

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

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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: *Crash Dummy Movie, LLC v. Mattel, Inc.*, 601 F.3d 1387 (Fed. Cir. 2010) (appellate counsel for applicant); *Zino Davidoff SA v. CVS Corp.*, 571 F.3d 238 (2d Cir. 2009) (counsel for plaintiff); *Dixie Consumer Prods. LLC v. Huhtamaki Ams., Inc.*, No. 1:08-cv-3125-TCB, 2010 WL 784905 (N.D. Ga. Mar. 8, 2010) (counsel for plaintiff); and *In re Chippendales USA, Inc.*, 90 U.S.P.Q.2d 1535 (T.T.A.B. 2009) (appellate counsel for applicant).

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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. § 1051(b) (2006), a plaintiff seeking to establish priority of rights over another party must demonstrate prior use of its mark in commerce or, alternatively, priority under a specific federal statute. What constitutes prior use in commerce, however, proved to be a divisive issue in some cases.

1. Perhaps the most notable recent case to address the nature of use in commerce necessary to create protectable trademark rights came from the Fourth Circuit, which adopted a restrictive interpretation of the public use doctrine. *See George & Co. v. Imagination Entm't Ltd.*, 575 F.3d 383 (4th Cir. 2009). The plaintiff's claimed mark was LEFT CENTER RIGHT was a dice game, but the record demonstrated that the mark actually used by the plaintiff was LCR. The appellate court affirmed the district court's finding as a matter of law that any references by the public to the plaintiff's game using the LEFT CENTER RIGHT mark were insufficient to create protectable rights to that mark. Specifically, it held that "the Public Use doctrine generally is confined to instances in which the public modifies a well-known brand into a nickname or abbreviation." *Id.* at 403. Summary judgment in favor of the defendants therefore had been appropriate because

[i]n this case, [the plaintiff] is attempting to use the Public Use doctrine to create trademark rights in a . . . term . . . that is an elongation of an abbreviation Such an application is a dramatic expansion of the Public Use doctrine, as the doctrine is applied when the public abbreviates or nicknames a term, not the other way around. The tethering of the Public Use doctrine to nicknames and abbreviations makes perfect sense because an abbreviation or nickname typically adds distinctiveness to the owner's mark. . . . In contrast, an elongation does not add distinctiveness

Id. at 403-04.

2. The Ninth Circuit took a similarly restrictive approach to the "tacking" doctrine, pursuant to which a mark owner can claim priority of rights to

a current mark based on its earlier use of a different version of its mark. *See One Indus. v. Jim O’Neal Distrib., Inc.*, 578 F.3d 1154 (9th Cir. 2009). In a dispute over use of stylized “O” marks for motocross apparel, the counterclaim plaintiff claimed that its then-current use of one such a mark was merely a continuation of its use of another such mark. In an unusual procedural disposition, the district court rejected this argument on a motion for a more definite statement, and the Ninth Circuit affirmed. Based on its past authority to similar effect, the appellate court explained that:

A trademark owner may “claim priority in a mark based on the first use date of a similar, but technically distinct, mark—but only in the exceptionally narrow instance where the previously used mark is the legal equivalent of the name in question or indistinguishable therefrom such that consumers consider both as the same mark.”

Id. at 1160 (quoting *Brookfield Commc’ns Inc. v. W. Coast Entm’t Corp.*, 174 F.3d 1036, 1047 (9th Cir. 1999)). “Tacking is a question of fact,” *id.* at 1160, but that did not prevent resolution of that question on a matter of law, particularly in light of the “narrow circumstances” under which the doctrine should be applied. *Id.* at 1160-61. Based on the record before it, the Ninth Circuit concluded that no such circumstances existed: “Although both marks consist of a styled O followed by an apostrophe, the similarities largely end there.” *Id.* at 1161.

3. Although Section 5 of the Lanham Act allows claims of priority based on licensed use, *see, e.g., Pinnacle Pizza Co. v. Little Caesar Enters.*, 598 F.3d 970, 980 (8th Cir. 2010), the Trademark Trial and Appeal Board held that the importation and sale into the United States by a third party of merchandise bearing a particular mark cannot support a claim of priority unless the third party acted under the authority of the mark’s owner. *See Bayer Consumer Care AG v. Belmora LLC*, 90 U.S.P.Q.2d 1587, 1591 (T.T.A.B. 2009) (“A third party’s importation and resale of goods does not by itself constitute ‘use’ by petitioner, at least not without some allegation that the third party was licensed or authorized by petitioner to ‘use’ petitioner’s alleged mark *on petitioner’s behalf*.”).
4. The Board had several opportunities to address the circumstances under which competing trademark claimants can claim priority through treaty-based rights.
 - a. One opposer’s allegations that it was entitled to claim priority of rights under Article 6*bis* of the Paris Convention fell short as a

matter of law. *See Bayer Consumer Care AG v. Belmora LLC*, 90 U.S.P.Q.2d 1587 (T.T.A.B. 2009). Although certain of the Board's past decisions had suggested that the Convention created substantive rights, the Board disposed of that theory on two grounds. First, it held, the Convention was not self-executing. Second, with respect to the opposer's claim that the Convention had been implemented through the adoption of Section 44 of the Lanham Act, 15 U.S.C. § 1126, the Board observed that

while Section 44 was "generally intended" to implement elements of the Paris Convention, it does not, through subsections 44(b) or (h) or otherwise, provide the user of an assertedly famous foreign trademark with an independent basis for cancellation in a Board proceeding, absent use of the mark in the United States.

Id. at 1591 (citation omitted).

- b. The Board confirmed this holding in a later opinion, albeit one that recognized the foreign opposer's standing to assert a conventional dilution claim despite the absence of any use of the opposer's mark in the United States. *See Fiat Group Autos. S.p.A. v. ISM, Inc.*, 94 U.S.P.Q.2d 1111 (T.T.A.B. 2010). Nevertheless:

[W]hile Section 43(c) provides a dilution cause of action for the protection of famous unregistered marks, it does not provide a cause of action for famous unregistered marks not in use, in some way, in the United States, in the absence of a specific pleading of intent to use, the filing of an application for registration, and some basis for concluding that recognition of the mark in the United States is sufficiently widespread as to create an association of the mark with particular products or services, even if the source of the same is anonymous and even if the products or services are not available in the United States.

Id. at 1115.

5. Distinguishing its past authority in cases involving the provision of warranty services for products not sold by the warranty provider, the Board held that a mark owner providing a warranty for its own goods does not thereby acquire protectable rights to the mark appearing on

those goods as to warranty services. See *In re Husqvarna Aktiebolag*, 91 U.S.P.Q.2d 1436 (T.T.A.B. 2009).

B. Use in Commerce by Defendants

To trigger liability, each of the Lanham Act's statutory causes of action require that a defendant use 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, especially in the online context.

1. Somewhat unusually, but with increasing frequency after the Supreme Court's opinions in *Ashcroft v. Iqbal*, 129 S. Ct. 1937 (2009) and *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544 (2007), some courts have dismissed plaintiffs' claims that defendants were engaged in actionable uses in commerce on Rule 12(b)(6) motions to dismiss for failure to state claims.
 - a. For example, in *Cintas Corp. v. Unite Here*, 601 F. Supp. 2d 571 (S.D.N.Y.), *aff'd*, 355 F. App'x 508 (2d Cir. 2009), the plaintiff provided uniform-related goods and services under the federally registered CINTAS mark, while the defendants were labor unions and employees of the plaintiff who operated several websites directly or indirectly accessible at the domain *www.cintasexposed.org*. Most of the content on the defendants' sites was critical commentary on the plaintiff and its labor practices, but there were three aspects of the sites that the plaintiff argued constituted actionable uses in commerce under Section 43(a): (1) the defendants' online sale of union "t-shirts, pins, and other sundry items"; (2) the defendants' advocacy of a "card-check/neutrality agreement" with the plaintiff that would allow the plaintiff's employees to unionize without a vote; and (3) the defendants' efforts to secure access to union dues and pension benefits from the plaintiff's employees. *Id.* at 580. The court rejected each of these claimed bases for a finding that the defendants' references to the plaintiff were uses in commerce: (1) the online union store was "twice-removed" from the challenged domain; (2) "an effort to obtain a card-check/neutrality agreement does not represent an attempt to profit"; and (3) the defendants' unionizing activities were "too attenuated and independent from the accused conduct to support an inference that the use is an attempt to profit." *Id.*
 - b. In another case resolved on a motion to dismiss, the defendants had registered a series of corporate names in Arizona, Oklahoma, and Texas that resulted in the plaintiffs being unable to

register their own corporate names (which incorporated the plaintiffs' primary trademark) in the first and third of those states. See *Enea Embedded Tech., Inc. v. Eneas Corp.*, 90 U.S.P.Q.2d 1927 (D. Ariz. 2009). Unable to strike a deal with the defendants to abandon their registrations, the plaintiffs filed suit for infringement, using a vaguely worded complaint that failed to identify clearly any use in commerce of the challenged names. Responding to the defendants' motion to dismiss, the plaintiffs argued that the defendants had used the names in correspondence with the plaintiffs that demanded consideration for the abandonment of the names. The court concluded otherwise: Dismissal was appropriate because, even if true, the plaintiffs' allegations failed to establish that the defendants were "operating any type of businesses or conducting any advertising under any of the registered names or otherwise using Plaintiffs' . . . mark in connection with any goods or services." *Id.* at 1933.

c. Yet another successful motion to dismiss came in a case in which the plaintiff cigar manufacturer alleged infringement by a competitor not domiciled in the United States. See *Guantanamo Cigar Co. v. Corporacion Habanos, S.A.*, 672 F. Supp. 2d 106 (D.D.C. 2009). The plaintiff did not, however, claim that the defendant had used the challenged mark in U.S. commerce; rather, the complaint alleged that the defendant had advertised its mark in foreign publications that had found their way into the United States. Granting the defendant's Rule 12(b)(6) motion to dismiss for failure to state a claim, the court held that "[e]ven viewing the facts in the light most favorable to plaintiff, plaintiff has not demonstrated that the defendant could be responsible for a Lanham Act violation as its factual allegations are wholly inadequate [to] constitute 'use in commerce.'" *Id.* at 110-11. In particular, "[a]lthough there is potential that some sales are being made in the United States, potentially with defendant's knowledge, there are not enough sales to show a substantial effect on United States commerce." *Id.* at 111.

2. In contrast, another court proved more skeptical of defense motions to dismiss. See *Specht v. Google, Inc.*, 660 F. Supp. 2d 858 (N.D. Ill. 2009). The complaint at issue asserted that the lead defendant not only had applied to register an offending mark, but had advertised the mark and distributed source code under it. Under these circumstances, the court had little difficulty concluding in an application of both *Twombly* and *Iqbal* that "Plaintiffs have sufficiently put [the lead defendant] on notice of their Lanham Act claims and have provided the factual allegations supporting their claims that [the lead defendant] 'used' the [chal-

lenged] mark in commerce as required to survive a motion to dismiss.”
Id. at 864.

3. In a question of first impression, the Board held that an applicant for registration cannot avail itself of the noncommercial use “exclusion” to liability for likely dilution recognized by 15 U.S.C. § 1125(c)(3)(C) (2006). As it explained:

[T]o obtain [its] registrations, applicant must demonstrate, prior to registration, use of its marks as service marks in commerce. . . . As such, applicant cannot claim noncommercial use of its marks when it is required to demonstrate use of its marks in commerce . . . in order to obtain federal registrations. Indeed, it would contradict the purpose of the [Lanham] Act to allow a defendant in a Board dilution case to assert the “noncommercial use” exception as an affirmative defense when it must establish use of its mark in commerce as a trademark or service mark in order to obtain a federal trademark or service mark registration. In other words, a party cannot seek to register or maintain a trademark or service mark for its own exclusive use in commerce in association with its identified goods or services and then claim that it is not using its mark commercially as a defense to a dilution claim.

Am. Express Mktg. & Dev.t Corp. v. Gilad Dev. Corp., Opposition No. 91183362, slip op. at 10-11 (T.T.A.B. Mar. 15, 2010) (precedential).

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. The recent tendency by courts and the Board alike to find claimed marks generic slowed over the past year, but the following words and phrases were nevertheless determined to be unprotectable:
 1. “mattress.com” for “online retail store services in the field of mattresses, beds, and bedding,” *see In re 1800Mattress.com IP, LLC*, 586 F.3d 1359 (Fed. Cir. 2009);
 2. “hotels.com” for “providing information for others about temporary lodging; travel agency services, namely, making reservations and book-

ings for temporary lodging for others by means of telephone and the global computer network,” *see In re Hotels.com, L.P.*, 573 F.3d 1300 (Fed. Cir. 2009);

3. “Las Vegas market” for the organization of exhibitions and conventions, *see World Mkt. Ctr. Venture, LLC v. Ritz*, 597 F. Supp. 2d 1186 (D. Nev. 2009);
4. “tire tires tires” for retail tire stores. *See In re Tires, Tires, Tires, Inc.*, 94 U.S.P.Q.2d 1153 (T.T.A.B. 2009).
5. “electric candle company” for light bulbs, “candle sleeves,” and light fixtures, *see In re Wm. B. Coleman Co.*, 93 U.S.P.Q.2d 2019 (T.T.A.B. 2010); and
6. “praline,” “king cake,” “buttered popcorn,” “Georgia peach,” “dill pickle,” “buttercream,” and “hurricane” for flavor concentrates for shaved-ice confections. *See Parasol Flavors LLC v. SnowWizard Inc.*, 94 U.S.P.Q.2d 1635 (E.D. La. 2010).

B. Although agreeing that a plaintiff lacking a federal registration bears the burden of demonstrating the distinctiveness of its claimed mark, courts differed on the evidentiary significance of a registration that has not reached its fifth anniversary or has otherwise not become incontestable.

1. Consistent with the majority rule (but not the arguable trend), a Second Circuit district court held that such a registration affirmatively shifts the burden of proof on mark validity from the plaintiff to the defendant; the defendant therefore must establish by a preponderance of the evidence that the registered mark is not valid. *See Heisman Trophy Trust v. Smack Apparel Co.*, 595 F. Supp. 2d 320, 326 (S.D.N.Y.), *partial summary judgment granted*, 637 F. Supp. 2d 146 (S.D.N.Y. 2009).
2. The Federal Circuit similarly held that ownership of a federal registration shifts the burden to a challenger of that registration to demonstrate invalidity by a preponderance of the evidence. *See Cold War Museum, Inc. v. Cold War Air Museum, Inc.*, 586 F.3d 1352, 1356 (Fed. Cir. 2009).
3. The Ninth Circuit dug a bit deeper in divining the mysteries of a nonincontestable registration on the Principal Register. As a general proposition, it held, “[i]f the plaintiff establishes that a mark has been properly registered, the burden shifts to the defendant to show by a preponderance of the evidence that the mark is not protectable.” *Zobmondo Entm’t, LLC v. Falls Media, LLC*, 602 F.3d 1108, 1114 (9th Cir. 2010). This holding in turn had two consequences, the first of which was that

“[w]here the PTO issues a registration without requiring proof of secondary meaning, the presumption is that the mark is a protectable.” *Id.* The second, however, was that “[a] corollary of this principle is that the registrant is not entitled to a presumption of secondary meaning unless the PTO required proof of secondary meaning as part of the application for registration of the mark.” *Id.* at 1114 n.7. What did all this mean to the parties’ cross-motions for summary judgment before the district court? “Federal registration in itself does not mean that [a plaintiff] can necessarily survive summary judgment solely on the basis of its registration.” *Id.* at 1115. Still, however, “the presumption of validity is a strong one, and the burden on the defendant necessary to overcome the presumption at summary judgment is a strong one.” *Id.*

4. The same court went further in a case involving a registration that was both expired and had been owned by a third party even while it was extant. *See Lahoti v. VeriCheck, Inc.*, 586 F.3d 1190 (9th Cir. 2009). Prior to the parties’ dispute, the plaintiff sought to register the stylized VERICHECK mark for “check verification and collection services,” but its application was rejected because of a prior third-party registration of another stylized VERICHECK mark for “check verification services.” *Quoted in id.* at 1194. The third-party registrant failed to renew its registration during the pendency of the litigation, and the court recognized that “the statutory presumption of distinctiveness applies only when the mark holder’s own mark has been registered” *Id.* at 1199. Nevertheless, and although the Ninth Circuit found other reasons to vacate the district court’s finding of suggestiveness, the lapsed registration was evidence that the plaintiff’s mark was not merely descriptive on the ground that “the PTO’s registration of the [the third party’s mark] is evidence of the [plaintiff’s mark’s] distinctiveness, given the strong similarity between the appearance and purposes of the [third party’s mark] and the [plaintiff’s mark].” *Id.* (footnote omitted).

- C. Notwithstanding the rule that surnames must have acquired secondary meaning to be protectable, the Board held that “[a] personal name mark, unless it is primarily merely a surname, is registrable on the Principal Register without a showing of secondary meaning, and thus is deemed to be inherently distinctive under the Lanham Act if the record shows that it is used in a manner that would be perceived by purchasers as identifying the services in addition to the person.” *Brooks v. Creative Arts by Calloway LLC*, 93 U.S.P.Q.2d 1823, 1828-29 (T.T.A.B. 2010). It therefore allowed an opposition based on the prior use of the mark THE CAB CALLOWAY ORCHESTRA for a variety of goods and services to proceed, notwithstanding the absence of a demonstration of secondary meaning by the opposer.

- D. The Ninth Circuit confirmed that, just as a federal registration can be used to demonstrate the distinctiveness of the mark underlying the registration, so too can third-party registrations be used for the same purpose. *See Lahoti v. Vericheck, Inc.*, 586 F.3d 1190 (9th Cir. 2009). As the court explained, “[a]lthough the statutory presumption of distinctiveness applies only when the mark holder’s own mark has been registered, courts may also defer to the PTO’s registration of highly similar marks.” *Id.* at 1199.
- E. In two decisions, however, the Board took a restrictive approach toward the use of prior registrations to demonstrate the distinctiveness of a similar mark underlying a new application. *See In re Nielsen Bus. Media, Inc.*, Serial No. 77223725, slip op. (T.T.A.B. Jan. 28, 2010) (precedential) (declining to allow applicant to register BOLLYWOOD REPORTER mark to rely upon prior registrations of HOLLYWOOD REPORTER); *In re Binion*, 93 U.S.P.Q.2d 1531 (T.T.A.B. 2009) (declining to allow applicant to register BINION and BINION’S marks to rely upon prior registrations of JACK BINION and JACK BINION’S marks).
- F. One court referred to a literary work in concluding that the “Rearden” surname – which would ordinarily be treated as a descriptive mark requiring secondary meaning – was suggestive. *See Rearden LLC v. Rearden Commerce, Inc.*, 597 F. Supp. 2d 1006 (N.D. Cal. 2009). Referring to both the word “Rearden” and the company name of one of the plaintiffs, the court found that “‘Rearden’ and ‘Rearden Steel’ invoke an image of entrepreneurial success to the many businesspeople familiar with Ayn Rand’s *Atlas Shrugged*.” *Id.* at 1019. From this doctrinally improbable premise, the court concluded:

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

Id. at 1019-20 (internal quotation marks omitted).

- G. In contrast, another court in the same federal district declined to accept the plaintiff’s argument that the words “Sand Hill” had lost their primary geographic significance as a reference to Sand Hill Road in Menlo Park California. *See Sand Hill Advisors LLC v. Sand Hill Advisors LLC*, 93 U.S.P.Q.2d 1789 (N.D. Cal. 2010). Seeking to avoid a requirement that it prove secondary meaning for its SAND HILL ADVISORS mark, which it used in connection with wealth management services, the plaintiff contended that the mark was suggestive because it invoked the entrepreneurial cache of Silicon Valley. In

granting the defendant's motion for summary judgment, the court rejected this theory because, as it saw things, "the salient question for purposes of ascertaining whether a mark is descriptive is whether the conveys information regarding the nature of the goods or services. Under that standard, the Court is persuaded that 'Sand Hill Advisors' means exactly what it says: It describes a geographic location where Plaintiff's advisory services." *Id.* at 1795.

H. One court held that the nature of a claimant's business may weigh against a finding of secondary meaning even if other relevant factors weigh in favor of such a finding. In *Fernandez v. Jones*, 653 F. Supp. 2d 22 (D.D.C. 2009), the plaintiffs alleged protectable rights to a mark and trade dress used in connection with a parking garage. Responding to a defense motion for summary judgment asserting a lack of distinctiveness, the plaintiffs pointed to their long-time exclusive use of the mark (but not, apparently, the trade dress). The court was unimpressed: "Even drawing all justifiable inferences in Plaintiffs' favor, that bare fact, standing alone, is insufficient to [establish] secondary meaning in this context. After all, the product here is a parking garage, not a consumer product or service which competes on factors other than location and price." *Id.* at 30.

I. Rejecting a claim of inherent distinctiveness, the Trademark Trial and Appeal Board held the "compression" of descriptive terms will not render the resulting single word mark a suggestive one. *In re Carlson*, 91 U.S.P.Q.2d 1198 (T.T.A.B. 2009). In doing so, the Board rejected the applicant's reliance on a deliberate misspelling of one word in the compressed mark, which the applicant claimed created a double entendre when viewed in the marketplace. Reaffirming its past authority, the Board held that:

"A mark . . . is deemed to be a double entendre only if both meanings are readily apparent *from the mark itself*. If the alleged second meaning of the mark is apparent to purchasers only after they view the mark in the context of the applicant's trade dress, advertising materials or other matter separate from the mark itself, then the mark is not a double entendre."

Id. at 1202 (quoting *In re Place Inc.*, 76 U.S.P.Q.2d 1467, 1470 (T.T.A.B. 2005)).

J. The Board also continued its hard line toward applicants for registration of non-traditional marks.

1. Applying its earlier holding in *In re Vertex Group LLC*, 89 U.S.P.Q.2d 1694 (T.T.A.B. 2009), the Board reiterated that a showing of secondary meaning is necessary for the registration of a sound emitted in the normal operation of the associated good in an opinion that additionally rejected the applicant's claim of acquired distinctiveness. *See Nextel*

Commc'ns, Inc. v. Motorola, Inc., 91 U.S.P.Q.2d 1393 (T.T.A.B. 2009).

2. The Board was also unsympathetic to the argument by the Chippendales dance troupe that the troupe's "cuffs and collar" mark was inherently distinctive for adult entertainment services. See *In re Chippendales USA, Inc.*, 90 U.S.P.Q.2d 1535 (T.T.A.B. 2009).

III. FUNCTIONALITY

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

- A. In *Colur World, LLC v. SmartHealth, Inc.*, 93 U.S.P.Q.2d 1690 (E.D. Pa. 2010), the court rejected the defendant's challenge to the plaintiff's averments of nonfunctionality for its line of pink nitrile gloves. On that issue, the plaintiff's complaint largely tracked the standard for non-functionality set forth in *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159 (1995). The complaint also alleged that the plaintiff was the nation's only purveyor of pink nitrile gloves. Based on these allegations, the district court held that the plaintiff had pleaded sufficient facts to state a plausible claim for relief on the issue of non-functionality, "even if it ha[d] only done so by just barely 'nudg[ing] its claims across the line from conceivable to plausible.'" *Colur World*, 93 U.S.P.Q.2d at 1696 (quoting *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 570 (2007)) (alterations in original).
- B. In contrast, in a decision rendered in 2007 but only reported in 2009, the Trademark Trial and Appeal Board confirmed that colors can be functional and therefore unprotectable. See *Saint-Gobain Corp. v. 3M Co.*, 90 U.S.P.Q.2d 1425, 1441-48 (T.T.A.B. 2007) (finding color purple functional for sandpaper in light of evidence of need for color coding in industry).
- C. Although a federal trade dress registration can be evidence that the underlying trade dress is nonfunctional, see, e.g., *Vuitton et Fils S.A. v. J. Young Enters.*, 644 F.2d 769, 775-76 (9th Cir. 1991), the Board confirmed that this principle applies only to the trade dress covered by the registration; consequently, such a registration cannot be used to prove the nonfunctionality of another trade dress, especially if it is used in connection with different goods. See *In re Dietrich*, 91 U.S.P.Q.2d 1622, 1625 (T.T.A.B. 2009) (declining to accept prior registration proffered by applicant as evidence of nonfunctionality of applied-for mark on ground that "[t]he two marks in this case, while visually similar, are not the same; nor are the goods the same" (footnote omitted)).

- D. In the same case, the Board confirmed that the significance of a related utility patent lies in its overall disclosure, and not merely in the content of its claims. *See In re Dietrich*, 91 U.S.P.Q.2d 1622, 1627 (T.T.A.B. 2009).
- E. A similar result was reached by an Eleventh Circuit district court, which rejected on a defense motion for summary judgment a claim of trade dress protection for the design of an insulated beverage cup. *See Dixie Consumer Prods. LLC v. Huhtamaki Ams., Inc.*, No. 1:08-cv-3125-TCB, 2010 WL 784905 (N.D. Ga. Mar. 8, 2010). In doing so, the court relied not only on the claims of related utility patents, but on the drawings of one patent as well, which the court credited as evidence that the patent “cover[ed] the product feature at issue, albeit impliedly.” *Id.* at *5.

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.

- A. Notwithstanding the increasingly frequent failure by courts to apply the express text of Section 32, 15 U.S.C. § 1114 (2006), one court did dismiss the Section 32 cause of action of a group of plaintiffs who did not own a federal registration, but had nevertheless “tagged along” on the infringement claim asserted by the actual registrant. *See Specht v. Google, Inc.*, 660 F. Supp. 2d 858, 867 (N.D. Ill. 2009).
- B. In a more unusual case in which the required case and controversy was similarly found to be absent, the plaintiff filed an action seeking a declaratory judgment of noninfringement and the cancellation of certain of the defendant’s registrations, and the defendant counterclaimed for infringement of the marks covered by those registrations. *See Amerimax Real Estate Partners v. RE/MAX Int’l, Inc.*, 600 F. Supp. 2d 1003 (N.D. Ill. 2009). After several years of protracted litigation, the defendant moved the court for the dismissal of its counterclaim with prejudice; it then also moved the court to dismiss the plaintiff’s declaratory judgment action for lack of federal subject matter jurisdiction. The defendant’s proffered notice of dismissal acknowledged that the defendant no longer considered the plaintiff’s conduct to be infringement, and this concession determined the court’s disposition of the defendant’s motions. As it explained, “[n]ow that [the defendant] has agreed to dismiss its Counterclaim with prejudice and concedes that [the plaintiff] is not infringing its name or mark, . . . [the defendant’s] conduct no longer creates ‘a real and reasonable apprehension of liability on the part of the plaintiff.’” *Id.* at 1009 (quoting *Planet Hollywood (Region IV), Inc. v. Hollywood Casino Corp.*, 80 F. Supp. 2d 815, 873 (N.D. Ill. 1999)). Dismissal therefore was appropriate because “[a]n actual controversy regarding trademark law between the parties no

longer exists.” *Id.*; *see also id.* at 1009-10 (employing similar analysis to dismiss plaintiff’s claim for cancellation of defendant’s registrations).

V. LIKELIHOOD OF CONFUSION

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

- A. Chief among these was the Sixth Circuit’s affirmance of a holding of no likelihood of confusion as a matter of law on a defense motion to dismiss for failure to date a claim. *See Hensley Mfg., Inc. v. ProPride, Inc.*, 579 F.3d 603 (6th Cir. 2009). The challenged use was of the personal name “Jim Hensley,” which belonged to the designer of the defendants’ trailer hitches. The plaintiff, which had purchased Hensley’s business years earlier, owned federal registrations of the HENSLEY and HENSLEY ARROW marks, and it alleged that the defendants’ (accurate) references to Hensley as the designer of their hitches created a likelihood of confusion. Although concluding that the challenged use qualified for the descriptive fair use defense under Section 33(b)(4) of the Lanham Act, 15 U.S.C. § 1115(b)(4) (2006), the Sixth Circuit also agreed with the district court that the plaintiff had failed to state a claim for infringement in the first instance. *See Hensley Mfg.*, 579 F.3d at 610-11.
- B. In contrast, a motion to dismiss allegations of likely confusion fell short in the highly publicized dispute between the owner of the NORTH FACE mark for various outdoor clothing and the purveyor of goods sold under the SOUTH BUTTE mark. *See N. Face Apparel Corp. v. Williams Pharm. Inc.*, 93 U.S.P.Q.2d 1774 (E.D. Mo. 2010).
- C. Departing from its earlier opinion in *Jada Toys, Inc. v. Mattel, Inc.*, 496 F.3d 974 (9th Cir. 2007), the Ninth Circuit affirmed the grant of a defense motion for summary judgment based only on the appearances of two of the parties’ marks at issue. *See One Indus. v. Jim O’Neal Distrib., Inc.*, 578 F.3d 1154 (9th Cir. 2009). Although applying a full-blown likelihood of confusion analysis in other portions of its opinion, it compared the counterclaim plaintiff’s stylized O’NEAL mark to the counterclaim defendant’s stylized ONE mark and concluded that “[w]e agree with the district court that because these marks are ‘dramatically different,’ there is no likelihood of confusion.” *Id.* at 1165. The counterclaim plaintiff’s showings of at least some actual confusion and that its mark was “not weakened by other similar marks in the [motocross apparel] industry” did to affect the outcome. *See id.*
- D. Courts hearing cases involving diverted and altered goods have long held that, if an alteration is likely to be regarded as material by consumers, the exhaustion doctrine does not apply, and the owner of a trademark affixed to the goods can pursue injunctive relief under a likelihood-of-confusion theory. *See, e.g., Au-Tomotive Gold Inc. v. Volkswagen of Am.*, 603 F.3d 1133, 1135-

39 (9th Cir. 2010) (affirming entry of summary judgment against producers of marquee license plates to which genuine, but altered, badges had been affixed); *Scentsy Inc. v. deDisse*, 93 U.S.P.Q.2d 1934, 1935 (D. Idaho 2010) (temporary restraining order against defendant's resale under plaintiff's marks of melted down and repackaged wax originally sold by plaintiff). Although affirming this general rule, the Second Circuit went a step beyond it in holding that a finding of liability for infringement may lie if the alteration of a genuine good interferes with a trademark owner's ability to control the nature and quality of the goods sold under its mark. *See Zino Davidoff SA v. CVS Corp.*, 571 F.3d 238 (2d Cir. 2009). As the court explained:

Where the alleged infringer has interfered with the trademark holder's ability to control quality, the trademark holder's claim is not defeated because of failure to show that the goods sold were defective. That is because the interference with the trademark holder's legitimate steps to control quality unreasonably subjects the trademark holder to the risk of injury to the reputation of its mark. . . . Reputation for quality, whether good or bad, becomes associated with a mark in the minds of consumers. Many consumers are willing to pay more to buy goods bearing a mark which experience has taught the consumer represents an assurance of high quality.

Id. at 243-44.

- E. In *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, 588 F.3d 97 (2d Cir. 2009), the Second Circuit rejected the defendant's argument that the fame of the plaintiffs' marks should weigh *against* a finding of liability. Although acknowledging that at least one of its past opinions had reached such a result, *see Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 503 (2d Cir. 1996), the court suggested that the significance of its earlier holding should be limited to "the limited circumstance where the defendants' mark is a clear parody and there is widespread familiarity with the parody." *Starbucks*, 588 F.3d at 116. Because of the court's conclusion that the particular uses before it did not constitute a clear parody, the defendant's reliance on the strength of the plaintiffs' marks was misplaced. *See id.*
- F. Taking issue with the contrary Eleventh Circuit rule, *see Caliber Automotive Liquidators, Inc. v. Premier Chrysler, Jeep, Dodge, LLC*, No. 08-16179, 2010 WL 1816170, at *4 (11th Cir. May 7, 2010), the Board held that the incontestable status of a registration does not render the mark covered by it strong for purposes of the likelihood of confusion inquiry:

The registrations alone are incompetent to establish any facts with regard to the nature or extent of opposer's use and ad-

vertising of its trademarks or any reputation they enjoy or what purchasers' reactions to them may be. Accordingly, the fact that opposer's federally-registered trademark has achieved incontestable status means that it is conclusively considered to be valid, but it does not dictate that the mark is "strong" for purposes of determining likelihood of confusion.

Safer, Inc. v. OMS Invs., Inc., 94 U.S.P.Q.2d 1031, 1036 (T.T.A.B. 2009) (citation omitted).

- G. Confirming its past holdings to similar effect in a 2007 opinion reported in 2009, the Trademark Trial and Appeal Board confirmed that "[t]he word portion of a composite word and design mark is generally accorded greater weight [in the likelihood of confusion analysis] because it is used to call for and refer to the goods." *In re Ginc UK Ltd.*, 90 U.S.P.Q.2d 1472, 1478 (T.T.A.B. 2007).

VI. COUNTERFEITING

- A. In overturning a conviction for trafficking in goods bearing counterfeit marks, the Fifth Circuit provided a useful reminder that federal registration is a necessary prerequisite for criminal prosecutions under 18 U.S.C. § 2320(e)(1)(A)(ii) (2006). *See United States v. Xu*, 599 F.3d 452 (5th Cir. 2010). Because the government had failed either to introduce a copy of the registration in question into evidence or to establish its existence beyond a reasonable doubt through testimony by an employee of the registrant, the conviction could not stand. *See id.* at 454-55.
- B. The federal government was not alone in failing to prove the registered status of a mark allegedly misappropriated by counterfeiters. In *State v. Troisi*, 922 N.E.2d 957 (Ohio 2010), the Ohio Supreme Court reviewed the dismissal of a criminal complaint based on prosecutors' failure to demonstrate at trial that the mark in question was registered in the USPTO, a prerequisite for conviction under the relevant state statute. Rather than presenting to the jury a certificate of registration for the mark, the prosecution relied instead on the testimony of a Cleveland Police Department sergeant that the goods sold by the defendant bore counterfeit marks. The Court agreed with the defendant that this was an insufficient showing as a matter of law:

[The witness] testified that through his "training and experience" he was aware that the marks were registered but that he had personally never seen any documents from the United States Patent and Trademark Office showing the registration. He had never obtained official trademark records, he had never seen any of the trademarks on a registry document, and he did not know when the trademarks were issued, when they expired,

or whether they had been renewed. In sum, his testimony was not sufficient to prove beyond a reasonable doubt that the marks were registered.

Id. at 959.

- C. Likewise, another court hearing a civil action alleging that the defendants had trafficked in goods bearing counterfeit imitations of the plaintiffs' marks proved receptive to a Rule 12(b)(6) motion to dismiss for failure to state a claim. *See Specht v. Google, Inc.*, 660 F. Supp. 2d 858 (N.D. Ill. 2009). The deficiency in the plaintiffs' cause of action was a lack of identity between the ANDROID DATA mark covered by their registration and the ANDROID mark allegedly used by the defendant. With the plaintiffs having failed to aver any other facts that might be a basis for liability, their counterfeiting claim "must be dismissed summarily." *Id.* at 866.
- D. On the plaintiffs' side of the counterfeiting ledger, however, the Seventh Circuit confirmed that the affixation of a licensed mark to goods produced by a manufacturer not authorized under the license can trigger the licensee's liability for the trafficking in goods bearing counterfeit marks. *See Gabbanelli Accordions & Imports, L.L.C. v. Ditta Gabbanelli Ubaldo Di Elio Gabbanelli*, 575 F.3d 693, 698 (7th Cir. 2009).

VII. DILUTION

The past year produced several doctrinally significant opinions under federal dilution law, most notably ones from the Second Circuit and the Sixth Circuit on the proper interpretation of the statutory factors for evaluating claims of likely dilution under Section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c) (2006).

- A. The Second Circuit opinion came in *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, 588 F.3d 97 (2d Cir. 2009). The plaintiffs' mark was STARBUCKS, standing alone and with a logo, for coffee and retail coffee sales, which the plaintiffs unsuccessfully asserted in a bench trial was likely to be diluted under Section 43(c) by the defendant's use with a stylized bear design of CHARBUCKS BLEND and MISTER CHARBUCKS in connection with what the defendant described as a "dark roasted blend" of coffee. On appeal, the Second Circuit affirmed the district court's finding of no likelihood of dilution by tarnishment but vacated that court's finding that dilution by blurring was unlikely.
 - 1. As to dilution by tarnishment, the plaintiffs objected to the alleged association of their marks with what they characterized as "bitter, over-roasted coffee," *quoted in id.* at 110, relying upon survey evidence that (1) 30.5% of respondents associated the defendant's marks with their

own and (2) 62.5% of those respondents “indicated that they would have a negative impression” of a coffee sold under the defendant’s CHARBUCKS mark. *Quoted in id.* The Second Circuit was unpersuaded, and it therefore affirmed the district court’s finding, after a bench trial, that the defendant’s uses were unlikely to tarnish the plaintiffs’ marks:

To the extent [the plaintiffs] rel[y] on the survey, a mere association between “Charbucks” and “Starbucks,” coupled with a negative impression of the name “Charbucks,” is insufficient to establish a likelihood of dilution by tarnishment. That a consumer may associate a negative-sounding junior mark with a famous mark says little of whether the consumer views the junior mark as harming the reputation of the famous mark. The more relevant question, for purposes of tarnishment, would have been how a hypothetical coffee named either “Mister Charbucks” or “Charbucks Blend” would affect the positive impressions about the coffee sold by [the plaintiffs]. We will not assume that a purportedly negative-sounding junior mark will likely harm the reputation of the famous mark by mere association when the survey conducted by the party claiming dilution could have easily enlightened us on the matter. Indeed, it may even have been that “Charbucks” would strengthen the positive impressions of Starbucks because it brings to the attention of consumers that the “Char” is absent in “Star”bucks, and, therefore, of the two “bucks,” Starbucks is the “un-charred” and more appealing product. Juxtaposition may bring to light more appealing aspects of a name that otherwise would not have been brought to the attention of ordinary observers.

Id. at 110-11. The defendant’s marketing of its coffee as a “[v]ery high quality” alternative to that of the plaintiffs was further evidence supporting the district court’s finding of no likelihood of tarnishment. *Id.* at 111.

2. The defendant’s initial victory on the blurring front was based on three findings in particular that the plaintiffs targeted on appeal: (1) the parties’ marks were not substantially similar, something that the district court considered “alone . . . sufficient to defeat [the plaintiff’s] blurring claim,” *quoted in id.* at 107; (2) the defendant had not intended to create an actual association with the plaintiff; and (3) there was an absence

of evidence of an actual association between the parties' marks. Like the plaintiffs, the Second Circuit took issue with each of these findings.

- a. As to the first, the appellate court rejected the proposition that substantial similarity between the parties' marks was a threshold requirement for a finding that blurring was likely under Section 43(c):

[O]ne of the six statutory factors informing the inquiry as to whether the allegedly diluting mark "impairs the distinctiveness of the famous mark" is "[t]he *degree* of similarity between the mark or trade name and the famous mark." Consideration of a "degree" of similarity as a factor in determining the likelihood of dilution does not lend itself to a requirement that the similarity between the subject marks must be "substantial" for a dilution claim to succeed. Moreover, were we to adhere to a substantial similarity requirement for all dilution by blurring claims, the significance of the remaining five factors would be materially diminished because they would have no relevance unless the degree of similarity between the marks are initially determined to be "substantial." Such requirement of substantial similarity is at odds with the federal dilution statute, which lists "degree of similarity" as *one* of several factors in determining blurring.

Id. at 108 (quoting 15 U.S.C. § 1125(c)(2)(B) (2006)) (citations and footnote omitted). Thus, although it agreed with the defendant the parties' marks shared only a "minimal similarity," *id.* at 107, the appellate court therefore held with respect to the plaintiffs' Section 43(c) claim (but not their corresponding claim under the New York state dilution statute) that "the District Court erred to the extent it focused on the absence of 'substantial similarity' between the [parties' marks] to dispose of [the plaintiffs'] dilution claim." *Id.* at 109.

- b. The second basis of the defendant's victory fared no better. Challenging the district court's determination that the defendant had not acted in bad faith within the meaning of Section 43(c)(2)(B)(v), the plaintiffs successfully argued that that section did not require a showing of bad faith; rather, a mere intent to associate in and of itself should weigh in favor of a finding of

liability. As the Second Circuit explained, “[t]he determination of an ‘intent to associate’ . . . does not require the additional consideration of whether bad faith corresponded with that intent. . . . [W]here, as here, the allegedly diluting mark was created with an intent to associate with the famous mark, this factor favors a finding of a likelihood of dilution.” *Id.*

c. Finally, the appellate court distinguished between the concepts of actual confusion and actual association in rejecting the district court’s finding that the plaintiffs had failed to prove the latter. On this issue, the plaintiffs had introduced the results of a telephone survey, which, although yielding only a 3.1% rate of actual confusion, nevertheless showed that 30.5% of respondents had responded “Starbucks” when asked “[w]hat is the first thing that comes to mind when you hear the name ‘Charbucks.’” *Quoted in id.* (alteration in original). Concluding that the district court had improperly dismissed these results as establishing the absence of actual confusion, the Second Circuit held “[t]his was error, as the absence of actual or event a likelihood of confusion does not undermine evidence of trademark dilution.” *Id.*

3. That left the issue of whether the defendant’s marks qualified for the parody exception recognized by Section 43(c)(3), which provides that a challenged use will not be actionable if it is one “other than as a designation of source for the [defendant’s] own goods and services” for the purpose of “identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.” 15 U.S.C. § 1125(c)(3)(A) (2006). That the defendant’s uses clearly were trademark ones might well have rendered them eligible for the exclusion, but the court chose not to address that issue. Instead, it held that the defendant’s uses were “at most, a subtle satire” of the plaintiffs’ marks. *Starbucks*, 588 F.3d at 113. In particular, they were not promoted as satires of, or commentaries on, the plaintiff; instead, they served as a “beacon” identifying the defendant as a competitor of the plaintiffs. *See id.* Under these circumstances, “[the defendant’s] incantation of parody does nothing to shield it from [the plaintiffs’] dilution claim in this case.” *Id.*

B. The Sixth Circuit opinion came in *V Secret Catalogue, Inc. v. Moseley*, No. 08-5793, 2010 WL 1979429 (6th Cir. May 19, 2010), the latest chapter in the long-running litigation brought by the owners of the various iterations of the VICTORIA’S SECRET mark against Victor and Kathy Moseley, a husband-and-wife team operating a sex shop under the VICTOR’S LITTLE SECRET mark. By the time the case reached the Sixth Circuit on appeal for the second time, the sole issue presented was whether the defendants’ mark was likely to

dilute the distinctiveness of the plaintiffs' marks under a tarnishment theory. The appellate court affirmed a finding of liability below in a 2-1 decision producing three opinions, but did so in a manner that altered the parties' respective burdens.

1. The lead opinion initially focused on the effect of the 2006 revisions to Section 43(c), which were intended to abrogate the Supreme Court's holding in an earlier stage of the case that the then-extant version of that statute required a showing of likely, rather than actual dilution. *See Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003). In particular, the lead opinion identified language in the legislative history of the revised Section 43(c) reciting that “[t]he *Moseley* standard creates an undue burden for trademark holders who contest diluting uses and should be revised.” *Moseley*, 2010 WL 1979429, at *2 (quoting H.R. REP. No. 109-23, at 5 (2006), reprinted in 2006 U.S.C.C.A.N. 1091, 1092)). Referring to the examples of potentially actionable tarnishing uses set forth in the Restatement, as well as the unfavorable track record of defendants such as the Moseleys in dilution litigation, that opinion then intoned:

The phrase “likely to cause dilution” used in the new statute significantly changes the meaning of the law from “causes actual harm” under the preexisting law. . . . It is important to note . . . that the Committee Report . . . seeks to reduce the “burden” of evidentiary production on the trademark holder. The burden-of-proof problem, the developing case law, and the Restatement (Third) of Trademarks in § 25 (particularly subsection g) should now be interpreted, we think, to create a kind of rebuttable presumption, or at least a very strong inference, that a new mark used to sell sex-related products is likely to tarnish a famous mark if there is a clear semantic association between the two.

. . . [T]he new law seems designed to protect trademarks from any unfavorable sexual associations. Thus, any new mark with a lewd or offensive-to-some sexual association raises a strong inference of tarnishment. The inference must be overcome by evidence that rebuts the probability that some consumers will find the new mark both offensive and harmful to the reputation and favorable symbolism of the famous mark.

Id. at *4 (citation omitted).

2. A concurring opinion from the other judge voting to affirm took issue with the lead opinion's reference to a "rebuttable presumption," *see id.* at *6 (Gibbons, J., concurring), but there was no apparent disagreement between the two judges in the majority on the significance of the sex-related nature of the defendants' business:

This *res ipsa loquitur*-like effect is not conclusive but places on the owner of the new mark the burden of coming forward with evidence that there is no likelihood or probability of tarnishment. The evidence could be in the form of expert testimony or surveys or polls or customer testimony.

Id. at *4 (footnote omitted).

3. Applying this new standard to the record evidence and testimony before it, the author of the lead opinion, and apparently that of the concurring opinion as well, declined to disturb the district court's entry of summary judgment in the plaintiffs' favor:

In the present case, the Moseleys have had two opportunities in the District Court to offer evidence that there is no real probability of tarnishment and have not done so. They did not offer at oral argument any suggestion that they could make such a showing or wanted the case remanded for that purpose. The fact that Congress was dissatisfied with the Moseley result and the Moseley standard of liability, as well as apparently the Moseley burden of proof, supports the view of Victoria's Secret that the present record—in the eyes of the legislative branch—shows a likelihood of tarnishment. Without evidence to the contrary or a persuasive defensive theory that rebuts the presumption, the defendants have given us no basis to reverse the judgment of the District Court. . . . We agree that the tarnishing effect of the Moseley's mark on the senior mark is somewhat speculative, but we have no evidence to overcome the strong inference created by the case law, the Restatement, and Congressional dissatisfaction with the burden of proof used in this case in the Supreme Court.

Id.

- C. Rejecting a federal dilution cause of action to protect an incontestably registered dripping wax design applied to the necks of bourbon bottles, one Sixth

Circuit district court offered the following explanation of the high standard enacted by Congress as part of the 2006 revisions to Section 43(c):

Whether a mark is “famous” is the threshold issue in a trademark dilution claim. “Fame” is a lexicon of art particular to trademark jurisprudence; it is not at all the same as asking “the man on the street” whether a name, mark or product is “famous.” It is not proven through the words of trade publication articles declaring it so. Rather, under the TDRA, a mark is famous if it “is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark’s owner.” The term “general consuming public,” added in a 2006 revision to the Act, appears to have eliminated any possibility that niche fame—a type of fame recognized prior to 2006—is a valid basis for finding a mark famous. The revision also indicates that Congress intended for dilution to apply only to a small category of extremely strong marks.

Maker’s Mark Distillery, Inc. v. Diageo N. Am, Inc., Civil Action No. 3:03-CV-93-H, 2010 WL 1407325, at *16 (W.D. Ky. Apr. 2, 2010) (quoting 15 U.S.C. § 1125(c)(2)(A) (2006)) (footnotes and citations omitted).

- D. In *Citigroup Inc. v. Capital City Bank Group Inc.*, Opposition No. 91177415, slip op. (T.T.A.B. Feb. 16, 2010) (precedential), the Board confirmed that the relevant date for proving mark fame for purposes of a dilution-based challenge to an application is the date of the applicant’s first use of the applied-for mark, and not the application’s filing date. Thus, although the opposer before the Board was otherwise able to meet the high standard for proving mark fame, its dilution claim was dismissed after trial. *See id.* at 56, 58.

VIII. CYBERSQUATTING

- A. In *Southern Grouts & Mortars, Inc. v. 3M Co.*, 575 F.3d 1235 (11th Cir. 2009), the Eleventh Circuit confirmed that, if good-faith reasons for the registration of a domain later become moot, the continued maintenance of that domain after that point in time does not in and of itself subject the registrant to liability under the Anticybersquatting Consumer Protection Act, 15 U.S.C. § 1125(d) (2006). Having acquired the DIAMOND BRITE trademark for “electronically controlled display panels and signs” and the corresponding *diamondbrite.com* domain, the defendant continued to renew the latter after the rights to the former had lapsed. The plaintiff, the owner of a registration of the same mark for pool finishing products, sought to force an assignment of the domain under the ACPA, citing to two “unique circumstances” that allegedly established the defendant’s bad faith intent to profit from the domain: (1)

the defendant's ownership of the domain allowed it to glean strategic information from the pattern of hits; and (2) the defendant admittedly had retained the domain to prevent others from registering it rather than to display content on an associated website. The court gave each argument the back of its judicial hand, concluding that the plaintiff had failed to adduce any factual evidence supporting its first theory and that neither the ACPA nor its legislative history supported the second. *See id.* at 1245-46.

- B. Although the existence or nonexistence of a bad faith intent to profit is a factual issue that does not necessarily lend itself to resolution as a matter of law, the Ninth Circuit affirmed entry of summary judgment against an accused cybersquatter. *See Lahoti v. Vericheck, Inc.*, 586 F.3d 1190 (9th Cir. 2009). Chief among the considerations weighing in favor of this outcome were the domain owner's failure to use the domain in connection with a bona fide offering of goods and services, his request for \$72,500 to assign the domain to the plaintiff, his lack of rights to the salient component of the domain, and the fact that he was "a repeat cybersquatter who has registered hundreds of domain names resembling distinctive or famous trademarks and has been admonished by judicial bodies for doing so." *Id.* at 1202-03.
- C. Another case presented an even stronger case for a finding of liability under the ACPA as a matter of law. *See Webadvisor v. Bank of Am. Corp.*, 93 U.S.P.Q.2d 1932 (S.D.N.Y. 2010). Having affirmatively pleaded in his declaratory judgment complaint that he was a "domainer" who sought to "acquire high value domain names and park them with domain parking service providers to generate pay-per-click revenue," the plaintiff was in a uniquely poor position to resist the defendants' summary judgment motion, and his offer to sell the challenged domain for "near 7 figures" added more than a few inches to his ACPA grave. *Quoted in id.* at 1933. Under these circumstances, the court had little difficulty ordering the same relief as that entered in an earlier in a UDRP proceeding between the parties. *See id.* at 1933-34.
- D. One court was confronted with an apparent question of first impression – in the case law, if not in the United States Code – namely, whether the domain name registrant is a necessary party to an *in personam* action under the ACPA. *See Citadel Inv. Group, L.L.C. v. Citadel Capital Co.*, No. 09-0886 (JDB), 2010 WL 1233388 (D.D.C. Mar. 31, 2010). The named defendant was merely the registrant's licensee, which led it to move to dismiss the action for failure to join the registrant himself. The court was unpersuaded, noting that Section 43(d)(1)(D), 15 U.S.C. § 1125(d)(1)(D) (2006), expressly authorizes suits against both "the domain name registrant [and] that registrant's authorized licensee." *Id.* at *10. Moreover, the court held, Rule 19 of the Federal Rules of Civil Procedure gave it the discretion to allow the suit even without the registrant's participation:

If plaintiffs prevail on this claim, they potentially can obtain both monetary and injunctive relief against [the registrant's licensee], which would compensate plaintiffs for [the licensee's] use of the infringing domain name and terminate [the licensee's] future use of the domain name. Because this remedy would adequately address [the licensee's] infringing use, and would have no effect on [the registrant's] rights to the domain name, the Court concludes that [the licensee] has not carried its burden of demonstrating that dismissal of the cybersquatting claim is appropriate.

Citadel Inv. Group, 2010 WL 1233388, at *11.

- E. The doctrine of foreign equivalents is well-established in infringement litigation, and the past year saw an application of it in an action under the ACPA. *See Mastercard Int'l Inc. v. Trehan*, 629 F. Supp. 2d 824 (N.D. Ill. 2009). The plaintiff was the owner of various federal registrations of the MASTERCARD mark for financial services, and it sued the defendant after he ill-advisedly wrote the plaintiff to advise it of his registration as a domain of the Hindi translation of MASTERCARD; although not referring to it in his correspondence, he also proved to be the owner of the www.mastercard.com domain. Concluding that the defendant's registration of both domains violated the ACPA, the court noted with respect to the former that it "does not have the same appearance as MASTERCARD, but it is identical in translation, pronunciation, and meaning." *Id.* at 830.
- F. At least one claimant under the ACPA was not an aggrieved mark owner but instead a domain name registrant seeking to recover for the alleged "attempted reverse domain name hijacking" undertaken by the defendant when it initiated a UDRP action against the plaintiff. *See Frayne v. Chicago 2016*, 90 U.S.P.Q.2d 1055 (N.D. Ill. 2009). The court dismissed this aspect of the plaintiff's complaint, concluding that "[n]othing in the language of the statute creates a cause of action against a party that attempts to suspend, disable, or transfer a domain name but fails to actually do so." *Id.* at 1057.

IX. FALSE ADVERTISING

- A. Advertising can be actionable under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) (2006), under one of two theories: (1) the advertising is literally false or, alternatively, the advertising is literally true but false by implication. In a case arising from a challenge by Tiffany to sales of goods bearing counterfeit imitations of Tiffany's marks on eBay, *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93 (2d Cir. 2010), the Second Circuit took an unconventional approach to the distinction between the two. The record evidence and testimony established that: (1) those sales were occurring; (2) eBay had "general-

ized” knowledge of them; and (3) “eBay advertised the sale of Tiffany goods on its website in various ways,” including hyperlinks that used the Tiffany name, as well as through its purchases of advertising from the operators of search engines. *See id.* at 113. As to Tiffany’s claim of literal falsity – and despite the undisputed fact that at least some of goods in question were *not* genuine – the Second Circuit agreed with the district court that “eBay’s advertisements were not literally false inasmuch as genuine Tiffany merchandise was offered for sale through eBay’s website.” *Id.* Tiffany’s claims that eBay’s advertising was false by implication, however, fared better:

[T]he district court reasoned that if eBay’s advertisements were misleading, that was only because the sellers of counterfeits made them so by offering inauthentic Tiffany goods. Again, this consideration is relevant to Tiffany’s direct infringement claim, but less relevant, if relevant at all, here. It is true that eBay did not itself sell counterfeit Tiffany goods; only the fraudulent vendors did But eBay did affirmatively advertise the goods sold through its site as Tiffany merchandise. The law requires us to hold eBay accountable for the words that it chose insofar as they misled or confused consumers.

Id. at 114. A remand therefore was appropriate “so that the district court, with its greater familiarity with the evidence, can reconsider the claim.” *Id.*

- B. Taking an approach to Section 43(a) at odds with that of the Federal Circuit, *see Baden Sports, Inc. v. Molten USA, Inc.*, 556 F.3d 1300 (Fed. Cir. 2009), the Ninth Circuit allowed one plaintiff to assert a violation of Section 43(a)(1)(B), *id.* § 1125(a)(1)(B), based on the defendants’ allegedly false representation that the lead defendant was an inventor of a dermatological laser. *See Photomedex, Inc. v. Irwin*, 601 F.3d 919, 932 (9th Cir. 2010).
- C. The argument that allegedly false advertising is actually nonactionable “puffery” is rarely successful at the pleading stage, but one defendant, an online entity that disseminated breaking news stories, managed to secure the dismissal of false advertising claims by invoking it. *See Assoc. Press v. All Headline News Corp.*, 89 U.S.P.Q.2d 2020 (S.D.N.Y. 2009). Because the defendant did not undertake any original reporting, but instead relied on its employees to mine the Internet for stories prepared by others, its claims, *inter alia*, to be a “news service” with a “news division” were challenged by the Associated Press as false advertising. In granting a defense motion to dismiss for failure to state a claim, the court explained that “[the defendant’s] self-described status as a news-gathering organization is an inadequate basis for a Lanham Act claim. As framed here, this claim would require the Court or a jury to sit in judgment of whether a self-described news service is required by the Lanham Act to do ‘original reporting.’” *Id.* at 2028. The challenged statements

were therefore mere puffery: “Here, the definition of a ‘news service’ does not lend itself to absolute criteria, and is exempt from the reach of section 43(a).” *Id.*

- D. Consistent with the trend over the past few years, some courts hearing false advertising claims under Section 43(a) of the Lanham Act focused on the issue of whether the challenged conduct was “commercial advertising or promotion” within the meaning of Section 43(a). One plaintiff had luck establishing a use in commercial advertising or promotion, at least at the summary judgment stage of the case, even though the representations in question were made only to a single recipient. The parties occupied a niche market on the automotive parts industry, namely, that for fuel filters intended for a particular engine manufactured by General Motors. *See Champion Labs. v. Parker-Hannifin Corp.*, 616 F. Supp. 2d 684 (E.D. Mich. 2009). In a presentation made both through e-mail transmission and live on-site at GM’s offices, the defendant represented to GM that the defendant’s filters performed better in removing contaminants finer than two microns. Although this and other representations were supposedly grounded in the results of tests conducted on the parties’ products, contemporary e-mails from those conducting the tests cast doubt on the accuracy of the representations made in the presentations. *See id.* at 688-90. Contending that GM’s status as the sole recipient of the presentations precluded the presentations from being considered commercial advertising and promotion, the defendant moved for summary judgment. In response, the plaintiff established to the court’s satisfaction that “[t]he ‘relevant purchasing public’ for this part is GM.” *Id.* at 695. Summary judgment in the defendant’s favor therefore was inappropriate on the ground that “[i]f the jury finds that the market is made up solely of GM, by showing the presentation to GM, [the defendant] arguably sufficiently disseminated the presentation in the market.” *Id.*

X. FALSE ENDORSEMENT AND RIGHT OF PUBLICITY

- A. One district court confronted the argument that the federal cause of action for celebrity false endorsement under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) (2006), was available only in challenges to the use of celebrities’ likenesses in advertising for products, rather than to the use of those likenesses on products in and of themselves. *See Fifty-Six Hope Road Music, Ltd. v. A.V.E.L.A., Inc.*, 688 F. Supp. 2d 1148 (D. Nev. 2010). The court was unconvinced and denied a defense motion for summary judgment grounded in that theory. *See id.* at 1167-68.
- B. State courts in Georgia and North Carolina took aim at right-of-privacy claims that appeared to be more properly disposed of under right-of-publicity doctrine. *See Gettner v. Fitzgerald*, 677 S.E.2d 149 (Ga. Ct. App. 2009); *Merritt, Flebotte, Wilson, Webb & Caruso, PLLC v. Hemmings*, 676 S.E.2d 79 (N.C. Ct.

App. 2009). In both cases, the counterclaim plaintiffs alleged that their former employers had failed to remove their likenesses from the former employers' websites following the counterclaim plaintiffs' departures. In the North Carolina action, the counterclaim defendants made an uncontroverted showing that they had instructed their technical support service to delete information relating to the counterclaim plaintiffs when the counterclaim plaintiffs departed and that the requested deletion had occurred. *See Merritt*, 676 S.E.2d at 88-89. In contrast, the counterclaim plaintiff's case in the Georgia action foundered on his inability to demonstrate that the counterclaim defendants had benefited in any way from his continued appearance on their website. *See Gettner*, 677 S.E.2d at 157-58. The ultimate outcome of each case was the same: summary judgment of nonliability. *See id.* at 158; *Merritt*, 676 S.E.2d at 89.

XI. SECONDARY LIABILITY

Unfair competition law recognizes two types of secondary liability, contributory infringement and vicarious liability.

- A. The most notable opinion of the year bearing on secondary liability addressed only claims of contributory infringement, but it was a significant and closely-watched one: *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93 (2d Cir. 2010).
 1. The case had its origins in Tiffany's belief – substantiated in varying degrees by the factual record in the case – that much of the TIFFANY-branded merchandise being sold on the Internet auction site eBay in fact bore counterfeit imitations of Tiffany's marks. Tiffany's showing at trial included the results of two "buying programs" conducted in 2004 and 2005, which suggested that 73.1% and 75.5% of the putative Tiffany merchandise sold by eBay's vendors during those respective years was nonlegitimate. Although the district court criticized certain aspects of the buying programs, it nevertheless credited Tiffany's argument that a "significant portion" of the goods in question were fake and that eBay was aware of the dubious status of at least some of them. Nevertheless, in substantial part because some of the goods *were* genuine and because eBay had taken a number of steps to reduce the number of counterfeit goods sold on its site, *see* 600 F.3d at 98-100, the district court found after a bench trial that eBay was not liable for the sale of goods that were *not* genuine and that had been sold by eBay's third-part vendors. *See Tiffany (NJ) Inc. v. eBay, Inc.*, 576 F. Supp. 2d 463 (S.D.N.Y. 2008), *aff'd in part and vacated in part*, 600 F.3d 93 (2d Cir. 2010).
 2. The Second Circuit affirmed. Reviewing Tiffany's claims of contributory infringement, the court expressly declined to resolve the issue of whether the Supreme Court's 1982 decision in *Inwood Laboratories v.*

Ives Laboratories, 456 U.S. 844 (1982), applied in the service mark, as well as trademark, context. Nevertheless, eBay’s failure to address the issue on appeal led the court to apply *Inwood* anyway:

[W]hen applying *Inwood* to service providers, there are two ways in which a defendant may become contributorily liable for the infringing conduct of another: first, if the service provider “intentionally induces another to infringe a trademark,” and second, if the service provider “continues to supply its [service] to one whom it knows or has reason to know is engaging in trademark infringement.”

Tiffany, 600 F.3d at 106 (quoting *Inwood*, 456 U.S. at 854).

3. Tiffany asserted contributory infringement only under the second of these theories, but it was unsuccessful even as to that one, as the Second Circuit held that eBay’s *generalized* knowledge of sales of goods bearing counterfeit marks on eBay’s site was not a substitute for its *specific* knowledge that particular goods were counterfeit. As the appellate court explained, “[f]or contributory trademark infringement liability to lie, a service provider must have more than a general knowledge or reason to know that its service is being used to sell counterfeit goods. Some contemporary knowledge of which particular listings are infringing or will infringe in the future is necessary.” *Id.* at 107. Under an application of this test, Tiffany’s factual showing fell short:

Tiffany’s demand letters and Buying Programs did not identify particular sellers who Tiffany thought were then offering or would offer counterfeit goods. And although the [take-down notices] and buyer complaints gave eBay reason to know that certain sellers had been selling counterfeits, those sellers’ listings were removed and repeat offenders were suspended from the eBay site. Thus Tiffany failed to demonstrate that eBay was supplying its service to individuals who it knew or had reason to know were selling counterfeit Tiffany goods.

Id. at 109.

4. The court was equally unsympathetic to Tiffany’s claim that eBay had been willfully blind to the unlawful sales taking place on its site. It was certainly true, as the court acknowledged, that “[a] service provider is not . . . permitted willful blindness. When it has reason to suspect that users of its service are infringing a protected mark, it may not shield it-

self from learning of the particular infringing transactions by looking the other way.” *Id.* On this issue as well, however, Tiffany failed to carry its burden; rather, “eBay’s efforts to combat counterfeiting far exceeded the efforts made by . . . defendants” in cases in which willful blindness had been found. *Id.* at 109 n.16. Thus, the district court’s factual finding that eBay was not contributorially liable under this theory also passed appellate scrutiny. *See id.* at 109.

- B. In contrast to the attention given by the Second Circuit to the merits of the contributory infringement claim before it, another court was able to dodge the issue after concluding on a defense Rule 12(b)(6) motion that the complaint in its case had failed to aver the existence of secondary liability, much less the existence of facts that might support it. *See Specht v. Google, Inc.*, 660 F. Supp. 2d 858, 865 (N.D. Ill. 2009).

XII. THE FIRST AMENDMENT

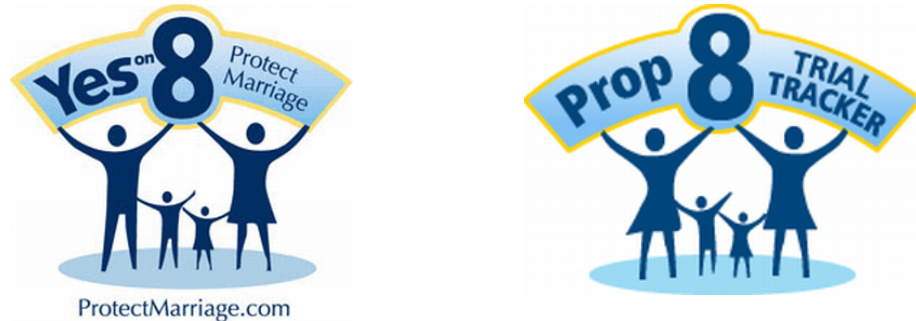
- A. At least one claim to First Amendment protection succeeded at the state court level. In *Commonwealth v. Omar*, 981 A.2d 179 (Pa. 2009), the Pennsylvania Supreme Court invalidated that state’s criminal anticounterfeiting statute as unconstitutionally broad. As the Court explained:

Although the Commonwealth argues that the statute only prohibits the use of “counterfeit marks” when the user intends to sell or distribute the product deceptively, the statute defines “counterfeit mark” broadly to include “[a]ny unauthorized reproduction or copy of intellectual property,” where “intellectual property” is defined by the statute to include “[a]ny trademark, service mark, trade name, label, *term*, device, design or *word* adopted or used by a person to identify that person’s goods or services.” Therefore, any unauthorized use of a “term” or “word” that is engaged by another person to identify that person’s goods or services is a “counterfeit mark.” Accordingly, the definition of intellectual property criminalizes not only the use of the trademark, which would include the stylized logo or name but also the mere word, without regard to font or color. When the relevant definitions are inserted into the definition of the offense, the statute criminalizes the use of any items bearing an unauthorized reproduction of terms or words used by a person to identify that person’s goods or services. . . . [T]he statute, therefore, unconstitutionally prohibits protected speech, including the use of words on a sign praising or protesting any entity with a trademarked name, including Penn State. Taken to the extreme, even our use of the words “Nike” and “Penn State” in this opinion without the permission of the company or the university

would fall under the current definition of a counterfeit mark. Clearly, the statute prohibits a substantial amount of protected speech.

Id. at 186-87 (citations omitted).

- B. The First Amendment was also successfully invoked in civil cases. In *Protectmarriage.com – Yes on 8, a Project of California Renewal v. Courage Campaign*, 93 U.S.P.Q.2d 1477 (E.D. Cal. 2010), the plaintiff was a nonprofit organization opposed to same-sex marriage in California, which used a logo consisting of the words “Yes on 8 Protect Marriage” and four stylized human figures, two adults and two children. The defendants were on the opposite side of the issue and used a modified version of the plaintiff’s logo for a website that tracked developments in a lawsuit challenging the constitutionality of California’s ban on same-sex marriage. As the district court characterized the parties’ marks, *id.* at 1478, “plaintiff’s logo depicts the ‘parent’ figures in pants and a dress, [but] both ‘parent’ figures in defendant’s logo wear dresses, suggesting same-sex parents”:



The plaintiff sought a temporary restraining order against the defendants’ use, but the court held that First Amendment considerations trumped the plaintiff’s objections. Citing to a test having its origins in *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989), the court held as an initial matter that challenged marks used in connection with artistic works were not actionable under the Lanham Act unless they had no artistic relevance whatsoever to the underlying artistic works or, if relevant, they were explicitly misleading as to the source or content of the works. *Protectmarriage.com*, 93 U.S.P.Q.2d at 1479. Moreover, with respect to the particular challenged mark at issue, the court held that:

In this case, the [defendant’s] logo itself is artistic. Moreover, the broader website, while perhaps not artistic, is undeniably expressive of a political idea, and both political and artistic expression are protected by the First Amendment. Defendant’s [sic] use of the mark has relevance to the expressive message, namely, support for homosexual marriages, and specifically, opposition to recent California efforts to limit the right to such

marriages. This support is expressed by the modification of the “father” figure in the original mark to depict a second “mother.” Further, the mark does not explicitly mislead as to the source of the work. Any potential for confusion or misdirection is obviated by the images and text that uniformly accompany defendant's use of the mark, namely, photos of homosexual couples together with text explicitly endorsing homosexual marriage.

Id. at 1480 (citations omitted).

- C. Another court's application of First Amendment principles was so aggressive that a portion of the plaintiff's claims failed to survive a motion for judgment on the pleadings. *See Armstrong v. Eagle Rock Entm't*, 655 F. Supp. 2d 779 (E.D. Mich. 2009). The plaintiff was a jazz musician who objected to the use of his image on the sleeve and in the liner notes of a DVD that memorialized a 1974 festival in which he performed. Although the plaintiff asserted a variety of theories underlying his claims, they generally turned on the appearance on the DVD's cover of the words “Now, with the consent of the festival and the artists, [the defendant] is making these concerts available for the first time.” *Quoted in id.* at 791. The plaintiff alleged that, together with the use of his image, the words created the impression that he had endorsed the DVD, but the court was unpersuaded. For one thing, it found, “[m]ost people understand that the pictures on the outside of a DVD cover are ordinarily meant to convey something about the content, not necessarily to demonstrate endorsement.” *Id.* at 791. More importantly, however, not only did the particular performance in question have “musical, cultural, and historical significance to . . . fans [of the plaintiff's band] and jazz fans more generally,” but “the DVD has entertainment value and represents the artistic expression of the videographers, layout artists, and others who lend their talents and artistic expressions to the making of a concert recording.” *Id.* at 792. Accordingly, “the relatively slight public interest in avoiding confusion in this instance is not outweighed by the greater public interest in free expression of [the defendant's] artistic work.” *Id.*
- D. These holdings notwithstanding, however, not all claims to First Amendment protection succeeded, especially at the pleadings stage of actions. Thus, for example, the Ninth Circuit declined to disturb a district court's refusal to dismiss Paris Hilton's California right of publicity challenge to a greeting card that superimposed her face onto a cartoon body wearing a waitress's uniform and used her “That's hot” catchphrase. *See Hilton v. Hallmark Cards*, 599 F.3d 894, 911-12 (9th Cir. 2010). The defendant claimed that its card was a protected “transformative” use of Hilton's persona, but Hilton successfully called the court's attention to an episode of her reality television show, *The Simple Life*, in which she had served as a waitress. Noting differences be-

tween the defendant's portrayal of Hilton on the card and on the show, the court nevertheless concluded that her complaint averred the minimal merit necessary to defeat the defendant's free speech-based motion to dismiss. *See id.* at 910.

- E. A Sixth Circuit district court similarly rejected a defense claim of First Amendment protection on a motion for summary judgment. *See Arnold v. Treadwell*, 642 F. Supp. 2d 723 (E.D. Mich. 2009). The result was less notable for its outcome than for the court's allocation of the parties' respective burdens. Although most opinions addressing the issue have concluded that the invocation of the First Amendment is not a defense *per se*, the court nevertheless concluded that "it seems the plaintiff is correct that the First Amendment should be considered an affirmative defense" *Id.* at 729. Declining to hold that the defendants were barred from asserting free speech principles as a result of their failure to state them as an affirmative defense in their answer, the court nevertheless held that they had not carried their burden as a matter of law. *See id.* at 736. The plaintiff's claims, which were grounded in the defendants' alleged unauthorized distribution of her image to publications of which she disapproved, therefore could proceed to trial.
- F. The Eleventh Circuit rejected claims that the First Amendment protected the publication of nude photographs of a murder victim taken 20 years before her death. *See Toffoloni v. LFB Publ'g Group, LLC*, 572 F.3d 1201 (11th Cir. 2009), *cert. denied*, 130 S. Ct. 1689 (2010). Deeming the victim's death to be a legitimate matter of public interest, the district court dismissed the right of publicity cause of action brought by her estate, but the Eleventh Circuit reversed this holding. Although the defendants included a brief biography of the victim in their magazine, the appellate court concluded from the record that "[t]he heart of [the defendants'] article was the publication of nude photographs—not the corresponding biography," *id.* at 1209; as a consequence, "the biographical piece cannot suffice to render the nude photographs newsworthy." *Id.* at 1210. In any case,

[t]he Georgia courts have never held, nor do we believe that they would hold, that if one is the victim of an infamous murder, one's entire life is rendered the legitimate subject of public scrutiny. Such a ruling would eviscerate the Georgia right of publicity, allowing the [newsworthiness] exception [to that right] to swallow the rule.

Id. Particularly because the victim herself had never attempted to exploit the photographs commercially, the action was remanded to allow her estate's claim to go forward. *See id.* at 1212-13.

XIII. DEFENSES

A. Laches

1. A finding of laches as a matter of law was affirmed by the D.C. Circuit in the latest round in the long-running action to cancel registrations of the REDSKINS mark owned by the parent corporation of the Washington Redskins football team. *See Pro-Football, Inc. v. Harjo*, 565 F.3d 880 (D.C. Cir.), *cert. denied*, 130 S. Ct. 631 (2009). The facts underlying this outcome were: (1) the eight-year and seven-month delay in bringing the action by the only remaining petitioner for cancellation; and (2) the team’s demonstration of both trial and economic prejudice as a result of the delay. As to the latter issue, the court held the district court had not abused its discretion in concluding that that evidence of the public’s attitude toward the marks at issue had been lost during the petitioner’s delay. *See id.* at 883.
2. In contrast, another court rejected the very applicability of the laches defense in challenges to registrations that have passed their fifth anniversary of issuance but nevertheless still may be cancelled “at any time” on the grounds set forth in Section 14(3) of the Lanham Act, 15 U.S.C. § 1064(3) (2006). Having concluded that the registrant before it had defrauded the USPTO as a matter of law, the court in *City of New York v. Tavern on the Green LP*, 94 U.S.P.Q.2d 1519 (S.D.N.Y. 2010), declined to entertain the registrant’s laches defense on the ground that “there is no time limit on the assertion of a claim for cancellation of an otherwise incontestable mark [sic] for fraud.” *Id.* at 1526.
3. The Ninth Circuit confirmed the general rule in that jurisdiction that, if a Lanham Act claim is filed within the corresponding state law statute of limitations, any delay by the plaintiff will be presumed reasonable. *See Au-Tomotive Gold Inc. v. Volkswagen of Am.*, 603 F.3d 1133 (9th Cir. 2010). Concluding that the relevant Arizona statute of limitations was one that provided for a three-year period, the court therefore upheld the district court’s entry of summary judgment in favor of counterclaim plaintiffs who had delayed less than that period. *See id.* at 1139-40.

B. Abandonment

1. Section 45 of the Lanham Act, 15 U.S.C. § 1127 (2006), sets forth a two-part test for abandonment of rights to a mark under federal law: (1) the mark in question is not in use and (2) its owner has an intent not to resume use. Five opinions in particular provided guidance on the proper application of this analysis over the past twelve months.

- a. In *American Ass’n for Justice v. American Trial Lawyers Ass’n*, Civil No. 07-4626(JNE/JJG), 2010 WL 1050321 (D. Minn. Mar. 18, 2010), the plaintiff owner of the ASSOCIATION OF TRIAL LAWYERS OF AMERICA decided to transition to the AMERICAN ASSOCIATION FOR JUSTICE. Shortly afterwards, a longtime member of the plaintiff took steps to begin use of the mark THE AMERICAN TRIAL LAWYERS ASSOCIATION, including the formation of a corporation under that name, the reservation of closely similar domain names, and the transmittal of solicitation letters to members of the plaintiff. *See id.* at *4-6. In the inevitable lawsuit against the new organization and its principal, the defendants argued that the plaintiff had abandoned the rights to its original mark by adopting its new one. The court disagreed and entered summary judgment in the plaintiff’s favor. It noted that, despite announcing its change of name, the plaintiff had continued to use the original mark as late as the defendants’ date of first use. Most of the plaintiff’s lingering uses were identifications of itself as “[f]ormerly the Association of Trial Lawyers of America”; others, however, were references to the ATLA abbreviation of the plaintiff’s original mark, and at least one use of the original mark was included in a promotional video as if the name change had never taken place. *See id.* at *2-3. With the plaintiff additionally able to demonstrate the existence of a licensee continuing to use the original mark (albeit with goods or services unidentified by the court), a finding of no cessation of use as a matter of law followed. *See id.* at *6-7.
- b. The Fourth Circuit took a much harder line on the issue of continuing use. In an opinion confirming that a showing of use cannot be satisfied by the unsupported testimony of an employee that the mark was referred to in sales presentations, that court held that:

[W]e are aware of no case law supporting the proposition that a seller of goods who declines to use a mark as a trademark on the packaging of his goods obtains trademark rights in the mark through its own verbal use. Embracing such a verbal use doctrine would open the door to all varieties of claims where a party took no steps to use a mark on packaging to identify it as the source of the goods to potential customers.

George & Co. v. Imagination Entm't Ltd., 575 F.3d 383, 402 (4th Cir. 2009) (affirming finding of abandonment as a matter of law).

- c. One court properly held that a mark owner's entry into bankruptcy protection does not necessarily work an abandonment of its rights. *See John C. Flood of Va., Inc. v. John C. Flood, Inc.*, Civil Case No. 06-1311(RJL), 2010 WL 1252669 (D.D.C. Mar. 31, 2010). It thus accepted the claim of prior rights by a party that had purchased the rights to the mark in question at a bankruptcy auction:

There is no reason to believe—and [the party claiming abandonment] certainly offers none—that a company's priority of ownership over its trademark ceases *merely* because the company goes bankrupt. The company's trademark and associated goodwill are valuable assets that become part of the bankruptcy estate and can be validly sold, assigned, or transferred by the estate.

Id. at *4.

- d. The Ninth Circuit rejected the proposition that changes to a good sold under a particular mark necessarily result in the abandonment of the mark. *See Marlyn Nutraceuticals, Inc. v. Mucos Pharma GmbH*, 571 F.3d 873 (9th Cir. 2009). The plaintiff was a producer of an enzyme-based nutritional supplement. When the plaintiff standardized the enzyme levels in its products around their activity level rather than their input weight, the defendant argued that the plaintiff had abandoned its rights to the mark and that, under its exclusive distributorship agreement with the plaintiff, it was thereby entitled to assume ownership of the mark. In affirming the district court's grant of the plaintiff's motion for a preliminary injunction, the Ninth Circuit dodged the significance of the language in the parties' agreement, because, it held, the triggering act of abandonment had not occurred. Rather, "[the defendant] did not meet its burden in proving its defense because it did not show that the change in question constituted a cessation of production. Trademark owners are permitted to make small changes to their products without abandoning their marks" *Id.* at 878. In particular, "[t]he record supports the district court's conclusion that [the plaintiff's] changes did not significantly alter the product because it

held nearly constant the activity levels of the enzymes, which were the most important component of the product.” *Id.*

- e. Assuming that a mark has not been used in three years, what is the significance of the resulting prima facie evidence of abandonment? The Federal Circuit initially answered this question by confirming that the burden of production (but not proof) shifts to the owner of the discontinued mark to show an intent to resume the mark’s use. *See Crash Dummy Movie, LLC v. Mattel, Inc.*, 601 F.3d 1387, 1391 (Fed. Cir. 2010). The court then held that the initial three years of nonuse was the relevant time period for demonstrating that intent but that evidence and testimony of conduct occurring *after* that period could be probative of the mark owner’s intent *within* it. *See id.* at 1392 (“The Board may consider evidence and testimony regarding [the mark owner’s] practices that occurred before or after the three-year statutory period to infer [the mark owner’s] intent to resume use during the three-year period.”).
 - f. Finally, the Trademark Trial and Appeal Board held in an application of common sense that an intent-to-use applicant that has not yet used its mark cannot be found to have abandoned it: “With respect to the ground of abandonment, this ground is not available when the opposed application is based on Section 1(b). Use of a mark that is the subject of an application alleging a bona fide intent to use is not required until the applicant files a statement of use.” *See Qualcomm Inc. v. FLO Corp.*, 93 U.S.P.Q.2d 1768, 1770 (T.T.A.B. 2010).
2. Significantly, although the Lanham Act requires a showing of both nonuse and an intent not to resume use, that same test may not be applicable under the law of all states. For example, in a rare opinion in a trademark case from the Supreme Court of South Dakota, the Court addressed a claim of abandonment grounded in the plaintiff’s nonuse of its mark for six years. *See Dakota Indus. v. Cabela’s.com, Inc.*, 766 N.W.2d 510 (S.D. 2009). Of that period, the court noted that “[t]his evidence, standing alone, was sufficient to create a prima facie case of abandonment” *Id.* at 514. It then held that “[b]ecause [the defendant] established a prima facie case of abandonment, we conclude that the [trial] court correctly imposed on [the plaintiff] the responsive burden of identifying specific facts showing or inferring current use of the trademark.” *Id.* The plaintiff failed to carry this burden in rather spectacular fashion, as its CEO ill-advisedly testified that he was “not going to waste any time or efforts” tracking down third-party licensees that might (or might not) still be using the plaintiff’s mark. *Quoted in id.* at

515-16. Significantly, the trial court's entry of summary judgment of abandonment was affirmed on the basis of this nonuse alone, without consideration of any apparent intent by the plaintiff to resume the mark's use. *See id.* at 516.

C. Descriptive Fair Use

1. The most aggressive application of the descriptive fair use defense contemplated by Section 33(b)(4), 15 U.S.C. § 1115(b)(4), over the past year was by far and away that of the Sixth Circuit, which affirmed the dismissal of a complaint for failure to state a claim after concluding that the challenged use – that of a personal name, Jim Hensley – was a descriptive fair one. *See Hensley Mfg., Inc. v. ProPride, Inc.*, 579 F.3d 603 (6th Cir. 2009). Having designed a trailer hitch of some note, Hensley had sold his business to the plaintiff, along with two incontestable registrations of marks either consisting of or incorporating the word “Hensley.” When Hensley reentered the market with a new trailer hitch of his own design, the plaintiff sued to prevent the new business from using Jim Hensley's name in its promotional materials. Although holding that the plaintiff had failed to state a claim of likely confusion in the first instance, the Sixth Circuit agreed with the district court that the defendants were entitled to prevail on their Rule 12(b)(6) motion on descriptive fair use principles. The appellate court noted that the defendants' references to Hensley fell into several categories: (1) the identification of him as a designer of trailer hitches in print advertisements featuring a disclaimer of any affiliation between Hensley and the plaintiff; (2) a history on the lead defendant's website styled as “The Jim Hensley Hitch Story,” which featured the lead defendant's name “over ten times”; and (3) an eBay advertisement that encouraged consumers to “Buy [the] NEW Jim Hensley Design,” but which also recited that “Jim is no longer affiliated with the company that was named after him. He chose [the lead defendant] as the manufacturer of his new design.” *Quoted in id.* at 611. Dismissal for failure to state a claim therefore had been appropriate: “Because the complaint and attached exhibits show that [the lead defendant's] uses of Jim Hensley's name are descriptive, and because [the plaintiff] did not allege facts from which any inference of bad faith can be drawn, we hold that the fair use defense applies in this case as a matter of law.” *Id.* at 612.
2. Another decision applied the descriptive fair use defense to a documentary title. In *Rin Tin Tin, Inc. v. First Look Studios, Inc.*, 671 F. Supp. 2d 893 (S.D. Tex. 2009), the court entered summary judgment of nonliability in a challenge to a documentary about the original canine hero Rin Tin Tin titled *Finding Rin Tin Tin: The Adventure Continues*. The

court found as a matter of law that the plaintiff registrant of the RIN TIN TIN mark for various goods and services was not entitled to an injunction against the documentary's title for three reasons: (1) the title was not source-indicative; (2) the title described the subject of the documentary; and (3) the title was "the most precise way" to describe the product. *See id.* at 899-900. With the court further concluding that the defendants had acted in good faith by identifying themselves as the source of their documentary, the plaintiff's claims fell by the wayside. *See id.* at 901-02.

D. Nominative Fair Use

1. The most aggressive application of the nominative fair use doctrine over the past year was by the Second Circuit in Tiffany's challenge to the sale of goods bearing counterfeit imitations of Tiffany's marks on eBay's online auction site. *See Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93 (2d Cir. 2010). In response to Tiffany's objections to eBay's own advertising of the availability of TIFFANY-branded goods, which the record established included both genuine and nongenuine goods, eBay asserted that it had only been making nominative fair uses of Tiffany's marks. After surveying applications of nominative fair use principles by other jurisdictions, the court declined to "address the viability of the doctrine." *Id.* at 102. Nevertheless, the court then reached a holding that for all practical purposes recognized it:

We have recognized that a defendant may lawfully use a plaintiff's trademark where doing so is necessary to describe the plaintiff's product and does not imply a false affiliation or endorsement by the plaintiff of the defendant.

....

We agree with the district court that eBay's use of Tiffany's mark on its website and in sponsored links was lawful. eBay used the mark to describe accurately the genuine Tiffany goods offered for sale on its website. . . .

Id. at 102-03. What, then, of eBay's use of Tiffany's mark to describe goods that were *not* genuine? On this issue, the court was untroubled by the district court's finding that eBay had had "generalized" knowledge that some of the goods sold by its vendors bore spurious imitations of Tiffany's marks:

. . . eBay's knowledge *vel non* that counterfeit Tiffany wares were offered through its website is relevant to the issue of whether eBay contributed to the direct infringement of Tiffany's

mark by the counterfeiting vendors themselves To impose liability because eBay cannot guarantee the genuineness of all of the purported Tiffany products offered on its website would unduly inhibit the lawful resale of genuine Tiffany goods.

Id. at 103.

2. One Fourth Circuit district court rejected the nominative fair use doctrine altogether. *See Lorillard Tobacco Co. v. S & M Brands, Inc.*, 616 F. Supp. 2d 581 (E.D. Va. 2009). As it saw things, “[n]ominative fair use falls outside of the typical statutory understanding of trademark law, and is a common law defense asserted against alleged trademark infringement—though not used in this Circuit.” *Id.* at 588. Because “the Fourth Circuit has not adopted it in any form,” that court concluded, “no statutory or common law defense exists to Defendant’s alleged infringement.” *Id.* at 589. That Congress has expressly recognized nominative fair use at least as an “exclusion” to liability under Section 43(c)(3)(A), 15 U.S.C. § 1125(c)(3)(A) (2006), went unnoticed by the court.

XIV. REMEDIES

- A. Two courts adopted a strict view toward the burden faced by defendants in the accounting of profits inquiry under Section 35(a) of the Lanham Act, 15 U.S.C. 1117(a) (2006).
 1. In the first case, the claimed to have lost “half” of their financial records in a computer crash. *See Skydive Ariz., Inc. v. Quattrochi*, No. CV-05-2656-PHX-MHM, 2010 WL 1337722, at *5 (D. Ariz. Mar. 31, 2010). Addressing the defendants’ post-trial challenge to an accounting by a jury, the court noted as a threshold matter that “[w]hen seeking profits, the Plaintiff’s only burden is to prove the Defendants’ gross revenues.” *Id.* The defendants disputed the plaintiff’s showing on this issue, but the court wasn’t buying; instead it held that “Plaintiff met its burden, putting on evidence showing Defendants’ gross revenues and putting on [an expert’s] testimony concerning with portion of those revenues were attributable to infringement.” *Id.* Things did not get better for the defendants from there, as the court went on to hold that “[i]f Defendant[s] [are] upset with the jury’s determination of its profits, this ultimately reflects [their] failure to adequately meet [their] burden of proving [their] burden of proving which sales were not attributable to [their] infringement.” *Id.* Because the quantum of the defendants’ profits found by the jury “was in between the minimum and maximum amounts suggested by [the plaintiff’s expert],” *id.*, the court saw no reason to disturb the jury’s verdict.

2. Having similarly delegated responsibility for an accounting to a jury, a Fourth Circuit district court rejected the jury's finding of the profits enjoyed by the infringing counterclaim defendant and awarded the entirety of the counterclaim defendant's revenues on the ground that "[the counterclaim plaintiff] was required only to prove the infringer's sales. It is [the counterclaim defendant's] duty . . . to prove any deductions. Its failure to do so is fatal to its claim." *Super Duper, Inc. v. Mattel, Inc.*, 92 U.S.P.Q.2d 1119, 1123 n.3 (D.S.C. 2009).
- B. Section 35(a) of the Lanham Act authorizes the augmentation of awards of actual damages but only if the resulting figure would constitute compensation and a penalty. *See* 15 U.S.C. § 1117(a) (2006). Somewhat unusually, the past year produced two reported cases in which prevailing plaintiffs successfully secured augmentation of awards under this provision.
1. Reviewing an award of trebled actual damages, the Sixth Circuit affirmed. *See La Quinta Corp. v. Heartland Props. LLC*, 603 F.3d 327 (6th Cir. 2010). The defendants were holdover hotel franchisees, who had failed to pay royalties to the plaintiff franchisors for a full year after their termination and two months after the plaintiffs successfully sought preliminary injunctive relief. Quoting approvingly an Eleventh Circuit opinion on similar facts, the court held that the district court had not erred in trebling the amount of the unpaid royalties: "When a trademark infringement action is established because a franchisee 'holds over' as here, and damages are based on the franchisor's losses, royalties normally received by the franchisor and expenditures necessary to establish a new franchise will constitute substantial elements in the damage award." *Id.* at 344 (quoting *Ramada Inns, Inc. v. Gadsden Motel Co.*, 804 F.2d 1562, 1567 (11th Cir. 1986)).
 2. Despite the statutory proscription on punitive augmentations, one district court doubled a jury's award of actual damages, citing reasons that suggested the court's motivation was to penalize the defendants' conduct, rather than to make the plaintiff whole. *See Skydive Ariz., Inc. v. Quattrochi*, No. CV-05-2656-PHX-MHM, 2010 WL 1337722, at *5 (D. Ariz. Mar. 31, 2010). Those reasons included: (1) the defendants' refusal to stop their infringement and false advertising despite repeated objections by the plaintiff and by third parties; (2) the defendants' knowledge of the plaintiff's prior rights; (3) the affirmative passing off of the defendants' services as those of the plaintiff; and (4) the defendants' "seeming disregard for the people they harmed or the reputation they sullied." *Id.* at *13.
- C. Borrowing from copyright law doctrine, the Eleventh Circuit held that a plaintiff entitled to an award of actual damages arising from a defendant's in-

fringement is not precluded from additionally recovering an award of statutory damages based on the defendant's violation of the Anticybersquatting Consumer Protection Act. *See St. Luke's Cataract & Laser Inst., P.A. v. Sanderson*, 573 F.3d 1186, 1203-06 (11th Cir. 2009).

- D. In contrast, the Seventh Circuit confirmed that a plaintiff that elects an award of actual damages cannot pursue statutory damages as well. *See Gabbanelli Accordions & Imports, L.L.C. v. Ditta Gabbanelli Ubaldo di Elio Gabbanelli*, 575 F.3d 693, 697-98 (7th Cir. 2009). In the same opinion, the court also held that Section 35(c)'s authorization of awards of statutory damages of "not less than \$500 or more than \$100,000 per counterfeit mark *per type* of goods or services sold, offered for sale, or distributed," 15 U.S.C. § 1117(c) (2006) (emphasis added), means that statutory damages cannot be awarded for each individual good that is sold bearing a counterfeit mark. *See* 575 F.3d at 698.
- E. Addressing the same portion of Section 43(c), another court confirmed that the language "type of good" is to be applied broadly, and that it does not allow a prevailing plaintiff to parse a single product line into individual models for purposes of calculating statutory damages. In *Church & Dwight Co. v. Kaloti Enters. of Mich., LLC*, No. 07 Civ. 0216(BMC), 2009 WL 6093272 (E.D.N.Y. Dec. 23, 2009), the defendants were found liable as a matter of law for having trafficked in condoms bearing multiple registered marks owned by the plaintiff. Although holding that the plaintiff was entitled to separate awards of statutory damages for each mark misappropriated by the defendants, the court declined to accept the argument that more than one type of good was implicated by their conduct. As the court described the plaintiff's argument on this point, "the five condoms at issue here—Magnum Lubricated, Ultra Ribbed Lubricated, Enz Lubricated, Mint Tingle, and Ultra Thin Lubricated—are different types of goods." *Id.* at *3. The court saw things differently, concluding that "[t]he condoms may be different in size or shape or even fabric and texture but they are not different in basic functionality. Accordingly, I find that there is one 'type of good' for purposes of calculating statutory damages." *Id.*
- F. In unfair competition litigation in which liability has been proven, permanent injunctive relief is generally the rule, rather than the exception. Indeed, as one court concluded, this result can hold even when a defendant already has ceased use of the challenged mark. *See Maker's Mark Distillery, Inc. v. Diageo N. Am., Inc.*, Civil Action No. 3:03-CV-93-H, 2010 WL 1407325 (W.D. Ky. Apr. 2, 2010). Not only did the record establish that the defendants had discontinued their use only because of the pending litigation against them, the court entered an injunction for the additional reason that "there is an affirmative reason for the injunction. Equity also requires that [the plaintiff] receive some tangible evidence of successfully protecting its trademark rights." *Id.* at *19.

- G. Nevertheless, to secure injunctive relief, a plaintiff typically must demonstrate the existence of irreparable harm that cannot be remedied with a later monetary award. Although the Eleventh Circuit has suggested 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, *see N. Am. Med. Corp. v. Axiom Worldwide, Inc.*, 522 F.3d 1211, 1227-28 (11th Cir. 2008), one court applied a presumption of irreparable harm and then observed that “[e]ven absent the presumption, Plaintiffs [the U.S. Olympic Committee and the International Olympic Committee] have shown irreparable injury in the absence of an injunction.” *U.S. Olympic Comm. v. Xclusive Leisure & Hospitality Ltd.*, 89 U.S.P.Q.2d 2011, 2018 (N.D. Cal. 2009). How had they done so? Among other things, the record demonstrated that, through their operation of websites falsely advertising the sale of tickets to the Olympic Games, “Defendants were . . . leading consumers to believe that Defendants are associated with or approved by Plaintiffs when they were not. Such an association between Plaintiffs and Websites that are aimed at deceiving the public tarnishes Plaintiffs’ image and threatens to turn the public off to the Olympics in general.” *Id.* at 2019. What’s more, “a significant source of irreparable injury lies in the fact that Defendants are lessening the value of Plaintiffs’ intellectual property, on which Plaintiffs rely for revenue, and harming Plaintiffs’ relationships with their sponsors, consumers and other third parties.” *Id.*
- H. Whatever the propriety of other forms of injunctive relief, the Ninth Circuit confirmed that recalls of goods bearing infringing marks are appropriate only under narrow circumstances. *See Marlyn Nutraceuticals, Inc. v. Mucos Pharma GmbH*, 571 F.3d 873 (9th Cir. 2009). This holding came in an appeal from a district court order not only enjoining the defendant from the further distribution of an enzyme-based dietary supplement but also requiring it to recall goods it already had sold and to provide consumers with restitution. Although otherwise affirming the district court’s disposition of the case, the Ninth Circuit took issue with the ordered recall. In the absence of authority directly on-point in its own case law, the court turned to and adopted the Third Circuit’s test on the issue. Under that standard, once a plaintiff demonstrates its entitlement to a conventional prohibitory injunction, the district court must then take into account three additional factors when weighing whether a recall is appropriate:
- “(1) the willful or intentional infringement by the defendant; (2) whether the risk of confusion to the public and injury to the trademark owner is greater than the burden of the recall to the defendant; and (3) the substantial risk of danger due to the defendant’s infringing activity.”

Id. at 879 (quoting *Gucci Am., Inc. v. Daffy’s, Inc.*, 354 F.3d 228, 233 (3d Cir. 2003)). Because the district court had not considered the last of these factors

in particular, those portions of its order mandating the recall were vacated and the issue remanded for further factfinding. *See id.*

XV. USPTO PRACTICE AND PROCEDURE

- A. The most significant developments in USPTO practice and procedure occurred in the context of fraud-on-the USPTO claims.
1. In one of the most closely watched trademark-related appeals in recent memory, *In re Bose Corp.*, 580 F.3d 1240 (Fed. Cir. 2009), the Federal Circuit overturned the central holding of the Trademark Trial and Appeal Board's decision in *Medinol Ltd v. Neuro Vasx Inc.*, 67 U.S.P.Q.2d 1205 (T.T.A.B. 2003). Specifically, the court disapproved of the Board's practice of finding fraud if a registrant or applicant merely "should have known" that a material representation to the USPTO was false. In the wake of the Federal Circuit's opinion:
 - a. a federal trademark registration can be successfully attacked on the ground that it was fraudulently procured or maintained only if the applicant or registrant knowingly makes a false, material representation with the intent to deceive the USPTO;
 - b. the record evidence and testimony necessary to support a successful fraud-based challenge to an application or registration must be "clear and convincing"; and
 - c. in contrast to the Board's practice of invalidating applications and registrations either in their entirety or with respect to entire classes of goods and services based on a finding of fraud, a more appropriate remedy may be to "restrict" those filings based on the non-use of the mark at issue in connection with individual goods and services.
 2. Subsequent decisions by the Board suggest that it intends to apply the *Bose* standard strictly.
 - a. For example, in *Enbridge, Inc. v. Excelerate Energy LP*, 92 U.S.P.Q.2d 1537 (T.T.A.B. 2009), the Board denied the opposer's motion for summary judgment after concluding that there was a factual dispute over whether the registrant's admittedly inaccurate recitation of services had been submitted in bad faith. *See id.* at 1542 ("[T]he lack of clear and convincing evidence on the issue of whether applicant made a false statement regarding use of its mark in connection with the identified services mandates denial of opposer's motion.").

- b. A similar result held in *DaimlerChrysler Corp. v. American Motors Corp.*, 94 U.S.P.Q.2d 1086 (T.T.A.B. 2010), in which the petitioner for cancellation failed to support its motion for summary judgment with record evidence or testimony that might satisfy the *Bose* standard. *See id.* at 1090.
- c. The Board then departed still further from its now-defunct jurisprudence under *Medinol* by holding that allegations of fraud in *Asian & Western Classics B.V. v. Selkow*, 92 U.S.P.Q.2d 1478 (T.T.A.B. 2009) failed to satisfy the pleading requirements of Rule 9(b) of the Federal Rules of Civil Procedure. Although extensive, the Board's observations on this point merit reproduction at length:

[P]etitioner's allegations in . . . the amended petition to cancel regarding respondent's alleged false statements to the Office are based solely upon information and belief. These allegations fail to meet the Fed. R. Civ. P. 9(b) requirements as they are unsupported by any statement of facts providing the information upon which petitioner relies or the belief upon which the allegation is founded (i.e., known information giving rise to petitioner's stated belief, or a statement regarding evidence that is *likely* to be discovered that would support a claim of fraud).

A pleading of fraud on the USPTO must . . . include an allegation of intent. Moreover, although Rule 9(b) allows that intent may be alleged generally, the pleadings must allege sufficient underlying facts from which a court may reasonably infer that a party acted with the requisite state of mind. Pleadings of fraud which rest solely on allegations that the trademark applicant or registrant made material representations of fact in connection with its application or registration which it "knew or should have known" to be false or misleading are an insufficient pleading of fraud because it implies mere negligence and negligence is not sufficient to infer fraud or dishonesty. Thus under *Bose*, intent is a specific element of a fraud claim and an allegation that a declarant "should have known" a material statement was false does not make out a proper pleading.

Id. at 1479 (footnotes and citations omitted).

- d. Finally, the Board confirmed that an applicant's mere knowledge of another party's use of a confusingly similar mark cannot be the basis of a finding of fraud:

A plaintiff claiming that the declaration or oath in a defendant's application for registration was executed fraudulently, in that there was another use of the same or a confusingly similar mark at the time the oath was signed, must allege particular facts which, if proven, would establish that: (1) there was in fact another use of the same or a confusingly similar mark at the time the oath was signed; (2) the other user had legal rights superior to applicant's; (3) applicant knew that the other user had rights in the mark superior to applicant's, and either believed that a likelihood of confusion would result from applicant's use of its mark or had no reasonable basis for believing otherwise; and that (4) applicant, in failing to disclose these facts to the U.S. Patent and Trademark Office, intended to procure a registration to which it was not entitled.

Qualcomm Inc. v. FLO Corp., 93 U.S.P.Q.2d 1768, 1770 (T.T.A.B. 2010).

3. Even prior to *Bose*, there were signs that the Board might be losing enthusiasm for the more draconian aspects of *Medinol* and its progeny.
 - a. In *Brown Shoe Co. v. Robbins*, 90 U.S.P.Q.2d 1752 (T.T.A.B. 2009), the Board declined to cancel a registration based on the theory that the applicant had fraudulently used the ® symbol with its (then-unregistered) mark. *See id.* at 1757-58.
 - b. Although not breaking any new ground, the Board also confirmed that an inaccurate recitation of a date of first use in a Section 1(a) application is not a basis for a finding of fraud, provided that the actual date of first use was prior to the application's filing date. *See Hiraga v. Arena*, 90 U.S.P.Q.2d 1102 (T.T.A.B. 2009).
- B. The Board took issue with several claims by applicants of a bona fide intent to use their marks in commerce.

1. The Board confirmed in *Honda Motor Co. v. Winkelmann*, 90 U.S.P.Q.2d 1660 (T.T.A.B. 2009), that foreign applicants relying on Section 44(d), Section 44(e), or Section 66(a) bases must document a bona fide intent to use their marks in United States commerce just as domestic applicants under Section 1(b) must.
 2. In a more routine case, the Board sustained an opposition to a Section 1(b) application on the ground that the applicant lacked the required bona fide intent to use its mark. Evidence supporting this finding included the applicant's history of filing and then abandoning successive applications to register the same mark. See *Research in Motion Ltd. v. NBOR Corp.*, 92 U.S.P.Q.2d 1926, 1931 (T.T.A.B. 2009).
 3. Not surprisingly, the Board also held as a matter of law that an applicant that has been enjoined from the use of the applied-for mark cannot state a cognizable intent to use the mark. See *John W. Carson Found. v. Toilets.com, Inc.*, Opposition No. 91181092, slip op. at 20 (Mar. 25, 2010) (precedential).
- C. A sharply divided five-judge Board panel affirmed the rejection of an application to register the KHORAN mark for "alcoholic beverages, namely, wines." *In re Lebanese Arak Corp.*, Serial No. 77072261, slip op. (T.T.A.B. Mar. 4, 2010) (precedential). The basis for the refusal was the prohibition of Section 2(a), 15 U.S.C. § 1052(a) (2006), on the registration of marks that "may disparage" persons, institutions, beliefs, or national symbols. Citing with approval its former case law, the Board initially held that:

"The determination whether a proposed mark is disparaging requires application of the following two-part test:

- 1) what is the likely meaning of the matter in question, taking into account not only dictionary definitions, but also the relationship of the matter to the other elements in the mark, the nature of the goods or services, and the manner in which the mark is used in the marketplace in connection with the goods or services; and
- 2) if that meaning is found to refer to identifiable persons, institutions, beliefs or national symbols, whether that meaning may be disparaging to a substantial composite of the referenced group."

Id. at 8 (quoting *In re Heeb Media LLC*, 89 U.S.P.Q.2d 1071, 1074 (T.T.A.B. 2008). Concluding that "[t]here is no real dispute that the Office has met the burden of proving the second part of the test," *id.* at 9, the Board then found that "KHORAN gives the commercial impression that it is the word Koran, and that the public (other than Armenian speakers) in general, and Muslim

Americans in particular, would regard the mark as referring to the holy text of Islam.” *See id.* at 14. Crediting the examiner’s showing that the Koran prohibits the consumption of alcohol, the Board ultimately agreed that “the use of this term for wine would be disparaging to the religion and beliefs of Muslim Americans” *Id.* at 21.

- D. The Board’s hard line extended to applications of the procedural rules governing *inter partes* and *ex parte* proceedings.
1. For example, in *Odom’s Tennessee Pride Sausage, Inc. v. F.F. Acquisition, L.L.C.*, No. 2009-1473, 2010 WL 1030554 (Fed. Cir. Mar. 19, 2010), the Federal Circuit upheld the Board’s refusal to hear claims that an applicant’s mark was likely to be confused with an opposer’s unregistered marks after the opposer failed to identify those marks in its notice of opposition.
 2. Another opinion by the Board drove home the point that litigants seeking to rely upon existing registrations and applications for their claims of priority must follow the Board’s rules when introducing those documents: In particular, non-certified photocopies do not suffice. *See Syngenta Crop Prot., Inc. v. Bio-Chek, LLC*, 90 U.S.P.Q.2d 1112 (T.T.A.B. 2009).
 3. Similarly, in *Giersch v. Scripps Networks, Inc.*, 90 U.S.P.Q.2d 1020 (T.T.A.B. 2009), the Board granted a motion to strike a number of exhibits about which a witness had testified but which had not been in front of the witness at the time. As the Board concluded, the exhibits were unauthenticated. *See id.* at 1023.
 4. The Board also granted a motion to strike the trial testimony of a witness proffered by a party that had failed to make the pretrial disclosures required by the Board’s new rules. *See Jules Jurgensen/Rhapsody, Inc. v. Baumberger*, 91 U.S.P.Q.2d 1443 (T.T.A.B. 2009).
 5. In a surprise move, the Board redesignated a previously non-precedential opinion as precedential, in the process confirming that litigants in *inter partes* proceedings cannot supplement their discovery responses during trial and thereby rely upon material that they did not previously disclose during discovery. *See Quality Candy Shops/Buddy Squirrel of Wis., Inc. v. Grande Foods*, 90 U.S.P.Q.2d 1389 (T.T.A.B. 2007).
 6. On a similar note, the Board also rejected one litigant’s attempt to place into evidence at trial documents that had not previously been produced during the discovery period. *See Panda Travel, Inc. v. Resort Option*

Enters., Opposition No. 91174767 (T.T.A.B. Dec. 29, 2009) (precedential).

7. The Board's close attention to procedural rules extended to *ex parte* appeals from refusals to register marks. In *In re Petroglyph Games Inc.*, 91 U.S.P.Q.2d 1332 (T.T.A.B. 2009), the Board confirmed that it will not consider evidence first submitted as attachments to applicants' briefs. *See id.* at 1334.

E. Nevertheless, the Board did loosen its rules in some areas.

1. In *Safer, Inc. v. OMS Investments, Inc.*, 94 U.S.P.Q.2d 1031 (T.T.A.B. 2009), the Board expanded the category of documents properly admitted through a notice of reliance:

We hold that, *if a document obtained from the Internet identifies its date of publication or date that it was accessed and printed, and its source (e.g., the URL)*, it may be admitted into evidence pursuant to a notice of reliance in the same manner as a printed publication in general circulation in accordance with Trademark Rule 2.122(e). The Board will henceforth deem a document obtained from the Internet displaying a date and its source as presumptively true and genuine. Of course, the document must be publicly available. The date and source information on the face of Internet documents allow the nonoffering party the opportunity to verify the documents. Due to the transitory nature of the Internet, the party proffering information obtained through the Internet runs the risk that the website owner may change the information contained therein. However, any relevant or significant change to the information submitted by one party is a matter for rebuttal by the opposing party.

Id. at 1039 (citation and footnote omitted).

2. In another case, the Board interpreted 37 C.F.R. § 2.122(d) to allow the reliance at trial on mere TARR printouts of pleaded registrations. *See Research in Motion Ltd. v. NBOR Corp.*, 92 U.S.P.Q.2d 1926 (T.T.A.B. 2009).

XVI. JUDICIAL AUTHORITY OVER REGISTRATIONS

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. Claims brought under Section 37 frequently involved allegations that registrations had been procured through fraudulent filings.

- A. Requiring the challenger to a registration to prove fraud by clear and convincing evidence – although without reference to *In re Bose Corp.*, 580 F.3d 1240 (Fed. Cir. 2009) – the Eighth Circuit rejected the proposition that a claim of fraud is inappropriately resolved on summary judgment. *See Pinnacle Pizza Co. v. Little Caesar Enters.*, 598 F.3d 970 (8th Cir. 2010). The alleged fraud occurred when a restaurant franchisor filed an application that recited as a date of first use the date on which one of the franchisor’s franchisees had used the mark. The franchisee argued that the franchisor’s appropriation of the franchisee’s date of first use proved the franchisor’s awareness of the franchisee’s putative rights to the mark as of the application date. The Eighth Circuit disagreed for two reasons, the first of which was that the parties’ franchise agreement accorded ownership of marks used by the franchisee to the franchisor. *See id.* at 980. The second was that “[v]iewing the facts in the light most favorable to [the franchisee], [the franchisor] knew [the franchisee] believed that it had rights to the [mark] when [the franchisor] submitted its trademark application. This fact alone, however, is not sufficient to show bad faith, and [the franchisee] has shown no more.” *Id.* at 981. The district court therefore properly had granted the franchisor’s motion for summary judgment on the issue. *See id.*
- B. Another court applied *Bose* to conclude that factual disputes concerning a registrant’s intent during the application process precluded the grant of a defense motion for summary judgment. *See WMH Tool Group Inc. v. Woodstock Int’l Inc.*, 93 U.S.P.Q.2d 1570, 1579 (N.D. Ill. 2009).
- C. In contrast, and in a rare example of a federal district court addressing a *Medinol*-style claim of fraud, an opinion granting a counterclaim plaintiff’s motion for a preliminary injunction found that the counterclaim plaintiff was likely to prove by clear and convincing evidence that the counterclaim defendant’s registration had been fraudulently procured, in part because the counterclaim defendant had submitted a fraudulent statement of use. *See Tuccillo v. Geisha NYC, LLC*, 635 F. Supp. 2d 227, 242 (E.D.N.Y. 2009).
- D. Another fraud-based challenge brought by the Dallas Cowboys football team and the National Football League’s licensing agency against a registration of the AMERICA’S TEAM mark for shirts similarly bore fruit. *See Dallas Cowboys Football Club, Ltd. v. America’s Team Props.*, 616 F. Supp. 2d 622 (N.D. Tex. 2009). One basis for the plaintiffs’ allegation of fraudulent procurement was that, prior to filing its application, the defendant’s predecessor had reviewed the file wrapper history of another application to register the same mark, which had been rejected on the ground that the mark falsely suggested a connection to the Cowboys. The court agreed that, as a result of this review,

the signatory on the application that matured into the defendant's registration had had actual knowledge of the team's superior rights. It then held as a matter of law that "[i]t is . . . apparent to this Court that Defendant's trademark [registration] was fraudulently obtained. Fraud is rarely proven directly, but may be inferred through circumstantial evidence, the weight of which is overwhelming here." *Id.* at 645.

- E. Finally, a court hearing an unusually visible trademark suit invalidated a federal registration of the TAVERN ON THE GREEN mark for restaurant services on the ground that the registrant, rather than being the mark's owner, was merely a licensee of the City of New York. *See City of New York v. Tavern on the Green LP*, 94 U.S.P.Q.2d 1519 (S.D.N.Y. 2010). Rather than applying the "clear and convincing evidence" standard increasingly in judicial vogue when evaluating allegations of fraud, the court held the registrant to a duty of "uncompromising candor." *Id.* at 1525 (quoting *Orient Express Trading Co. v. Federated Stores, Inc.*, 842 F.2d 650, 653 (2d Cir. 1988)). Because the registrant had executed a 1973 agreement with the city that contained the word "license" and what passed as quality control provisions, the court held that the registrant's failure to disclose that agreement in its 1978 application fell short of that duty: "That the 1973 Agreement is not explicitly labeled a trademark license agreement does not alter the fact that [the registrant's principal] acknowledged the City's rights to the [mark] in the agreement and knew that his venture was merely one in a succession of operators of the restaurant." *Id.*