion. Thus, a foreign word is regarded in the same way as its English equivalent in determining whether its use is likely to cause confusion with another's mark.<sup>84</sup> For example, the PTO has refused registration to the mark CHAT NOIR based on an existing registration of its English translation BLACK CAT.<sup>85</sup>

Once a plaintiff has established infringement, such a finding gives rise to a variety of equitable and monetary remedies. These may include (1) recovery of all or a portion of defendant's profits, (2) compensation for any damages sustained by the plaintiff, and (3) recovery of the costs of legal proceedings.<sup>86</sup> In addition, the court may award up to treble damages and, in exceptional cases, recovery of attorneys' fees to the prevailing party.<sup>87</sup> These remedies are available not only for trademark infringement but also for federal unfair competition or false advertising.<sup>88</sup>

## B. Dilution Actions

Independent of the relief available in an infringement action, the owners of certain marks also may be eligible for protection against the use of the same or similar marks that threaten the distinctiveness of the senior mark. Relief against this type of injury is authorized by so-called “dilution” statutes, which are generally available only to the owners of truly famous marks. Consequently, if a mark has not acquired a high degree of fame and distinctiveness, its owner for the most part will be limited to causes of action based on the likelihood of confusion standard.<sup>89</sup>

Where a mark *is* sufficiently famous and distinctive to qualify for protection under a dilution theory, relief may be available under both state and federal law. The current federal dilution statute, which became effective in November of 2006, provides that:

<sup>84</sup> See generally *French Transit Ltd. v. Modern Coupon Sys., Inc.*, 818 F. Supp. 635 (S.D.N.Y. 1993); *In re Ness & Co.*, 18 U.S.P.Q.2d 1815 (T.T.A.B. 1991).

<sup>85</sup> See *Ex parte Odol-Werke Wein GMBH*, 111 U.S.P.Q. 286 (Comm'r 1956).

<sup>86</sup> 15 U.S.C. § 1127 (2006).

<sup>87</sup> *Id.*

<sup>88</sup> See, e.g., *Aetna Health Care Sys., Inc. v. Health Care Choice, Inc.*, 231 U.S.P.Q. 614, 626 (N.D. Okla. 1986).

<sup>89</sup> See, e.g., *Star Markets, Ltd. v. Texaco, Inc.*, 1996 WL 769210, at \*4 (D. Haw. 1996).

Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.<sup>90</sup>

Over half the states have enacted similar dilution statutes, with others adopting the doctrine by judicial decree. Most state dilution statutes are comparable to the relevant provisions of the Georgia dilution statute, which provides:

Every person, association, or union of working men adopting and using a trademark, trade name, label, or form of advertisement may proceed by action; and all courts having jurisdiction thereof shall grant injunctions to enjoin subsequent use by another of the same or any similar trademark, trade name, label, or form of advertisement if there exists a likelihood of injury to business reputation or of dilution of the distinctive quality of the trademark, trade name, label or form of advertisement of the prior user, notwithstanding the absence of competition between the parties or of confusion as to the source of the goods or services . . . .<sup>91</sup>

Dilution statutes reflect the growing trend in the U.S. toward recognition of trademarks as a property right rather than merely as a means to aid consumers to identify goods they wish to purchase and to avoid confusion and deception. Historically, these statutes have provided broader protection than infringement or unfair competition causes of action on two independent theories: (1) the defendant's use in an unsavory or controversial context has tarnished the plaintiff's business reputation; and (2) the defendant's use of an arguably similar mark has "whittled away" the distinctiveness of the plaintiff's

<sup>90</sup> 15 U.S.C. § 1125(c)(1) (2006).

<sup>91</sup> O.C.G.A. § 10-1-451.

mark.<sup>92</sup> In more recent years, they also have provided a basis for challenging "cybersquatting," or the practice of incorporating famous trademarks into Internet domain names.<sup>93</sup>

Dilution statutes do *not* require proof of likelihood of confusion on the part of the purchaser for the trademark owner to prevail.<sup>94</sup> In contrast to the remedies available against infringement of a mark, however, and absent unusual circumstances, only injunctive relief is available in dilution cases.<sup>95</sup> That is to say, a successful plaintiff on this theory is typically entitled only to a court order prohibiting further use of the defendant's mark or domain name.

Although dilution statutes originally were intended to protect truly famous marks, state dilution statutes in particular have been interpreted in some jurisdictions to extend to marks that are famous or well-known only in a limited geographic area,<sup>96</sup> or that are notorious in niche markets.<sup>97</sup> Thus, for instance, a local restaurant or real estate developer may be able to stop unrelated uses that "dilute" their names or marks, just as Rolls-Royce Motors Ltd. or the Coca-Cola Company could enjoin sellers of cigars or candy bearing the ROLLS ROYCE® or COCA-COLA® marks. By the same token, Mead Data Central, the owner of the LEXIS® mark, was initially successful in blocking Toyota's efforts to market automobiles under the LEXUS® mark on a showing that the LEXIS® mark was famous among a particular segment of the population.<sup>98</sup> Although Toyota ultimately prevailed on appeal, the problems this litigation created for its marketing efforts were enormous, even though Mead Data Central spelled its mark differently and used it in an entirely different

<sup>92</sup> Original Appalachian Artworks, Inc. v. Topps Chewing Gum, Inc., 642 F. Supp. 1031, 1039-40 (N.D. Ga. 1986).

<sup>93</sup> See, e.g., *Intermatic v. Toeppen*, 947 F. Supp. 1227, 1230 (N.D. Ill. 1996); *Panavision v. Toeppen*, 945 F. Supp. 1296, 1300 (C.D. Cal. 1996), *aff'd*, 141 F.3d 1316 (9th Cir. 1998).

<sup>94</sup> See, e.g., *Community Fed. Sav. & Loan Ass'n v. Orondorff*, 678 F.2d 1034, 1037 (11th Cir. 1982); *Am. Express Co. v. Vibra Approved Labs. Corp.*, 10 U.S.P.Q.2d 2006 (S.D.N.Y. 1989).

<sup>95</sup> Monetary recovery under the federal statute is limited to cases presenting intentional dilution. 15 U.S.C. § 1125(c) (2006). Similarly, and with rare exceptions, see, e.g., Wash. Rev. Code §§ 19.77.160, 19.77.010(4) (1994), most state statutes do not permit monetary recovery at all.

<sup>96</sup> See, e.g., *Wedgewood Homes, Inc. v. Lund*, 659 P.2d 377 (Or. 1983).

<sup>97</sup> See, e.g., *Advantage Rent-A-Car, Inc. v. Enterprise Rent-A-Car Co.*, 238 F.3d 378 (5th Cir. 2000).

<sup>98</sup> See *Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026 (2d Cir. 1989).

field. The eligibility of marks for protection under particular dilution statutes therefore is an issue that therefore requires careful consideration by competent counsel.

### C. Anticybersquatting Actions

#### 1. The Anticybersquatting Consumer Protection Act

When cybersquatting first emerged in the mid-1990s, Congress perceived that the existing infringement and dilution remedies were inadequate to combat this new practice. This perception led to the passage and enactment of the Anticybersquatting Consumer Protection Act of 1999 (“ACPA”),<sup>99</sup> which, although technically not a piece of the federal Lanham Act, is nevertheless codified as section 43(d) of the older statute.<sup>100</sup>

The ACPA provides two avenues of relief to trademark owners who believe that their marks have been misappropriated as part of another party’s Internet domain name. First, the ACPA provides for a cause of action against a defendant who in bad faith registers or uses a domain name that (1) is identical or confusingly similar to a distinctive mark or (2) is identical to or confusingly similar to, or dilutes a famous mark.<sup>101</sup> Whether bad faith exists turns on the application of a series of nonexclusive statutory factors that attempt to separate those domain name holders with legitimate explanations for having registered their electronic addresses from those who do not.<sup>102</sup> In addition to the same remedies available against infringement, defendants found liable for a violation of this prong of the statute face potential “statutory damages” between \$1,000 and \$100,000 per domain name at issue if they registered the names after the November 29, 1999 effective date of the ACPA.<sup>103</sup>

Second, if the domain name registrant cannot be located through due diligence of the plaintiff, or if the registrant is not subject to an exercise of jurisdiction by U.S. courts, the ACPA author-

izes an *in rem* action against the domain name itself.<sup>104</sup> The proper jurisdiction for such an action is the judicial district where either “the domain name registrar, registry, or other domain name authority that registered or assigned the domain name is located; or documents sufficient to establish control and authority regarding the disposition of the registration and use of the domain name are deposited with the court.”<sup>105</sup> In a successful *in rem* action, damages are not recoverable; the only available remedy is the forfeiture or transfer of the challenged domain name.<sup>106</sup>

#### 2. The Uniform Domain Name Dispute Resolution Policy

If a mark owner faced with a perceived cybersquatter does not wish to undertake a potentially time-consuming and expensive action under the ACPA, it may choose instead avail itself of arbitration procedures established by the Internet Corporation for Assigned Names and Numbers (ICANN”). These procedures can be invoked in challenges to all registrants of generic top level domain names (“gTLDs”) through the registrants’ individual contracts with the registrars from whom they received the registrations. They also may be invoked in challenges to certain country-code top-level domain names (“ccTLDs”).<sup>107</sup>

ICANN currently authorizes several private arbitration providers to hear actions under its Uniform Domain Dispute Resolution Policy (“UDRP”), including the World Intellectual Property Organization, the National Arbitration Forum, eResolution, and the CPR Institute for Dispute Resolution. Each is obligated to transfer a challenged domain name to the complainant if (1) the domain name is identical or confusingly similar to a mark in which the complainant has rights; (2) if the registrant cannot articulate a legitimate interest in the domain name; and (3) the domain name has been registered and used in bad faith.<sup>108</sup> The determination whether the required bad faith exists is governed by an application of a number of nonexclusive factors.<sup>109</sup>

<sup>99</sup> The ACPA was enacted as a portion of the considerably larger Omnibus Consolidation Appropriation Act, Pub. L. No. 106-113 (1999), but does not actually appear in the larger piece of legislation, which merely incorporates it by reference S. 1948, 106th Cong. § 3001 *et seq.* (1999).

<sup>100</sup> See 15 U.S.C. § 1125(d) (2006).

<sup>101</sup> See *id.* § 1125(d)(1).

<sup>102</sup> For a list of the statutory factors, see *id.* § 1125(d)(1)(B)(i).

<sup>103</sup> See *id.* § 1117(d).

<sup>104</sup> See *id.* § 1125(d)(2)(D)(ii).

<sup>105</sup> *Id.* § 1125(d)(2)(C).

<sup>106</sup> See *id.* § 1125(d)(2)(D)(i).

<sup>107</sup> The ICANN policy may be accessed at [www.icann.org/udrp/udrp.htm](http://www.icann.org/udrp/udrp.htm).

<sup>108</sup> See *id.*

<sup>109</sup> See *id.*

## V. SELECTING A MARK FOR USE IN THE UNITED STATES

Trademark litigation in the United States can be extremely costly. The pursuit of an infringement action through trial generally costs several hundred thousand dollars, with survey and survey experts, if needed, alone frequently costing more than \$75,000. The inordinate expense of unnecessary litigation often can be avoided by a careful search and quality legal advice before choosing a new mark for introduction.

The process for screening new marks generally involves conducting a free online search through the records of the Patent and Trademark Office to locate directly conflicting federal registrations.<sup>110</sup> In the absence of such a direct conflict, on-line searches may be expanded to cover state registrations and certain directory and trade name sources through, for example, Dun & Bradstreet searches (which include a database with millions of trade names). Most sophisticated trademark lawyers, however, rely on commercial searching services such as Thomson & Thomson or CCH CorSearch, which maintain substantial databases, and which employ search strategies that may be difficult or too costly to replicate using on-line services. Therefore, if on-line screening for federal registrations does not disqualify a mark, the next step usually is a commercial search covering federal and state registrations, as well as common law and trade name sources.

In most cases, the evaluation of a search report requires a significant exercise of judgment based on experience and knowledge of case law. A typical trademark search report includes the following sections: (1) a federal report, containing existing, expired, canceled, abandoned, and pending claims of rights in the PTO; (2) a state trademark registration section; (3) a common law report, containing information from a variety of published sources, including trade directories, new product publications, and advertising journals; and (4) a trade name listing that includes trade names from the Dun & Bradstreet database, which now contains over nine million names, and various industry sources. The reviewing attorney may further investigate companies found by the comprehensive search through on line searches or by accessing their websites to gather additional information about potential conflicts. By comparing the marks disclosed in

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<sup>110</sup> The Patent and Trademark Office's website may be accessed at [www.uspto.gov](http://www.uspto.gov).

these sections of the reports to the proposed mark, a trademark attorney often can provide a seasoned opinion as to the availability of particular marks. Through such advice, companies can greatly reduce the odds of their being targeted as defendants in infringement or dilution actions.

## VI. CONCLUSION

With the growing importance of trademarks, service marks, collective marks, and certification marks to the financial markets and the accurate valuation of intangible corporate assets, careful investment in the selection and maintenance of such marks can lead to significant returns. As this article has demonstrated, however, the adoption of such an overall strategy should not be taken lightly and without regard to the highly complex nature of state and federal law in the area. Accordingly, mark owners are well-advised to seek the services of skilled counsel to protect their investment in their hard-earned goodwill.

RECENT DEVELOPMENTS IN U.S. TRADEMARK  
AND UNFAIR COMPETITION LAW

Table of Contents

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I. USE IN COMMERCE.....1  
 A. Use in Commerce by Plaintiffs .....1  
 B. Use in Commerce by Defendants.....4  
 II. MARK DISTINCTIVENESS.....5  
 III. FUNCTIONALITY .....8  
 IV. STANDING.....9  
 V. DECLARATORY JUDGMENT ACTIONS .....11  
 VI. LIKELIHOOD OF CONFUSION.....12  
 VII. PASSING OFF AND REVERSE PASSING OFF.....14  
 VIII. COUNTERFEITING .....15  
 IX. DILUTION.....16  
 X. CYBERSQUATTING.....19  
 XI. FALSE ADVERTISING.....20  
 XII. RIGHT OF PUBLICITY .....21  
 XIII. SECONDARY LIABILITY .....23  
 XIV. DEFENSES .....24  
 XV. REMEDIES.....26  
 XVI. USPTO PRACTICE AND PROCEDURE.....28  
 XVII. MISCELLANEOUS ISSUES.....31

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In the interest of full disclosure, the author notes his participation or that of his law firm in the following cases referenced by this outline: *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252 (4th Cir. 2007) (co-counsel for *amicus curiae* International Trademark Association in partial support of appellant); *H-D Mich., Inc. v. Top Quality Serv., Inc.*, 496 F.3d 755 (7th Cir. 2007) (appellate counsel for plaintiff); *adidas Am., Inc. v. Payless Shoesource, Inc.*, 529 F. Supp. 2d 1215 (D. Or. 2007) (counsel for plaintiffs); *ITC Ltd. v. Punchgini, Inc.*, 880 N.E.2d 852 (N.Y. 2007) (co-counsel for *amicus curiae* International Trademark Association in support of neither party).



## I. USE IN COMMERCE

Consistent with the trend in recent years, courts spent a good deal of time during the past twelve months occupied with the concept of use in commerce.

### A. Use in Commerce by Plaintiffs

Subject to the intent-to-use provisions of the Lanham Act, *see* 15 U.S.C. § 1052(b) (2006), a plaintiff seeking to establish priority of rights over another party must demonstrate prior use of its mark in commerce. What constitutes use in commerce, however, proved to be a divisive issue in some cases.

1. In an opinion answering questions certified to it by the Second Circuit, the New York Court of Appeals tackled the issue of whether New York common law recognizes the famous mark doctrine, pursuant to which a plaintiff lacking actual use of its mark in the United States can nevertheless protect the mark based on the mark's notoriety. *See ITC Ltd. v. Punchgini, Inc.*, 880 N.E.2d 852 (N.Y. 2007), *later proceedings*, 518 F.3d 159 (2d Cir. 2008). The Court declined to recognize the famous mark doctrine as it is commonly articulated, but nevertheless "simply reaffirm[ed] that when a business, through renown in New York, possesses goodwill constituting property or a commercial advantage in this State, that goodwill is protected from misappropriation under New York unfair competition law. This is so whether the business is domestic or foreign." *Id.* at 859. The Court then offered the following observations on the test for determining whether the required goodwill exists:

At the very least, a plaintiff's mark, when used in New York, must call to mind its goodwill. Otherwise, a plaintiff's property right or commercial advantage based on the goodwill associated with its mark is not appropriated in this state when its unregistered mark is used here. Thus, at a minimum, consumers of the good or service provided under a certain mark by a defendant in New York must primarily associate the mark with the foreign plaintiff.

Whether consumers of a defendant's goods or services primarily associate such goods or services with those provided by a foreign plaintiff is an inquiry that will, of necessity, vary with the facts of each case. Accordingly, we cannot—and do not—provide an exhaustive list of the factors relevant to such an inquiry.

That said, some factors that would be relevant include evidence that the defendant intentionally associated its goods with those of the foreign plaintiff in the minds of the public, such as public statements or advertising stating or implying a connection with the foreign plaintiff; direct evidence, such as consumer surveys, indicating that consumers of [the] defendant's goods or services believe them to be associated with the plaintiff; and evidence of actual overlap between customers of the New York defendant and the foreign plaintiff.

*Id.* at 860. Applying this standard on remand, the Second Circuit concluded that an earlier finding as a matter of law by the district court that the plaintiff's mark lacked secondary meaning precluded the mark from having the renown required for protection. *See ITC Ltd. v. Punchgini, Inc.*, 518 F.3d 159 (2d Cir. 2008).

2. The Second Circuit rejected claims that the attempted sale of a slogan as a commodity could constitute a use in commerce. In *American Express Co. v. Goetz*, 515 F.3d 156 (2d Cir. 2008), a provider of marketing services attempted to interest credit card companies in the use of a personalized card concept that would use the "My life, my card" slogan. Affirming entry of summary judgment against the marketer, the court concluded that the concept would have associated the slogan with the marketer's prospective clients and that, under the circumstances, his promotion of it had not differentiated or identified the origin of his own goods or services. *See id.* at 160-61.
3. In one of the more imaginative attempts in recent memory to establish actual use of a mark in commerce, a tax protestor apparently took the position that the federal government's references to his personal name in capital letters constituted a trademark use. The federal bankruptcy court hearing his Chapter 13 case disagreed:

[T]he position espoused by the Debtor would necessarily have to be read to include all citizens of the United States. However, this begs the question to the soundness and validity of this argument since there are numerous American citizens who bear the same name. It is inconceivable, if not impossible, and surely contradictory to trademark law, to assume that every person has a commercial interest in a common law trademark in his or her name. This would have a duplicating effect on trade-

marks of exactly the same mark, which is wholly inconsistent with the notion of trademark law—the interest in a unique mark. Moreover, this purported interaction between the individual, the government, and his or her pseudo trademark does not come close to establishing legal adoption and use of a mark on goods or services for commercial purposes, which would resonate in the “public mind.”

*In re Wrubleski*, 380 B.R. 635, 640 (Bankr. S.D. Fla. 2008).

4. In a more traditional application of use-in-commerce principles, the Seventh Circuit heard an appeal from a district court’s rejection of claims by several companies controlled by Leo Stoller that they had established protectable rights to the STEALTH mark for baseballs and other sporting goods prior to the defendants’ introduction in 1999 of baseball bats under the same mark. *See Cent. Mfg., Inc. v. Brett*, 492 F.3d 876 (7th Cir. 2007). After having missed a number of deadlines to document their alleged prior use of the mark, the plaintiffs produced “several documents” in the form of quote sheets and one that purported to summarize the plaintiffs’ annual sales without reference to particular transactions. The Seventh Circuit agreed with the district court that this showing was inadequate as a matter of law:

Even if the sufficiency of [the plaintiffs’] use were not a question of fact warranting deferential treatment on appellate review, it would not be a close question: there is absolutely nothing in the record upon which any reasonable person could conclude that [the lead plaintiff] and its predecessors actually sold “Stealth” baseballs prior to [the defendants’] first use of the mark in 1999. . . . It is unfathomable that a company claiming to have engaged in thousands of dollars of sales of a product for more than a decade would be unable to produce even a single purchase order or invoice as proof. Self-serving deposition testimony is not enough to defeat a motion for summary judgment.

*Id.* at 883 (citation omitted).

5. For the most part, putative senior users relying on the analogous use doctrine as a substitute for actual use in commerce struck out.

- a) In *American Express Co. v. Goetz*, 515 F.3d 156 (2d Cir. 2008), the Second Circuit rejected claims of prior analogous use by a marketer who had sought to sell a concept incorporating a particular slogan to credit card companies. According to the court, the record failed to demonstrate that the marketer’s use of the slogan had been so open and notorious that the relevant segment of the public had come to associate the slogan with him. In the absence of such a showing by the marketer, he was not entitled to discovery on the issue of whether his opponent had independently created its own version of the slogan. *See id.* at 161-62.
- b) The Trademark Trial and Appeal Board reached a holding to similar effect in *Westrex Corp. v. New Sensor Corp.*, 82 U.S.P.Q.2d 1215 (T.T.A.B. 2007), in which it rejected claims of priority by an opposer that had used its claimed mark in advertisements for over a decade but had never actually made a sale of the associated goods. In doing so, the Board strongly suggested that the availability of intent-to-use applications had rendered the analogous use doctrine a disfavored one.
- c) Nevertheless, the Board proved receptive, at least at the pleading stage, to claims of analogous use in *Fair Indigo LLC v. Style Conscience*, 85 U.S.P.Q.2d 1536 (T.T.A.B. 2007). In allowing an opposer to amend its notice of opposition to assert such a claim, the Board explained that “nothing in the legislative history of the [Trademark Law Revision Act] evinces an intent on the part of Congress to prohibit a party from asserting priority by analogous use vis-à-vis an intent to use applicant.” *Id.* at 1539.

## B. Use in Commerce by Defendants

To trigger liability, the Lanham Act’s statutory causes of action require that a defendant be using the challenged mark in commerce. The proper standard for determining whether this has occurred continued to be a source of judicial controversy over the past year.

1. Entering partial summary judgment in the defendants’ favor, one district court made the obvious point that an absence of record evidence that the defendant was actually using the challenged designation will preclude a finding of liability under Sections 32 and 43(a). *See Rexel, Inc. v. Rexel Int’l Trading Corp.*, 540 F. Supp. 2d 1154 (C.D. Cal. 2008).

2. Distinguishing the Second Circuit rule that no use in commerce has occurred if it is not visible to online users, the Eleventh Circuit affirmed a preliminary injunction against the use by a group of defendants of the plaintiff's marks as metatags. See *N. Am. Med. Found. v. Axiom Worldwide, Inc.*, 522 F.3d 1211 (11th Cir. 2008). The court grounded its result in part on the fact that search results generated by the defendants' activities somehow displayed the plaintiff's marks, but it also squarely took on, and rejected, the Second Circuit's decision in *1-800-Contacts, Inc. v. WhenU.Com, Inc.*, 414 F.3d 400 (2d Cir. 2005):

[T]o the extent the *1-800-Contacts* court based its "use" analysis on the fact that the defendant did not *display* the plaintiff's trademark, we think the Second Circuit's analysis is questionable. Although we believe that the absence of such a display is relevant in deciding whether there is a likelihood of confusion, . . . this fact is not relevant in deciding whether there is a use in commerce in connection with the sale and advertising of goods.

*N. Am. Med. Found.*, 522 F.3d at 1222.

## II. MARK DISTINCTIVENESS

Judicial determinations of the degree of distinctiveness attaching to particular marks produced a number of interesting opinions over the past year, especially those addressing the significance of federal registrations to the distinctiveness inquiry.

- A. Recent cases have produced an unusually large number of judicial findings that claimed marks were generic, including the following:
  1. "welding services, inc." for welding services, see *Welding Servs., Inc. v. Forman*, 509 F.3d 1351 (11th Cir. 2007);
  2. "memory" for card or card-variant matching games, see *Hasbro, Inc. v. MGA Entm't, Inc.*, 497 F. Supp. 2d 337 (D.R.I. 2007);
  3. "raaga" for Indian and South Asian music, see *Vista India v. Raaga, LLC*, 501 F. Supp. 2d 605 (D.N.J. 2007);
  4. "disinfectable" for nail files, see *Rudolph Int'l, Inc. v. Realsys, Inc.*, 482 F.3d 1195 (9th Cir. 2007);
  5. "M4" for carbines, see *Colt Defense LLC v. Bushmaster Firearms, Inc.*, 486 F.3d 701 (1st Cir. 2007);

6. "kettle" and "kettle chips" for potato chips, see *Classic Foods Int'l Corp. v. Kettle Foods, Inc.*, 468 F. Supp. 2d 1181 (C.D. Cal. 2007);
  7. "duck tours" for amphibious boat tours, see *Boston Duck Tours, LP v. Super Duck Tours, LLC*, Nos. 07-2078 & 07-2246, 2008 WL 2444480 (1st Cir. June 18, 2008);
  8. "lens" for "retail store services featuring contact eyewear products rendered via a global computer network," see *In re Lens.com, Inc.*, 83 U.S.P.Q.2d 1444 (T.T.A.B. 2007);
  9. "dorsal night splint" for "orthopedic splints for the foot and ankle," see *In re Active Ankle Sys. Inc.*, 83 U.S.P.Q.2d 1532 (T.T.A.B. 2007);
  10. "hotels.com" for "providing information for others about temporary lodging; travel agency services, namely, making reservations and bookings for temporary lodging for others by means of telephone and the global computer network," see *In re Hotels.com, L.P.*, 87 U.S.P.Q.2d 1100 (T.T.A.B. 2008); and
  11. "bond-ost" for cheese, see *In re Noon Hour Food Prods.*, Serial No. 78618762, slip op. (T.T.A.B. April 23, 2008) (precedential opinion).
- B. The Eleventh Circuit and the Trademark Trial and Appeal Board took differing approaches to determining the distinctiveness of abbreviations of generic terms.
    1. In *Welding Servs., Inc. v. Forman*, 509 F.3d 1351 (11th Cir. 2007), the court held that "[a]bbreviations of generic words may become protectable if the party claiming protection for such an abbreviation shows that the abbreviation has a meaning distinct from the underlying words in the mind of the public." *Id.* at 1359.
    2. In contrast, the Board placed the burden of proof on an examining attorney to demonstrate "by clear evidence that [an abbreviation] has become so generally understood as an initialism for [a generic term] as to be substantially synonymous therewith." *In re Council on Certification of Nurse Anesthetists*, 85 U.S.P.Q.2d 1403, 1414 (T.T.A.B. 2007).
  - C. The Seventh Circuit confirmed that a mark previously found to be generic in one context could be descriptive when used in another. See *H-D Mich., Inc. v. Top Quality Serv., Inc.*, 496 F.3d 755 (7th Cir. 2007). The earlier case had been brought by Harley-Davidson, and resulted in a holding by the Second Circuit that the claimed "hog" mark was generic as a matter of law for motor-

cycles. *See Harley Davidson, Inc. v. Grottanelli, Inc.*, 164 F.3d 806 (2d Cir. 1999). The defendant in the second case was an organizer of ocean cruises for motorcycle enthusiasts. Reversing summary judgment in the defendant's favor, the Seventh Circuit noted that Harley-Davidson sought in the case before it to protect the HOG mark for motorcycle club services, not for motorcycles themselves. This distinction prevented Harley-Davidson's use of the mark from being considered generic. Referring to Harley-Davidson's officially licensed owners' group, the court explained:

The word "hog is not commonly used as a name for a motorcyclist club. It is a name for a motorcycle. As such, Harley's use of the word 'hog' to refer to the Harley Owners Group is not generic; rather, it is descriptive because it describes the club's members: people who enjoy motorcycles.

*H-D Mich.*, 496 F.3d at 761-62. According to the court, "[t]hrough a consumer might conclude that [the defendant's] trade name means 'Motorcycles on the High Seas,' that is not what [the defendant] is selling. [The defendant's] service does not invite motorcycles to travel on the ocean; it invites *motorcyclists* to travel on the ocean." *Id.* at 762 (citation omitted).

- D. The Federal Circuit concluded that the addition of the letter "a" to the word "aspirin" rendered the resulting ASPIRINA mark merely descriptive of an analgesic. According to the court, the mark was sufficiently similar to the generic term for the associated goods that it could not be considered inherently distinctive. *See In re Bayer Aktiengesellschaft*, 488 F.3d 960 (Fed. Cir. 2007).
- E. Consistent with the majority rule (but not the arguable trend), two courts held that a federal registration less than five years old or that otherwise has not yet become incontestable shifts the burden of *proof*, and not merely the burden of production, on the issue of the validity of the underlying mark. *See Colt Defense LLC v. Bushmaster Firearms, Inc.*, 486 F.3d 701, 705 (1st Cir. 2007); *Johnson & Johnson Consumer Cos.*, 540 F. Supp. 2d 374, 388-89 (E.D.N.Y. 2008). As the First Circuit explained, "[w]here, as here, the party claiming infringement has registered the term on the Principal Register, the registration establishes a rebuttable presumption that the term is not generic. This presumption may be overcome where the alleged infringer demonstrates genericness by a preponderance of the evidence." *Colt Defense*, 486 F.3d at 705.
- F. The Trademark Trial and Appeal Board resumed its hard line toward applicants for registration of product designs.

- 1. In affirming a refusal to register the configuration of an eyeglass frame, the Board confirmed that, although five years' worth of exclusive use may create a presumption of distinctiveness under some circumstances, that presumption is not mandatory, especially if the applicant has not engaged in "look for" advertising intentionally aimed at cultivating an association of the claimed product feature with the applicant. *See In re !berlin brillen GmbH*, 85 U.S.P.Q.2d 2021 (T.T.A.B. 2008).
- 2. In another product design case, in which the applicant sought registration of stitching designs on the pockets of pants, the Board affirmed a finding that the claimed marks lacked distinctiveness and were merely ornamental. *See In re Right-On Co.*, 87 U.S.P.Q.2d 1152 (T.T.A.B. 2008).
- G. The T.T.A.B. confirmed that a mark can be considered geographically descriptive even if the associated goods and services do not come from the precise political boundaries described by the mark. *See In re Spirits of New Merced LLC*, 85 U.S.P.Q.2d 1614 (T.T.A.B. 2007).
- H. Addressing the admissibility and significance of online evidence, the T.T.A.B. allowed one applicant to rely upon entries from *Wikipedia* in support of an *ex parte* appeal from a descriptiveness rejection. At the same time, however, the Board noted that the better practice is for litigants to corroborate *Wikipedia* evidence with independent evidence and testimony. *See In re IP Carrier Consulting Group*, 84 U.S.P.Q.2d 1028 (T.T.A.B. 2007).

### III. FUNCTIONALITY

Full-blown treatments of functionality disputes in trade dress cases continued to decline in the wake of *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23 (2001). Nevertheless, the case law did produce some opinions of interest.

- A. One district court confirmed that a design that was once functional can become nonfunctional over time if changes in technology make the design obsolete. *See adidas Am., Inc. v. Payless Shoesource, Inc.*, 529 F. Supp. 2d 1215, 1266-68 (D. Or. 2007).
- B. Another opinion applied Ninth Circuit doctrine in rejecting a defense claim that jewelry designs featuring a plumeria flower were not functional in the utilitarian sense:

In evaluating functionality, the Court should consider the following factors: (1) whether the design yields a utilitarian advantage, (2) whether alternative designs are available,

(3) whether advertising touts the utilitarian advantages of the design, (4) whether the particular design results from a comparatively simple or inexpensive method of manufacture.

*Cosmos Jewelry Ltd. v. Po Sun Hon Co.*, 470 F. Supp. 2d 1072, 1085 (C.D. Cal. 2007). Without expressly discussing the record evidence and testimony bearing on these factors, the court ultimately found that “there are numerous ‘standard’ materials and finishing techniques—alone or in combination—which a manufacturer might employ to represent a plumeria flower. . . . [The plaintiff’s] use of a particular design gives it only a subjective aesthetic, rather than utilitarian, advantage with consumers” *Id.*

- C. One district court rejected a defendant’s claims that the gold and green color scheme featured on the packaging for antibiotic ointment was aesthetically functional. *See Johnson & Johnson v. Actavis Group hf*, 87 U.S.P.Q.2d 1125 (S.D.N.Y. 2008). Chief among the considerations leading to entry of summary judgment in the plaintiff’s favor was evidence that “[o]ther colors, such as blue, white, and orange are prevalent in the packaging of first-aid products that are customarily sold in the aisle in which [the parties’] products are sold.” *Id.* at 1128.

#### IV. STANDING

A plaintiff seeking relief from a United States court must demonstrate its standing to do so on two levels. First, it must satisfy constitutional standing requirements. Second, it must demonstrate its prudential standing to proceed. The most interesting cases addressing standing issues over the past year focused on the latter concept.

- A. One notable opinion in the area came from the Eleventh Circuit in an appeal by a group of plaintiffs seeking to prosecute a false advertising action. *See Phoenix of Broward, Inc. v. McDonald’s Corp.*, 489 F.3d 1156 (11th Cir. 2007). The case had its origins in the distribution by the McDonald’s restaurant chain of promotional game pieces, each of which McDonald’s advertised as presenting a fair and equal opportunity for consumers to win prizes. That opportunity, however, had been compromised by an employee of the company producing the pieces, which led a group of Burger King franchisees to sue McDonald’s for false advertising. Affirming entry of summary judgment in the defendants’ favor, the Eleventh Circuit adopted the Third Circuit’s test for evaluating claims of prudential standing:

We . . . hold that to determine whether a party has prudential standing to bring a false advertising claim under § 43(a)

of the Lanham Act, a court should consider and weigh the following factors:

- (1) The nature of the plaintiff’s alleged injury: Is the injury of a type that Congress sought redress in providing a private remedy for violations of the [Lanham Act]?
- (2) The directness or indirectness of the asserted injury.
- (3) The proximity or remoteness of the party to the alleged injurious conduct.
- (4) The speculativeness of the damages claim.
- (5) The risk of duplicative damages or complexity in apportioning damages.

*Id.* at 1163-64 (quoting *Conte Bros. Auto., Inc. v. Quaker State-Slick 50, Inc.*, 165 F.3d 221, 234 (3d Cir. 1998)) (brackets in original). In an application of this test, the court held that prudential standing considerations precluded the suit because (1) the plaintiffs’ theory that consumers misled by the advertising necessarily would have eaten at Burger King rather than McDonald’s to be too speculative to weigh in the plaintiffs’ favor; (2) the plaintiffs had advanced nothing more than a speculative theory of damages that weighed against their claims of standing; (3) “[i]f we were to hold that [the plaintiffs have] prudential standing to bring the instant claim, then every fast food competitor of McDonald’s asserting that its sales had fallen by any amount during the relevant time period would *also* have prudential standing to bring such a claim”; and (4) apportioning damages among these competitors would be highly complex endeavor.” *Id.* at 1171-73.

- B. In contrast, another court applied the same test for prudential standing to allow a rum distributor to challenge allegedly false and misleading statements in the marketing of a competing product. *See Pernod Ricard USA LLC v. Bacardi U.S.A., Inc.*, 505 F. Supp. 2d 245 (D. Del. 2007). In substantial part because of the directly competitive relationship between the parties, the court had little difficulty concluding that the Third Circuit’s test for prudential standing had been met. *See id.* at 252-54.
- C. In a departure from the universally accepted rule that consumers do not enjoy standing under the Lanham Act, one district court allowed a plaintiff to sue a group of adult websites for false advertising under Section 43(a). *See Doe v. Friendfinder Network, Inc.*, 540 F. Supp. 2d 288 (D.N.H. 2008). The gravamen of the plaintiff’s complaint was the defendants had allowed the posting by an unknown party of a false online profile for the plaintiff that identified her as a “swinger.”

## V. DECLARATORY JUDGMENT ACTIONS

Two circuit court opinions allowed the filing of declaratory judgment actions based in substantial part on pending *inter partes* proceedings between the parties before the Trademark Trial and Appeal Board.

- A. According to a Ninth Circuit opinion, the filing of multiple oppositions coupled with oral and written threats of litigation may do the trick under that court's "flexible" approach to determining whether a declaratory judgment plaintiff faces a reasonable apprehension of suit:

"In applying this standard, we focus[] upon the position and perceptions of the plaintiff, declining to identify specific acts or intentions of the defendant that would automatically constitute a threat of litigation. The acts of the defendant [a]re instead to be examined in view of their likely impact on competition and the risks imposed upon the plaintiff, to determine if the threat perceived by the plaintiff were [sic] real and reasonable."

*Rhoades v. Avon Prods., Inc.*, 504 F.3d 1151, 1157 (9th Cir. 2007) (quoting *Chesebrough-Pond's, Inc. v. Faberge, Inc.*, 666 F.2d 393, 396 (9th Cir. 1982)) (brackets in original). Concluding that the district court had failed to demonstrate sufficient flexibility when finding that no cognizable controversy existed between the parties, the Ninth Circuit observed that

[u]nder the circumstances of this case, [the plaintiff's] perception of threats was more than reasonable. Not only did [the defendant] allegedly make three concrete threats of infringement litigation, but it did so on the heels of years of unsuccessful and tense settlement negotiations, and after [the defendant] initiated seven actions in the TTAB. [The plaintiff] thus had good reason to worry about the stability and profitability of its product lines, and to suspect that [the defendant] would make good on its threats and seek hefty damages for any infringement.

*Id.* at 1158.

- B. The Tenth Circuit adopted a similar view of litigation in the T.T.A.B. coupled with threats of an infringement suit. In particular, it rejected the proposition that a case and controversy created by this scenario could be dissipated by a six-year failure to follow through with a district court action. *See Surefoot LC v. Sure Foot Corp.*, No. 06-4294, 2008 WL 2655802 (10th Cir. July 8, 2008).

## VI. LIKELIHOOD OF CONFUSION

In contrast to much of recent unfair competition case law, opinions over the past year often produced more than run-of-the-mill findings of liability or nonliability.

- A. The Ninth Circuit, on the one hand, and the Seventh Circuit, the Eleventh Circuit, and the Trademark Trial and Appeal Board, on the other, adopted differing views on the significance of mark dissimilarities in the likelihood of confusion inquiry.

1. The Ninth Circuit rejected a district court's entry of summary judgment in based on a perceived dissimilarity between the parties' marks. The appellate court vacated this determination and directed the lower court to consider all of the facts and circumstances surrounding the parties' marketing of goods under their marks. *See Jada Toys, Inc. v. Mattel, Inc.*, 496 F.3d 974 (9th Cir. 2007).
2. The same court similarly discounted the significance of mark dissimilarity in cases in which both parties are active on the Internet. *See Perfumebay.com Inc. v. eBay Inc.*, 506 F.3d 1165 (9th Cir. 2007). In affirming a finding that confusion was likely between the PERFUMEBAY mark for online perfume sales and EBAY for online auction services, the court observed that:

[The appellant] is correct that "Perfumebay" and "eBay" are pronounced differently and have different meanings. However, we must evaluate the marks as they are utilized in the marketplace. This requires an analysis of the marks in their Internet usage, not simply as the terms are pronounced or viewed in the abstract. Internet users type "perfumebay" as a domain name and as an Internet search term, and click onto "perfumebay" links as search results. Internet users do not utilize verbal communication as a basis for the services they seek. The likelihood of confusion, therefore, does not arise in a vacuum, but rather from the manner in which "perfumebay" is used on the internet.

*Id.* at 1175.

3. In contrast, the Seventh and Eleventh Circuits, as well as the Trademark Trial and Appeal Board, concluded that some marks can be so dissimilar that confusion is not likely as a matter of law, even if the other relevant factors weigh in favor of liability. *See Welding Servs.*,

*Inc. v. Forman*, 509 F.3d 1351 (11th Cir. 2007); *Top Tobacco, L.P. v. N. Atlantic Operating Co.*, 509 F.3d 380 (7th Cir. 2007); *Ava Enters. v. P.A.C. Trading Group, Inc.*, 86 U.S.P.Q.2d 1659 (T.T.A.B. 2008). Indeed both circuit courts over the past year suggested that the likelihood of confusion factors are nothing more than proxies for the ultimate inquiry. See *Top Tobacco*, 509 F.3d at 383; *Custom Mfg. & Eng'g, Inc. v. Midway Servs., Inc.*, 508 F.3d 641, 649 (11th Cir. 2007).

- B. In another strong restatement of the likelihood of confusion test in favor of plaintiffs, the Ninth Circuit confirmed that the protection afforded to a registered mark is not limited those goods and services recited in the registration. See *Applied Info. Sci. Corp. v. eBay Inc.*, 511 F.3d 966 (9th Cir. 2007). As it explained, “[h]aving established a protectable interest by proving it is the owner of a registered trademark, the owner does not additionally have to show that the defendant’s allegedly confusing use involves the *same* goods or services listed in the registration.” *Id.* at 972.
- C. The Third Circuit’s holding in *McNeill Sweeteners, LLC v. Heartland Sweeteners, LLC*, 511 F.3d 350 (3d Cir. 2007), served as a useful reminder that there are no bright-line rules governing the significance of defendants’ “house marks” in connection with what might otherwise be considered infringing trade dress. Considering a trade dress infringement action against three defendants, the court accorded considerable weight to the house marks used by two of the defendants. Nevertheless, although affirming a refusal to enter preliminary injunctive relief as to those defendants, it vacated the district court’s finding that there was no likelihood of confusion as to the third trade dress at issue, in substantial part because of the lack of a prominent and easily recognized house mark:

The danger in the District Court’s result is that producers of store-brand products will be held to a lower standard of infringing behavior, that is, they would acquire *per se* immunity as long as the store brand’s name or logo appears somewhere on the allegedly infringing package, even when the [defendant’s] name or logo is tiny. The Lanham Act does not support such a *per se* rule.

*Id.* at 367-68.

- D. Faced with an allegedly infringing mark affixed to a circuit board that was then incorporated into water meter reading system, the Eleventh Circuit proved to be skeptical that the circuit board would even be seen, much less be the subject of a likelihood of confusion. See *Custom Mfg. & Eng'g, Inc. v. Midway Servs., Inc.*, 508 F.3d 641 (11th Cir. 2007). In affirming entry of

summary judgment of nonliability, it observed that “[the plaintiff] proposes that the proper inquiry is whether purchasers who have seen [the] putatively offending circuit boards are likely to be offended. [The plaintiff] thus seeks to omit the antecedent question of whether purchasers are likely to see the circuit boards at all.” *Id.* at 652.

- E. In an appeal from a jury verdict of infringement, the Eleventh Circuit took a hard line toward a group of trademark licensees who had shortened the licensed mark to a form not expressly authorized by the license. See *Aronowitz v. Health-Chem Corp.*, 513 F.3d 1229 (11th Cir. 2008). The mark covered by the license was HEALTH-CHEM DIAGNOSTICS, used in connection with transdermal diagnostic pharmaceutical patches. When the licensees sued the licensors for nonperformance of certain non-trademark obligations, the licensors counterclaimed for infringement based on the licensees’ abbreviation of the licensed mark to HEALTH-CHEM. The appellate court noted that the licensed mark was suggestive, “thus putting it into the second strongest category,” and that the record included testimony of actual confusion. *Id.* at 1240. Affirming the jury’s finding that confusion was likely between the full and abbreviated versions of the mark, the court held that “because the two most important factors in determining the likelihood of confusion-type of mark and actual confusion-weighed in favor of finding such confusion, there was sufficient evidence to support reasonable jury’s finding of infringement.” *Id.*

## VII. PASSING OFF AND REVERSE PASSING OFF

Although allegations of reverse passing off occur with less frequency than their passing off counterparts, especially after the Supreme Court’s decision in *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003), they continued to occur.

- A. *Dastar* led to the dismissal of claims of reverse passing brought by one vaccine manufacturer against another. The complaint alleged that the plaintiffs owned a virus, which had been used by the defendants to manufacture a small-pox vaccine. The court dismissed the plaintiffs’ case as a matter of law on the ground that the parties’ products were distinguishable: Because the product offered by the defendants actually had originated with the defendants, any claim that the defendants had misrepresented the origin of their product could not withstand scrutiny. See *Bavarian Nordic A/S v. Acambis Inc.*, 486 F. Supp. 2d 354 (D. Del. 2007).
- B. In cases with facts more closely similar to those in *Dastar*, courts routinely dismissed claims that defendants had somehow failed to attribute the origin of creative material to plaintiffs. See, e.g., *TMTV Corp. v. Pegasus Broad.*, 490 F. Supp. 2d 228, 236-37 (D.P.R. 2007) (invoking *Dastar* to dismiss plaintiff’s section 43(a) claims *sua sponte*); *Prunté v. Universal Music Group*, 484 F.

Supp. 2d 32, 41 (D.D.C. 2007) (dismissing, without extended analysis, claims of reverse passing off grounded in defendants' alleged misappropriation of plaintiff's musical "titles and accompanying expressions"); *Wilchcombe v. Teevee Toons Inc.*, 82 U.S.P.Q.2d 1027, 1033-34 (N.D. Ga. 2007) (entering summary judgment in favor of defendants accused of using unauthorized copy of plaintiff's musical work).

- C. The Eleventh Circuit affirmed the dismissal as a matter of law of passing off claims grounded in the commingling of the parties' products by retailers, independent of any action by the defendants to encourage the commingling. See *Optimum Techs., Inc. v. Henkel Consumer Adhesives, Inc.*, 496 F.3d 1231 (11th Cir. 2007).

### VIII. COUNTERFEITING

For the most part, defendants and respondents charged with counterfeiting fared poorly over the past year.

- A. The Eleventh Circuit upheld a sentence for conspiracy to traffic in goods bearing counterfeit marks based in part on the value in the United States of the goods in question. See *United States v. Lozano*, 490 F.3d 1317 (11th Cir. 2007). The appellants argued that the appropriate benchmark was what the goods would command in the Latin American markets in which they most were intended to be sold. Treating the district court's treatment of this issue as a factual finding entitled to a deferential review, the appellate court noted that "it is undisputed that the [appellants] sold goods in Miami. Though they may have shipped the majority of their products for sale in Latin America for sale, that does not render the district court's decision to use the United States market clearly erroneous." *Id.* at 1323. Of equal importance, the court ultimately held that the distinction was not a meaningful one "[g]iven the length, breadth, and depth of the [appellants'] counterfeiting scheme . . . . [I]f there was any error in calculating the value of the retail value of the goods . . . , that error did not affect the sentences that were imposed." *Id.* at 1325.
- B. Although such a scenario routinely results in a finding of infringement, one district court confirmed that the unauthorized sale of genuine goods can result in liability for counterfeiting. See *FURminator, Inc. v. Kirk Enters.*, 545 F.Supp.2d 685 (N.D. Ohio 2008). The goods in question had been kept off the market by the plaintiff because of possible defects among some of them. In granting the plaintiff's motion for summary judgment, the court rejected the defendants' argument that the goods they had sold did not have the defects. As it explained, "if a seller, for whatever reason, concludes that a product from a supplier does not meet quality standards, it can protect its interest in its trademark [for] the product by keeping it off the market." *Id.* at 691. The

court was particularly unconvinced by the defendants' suggestion that they were in as qualified as the plaintiff to evaluate the quality of the goods they had been selling: "defendants provide no case where a trademark holder's quality control standards were deemed insufficient when the holder itself rejected goods under its standards. The right to control the quality of goods remains the right of the trademark holder." *Id.*

- C. Another district court reached a similar conclusion, also as a matter of law, in a case involving the defendants' importation and sale of "gray market" cosmetic products. See *Johnson & Johnson Consumer Cos. v. Aini*, 540 F. Supp. 2d 374 (E.D.N.Y. 2008). Central to the court's entry of summary judgment in the plaintiff's favor were material differences in the active ingredients of the imported cosmetics, as well as the absence of expiration dates, batch codes, and warning notices on their packaging. These types of differences often are used by similarly situated plaintiffs to prove defendants' liability for infringement, but the court went beyond that well-established proposition of law to hold as a matter of law that the goods bore counterfeit marks. Thus, the defendants were subject not only to the usual remedies available to prevailing plaintiffs but to an award of statutory damages as well.
- D. In contrast, a holding of nonliability occurred in a civil action brought by the owner of the COLGATE mark for toothpaste against purveyors of a competitive product sold under the COLDDATE mark. See *Colgate-Palmolive Co. v. J.M.D. All-Star Import & Export, Inc.*, 486 F. Supp. 2d 286 (S.D.N.Y. 2007). According to the court, which granted the defendants' motion for summary judgment, "[i]n general, . . . marks that are similar to [a plaintiff's] registered mark, but differ by two or more letters, are not likely to be considered counterfeit." *Id.* at 291.

### IX. DILUTION

Although some cases inexplicably continued to be decided under the original version of the Federal Trademark Dilution Act, see, e.g., *Gen. Motors Corp. v. Urban Gorilla, LLC*, 500 F.3d 1222, 1229 n.4 (10th Cir. 2007), the most interesting dilution opinions came after the Trademark Law Revision Act's effective date.

- A. In the first reported appellate opinion applying the new test for likelihood of dilution standard for liability in the parody context, the Fourth Circuit heard an appeal from the entry of summary judgment against the owner of the LOUIS VUITTON mark for luxury consumer goods, which had sued the purveyors of pet beds sold under the CHEWY VUITON name. See *Louis Vuitton Malletier S.A. v. Haute Diggity Dog LLC*, 507 F.3d 252 (4th Cir. 2007). In affirming, the appellate court deftly sidestepped the congressional compromise that prevents (or should prevent) trademark uses of challenged parodies from qualifying for



- the “exclusions” of the amended Section 43(c). It held that “[t]he TDRA . . . does not require a court to ignore the existence of a parody that is used as a trademark, and it does not preclude a court from considering parody as part of the circumstances to be considered for determining whether the plaintiff has made out a claim for dilution by blurring.” *Id.* at 267. Consequently, “while a defendant’s use of a parody as a mark does not support a ‘fair use’ defense, it may be considered in determining whether the plaintiff-owner of a famous mark has proved its claim that the defendant’s use of a parody mark is likely to impair the distinctiveness of the famous mark.” *Id.*
- B. A more successful application of parody principles in the dilution context, albeit one that did not expressly refer to the exclusions of Section 43(c)(3), came in *Smith v. Wal-Mart Stores, Inc.*, 537 F. Supp. 2d 1302 (N.D. Ga. 2008). There, the declaratory judgment plaintiff sold a variety of clothing and other goods associated with a campaign comparing Wal-Mart to both Islamic terrorism and the Holocaust. Entering summary judgment of nonliability on Wal-Mart’s state and federal dilution counterclaims, the court held that “a reasonable juror only find that [the plaintiff] primarily intended to express himself with his [anti-Wal-Mart] concepts and that commercial success was a secondary motive at most.” *Id.* at 1340. Accordingly, “[the plaintiff’s] parodic work is considered noncommercial speech and therefore not subject to Wal-Mart’s trademark dilution claims, despite the fact that [the plaintiff] sold the T-shirts and other novelty merchandise.” *Id.*
- C. Applying California state dilution-by-blurring doctrine in an action brought by the online auction services provider eBay, the Ninth Circuit confronted the issue of the proper relationship between mark strength and the degree of similarity between the parties’ marks necessary to support a finding of liability for dilution. See *Perfumebay.com Inc. v. eBay Inc.*, 506 F.3d 1165 (9th Cir. 2007). The court acknowledged its past authority to the effect that “[t]he mark used by the allege diluter must be identical, or nearly identical, to the protected mark for the dilution claim to succeed.” *Id.* at 1181 (quoting *Brookfield Commc’ns, Inc. v. W. Coast Entm’t Corp.*, 174 F.3d 1036, 1058 (9th Cir. 1999)). Nevertheless, it also recognized that it previously had held that “‘the similarity requirement may be less stringent in circumstances in which the senior mark is highly distinctive and the junior mark is being used for a closely related product.’” *Id.* (quoting *Thane Int’l, Inc. v. Trek Bicycle Corp.*, 305 F.3d 894, 907 (9th Cir. 2002)). To resolve this apparent inconsistency, the court imported into the dilution context the infringement principle that “[t]he stronger a mark—meaning the more likely it is to be remembered and associated in the public mind with the mark’s owner—the greater the protection that is accorded by the trademark laws.” *Id.* at 1181 (quoting *Brookfield Commc’ns*, 174 F.3d at 1058).
- D. In contrast to the approach taken by the Ninth Circuit, the Trademark Trial and Appeal Board adopted a fairly restrictive interpretation of the revised Section 43(c), holding that the party asserting likely dilution must demonstrate that the marks in question are identical or nearly identical, a showing more difficult to make than that the marks are confusingly similar. See *7-Eleven Inc. v. Wechsler*, 83 U.S.P.Q.2d 1715 (T.T.A.B. 2007).
- E. In *Green v. Fornario*, 486 F.3d 100 (3d Cir. 2007), the Third Circuit applied the new fame standard in finding that a former major league baseball player whose career was largely undistinguished and limited to one baseball team in one city did not have a name “‘widely recognized by the general consuming public of the United States.’” *Id.* at 105 (quoting 15 U.S.C. § 1125(c)(2)(A) (2006)).
- F. The Seventh Circuit was similarly unconvinced that the TOP mark for tobacco was famous and distinctive in the first instance, much less that it had these characteristics outside of the plaintiff’s niche market. See *Top Tobacco, L.P. v. N. Atlantic Operating Co.*, 509 F.3d 380 (7th Cir. 2007). Citing to third-party uses in the same industry, the appellate court additionally observed that:
- When [the plaintiff] obtained a federal registration for its brand of loose cigarette tobacco, it assured the Patent and Trademark Office that it was claiming only limited rights in the word “top.” It could hardly be otherwise: the word “top” is too common, and too widely used to refer to the lids of packages—as well as parts of clothing ensembles, masts of ships, summits of mountains, bundles of wool used in spinning, half-innings of baseball, positions in appellate litigation (the top-side brief), and flavors of quark—to be appropriated by a single firm.
- Id.* at 383. Under this analysis, any dictionary definitions of the words underlying a verbal mark apparently would weigh against a finding of protectability, even in the absence of evidence that those words were being used as trademarks.
- G. In *Griffith v. Fenrick*, 486 F. Supp. 2d 848 (W.D. Wis. 2007), the court failed to apply the amended FTDA standard for fair use, but nonetheless found that the defendant’s use of the mark for political speech to seek elective office was not commercial use and entitled to the fair use defense.
- H. In *Universal Communication Systems v. Lycos, Inc.*, 478 F.3d 413 (1st Cir. 2007), the court found that the fair use defense applied even if the defendant might have profited by encouraging others to talk about the plaintiff using the plaintiff’s mark because the “noncommercial use” exemption applied to commentary, even if the commentary itself took the form of a commercial product.

- I. In a trade dress dispute between two purveyors of athletic shoes, one court held that “state anti-dilution statutes are preempted by federal patent law where the state law effectively prohibits the copying of a patentable, yet unpatented product design, without any requirement of consumer confusion.” *adidas Am., Inc. v. Payless Shoesource, Inc.*, 529 F. Supp. 2d 1215, 1249-50 (D. Or. 2007). Accordingly, the court held that the Oregon and New York dilution statutes could not be used to protect product designs.

## X. CYBERSQUATTING

- A. In an *in rem* action against a number of domain names, one court held that the registrant’s “phishing” activities constituted the bad faith intent to profit required for liability under the Anticybersquatting Consumer Protection Act. See *Atlas Copco AB v. atlascopcoiran.com*, 533 F. Supp. 2d 610 (E.D. Va. 2008).
- B. In a case in which the merits of the plaintiff’s cybersquatting claims went unresolved, the lead defendant had registered a top-level domain corresponding to the personal name of the plaintiff, a former professional baseball player. See *Green v. Fornario*, 486 F.3d 100 (3d Cir. 2007). Although the defendants entered into a consent judgment that obligated them to discontinue their use of the plaintiff’s name, the plaintiff nevertheless pursued an award of fees under Section 35 of the Lanham Act, 15 U.S.C. § 1117 (2006). The district court denied the plaintiff’s fee petition and the Third Circuit affirmed. Chief among the considerations underlying this result were: (1) the defendants’ operation of two allegedly bona fide businesses under the name; (2) the absence of any evidence that the defendants had provided inaccurate contact information when registering their domain; (3) the fact that defendants had not registered multiple domains; and (4) the lack of an intent by the defendants to siphon business from the plaintiff’s own website. As the appellate court explained, “[w]hile applying the [statutory] factors is a holistic, not mechanical, exercise, we have little difficulty concluding that [the defendants] met the low threshold of having a colorable defense to [the plaintiff’s] cybersquatting claim.” *Id.* at 106 (citations omitted).
- C. Just as it is almost always premature to seek dismissal of allegations of infringement through a motion to dismiss for failure to state a claim, one court declined to throw out an *in persona* cause of action under the ACPA on such a motion. See *FlentyeFlentye v. Kathrein*, 485 F. Supp. 2d 903 (N.D. Ill. 2007). In filing their motion, the defendants failed to recognize that they were necessarily conceding the accuracy of the complaint’s allegations. Thus, for example, a corporate defendant in the case argued that it could not be held liable for the use and registration of the domain names in question by an indi-

vidual defendant, but the court noted that the complaint alleged that the defendants had acted as a group. Similarly, the defendants’ insistence that the complaint failed to allege the required bad faith intent to profit was unavailing, as the court held that “Plaintiffs have easily satisfied this requirement by explicitly alleging that Defendants registered the domain names in bad faith.” *Id.* at 915 Moreover, “[t]he averments in this regard—such as, for example, that Defendants’ websites are intended to confuse and drive away Plaintiffs’ customers, and tarnish Plaintiffs’ marks and goodwill to the commercial benefit of [the individual defendant], a direct competitor—must be credited at this point in the proceedings, even if [the individual defendant] claims they are mistaken.” *Id.*

## XI. FALSE ADVERTISING

- A. Counterclaims for false advertising are routine in patent infringement suits in which the patentee has disseminated information on the suit to the trade or to the defendant’s customers. The Federal Circuit has long held that federal patent law bars the imposition of liability for publicizing a patent in the marketplace unless the plaintiff can show that the patent holder acted in bad faith, and that state law causes of action against the same conduct are preempted if the patentee acted in good faith. See *Zenith Elecs. Corp. v. Exzec, Inc.*, 182 F.3d 1340, 1355 (Fed. Cir. 1999); *Hunter Douglas, Inc. v. Harmonic Design, Inc.*, 153 F.3d 1318, 1336 (Fed. Cir. 1998). Likewise, the Supreme Court has held that the imposition of liability grounded in prior claims of copyright infringement is inappropriate unless (1) “the [prior] lawsuit must be objectively baseless in the sense that no reasonable litigant could realistically expect success on the merits”; and (2) in initiating the prior proceedings, the defendant must have had a subjective intent to injure the plaintiff. *Prof'l Real Estate Inv., Inc. v. Columbia Pictures*, 508 U.S. 49, 60 (1993). Applying these principles in a case in which the plaintiff’s claim of false advertising arose out of an earlier International Trade Commission proceeding brought by the defendant, the Federal Circuit held that the defendant’s partial success before the ITC precluded liability for its having publicized its claims. See *Dominant Semiconductors Sdn. Bhd. v. Osram GmbH*, 524 F.3d 1254 (Fed. Cir. 2008). It therefore affirmed the district court’s entry of summary judgment in the defendant’s favor on the ground that “when an underlying infringement suit was not unsuccessful, there is no basis to determine that the plaintiff in that case lacked probable cause or, as it applies to the present situation, had no objective basis to claim infringement before filing suit.” *Id.* at 1261-62.
- B. The Eleventh Circuit continued to depart from the majority rule that a showing of literal falsity obviates the need for a plaintiff to prove that the challenged

advertising is material to consumer purchasing decisions. *See N. Am. Med. Corp. v. Axiom Worldwide, Inc.*, 522 F.3d 1211, 1226 (11th Cir. 2008).

- C. Another court rejected the proposition that a defendant's claims to own a particular mark could constitute false advertising. Noting the requirement in Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(c), that a challenged statement be "on or in connection with any goods or services," the court concluded that the trademark in question was neither a good nor a service within the meaning of the statute. *See Pernod Ricard USA LLC v. Bacardi U.S.A., Inc.*, 505 F. Supp. 2d 245, 255 (D. Del. 2007).
- D. Two courts hearing disputes between pharmaceutical companies differed in their treatment of claims of generic equivalency. *Compare Pedinol Pharmacal, Inc. v. Rising Pharms., Inc.*, 512 F. Supp. 2d 137 (E.D.N.Y. 2007) (holding that disputed factual issues precluded entry of summary judgment in favor of defendant marketing skin products as generic equivalents of plaintiff's products) with *Midlothian Labs. v. PamLab, L.L.C.*, 509 F. Supp. 2d 1095 (M.D. Ala. 2007) (holding that declaratory judgment plaintiff's marketing of medical food product as the "generic equivalent" of defendant's product was not false advertising).

## XII. RIGHT OF PUBLICITY

- A. In an application of Georgia law, the Eleventh Circuit held that the existence of a contract between the parties to a misappropriation of identity dispute does not necessarily trump any common law rights the plaintiff might have in addition to a cause of action for breach of contract. *See Rivell v. Private Health Care Sys., Inc.*, 520 F.3d 1308 (11th Cir. 2008). Reviewing both Georgia state appellate decisions and case law from other jurisdictions, the court held that "a use outside the scope of the permission granted in a contract not only constitutes breach of contract, but also gives rise to an action by the licensor for invasion of privacy or infringement of the right of publicity." *Id.* at 1310.
- B. An expansive application of the First Amendment came in a declaratory judgment action brought by the producer of a fantasy baseball league that used the names and statistics of major league players. *See C.B.C. Distrib. & Mktg., Inc. v. Major League Baseball Advanced Media, L.P.*, 505 F.3d 818 (8th Cir. 2007). The lead defendant was a licensee of the players' rights of publicity, which it sought to vindicate in counterclaim brought under Missouri law. On an appeal from entry of summary judgment on nonliability in the plaintiff's favor, the Eighth Circuit concluded that the commercial nature of the use of the players' identities established that their rights of publicity had indeed been violated. *See id.* at 823. Citing to *Zacchini v. Scripps-Howard Broadcasting*, 433 U.S. 562 (1977), however, the appellate court noted that "[t]he Supreme

Court has directed that state law rights of publicity must be balanced against first amendment considerations, and here we conclude that the former must give way to the latter." *C.B.C. Distrib. & Mktg.*, 505 F.3d at 823. In doing so, the court assigned great weight to the fact that the players already received compensation for their exertions. *See id.* at 824.

- C. The pop song *What I Like About You* by the Romantics has garnered far more attention and popularity in the decades since its original release than it ever did at the time. Having assigned away its rights to the song, the band sought to cash in when the owner of the copyright covering the song licensed its use in connection with a video game. The game did not feature the band's rerecording of the song, but instead a version recorded by other artists and accompanied by the legend "as made famous by the Romantics." Nevertheless, the current line-up of the band sought relief under Section 43(a) and Michigan state right of publicity law on the theory that the song was a "signature" piece uniquely associated with the band's members. Denying the plaintiffs' motion for a preliminary injunction, the court rejected this theory on several grounds, including that (1) neither the Lanham Act nor Michigan law recognized a right of publicity in the sound of a voice, (2) the defendants' rerecording of the song was protected by the first amendment, (3) the plaintiffs' state law cause of action was preempted by federal copyright law. *See Romantics v. Activision Publ'g, Inc.*, 532 F. Supp. 2d 884, 888-90 (E.D. Mich. 2008).
- D. The likelihood of confusion inquiry played a significant role in several right of publicity actions. *See, e.g., Facenda v. N.F.L. Films, Inc.*, 488 F. Supp. 2d 491, 504-10 (E.D. Pa.), stay granted, 2007 WL 1575409 (E.D. Pa. May 24, 2007); *Holland v. Psychological Assessment Res., Inc.*, 482 F. Supp. 2d 667, 683-84 (D. Md. 2007). One such case was a suit brought by the actor Andy Griffith against a candidate for sheriff in Grant County, Wisconsin, who had changed his name from William Fenrick to Andy Griffith shortly before his unsuccessful election bid. *See Griffith v. Fenrick*, 486 F. Supp. 2d 848 (W.D. Wis. 2007). Brushing aside the actor's objections to the candidate's announced plans to run for office again using the same name, the court entered summary judgment of nonliability:

There is no evidence that anyone believed that plaintiff sponsored or approved defendant's candidacy. There is no logical reason to think that having the same name as another implies sponsorship by the person with whom you share the name. It is likely that defendant's use of the name Andy Griffith in his campaign would cause potential voters to connect it to the famous actor and to his famous sheriff character. However, there is no basis or evidence to suggest the leap to confusion as to

sponsorship by plaintiff. Some voters may have been aware that defendant had changed his name for the purpose of gaining an attention grabbing advantage in the election, but this is not the basis for a claim as to sponsorship.

*Id.* at 852.

### XIII. SECONDARY LIABILITY

Unfair competition law recognizes two types of secondary liability, contributory infringement and vicarious liability. Somewhat unusually, the past year produced several significant opinions on the subject.

- A. In a case rejecting claims against financial institutions processing credit card purchases of allegedly infringing goods, the Ninth Circuit offered a concise explanation of the two types of secondary liability:

To be held liable for contributory trademark infringement, a defendant must have (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. When the alleged direct infringer supplies a service rather than a product, . . . the court must consider the extent of control exercised by the defendant over the third party’s means for infringement.

Vicarious liability for trademark infringement requires a finding that the defendant and the infringer have an apparent partnership, have authority to bind each other in transactions with third parties or exercise joint ownership or control over the infringing product.

*Perfect 10, Inc. v. VISA Int’l Serv. Ass’n*, 494 F.3d 788, 807 (9th Cir. 2007) (internal quotation marks and citations omitted). Concluding that the plaintiff had failed to allege facts that would satisfy either prong of the relevant analysis, the court affirmed the district court’s dismissal of the action for failure to state a claim.

- B. In one of the most carefully watched trademark cases in recent memory, Tiffany fell short in its attempt to impose secondary liability on the online auction site eBay for sales of merchandise bearing counterfeit imitations of the TIF-FANY mark. *See Tiffany (NJ) Inc. v. eBay, Inc.*, No. 04 Civ. 4607(RJS), 2008 WL 2755787 (S.D.N.Y. July 14, 2008). In a lengthy opinion following a bench trial, the district court rejected the argument that an online auction site

could have secondary liability imposed on it based on only “generalized” knowledge that unauthorized merchandise was being sold using its services. Quoting the Supreme Court’s opinion in *Inwood Labs. v. Ives Labs.*, 456 U.S. 844 (1982), the court 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.” *Tiffany*, 2008 WL 2755787, at \*33. It then held that:

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*.

*Id.* at \*40.

- C. The Eleventh Circuit was equally unimpressed with another claim of secondary liability, this one that the manufacturer of a good bearing an allegedly infringing mark is necessarily liable for lingering uses of the mark by retailers after the manufacturer itself has discontinued the mark’s use. *See Optimum Techs., Inc. v. Henkel Consumer Adhesives, Inc.*, 496 F.3d 1231 (11th Cir. 2007). Noting that the complaint alleged only that the defendants should be held directly liable, the court declined to allow the plaintiff to appeal the district court’s entry of summary judgment in the defendants’ favor by arguing contributory liability: “[T]o permit [the plaintiff] to now pursue a trademark infringement claim based on a contributory liability theory would require us to convert what is plainly a direct trademark infringement claim into one for contributory infringement.” *Id.* at 1245.

### XIV. DEFENSES

- A. Faced with the defendants’ invocation of the affirmative defense of laches in a district court infringement action, one set of plaintiffs successfully pointed to an earlier opposition proceeding between the parties as evidence that they had not unreasonably delayed in bringing their claims: “Numerous courts have recognized that pursuing an opposition in the USPTO excuses delay in filing

suit on a Lanham Act claim.” *Gaudreau v. Am. Promotional Events, Inc.*, 511 F. Supp. 2d 152, 159 (D.D.C. 2007). The same court declined to allow the defendants to invoke applicable statutes of limitations to bar the plaintiffs’ state law claims in light of the ongoing infringement undertaken by the defendants. As it explained of the plaintiffs’ request for injunctive relief, “because trademark infringement is a continuing tort, plaintiffs’ state law trademark claims are not time-barred, and defendants’ motion must be denied as to those claims.” *Id.* at 157. It did, however, dismiss the plaintiffs’ claims for monetary damages prior to a date defined by the applicable statute as time-barred. *See id.* at 158.

- B. Although doing so on procedural grounds and without reference to the actual test for abandonment, one court confirmed that the cancellation of a registration for failure to file a statement of continuing use under Section 8 of the Lanham Act, 15 U.S.C. § 1058 (2006), necessarily means that rights to the underlying mark have been abandoned. *See Patsy’s Italian Rest., Inc. v. Banas*, 508 F. Supp. 2d 194, 210-211 (S.D.N.Y. 2007).
- C. Consistent with its more recent case law (but not with its older authority), the Eleventh Circuit confirmed that if a mark has not been used in three years, Section 45 of the Lanham Act, 15 U.S.C. § 1127 (2006) shifts only the burden of production, and not the burden of proof, to the mark owner to demonstrate that the mark has not been abandoned. *See Natural Answers, Inc. v. Smith-Kline Beecham Corp.*, 529 F.3d 1325 (11th Cir. 2008).
- D. The T.T.A.B. confirmed that a mark will not be deemed abandoned if it has been modified in a way that does not change its overall commercial impression. *See Paris Glove of Canada Ltd. v. SBC/Sportco Corp.*, 84 U.S.P.Q.2d 1856 (T.T.A.B. 2007).
- E. “A defendant’s reliance on the advice of counsel is relevant to the question of willfulness.” *adidas Am., Inc. v. Payless Shoesource, Inc.*, 529 F. Supp. 2d 1215 (D. Or. 2007). Nevertheless, the probative value of that advice depends on a number of factors, including:

- (1) the background research performed by the attorney;
- (2) whether the opinions were oral or written;
- (3) the objectivity of the opinions;
- (4) whether the attorneys rendering the opinions were trademark lawyers;
- (5) whether the opinions were detailed or merely conclusory; and
- (6) whether material information was withheld from the attorney.

*Id.* at 1230. In an examination of these considerations, one court hearing a trade dress dispute discounted the defendant’s reliance on “risk assessments”

provided by its outside counsel. It did so in substantial part because: (1) outside counsel had not evaluated all of the accused designs; (2) most of the assessments had been generated during the pendency of the litigation; and (3) outside counsel had not fully considered the applicable likelihood of confusion factors. *See id.* at 1231-32. Accordingly, the court denied the defendant’s motion for summary judgment on the issue of willfulness.

## XV. REMEDIES

- A. The most interesting development in the area of remedies for trademark infringement related to the issue of whether a prevailing plaintiff in a counterfeiting action that elects to receive an award of statutory damages under Section 35(c) of the Lanham Act, 15 U.S.C. § 1117(c) (2006), can still qualify for the near-automatic award of attorneys’ fees provided for by Section 35(b), *id.* § 1117(b).
  - 1. Consistent with past authority on the subject, the Seventh Circuit affirmed an award of fees under Section 35(b) in a case in which the plaintiff had also received an award of statutory damages. *See Lorillard Tobacco Co. v. A & E Oil, Inc.*, 503 F.3d 588 (7th Cir. 2007).
  - 2. In contrast, the Ninth Circuit indulged itself in a tortured analysis of the relationship between the subsections of Section 35 to conclude that a prevailing plaintiff electing statutory damages is precluded from seeking an award of attorneys’ fees under Section 35(b) but instead must demonstrate its eligibility for such an award under the higher “exceptional case” standard of Section 35(a), 15 U.S.C. § 1117(a). *See K & N Eng’g v. Bulat*, 510 F.3d 1079 (9th Cir. 2007).
- B. Although other federal appellate courts have hinted that the effect of the Supreme Court’s opinion in *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006), may extend beyond patent litigation to trademark cases, the Eleventh Circuit became the first federal appellate court to invoke *eBay* as a basis for vacating a preliminary injunction. *See N. Am. Med. Corp. v. Axiom Worldwide, Inc.*, 522 F.3d 1211 (11th Cir. 2008). As is the case in most jurisdictions, it has long been the rule in the Eleventh Circuit that a plaintiff’s showing of likely confusion creates a presumption of irreparable harm. Nevertheless, hearing an appeal in an infringement and false advertising action, the court observed that:

[A] recent U.S. Supreme Court case calls into question whether courts may presume irreparable harm merely because a plaintiff in an intellectual property case has demonstrated a likelihood of success on the merits. . . .

Although *eBay* dealt with the Patent Act and with permanent injunctive relief, a strong case can be made that *eBay*'s holding necessarily extends to the grant of preliminary injunctions under the Lanham Act. Similar to the Patent Act, the Lanham Act grants federal courts the "power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable." Furthermore, no obvious distinction exists between permanent and preliminary injunctive relief to suggest that *eBay* should not apply to the latter. Because the language of the Lanham Act-granting federal courts the power to grant injunctions "according to the principles of equity and upon such terms as the court may deem reasonable"—is so similar to the language of the Patent Act, we conclude that the Supreme Court's *eBay* case is applicable to the instant case.

*Id.* at 1227-28 (quoting 15 U.S.C. § 1116(a) (2006)). Notwithstanding this holding, the court did not reverse the district court outright but instead remanded the action for a reexamination of any irreparable harm the plaintiffs might have been suffering as a result of the defendants' infringement. In particular, it instructed the lower court to address the issue of whether the presumption of irreparable harm traditionally attaching to a showing of infringement actually was the sort of categorical rule barred by *eBay*. It then observed that

the district court may well conclude on remand that it can readily reach an appropriate decision by fully *eBay* without the benefit of a presumption of irreparable injury, or it may well decide that the particular circumstances of the instant case bear substantial parallels to previous cases such that a presumption of irreparable injury is an appropriate exercise of its discretion in light of the historical traditions.

*Id.* at 1228.

- C. Consistent with the well-established rule in the liability context, the Seventh Circuit declined to hold that the Lanham Act preempts remedies that may be available under state law. The court therefore affirmed a jury award of punitive damages under Illinois law causes of action, notwithstanding the absence of any express authorization for such an award under the Lanham Act. *See JCW Investments, Inc. v. Novelty, Inc.*, 482 F.3d 910 (7th Cir. 2007).
- D. Because information relating to a plaintiff's actual damages is typically within the possession of the plaintiff itself, many courts require at least some degree of detailed factual support for any awards, especially support in the form of ac-

tual confusion and a decline in sales. Not so the Eleventh Circuit, which concluded in an appeal from jury findings of breach of contract and trademark infringement that "[u]nlike in the case of future lost profits caused by breach of contract, 'Lanham Act damages may be awarded even when they are not susceptible to precise calculations.'" *Aronowitz v. Health-Chem Corp.*, 513 F.3d 1229, 1241 (11th Cir. 2008) (quoting *Ramada Inns, Inc. v. Gadsden Motel Co.*, 804 F.2d 1562, 1565 (11th Cir. 1986)). The court noted that the counterclaim plaintiff had sought an award of up to \$120,000 for the costs associated with the development of a "corrective website," corrective advertising, attendance at trade shows "to reestablish [the counterclaim plaintiffs'] identity in the market." *Id.* Based on the showings in support of these figures, the court upheld an award of \$25,000 on the ground that "[t]he jury in this case awarded only a small percentage of the up to \$120,000 requested by [the counterclaim plaintiff] in connection with its trademark infringement claim." *Id.*

## XVI. USPTO PRACTICE AND PROCEDURE

- A. The most significant federal court opinion bearing on USPTO practice and procedure over the past year was the Fourth Circuit's holding in *Rosenruist-Gestao E. Servicos LDA v. Virgin Enterprises Ltd.*, 511 F.3d 437 (4th Cir. 2007), that an opposer can circumvent the Board's rules governing depositions of witnesses not resident in the United States by issuing a Rule 30(b)(6) subpoena and notice of deposition under the auspices of a federal district court. The appropriate district for such an action, however, remains unclear: Although the court itself suggested that the appropriate venue should be determined by the location of the applicant's domestic representative, a dissenting judge characterized the new rule as authorizing subpoenas by courts within the Eastern District of Virginia because of the presence of the USPTO in that forum. *See id.* at 449 (Wilkinson, J., dissenting) ("In a first for any federal court, my colleagues hold that a foreign company that has no United States employees, locations, or business activities must produce a designee to testify at a deposition in the Eastern District of Virginia so long as it has applied for trademark registration with a government office located there.").
- B. The Fourth Circuit was equally receptive to another form of meddling in the USPTO's operations in *Last Best Beef, LLC v. Dudas*, 506 F.3d 333 (4th Cir. 2007). Objecting to a resort's registrations of, and applications to register, the mark THE LAST BEST PLACE, a U.S. Senator from Montana inserted into an appropriations bill a ban on the expenditure of funds by USPTO to process or maintain the resort's claims. In response, the USPTO summarily cancelled the resort's existing registrations and declared its pending applications abandoned. Although these actions were overturned by a district court, the Fourth Circuit reversed on the ground that the USPTO had "inherent discretion to cor-

rect its own errors and to manage its own docket.” *Id.* at 340. Accordingly, the agency could summarily withdraw recognition of the resort’s claims without the need for further administrative proceedings. *See id.* at 340-41.

- C. The T.T.A.B. continued to take a hard line toward applicants who recite that they are actually using their marks with particular goods when, in fact, they are not.
1. In *Hurley Int'l LLC v. Volta*, 82 U.S.P.Q.2d 1339 (T.T.A.B. 2007), the Board refused registration to a pair of applicants after it determined that the applied-for mark was not actually being used in connection with every good recited in the application. In reaching this conclusion, the Board refused to allow the applicants to amend their application to claim only an intent to use their mark because the requested amendment was sought after the mark was published for opposition. *See also Herbaceuticals Inc. v. Xel Herbaceuticals Inc.*, 86 U.S.P.Q.2d 1572 (T.T.A.B. 2008); *Hachette Filipacchi Presse v. Elle Belle LLC*, 85 U.S.P.Q.2d 1090 (T.T.A.B. 2007); *Sinclair Oil Corp. v. Kendrick*, 85 U.S.P.Q.2d 1032 (T.T.A.B. 2007).
  2. Although the Board suggested in dictum in *Hurley* that any fraud attaching to an inaccurate recitation of actual use in commerce could be cured automatically if the recitation was amended prior to publication, that suggestion was disposed of shortly afterwards in *University Games Corp. v. 20Q.net Inc.*, Opposition Nos. 91168142 & 91170668, slip op. (T.T.A.B. May 2, 2008) (precedential opinion). There, rather than adopting a bright-line rule that a pre-publication amendment to an application renders any original inaccuracy immaterial, the Board instead held that “the fact [an applicant] amended its identification of goods during ex parte prosecution constitutes a rebuttable presumption that [the applicant] lacked [a] willful intent to deceive the office.” *Id.* at 9.
  3. The Board took things one step further in *Grand Canyon West Ranch, LLC v. Hualapai Tribe*, Opposition No. 91162008, slip op. (T.T.A.B. June 30, 2008) (precedential opinion). There, the applicant had agreed to language proposed by an examining attorney that expanded the recited goods beyond those for which the applicant actually had use in commerce. Although the applicant argued that it had not defrauded the office because it did not subsequently verify the expanded list of goods under oath, the Board held that:

The accuracy of the information applicant provided in agreeing to the examiner’s amendment was no less critical to the application than the information the applicant

provided in the application as filed. The integrity of the registration system rests on the accuracy of the information provided in either form. Applicants must ensure that all information they provide is true and accurate whether or not it is verified.

*Id.* at 27.

- D. The Board took issue with a claim of a bona fide intent to use his mark by an applicant unable to produce any objective documentation of that intent. Sustaining an opposition to the applicant’s application, the Board held that:
- applicant’s mere response [in a deposition] that he intended to use [his] mark on [the recited goods] does not suffice to establish a bona fide intention to use the mark. The mere assertion of an intent to use the mark without corroboration of any sort, whether documentary or otherwise, is not likely to provide credible evidence to establish a bona fide intention to use the mark.
- L.C. Licensing, Inc. v. Berman*, Opposition No. 91162330, slip op. at 22-23 (T.T.A.B. March 28, 2008) (precedential opinion).
- E. Section 37 of the Lanham Act, 15 U.S.C. § 1119 (2006), grants state and federal courts concurrent authority with the USPTO over the Principal and Supplemental Registers. The past year produced a relatively large number of federal court opinions invoking the statute.
1. The Eleventh Circuit confirmed that an inaccurate date of use recited in an application cannot be a basis for a finding of fraudulent procurement so long as the actual date of first use preceded the application’s filing date. *See Angel Flight of Ga. v. Angel Flight Am. Inc.*, 522 F.3d 1200, 1211 (11th Cir. 2008). Although therefore excusing this error, the court nevertheless ordered the registration in question cancelled on the ground that the registrant had knowingly failed to disclose a prior user with concurrent use rights. *See id.* at 1211-12.
  2. In the latest installment between rival claimants to the PATSY’S mark for New York City eateries, *Patsy’s Italian Rest., Inc. v. Banas*, 508 F. Supp. 2d 194 (E.D.N.Y. 2007), a district court addressed the issue of whether it had the authority to order the restoration of a registration that had been mistakenly cancelled when the T.T.A.B. misread an earlier Second Circuit opinion in the case. Particularly in light of the Board’s acknowledgement that the cancellation was the result of a clerical error,

the court had little difficulty answering this question in the affirmative, despite the former registrant's failure to notice a formal appeal from the Board's cancellation order. *See id.* at 206-11.

3. Notwithstanding the Board's recent aggressiveness in finding marks primarily geographically deceptively misdescriptive, *see, e.g., In re Spirits Int'l N.V.*, 86 U.S.P.Q.2d 1078 (T.T.A.B. 2008) (refusing registration to MOSKOVSKAY mark for vodka), one district court declined to make a similar finding. In *DS Waters of Am., Inc. v. Princess Abita Water, L.L.C.*, 539 F. Supp. 2d 853 (E.D. La. 2008), the court rejected a challenge to a registration allegedly obtained through the registrant's concealment of the primarily geographically deceptively misdescriptive nature of the underlying mark. The mark in question was ABITA SPRINGS, used in connection with water drawn from a source approximately two miles outside of the city limits of Abita Springs, Louisiana.
- F. The grounds for opposing a pending application or petitioning for the cancellation of an existing registration are identified by the interplay of Sections, 2, 13, and 14 of the Lanham Act, 15 U.S.C. §§ 1052, 1063-1064 (2006). Although prior contractual prohibitions on registration are not among them, the Board confirmed that a party that has contractually agreed not to pursue registration may be held to that agreement in an *inter partes* proceeding. *Bausch & Lomb Inc. v. Karl Storz GmbH & Co. KG*, Opposition No. 91174518 (T.T.A.B. May 28, 2008) (precedential opinion).
- G. Although the Board's recently adopted procedural rules require disclosures similar to those in federal court, the Board apparently will litigants to enter into stipulations waiving the need for disclosures. *See Boston Red Sox Baseball Club LP v. Chaveriat III*, Opposition No. 91182023 (T.T.A.B. June 23, 2008) (precedential opinion).

## XVII. MISCELLANEOUS ISSUES

- A. In *Freecycle Network, Inc. v. Oey*, 505 F.3d 898 (9th Cir. 2007), the Ninth Circuit rejected the plaintiff's invocation of "trademark disparagement" as a basis for challenging the defendant's use of the plaintiff's claimed mark as a generic noun.
- B. One court took on the issue of whether the existence of copyright protection covering a work precludes the work from also achieving trademark protection. It answered the question in the negative on the ground that trademark and copyright rights protect separate interests and are not incompatible with each

other. *See Bach v. Living Forever Prods. U.S., Inc.*, 473 F. Supp. 2d 1110 (W.D. Wash. 2007).

- C. The strategy of moving for enforcement of a putative settlement agreement is an increasingly popular litigation tactic but a Ninth Circuit opinion applying California law demonstrated the difficulty of pulling it off successfully. *See Perfumebay.com Inc. v. eBay Inc.*, 506 F.3d 1165 (9th Cir. 2007). According to the court, the parties had failed to agree on a phase-out period for the junior user's mark or the circumstances under which the junior user could identify itself by its former name. Under these circumstances, "[t]he parties' conduct reflected that there were essential material terms to be negotiated, and that they had only preliminary discussions on the goals of settlement." *Id.* at 1179.



**TRADEMARK CONSENT AGREEMENT**

This agreement is entered into this *[date]* by and between \_\_\_\_\_, a United Kingdom corporation, with offices at \_\_\_\_\_ ("Senior Applicant"), and \_\_\_\_\_, a Delaware corporation, with offices at \_\_\_\_\_ ("Junior Applicant").

WHEREAS, Senior Applicant is the owner of EU Trademark No. \_\_\_\_\_ filed on \_\_\_\_\_, for the mark \_\_\_\_\_ for printed matter, periodical publications, brochures, reports, official reports, public relations, media relations, market studies, marketing, advertising, business communication, company information, conducting events, arranging and conducting conferences, seminars, presentations and receptions, education and training in International Classes 16, 35, and 41 ("Senior Applicant's Mark");

WHEREAS, Junior Applicant is the owner of international registration for EU Trademark No. \_\_\_\_\_ filed on \_\_\_\_\_, for the mark \_\_\_\_\_ for business consulting and business research services, namely, shopping by researchers who pose as customers to evaluate the quality of service delivered, evaluating customer services, conducting and managing business and market research surveys, conducting operational audits of businesses, preparing business reports and market reports and studies in International Class 35 ("Junior Applicant's Mark");

WHEREAS, the Parties acknowledge that they do not foresee any likelihood of confusion between the Senior Applicant's Mark and Junior Applicant's Mark if measures specified hereunder are followed because of the differences between the goods and services on which the marks have been or will be used; and

WHEREAS, Junior Applicant desires to continue to use Applicant's Mark for M\_\_\_\_\_ and to secure a registration for same and to avoid any possible conflict with Senior Applicant's use of its \_\_\_\_\_ mark.

NOW, THEREFORE, it is agreed as follows:

1. Senior Applicant perpetually consents to the use and registration by Junior Applicant for the mark \_\_\_\_\_ for the goods and services of the type enumerated above.
2. Junior Applicant agrees to restrict its use of Junior Applicant's Mark and the use of its licensees solely to goods or services enumerated above.
3. Junior Applicant agrees never to use Junior Applicant's Mark or to license others to use the mark \_\_\_\_\_ in connection with public relations, event management, and conferences.
4. Senior Applicant will refrain from taking any legal action or other legal proceeding that would hinder Junior Applicant in its free and unfettered use and registration of Junior Applicant's Mark as aforementioned.
5. Senior Applicant agrees that the continued use and registration of Junior Applicant's Mark, as aforementioned, will not conflict with its trademark registration for Senior Applicant's Mark.
6. The Parties agree to take any further action and to execute any further agreements needed to carry out the spirit of this Agreement.

[Senior Applicant Name]

[Junior Applicant Name]

By: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Date: \_\_\_\_\_

By: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Date: \_\_\_\_\_