# TABLE OF CONTENTS

Chapter 1 CONCEPTS OF TRADEMARKS AND UNFAIR COMPETITION
B. TRADEMARKS ........................................................................................................... 1

Chapter 2 WHAT IS A TRADEMARK?
A. SUBJECT MATTER OF TRADEMARK PROTECTION
   3. Trade Dress ............................................................................................................. 2
   4. Other Identifying Indicia ....................................................................................... 2
B. DISTINCTIVENESS
   1. Arbitrary, Fanciful, Suggestive, and Descriptive Terms ...................................... 3
   2. Secondary Meaning ............................................................................................ 4

Chapter 3 USE AND OWNERSHIP
B. OWNERSHIP ......................................................................................................... 6
C. USE IN COMMERCE .............................................................................................. 7
E. PRIORITY .................................................................................................................. 11

Chapter 4 REGISTRATION OF TRADEMARKS
A. THE BASES AND PROCESS .................................................................................. 12
C. BARS TO REGISTRATION
   1. Section 2(a) of the Lanham Act: Immoral, Scandalous, Disparaging or Deceptive Matter and False Suggestion of a Connection ........................................... 13
      NOTE: CONSTITUTIONALITY OF 2(a) DISPARAGEMENT CHALLENGED ............................................................. 20
   2. Sections 2(b) and 2(c) of the Lanham Act ......................................................... 21
      In re City of Houston; In re the Government of the District of Columbia ....... 21
   3. Section 2(d) of the Lanham Act: Likely Confusion
      STONE LION CAPITAL PARTNERS, L.P. v. LION CAPITAL LP ............ 22
      Coach Services, Inc. v. Triumph Learning LLC .............................................. 28
      Questions .............................................................................................................. 30
      B&B HARDWARE, INC. v. HARGIS INDUSTRIES, INC. ....................... 31
      Question .............................................................................................................. 36
      IN RE THE NEWBRIDGE CUTLERY CO. ........................................... 37
      Question .............................................................................................................. 40

Chapter 5 LOSS OF TRADEMARK RIGHTS
A. GENERICISM
   1. Development of the Standard ............................................................................... 41
      NOTE: CAN GENERICISM BE GOOD FOR BUSINESS? .............................. 42
   2. Implementing the Standard: Survey Evidence
      Frito-Lay North America, Inc. v. Princeton Vanguard, LLC ....................... 43
   3. Genericism and Confusion .................................................................................. 47
B. ABANDONMENT
   1. Non Use
      SPECHT v. GOOGLE INC.  .................................................................48
      Wells Fargo & Co. v. ABD Insurance & Financial Services, Inc. ................51
      Dragon Bleu (SARL) v. VENM, LLC ............................................52
   3. Naked Licensing .................................................................54

Chapter 6 INFRINGEMENT
A. DEFENDANT’S USE IN COMMERCE ..................................................55
B. LIKELIHOOD OF CONFUSION
   Fortres Grand Corp. v. Warner Brothers Entertainment ..............................58
C. SECONDARY LIABILITY FOR TRADEMARK INFRINGEMENT ..............61

Chapter 7 SECTION 43(A)(1)(A) OF THE LANHAM ACT
A. UNREGISTERED MARKS
   1. Application to Traditional Trademark and Trade Dress Cases ..................63
   2. Marketing Concepts and Techniques ................................................63
C. FALSE DESIGNATION OF ORIGIN .................................................65

Chapter 8 DEFENSES TO INFRINGEMENT
A. STATUTORY DEFENSES/INCONTESTABILITY
   2. Particular Section 33(b) Defenses
      a. Fraud on the Trademark Office
         Nationstar Mortgage v. Ahmad ..........................................................67
      b. Fair Use: § 33(b)(4)
         KELLY-BROWN v. WINFREY .........................................................68
      c. Functionality § 33(b)(8)
         Groeneveld Transport Efficiency, Inc. v Lubecore Int’l ......................71
C. OTHER LIMITATIONS ON TRADEMARK PROTECTION: EXPRESSIVE USE OF TRADEMARKS
   1. Nominative Fair Use ...............................................................74
   2. Parody .......................................................................................75
   3. Trademarks as Speech
      Dardenne v. MoveOn ......................................................................77
      Radiance Foundation v. NAACP .....................................................78

Chapter 9 DILUTION
B. FEDERAL DILUTION
   1. Federal Statute
      New York Yankees Partnership v. IET Products and Services, Inc. ..............81
   2. Word Marks
      a. Blurring
         Inter IKEA Systems B.V. v. Akea, LLC .........................................82
         Chanel, Inc. v. Makarczyk .........................................................83
Chapter 10 FALSE ADVERTISING

A. COMMERCIAL ADVERTISING OR PROMOTION

Jordan v. Jewel Food Stores ................................................................. 88
EASTMAN CHEM. CO. v. PLASTIPURE, INC. ........................................ 91
POM WONDERFUL LLC v. COCA COLA CO. ....................................... 93
LANHAM ACT LIABILITY OF ADVERTISING AGENCIES ...................... 96
Nestlé Purina Petcare Co. v. Blue Buffalo Co. Ltd. .............................. 96
Question .............................................................................................. 98

D. STANDING TO ASSERT A § 43(a) CLAIM

LEXMARK INTERNATIONAL, INC. v. STATIC CONTROL COMPONENTS, INC. ................................................................. 98
Belmora, LLC v. Bayer Consumer Care AG ........................................ 104

Chapter 11 INTERNET DOMAIN NAMES

B. ANTICYBERSQUATTING CONSUMER PROTECTION ACT

Question .............................................................................................. 107
Question .............................................................................................. 107
3. Secondary Liability

PETROLIAM NASIONAL BERHAD v. GODADDY.COM, INC. ............... 108
Questions .............................................................................................. 112
NOTE: PERSONAL JURISDICTION IN CYBERSQUATTING CASES ........ 112
Bittorent Inc. v. Bittorent Mktg GmbH .................................................. 112

Chapter 12 REMEDIES

A. INJUNCTIVE RELIEF

1. Injunctions

HERB REED ENTERPRISES, LLC v. FLORIDA ENTERTAINMENT MANAGEMENT, INC. ................................................................. 115
NOTE: PRESUMPTION OF IRREPARABLE HARM ................................ 121
NOTE: THE “SAFE DISTANCE” RULE .................................................. 125

B. MONETARY RELIEF

2. Corrective Advertising ................................................................. 127
3. Attorney’s Fees

Georgia-Pacific Consumer Products LP v. von Drehle Corp. .................. 128

D. BORDER CONTROL MEASURES .................................................. 130
Chapter 1

CONCEPTS OF TRADEMARKS AND UNFAIR COMPETITION

B. TRADEMARKS

Page 41. Replace the final sentence of Question 5 with the following sentence:

See Au-Tomotive Gold v. Volkswagen of America, 603 F.3d 1133 (9th Cir. 2010), infra Chapter 8[C].
Chapter 2

WHAT IS A TRADEMARK?

A. SUBJECT MATTER OF TRADEMARK PROTECTION

3. Trade Dress

Page 78. Replace the final sentence in Question 3 with the following sentence:

See Louboutin. Yves St. Laurent Am. Holding, 709 F.3d 140 (2d Cir. 2012), infra Chapter 8[A].

Page 82. Add new Question 3:

3. Lepton markets the dietary supplement AllDaySlim through a website at www.alldayslim.com. The website features a blue and orange color scheme; a background image of a cloudy blue sky; before and after photos; charts graphically comparing customers’ appearance, appetite and energy before and after taking the supplement; a trial offer; and language guaranteeing customers’ satisfaction. Lepton’s competitor markets a competing supplement, SlimBlastFast, through its website, which Lepton claims copies all of these elements and therefore infringes Lepton’s protected trade dress. Which of the elements of Lepton’s website should be protected as trade dress? See Lepton Labs LLC v. Walker, 55 F. Supp. 3d 1230 (C.D. Cal. 2014).

4. Other Identifying Indicia

Page 84. Following the quotation from In Re N.V Organon, insert the following:

In In re Pohl-Boskamp GmbH & Co. KG, 106 U.S.P.Q.2d (BNA) 1042 (T.T.A.B. 2013), the Trademark Trial and Appeal Board rejected the scent and flavor of peppermint as trademarks for medication. “Most substances that are introduced into the mouth will create sensations of flavor and scent. Consumers are not predisposed to equate either flavor or scent with the source of the product ingested,” the Board ruled. “Rather, they are predisposed to view such features as mere attributes of the product itself.”

In New York Pizzeria v. Syal, 56 F. Supp. 3d 875 (S.D. Tex. 2014), plaintiff claimed that its “specially sourced branded ingredients and innovative preparation and preservation techniques” gave its pizza a distinctive flavor, which should be protected as its trademark. Plaintiff argued that defendant had used those ingredients and processes to produce a pizza with an infringingly similar flavor. The court declined to recognize the flavor of plaintiff’s pizza as a trademark, concluding that “The flavor of food undoubtedly affects its quality, and is therefore a functional element of the product.”
B. DISTINCTIVENESS

1. Arbitrary, Fanciful, Suggestive, and Descriptive Terms

Page 94. Insert the following before the Questions:

During Mardi Gras, marchers in parades throw strands of plastic beads to onlookers. For many years, recipients of the strands have twisted the beads into the shapes of dogs and other animals. In 2009, a New Orleans bakery registered the phrase “Mardi Gras Bead Dog” and the following design mark for cakes, jewelry and clothing:

![Image of a dog made from Mardi Gras beads]

In 2012, the bakery sued a jewelry designer who sold sterling silver necklaces and earrings in the shape of bead dogs. The Court of Appeals for the Fifth Circuit concluded that both the phrase “Mardi Gras Bead Dog” and the design mark were merely descriptive of the common dog shape made from Mardi Gras beads, and that neither mark had acquired secondary meaning. See Nola Spice Designs v. Haydel Enterprises, 783 F.3d 527 (5th Cir. 2015).

Page 95. Insert the following at the end of Question 2:

r. SWAP for interchangeable watchbands and faces. See Swatch AG v. Beehive Wholesale, LLC, 739 F.3d 150 (4th Cir. 2014) (suggestive).

s. NOPALEA for nutritional supplements containing nopal cactus juice. See In re Trivita, Inc., 783 F.3d 872 (Fed. Cir. 2015) (descriptive).

Page 102. Replace the first paragraph of Question 1 with the following paragraph:

1. How should courts distinguish between product packaging and product design? In In re Slokevage, 441 F.3d 957 (Fed. Cir. 2006), the manufacturer of Flash Dare brand sportswear sought to register a mark consisting of the phrase "Flash Dare" flanked by two peek-a-boo holes in the rear hip area. The applicant argued that the mark was packaging; the court concluded that it was product design:
Page 103. Renumber Question 2 as Question 3, and insert the following new Question 2:

2. Frankish Enterprises seeks to register the following Monster Truck design as a service mark for the entertainment services of performing and competing in monster truck exhibitions:

![Monster Truck Design]

As evidence of its use of the service mark in commerce, Frankish submitted photographs of one of its trucks in competition, including the following picture:

![Truck in Competition]

The Service Mark Examiner refused registration on the grounds that the design is not inherently distinctive and does not function as a service mark. On appeal, Frankish argues that the fanciful prehistoric animal trade dress of its trucks is inherently distinctive. The design is neither a common shape nor a basic design, and it is unlike other monster truck designs. Frankish concedes that, under Walmart v. Samara, product designs may never be inherently distinctive. Frankish argues, however, that its mark is a service mark for entertainment services rather than a product design mark for goods. As a service mark, Frankish insists, it should be deemed inherently distinctive if it is unique in the monster truck field. How should the T.T.A.B. rule? See In re Frankish Enterprises, 113 U.S.P.Q.2d (BNA) 1964 (T.T.A.B. 2015).

2. Secondary Meaning

Page 109. Insert the following Question after Question 3:

4. Beginning in 1998, the Blue Springs Water Company marketed bottled water under the name “Naturally Zero Canadian Natural Spring Water” in Illinois, Wisconsin, and Indiana. When the Coca Cola Company adopted COKE ZERO and SPRITE ZERO as marks for its zero-
calorie sodas in 2004, Blue Springs filed suit for trademark infringement. Blue Springs concedes that its mark was initially merely descriptive. It insists, however, that the fact that it used the mark on bottled water for more than five years demonstrates that the mark acquired secondary meaning; that showing is buttressed by evidence that Coca Cola was aware of and intentionally copied the “Zero” mark. Coca Cola argues that Blue Springs’ tiny market share and negligible advertising expenditures were insufficient to establish secondary meaning. How should the court rule? See Baig v. Coca Cola, 2015 US App LEXIS 6248 (7th Cir. 2015).
Chapter 3

USE AND OWNERSHIP

B. OWNERSHIP

Page 132. After Crystal Entertainment & Filmworks, add the following case:

Commodores Entertainment Corporation v. McClary, 2014 WL 5285980 (M.D. Fla. 2014). In the 1970s, Lionel Ritchie, Thomas McClary, and four other musicians formed the funk/soul band, The Commodores. In the early 1980s, both Ritchie and McClary left the band to pursue other opportunities. Other musicians replaced them, and the band continued to perform and record. The Commodores Entertainment Corporation [CEC] registered the THE COMMODORES mark as both a service mark for entertainment services and a trademark for recorded music in 2001. In 2014, McClary began to perform with a band he called “The Commodores featuring Thomas McClary,” playing music that included old Commodores hits. CEC filed suit against McClary; McClary then filed a petition in the USPTO to cancel CEC’s registration of the COMMODORES marks. On CEC’s motion for a preliminary injunction, the district court concluded that CEC was likely to prevail on the merits of its service mark infringement claim:

When courts are faced with a "case of joint endeavors" situation—that is, when prior ownership by one of several claimants to a mark cannot be established—they tend to award "trademark rights to the claimant who controls the nature and quality of the services performed under the mark." Crystal Entm't, 643 F.3d at 1322 (citing Robi v. Reed, 173 F.3d 736, 740 (9th Cir. 1999). In the context of a band, this is typically the band members who made the band famous. Id.; see also Bell v. Streetwise Records, Ltd., 640 F.Supp. 575, 582 (D. Mass. 1986) (noting that the "norm in the music industry is that an artist or group generally owns its name" and concluding that the band members, with their "distinctive personalities and style as performers," controlled the nature and quality and thus owned the band name mark).

When members of a band dispute ownership of a mark associated with the band, courts have found that members who remain active and associated with the band have better title to the mark than those who do not. See Robi, 173 F.3d at 740. The Robi court held that a founding member who remained and continuously performed with the band had better rights to the mark and could use the mark "to the exclusion" of the founding member who had left the band. Id. ("[W]hen Robi left the group, he took no rights to the service mark with him. Rather, the mark remained with the original group.").

In accordance with the decisions of courts in other cases of joint endeavors, the original band members of The Commodores—including Defendant—acquired common law ownership and trademark rights because it was their style and sound that brought recognition to the band name and
Marks. *Crystal Entm't*, 643 F.3d at 1322. However, Defendant no longer has a valid claim to ownership over the Marks. *See Robi*, 173 F.3d at 740. Rather, the band members who remained after Defendant left in 1984 have prevailing ownership because they "maintained continuity with the group and [have] been in a position to control the quality of services" of the Marks associated with the band name. *See id.* Defendant has not put forward any evidence to suggest that he maintained quality or control over the Marks associated with The Commodores after he left; rather, it was the other original band members who stayed with the group that continued to control the nature and quality of the Marks, went on to win a Grammy, and further expanded the band's fan base and recognition.

The court also determined that CEC would succeed in showing a likelihood of confusion. The court preliminarily enjoined McClary from performing as “The Commodores featuring Thomas McClary.” McClary has appealed.

Page 136. Add to the end of Question 1:

Litigation over the ownership of THE PLATTERS service mark has continued. In *Herb Reed Enterprises LLC v. Florida Entertainment Management, Inc.*, 736 F.3d 1239 (9th Cir. 2013), *infra* this Supplement Chapter 12, the Court of Appeals for the Ninth Circuit reversed the decision of the Nevada District Court granting a preliminary injunction to Herb Reed Enterprises, holding that while Reed’s corporation had shown a likelihood of success on the merits of its infringement claim, it had failed to demonstrate irreparable harm. Herb Reed Enterprises filed a petition for certiorari in March of 2014. Meanwhile, on remand, the district court judge concluded that Herb Reed Enterprises had shown that Reed was a founding member of The Platters and the only person to have remained and performed with the original group from its inception through its demise, and had continued to use the mark until his death. That satisfied the court that Reed was the owner of the mark. Defendants’ use of THE PLATTERS was likely to cause confusion. The court therefore granted Herb Reed Enterprises’ motion for summary judgment. *Herb Reed Enterprises LLC v. Florida Entertainment Management, Inc.*, 2014 US Dist LEXIS 45564 (D. Nev. 2014). Herb Reed Enterprises also recently prevailed in a suit against a different group performing as “The World Famous Platters.” *See Herb Reed Enterprises, LLC v. The World Famous Platters Road Shows I LLC*, 2014 U.S. Dist LEXIS 2014 (M.D. Fla 2014).

C. USE IN COMMERCE

Page 139. Insert the following case before the Questions:

* Couture v. Playdom, 778 F.3d 1379 (Fed. Cir. 2015). In 2009, David Couture registered the PLAYDOM mark as a service mark for entertainment services. As proof of use in commerce, Couture submitted a screen capture of a website at playdominc.com that included a “website under construction” notice, and also said, “Welcome to PlaydomInc.com. We are proud to offer writing and production services for motion picture film, television, and new media.
Please feel free to contact us if you are interested: playdominc@gmail.com.” Although Couture offered to provide entertainment services before applying to register the mark, he didn’t actually render the services until 2010. In the meantime, a different service had adopted the PLAYDOM mark for entertainment services. Playdom petitioned to cancel Couture’s registration, arguing that because he had offered but not yet rendered services under the PLAYDOM mark, he had failed to use the service mark in commerce at the time of his registration application. The Court of Appeals for the Federal Circuit agreed:

We have not previously had occasion to directly address whether the offering of a service, without the actual provision of a service, is sufficient to constitute use in commerce under Lanham Act § 45, 15 U.S.C. § 1127…. On its face, the statute is clear that a mark for services is used in commerce only when both [1] "it is used or displayed in the sale or advertising of services and [2] the services are rendered . . . ." 15 U.S.C. § 1127 (emphasis added). This statutory language reflects the nature of trademark rights:

There is no such thing as property in a trademark except as a right appurtenant to an established business or trade in connection with which the mark is employed. . . . [T]he right to a particular mark grows out of its use, not its mere adoption . . . ."


Other circuits have interpreted Lanham Act § 45 as requiring actual provision of services….The Board in this case and the leading treatise on trademarks also agree that rendering services requires actual provision of services. See *McCarthy on Trademarks and Unfair Competition* § 19:103 (4th ed. Supp. 2013) ("To qualify for registration, the Lanham Act requires that the mark be both used in the sale or advertising of services and that the services themselves have been rendered in interstate or foreign commerce." (emphasis in original)).

Here, there is no evidence in the record showing that appellant rendered services to any customer before 2010, and the cancellation of appellant's registration was appropriate.

Page 149. After the Questions, add the following case and Question:

**Paleteria La Michoacana v. Productos Lacteos Tocumbo**, 2014 U.S. Dist LEXIS 135130 (D.D.C. 2014). Two companies sought to use similar marks for Mexican-style ice cream treats. One of the companies, Prolacto, claimed to have used its mark in Mexico since the 1940s, and had licensed some United States sales under the mark beginning in 1999. The other company, Paleteria Michoacana, had sold ice cream products within the United States under its mark since 1991. Prolacto claimed that the famous mark doctrine recognized in *Grupó Gigante v. Dallo* entitled it to prevail over Paleteria Michoacana. The District Court disagreed:
It is axiomatic that under United States trademark law, a party establishes valid ownership of a mark by being the first to use that mark in commerce. [Citations.] It also is a basic tenet of American trademark law that foreign use of a mark creates no cognizable right to use that mark within the United States. [Citations]. This is known as the "territoriality principle," through which "trademark rights exist in each country solely according to that country's statutory scheme." *Person's Co., Ltd. v. Christman*, 900 F.2d 1565, 1568-69 (Fed. Cir. 1990); see also *Aktieselskabet AF 21. Nov. 2001 v. Fame Jeans, Inc.*, 511 F. Supp. 2d 1, 12 n.5 (D.D.C. 2007). As such, the "'[p]riority of trademark rights in the United States depends solely upon priority of use in the United States, not on priority of use anywhere in the world." See *Grupo Gigante SA De CV v. Dallo & Co., Inc.*, 391 F.3d 1088, 1093 (9th Cir. 2004) (quoting 3 McCarthy on Trademarks § 29:2 (4th ed.) (internal footnote omitted)).

There is, however, a narrow yet divisive disturbance to the force of the territoriality principle. This is the so-called "famous mark" or "well-known mark" doctrine, under which a mark may be deemed so well-known in a particular American market — despite no actual commercial use in the market — that the territoriality principle is disregarded and priority is established through reputation rather than actual use in the United States. See *id.* at 1094. The gist of the famous mark doctrine is that "even those who use marks in other countries can sometimes — when their marks are famous enough — gain exclusive rights to the marks in this country." *Id.* at 1095.

But to date, this exception has been adopted only within one federal circuit following a decision by the U.S. Court of Appeals for the Ninth Circuit. The Ninth Circuit panel justified embracing the doctrine in *Grupo Gigante* largely on policy grounds: "An absolute territoriality rule without a famous-mark exception would promote consumer confusion and fraud. Commerce crosses borders. In this nation of immigrants, so do people. Trademark is, at its core, about protecting against consumer confusion and `palming off.'" *Grupo Gigante*, 391 F.3d at 1094. Before and since *Grupo Gigante*, however, no other federal circuit court has adopted such a doctrine, though the exception has been recognized in the past by the T.T.A.B..

The U.S. Court of Appeals for the Second Circuit, on the other hand, has explicitly rejected the doctrine. See generally *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135 (2d Cir. 2007). ...In *ITC v. Punchgini*, the Second Circuit concluded that the Lanham Act lacked an express recognition of the famous mark doctrine as embodied in the Paris Convention and the Agreement on Trade-Related Aspects of Intellectual Property Rights. Because the operative American trademark statute did not recognize the rule in so many words, the court concluded that it was not part of federal law. In reaching this conclusion, the court rejected an argument that the famous mark rule is implicit in the structure of the Lanham Act, as advocated by Professor McCarthy. Finally, although the court acknowledged the strong policy rationales for incorporating the doctrine into federal law, it
concluded that those arguments must be directed to Congress, not the courts.

Though there are robust arguments on both sides regarding the famous mark doctrine — including legitimate concerns over the need to protect famous international marks as commerce becomes increasingly globalized and interconnected — the Court need not decide whether to recognize the rule at this time because PROLACTO does not come close to establishing the necessary fame of its marks within the United States for the doctrine to apply. Without doubt, absent the famous mark doctrine, foreign trademark owners are at risk of having their marks adopted in the United States by a seller who wants American consumers to believe they are buying the products of a well-known foreign company. But there must be a limit to the reach of such a doctrine, as not every foreign mark is famous enough within the United States to warrant legal protection.

PROLACTO spends significant portions of its already-extensive summary judgment briefing and statement of facts discussing the company's long history in Mexico and how PLM allegedly knew of this history when it adopted the relevant marks. But such facts are, of course, irrelevant even under the famous mark doctrine: although the rule alters the historical requirement that only use within the United States establishes priority, it still demands that a mark achieve some level of awareness within this country. Thus, even assuming this Court was to recognize the doctrine, prior use and fame within a foreign country are immaterial under the famous mark doctrine except insofar as that familiarity actually permeates into the United States at such a critical level that it qualifies for legal protection.

Returning to the evidence in the present case, ... PROLACTO appears to seek nationwide priority of its marks through the famous mark doctrine. But PROLACTO fails to provide evidence demonstrating sufficient familiarity with the marks in any relevant United States market, let alone across the entire country.

**QUESTION**

Bayer has marketed FLANAX brand analgesic in Mexico since the 1970s, but does not sell any FLANAX brand product in the United States. Belmora introduced a line of analgesic products in the United States under the FLANAX brandname in 2002. Belmora’s packaging of its FLANAX products greatly resembles the trade dress of Bayer’s Mexican FLANAX. Bayer argues that Belmora’s use of the FLANAX mark and similar trade dress deceives the public by implying that its product is the same as Bayer’s. Belmora argues that since Bayer has never marketed FLANAX analgesic in the United States, it owns no cognizable trademark interest in the word or associated packaging. How should the court rule? *See Belmora LLC v. Bayer Consumer Care AG*, 2015 US Dist LEXIS 17481 (E.D. Va. 2015).
E. PRIORITY

Page 160. Before the Questions, add the following case:

**Hana Financial v. Hana Bank**, 135 S. Ct. 907 (2015). Two financial services companies used the HANA service mark. Hana Bank began using the HANA mark in Korea in 1991. In 1994, it began offering services to Korea expatriates in the United States under the mark HANA OVERSEAS KOREAN CLUB. In 2000, Hana Bank changed the name of that service to HANA WORLD CENTER. In 2006, it opened a bank in the United States under the name HANA BANK. Hana Financial first rendered services in commerce under the HANA FINANCIAL mark in 1995, and registered the service mark in 1996. In 1997, it sued Hana Bank for trademark infringement. Hana Financial argued that it should be able to rely on its prior uses of marks incorporating HANA to establish priority over Hana Financial. The district court instructed the jury that:

“A party may claim priority in a mark based on the first use date of a similar but technically distinct mark where the previously used mark is the legal equivalent of the mark in question.”

The jury returned a verdict in favor of Hana Bank, and Hana Financial appealed, arguing the the question of tacking should be determined as a matter of law by a judge rather than by a jury. The Court of Appeals for the 9th Circuit upheld the jury verdict, and Hana Financial petitioned the Supreme Court for certiorari. A unanimous Supreme Court affirmed:

Rights in a trademark are determined by the date of the mark’s first use in commerce. The party who first uses a mark in commerce is said to have priority over other users. Recognizing that trademark users ought to be permitted to make certain modifications to their marks over time without losing priority, lower courts have provided that, in limited circumstances, a party may clothe a new mark with the priority position of an older mark. This doctrine is called “tacking,” and lower courts have found tacking to be available when the original and revised marks are “legal equivalents” in that they create the same, continuing commercial impression. The question presented here is whether a judge or a jury should determine whether tacking is available in a given case. Because the tacking inquiry operates from the perspective of an ordinary purchaser or consumer, we hold that a jury should make this determination.

…. 
Chapter 4

REGISTRATION OF TRADEMARKS

A. THE BASES AND PROCESS

Page 180. Insert the following at the end of Question 1:

What if a subsidiary company assigns an ITU application to its parent company without assigning any part of the business? Should the fact that the parent in some sense owns the business of the subsidiary make a difference as to whether the assignment is valid? See Central Garden & Pet Co. v. Doskocil Mfg. Co., 108 U.S.P.Q.2d 1134 (T.T.A.B. 2013) (Board held assignment invalid).

Page 182. Add the following Question after Note: U.S. Registration Under Section 44:

QUESTION

A Cuban company sells its COHIBA cigars all over the world but cannot sell them in the U.S. due to the Cuban Assets Control Regulations, which remain in effect despite the move toward normalization of relations between the U.S. and Cuba. Should it be able to register its COHIBA mark in the U.S. under section 44(e) based on its Cuban registration? Would it have the requisite bona fide intent to use the mark in commerce? See generally Empresa Cubana del Tabaco v. General Cigar Co., 753 F.3d 1270 (Fed. Cir. 2014) (court noted propriety of section 44(e) application but did not address bona fide intent question).

Page 189. Add the following citation at the end of point 6:

See Int’l. Watchman, Inc. v. NATO Strap Co., 2014 U.S. Dist. LEXIS 147793 (N.D. Ohio Oct. 16, 2014) (denied defendant’s summary judgment motion on the ground that plaintiff’s NATO mark for watches was not generic; court relied on presumption of validity of plaintiff’s registrations and insufficient rebuttal evidence proffered by defendant).
C. BARS TO REGISTRATION

1. Section 2(a) of the Lanham Act: Immoral, Scandalous, Disparaging or Deceptive Matter and False Suggestion of a Connection

Page 217. Insert the following cases after In re Lebanese Arak Corp.:

The Federal Circuit, In re Geller and Spencer, 751 F.3d 1355 (Fed. Cir. 2014), upheld the refusal to register STOP THE ISLAMISATION OF AMERICA for “providing information regarding understanding and preventing terrorism” on the grounds of disparagement. Applicants argued that their mark referred only to the political meaning of Islamisation, i.e. making a political society subject to Islamist law, and not to the religious meaning, i.e. conversion to Islam, and that the political meaning is not disparaging to Muslims. The court disagreed with both contentions and applied the two-prong test articulated in In re Lebanese Arak:

To the extent Appellants argue the political meaning of Islamisation is the sole likely meaning under prong one, they are incorrect. The Board … considered dictionaries that listed the primary definition of "Islamize" as "to convert" or "conform" to Islam [citations omitted] …[and] certain essays posted on Appellants' website, …which were "featured immediately underneath the website's STOP THE ISLAMIZATION OF AMERICA banner." Two of these essays opposed construction of mosques in the United States, and another essay discussed an ad campaign to provide "assistance" to Muslims considering leaving the Islamic faith. Finally, the Board considered readers' comments posted on Appellants' website as "reflect[ive of] the website's message of stopping the spread of Islam in the United States."

…

…The first essay they discuss is titled "[Stop the Islamisation of America] Mosque Manifesto: All Mosques are Not Created Equal, A Handy Guide to Fighting the Muslim Brotherhood." Appellants characterize this essay as merely opposing "Islamist Muslim Brotherhood groups" that "use mosque-building as a political tool to accomplish Islamisation." This is an overly narrow interpretation of the "Mosque Manifesto" essay, which provides tips for opposing "huge monster mosque[s]" proposed in people's communities. Although portions of the essay refer to political forces such as the Muslim Brotherhood, the article as a whole implicates Islam more generally. See, e.g., (quoting a source that "80% of American mosques were controlled by 'extremists'"); ("As we have been reminded time after time after grisly Islamic terror plots have been exposed, there is always a mosque, and the imprimatur of a cleric, behind every operation."). Taken generally, … mosques in this country are respectable and respected community religious institutions. Substantial evidence supports the Board's finding that the "Mosque Manifesto" essay advocates suppression of the Islamic faith, taught and practiced in those places of prayer.
Appellants also challenge … reliance on the essay, "Detroit Transit Sued for Nixing [Stop the Islamisation of America] 'Leaving Islam?' Bus ads." They contend the essay "merely recounts the debate over an advertisement . . . to provide Muslims who have offended Islamists with a refuge from retaliatory violence." The record supports the Board's finding that the "Bus ads" essay is not about political beliefs, but rather about the Islamic faith. It describes an ad campaign run by Appellants and others "in response to bus ads in Florida inviting people to convert to Islam." As characterized by Appellants, the ads offered "assistance" to people considering leaving Islam, and suggested those individuals would otherwise be subject to "retaliatory violence" by other Muslims. This essay supports the Board's conclusion that Appellants used the mark in the context of stopping the spread of the Islamic faith.

Appellants further argue the Board erred in relying on "cherry-picked anonymous comments" posted on their website. They contend such comments "are not indicative of how Appellants use the Mark in the marketplace" and "are not remotely representative of 'consumers' of Appellants[], but rather a biased selection of people who leave comments at blogs." The Board … noted "the probative value of the blog comments . . . is less than that of the articles themselves due to the anonymity of the authors." With that caveat, the Board properly found the comments "provide additional insight into the public's perception of and reaction to applicants' STOP THE ISLAMISATION OF AMERICA mark and services as used in the marketplace." The referenced comments reflect the religious meaning of Islamisation, and evidence a desire to stop the spread of Islam in America….

[T]he remaining evidence does not establish the political definition of "Islamisation" as the sole likely meaning. The online dictionary definitions in the record list the political meaning as secondary. As further support, Appellants submitted Congressional testimony, course materials, academic articles, and a doctoral dissertation using the term "Islamisation" in its political sense. The Board considered these additional sources but found they were "less widely available" and "not necessarily reflective of the general public's understanding of the meaning of applicants' mark." The Board, however, found Appellants had established the political definition as one likely meaning of Islamisation, and therefore considered both the religious and political meanings in the second part of the analysis.

The Federal Circuit also agreed with the Board’s analysis under the second prong of the inquiry, finding that both meanings refer to all American Muslims, a substantial composite of whom would regarding the mark as disparaging:

With respect to the religious meaning, the Board found the mark's admonition to "STOP" Islamisation in America "sets a negative tone and signals that Islamization is undesirable and is something that must be brought to an end in America." Moreover, it determined that using the mark in connection with preventing terrorism "creates a direct association of Islam and its followers with terrorism." The Board explained that "the majority of Muslims are not terrorists and are offended by being associated as such." The Board listed multiple sources
where Muslims stated they were concerned by, e.g., "anti-Muslim sentiment that automatically associates Islam with terrorism." [Citations omitted].

On appeal, Appellants argue this evidence "has nothing to do with Appellants' Mark literally or in context of the meaning of the terms used in the marketplace of ideas." … As discussed above, the Board properly found that one meaning of Islamisation—the "more reflective" meaning—is to convert to Islam. Appellants conceded at oral argument that their mark is disparaging under a religious meaning of Islamisation.

Substantial evidence supports the Board's finding that Appellants' mark is also disparaging in the context of the political meaning of Islamisation. The Board reasoned the political meaning "refers to a political movement to replace man-made laws with the religious laws of Islam," which does not "mandate the use of violence or terrorism." The Board found associating such political beliefs with "preventing terrorism," as recited in the application, "creates an association with terrorism that would be disparaging to a substantial composite of Muslims, whether or not they embrace [political] Islamisation."

Appellants challenge the Board's determination that political Islamisation includes nonviolent activity, and instead contend that "all of the record points to the fact that Islamisation ultimately includes terrorism." Appellants maintain their mark to "STOP" Islamisation therefore does not disparage "loyal, patriotic American Muslims." Contrary to Appellants' contention, nothing in the record suggests that the political meaning of Islamisation requires violence or terrorism. Appellants' own evidence describes "political Islamists" as "by and large, people who are non-violent, yet . . . have an ideological agenda," and states that "Islamism manifests itself in activist agendas that span the complete spectrum from democratic politics to violent efforts aimed at imposing Shariah law worldwide." To the extent Appellants established that one likely meaning of Islamisation is a political movement to spread Islamic law, they certainly did not show that violence is required to achieve that goal… and the Board properly found that associating peaceful political Islamisation with terrorism would be disparaging to a substantial composite of American Muslims. The Board's refusal of Appellants' mark as disparaging matter under § 2(a) is therefore affirmed.

Editors’ Note. In Harjo v. Pro-Football, Inc., 30 U.S.P.Q.2d 1828 (T.T.A.B. 1994), the Board found that the football team’s REDSKINS marks should be cancelled as the term is disparaging to a substantial composite of Native Americans and was so at the time the registrations issued, the oldest of which dates back to 1967. A long saga ensued, starting with Pro-Football’s appeal to the D.C. district court. Ultimately, the D.C. Circuit found that the cancellation action was barred by laches. 565 F.3d 880 (D.C. Cir. 2009). Undeterred, another group of Native Americans (who were younger than the Harjo Native American petitioners and thus who reached their majority later for laches purposes) filed another petition to cancel the REDSKINS registrations. The Board once again found that the term is disparaging and rejected the laches defense and found that the registrations should be cancelled. Blackhorse v. Pro-Football, Inc., 111 U.S.P.Q.2d (T.T.A.B. 2014). Pro-Football brought the case to the Eastern
District of Virginia and challenged the constitutionality of section 2(a) as violative of the First Amendment, due process and the takings clause and as void for vagueness. The district court rejected these claims and a laches claim as a matter of law and addressed the merits of disparagement in the following case.

**BLACKHORSE v. PRO-FOOTBALL, INC.**


**LEE, UNITED STATES DISTRICT JUDGE.**

…

The TTAB has established a two-part test to determine whether a mark contains matter that "may disparage." The parties agree that the test in this case is as follows:

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

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

[Citations]. Here, the registration dates are 1967, 1974, 1978, and 1990.

When answering the second question, … courts should look to the views of Native Americans, not those of the general public. Moreover, Blackhorse Defendants are only required to show that the marks "may disparage" a "substantial composite" of Native Americans. A substantial composite is not necessarily a majority. [Citations].

…

1. The Meaning of the Matter in Question is a Reference to Native Americans

The Court finds that the meaning of the matter in question in all six Redskins Marks—the term "redskins" and derivatives thereof—is a reference to Native Americans. PFI admits that "redskins" refers to Native Americans. The team has consistently associated itself with Native American imagery. First, two of the Redskins Marks contain an image of a man in profile that alludes to Native Americans, including one that also has a spear" that alludes to Native Americans. Second, the team's helmets contain an image of a Native American in profile. Third, the team's marching band wore Native American headdresses as part of their uniforms from at least 1967-1990. Fourth, …, the cheerleaders, the "Redskinettes," also dressed in Native American garb and wore black braided-hair wigs. Lastly, Washington Redskins' press guides displayed Native American imagery.

…

The Court … finds that because PFI has made continuous efforts to associate its football team with Native Americans during the relevant time period, the meaning of the matter in question is a reference to Native Americans.

2. The Redskins Marks "May Disparage" a Substantial Composite of Native Americans During the Relevant Time Period
The Court finds that the meaning of the marks is one that "may disparage" a substantial composite of Native Americans in the context of the "Washington Redskins" football team. The relevant period for the disparagement inquiry is the time at which the marks were registered. Here, the Court focuses on the period between 1967 and 1990. [T]hree categories of evidence are weighed to determine whether a term may “disparage”: (1) dictionary definitions and accompanying editorial designations; (2) scholarly, literary, and media references; and (3) statements of individuals or group leaders of the referenced group regarding the term. [Citations] …

a. Dictionary Evidence

First, the record evidence contains dictionary definitions and accompanying designations of "redskins" that weigh in favor of finding that the Redskins Marks consisted of matter that "may disparage" a substantial composite of Native Americans when each of the six marks was registered. Dictionary evidence is commonly considered when deciding if a term is one that "may disparage." [Citations].

The record contains several dictionaries defining "redskins" as a term referring to North American Indians and characterizing "redskins" as offensive or contemptuous… …

b. Scholarly, Literary, and Media References

Here, … the Court finds that the scholarly, literary, and media references evidence weighs in favor of finding that the Redskins Marks … “may disparage” a substantial composite of Native Americans between 1967 and 1990. For example, as early as 1911, sources such as Encyclopedia Britannica contemplated the poor standing of the term "redskins." The Court finds that Encyclopedia Britannica is a well-respected source.…

Prior to the first mark's registration in 1967, there were two renowned journals and an Encyclopedia Britannica reference that illustrate the term's disfavor among Native Americans. Taken altogether, the Court finds that these three pieces of evidence establish that in 1967, … evidence existed that showed that the Redskins Marks consisted of matter that "may disparage" a substantial composite of Native Americans during the relevant time period.

c. Statements of Individuals or Group Leaders

Third, the record evidence contains statements of Native American individuals or leaders of Native American groups that weigh in favor of finding that the Redskins Marks consisted of matter that "may disparage" a substantial composite of Native Americans during the relevant time period…

…In March 1972, a delegation of Native American leaders met with the then-President of PFI, Edward Bennett Williams, to demand that the team change its name. The group included: (1) Leon Cook, President of NCAI; (2) Dennis Banks, National Director of the American Indian Movement ("AIM"); (3) Ron Aguilar, District Representative of the National Indian Youth
Council ("NIYC"); (4) LaDonna Harris, President of A10; (5) Richard LaCourse, News Director in the Washington Bureau of the American Indian Press Association; (6) Laura Wittstock, Editor of Legislative Review for ILIDS; (7) Hanay Geiogamah, Assistant to the Commissioner of Indian Affairs and the Youth Representative from the Bureau of Indian Affairs; and (8) Ron Petite, AIM. Articles from the Washington Post and the Washington Daily News state that around the time of the meeting, NCAI's membership was approximately 300,000-350,000 members.

The next day, Williams wrote to NFL Commissioner Pete Rozelle to inform him about the meeting, noting that the "delegation of American Indian leaders . . . vigorously object[ed] to the continued use of the name Redskins." Although Williams did not change the team name after the meeting, he did change the fight song and altered the cheerleaders' outfits so that they were less stereotypical.

The Court finds this meeting probative on the issue of whether the mark consisted of matter that "may disparage" a substantial composite of Native Americans during the relevant time period. Representatives of several prominent Native American organizations protesting the "Redskins" name is strong evidence that the term "may disparage." Williams himself regarded the Native Americans he met with as "leaders," rather than a group of individuals representing their own interests.

...Blackhorse Defendants have submitted several declarations.... from ... prominent Native Americans.... Each declaration affirms Blackhorse Defendants' argument that from 1967 to 1990, the Redskins Marks consisted of matter that "may disparage" a substantial composite of Native Americans.

... The Court finds that the declarations from these prominent Native American individuals and leaders, replete with the actions of groups concerning the "Washington Redskins" football team and anecdotes of personal experiences with the term "redskin," show that the Redskins Marks consisted of matter that "may disparage" a substantial composite of Native Americans during the relevant time period.

Additional evidence that the marks consisted of matter that "may disparage" is found in NCAI Resolution. ... NCAI bills itself as "the oldest and largest intertribal organization nationwide representative of, and advocate for national, regional, and local tribal concerns." The [1993] resolution provided, in pertinent part, that, “[T]he term REDSKINS is not and has never been one of respect, but instead has always been and continues to be a pejorative, derogatory, denigrating, offensive, scandalous, contemptuous, disreputable, disparaging and racist designation for Native American[s]." The Court finds that this resolution is probative of NCAI's constituent members' collective opinion of the term 'redskin” and PFI’s marks for many years, including when the last REDSKINS mark was registered. [Citation].

PFI objects to this evidence ... because the resolution was passed outside of the relevant time period. However, ..., this is just like any other testimony from individuals that was taken after the fact: witnesses testify about what they perceived in the past. PFI may challenge the
weight this evidence is afforded but the words of the resolution are indisputable: this national organization of Native Americans declared that the term "REDSKINS" has always been derogatory, offensive, and disparaging…. [T]he Court… finds the resolution is probative…

PFI[] … appears to suggest that the evidence of the 1972 meeting with former-PFI president Williams, NCAI's 1993 resolution on the team name, and any other evidence of Native American opposition is immaterial because "mainstream Native Americans" support the team name "Washington Redskins."…The Court … rejects PFI's attempted characterization of some of Blackhorse Defendants' witnesses and their respective testimony. That a "substantial composite" is not necessarily a majority further compels this result. Assuming the Court accepted PFI's proffered dichotomy of "mainstream" versus "avant-garde" members of a referenced group, as a matter of principle it is indisputable that those with "nonmainstream" views on whether a term is disparaging can certainly constitute a substantial composite of a referenced group. The Court finds that to be the case here.

… PFI relies upon the 1977 All-Indian Half-Time Marching Band and Pageant and Native Americans naming their own sports teams "Redskins" to argue that the term is not disparaging….

The Court finds these arguments unpersuasive because this evidence does not show that a there is not a substantial composite of Native Americans who find the matter was one that "may disparage." Heeb is …instructive. Heeb involved an effort to register the mark HEEB for apparel and the publication of magazines. In re Heeb Media, LLC, 89 U.S.P.Q.2d 1071, (T.T.A.B. 2008). The TTAB acknowledged that there was a movement within the Jewish community to take command of the term "heeb" and not be offended by it. However, despite the fact that "many of this country's most established Jewish philanthropies and cultural organizations have openly and actively supported Applicant's magazine," the TTAB held that the evidence showed there was still a substantial composite of Jewish individuals who would find the term "heeb" to be one that "may disparage." …

Here, the Court finds that the record contains evidence … demonstrating that between 1967 and 1990, the Redskins Marks consisted of matter that "may disparage" a substantial composite of Native Americans. The dictionary evidence included multiple definitions describing the term "redskin" in a negative light, including one from 1898—almost seventy years prior to the registration of the first Redskins Mark—characterizing "redskin" as "often contemptuous." The record evidence also includes references in renowned scholarly journals and books showing that "redskin" was offensive prior to 1967. Encyclopedia Britannica described its poor repute in 1911. The record evidence also shows that in 1972 NCAI a National Native American organization … sent its president to accompany leaders of other Native American organizations at a meeting with the president of PFI to demand that the team's name be changed. NCAI also passed a resolution which provided that it has found the term and team name "Redskins" to be derogatory, offensive, and disparaging.

…[T]he case law is clear: when all three categories contain evidence that a mark consists of matter that "may disparage" a substantial composite of the referenced group, the TTAB and the Federal Circuit have denied or cancelled the mark's registration.
This remains true even when there is also dictionary evidence that does not characterize the term as offensive, literary references using the term in a non-disparaging fashion, and statements from members of the referenced group demonstrating that they do not think the mark consists of matter that "may disparage." That is because Section 2(a) does not require a finding that every member of the referenced group thinks that the matter "may disparage." Nor does it mandate a showing that a majority of the referenced group considers the mark one that consists of matter that "may disparage." Instead, Section 2(a) allows for the denial or cancellation of a registration of any mark that consists of or comprises matter that "may disparage" a substantial composite of the referenced group.

The Court finds that Blackhorse Defendants have shown by a preponderance of the evidence that there is no genuine issue of material fact as to the "may disparage" claim: the record evidence shows that the term "redskin," in the context of Native Americans and during the relevant time period, was offensive and one that "may disparage" a substantial composite of Native Americans, "no matter what the goods or services with which the mark is used." [Citation]. "Redskin" certainly retains this meaning when used in connection with PFI's football team; a team that has always associated itself with Native American imagery, with nothing being more emblematic of this association than the use of a Native American profile on the helmets of each member of the football team.

Accordingly, the Court finds that the Redskins Marks consisted of matter that "may disparage" a substantial composite of Native Americans during the relevant time period, 1967-1990, and must be cancelled. Also, consistent with the parties' concession that Section 2(a)'s "may disparage" and "contempt or disrepute" provisions use the same legal analysis, the Court further finds that the Redskins Marks consisted of matter that bring Native Americans into "contempt or disrepute." Thus, Blackhorse Defendants are entitled to summary judgment….

NOTE: CONSTITUTIONALITY OF 2(a) DISPARAGEMENT CHALLENGED

The Federal Circuit also has the constitutionality of section 2(a) disparagement before it in the appeal of the Board’s refusal to register the mark THE SLANTS by an Asian American musical group who contend they want to “own” the stereotype. The Board found that the term is disparaging to a substantial composite of Asian Americans. The Federal Circuit affirmed in a 2-1 decision and upheld the refusal and the constitutionality of section 2(a), but the decision was vacated shortly thereafter and is to be heard en banc on the question: “Does the bar on registration of disparaging marks in 15. U.S.C. §1052(a) violate the First Amendment?” See In re Tam, 600 Fed.Appx. 775 (Fed. Cir. 2015) (Mem) en banc.

In Pro-Football v. Blackhorse, the Eastern District of Virginia rejected Pro-Football’s First Amendment challenge on the ground that cancellation of a federal trademark registration does not prohibit Pro-Football from using the trademark: “Nothing about Section 2(a) impedes the ability of members of society to discuss a trademark that was not registered by the PTO. Simply put, the Court holds that cancelling the registrations of the Redskins Marks under Section 2(a) of the Lanham Act does not implicate the First Amendment as the cancellations do not burden,
restrict or prohibit PFI’s ability to use the marks.” It is likely that Pro-Football will appeal the Blackhorse decision to the Fourth Circuit so there may be two circuit decisions on the constitutionality of section 2(a) on the horizon.

Page 218. Delete the last question in Question 3 and the REDSKINS citations.

Page 219. Delete Question 7 and add new Question 7:

7. In Shammas v. Focarino, 990 F.Supp.2d 587 (E.D. Va. 2014), aff’d, 784 F.3d 219 (4th Cir. 2015), the applicant sought review of the ex parte refusal to register his mark by a district court, which held that section 21(b)(3) of the Lanham Act provides that all expenses of such an ex parte appeal to a court, including attorney’s fees, must be paid by the applicant whether or not the applicant is successful in the appeal. The statute does not apply to appeals to the Federal Circuit of ex parte refusals. Is it fair to penalize a successful applicant who chooses to bring a new action before a district court rather than appeal to the Federal Circuit?

Page 229. Add the following text at the end of Question 2:

Should false suggestion of a connection apply where a person does not use the name at issue but others refer to her that way? Kate Middleton’s title is Duchess of Cambridge. Should PRINCESS KATE be refused registration for cosmetics, apparel and other goods as falsely suggesting a connection with her if that is not her title? See In re Nieves & Nieves, 113 U.S.P.Q.2d 1629 (T.T.A.B. 2015).

2. Sections 2(b) and 2(c) of the Lanham Act

Page 230. Insert the following text in the Note: Refusals Under 2(b) after the sentence that ends “simulation’ has been interpreted to require fairly exact copying”:

See Re/Ma LLC v. M.L. Jones & Assocs., 114 U.S.P.Q.2d 1139 (E.D.N.C. 2014)(registration for flag design that copied Netherlands flag with 3 rectangles of red-over-white-over blue was ordered cancelled).

Page 230. Delete the references to the Board’s decisions in In re District of Columbia and In re City of Houston in the Note and add the following excerpt from the Federal Circuit’s opinion.

In re City of Houston; In re the Government of the District of Columbia, 731 F.3d 1326 (Fed. Cir. 2013). In upholding the TTAB’s refusal to register official insignia under section 2(b) both by the city of Houston for tourism, business administration and public utility services and by the District of Columbia for promotional items such as shirts and cups, the Federal Circuit relied on the unambiguous language of section 2(b) that prohibits registration of such
insignia without any exceptions. In response to the argument that this interpretation prevented a municipality from protecting the public from deception, the court noted:

…Houston has other means to prevent "pirates and cheats" from using its city seal to deceive the public. Presumably the city of Houston could pass an ordinance prohibiting such activity. Other legal protections under the Lanham Act may exist as well. See 15 U.S.C. § 1125. But if Houston feels that the legal protections available to it under the Lanham Act are insufficient, and Houston desires a rewriting of § 2(b) to permit it to register its city seal, Houston must take the matter up with Congress; this court is not the proper forum for rewriting of Congressional acts.

Should Congress clarify the language of 2(b) to except governmental entities?

3. Section 2(d) of the Lanham Act: Likely Confusion

Page 232. Delete the Coach Services decision and insert the following decision, excerpt from the Coach Services decision and Questions:

STONE LION CAPITAL PARTNERS, L.P. v. LION CAPITAL LP
746 F.3d 1317 (Fed. Cir. 2014)

WALLACH, CIRCUIT JUDGE.

Stone Lion Capital Partners, L.P. ("Stone Lion") appeals from the Trademark Trial and Appeal Board's ("Board") decision refusing registration of the mark "STONE LION CAPITAL" due to a likelihood of confusion with opposer Lion Capital LLP's ("Lion") registered marks, "LION CAPITAL" and "LION." Because the Board's decision is supported by substantial evidence and in accordance with the law, this court affirms.

Background

I. The Parties

Both Stone Lion and Lion are investment management companies. Appellant Stone Lion . . . manages a hedge fund that focuses on credit opportunities. Appellee Lion is a private equity firm . . . that invests primarily in companies that sell consumer products.

Lion has two registered marks . . . "LION CAPITAL" and "LION." . . . The services . . . include "financial and investment planning and research," "investment management services," and "capital investment consultation" for "LION"; and "equity capital investment" and "venture capital services" for "LION CAPITAL." There is no dispute that Lion has priority over Stone Lion with respect to these marks.
II. Proceedings Before the Board

On August 20, 2008, Stone Lion filed an intent-to-use application to register the mark "STONE LION CAPITAL" . . . in connection with "financial services, namely investment advisory services, management of investment funds, and fund investment services." [Citation]. Lion opposed the registration under section 2(d) of the Lanham Act, 15 U.S.C. § 1052(d) (2006), alleging Stone Lion's proposed mark would be likely to cause confusion with Lion's registered marks when used for Stone Lion's recited financial services.

The Board conducted the likelihood of confusion inquiry pursuant to the thirteen factors set forth in *In re E.I. du Pont de Nemours & Co.*, 476 F.2d 1357, 1361 (C.C.P.A. 1973):

1. The similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation and commercial impression.
2. The similarity or dissimilarity and nature of the goods or services as described in an application or registration or in connection with which a prior mark is in use.
3. The similarity or dissimilarity of established, likely-to-continue trade channels.
4. The conditions under which and buyers to whom sales are made, i.e. "impulse" vs. careful, sophisticated purchasing.
5. The fame of the prior mark (sales, advertising, length of use).
6. The number and nature of similar marks in use on similar goods.
7. The nature and extent of any actual confusion.
8. The length of time during and conditions under which there has been concurrent use without evidence of actual confusion.
9. The variety of goods on which a mark is or is not used (house mark, "family" mark, product mark).
10. The market interface between applicant and the owner of a prior mark . . . .
11. The extent to which applicant has a right to exclude others from use of its mark on its goods.
12. The extent of potential confusion, i.e., whether *de minimis* or substantial.
13. Any other established fact probative of the effect of use.

Id. The parties presented evidence regarding factors one through six. The Board found that factors one through four weighed in favor of finding a likelihood of confusion, and that the remaining factors were neutral. . . .
Upon weighing all of the pertinent DuPont factors, the Board found Lion met its burden to establish a likelihood of confusion by a preponderance of the evidence, and refused Stone Lion's application.

Stone Lion filed this timely appeal. . . .

DISCUSSION

Section 2(d) of the Lanham Act provides that a trademark may be refused registration if it so resembles a prior used or registered mark "as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive." 15 U.S.C. § 1052(d). Likelihood of confusion is a question of law with underlying factual findings made pursuant to the DuPont factors. M2 Software, Inc. v. M2 Commc'ns, Inc., 450 F.3d 1378, 1381 (Fed. Cir. 2006). This court reviews the Board's factual findings on each DuPont factor for substantial evidence, In re Pacer Tech., 338 F.3d 1348, 1349 (Fed. Cir. 2003), and its legal conclusion of likelihood of confusion de novo, On-Line Careline, Inc. v. Am. Online, Inc., 229 F.3d 1080, 1084 (Fed. Cir. 2000). . . .

On appeal, Stone Lion challenges the Board's findings with respect to DuPont factors one, three, and four. It contends the Board: (1) "conducted an erroneous comparison of the marks," pursuant to factor one, (2) "erred in analyzing the purchasers and trade channels" in factor three, and (3) "committed legal error in dismissing purchaser sophistication and conditions of sale" in factor four. Each argument is considered in turn.

I. The Board Properly Compared the Marks Pursuant to the First DuPont Factor

The similarity of the marks is determined by focusing on "the marks in their entireties as to appearance, sound, connotation, and commercial impression." Palm Bay Imps. Inc. v. Veuve Clicquot Ponsardin Maison Fondee En 1772, 396 F.3d 1369 1371 (Fed. Cir. 2005) (quoting DuPont, 476 F.2d at 1361). With respect to the Board's reasoning that Stone Lion's mark "incorporates the entirety of [Lion's] marks," Stone Lion contends "the Board's analysis rests on the faulty assumption that incorporating an opposer's mark necessarily results in a likelihood of confusion," which, it says, "is not the law." Stone Lion further criticizes the Board's finding that the noun "LION" was "the dominant part of both parties' marks." "[L]ikelihood of confusion cannot be predicated on dissection of . . . only part of a mark," and Stone Lion argues "the Board's analysis undertook the very dissection of the mark that this Court forbids." According to Stone Lion, the Board improperly "fail[ed] to assess the commercial impression made by STONE LION CAPITAL as a whole." Id. at 33.

These arguments misconstrue the Board's analysis. The Board properly considered whether the marks were "similar in sight, sound, meaning, and overall commercial impression." Although it reasoned that "LION" was "dominant" in both parties' marks, "there is nothing improper in stating that . . . more or less weight has been given to a particular feature of a mark, provided the ultimate conclusion rests on consideration of the marks in their entireties." In re Nat'l Data
Corp., 753 F.2d at 1059. Nor did the Board err by according little weight to the adjective "STONE," on the ground that it did not "distinguish the marks in the context of the parties' services." 3 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 23:50 (4th ed.) ("Addition of a suggestive or descriptive element is generally not sufficient to avoid confusion."); see also In re Rexel Inc., 223 U.S.P.Q. 830 (T.T.A.B. 1984) (finding likelihood of confusion between GOLIATH for pencils and LITTLE GOLIATH for a stapler). The Board properly rested its "ultimate conclusion" of similarity "on consideration of the marks in their entireties." See In re Nat'l Data Corp., 753 F.2d at 1059.

Stone Lion also . . . contends that "STONE LION" "is the most communicative and evocative aspect of the mark," and "contains an initial sibilant sound not found in either of Lion Capital's marks." Its "meaning[ is] also quite different," according to Stone Lion, and connotes "patience, courage, fortitude and strength" as opposed to "just LION, which communicates no such lithic significance." Id. The record adequately supports the Board's contrary conclusions, however, and the Board did not err in finding that "STONE LION CAPITAL" is "similar in sight, sound, meaning, and overall commercial impression" to "LION CAPITAL" and "LION."

Finally, Stone Lion argues the Board gave inadequate weight to Lion's statements during prosecution of its "LION CAPITAL" registration distinguishing the third-party mark "ROARING LION." A party's prior arguments may be considered as "illuminative of shade and tone in the total picture," but do not alter the Board's obligation to reach its own conclusion on the record. Interstate Brands Corp. v. Celestial Seasonings, Inc., 576 F.2d 926, 929 (C.C.P.A. 1978). The Board's findings under the first DuPont factor are affirmed.

II. The Board Properly Compared the Relevant Trade Channels Pursuant to the Third DuPont Factor

. . . The Board found the application and the registrations contained "no limitations" on the channels of trade and classes of purchasers and therefore "presume[d] that the parties' services travel through all usual channels of trade and are offered to all normal potential purchasers." The parties' recited services were in part legally identical, so the Board concluded the "channels of trade and classes of purchasers are the same." Because the application and registrations shared the same channels of trade and classes of purchasers, the Board determined the third DuPont factor weighed in favor of finding a likelihood of confusion.

On appeal, Stone Lion contends the Board "fail[ed] to examine the record to determine which types of persons within these organizations the parties normally dealt with." It contends the Board's findings on the third DuPont factor are unsupported by substantial evidence because there was no overlap between the parties' actual investors.

2 According to Stone Lion, "having concluded that the Lion Capital marks are not strong or well-known in the financial services field, the Board overlooked that the level of renown of an opposer's mark is supposed to play a 'dominant role in the process of balancing the DuPont factors.'" The Board never found that Lion's marks were weak. It found that in spite of news about Lion's investments featured in, e.g., The Wall Street Journal and The New York Times, the marks were not "well-known." Stone Lion does not challenge these fact-findings on appeal, and the Board did not err in declining to give this neutral factor determinative weight in its likelihood of confusion analysis.

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It was proper, however, for the Board to focus on the application and registrations rather than on real-world conditions, because "the question of registrability of an applicant's mark must be decided on the basis of the identification of goods set forth in the application." Octocom Sys., Inc. v. Houston Comp. Servs. Inc., 918 F.2d 937, 942 (Fed. Cir. 1990). This is so "regardless of what the record may reveal as to the particular nature of an applicant's goods, the particular channels of trade or the class of purchasers to which sales of the goods are directed." Id. Even assuming there is no overlap between Stone Lion's and Lion's current customers, the Board correctly declined to look beyond the application and registered marks at issue. An application with "no restriction on trade channels" cannot be "narrowed by testimony that the applicant's use is, in fact, restricted to a particular class of purchasers." Id. at 943. The Board thus properly found Stone Lion's application and Lion's registrations covered the same potential purchasers and channels of trade.

III. The Board Properly Considered the Sophistication of Potential Customers Under the Fourth DuPont Factor

The fourth DuPont factor considers "[t]he conditions under which and buyers to whom sales are made, i.e. 'impulse' vs. careful, sophisticated purchasing." DuPont, 476 F.2d at 1361. Although recognizing that Stone Lion and Lion in fact require large minimum investments and target sophisticated investors, the Board focused on the sophistication of all potential customers of "the parties' services as they are recited in the application and registrations, respectively." Stone Lion's application includes all "investment advisory services," and Lion's registrations include "capital investment consultation." Such services, the Board found, "are not restricted to high-dollar investments or sophisticated consumers," but rather "could be offered to, and consumed by, anyone with money to invest, including ordinary consumers seeking investment services."

Stone Lion . . . nevertheless argues the Board erred in considering the sophistication of potential customers. Both parties agree their current investors are sophisticated. In light of the services currently offered by Stone Lion and Lion, securities regulations require substantive, preexisting relationships with potential investors before they may invest. Stone Lion contends the Board failed to give proper weight to this clientele sophistication.3

Stone Lion effectively asks this court to disregard the broad scope of services recited in its application, and to instead rely on the parties' current investment practices. This would be improper because the services recited in the application determine the scope of the post-grant benefit of registration. "[R]egistration provides the registrant with prima facie evidence of . . . the registrant's 'exclusive right' to use the mark on or in connection with the goods and services specified in the certificate of registration." U.S. Search LLC v. U.S. Search.com Inc., 300 F.3d 517, 524 (4th Cir. 2002) (emphasis added); see also 15 U.S.C. § 1115(a) (the registration is

3 Stone Lion maintains there is no likelihood of confusion at the point of sale, because any potential confusion would be resolved during the lengthy qualification process for qualified investors. . . . There is no need to address these contentions. . . . As discussed below, the Board properly held the recited services may be offered to ordinary consumers and Stone Lion does not contest that such consumers may be confused at the point of sale. This finding is sufficient to affirm the Board's conclusion that the fourth DuPont factor favored opposer Lion.
prima facie evidence of the registrant's exclusive right to use the mark "in connection with the goods or services specified in the registration"). Other benefits of registration are likewise commensurate with the scope of the services recited in the application, not with the applicant's then-existing services. See, e.g., 15 U.S.C. § 1072 (federal registrants enjoy nationwide constructive notice of their ownership of the registered mark); id. § 1117 (allowing recovery of defendant's profits, plaintiff's damages, and the costs of the action for violation of a registered mark). It would make little sense for the Board to consider only the parties' current activities when the intent-to-use application, not current use, determines the scope of this post-grant benefit. Parties that choose to recite services in their trademark application that exceed their actual services will be held to the broader scope of the application. See Octocom Sys., 918 F.2d at 943 (stating that a broad application "is not narrowed by testimony that the applicant's use is, in fact, restricted").

At oral argument, Stone Lion contended that . . . limiting the investor sophistication analysis to the four corners of the application is contrary to DuPont, where our predecessor court considered "all of the evidence" on sophistication, not only the services recited in the application. In DuPont, the Board found likelihood of confusion between DuPont's applied-for mark, RALLY, for "combination polishing, glazing and cleaning agent for use on automobiles," and the . . . "registered mark RALLY for an all-purpose detergent." DuPont, 476 F.2d at 1359. While DuPont's appeal was pending before the Board, DuPont had purchased Horizon's mark in the context of automobile products and the parties entered into an agreement allowing DuPont to use the mark in the "automotive aftermarket" and "incidentally usable" products, and limiting Horizon to the "commercial building or household market." Id.

Our predecessor court reversed the Board's refusal of DuPont's application, holding that substantial weight should be given to the parties' "detailed agreement[ ]." Id. at 1362. Although such reasoning reaches beyond the application, it does so only to the extent that the parties legally bound themselves to using the mark in their respective product category. See id. at 1363 (explaining that if either party strays beyond their product category set forth in the agreement, they would be subject to a breach of contract action). Such a binding agreement limits the benefits of registration. For instance, the agreement's provision limiting each party to different product categories would rebut the evidentiary value of a registered mark provided in 15 U.S.C. § 1115(a) . . . The DuPont court contrasted such a binding agreement to "a naked 'consent,'" which it found would merit little weight because "the consenter may continue or expand his use." Id. at 1362.

Stone Lion has not provided a naked consent, much less contractually restricted itself to its current high-minimum-investment services. . . . Granting Stone Lion's application would entitle it to the full scope of services recited therein, and Stone Lion cannot now distance itself from such breadth when faced with an opposition.

Accordingly, the Board properly considered all potential investors for the recited services, including ordinary consumers seeking to invest in services with no minimum investment requirement. Although the services recited in the application also encompass sophisticated investors, Board precedent requires the decision to be based "on the least sophisticated potential purchasers." [Citations]. Substantial evidence supports the Board's finding that such ordinary consumers "will exercise care when making financial decisions," but "are not immune from
source confusion where similar marks are used in connection with related services.” The Board's conclusion that the fourth DuPont factor weighs in opposer Lion's favor is consistent with Stone Lion's application, Lion's registrations, and with applicable law.

CONCLUSION

The Board properly determined that the first four DuPont factors weighed in favor of finding a likelihood of confusion and that the remaining factors were neutral. The refusal of Stone Lion's application for trademark registration is therefore affirmed.

AFFIRMED

Coach Services, Inc. v. Triumph Learning LLC, 668 F.3d 1356 (Fed. Cir. 2012). The Federal Circuit affirmed a finding of no likelihood of confusion between Coach’s COACH marks for handbags, luggage and accessories and Applicant’s COACH mark and COACH and design mark for software, tapes and printed materials aimed at students and teachers preparing for standardized tests. In applying the DuPont factor analysis, the court rejected that the fame of Opposer’s mark was sufficient to outweigh the differences in the marks’ commercial impressions and in the parties’ goods. With respect to the strength of Opposer’s COACH mark, the court noted:

The fame of the registered mark plays a “dominant” role in the DuPont analysis, as famous marks “enjoy a wide latitude of legal protection.” Recot, Inc. v. M.C. Becton, 214 F.3d 1322, 1327 (Fed. Cir. 2000); [citation]. A famous mark is one that has “extensive public recognition and renown.” Bose Corp. v. QSC Audio Prods. Inc., 293 F.3d 1367, 1371 (Fed. Cir. 2002); [citation]. Fame for purposes of likelihood of confusion is a matter of degree that “varies along a spectrum from very strong to very weak.” [Citation]. Relevant factors include sales, advertising, length of use of the mark, market share, brand awareness, licensing activities, and variety of goods bearing the mark. Recot, 214 F.3d at 1326; see also Bose, 293 F.3d at 1371 (“[O]ur cases teach that the fame of a mark may be measured indirectly, among other things, by the volume of sales and advertising expenditures of the goods traveling under the mark, and by the length of time those indicia of commercial awareness have been evident.”)

It is well-established that fame is insufficient, standing alone, to establish likelihood of confusion. Univ. of Notre Dame Du Lac v. J.C. Gourmet Food Imports Co., Inc., 703 F.2d 1372, 1374 (Fed. Cir. 1983) (“Likely . . . to cause confusion means more than the likelihood that the public will recall a famous mark on seeing the same mark used by another.”) (internal quotations omitted). Although fame cannot overwhelm the other DuPont factors, we are mindful that it “deserves its full measure of weight in assessing likelihood of confusion.” Recot, 214 F.3d at 1328 (noting that “fame alone cannot overwhelm the other DuPont factors as a matter of law”).

To show the strength and fame of its mark, CSI introduced the following evidence before the Board:
• CSI began using the COACH mark at least as early as December 28, 1961.

• There are approximately 400 COACH retail stores throughout all 50 states.

• CSI's COACH products are sold by approximately 1,000 third-party retailers throughout the US.

• In 2008, CSI's annual sales were roughly $3.5 billion.

• In 2008, CSI spent “about $30-60 million a year” on advertising.

• CSI has advertised in magazines such as Elle, Vogue, Vanity Fair, and The New Yorker.

• CSI has advertised in newspapers in major metropolitan areas.

• CSI's COACH products have received unsolicited publicity from newspapers and magazines discussing fashion trends.

• CSI has been the subject of articles that refer to the renown of its products.

• CSI's internal brand awareness study, which issued in March 2008, showed a high level of awareness of the COACH brand for women between the ages of 13-24.

• CSI's COACH products are the subject of counterfeiting.

Based on this evidence, the Board found that CSI's COACH mark is famous for purposes of likelihood of confusion. Substantial evidence supports this finding….

On the similarity of marks factor, although the court found that the parties’ marks were identical as to sight and sound, it emphasized the differences in meaning and commercial impression as follows:

As noted, Triumph's applications seek to register COACH in standard character form, COACH in a stylized font, and COACH with a mascot and the tagline “America's Best for Student Success.” It is undisputed that the word marks for both parties are identical in sound and appearance: they both use the word “Coach.” This fact is significant to the similarity inquiry. We, nevertheless, agree with the Board that, despite their undisputed similarity, the marks have different meanings and create distinct commercial impressions. This is particularly true given that the word “coach” is a common English word that has many different definitions in different contexts.

Specifically, we find that substantial evidence supports the Board's determination that Triumph's COACH mark, when applied to educational materials, brings to mind someone who instructs students, while CSI's COACH mark, when used in connection with luxury leather goods, including handbags, suitcases, and other travel items, brings to mind traveling by carriage. We agree with the Board that these distinct commercial impressions outweigh the
similarities in sound and appearance, particularly since, as discussed below, the parties' goods are unrelated. [Citation]. Accordingly, this factor favors Triumph.

With respect to the other DuPont factors considered by the Board and the overall balance, the court also agreed with the Board:

3. Similarity of the Goods
   
   ... [T]he Board found, and we agree, that the parties' goods are unrelated...

4. Channels of Trade and Classes of Customers
   
   ... [T]he Board did not err in concluding that the goods are not related and the channels of trade are distinct. Although there could be some overlap in the classes of purchasers for the parties' products, we agree it is unlikely that, in the circumstances in which the products are sold, customers would associate CSI's COACH brand products with educational materials used to prepare students for standardized tests. And, there is nothing in the record to suggest that a purchaser of test preparation materials who also purchases a luxury handbag would consider the goods to emanate from the same source. [Citation]. Accordingly, substantial evidence supports the Board's decision that this factor favors Triumph.

   ...

   ...On the record before us, and after weighing the relevant DuPont factors de novo, we agree with the Board that customer confusion is not likely between the parties' respective COACH marks. Although CSI's COACH mark is famous for likelihood of confusion purposes, the unrelated nature of the parties' goods and their different channels of trade weigh heavily against CSI. Absent overlap as to either factor, it is difficult to establish likelihood of confusion. Because the DuPont factors favoring Triumph outweigh the factors favoring CSI, the Board was correct in finding no likelihood of confusion.

   [The court went on to affirm the Board’s finding of no likely dilution, see excerpt of the dilution decision Chapter 9.B infra, but vacated and remanded on the question of whether Applicant’s mark was merely descriptive without secondary meaning].

QUESTIONS

1. As to similarity of marks, the court found this factor weighed in favor of the plaintiff asserting the similarity of the LION versus STONE LION marks, but against the plaintiff asserting the COACH versus COACH marks. Is this divergence justified?

2. The court in Coach Services found that plaintiff’s COACH mark is famous for likelihood of confusion analysis. Should the test of fame be the same as the test of fame for dilution under section 43(c)(1)? See Palm Bay Imports, Inc. v. Veuve Clicquot Ponsardin Maison Fondee en 1722, 396 F.3d 1369 (Fed. Cir. 2005) (“While dilution fame is an either/or proposition—fame either does or does not exist—likelihood of confusion fame “varies along a spectrum from very strong to very weak”). What effect does third-party use of a term have on the evaluation of fame? For example, where the term MOTOWN had originated as a mark for musical sound recordings, should the fact that people subsequently referred to the city of Detroit, where the
mark owner is located, as “Motown” diminish the strength of the MOTOWN mark? See UMG

Page 239. Replace the last sentence of the Note: “Differences in Likely Confusion Analysis”
with the following sentence and add the following case and Question.

The Supreme Court recently considered the differences in registration decisions by the Board
and infringement decisions by the court in the following case.

B&B HARDWARE, INC. v. HARGIS INDUSTRIES, INC.
135 S. Ct. 1293; 191 L. Ed.2d 222 (2015)

JUSTICE ALITO delivered the opinion of the Court:

Sometimes two different tribunals are asked to decide the same issue. When that happens, the
decision of the first tribunal usually must be followed by the second, at least if the issue is really
the same. Allowing the same issue to be decided more than once wastes litigants' resources and
adjudicators' time, and it encourages parties who lose before one tribunal to shop around for
another. The doctrine of collateral estoppel or issue preclusion is designed to prevent this from
occurring.

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

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

The question before this Court is whether the District Court in this case should have applied
issue preclusion to the TTAB's decision that SEALTITE is confusingly similar to SEALTIGHT.
Here, the Eighth Circuit rejected issue preclusion... We disagree [and] hold that a court should
give preclusive effect to TTAB decisions if the ordinary elements of issue preclusion are met.
We therefore reverse the judgment of the Eighth Circuit and remand for further proceedings...

... To obtain the benefits of registration, a mark owner files an application with the PTO. . . .
If a trademark examiner believes that registration is warranted, the mark is published in the Official Gazette of the PTO. §1062. At that point, "[a]ny person who believes that he would be damaged by the registration" may "file an opposition." §1063(a). Opposition proceedings occur before the TTAB (or panels thereof). §1067(a). The TTAB consists of administrative trademark judges and high-ranking PTO officials, including the Director of the PTO and the Commissioner of Trademarks. §1067(b).

Opposition proceedings before the TTAB are in many ways "similar to a civil action in a federal district court." [Citation]. These proceedings, . . . are largely governed by the Federal Rules of Civil Procedure and Evidence. [Citation]. The TTAB also allows discovery and depositions. [Citation]. The party opposing registration bears the burden of proof,... and if that burden cannot be met, the opposed mark must be registered, [Citation].

The primary way in which TTAB proceedings differ from ordinary civil litigation is that . . . there is no live testimony. Even so, the TTAB allows parties to submit transcribed testimony, taken under oath and subject to cross-examination, and to request oral argument. [Citation].

When a party opposes registration because it believes the mark proposed to be registered is too similar to its own, the TTAB evaluates likelihood of confusion by applying some or all of the 13 factors set out in In re E. I. DuPont de Nemours & Co., 476 F. 2d 1357 (CCPA 1973). After the TTAB decides whether to register the mark, a party can seek review in the U.S. Court of Appeals for the Federal Circuit, or it can file a new action in district court. See 15 U.S. C. §1071. In district court, the parties can conduct additional discovery and the judge resolves registration de novo. [Citations].

The Lanham Act, of course, also creates a federal cause of action for trademark infringement. The owner of a mark, whether registered or not, can bring suit in federal court if another is using a mark that too closely resembles the plaintiff's. The court must decide whether the defendant's use of a mark in commerce "is likely to cause confusion, or to cause mistake, or to deceive" with regards to the plaintiff's mark. See 15 U.S. C. §1114(1)(a) (registered marks); §1125(a)(1)(A) (unregistered marks). In infringement litigation, the district court considers the full range of a mark's usages, not just those in the application.

B

Petitioner B&B and respondent Hargis both manufacture metal fasteners. B&B manufactures fasteners for the aerospace industry, while Hargis manufactures fasteners for use in the construction trade. Although there are obvious differences between space shuttles and A-frame buildings, both aerospace and construction engineers prefer fasteners that seal things tightly. . .

. . .

For purposes here, we pick up the story in 2002, when the PTO published SEALTITE in the Official Gazette. This prompted opposition proceedings before the TTAB, complete with discovery, including depositions. . . .

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

All the while, B&B had sued Hargis for infringement. Before the District Court ruled on likelihood of confusion, however, the TTAB announced its decision. After a series of proceedings not relevant here, B&B argued to the District Court that Hargis could not contest likelihood of confusion because of the preclusive effect of the TTAB decision. The District Court disagreed, reasoning that the TTAB is not an Article III court. The jury returned a verdict for Hargis, finding no likelihood of confusion.

B&B appealed to the Eighth Circuit. Though accepting for the sake of argument that agency decisions can ground issue preclusion, the panel majority affirmed for three reasons: first, because the TTAB uses different factors than the Eighth Circuit to evaluate likelihood of confusion; second, because the TTAB placed too much emphasis on the appearance and sound of the two marks; and third, because Hargis bore the burden of persuasion before the TTAB, while B&B bore it before the District Court. 716 F. 3d 1020 (2013). Judge Colloton dissented, concluding that issue preclusion should apply. After calling for the views of the Solicitor General, we granted certiorari. 573 U.S. ___, 134 S. Ct. 2899, 189 L. Ed. 2d 854 (2014).

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

A

The Eighth Circuit's primary objection to issue preclusion was that the TTAB considers different factors than it does. Whereas the TTAB employs some or all of the DuPont factors to assess likelihood of confusion, the Eighth Circuit looks to similar, but not identical, factors identified in SquirtCo v. Seven-Up Co., 628 F. 2d 1086, 1091 (CA8 1980). The court's instinct was sound: "[I]ssues are not identical if the second action involves application of a different legal standard, even though the factual setting of both suits may be the same." 18 C. Wright, A. Miller, & E. Cooper, Federal Practice & Procedure §4417, p. 449 (2d ed. 2002) (hereinafter Wright & Miller). Here, however, the same likelihood-of-confusion standard applies to both registration and infringement.

To begin with, it does not matter that registration and infringement are governed by different statutory provisions. Often a single standard is placed in different statutes; that does not foreclose
issue preclusion. [Citation]. Neither does it matter that the TTAB and the Eighth Circuit use different factors to assess likelihood of confusion. For one thing, the factors are not fundamentally different…. More important, if federal law provides a single standard, parties cannot escape preclusion simply by litigating anew in tribunals that apply that one standard differently. A contrary rule would encourage the very evils that issue preclusion helps to prevent.

The real question, therefore, is whether likelihood of confusion for purposes of registration is the same standard as likelihood of confusion for purposes of infringement. We conclude it is, for at least three reasons. First, the operative language is essentially the same; the fact that the registration provision separates "likely" from "to cause confusion, or to cause mistake, or to deceive" does not change that reality. 4 [Citation]. Second, the likelihood-of-confusion language that Congress used in these Lanham Act provisions has been central to trademark registration since at least 1881… And third, district courts can cancel registrations during infringement litigation, just as they can adjudicate infringement in suits seeking judicial review of registration decisions. [Citation]. There is no reason to think that the same district judge in the same case should apply two separate standards of likelihood of confusion.

Hargis responds that the text is not actually the same because the registration provision asks whether the marks "resemble" each other, 15 U.S. C. §1052(d), while the infringement provision is directed towards the "use in commerce" of the marks, §1114(1)… There is some force to this argument. It is true that "a party opposing an application to register a mark before the Board often relies only on its federal registration, not on any common-law rights in usages not encompassed by its registration," and "the Board typically analyzes the marks, goods, and channels of trade only as set forth in the application and in the opposer's registration, regardless of whether the actual usage of the marks by either party differs." Brief for United States as Amicus Curiae 23; see also id., at 5 (explaining that "the Board typically reviews only the usages encompassed by the registration") (citing 3 Gilson §9.03[2][a][ii]); 3 McCarthy §20:15, at 20-45 (explaining that for registration "it is the mark as shown in the application and as used on the goods described in the application which must be considered, not the mark as actually used"). This means that unlike in infringement litigation, "[t]he Board's determination that a likelihood of confusion does or does not exist will not resolve the confusion issue with respect to non-disclosed usages." Brief for United States as Amicus Curiae 23.

Hargis' argument …mistakes a reason not to apply issue preclusion in some or even many cases as a reason never to apply issue preclusion. Just because the TTAB does not always consider the same usages as a district court does, it does not follow that the Board applies a different standard to the usages it does consider. If a mark owner uses its mark in ways that are materially the same as the usages included in its registration application, then the TTAB is deciding the same likelihood-of-confusion issue as a district court in infringement litigation. By contrast, if a mark owner uses its mark in ways that are materially unlike the usages in its application, then the TTAB is not deciding the same issue. Thus, if the TTAB does not consider

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4 Compare 15 U.S. C. §1114(1) ("Any person who shall . . . use in commerce any . . . mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive . . . shall be liable in a civil action by the registrant for the remedies hereinafter provided" (emphasis added)) with §1052(d) ("No trademark . . . shall be refused registration . . . unless it . . . [c]onsists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office . . . as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive . . ." (emphasis added)).
the marketplace usage of the parties' marks, the TTAB's decision should "have no later preclusive effect in a suit where actual usage in the marketplace is the paramount issue." 6 McCarthy §32:101, at 32-246.

... 

A fortiori, if the TTAB considers a different mark altogether, issue preclusion would not apply. Needless to say, moreover, if the TTAB has not decided the same issue as that before the district court, there is no reason why any deference would be warranted.

For a similar reason, the Eighth Circuit erred in holding that issue preclusion could not apply here because the TTAB relied too heavily on "appearance and sound." Undoubtedly there are cases in which the TTAB places more weight on certain factors than it should. When that happens, an aggrieved party should seek judicial review. The fact that the TTAB may have erred, however, does not prevent preclusion. As Judge Colloton observed in dissent, "issue preclusion prevent[s] relitigation of wrong decisions just as much as right ones." 716 F. 3d, at 1029 (quoting Clark v. Clark, 984 F. 2d 272, 273 (CA8 1993)); see also Restatement (Second) of Judgments §28, Comment j, at 284 (explaining that "refusal to give the first judgment preclusive effect should not . . . be based simply on a conclusion that [it] was patently erroneous").

B

Hargis also argues that ...the TTAB uses procedures that differ from those used by district courts. Granted, "reetermination of issues is warranted if there is reason to doubt the quality, extensiveness, or fairness of procedures followed in prior litigation." Montana, 440 U.S., at 164, n. 11, 99 S. Ct. 970, 59 L. Ed. 2d 210; see also Parklane Hosiery, 439 U.S., at 331, and n. 15, 99 S. Ct. 645, 58 L. Ed. 2d 552 (similar). But again, this only suggests that sometimes issue preclusion might be inappropriate, not that it always is.

No one disputes that the TTAB and district courts use different procedures. Most notably, district courts feature live witnesses. Procedural differences, by themselves, however, do not defeat issue preclusion... Rather than focusing on whether procedural differences exist--they often will--the correct inquiry is whether the procedures used in the first proceeding were fundamentally poor, cursory, or unfair. See Montana, 440 U.S., at 164, n. 11, 99 S. Ct. 970, 59 L. Ed. 2d 210.

Here, there is no categorical "reason to doubt the quality, extensiveness, or fairness," ibid., of the agency's procedures. In large part they are exactly the same as in federal court. See 37 CFR §§2.116(a), 2.122(a). For instance, although "the scope of discovery in Board proceedings . . . is generally narrower than in court proceedings"--reflecting the fact that there are often fewer usages at issue--the TTAB has adopted almost the whole of Federal Rule of Civil Procedure 26. [Citation]. It is conceivable, of course, that the TTAB's procedures may prove ill-suited for a particular issue in a particular case, e.g., a party may have tried to introduce material evidence but was prevented by the TTAB from doing so, or the TTAB's bar on live testimony may materially prejudice a party's ability to present its case. The ordinary law of issue preclusion, however, already accounts for those "rare" cases where a "compelling showing of unfairness" can be made. Restatement (Second) of Judgments §28, Comments g and j, at 283-284.

...
C

Hargis also contends that the stakes for registration are so much lower than for infringement that issue preclusion should never apply to TTAB decisions. Issue preclusion may be inapt if "the amount in controversy in the first action [was] so small in relation to the amount in controversy in the second that preclusion would be plainly unfair." Restatement (Second) of Judgments §28, Comment j, at 283-284. After all, "[f]ew . . . litigants would spend $50,000 to defend a $5,000 claim." Wright & Miller §4423, at 612. Hargis is wrong, however, that this exception to issue preclusion applies to every registration. To the contrary: When registration is opposed, there is good reason to think that both sides will take the matter seriously.

The benefits of registration are substantial. Registration is "prima facie evidence of the validity of the registered mark," 15 U.S. C. §1057(b), and is a precondition for a mark to become "incontestable," §1065. Incontestability is a powerful protection. See, e.g., Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189, 194, 105 S. Ct. 658, 83 L. Ed. 2d 582 (1985) (holding that an incontestable mark cannot be challenged as merely descriptive); (citation).

The importance of registration is undoubtedly why Congress provided for de novo review of TTAB decisions in district court. It is incredible to think that a district court's adjudication of particular usages would not have preclusive effect in another district court. Why would unchallenged TTAB decisions be different? Congress' creation of this elaborate registration scheme, with so many important rights attached and backed up by plenary review, confirms that registration decisions can be weighty enough to ground issue preclusion.

V

For these reasons, the Eighth Circuit erred in this case. On remand, the court should apply the following rule: So long as the other ordinary elements of issue preclusion are met, when the usages adjudicated by the TTAB are materially the same as those before the district court, issue preclusion should apply.

The judgment of the United States Court of Appeals for the Eighth Circuit is reversed, and the case is remanded for further proceedings consistent with this opinion.

It is so ordered.

JUSTICE GINSBURG, concurring.

The Court rightly recognizes that "for a great many registration decisions issue preclusion obviously will not apply." That is so because contested registrations are often decided upon "a comparison of the marks in the abstract and apart from their marketplace usage." 6 J. McCarthy, Trademarks and Unfair Competition §32:101, p. 32-247 (4th ed. 2014). When the registration proceeding is of that character, "there will be no [preclusion] of the likelihood of confusion issue . . . in a later infringement suit." Ibid. On that understanding, I join the Court's opinion.

[The dissenting opinion of Justice Thomas is omitted].

QUESTION

B&B registered SEALTIGHT for metal fasteners and hardware for use in the aerospace industry; while Hargis sought to register SEALTITE for metal screws for use in the manufacture of metal and post-frame buildings. Does the fact that the parties’ respective registration and
application reflected the actual uses of their products suggest that the Board’s analysis of likely confusion would mirror that of the court’s? How should the case be decided on remand?

Pages 242-244. Delete Nutrasweet decision and Questions 1, 2 and 3 following that decision.

Page 248-252. Delete In re Joint-Stock Company “Baik” and add the following case and Question:

IN RE THE NEWBRIDGE CUTLERY CO.
776 F.3d 854 (Fed. Cir. 2015)

LINN, CIRCUIT JUDGE.

The Newbridge Cutlery Company (the "applicant") appeals from the decision of the Trademark Trial and Appeal Board (the "Board") affirming the Trademark Examiner's refusal to register applicant's NEWBRIDGE HOME mark as being primarily geographically descriptive. [Citation]. Because substantial evidence fails to support the Examiner's refusal, we reverse and remand.

BACKGROUND

Applicant is an Irish company headquartered in Newbridge, Ireland, that designs, manufactures and sells housewares, kitchen ware and silverware in the United States and elsewhere around the world under the mark NEWBRIDGE HOME. Applicant designs its products in Newbridge, Ireland, and manufactures some, but not all, of its products there. . . .

...[W]hile the genesis of the refusal to register geographical names was to prevent a first registrant from preempting all other merchants from identifying the source of their goods, the focus of the 1946 Lanham Act moved to a more nuanced restriction that considered the primary significance of the mark when applied to the goods.

This court's predecessor provided considerable guidance in interpreting the statutory language relating to primarily geographical marks in Nantucket, a pre-NAFTA case dealing with primarily geographically deceptively misdescriptive marks. See 677 F.2d 95. The PTO rejected the mark NANTUCKET for shirts because it considered the mark primarily geographically deceptively misdescriptive, as the "term NANTUCKET has a readily recognizable geographic meaning, and no alternative non-geographic significance." Id. at 97 [citation]. The Court of Customs and Patent Appeals reversed, concluding that there was no showing of an association in the public's mind between the place, i.e., Nantucket, and the marked goods, i.e., the shirts. See id. at 101. The court explained:

"The wording of [§ 1052(e)] makes it plain that not all terms which are geographically suggestive are unregistrable. Indeed, the statutory language declares nonregistrable only those words which are 'primarily geographically descriptive.' The word 'primarily' should not be overlooked, for it is not the intent of the federal
statute to refuse registration of a mark where the geographic meaning is minor, obscure, remote, or unconnected with the goods. Thus, if there be no connection of the geographical meaning of the mark with the goods in the public mind, that is, if the mark is arbitrary when applied to the goods, registration should not be refused under § 2(e)(2)." 

Id. at 99 [citation].

. . . The rationale for allowing registration of marks that relevant consumers do not view as primarily geographic is that the consumer would consider such marks "arbitrary." [Citations]. That the phrase "when applied to the goods of the applicant" was replaced, in 1988, with the phrase "when used on or in connection with," did not change the law. Nantucket's interpretation of § 1052(e) is bolstered by the legislative history, which indicates that this section was introduced to eliminate rejections of geographical trademarks made without reference to their connotations to consumers in association with the goods or services for which the marks are used.

. . . As the statute uses the phrase "primarily geographically" in both the descriptive and deceptively misdescriptive subsections, this court's decisions relating to one subsection inform the meaning of the other and make clear that to refuse registration under either subsection the Trademark Examiner must show that: (1) "the mark sought to be registered is the name of a place known generally to the public," Vittel, 824 F.2d at 959, and (2) "the public would make a goods/place association, i.e., believe that the goods for which the mark is sought to be registered originate in that place." Id. Accord In re Miracle Tuesday, LLC, 695 F.3d 1339, 1343 (Fed. Cir. 2012) (describing analogous factors for primarily geographically deceptively misdescriptive marks) (citing Cal. Innovations, 329 F.3d at 1341).

To refuse registration of a mark as being primarily geographically descriptive, the PTO must also show that (3) "the source of the goods is the geographic region named in the mark." Bernier, 894 F.2d at 391. [Citation]. In applying prongs (1) and (2) of this test, our precedent establishes that the relevant public is the purchasing public in the United States of these types of goods. As we made clear in Vittel, "we are not concerned with the public in other countries." [Citation].

Regarding the first prong of the test, that the population of the location is sizable and/or that members of the consuming public have ties to the location (to use the example in Loew's: that Durango, Mexico, would be recognized by "the Mexican population of this country") is evidence that a location is generally known. See Loew's, 769 F.2d at 766, 768. By contrast, that the geographic meaning of a location is "minor, obscure [or] remote" indicates that the location is not generally known. . . .

In establishing the goods/place association required by the second prong of the test, we have explained that the PTO only needs to show "a reasonable predicate for its conclusion that the public would be likely to make the particular goods/place association on which it relies." Miracle Tuesday, 695 F.3d at 1344 [citation]. It need not show an "actual" association in consumers' minds. [Citation]. A goods/place association can be shown even where the location is not "well known" or "noted" for the relevant goods. Cal. Innovations, 329 F.3d at 1338 (quoting Loew's, 769 F.2d at 767). If the Trademark Examiner establishes such a prima facie case, an applicant may rebut this showing with evidence "that the public would not actually believe the goods derive from the geographic location identified by the mark." In re Save Venice New York, Inc., 259 F.3d 1346, 1354 (Fed. Cir. 2001).
The PTO has long held that where: (1) a location is generally known; (2) the term's geographic significance is its primary significance; and (3) the goods do, in fact, originate from the named location, a goods/place association can be presumed. [Citations]. This presumption may well be proper, but, as this case can be decided on other grounds, we do not address its propriety and leave it for another day.

III. The Examiner's Refusal

The Examiner found that the primary significance of the word "Newbridge" is a "generally known geographic place," i.e., Newbridge, Ireland, and that the goods originated there. The Examiner then applied the TMEP's presumption that a goods/place association existed. The word "home," according to the Examiner, was "generic or highly descriptive" and, therefore, did not affect the geographic significance of the term. Accordingly, the Examiner rejected the mark under § 1052(e)(2).

... The conclusion that Newbridge, Ireland, a town of less than twenty thousand people, is a place known generally to the relevant American public is not supported by substantial evidence. That Newbridge is the second largest town in County Kildare and the seventeenth largest in the Republic of Ireland reveals nothing about what the relevant American purchaser might perceive the word "Newbridge" to mean and is too insignificant to show that Newbridge is a place known generally to the American purchasing public. Similarly, while the Board relied on the Columbia Gazetteer of the World listing, what is missing is any evidence to show the extent to which the relevant American consumer would be familiar with the locations listed in this gazetteer. Likewise, the fact that Newbridge, Ireland, is mentioned on some internet websites does not show that it is a generally known location. The internet (and websites such as Wikipedia) contains enormous amounts of information: some of it is generally known, and some of it is not. [Citation]. There is simply no evidence that the relevant American consumer would have any meaningful knowledge of all of the locations mentioned in the websites cited by the PTO.

Further, it is simply untenable that any information available on the internet should be considered known to the relevant public. The fact that potential purchasers have enormous amounts of information instantly available through the internet does not evidence the extent to which consumers of certain goods or services in the United States might use this information to discern the primary significance of any particular term...

To be clear, we do not foreclose the PTO from using gazetteer entries or internet websites to identify whether a location is generally known. [Citation]. For example, we have credited gazetteer entries as part of the evidence used to establish that Durango, Mexico, was generally known. [Citation]. But the gazetteer showing was just one piece of evidence that together with other evidence was sufficient to establish a prima facie case that Durango is known generally to the relevant public. Gazetteer entries and internet websites are valuable for the information they provide. But the mere entry in a gazetteer or the fact that a location is described on the internet does not necessarily evidence that a place is known generally to the relevant public. See Vittel, 824 F.2d at 959 ("In dealing with all of these questions of the public's response to word symbols, we are dealing with the supposed reactions of a segment of the American public, in this case the mill-run of cosmetics purchasers, not with the unusually well-travelled, the aficionados of
European watering places, or with computer operators checking out the meaning of strange words on NEXIS.

. . . That Newbridge, Ireland, is not generally known is supported by the fact that certain maps and atlases do not include it. That "Newbridge" has other meanings, both geographical and non-geographical, also makes it less likely that Newbridge, Ireland, is generally known as the name of a place...

In sum, the facts here are similar to those of the Board's decision in Bavaria, . . . which held that Jever, West Germany, a town of 10,342, was not generally known, despite being mentioned in a geographical index… Bavaria, 222 U.S.P.Q. 926. Here, as in Bavaria, the evidence as a whole suggests that Newbridge, Ireland, is not generally known. Thus, to the relevant public the mark NEWBRIDGE is not primarily geographically descriptive of the goods, which is what matters. [Citation]. Prong one of the test for primarily geographically descriptive marks is therefore not met. Accordingly, we need not and do not separately consider whether a goods/place association exists.

CONCLUSION

For the foregoing reasons, we reverse the Board's refusal to register applicant's mark under § 1052(e)(2) and remand for further proceedings consistent with this opinion.

QUESTION

The Newbridge decision notes that the Board routinely presumes a goods/place association if the goods come from the named place and the primary significance of the named place is a generally known geographic term. The decision, however, takes no position on the propriety of such a presumption. What do you think?
Chapter 5

LOSS OF TRADEMARK RIGHTS

A. GENERICISM

1. Development of the Standard

Page 288. Insert after LYCRA example:

For examples of brand owner efforts to influence how their brands are used by journalists, see “Kleenex is a Registered Trademark (and Other Desperate Appeals)” at http://www.theatlantic.com/business/archive/2014/09/kleenex-as-a-registered-trademark-and-other-appeals-to-journalists/380733/

Page 289. Insert the following case and Note after “How To Use a Trademark Properly”:

Google’s guidelines caution not to use “Google” as a verb. Sidney Diamond gives the same advice to brand owners. The question as to whether widespread use of a mark as a verb renders it generic arose with respect to the GOOGLE mark in Elliot v. Google, Inc., 45 F.Supp.3d 1156 (D. Ariz. 2014). In that case, plaintiffs had acquired over 700 domain names that coupled “google” with another brand, person or place, e.g. googledisney.com, googlebarackobama.com and googlemexicocity.com. Google brought a UDRP proceeding in which the arbitrator ordered transfer of the domain names to Google. See generally Chapter 11. The plaintiffs instituted the court action seeking a declaration that GOOGLE is generic and cancellation of two GOOGLE registrations. Google counterclaimed for trademark dilution and cybersquatting as well as state claims. Plaintiffs moved for summary judgment to cancel the registrations as generic.

The plaintiffs’ primary argument centered on widespread usage of “Google” as a verb. The district court forcefully rejected this argument and noted that there are two kinds of uses of a mark as a verb.

Verb use of a trademark is not fundamentally incapable of identifying a producer or denoting source. A mark can be used as a verb in a discriminate sense so as to refer to an activity with a particular product or service, e.g., "I will PHOTOSHOP the image" could mean the act of manipulating an image by using the trademarked Photoshop graphics editing software developed and sold by Adobe Systems. This discriminate mark-as-verb usage clearly performs the statutory source-denoting function of a trademark.

However, a mark can also be used as a verb in an indiscriminate sense so as to refer to a category of activity in general, e.g., "I will PHOTOSHOP the image" could be understood to mean image manipulation by using graphics
editing software other than Adobe Photoshop. This use commandeers PHOTOSHOP to refer to something besides Adobe's trademarked product. Such indiscriminate mark-as-verb usage does not perform the statutory trademark function; instead, it functions as a synecdoche describing both a particular species of activity (e.g. using Adobe's PHOTOSHOP brand software) and the genus of services to which the species belongs (e.g. using image manipulation software in general).

The district court rejected that prevalence of even the second type of usage necessarily renders a mark generic because the proper test is the primary significance of the term to the public.

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

After considering the evidence of record, which contained expert and survey evidence offered by the parties, including a Teflon study proffered by Google that showed over 90% of the respondents identified GOOGLE as a brand name, the district court granted judgment for Google as a matter of law on the genericism issue, stating:

… Plaintiffs cannot supplant the primary-significance test with a frequency-of-verb-use test to cancel the GOOGLE mark, which they admit refers to “one of the largest, most recognized, and widely used internet search services in the world.”

NOTE: CAN GENERICISM BE GOOD FOR BUSINESS?

In some situations, potential brand owners have concluded that the more third parties that use a particular term, the better it will be for that owner’s business. For example, Huy Fong Foods never sought to register “Sriracha” as a brand for a hot pepper sauce or tried to enforce
rights in the term because the owner concluded that widespread usage would popularize the product and benefit his business. This strategy paid off as his sales skyrocketed. The PTO also prevented third parties from registering the term as a mark, finding it to be generic, so the originator was not blocked by any third party. T. Geigner, “Sriracha Boss on Trademark: Mmmmm, No Thanks,” techdirt (Feb. 15, 2015). See also Sandshaker Lounge & Package Store LLC v. Quietwater Entm’t, Inc., 2015 U.S. App. LEXIS 4419 (11th Cir. March 19, 2015) (unpublished) (originator of “Bushwacker” drink acquiesced in widespread third-party usage of name and co-existed with neighboring bar for nearly two decades in using the term for festivals celebrating the drink; court found the failure to police meant the term did not function as a mark and affirmed cancellation of the neighbor’s trademark registration).

2. Implementing the Standard: Survey Evidence

The Federal Circuit vacated the Board’s decision in Frito-Lay North America, Inc. v. Princeton Vanguard, LLC, 109 U.S.P.Q.2d 1949 (T.T.A.B. 2014) and remanded for further proceedings. Princeton Vanguard, LLC v. Frito-Lay North America, Inc., 786 F.3d 960 (Fed. Cir. 2015). The Board found PRETZEL CRISPS to be generic for “pretzel crackers.” Both parties had submitted dueling Teflon studies with opposite results. The Board described the parties’ surveys but ultimately the Board appeared to place little reliance on either survey as shown in the excerpt below:

Dr. Alex Simonson … was retained as an expert by counsel for plaintiff. … The screening criteria were defined as follows: "purchasers of salty snacks at supermarkets or grocery stores within the past 6 months or likely purchasers of salty snacks at supermarkets or grocery stores within the coming 6 months." In a "double-blind" survey, his interviewers conducted interviews, by phone, in the following manner, of 250 survey participants:

1. The interviewer read aloud to survey respondents definitions of "category names" (generic names) and "brand names" and asked if survey participants understood the definition of a common name and a brand name. Only 2 respondents indicated they did not, and they were removed from the survey. 248 then continued on.
2. Participants who said they understood the difference between a category name and brand name were then read a list of names individually for food and some unrelated products and asked whether they thought each name was a category name, a brand name, "don't know", or "not sure." The list, with results, follows:
Results By Name:

<table>
<thead>
<tr>
<th>Name</th>
<th>Brand</th>
<th>Category</th>
<th>Don't know/Not Sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>RITZ BITZ</td>
<td>82%</td>
<td>12%</td>
<td>7%</td>
</tr>
<tr>
<td>LUCKY CHARMS</td>
<td>87%</td>
<td>10%</td>
<td>3%</td>
</tr>
<tr>
<td>I-POD</td>
<td>61%</td>
<td>28%</td>
<td>11%</td>
</tr>
<tr>
<td>AMERICAN AIRLINES</td>
<td>89%</td>
<td>9%</td>
<td>2%</td>
</tr>
<tr>
<td>TRISCUIT</td>
<td>80%</td>
<td>13%</td>
<td>7%</td>
</tr>
<tr>
<td>PRETZEL CRISPS</td>
<td>41%</td>
<td>41%</td>
<td>18%</td>
</tr>
<tr>
<td>GINGER ALE</td>
<td>25%</td>
<td>72%</td>
<td>3%</td>
</tr>
<tr>
<td>AUTOMOBILE</td>
<td>9%</td>
<td>91%</td>
<td>1%</td>
</tr>
<tr>
<td>POTATO CHIPS</td>
<td>8%</td>
<td>90%</td>
<td>2%</td>
</tr>
<tr>
<td>NEWSPAPER</td>
<td>5%</td>
<td>93%</td>
<td>2%</td>
</tr>
<tr>
<td>POPCORN</td>
<td>6%</td>
<td>93%</td>
<td>1%</td>
</tr>
</tbody>
</table>

... Dr. Simonson concluded in his report: "The results indicate that PRETZEL CRISPS is not perceived by a majority of relevant consumers as a brand name." Defendant's expert, Dr. E. Deborah Jay ... noted several problems with his methodology including the following: 1) the universe of survey participants was underinclusive, including only those who purchase salty snacks at certain places; 2) there were two options of giving no opinion, both "don't know" and "not sure," which may have confused participants, and caused some to choose one or the other incorrectly; and, perhaps most importantly 3) Dr. Simonson did not conduct a mini-test to ascertain whether survey participants understood the difference between brand and common (or category) names, but rather he simply asked whether they did. Indeed, as pointed out by Dr. Jay, only two survey participants indicated they did not, or less than 1%.

We agree with Dr. Jay's criticisms of Dr. Simonson's survey. With respect to Dr. Simonson's failure to administer an initial mini-test, an analogous situation was at issue in the recently decided case of *Sheetz of Del., Inc. v. Doctor's Assocs.*, 108 USPQ2d 1341, 1360 (TTAB 2013). In *Sheetz*, the Board determined that "[a]sking a respondent whether he or she understood the difference is not the same as testing whether she or he understood the difference." (emphasis in original). As the Board there noted, we can give "little weight" to a survey where a mini-test was not performed and we do not know whether survey participants actually understood what they were being asked. *Id.* at 1361-1362 (citation). We reach this conclusion further on the basis that the two "don't know" and "not sure" answers potentially were confusing to survey participants, and may have lead those who understood the survey question to elect to indicate they did not. Accordingly, for these reasons, we give Dr. Simonson's findings little probative weight.

b. Jay survey conducted on behalf of defendant.

Dr. E. Deborah Jay ... was retained as an expert by counsel for defendant... The screening criteria were defined as adults who had "personally purchased salty snacks for themselves or for someone else in the past three months or think that
they would do this in the next three months." Initially 500 adults were screened, but only 222 were found eligible after meeting the screening criteria in a "double-blind" survey, conducted by phone. As a screening gateway, in the Teflon format, respondents were given an explanation of the difference between brand and common names, and then asked both whether BAKED TOSTITOS is a brand or common name, and whether TORTILLA CHIPS is a brand or common name. Only those who answered both correctly proceeded with the survey. Those respondents then were questioned about a number of "brand" or "common" names with the option of "don't know."

Of the 222 respondents who proceeded in the survey, the results were as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Brand</th>
<th>Common</th>
<th>Don't know/Haven't Heard</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUN CHIPS</td>
<td>96%</td>
<td>3%</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>CHEESE NIPS</td>
<td>85%</td>
<td>13%</td>
<td>2%</td>
</tr>
<tr>
<td>PRETZEL CRISPS</td>
<td>55%</td>
<td>36%</td>
<td>9%</td>
</tr>
<tr>
<td>FLAVOR TWISTS</td>
<td>48%</td>
<td>34%</td>
<td>18%</td>
</tr>
<tr>
<td>GOURMET POPCORN</td>
<td>25%</td>
<td>72%</td>
<td>3%</td>
</tr>
<tr>
<td>ONION RINGS</td>
<td>8%</td>
<td>91%</td>
<td>1%</td>
</tr>
<tr>
<td>MACADEMIA NUT</td>
<td>7%</td>
<td>92%</td>
<td>&lt;1%</td>
</tr>
</tbody>
</table>

... Dr. Jay concluded in her report: "The survey found that the primary significance of the name 'PRETZEL CRISPS' to past and prospective purchasers of salty snacks is as a brand name and not a common (generic) name. Fifty-five percent of survey respondents thought that 'PRETZEL CRISPS' was a brand name, whereas 36% thought 'PRETZEL CRISPS' was a common (or generic) name."

Dr. Simonson was retained by counsel for plaintiff to rebut the conclusions of Dr. Jay. He noted that less than 65% of the initial group "of qualified respondents" was entered into the survey due to the underinclusive nature of the questions, and that accordingly, the Jay survey is flawed.

... We accordingly, find on this record that the designation 'PRETZEL CRISPS' is generic for 'pretzel crackers.' In making this determination, while we consider the entirety of the record, including the surveys (which in any event arrive at different conclusions), we give controlling weight to the dictionary definitions, evidence of use by the public including use by the media and by third-parties in the food industry, and evidence of use by defendant itself.

On appeal, the Federal Circuit reversed and remanded. The appellate court noted that the Board applied an incorrect legal standard:

[D]etermining a mark's genericness requires "a two-step inquiry: First, what is the genus of goods or services at issue? Second, is the term sought to be registered or retained on the register understood by the relevant public primarily to refer to that genus of goods or services?" [Marvin Ginn Corp. v. Int'l Ass'n of Fire Chiefs,
Applying the first prong of the *Marvin Ginn* test, the Board defined the genus of goods at issue as "pretzel crackers." Turning to the second prong, the Board identified the relevant public as "ordinary consumers who purchase and eat pretzel crackers." Neither party disputes these findings on appeal.

...Although the Board acknowledged that the ultimate inquiry is whether the mark as a whole is generic, it then cited *In re Gould Paper Corp.*, 834 F.2d 1017 (Fed. Cir. 1987), for the proposition that, "in cases where the proposed mark is a compound term (in other words a combination of two or more terms in ordinary grammatical construction), genericness may be established with evidence of the meaning of the constituent words." The Board indicated that, "[b]y contrast, 'where the proposed mark is a phrase . . . the board cannot simply cite definitions and generic uses of the constituent terms of a mark; it must conduct an inquiry into the meaning of the disputed phrase as a whole.'" (quoting *Dial-A-Mattress*, 240 F.3d at 1345 (citing *In re Am. Fertility Soc’y*, 188 F.3d 1341, 1347 (Fed. Cir. 1999)).

... According to the Board, if the mark is a compound term, then *Gould* applies, and it can focus on the individual words, but if it is a phrase, *American Fertility* requires that the Board consider the mark in its entirety. Because the Board found "no additional meaning added to 'PRETZEL CRISPS' in relation to 'pretzel crackers,' when the individual terms are combined," the Board analyzed it as a compound term. The Board then considered the terms individually and concluded that "pretzel" is generic for pretzels and pretzel snacks, and "crisps" is generic for crackers.

The problem with the Board's analysis is ... to suggest that the Board can somehow short-cut its analysis of the public's perception where "the purported mark is a compound term consisting merely of two generic words." As discussed below, however, there is no such short-cut...

The Federal Circuit also criticized the Board's treatment of the survey evidence, noting:

One of our sister circuits has indicated that "direct consumer evidence, e.g., consumer surveys and testimony is preferable to indirect forms of evidence." *Berner Int'l Corp. v. Mars Sales, Co.*, 987 F.2d 975, 982-83 (3d Cir. 1993) ("Consumer surveys have become almost de rigueur in litigation over genericness"). We likewise have recognized that "consumer surveys may be a preferred method of proving genericness." *BellSouth Corp. v. DataNational Corp.*, 60 F.3d 1565, 1570 (Fed. Cir. 1995).

... The record here contains significant evidence in the form of declarations, survey evidence, and evidence of use of PRETZEL CRISPS in the snack food industry and by the media ... [T]he Board ... cannot focus primarily on evidence
of the word "crisps" in isolation, select a few pieces of evidence involving the combined term "pretzel crisps," and conclude that the trademark is generic. Nor can it disregard the results of survey evidence without explanation.

. . . [T]he Board expressly agreed with Dr. Jay's criticisms of Dr. Simonson's survey and gave his findings "little probative weight." In particular, the Board concluded that the two "don't know" and "not sure" answers "potentially were confusing to survey participants, and may have le[d] those who understood the survey question to elect to indicate they did not." As to Dr. Jay's survey, which found that 55% of respondents thought that PRETZEL CRISPS was a brand name, the Board merely noted Dr. Simonson's criticism, which was that "less than 65% of the initial group 'of qualified respondents' was entered into the survey due to the underinclusive nature of the questions." The Board did not agree with this critique, however. Nor did the Board call into question Dr. Jay's conclusion that "the primary significance of the name 'PRETZEL CRISPS' to past and prospective purchasers of salty snacks is as a brand name." Nevertheless, in finding the mark generic, the Board indicated that it considered the evidence of record "including the surveys (which in any event arrive at different conclusions)," but gave controlling weight to dictionary definitions, evidence of use by the public, and evidence of use by Princeton Vanguard. The Board seems to have treated the surveys as though they cancelled each other out, but failed to offer any explanation for doing so. The Board thus overlooked or disregarded a genericness survey as to which it apparently found no flaw. On remand, the Board will have the opportunity to make the relevant factual findings based on all of the evidence of record, and must give appropriate consideration to the proffered survey evidence.

3. Genericism and Confusion

Page 305. Add the following text to the end of Question 3:

Pinterest is a social media site that allows users to post images and content to their own boards that can be viewed by others. Pintrips provides a website that allows users to post and share information about air travel. In a suit alleging trademark infringement against the PINTRIPS mark, Pintrips countered that the word “pin” in both marks is generic and unprotectable, and thus filed a motion to dismiss the suit. How should the court find? Pinterest Inc. v. Pintrips Inc., 15 F.Supp.3d 992 (N.D. Cal. 2014).
B. ABANDONMENT

1. Non Use

Page 321. Delete Crash Dummy Movie opinion and Specht v. Google district court opinion and add the Specht appellate decision below:

SPECHT v. GOOGLE INC.
747 F.3d 929 (7th Cir. 2014)

ROVNER, CIRCUIT JUDGE

... 

Background

Inspired by the recent success of a number of technology start-ups, Erich Specht decided in 1998 to enter the business world himself. He designed a suite of e-commerce software and formed Android Data Corporation (ADC), through which he intended to license the software to clients. ADC also performed a number of other web-based services to clients, including website hosting and design, and computer consulting services. Two years later, Specht applied to register the trademark "Android Data" with the United States Patent and Trademark Office. The application was approved in 2002.

Despite the trademark's approval, by the end of 2002 ADC stopped major operations. That year, the company lost five clients, prompting Specht to lay off his only employee, cancel ADC's internet service contract, and move the business into his home. Signifying the end of ADC's life, he transferred all of ADC's assets, including its software and the registered "Android Data" mark, to another of his wholly-owned companies, The Android's Dungeon, Incorporated (ADI). Specht spent all of the next year unsuccessfully seeking a buyer for ADC's assets. As ADC was idle, he also shut off its phone line that year.

After 2002, Specht's business activities were limited. He continued to host ADC's website a while longer and conducted some hosting services for others. But he let the registration for the company's URL (androiddata.com) lapse in 2005, at which time he could no longer be reached at his associated email address. Specht passed out business cards in 2005 bearing the Android Data mark, but the record does not disclose how many, to whom, or why.

In 2007, about five years after he first began to wind down ADC's operations, Specht attempted to revive the use of the Android Data mark. First, to promote his software suite to catalog companies, Specht sent out a mass mailing in December 2007 with the Android Data mark. These mailings garnered no sales. Second, two months later, Specht attempted to license his software to a healthcare consulting firm, also to no avail. He made no other use of "Android Data" in 2007 or the next year. In April 2009, he used the mark once again when he resurrected his website, albeit with a slightly different URL (android-data.com) because his previous URL...
had by then been registered by a third party. He also assigned the Android Data mark to ADI, retroactive to the December 2002 asset transfer.

Meanwhile, during the years that Specht struggled with his shrinking business, another technology start-up calling itself "Android, Incorporated" began developing what would become known as the Android operating system for smart phones. Google purchased Android, Inc., in 2005. Two years after the purchase, Google released to the public a beta version of its Android software. This release, in November 2007, occurred about a month before Specht had attempted to revive his use of the Android Data mark in his mail mailing that December.

Specht, ADC, and ADI sued Google, the founders of Android, Inc., and the Open Handset Alliance over the use of the Android mark. The plaintiffs (whom we will, except where necessary, refer to simply as "Specht") raise two claims under the Lanham Act: one for trademark infringement, see 15 U.S.C. § 1114(1), and one for unfair competition, see id. § 1125(a) . . .

. . .

. . . Google . . . sought a declaration that Specht had abandoned the mark, depriving him and his companies of any rights to it. . . [and] asked the district court to cancel the plaintiff's mark.

. . . Google moved for summary judgment, . . . [T]he district court ruled that all of Specht's claims failed as a matter of law. The district court also issued Google's requested declaration, and canceled Specht's registration.

. . .

. . . A trademark is abandoned if its "use in commerce" has been discontinued with no intent to resume use. 15 U.S.C. § 1127; [citation]. Under the Lanham Act, "[n]onuse for 3 consecutive years shall be prima facie evidence of abandonment," 15 U.S.C. § 1127. A prima facie showing of abandonment may be rebutted with evidence excusing the nonuse or demonstrating an intent to resume use. [Citation]. But the intent to resume use in commerce must be formulated within the three years of nonuse. ITC Ltd. v. Punchgini, Inc., 482 F.3d 135, 149 n.9 (2d Cir. 2007); Imperial Tobacco Ltd., Assignee of Imperial Group PLC v. Philip Morris, Inc., 899 F.2d 1575, 1581 (Fed. Cir. 1990). Furthermore, the use must pertain to the sale of goods or provision of services. See 15 U.S.C. § 1127; United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90, 97, 39 S. Ct. 48, 63 L. Ed. 141, 1918 Dec. Comm'r Pat. 369 (1918); Rearden LLC v. Rearden Commerce, Inc., 683 F.3d 1190, 1204 (9th Cir. 2012); Int'l Bancorp, LLC v. Societe des Bains de Mer et du Cercle des Estrangers a Monaco, 329 F.3d 359, 364 (4th Cir. 2003).

Under these principles, this appeal turns on three dates: the date (if any) that Specht discontinued using the Android Data mark, the date Google began using the Android mark in commerce and acquired rights to it, and the date (if any) that Specht intended to resume use of the mark. . . .
With respect to Specht's discontinued use of the mark, the evidence is conclusive that Specht ceased using the Android Data mark at the end of 2002. That is the year that ADC essentially shut down after losing five clients, laying off its one employee, and transferring its assets to ADI. Specht cites to four activities that he believes show his continued use of the Android Data mark after 2002, but they are insufficient.

First Specht notes that he attempted to sell his business's assets in 2003 and 2004. But an effort to sell the assets of a business is different from trading on the goodwill of a trademark to sell a business's goods or services and therefore does not constitute a use of the mark in commerce. See Electro Source, LLC v. Brandess-Kalt-Aetna Grp., Inc., 458 F.3d 931, 938 n.5 (9th Cir. 2006). Second, Specht observes that ADC's phone service was not canceled until 2003. But Specht included any phone expenses from 2003 on ADC's 2002 balance sheet precisely because, in his view, ADC did not operate in 2003.

The remaining two activities are also insufficient to show a resumption of use. Specht points out that ADC's website was operating until 2005, and a website that bears a trademark may constitute a bona fide use in commerce. [Citation]. But Specht did not identify any goods or services ADC could have provided through or in connection with the website after 2002. [Citations]. As such, the website was not a use in commerce. Specht's reply that the site averaged 2,925 monthly visitors (actually the record shows only 808 monthly visits), goes nowhere because he furnished no evidence of any commercial interest associated with the visits. Finally, Specht maintains that his two sales efforts in 2007 (the mass mailing and his failed bid to license software to a healthcare firm) are evidence of commercial use of the mark. But these two efforts were isolated and not sustained; sporadic attempts to solicit business are not a "use in commerce" meriting the protection of the Lanham Act. See Zazu Designs v. L'Oreal, S.A., 979 F.2d 499, 503 (7th Cir. 1992); Aktieselskabet AF 21. November 2001 v. Fame Jeans Inc., 525 F.3d 8, 20, 381 U.S. App. D.C. 76 (D.C. Cir. 2008). The district court, therefore, correctly determined that Specht had abandoned the mark at the end of 2002.

Google became the senior user of the Android mark when it used the mark in commerce in November 2007. By then, the Android mark lay abandoned. Once a mark is abandoned, it returns to the public domain, and may be appropriated anew. See Indianapolis Colts, Inc. v. Metro. Baltimore Football Club Ltd. P'Ship, 34 F.3d 410, 412 (7th Cir. 1994); ITC Ltd., 482 F.3d at 147. By adopting the abandoned mark first, Google became the senior user, entitled to assert rights to the Android mark against the world. Its use since November 2007 has been uninterrupted and continuous. That is enough to warrant trademark protection. See Zazu Designs, 979 F.2d at 503; Blue Bell, Inc. v. Farah Mfg. Co., Inc., 508 F.2d 1260, 1265 (5th Cir. 1975) ("even a single use in trade may sustain trademark rights if followed by continuous commercial utilization"); see also Planetary Motion, Inc. v. Techsplosion, Inc., 261 F.3d 1188, 1194-95 (11th Cir. 2001) (release of software to end users is use in commerce even though no sale was made).

Specht replies that, even if he had abandoned the mark after 2002, he either resumed using or developed an intent to resume using the Android Data mark by December 2007, again citing his mass mailing. But by then it was too late. Specht had abandoned the mark by the end of 2002, and more than three years had passed before Google publicized its release of the Android
operating system in November 2007. With the mark permanently abandoned by November 2007, Specht could not reclaim it the following month. The district court therefore correctly granted summary judgment on all of Specht's claims. See TMT N. Amer. v. Magic Touch GmbH, 124 F.3d 876, 885 (7th Cir. 1997) . . . ("abandonment ... result[s] in the loss of trademark rights against the world").

Page 325. Add new Questions 5 and 6.

5. Non-use for three years creates a rebuttable presumption of abandonment. Is the Specht court correct in finding that intent to resume use must be evidenced in the same three-year period?

6. What type of use can be considered to show that an abandonment has not occurred? Should a member of a former band that ceased recording many years earlier be able to rely on receipt of royalties for sales of the older recordings in order to prove use? See Herb Reed Enterprises, LLC v. Florida Entertainment Management, Inc., 736 F.3d 1239 (9th Cir. 2013), infra, Chapter 12.A.

Page 330. Delete American Association for Justice and add the following case:

Wells Fargo & Co. v. ABD Insurance & Financial Services, Inc. 758 F.3d 1069 (9th Cir. 2014). Wells Fargo moved for a preliminary injunction against the defendant for use of the mark ABD. Wells Fargo had previously acquired the original ABD Insurance company and changed the name to Wells Fargo, but continued to use the ABD mark in various ways. Former ABD employees started a new company and changed its name to ABD when Wells Fargo did not renew the registration for the mark. The Ninth Circuit reversed the district court’s denial of a preliminary injunction and remanded for a reconsideration under the correct abandonment analysis.

The district court also abused its discretion by misapplying the law in its abandonment analysis when it considered evidence of prospective intent to abandon the mark to determine whether Wells Fargo's uses were bona fide and in the ordinary course of business. To prove abandonment of a mark as a defense to a claim of trademark infringement, a defendant must show that there was: "(1) discontinuance of trademark use and (2) intent not to resume such use." Electro Source, LLC v. Brandess-Kalt-Aetna Grp., Inc., 458 F.3d 931, 935 (9th Cir. 2006). The phrase "trademark use" means "the bona fide use of a mark in the ordinary course of trade, and not merely to reserve a right in a mark." Id. at 936 (quoting 15 U.S.C. §1127). Even a "single instance of use is sufficient against a claim of abandonment of a mark if such use is made in good faith." Carter-Wallace, Inc. v. Procter & Gamble Co., 434 F.2d 794, 804 (9th Cir. 1970). All bona fide uses in the ordinary course of business must cease before a mark is deemed abandoned.
We have said that "unless the trademark use is actually terminated the intent not to resume use prong of abandonment does not come into play." Electro Source, 458 F.3d at 937-38. "[A] prospective intent to abandon says nothing about whether use of the mark has been discontinued." Id. at 937.

The district court held that Wells Fargo abandoned the ABD mark, reasoning that Wells Fargo's continued uses of the ABD mark were not bona fide and in the ordinary course of trade because such uses were "residual... or in the context of a historical background" given Wells Fargo's rebranding efforts. The district court's abandonment findings were flawed for two significant reasons. First, prospective intent to abandon is not properly considered when examining whether bona fide uses of the mark in the ordinary course of business have ceased, and the district court erred when it considered Wells Fargo's intent to rebrand ABD in that context. Second, the district court misconstrued the breadth of uses included within the scope of a "bona fide use in the ordinary course of trade." Courts must consider the totality of the circumstances surrounding the use, and "even a declining business retains, may benefit from, or may continue to build its goodwill until it shuts its doors or ceases use of its marks." Id. at 938. In this case, Wells Fargo continued to use the mark in several ways, most notably in customer presentations and solicitations. Such uses demonstrate Wells Fargo's business calculation that it could continue to benefit from the goodwill and mark recognition associated with ABD, and we conclude that Wells Fargo continued its bona fide use of the mark in the ordinary course of business through these uses. Thus, the district court erred by concluding that Wells Fargo abandoned the ABD mark, contrary to the principles of Electro Source.

Page 332. Delete Question 5 and substitute new Question 5 and add the following case.

5. The uses by Wells Fargo that the court considered bona fide uses in commerce were presumably transitional. If Wells Fargo ceases such uses, would the defendant in that case be free then to adopt the ABD mark again? If Wells Fargo believed it was making bona fide use of the ABD mark, why did it not renew its registration?

Dragon Bleu (SARL) v. VENM, LLC, 112 U.S.P.Q.2d 1925 (T.T.A.B. 2014). Recall that trademark applicants who file based on a foreign registration under section 44(e) or on an extension of an International Registration under section 66(a) are not required to make use of the mark in commerce prior to issuance of the registration. However, such registrations are still subject to attack after registration for abandonment through non-use. The Board considered what date should be the starting point for measuring non-use for such registrations. The Board first considered what is the appropriate start date of non-use for registrations issuing from use-based or ITU applications.

When an applicant relying on use in commerce as a basis for registration under Trademark Act Section 1, 15 U.S.C. § 1051, ceases use of its mark prior to the
issuance of the registration with no intent to resume use, the application or registration is subject to a claim of abandonment in an opposition or cancellation proceeding. In such a case it is appropriate to include in the period of nonuse any pre-registration nonuse subsequent to that applicant's declaration of use. See *ShutEmDown Sports, Inc. v. Lacy*, 102 USPQ2d 1036, 1042 (TTAB 2012) (for registration issued from Section 1(a)-based application, three-year period of nonuse measured from respondent's filing date); and *Consolidated Cigar Corp. v. Rodriguez*, 65 USPQ2d 1153, 1155 (TTAB 2002) (holding that for an application based on Trademark Act Section 1(b), plaintiff cannot assert a three-year period of nonuse that began prior to defendant's filing of its allocation of use).

Thus, the nonuse period starts from the filing date of use-based applications and from the allegation of use date of ITU applications. By contrast, the Board stated no pre-registration period can be counted as part of the period of nonuse for registrations that issue from section 66(a) or 44(e) applications.

...Unlike applications filed under Section 1, an applicant under Section 66(a) is not required to use its mark in United States commerce (or declare that the mark is in such use) at any time prior to registration. [Citations]. . . . [L]ike all registrants, a Section 66(a) registrant must use the registered mark in commerce in order to avoid abandonment of its registration. *Saddlesprings, Inc. v. Mad Croc Brands, Inc.*, 104 USPQ2d 1948, 1951 (TTAB 2012). Therefore, the question at issue is: What is the earliest point in time from which the period of nonuse may be measured for an abandonment claim with respect to a Section 66(a) registration? . . . [W]e look to how an abandonment claim must be pleaded and proved for a Section 44(e) registration, which is similar to a registration under Trademark Act Section 66(a) insofar as use of the applied-for mark is not required prior to registration.

In *Imperial Tobacco [Ltd. v. Philip Morris Inc]*, 899 F.2d 1575, the Court of Appeals for the Federal Circuit held that for a registration issued under Section 44(e) of the Trademark Act ..., the period of nonuse which constitutes prima facie evidence of abandonment does not begin until the registration issues. *Imperial Tobacco*, ("A Section 44(e) registrant is merely granted a dispensation from actual use prior to registration, but after registration, there is no dispensation of use requirements....) Thus, ... the three-year period of nonuse that constitutes prima facie evidence of abandonment begins no earlier than the date of registration. Further, in *Imperial Tobacco*, the Federal Circuit looked at the period "from the date of registration up to the time the petition [to cancel] was filed" in determining whether or not a genuine dispute existed as to Imperial's abandonment of its mark. [Citation].

The Board then went on to conclude that in order to rely on the presumption of abandonment after 3 years nonuse, petitioners will need to wait at least 3 years after the registration date of a 66(a) or 44(e) application. If the period of nonuse is shorter, the petitioner will not be able to rely on the presumption and will instead need to allege and prove nonuse and an intent not to resume use.

The question raised in the present case...is closely analogous to the one addressed in *Imperial Tobacco*. Because use is not required for an application filed under ... Section 66(a), we hold that in order to sufficiently plead a claim for cancellation ...
on grounds of abandonment for nonuse, the plaintiff must allege, as of the date the
claim is filed, either:

(a) three or more consecutive years of nonuse commencing no earlier than the
date on which the registration was issued; or,

(b) if [such period of non-use]... is less than three years, facts supporting nonuse
after the date of registration, coupled with [facts supporting] an intent not to resume
use.

3. Naked Licensing

Page 343. Insert the following text at the end of the Exxon v. Oxxford citation and before
the Questions:

See also Fuel Clothing Co., Inc. v. Nike, Inc., 7 F.Supp.3d 594 (D.S.C. 2014) (defendant’s
motion for summary judgment based on naked licensing defense denied as to three settlement-
type agreements entered into by Fuel Clothing as “as reasonable jury could interpret the
agreement to restrict [the other party’s] use of the “fuel” mark and thus prevent an infringing
use”; such agreements would not be categorized as licenses even if they contain a phase-out
period for certain uses).
Chapter 6

INFRINGEMENT

A. DEFENDANT’S USE IN COMMERCE

Page 355. Insert the following at the end of 1-800 Contacts, Inc. v. Lens.com, Inc.:

On appeal, the Court of Appeals for the 10th Circuit affirmed in part and reversed in part on other grounds, assuming without deciding that the purchase of a keyword could satisfy the use in commerce requirement. *1-800 Contacts, Inc. v. Lens.com, Inc.*, 722 F.3d 1229, 1242 (10th Cir. 2013).

Page 366. Add new questions 5 and 6.

5. Frida Kahlo was a Mexican painter whose works attracted widespread acclaim after her death in 1954. In 2005, Kahlo’s family sold all of Kahlo’s copyrights and trademarks to a Panamanian corporation, which does business as the Frida Kahlo Corporation. The corporation enters into licensing agreements with companies wishing to use the Frida Kahlo mark or images related to Kahlo’s art. The corporation has registered FRIDA KAHLO on the principal register in the United States for a variety of consumer products (e.g., women’s clothing; kitchenware; beer). Upon hearing reports of an Argentine company that marketed household products bearing images from Kahlo’s paintings and marked with her initials to customers in Argentina, Mexico, Costa Rica, and Guatemala, the Frida Kahlo corporation asked a sales consultant in Mexico to purchase some of the items and mail them to the corporation’s Miami offices. The Corporation then filed a trademark infringement suit against the Argentine company and its U.S. corporate parent in the Southern District of Florida. The defendants move to dismiss the complaint, arguing that they have not used any Frida Kahlo mark in commerce within the meaning of section 32 of the Lanham Act. Plaintiff argues that infringing products are displayed on defendants’ Argentine and Mexican websites, which are accessible from the United States, and that purchasers of defendants’ Frida Kahlo products have marketed them in the United States on eBay, YouTube, and Facebook. How should the court rule? *See Frida Kahlo Corp. v. Tupperware Corp.*, No. 13-21039 (S.D. Fla. March 31, 2014).

6. Trader Joe’s is a well-known, national grocery store chain with a South Seas motif that claims to sell hard-to-find, great-tasting food at inexpensive prices. The store has registered TRADER JOE’S on the principal register as a service mark for its store and a trademark for its private brand products. Trader Joe’s has no stores outside of the United States. Michael Hallatt operates a grocery store in Vancouver, B.C., Canada named “PIRATE JOE’S.” He stocks his store, in part, with products that he buys at full price from Trader Joe’s stores across the border in Washington State and then imports into Canada, paying customs duties as appropriate. Trader Joe’s claims that Hallatt’s store violates the Lanham Act; Hallatt insists he has not used Trader Joe’s marks in commerce. How should the court rule? *See Trader Joe’s Company v. Hallatt*, 981 F.Supp.2d 972 (W.D. Wash. 2013).
B. LIKELIHOOD OF CONFUSION

Page 387. Insert the following case before the Questions.

**Kraft Foods Group Brands LLC v. Cracker Barrel Old Country Store, Inc.**, 735 F. 3d 735 (7th Cir 2013). Kraft has sold supermarket cheddar cheese under the CRACKER BARREL mark since 1954; it registered the mark in 1957. Cracker Barrel Old Country Store (CBOCS) has operated a chain of restaurants since the 1970s. In 2013, CBOCS announced that it was introducing a line of grocery store deli meats to be sold in supermarkets under the CRACKER BARREL OLD COUNTRY STORE mark. Kraft filed a trademark infringement suit. The trial court found a likelihood of confusion and issued a preliminary injunction. The Court of Appeals for the 7th Circuit affirmed. Judge Posner wrote that “[t]he likelihood of confusion seems substantial and the risk to Kraft of the loss of valuable goodwill and control therefore palpable.” He had critical words, however, for the survey Kraft relied on to demonstrate likelihood of confusion:

So the grant of the preliminary injunction must be affirmed. But mainly for future reference we want to say something about the consumer survey that Kraft presented in support of its claim of confusion. Consumer surveys conducted by party-hired expert witnesses are prone to bias. There is such a wide choice of survey designs, none fool-proof, involving such issues as sample selection and size, presentation of the allegedly confusing products to the consumers involved in the survey, and phrasing of questions in a way that is intended to elicit the surveyor's desired response—confusion or lack thereof—from the survey respondents. [Citations]. Among the problems identified by the academic literature are the following: when a consumer is a survey respondent, this changes the normal environment in which he or she encounters, compares, and reacts to trademarks; a survey that produces results contrary to the interest of the party that sponsored the survey may be suppressed and thus never become a part of the trial record; and the expert witnesses who conduct surveys in aid of litigation are likely to be biased in favor of the party that hired and is paying them, usually generously. …

Of course, judges and jurors have their own biases and blind spots. …. Nevertheless it's clear that caution is required in the screening of proposed experts on consumer surveys. Kraft's expert in this case was Hal Poret, an experienced survey researcher, and we won't hold it against him that he appears to be basically a professional expert witness. … Poret was able to obtain a random or at least representative sample of 300 American consumers of whole-ham products, email them photographs of the CBOCS sliced spiral ham, and ask them in the email whether the company that makes the ham also makes other products—and if so what products. About a quarter of the respondents said cheese. It's difficult to know what to make of this. The respondents may have assumed that a
company with a logo that does not specify a particular food product doesn't make just sliced spiral ham. So now they have to guess what else such a company would make. Well, maybe cheese.

Poret showed a control group of 100 respondents essentially the same ham, but made by Smithfield—and none of these respondents said that Smithfield also makes cheese. Poret inferred from this that the name "Cracker Barrel" on the ham shown the 300 respondents had triggered their recollection of Cracker Barrel cheese, rather than the word "ham" being the trigger. That is plausible, but its relevance is obscure. Kraft's concern is not that people will think that Cracker Barrel cheeses are made by CBOCS but that they will think that CBOCS ham is made by Kraft, in which event if they have a bad experience with the ham they'll blame Kraft.

Also it's very difficult to compare people's reactions to photographs shown to them online by a survey company to their reactions to products they are looking at in a grocery store and trying to decide whether to buy. The contexts are radically different, and the stakes much higher when actual shopping decisions have to be made (because that means parting with money), which may influence responses.

…. 

We can imagine other types of expert testimony that might be illuminating in a case such as this--testimony by experts on retail food products about the buying habits and psychology of consumers of inexpensive food products. …. 

We have doubts about the probative significance of the Poret survey. But the similarity of logos and of products, and of the channels of distribution (and the advertising overlap) if CBOCS is allowed to sell its products through grocery stores under its Cracker Barrel logo, and the availability to the company of alternatives to grocery stores for reaching a large consumer public under the logo, provide adequate support for the issuance of the preliminary injunction.

Page 400. Add new Question 5:

5. Don Henley is a singer-songwriter who first became famous in the early 1970s as the drummer and lead vocalist for the Eagles, a rock and roll band. One of the Eagles’ early hits was a song titled, “Take It Easy.” In addition to performing and recording with the Eagles, Henley has had a successful solo career. In 2000, Henley registered DON HENLEY as a service mark for entertainment services and a trademark for music sound recordings. Duluth Trading, a Wisconsin clothing retailer, has recently marketed a cotton Henley-style (button placket) shirt with the slogan, “DON A HENLEY and Take it easy.” Henley has filed suit for infringement of his registered marks. Do you see a likelihood of confusion? See Henley v. Duluth Holdings, Inc., No. CV 14-7827 (C.D. Cal. filed Oct. 8, 2014).
Page 421. Insert at the end of Question 4:

The Court of Appeals for the Third Circuit affirmed the District Court’s decision. See CollegeSource, Inc. v. AcademyOne, Inc., 597 Fed.Appx. 116 (3d Cir. 2015).

Page 435. Insert the following case before the Questions.

Fortres Grand Corp. v. Warner Brothers Entertainment, 763 F.3d 696 (7th Cir. 2014). Warner Brothers’ 2012 Batman film, The Dark Knight Rises, included a handful of references to a fictional software program named “Clean Slate,” reputed to be capable of erasing a criminal’s history from every software database in the world. Either Warner Brothers or Batman fans also created two websites that purported to be the sites of the fictional software company that marketed the fictional “Clean Slate” software, complete with a fictitious patent for the fictitious program. Fortres Grand, which has marketed a software program named CLEAN SLATE since 2001 and has registered the mark on the principal register, sued Warner Brothers for trademark infringement, alleging reverse confusion. The district court dismissed the case. The Court of Appeals for the 7th Circuit affirmed:

…Fortres Grand's claims depend on plausibly alleging that Warner Bros.’ use of the words "clean slate" is "likely to cause confusion.” … But general confusion "in the air" is not actionable. Rather, only confusion about "origin, sponsorship, or approval of ... goods" supports a trademark claim. [Citations.]

…Fortres Grand argues that it has stated a claim via "reverse confusion"… In reverse confusion, the senior user's products are mistaken as originating from (or being affiliated with or sponsored by) the junior user. This situation often occurs when the junior user is a well-known brand which can quickly swamp the marketplace and overwhelm a small senior user. [Citations.] The harm from this kind of confusion is that "the senior user loses the value of the trademark--its product identity, corporate identity, control over its goodwill and reputation, and ability to move into new markets." [Citation.] To state a claim for infringement based on reverse confusion, Fortres Grand must plausibly allege that Warner Bros.' use of the words "clean slate" in its movie to describe an elusive hacking program that can eliminate information from any and every database on earth has caused a likelihood that consumers will be confused into thinking that Fortres Grand's Clean Slate software "emanates from, is connected to, or is sponsored by [Warner Bros.]."[Citations.]

In considering the plausibility of such an allegation of confusion we look to the applicable test for likelihood of confusion. In this circuit, we employ a seven-factor test…. The Court first discussed the similarity of the products:
The problem here is that Fortres Grand wants to allege confusion regarding the source of a utilitarian desktop management software based solely on the use of a mark in a movie and two advertising websites. Warner Bros...does not sell any movie merchandise similar to Fortres Grand's software which also bears the allegedly infringing mark. Fortres Grand mentions that Warner Bros. sells video games. Desktop management software and video game software may be similar enough to make confusion plausible, but Fortres Grand does not allege that the video games bear the "clean slate" mark. Nor does Fortres Grand allege that desktop management software is a commonly merchandised movie tie-in (as a video game might be). Accordingly, the only products available to compare--Fortres Grand's software and Warner Bros.' movie--are quite dissimilar, even considering common merchandising practice. Fortres Grand has alleged no facts that would make it plausible that a super-hero movie and desktop management software are "goods related in the minds of consumers in the sense that a single producer is likely to put out both goods."

Fortres Grand emphasizes that we have clearly stated that courts should not rely on the weakness of a single factor to dispose of a trademark infringement claim. [Citation.] But its allegation of reverse confusion is just as implausible in light of the other factors. Both the movie and Fortres Grand's software are available on the internet, but the movie was shown first and primarily in theaters and Fortres Grand's software is only available at its website, not at other places on the internet. And anyone who arrives at Fortres Grand's website is very unlikely to imagine it is sponsored by Warner Bros. (assuming, safely, that Fortres Grand is not using Catwoman as a spokesperson for its program's efficacy). See FORTRESGRAND.COM, Clean Slate 7, http://www.fortresgrand.com/products/cls/cls.htm. And the movie websites, while on the internet, sell no products and are clearly tied to the fictional universe of Batman. Further, Warner Bros.' use of the mark is not a traditional use in the marketplace, but in the dialogue of its movie and in extensions of its fictional universe, so the "the area and manner of concurrent use" also makes confusion unlikely. Fortres Grand also asserts that consumers of "security software," similar to what it sells, are discerning and "skeptical," which is indicative of a "degree of care likely to be exercised by consumers" making confusion unlikely. Additionally, the mark "clean slate" is just one variation of a phrase that traces its origins at least as far back as Aristotle and is often used to describe fresh starts or beginnings. While the use of the term may be suggestive for security software, its use descriptively (and suggestively) is quite broad, including in reference to giving convicted criminals fresh starts, to redesigning the internet, or, indeed, to a movie about an investigator with amnesia. Accordingly, Warner Bros.' descriptive use of the words "clean slate" in the movie's dialogue to describe a program that cleans a criminal's slate is unlikely to cause confusion. [Citation]

Finally, Fortres Grand speculates that there must have been actual confusion because of "internet chatter" and "web pages, tweets, and blog posts in which potential consumers question whether the CLEAN SLATE program, as it exists in The Dark Knight Rises, is real and could potentially work." But this is not an
allegation of actual confusion. This is an assertion that consumers are speculating that there really could be a hacking tool that allows a user to erase information about herself from every database on earth. Id. At best Fortres Grand's argument is that consumers are mistakenly thinking that its software may be such a hacking tool (or an attempt at such a hacking tool), and not buying it. But this is not reverse confusion about origin. Whoever these unusually gullible hypothetical consumers are, Fortres Grand has not and could not plausibly allege that consumers are confused into thinking Fortres Grand is selling such a diabolical hacking tool *licensed by Warner Bros.* Fortres Grand's real complaint is that Warner Bros.' use of the words "clean slate" has tarnished Fortres Grand's "clean slate" mark by associating it with illicit software. But this type of harm may only be remedied with a dilution claim. See 15 U.S.C. § 1125(c). And it would not be appropriate to use a contorted and broadened combination of the "reverse confusion" and "related products" doctrines to extend dilution protection to non-famous marks which are explicitly excluded from such protection by statute. Id. ("the owner of a *famous* mark ... shall be entitled to an injunction against another person who ... commences use of a mark ... that is likely to cause ... dilution by tarnishment of the *famous* mark" (emphasis added)).

In fact, the only factor to which Fortres Grand's allegations lend any strength is the similarity of the marks--both marks are merely "clean slate" or "the clean slate." But juxtaposed against the weakness of all the other factors, this similarity is not enough. Trademark law protects the source-denoting function of words used in conjunction with goods and services in the marketplace, not the words themselves. [Citation.] Assuming all Fortres Grand's other allegations are true, its reverse confusion allegation--that consumers may mistakenly think Warner Bros. is the source of Fortres Grand's software--is still "too implausible to support costly litigation."[Citation.] Accordingly, we need not--and do not--reach Warner Bros.' argument that its descriptive use of the words "clean slate" in the dialogue of its movie is shielded by the First Amendment.

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**Page 436. Replace Question 3 with a new Question 3:**

3. In 1999, Byron Preiss founded a new book imprint, which he named iBooks. Preiss announced that ibooks would publish backlist novels simultaneously in paper and digital editions. Simon and Schuster agreed to distribute the print versions to bookstores and ibooks made the digital versions available for paid download at its website, [www.ibooksinc.com](http://www.ibooksinc.com). ibooks released its first books in 2000. Its catalogue included classic science fiction by Isaac Asimov, Alfred Bester and Arthur C. Clarke. All books included the ibooks logo, which featured a lightbulb containing a lowercase “i” and the word “ibooks.”

C. SECONDARY LIABILITY FOR TRADEMARK INFRINGEMENT

Page 450. Replace Georgia Pacific v. Von Drehle with the following case:


LifeWatch markets competing devices and monitoring services, using telemarketers to offer its products directly to potential customers over the telephone. In 2008, Life Alert discovered that some telemarketers for LifeWatch had used Life Alert’s registered slogans in marketing LifeWatch’s service. It sued LifeWatch for direct, contributory and vicarious trademark infringement. The district court entered a preliminary injunction enjoining LifeWatch from using Life Alert’s trademarks and from doing business with any sales agent whom LifeWatch knows or should know was using those marks to sell LifeWatch’s services. LifeWatch appealed, arguing that it lacked the ability to monitor and control the telemarketers who solicited customers for its products, and should not be held responsible for their infringing actions. The Court of Appeals for the 9th Circuit disagreed:

The district court also correctly concluded that Life Alert is likely to succeed on the merits of its claim for trademark infringement under the theory of contributory infringement. A plaintiff can establish contributory infringement in one of two ways. See Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844, 853-54 (1982). Life Alert can do both.

The first way is to show that the defendant "intentionally induced' the primary infringer to infringe." Perfect 10, Inc. v. Visa Int'l Serv., Ass'n, 494 F.3d 788, 807 (9th Cir. 2007) (quoting Inwood, 456 U.S. at 855). A reasonable inference supports the conclusion that LifeWatch intentionally induced infringement by approving scripts for its telemarketers (the primary infringers) that contained Life Alert's trademarked slogans. First, directly under the telemarketing services agreements and, at the very least, indirectly under the purchase agreements, LifeWatch engaged telemarketers to solicit customers on its behalf. Second,
formally under the telemarketing services agreements and perhaps functionally under the purchase agreements, telemarketers are authorized to read only scripts approved by LifeWatch. Third, at least one telemarketer, Worldwide Info Services, used the "I've Fallen" trademark, and contacted customers who then received LifeWatch goods.

The evidence also shows that LifeWatch "continued to supply an infringing product to an infringer with knowledge that the infringer is mislabeling the particular product supplied." Perfect 10, Inc., 494 F.3d at 807. This is the second way to establish contributory infringement. Life Alert is likely to succeed under either the product or service version of this test.

On the product version, LifeWatch has continued to engage telemarketers and sellers to cultivate customers for its products even though it knows, or at least has reason to know, that they are using Life Alert's trademarks. See Inwood, 456 U.S. at 833-55. Worldwide used an infringing script during the era in which it could read only scripts approved by LifeWatch. And LifeWatch listens to the sales calls its telemarketers are required to retain and make available for LifeWatch's review.

On the service version, Life Alert can show that LifeWatch controlled and monitored the instrument (the telemarketing calls) the telemarketers and sellers used to infringe Life Alert's trademark. See Lockheed Martin Corp. v. Network Solutions, Inc., 194 F.3d 980, 984 (9th Cir. 1999). For instance, there is evidence that LifeWatch had the power and practice of approving scripts when it engaged telemarketers pursuant to the old telemarketing services agreements. Pursuant to its new purchase agreements, LifeWatch continues to provide sellers "guidelines" about its products. LifeWatch also reviews sales calls, and advises sales agents to change their message when it hears something it does not like. Finally, LifeWatch could stop the infringement if it wanted to do so. See Perfect 10, 494 F.3d at 807. LifeWatch could exercise its right under the telemarketing services and purchase agreements to terminate its relationship with telemarketers and sellers that fail to comply with trademark law. Without these contracts, telemarketers and sellers would have no reason to make infringing calls.

The district court also correctly found that Life Alert is likely to succeed on the merits of its trademark infringement claim under the theory of vicarious liability. The same evidence of LifeWatch's control over telemarketers that supports the district court's finding on contributory infringement supports the court's finding on vicarious liability. See id. ("Vicarious liability for trademark infringement requires 'a finding that the defendant and the infringer have an apparent or actual partnership, have authority to bind one another in transactions with third parties or exercise joint ownership or control over the infringing product.'").
Chapter 7

SECTION 43(A)(1)(A) OF THE LANHAM ACT

A. UNREGISTERED MARKS

1. Application to Traditional Trademark and Trade Dress Cases

Page 464. Delete Question 2 and Replace it with Question 2 below.

2. In the *DC Comics* case, the court found plaintiff had developed common law rights in *The Daily Planet* through its general licensing of the Superman fictional characters (although the term was not specifically mentioned in any license) and then found a likelihood of confusion with defendant’s underground publication. In the Batman movie *The Dark Knight Rises*, the character of Catwoman used a program called “the Clean Slate” to hack into computers to erase criminal history material. Fortres sells a CLEAN SLATE desktop management program and alleged that sales fell after the movie’s release. It asserted a claim of reverse confusion, which was rejected by the court. Would the result have been different if Batman’s licensed products, such as video games, used “the Clean Slate” term? *See Fortres Grand Corp. v. Warner Bros. Entertainment, Inc.*, 763 F.3d 696 (7th Cir. 2014), *supra* Chapter 6[B] this Supplement.

Page 474. Add the following sentences before the citation in Question 3.

Recall the Supreme Court’s decision in *B&B Hardware, supra* Chapter 4[C] this Supplement, that Board decisions on likely confusion can have a preclusive effect in subsequent infringement actions. Should the Board’s finding of lack of distinctiveness be preclusive?

2. Marketing Concepts and Techniques

Page 496. Renumber Question as 1 and add Question 2 below.

2. *Milstein* found Paper House’s artistic style to be too abstract to constitute protectable trade dress. The well-known artist Britto filed a complaint alleging, *inter alia*, trade dress infringement against two graphic artists and Apple, Inc., which used an image created by the artists in its “Start Something New” campaign. *Britto Central, Inc. v. Redman*, 1:15 CV 21320 (S.D. Fl. April 6, 2015). The complaint describes the combination of elements making up the Britto trade dress as:

vibrant color combinations, often dominated by bright yellow; compositions constructed by the juxtaposition of randomly shaped swaths of recurring distinctive patterns
(including polka dots and stripes) to form the subject matter of the image, with each compositional element all outlined in bold black strokes; and uplifting, bright and happy visual themes.

The complaint alleges that Britto has licensed his trade dress to numerous companies and provides examples of Britto’s works that embody the claimed features, including:

The graphic created by defendants for Apple is displayed below:

Has Britto alleged a protectable trade dress? If so, does the Apple graphic infringe?

Page 510. Add Question 4 below.

4. Best Cellars v. Wine Made Simple requires trade dress to be a non-functional source identifier rather than consisting of generalized concepts and ideas. Fair Wind Sailing school sued a rival school started by former employees and alleged defendants copied Fair Wind’s trade dress which it described as including the following elements: only using 45-foot catamarans, following particular itineraries in teaching and using a unique teaching curriculum and procedures for student feedback. No details of the curriculum or feedback mechanism were alleged. Do such allegations satisfy Fair Wind’s obligation to articulate a protectable trade dress rather than generalized or unprotectable concepts? See Fair Wind Sailing, Inc. v. Dempster, 764 F.3d 303 (3rd Cir. 2014).
C. FALSE DESIGNATION OF ORIGIN

Page 530. Insert the following text at the end of the Note: Authors’ and Performers’ Moral Rights.

See also Best Hand Entertainment LLC v. Wideawake-Deathrow Entertainment, LLC, 2014 U.S. Dist. LEXIS 43719 (E.D. Mich. 2014) (plaintiff’s false attribution count under section 43(a) based on claim that CD falsely identified defendant as the owner of copyrights, causing confusion as to origin of CD, dismissed under Dastar).

Page 535. Insert a period in the second full paragraph of the Dastar opinion after the words “the Nile and all its tributaries.” Insert a paragraph break and the following language before the next text:

Another practical difficulty of adopting a special definition of “origin” is that it places the manufacturers of those products in a difficult position.

Page 540. Add Questions 3 through 5 below.

3. Strabala, an architect who had previously worked for Gensler & Associates, promoted his new business by stating on his website that he designed several famous buildings, including the Shanghai Tower, of which Gensler was the architect of record. Gensler sued, asserting a § 43(a) false designation of origin claim among others. The district court dismissed Gensler’s complaint. On appeal, the court reversed, finding the district court improperly read Dastar to limit § 43(a) to false designations of goods’ origins and not to reach services’ origins. If Strabala worked in a large team of over one hundred while at Gensler, would his statement qualify as a false designation of origin? Dastar found that the defendants were in fact the origin of the videos at issue in that case. Was Strabala the origin of the design services for the famous buildings? See M. Arthur Gensler Jr. & Assocs., Inc., v. Strabala, 764 F.3d 735 (7th Cir. 2014).

4. Three well-known graffiti artists created a mural in San Francisco shown below:
The mural consists of two of the artists’ pseudonyms painted over the other artist’s signature “revolutions” images. The artists sued defendants who allegedly photographed the mural and used it on apparel and other items while obscuring the signatures of two of the artists. See below


5. Slep-Tone produces karaoke accompaniment tracks on CDs and other physical media under the registered mark SOUND CHOICE. A bar hosted karaoke events put on by third parties who allegedly ripped tracks from Slep-tone’s CDs onto other media such as MP3s and displayed Slep-tone’s mark and trade dress during the events. Slep-tone sued the bar for trademark infringement and unfair competition. Defendant moved to dismiss under Dastar. Is the MP3 a new good of which the karaoke operator is the source? Or is Slep-tone accurately credited as the source? See Slep-tone Ent. Corp. v. Sellis Enterprises, Inc., 2015 U.S. Dist. LEXIS 44301 (N.D. Ill. April 3, 2015).
Chapter 8

DEFENSES TO INFRINGEMENT

A. STATUTORY DEFENSES/INCONTESTABILITY

2. Particular Section 33(b) Defenses

a. Fraud on the Trademark Office

Page 555. Insert before Questions:

_Nationstar Mortgage v. Ahmad_, 112 U.S.P.Q.2d 1361 (T.T.A.B. 2014). Ahmad filed a use-based application for registration of “Nationstar” for real estate services, submitting fabricated specimens of use (business cards falsely listing applicant as a mortgage broker). Nationstar opposed the registration and Ahmad subsequently amended the application to an intent-to-use basis. The Board [took] the opportunity to confirm that once an opposition has been filed, fraud cannot be cured merely by amending the filing basis for those goods or services on which the mark was not used at the time of the signing of the use-based application. [Citations.] An applicant’s statements as to its use of a mark for particular goods and services are unquestionably material to registrability. Moreover, “the law is clear that an applicant may not claim a Section 1(a) filing basis unless the mark was in use in commerce on or in connection with all the goods or services covered by the Section 1(a) basis as of the application filing date. 37 C.F.R. Section 2.34(a)(1)(i).” [Citation.] The applicant’s statements are a fundamental statutory precondition to the issuance of a registration covering such goods and services and are relied upon by the USPTO’s examining attorney in approving a use-based application for publication. Additionally, a fraud claim in an opposition notice is predicated on the opposer’s belief in damage based on the application as published. See Section 13 of the Trademark Act, 15 U.S.C. § 1063 [citation]. Thus, applicant’s amendment, made after publication and institution of a challenge based on fraud, cannot aid applicant in defense of that claim.

See also _Teal Bay Alliances v. Southbound One_, 2015 U.S. Dist. LEXIS 10940 (D. Md. 2015) (ordering cancellation of mark when registrant submitted fabricated specimens of use: photographs of t-shirts that in fact had not been sold in commerce).

Page 555. Questions: _Sovereign Military Hospitallars…”702 F.3d 1292” should be “702 F.3d 1279”_
b. Fair Use: § 33(b)(4)

p. 561 Kelly-Brown v. Winfrey: Replace the district court decision

KELLY-BROWN v. WINFREY
717 F3d 295 (2d Cir. 2013)

STRAUB, CIRCUIT JUDGE:

Plaintiff Simone Kelly-Brown (“Kelly-Brown”) is the owner of a motivational services business, Own Your Power Communications, Inc., that holds events and puts out publications under the registered service mark “Own Your Power.” Defendants Oprah Winfrey (“Oprah”), Harpo, Inc., and Harpo Productions, Inc. (collectively, “Harpo”), and Hearst Corp. and Hearst Communications, Inc. (collectively, “Hearst”) were involved in the production of a magazine, event, and website also employing the phrase “Own Your Power.” Kelly-Brown argues that in so using the phrase, the defendants infringed upon her mark.

Kelly-Brown appeals from the grant of a motion to dismiss in the Southern District of New York (Paul A. Crotty, Judge), finding that the defendants’ use of the phrase “Own Your Power” was fair use.

Defendants argue that the use of the phrase “Own Your Power” was descriptive of the publications to which that phrase was attached. They argue that the use of the phrase on the Magazine’s cover describes its contents and also “served as an exhortation for readers to take action to own their power and described a desired benefit of reading the Magazine Issue.” They further assert that subsequent uses of the phrase in connection with the Event, on the Website, etc., were merely referring back to this original, approved use.
At the outset, it should be noted that the phrase “Own Your Power” differs from the sort of phrase which courts usually find to be used descriptively. Courts more readily find a phrase descriptive when it is in common usage. For example, we have found the instruction ‘Seal it with a Kiss!!” to be descriptive where lipstick testers were to kiss a postcard wearing the lipstick and then send it to a loved one. Cosmetically Sealed Indus., 125 F.3d at 30. In so holding, we noted, “The phrase ’sealed with a kiss’ is a fixture of the language, used by generations of school girls, who have given it such currency that it is readily recognized when communicated only as an acronym—SWAK.” Id. Similarly, the Seventh Circuit held that the phrase “The Joy of Six” was descriptive after noting that the phrase “is a play on the 1970s book series The Joy of Sex” and “has been used to describe positive feelings associated with six of anything.” Packman, 267 F.3d at 641. By contrast, we have held that the slogan “Swing Swing Swing” for golf clubs, playing on the title of the Benny Goodman song “Sing Sing Sing,” was not descriptive because golfers “swing” their clubs, not “swing swing swing” them. EMI Catalogue P’ship, 228 F.3d at 65.

Defendants have not argued that the phrase “Own Your Power” was in popular usage. Nor indeed could they in a motion to dismiss. Doing so would surely require defendants to reference material beyond the four corners of the complaint. Of course, discovery may reveal that the phrase has some wider currency than is immediately apparent.

To be sure, there is no requirement that a usage be immediately recognizable as a popular phrase for it to be descriptive. See Sands, Taylor & Wood Co., 978 F.2d at 952-53. In Sands, the court held that a material issue of fact existed regarding whether the tagline “Gatorade is Thirst
Aid” was descriptive notwithstanding the fact that it was not a “common phrase.” *Id.* at 953. It so held because “the average consumer [could] perceive[] ’Thirst Aid’ as describing a characteristic of Gatorade—its ability to quench thirst.” *Id.*

But here the phrase “Own Your Power” does not describe the contents of the Magazine. The words are prominently displayed in the center of the Magazine with the subtitles “How to Tap Into Your strength”; “Focus Your Energy”; and “Let Your Best Self Shine” in smaller type below. Along the edges of the magazine are specific headlines for articles, including “THE 2010 O POWER LIST! 20 Women Who Are Rocking the World.” Although both the center phrase and the article headline make use of the word “power,” it does not appear that the phrase “Own Your Power” is meant to describe the contents of a particular item in the Magazine. For example, the “Power List” inside the Magazine contains a list of admirable people, accompanied by biographical information about each. But the list does not provide specific advice regarding how a reader can follow in the footsteps of any of these individuals, nor does it provide advice regarding how a reader can become more powerful in general.

The Table of Contents of the Magazine further underscores the fact that the phrase is not used as a headline for a particular article or content. The bottom left corner of the page contains a smaller picture of the cover and a list describing where the articles referenced on the cover can be found. It does not list any article corresponding to the phrase “Own Your Power.”

It is the defendants’ burden here to show that their use of the phrase “Own Your Power” was descriptive. At this stage in the litigation, defendants have not made that showing.

On remand, 114 U.S.P.Q.2d 1311 (S.D.N.Y. 2015), defendants did succeed in making the requisite showing, both as to the lack of distinctiveness of the phrase claimed as a mark, and with respect to the fair use defense. (The court also found no likelihood of confusion.) The court held that defendants’ use was made other than as a mark; in a descriptive sense; and in good faith.

"Own Your Power" is a commonly used phrase and courts "more readily find a phrase descriptive when it is in common usage." [Citation.] Defendants’ expert evidence demonstrates that the phrase has been used since at least 1981 as "a common motivational exhortation to harness or achieve mastery over one's own power." This evidence is supported by Defendant Oprah Winfrey’s own use of the phrase in her 1993 commencement speech at Spelman College, as well as numerous recent examples of the phrase's use in the media, [Citation.] While Plaintiffs challenge Defendants' expert and note that he describes the phrase's meaning as "complicated stuff," Plaintiffs fail to present any evidence demonstrating that their use of the phrase is unique or uncommon.

In each instance, Defendants use the phrase to describe their overall message of self-empowerment. On the magazine cover the phrase is used as the headline to describe the issue's theme. ("The [October 2010] Issue was devoted to the theme of power and featured the O Power List"); (the following phrases were also on the cover of the October 2010 issue: "Unlock Your Inner Superstar: Our 4-step plan"; "The 2010 O Power List!: 20 Women Who
Accordingly, Defendants demonstrate that "Own Your Power" is a commonly used phrase and was used in a descriptive, non-trademark way.

c. Functionality § 33(b)(8)

Page 584. Add to end of *Christian Louboutin, S.A. v. YSL America Holding*: In March 2013 the Second Circuit, in a per curiam opinion, rejected Louboutin’s request to modify the 2012 judgment. See 709 F.3d 140 (2013).

Page 585. Insert following *Auto-Gold*:

*Groeneveld Transport Efficiency, Inc. v Lubecore Int’l.*, 730 F.3d 494 (6th Cir. 2013). Groeneveld Transport Efficiency, Inc. makes grease pumps. So does Lubecore, a company started by a former Groeneveld employee. Groeneveld complains that Lubecore’s grease pump is “virtually identical” to Groeneveld’s. The two pumps are pictured below.
A jury found the Groeneveld grease pump’s trade dress to be non-functional, to have achieved secondary meaning, and Lubecore’s grease pump to be likely to be confused with Groeneveld’s. Lubecore appealed; the Sixth Circuit reversed:

C. Nonfunctionality

Groeneveld does not dispute that its grease pump is a functional device designed to automatically lubricate commercial trucks. Nor does Groeneveld attempt to protect the individual component parts of its pump. Rather, the question is whether the "overall shape" of the grease pump (such shape being the trade dress claimed by Groeneveld) "is essential to the use or purpose of the article or . . . affects the cost or quality of the article." See Inwood Labs., 456 U.S. at 850 n.10.

Groeneveld's pump, in its overall shape, consists of a black base topped by a clear reservoir. The base is made of cast aluminum and contains the pump mechanism, which is connected by wires and hoses to the rest of the ALS [automated lubrication system]; the reservoir is made of plastic and holds the grease. Both components clearly serve a function essential to the product's operation.

Trial testimony by two Groeneveld witnesses, Willem van der Hulst and Cornelius Wapenaar, makes clear that not only the basic manufacture of the grease pump's components, but also their size and shape, are closely linked to the grease-pumping function. The shape of the base is functionally determined because it minimizes the amount of material needed in construction. And the volume of the reservoir is functionally dictated by the amount of grease that the vehicle needs during each servicing interval. The use of clear material in the reservoir is also functional because it allows one to easily see how much grease is left in the pump.

Because the volume of the reservoir (like that of any cylinder) is the algebraic product of its surface area times its height, and because the surface area and the volume of the reservoir are both functionally determined (the former by the necessity of fitting into the base and the latter by the necessity of holding a predetermined amount of grease), the height is also functionally determined. The overall design of the grease pump is therefore functional. As the magistrate judge found when denying Groeneveld's motion for a preliminary injunction, "all the elements of Groeneveld's pump are there for some practical benefit or reason . . . . Groeneveld has not presented its pump as in any way the equivalent of an automotive tail fin--a purely ornamental feature that contributes no demonstrable benefit to the operation or efficiency of the designed product."

Because Groeneveld presented no evidence showing that the individual components of its grease pump or their overall configuration are nonfunctional, it failed to carry its burden of creating a triable issue of fact with respect to
nonfunctionality. See Antioch Co. v. W. Trimming Corp., 347 F.3d 150, 158 (6th Cir. 2003) ("[I]n order to receive trade dress protection for the overall combination of functional features, those features must be configured in an arbitrary, fanciful, or distinctive way. . . . In other words, where individual functional components are combined in a nonarbitrary manner to perform an overall function, the producer cannot claim that the overall trade dress is nonfunctional." (citing TrafFix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23, 34, 121 S. Ct. 1255, 149 L. Ed. 2d 164 (2001); Leatherman Tool Grp., Inc. v. Cooper Indus., Inc., 199 F.3d 1009, 1013 (9th Cir. 1999) (reversing the jury's finding of trade-dress infringement, granting judgment as a matter of law for the defendant, and holding that "where the whole is nothing other than the assemblage of functional parts, and where even the arrangement and combination of the parts is designed to result in superior performance, it is semantic trickery to say that there is still some sort of separate 'overall appearance' which is nonfunctional").

The court rejected the relevance of the availability of alternative designs; it was particularly critical of the assertions of plaintiff's chief design officer, whose "entirely conclusory" statements the court found insufficient to raise a triable issue of fact concerning nonfunctionality:

Groeneveld next points to the testimony of Willem van der Hulst, its Vice President of Design and Production, who was involved in designing the EP0 grease pump. Van der Hulst testified that Groeneveld did not "have to make its pump look this way on the inside because of the way it works on the outside." For the reasons stated above, this testimony is insufficient to create a triable issue of fact under TrafFix Devices because it improperly focuses on the possibility of alternative designs.

Moreover, van der Hulst's testimony was entirely conclusory--he simply asserted that Groeneveld was not limited to any particular design, but he did not explain why the chosen design was nonfunctional, and certainly did not speak with any particularity about the functional considerations that, as outlined above, apparently dictated the pump's design. The same goes for van der Hulst's bald assertion that the pump's design did not "affect the way the thing performs." See Secalt S.A. v. Wuxi Shenxi Constr. Mach. Co., Ltd., 668 F.3d 677, 684 (9th Cir. 2012) (holding that the plaintiff's evidence of nonfunctionality was insufficient as a matter of law where, "[e]xcept for conclusory, self-serving statements, [the plaintiff] provide[d] no other evidence of fanciful design or arbitrariness").

Finally, Groeneveld points to van der Hulst's testimony that the other grease pumps on the market look "terrible," and that Groeneveld's founder was "different from the really old-fashioned mechanical people" in that "he had very good choice" and "like[d] nice things," such as "a nice office, nice cars, nice people." Van der Hulst also testified that Groeneveld has not switched to alternative
grease-pump designs, even though they might be cheaper, because the current pump is "a very nice pump" and "[e]verybody knows this pump."

But these statements fail to meaningfully address the issue of nonfunctionality. The fact that Mr. Groeneveld has good taste does nothing to prove that the grease pump's design is nonfunctional. And to the extent that van der Hulst's testimony was intended to show that less attractive or cheaper grease-pump designs were also possible, such a showing plainly falls short under TrafFix Devices because courts should not inquire into alternative designs when the design at issue is substantially influenced by functional considerations. [Citation].

In short, Groeneveld's evidence was insufficient to enable a reasonable jury to find that the grease pump's design is nonfunctional. And Groeneveld's proof of nonfunctionality is rendered even more wanting by the fact that Lubecore has pointed to the testimony of van der Hulst and Wapenaar, Groeneveld's own witnesses, to show that the pump's volume, shape, and materials are all essentially influenced by the dictates of function.

Page 585. Renumber current Questions 1 and 2 as 2 and 3. Insert new Question 1:

1. The Groeneveld court found that the plaintiff had failed to prove that functional considerations did not “substantially influence” the grease pump’s appearance. Is the burden of proof always on the plaintiff to disprove functionality? Is the standard for functionality always “substantial influence,” as opposed to “dictated by” functional considerations, or lack of alternative designs?

C. OTHER LIMITATIONS ON TRADEMARK PROTECTION: EXPRESSIVE USE OF TRADEMARKS

1. Nominative Fair Use

Page 609. Change “Question” to “Questions”; Renumber current question as 1, add new question 2.

2. Your client, “Ikeahackers” operates a website, under the domain name ikeahackers.com, for people who create new furniture (or improbable objects) by taking apart and recombining pieces of their IKEA furniture. “The ideas range from simply adding decorations to make a piece look unique to major revamps that require ‘power tools and lots of ingenuity.’” 
http://arstechnica.com/tech-policy/2014/06/ikea-waits-8-years-then-shuts-down-ikeahackers-site-with-trademark-claim/  The site does not sell anything, but carries advertising. IKEA has sent a letter demanding that your client cease using “ikea” in its domain name. What do you advise?
2. Parody

Page 650. *Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.* Substitute the following images for pictures in the main casebook.
3. Trademarks as Speech

Page 641. Renumber Question 3 as 4 and insert new Question 3:

3. Does the First Amendment provide a defense to right of publicity claims? In *Davis v. Electronic Arts, Inc.*, 775 F.3d 1172 (9th Cir. 2015), a controversy involving a videogame’s use of the likenesses of former NFL football players, the Ninth Circuit reaffirmed its position in *Keller v. Elec. Arts, Inc.*, 724 F.3d 1268 (9th Cir. 2013), to hold the Rogers test, and its incorporation of first amendment protections, inapplicable to right of publicity claims. By contrast, in *Brown v Electronic Arts, Inc.*, 2009 U.S. Dist. LEXIS 131387 (C.D. Cal 2009), the same videogame producer’s use of the likeness of former NCAA and NFL star Jim Brown, drew the latter’s claim of false endorsement under Lanham Act section 43(a). The court dismissed the action, applying the Rogers test to hold that EA’s use of Brown’s likeness did not constitute an explicit attempt to signify that Brown endorsed the games, and that “where important First Amendment interests are implicated, there lies no remedy under Section 43(a) of the Lanham Act.” When the same expressive use gives rise to both 43(a) and right of publicity claims, does it make sense to reach opposing outcomes?
Dardenne v. MoveOn, 2014 US Dist LEXIS 47662 (M.D. La 2014). In 2011, the State of Louisiana registered with the Secretary of State the following logo to promote the state as a tourist destination:

Defendant MoveOn, a progressive organization devoted to social change through democratic action, erected the following billboard in Baton Rouge, the State capitol:

[Louisiana
Pick your passion! But hope you
don’t love your health. Gov. Jindal’s
denying Medicaid to 242,000 people]

The Lieutenant Governor's office (as the Chief of Louisiana's tourism industry) sought to remove the billboard on the ground that it infringed the State’s trademark. The court denied the Lt. Governor’s motion for a preliminary injunction.

[At the] outset, the Court notes that the people of Louisiana have an interest in protecting the propriety of their service mark; but, is that interest so compelling as to require that MoveOn.org be prohibited from using it as a parody to criticize the State's healthcare policies?
MoveOn.org argues that it is employing parody by poking fun at the State's logo and slogan in order to criticize the State. According to MoveOn.org, its "intent was to communicate... the message that, whereas the Louisiana tourism campaign is promoting the State as a desirable place to visit, the State might be considered an undesirable place to visit because of its [health care policies]".

It is clear to the Court that MoveOn.org did not use Louisiana's service mark for the purpose of gaining attention to products and services associated with mark, but as a parody for the purpose of expressing an idea, opinion, or criticism. However, parody does not provide an absolute cloak of protection from a claim of trademark infringement claim. Parody notwithstanding, if reader confusion is likely, an action for trademark infringement lies.

The State argues that viewers of the billboard will be confused into thinking that the Lieutenant Governor, as the alleged owner of the service mark, is being critical of the Governor. In this Court's view, the Lieutenant Governor underestimates the intelligence and reasonableness of people viewing the billboard.

The State's argument that viewers of the billboard may be confused into believing that the Lieutenant Governor is criticizing the Governor is strained. Essentially, the State argues that the target of MoveOn.org's parody (Governor Jindal) is not the holder or owner of the mark (the State). The question is whether the disconnect between the owner of the mark and the target of the parody creates viewer confusion. In other words, is a motorist viewing the billboard likely to conclude that the State of Louisiana is criticizing Governor Jindal. The Court thinks not.

**Radiance Foundation v. NAACP**, 2015 U.S. App. LEXIS 8203 (4th Cir., May 19, 2015). The Radiance Foundation published an article online titled "NAACP: National Association for the Abortion of Colored People" criticizing the NAACP's stance on abortion. In response to a cease-and-desist letter from the NAACP, Radiance sought a declaratory judgment that it had not infringed any NAACP trademarks. The NAACP then filed counterclaims alleging trademark infringement and dilution. The district court held for the NAACP and entered a permanent injunction. The Fourth Circuit reversed.

[T]rademark infringement is not designed to protect mark holders from consumer confusion about their positions on political or social issues. The evidence of "actual confusion" relied on by the district court consisted of phone calls to the NAACP by people who took issue with the NAACP supporting abortion. Radiance Found., 25 F. Supp. 3d at 888-89. "[I]ndignation is not confusion," *Girl Scouts of U.S. v. Personality Posters, Mfg. Co.*, 304 F. Supp. 1228, 1231 (S.D.N.Y. 1969) [concerning poster reproducing Girl Scouts’ slogan “Be Prepared” under a photograph depicting a pregnant teenager], at least not as
pertains to trademark infringement, and at best the calls demonstrated confusion as to the NAACP's policy positions rather than any good or service. Policy stances are neither goods nor services, though the means of conveying them may be.

Political discourse is the grist of the mill in the marketplace of ideas. It may be that the only -- but also the best -- remedy available to a trademark holder is to engage in responsive speech. . . . The NAACP is a renowned civil rights organization with numerous mechanisms for connecting with its membership and the public. Organizations of its size and stature possess megaphones all their own. "Actual confusion" as to a non-profit's mission, tenets, and beliefs is commonplace, but that does not transform the Lanham Act into an instrument for chilling or silencing the speech of those who disagree with or misunderstand a mark holder's positions or views. See Rogers v. Grimaldi, 875 F.2d 994 , 1001 (2d Cir. 1989).

. . .

It remains essential in any analysis of confusion to consider fully the purpose with which the mark was being used. The trial court did entertain the possibility of parody, but once it found that Radiance had not engaged in a successful parody, it ended its inquiry there. Radiance Found., 25 F. Supp. 3d at 891-93 . If not quite parody, the use of "National Association for the Abortion of Colored People" in this context may be more akin to satire, which "works by distort[ing] . . . the familiar with the pretense of reality in order to convey an underlying critical message." [Citation] . . .

It is important moreover to pay sufficient attention to the full context in which the mark was used, which diminishes the likelihood of confusion about source even further. The domain names and webpage headings clearly denote other organizations: The Radiance Foundation or TooManyAborted. For each site, this post was one of dozens of articles on social and political issues.

. . .

We have identified individual difficulties with appellee's position, but it is well to understand the matter in its totality. The trial court found that using marks in a highly critical article that lambasts the NAACP for its views and actions constituted trademark infringement because the site solicits financial support for its activities, albeit attenuated from the use of the mark, and some consumers may be confused about the NAACP's true name and political positions. We need not go so far as to say that social commentary solicitations can never be the subject of a valid infringement claim in order to conclude that it will not be infringing so long as the use of the mark does not create confusion as to source, sponsorship, or affiliation. Any other holding would severely restrict all kinds of speakers from
criticizing all manner of corporate positions and activities and propel the Lanham Act into treacherous constitutional terrain.
Chapter 9

DILUTION

B. FEDERAL DILUTION

1. Federal Statute

Page 692. Insert before Problem:

New York Yankees Partnership v. IET Products and Services, Inc., 114 USPQ2d 1497 (T.T.A.B. 2015). The New York Yankees baseball club has long employed the logo pictured below on a variety of merchandising items, including apparel.

![Yankees logo]

IET Products, Inc., intends to use the logo pictured below on t-shirts, jackets and baseball caps. It has applied for trademark registration of the logo. The Yankees organization opposed the registration on grounds, inter alia, of dilution.

![IET logo]

IET claimed that its logo was a fair use parody and was therefore *de jure* non dilutive, an assertion the Board found inconsistent with the text of Section 43(c):
Applicant’s argument ignores the language of Section 43(c)(3)(A) . . ., which limits the “fair use” exclusion as defined in the statute to use of a famous mark “other than as a designation of source for the person’s own goods or services” (Section 43(c)(3)(A)). “Noncommercial” use also is excluded. (Section 43(c)(3)(C)). To obtain federal registration, an applicant’s use of the applied-for matter must be as a designation of source – i.e., as a mark – and commercial – i.e., used in commerce. See Trademark Act Sections 1, 2, 17, 18, and 45, 15 U.S.C. §§ 1051, 1052, 1067, 1068, and 1127. This proceeding is before the Board because Applicant is not seeking merely to make ornamental, expressive, or noncommercial use of its marks, but because Applicant has applied to register its trademarks as designations of the source of Applicant’s own T-shirts, baseball caps, hats, jackets, sweatshirts, and mugs. The fair use exclusion is typically inapplicable when registration is sought, and it does not apply here.

Would IET’s fair use defense have fared better had IET not sought to register the steroids parody logo, but instead simply sold clothing bearing the logo? See infra this Chapter, Section B.4. What if IET used the logo as a trademark, but did not seek to register it? See infra this Chapter, Section B.2.b.

2. **Word Marks**

   a. **Blurring**


Replace with the following pair of T.T.A.B. decisions:

*Inter IKEA Systems B.V. v. Akea, LLC*, 100 U.S.P.Q.2d 1734 (T.T.A.B. 2014). The home furnishings company IKEA opposed the intent-to-use application filed in 2009 by Akea LLC for the mark “AKEA” for dietary supplements. Analyzing likelihood of confusion, the Board found that the IKEA mark was famous for ‘retail store services in the field of furniture, housewares and home furnishing’ and the marks IKEA and AKEA are similar, because of the differences in the goods and services and channels of trade and the degree of care that will be exercised by applicant's prospective purchasers, we find that applicant's mark for the goods in Class 5 and services in Class 44 are not likely to cause confusion with opposer's IKEA mark for opposer's goods and services.

Turning to dilution:
Even assuming that opposer's mark is famous for purposes of dilution, the record does not support our finding that opposer's mark became famous prior to the filing date of applicant's application. Opposer's evidence . . . is not sufficient to show that opposer's mark is famous for purposes of dilution because most of the evidence points to events that occurred after the filing date of applicant's application. For example, opposer's evidence that the IKEA brand was ranked No. 28 on the Business Week/Interbrand 2012 list of the Top 100 Brands worldwide, with an estimated brand value of $12,808,000,000 is subsequent to the filing date of applicant's application and, therefore, is not relevant.


1. "Applicant does not claim rights in or use of CHANEL in connection with any goods or services including real estate development and construction of commercial, residential and hotel property in the U.S. prior to May 15, 2008";

2. "Opposer used and registered CHANEL for retail store services, clothing, jewelry, fragrances and beauty items prior to May 15, 2008";

3. "The opposed mark CHANEL is identical to opposer's trade name CHANEL";

4. "The opposed mark CHANEL is identical to opposer's federally registered trademark CHANEL";

5. "Other than the CHANEL mark opposed herein, applicant does not own any other trademark applications or trademark registrations in the United States that includes [sic] in whole or in part CHANEL";

6. "Applicant uses in connection with his real estate development and construction of commercial, residential and hotel property services not only the CHANEL mark but also the marks HERMES and PLAYBOY among others";

7. "Opposer has never given applicant any consent or permission or otherwise authorized applicant to use or register the CHANEL mark in connection with any goods or services"; and

8. "There is no connection or affiliation between opposer and either applicant or applicant's goods or services."

Citing Chanel’s many U.S. registrations since 1933, its extensive sales and advertising, and multiple examples of the mark’s and attendant goods’ pervasiveness in popular culture, the
Board ruled that Chanel had met its burden of proving acquisition of the requisite fame prior to applicant’s use. Among the evidence the Board found probative of Chanel’s fame:

Generations of prominent celebrities have either endorsed or appeared in advertisements for CHANEL-branded merchandise, including Catherine Deneuve, Marilyn Monroe, Nicole Kidman, Keira Knightley, Christy Turlington, Kate Moss and Brad Pitt. In addition to these formal celebrity endorsements and paid advertisements, prominent celebrities and fashion icons such as Beyonce, Penelope Cruz, and Sarah Jessica Parker are frequently photographed either carrying CHANEL-branded handbags or wearing CHANEL fashions. Such photographs frequently appear in publications in which opposer does not advertise (for example, in tabloid magazines), thereby broadening the exposure of opposer's CHANEL mark. Opposer also garnered unsolicited publicity in newspaper and magazine articles.

Applying the statutory factors, the Board found the first four easily favored the Opposer, and that no evidence was presented regarding the sixth. Regarding the fifth, the Board stated:

5. Whether the user of the mark or trade name intended to create an association with the famous mark

Opposer has presented evidence demonstrating that applicant intended to create an association with opposer's famous CHANEL mark, despite the fact that opposer never licensed applicant to use the mark (either orally or in writing) and has never even conducted any business with applicant. According to publicly available evidence opposer obtained from applicant's websites, www.condomonde.com and www.condominiums.com, applicant markets luxury rental properties by naming units after luxury brands such as Chanel, Dior, Givenchy, and Versace. Applicant stated on his web site that opposer Chanel is among his former or current clients, referring to the Chanel boutiques as "the world's finest" along with other fashion houses such as Louis Vuitton, Prada and Gucci. Indeed, applicant, in promoting his services on his web site, has referred to the elevated status he purportedly enjoys from his relationship with Chanel. Opposer's corporate counsel testified however that opposer "has not done business with the applicant, nor have we licensed the CHANEL mark to him."

We therefore find that applicant is attempting to trade on the goodwill and fame generated by the CHANEL mark in order to promote and market his own services. As such, this dilution factor also favors opposer.

Finally, regarding likelihood of blurring:

The statute requires opposer to prove impairment of the distinctiveness of opposer's famous mark. [Citations]. Opposer stated that if applicant were to obtain a registration, "his use of our very mark will devalue the CHANEL brand and cause significant harm to Chanel by diluting the distinctiveness of Chanel's
famous mark." We note that although opposer has no current involvement in the real estate or hotel industry, the record shows that many luxury brand companies have licensed use of their marks in connection with hotels. In other words, they have found opportunities to commercially exploit the distinctiveness of their marks in those industries. In addition, many other well-known luxury brands have either expanded into or licensed use of their brand names in fields outside of the fashion industry that are related to real estate. For example, Versace now offers interior design services, Fendi provides kitchen design services and Jason Wu markets designer-styled bathroom fixtures. We find these statements and surrounding circumstances of the industry sufficient to show that opposer is likely to suffer an impairment of the distinctiveness of its CHANEL mark.

In summary, we find that based on the record before us, opposer has demonstrated that applicant's CHANEL mark is likely to cause dilution by blurring of its CHANEL trademarks and service marks.

**QUESTIONS**

1. What, if any, is the difference between the Board’s analysis of Chanel’s showing of impairment by likelihood of blurring and an evaluation of the “bridging the gap” factor for showing a likelihood of confusion?

2. Prof. Barton Beebe has suggested that when dilution claims are pleaded together with infringement claims, a court will almost never find dilution if it has ruled that confusion is unlikely. Does it also follow that a successful dilution claim could have been brought as likelihood of confusion claim? To what extent do the above cases bear out either proposition?

**b. Tarnishment**

Page 727. Insert following Editors’ Note:

The Second Circuit affirmed the District Court’s rejection of a likelihood of dilution by blurring. *See Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.* 736 F.3d 198 (2d Cir. 2013).

**QUESTION**

Your client sells t-shirts through his “SkygraphX” website. His latest offering is pictured below. Philip Morris has sent a cease and desist letter, threatening to bring an action for trademark dilution. What is your advice?
Page 744. Add new Question following Mastercard International v. Nader 2000 Primary Committee:

QUESTION

Steve Hershey’s campaign for the Maryland state senate included signboards such as the one immediately below.
The Hershey Company objected, citing the similarity of Hershey’s campaign signs to the trade dress of the Hershey chocolate bars. The similarity also drew the attention of several publications and members of the public noted. In response to the Hershey Co.’s motion for a preliminary injunction under Lanham Act sections 32 and 43(c), Steve Hershey asserted that his campaign materials were First Amendment-protected political speech. How should the court rule? See *Hershey Co. v. Friends of Steve Hershey*, 33 F. Supp. 3d 588 (D. Md. 2014).

Page 751, second full paragraph, last line: "43(c)(3)" should be "43(c)(6)".
Chapter 10

FALSE ADVERTISING

A. COMMERCIAL ADVERTISING OR PROMOTION

Page 764. Insert before Questions:

Jordan v. Jewel Food Stores, 743 F.3d 509 (7th Cir. 2014). To celebrate Michael Jordan's induction into the Basketball Hall of Fame in September 2009, Time, Inc., the publisher of Sports Illustrated, produced a special commemorative issue of Sports Illustrated Presents. Jewel accepted Time Inc.’s offer of free advertising space in the issue in exchange for stocking the magazine in its supermarkets. Jewel ran a full-page ad congratulating Jordan on the inside back cover of the commemorative issue, which was on sale for a three-month period following the induction ceremony. Jordan, unflattered, considered the ad a misappropriation of his identity for the supermarket chain's commercial benefit, and initiated an action under, inter alia, Lanham Act sec. 43(a).

The 7th Circuit, per Judge Posner, reversed the district court’s ruling that the advertisement was noncommercial speech insulated by the first amendment.

The ad combines textual, photographic, and graphic elements, and prominently includes the Jewel-Osco logo and the supermarket chain's marketing slogan, "Good things are just around the corner." The logo and slogan--both registered trademarks--are positioned in the middle of the page, above a photo of a pair of basketball shoes, each bearing Jordan's number "23." The text of the ad reads as follows:

A Shoe In!
After six NBA championships, scores of rewritten record books and numerous buzzer beaters, Michael Jordan's elevation in the Basketball Hall of Fame was never in doubt! Jewel-Osco salutes #23 on his many accomplishments as we honor a fellow Chicagoan who was "just around the corner" for so many years.

. . .

. . . [C]onsidered in context, . . . Jewel's ad has an unmistakable commercial function: enhancing the Jewel-Osco brand in the minds of consumers. This commercial message is implicit but easily inferred, and is the dominant one.

We begin by making a point that should be obvious but seems lost on Jewel: There is a world of difference between an ad congratulating a local community group and an ad congratulating a famous athlete. Both ads will generate goodwill for the advertiser. But an ad congratulating a famous athlete can only be understood as a promotional device for the advertiser. Unlike a community group,
the athlete needs no gratuitous promotion and his identity has commercial value. Jewel's ad cannot be construed as a benevolent act of good corporate citizenship.

As for the other elements of the ad, Jewel-Osco's graphic logo and slogan appear just below the textual salute to Jordan. The bold red logo is prominently featured in the center of the ad and in a font size larger than any other on the page. Both the logo and the slogan are styled in their trademarked ways. Their style, size, and color set them off from the congratulatory text, drawing attention to Jewel-Osco's sponsorship of the tribute. Apart from the basketball shoes, the Jewel-Osco brand-name is the center of visual attention on the page. And the congratulatory message specifically incorporates Jewel's slogan: "as we honor a fellow Chicagoan who was 'just around the corner' for so many years." The ad is plainly aimed at fostering goodwill for the Jewel brand among the targeted consumer group--"fellow Chicagoans" and fans of Michael Jordan--for the purpose of increasing patronage at Jewel-Osco stores.

The district judge nonetheless concluded that the ad was not commercial speech based in part on his view that "readers would be at a loss to explain what they have been invited to buy," a reference to the fact that the ad features only the tribute to Jordan, the Jewel-Osco logo and slogan, and a pair of basketball shoes. Granted, Jewel does not sell basketball shoes; it's a chain of grocery stores, and this ad contains not a single word about the specific products that Jewel-Osco sells, nor any product-specific art or photography. The Supreme Court has said that the failure to reference a specific product is a relevant consideration in the commercial-speech determination. See Bolger, 463 U.S. at 66-67. But it is far from dispositive, especially where "image" or brand advertising rather than product advertising is concerned.

Image advertising is ubiquitous in all media. Jewel's ad is an example of a neighborly form of general brand promotion by a large urban supermarket chain. What does it invite readers to buy? Whatever they need from a grocery store--a loaf of bread, a gallon of milk, perhaps the next edition of Sports Illustrated--from Jewel-Osco, where "good things are just around the corner." The ad implicitly encourages readers to patronize their local Jewel-Osco store. That it doesn't mention a specific product means only that this is a different genre of advertising. It promotes brand loyalty rather than a specific product, but that doesn't mean it's "noncommercial."

Page 765. Question 2: the Merck Eprova decision has been affirmed, 760 F.3d 247 (2d Cir. 2014). In affirming, the Second Circuit further ruled that “in a case where willful deception is proved, a presumption of injury may be used to award a plaintiff damages in the form of defendant's profits, and may, in circumstances such as those present here, warrant enhanced damages.”
Page 768. Insert following Coca-Cola Co. v. Tropicana Prods., Inc.:

Editors’ Note: In Merck Eprova AG v. Gnosis S.P.A., 760 F.3d 247 (2d Cir. 2014), the Second Circuit reaffirmed its rule that

[W]here a defendant's advertising of products is literally false, a Lanham Act plaintiff need not “provide evidence of actual consumer confusion by resort to witness testimony, consumer surveys, or other such evidence in order to establish entitlement to damages under the Lanham Act. . . . In light of this factual finding of literal falsity, the district court was correct to presume consumer confusion from Gnosis's marketing specification sheets, brochures, data sheets, and certificates of analysis. . . . Once literal falsity—an unchallenged factual finding—was proved, no further evidence of actual consumer confusion was necessary.

[Citations and internal quotations omitted.]

Page 785. Add new Question 4:

4. You represent Amazon.com. Its listings of items offered for sale often include succinct consumer reviews of the goods. Typical reviews give a 1-5 star rating and a short comment pinpointing the merits, or failings, of the goods. Your client has learned that a company called buyamazonreviews.com will, for $19 to $22 per review, place product reviews on the relevant pages of Amazon.com, touting the merits of the offered goods. Your client believes that the “reviewers” (employees of buyamazonreviews.com) may in fact never have used or even received the product they endorse. You have visited buyamazonreviews.com’s website, which presents the following sales pitch:

Are you tired of your products not being seen, tired of competitors leaving bad reviews? The solution is simple. Buy Amazon reviews. You can have unlimited 4 and 5 star reviews this week. Our skilled writers look at your product, look at your competitor’s products and then write state of the art reviews that will be sure to generate sales for you. . . . We provide real reviews from aged accounts with real buying activity. Most products in the Amazon marketplace will never even be seen. The more positive reviews you have the better your chances are. . . . You can buy Amazon reviews for any type of product. We write reviews for music, eBooks, supplements, cosmetics etc.. We won't just copy reviews from elsewhere and rewrite them. Your reviews will be 100% unique.

Assess the likelihood of success should Amazon.com bring a false representation action against buyamazonreviews.com.
JENNIFER WALKER ELROD, Circuit Judge:

After a jury found that PlastiPure, Inc. and CertiChem, Inc. violated the Lanham Act by making false statements of fact about their competitor's product, the district court entered an injunction against both companies. On appeal, PlastiPure and CertiChem challenge the jury verdict and the injunction on various grounds, including that their statements constituted non-actionable scientific opinions rather than actionable statements of fact. Because the Lanham Act prohibits false commercial speech even when that speech makes scientific claims, and because Appellants' other contentions lack merit, we AFFIRM.

I.

Eastman Chemical Company (Eastman) manufactures a plastic resin called Tritan and sells it to manufacturers of water bottles, baby bottles, food containers, and other consumer products. Eastman launched Tritan commercially in 2007 as an alternative to polycarbonate, which at that point was the primary plastic used in food contact applications. Shortly after Tritan's launch, consumers became concerned that an ingredient in polycarbonate, bisphenol A (BPA), could be harmful to humans. The concerns about BPA were premised on scientific studies purporting to show that BPA could activate estrogen receptors in the human body. Chemicals that mimic estrogen are said to possess estrogenic activity (EA), and they can trigger hormone-dependent cancers, reproductive abnormalities, and other negative health conditions. Eastman recognized that consumer fears about polycarbonate could be a boon to its sales of Tritan, provided that it could assure potential clients that Tritan does not exhibit EA. To that end, Eastman conducted a battery of tests on Tritan which, according to Eastman, showed that Tritan does not exhibit EA.

PlastiPure and CertiChem also hoped to seize on the opportunity created by the public's desire for BPA-free plastics. PlastiPure and CertiChem are companies founded by Dr. George Bittner, a professor of neurobiology at the University of Texas at Austin. PlastiPure developed a plastic resin that it claims does not exhibit EA and, like Eastman, PlastiPure sells its plastic resin to product manufacturers. CertiChem's primary focus is on testing materials for various sorts of hormonal activity.

In 2011, CertiChem published an article summarizing the results of its testing of more than 500 commercially available plastic products. The article was published in Environmental Health Perspectives, a peer-reviewed journal published by the National Institutes of Health. Although products made with Tritan were among the products tested, Tritan was not mentioned by name in the article.

After research on the article was completed, but prior to the article's publication, PlastiPure published a three-page sales brochure entitled "EA-Free Plastic Products: Beyond BPA-Free" and distributed the brochure at trade shows and directly to potential customers. The brochure
contains a chart that depicts products containing "Eastman's Tritan" as having significant levels of EA. The caption to the chart states: "Examples of test results of products claiming to be EA-free or made from materials claiming to be EA-free are given in the figure to the right. Most examples are made from Eastman's TritanTM resin."

Based on the sales brochure and other marketing materials, Eastman filed suit against PlastiPure and CertiChem, alleging false advertising under the Lanham Act, . . .

II.

. . .

Appellants argue that commercial statements relating to live scientific controversies should be treated as opinions for Lanham Act purposes. According to Appellants, enjoining statements that embrace one side of an open scientific debate would stifle academic freedom and inhibit the free flow of scientific ideas, contrary to the principles undergirding the First Amendment. Accordingly, they urge us to classify their statements about Tritan's EA content as opinions rather than actionable facts.

As primary support for their argument, Appellants offer the Second Circuit's opinion in ONY, Inc. v. Cornerstone Therapeutics, Inc., 720 F.3d 490 (2d Cir. 2013). In ONY, the parties were rival producers of [a pharmaceutical product]. . . . The defendants [published a peer-reviewed study showing the superiority of their product]. . . . After the article's publication, the defendants "issued a press release touting its conclusions and distributed promotional materials that cited the article's findings." Id. at 495.

. . . After a thorough analysis [of the plaintiffs' Lanham Act claim], the Second Circuit concluded that the First Amendment places scientific debates unfolding within the scientific community beyond the reach of the Lanham Act. According to the Second Circuit, statements in scientific literature "are more closely akin to matters of opinion, and are so understood by the relevant scientific communities." Id. at 497.

Appellants insist that the present case is on "all fours" with ONY. We disagree. The plaintiff in ONY sought to enjoin statements made within the academic literature and directed at the scientific community. In that context, the Second Circuit concluded that the defendants' statements should be treated as opinions, else the prospect of defamation liability would stifle academic debate and trench upon First Amendment values. See id. at 497 ("[T]he trial of ideas plays out in the pages of peer-reviewed journals, and the scientific public sits as the jury."). Here, in contrast, . . . [a]s the district court aptly summarized:

This lawsuit is not about Dr. Bittner's scientific paper. It is about statements made in commercial advertisements or promotions, not statements made in a peer-reviewed journal. It is about statements made to consumers, not scientists. It is about statements made without the necessary context presented by a full scientific study, such as a description of the data, the experimental methodology, the potential conflicts of interest, and the differences between raw data and the conclusions drawn by the researcher.

. . .
Given the applicable binding precedent, it is of no moment that the commercial speech in this case concerned a topic of scientific debate. Advertisements do not become immune from Lanham Act scrutiny simply because their claims are open to scientific or public debate. Otherwise, the Lanham Act would hardly ever be enforceable . . . The First Amendment ensures a robust discourse in the pages of academic journals, but it does not immunize false or misleading commercial claims. [Citations]

Page 792. Insert following Innovation Ventures, LLC v. N.V.E., Inc.:

Editors’ Note: In a related case, Innovation Ventures, LLC v. N2G Distributing, Inc., 763 F.3d 524 (6th Cir. 2014), the Sixth Circuit affirmed the entry of a permanent injunction against the producers of “6 Hour Energy Shot” (the third-party product referred to and pictured in Innovation Ventures, LLC v. N.V.E., Inc.). The court upheld the findings of likelihood of confusion with respect to both the word mark and the trade dress.

Page 810. Insert following opinion after Questions following Havana Club:

POM WONDERFUL LLC v. COCA COLA CO.
134 S.Ct. 2228 (2014)

JUSTICE KENNEDY DELIVERED THE OPINION OF THE COURT

. . .

POM Wonderful LLC is a grower of pomegranates and a distributor of pomegranate juices. Through its POM Wonderful brand, POM produces, markets, and sells a variety of pomegranate products, including a pomegranate-blueberry juice blend.

POM competes in the pomegranate-blueberry juice market with the Coca-Cola Company. Coca-Cola, under its Minute Maid brand, created a juice blend containing 99.4% apple and grape juices, 0.3% pomegranate juice, 0.2% blueberry juice, and 0.1% raspberry juice. Despite the minuscule amount of pomegranate and blueberry juices in the blend, the front label of the Coca-Cola product displays the words "pomegranate blueberry" in all capital letters, on two separate lines. Below those words, Coca-Cola placed the phrase "flavored blend of 5 juices" in much smaller type. And below that phrase, in still smaller type, were the words "from concentrate with added ingredients"—and, with a line break before the final phrase-- "and other natural flavors." The product's front label also displays a vignette of blueberries, grapes, and raspberries in front of a halved pomegranate and a halved apple.
Claiming that Coca-Cola's label tricks and deceives consumers, all to POM's injury as a competitor, POM brought suit under the Lanham Act. POM alleged that the name, label, marketing, and advertising of Coca-Cola's juice blend mislead consumers into believing the product consists predominantly of pomegranate and blueberry juice when it in fact consists predominantly of less expensive apple and grape juices. That confusion, POM complained, causes it to lose sales. POM sought damages and injunctive relief.

The District Court granted partial summary judgment to Coca-Cola on POM's Lanham Act claim, ruling that the FDCA and its regulations preclude challenges to the name and label of Coca-Cola's juice blend. The District Court reasoned that in the juice blend regulations the "FDA has directly spoken on the issues that form the basis of POM's Lanham Act claim against the naming and labeling of" Coca-Cola's product, but has not prohibited any, and indeed expressly has permitted some, aspects of Coca-Cola's label. 727 F. Supp. 2d 849, 871-873 (CD Cal. 2010). The Court of Appeals for the Ninth Circuit affirmed in relevant part. Like the District Court, the Court of Appeals reasoned that Congress decided "to entrust matters of juice beverage labeling to the FDA"; the FDA has promulgated "comprehensive regulation of that labeling"; and the FDA "apparently" has not imposed the requirements on Coca-Cola's label that are sought by POM. 679 F. 3d 1170, 1178 (2012). "[U]nder [Circuit] precedent," the Court of Appeals explained, "for a court to act when the FDA has not--despite regulating extensively in this area--would risk undercutting the FDA's expert judgments and authority." Id., at 1177. For these reasons, and "[o]ut of respect for the statutory and regulatory scheme," the Court of Appeals barred POM's Lanham Act claim. Id., at 1178.

...
Beginning with the text of the two statutes, it must be observed that neither the Lanham Act nor the FDCA, in express terms, forbids or limits Lanham Act claims challenging labels that are regulated by the FDCA. By its terms, the Lanham Act subjects to suit any person who "misrepresents the nature, characteristics, qualities, or geographic origin" of goods or services. 15 U. S. C. §1125(a). This comprehensive imposition of liability extends, by its own terms, to misrepresentations on labels, including food and beverage labels. No other provision in the Lanham Act limits that understanding or purports to govern the relevant interaction between the Lanham Act and the FDCA. And the FDCA, by its terms, does not preclude Lanham Act suits. In consequence, food and beverage labels regulated by the FDCA are not, under the terms of either statute, off limits to Lanham Act claims. No textual provision in either statute discloses a purpose to bar unfair competition claims like POM's.

This absence is of special significance because the Lanham Act and the FDCA have coexisted since the passage of the Lanham Act in 1946. If Congress had concluded, in light of experience, that Lanham Act suits could interfere with the FDCA, it might well have enacted a provision addressing the issue during these 70 years. Congress enacted amendments to the FDCA and the Lanham Act, see, e.g., Nutrition Labeling and Education Act of 1990, 104 Stat. 2353; Trademark Law Revision Act of 1988, §132, 102 Stat. 3946, including an amendment that added to the FDCA an express pre-emption provision with respect to state laws addressing food and beverage misbranding, §6, 104 Stat. 2362. Yet Congress did not enact a provision addressing the preclusion of other federal laws that might bear on food and beverage labeling. This is "powerful evidence that Congress did not intend FDA oversight to be the exclusive means" of ensuring proper food and beverage labeling. The structures of the FDCA and the Lanham Act reinforce the conclusion drawn from the text. When two statutes complement each other, it would show disregard for the congressional design to hold that Congress nonetheless intended one federal statute to preclude the operation of the other.

The two statutes complement each other with respect to remedies in a more fundamental respect. Enforcement of the FDCA and the detailed prescriptions of its implementing regulations is largely committed to the FDA. The FDA, however, does not have the same perspective or expertise in assessing market dynamics that day-to-day competitors possess. Competitors who manufacture or distribute products have detailed knowledge regarding how consumers rely upon certain sales and marketing strategies. Their awareness of unfair competition practices may be far more immediate and accurate than that of agency rulemakers and regulators. Lanham Act suits draw upon this market expertise by empowering private parties to sue competitors to protect their interests on a case-by-case basis. By "serv[ing] a distinct compensatory function that may motivate injured persons to come forward," Lanham Act suits, to the extent they touch on the same subject matter as the FDCA, "provide incentives" for manufacturers to behave well. Allowing Lanham Act suits takes advantage of synergies among multiple methods of regulation. This is quite consistent with the congressional design to enact two different statutes, each with its own mechanisms to enhance the protection of competitors and consumers.
Finally, Coca-Cola urges that the FDCA, and particularly its implementing regulations, addresses food and beverage labeling with much more specificity than is found in the provisions of the Lanham Act. That is true. The pages of FDA rulemakings devoted only to juice-blend labeling attest to the level of detail with which the FDA has examined the subject. [Citation]. Because, as we have explained, the FDCA and the Lanham Act are complementary and have separate scopes and purposes, this greater specificity would matter only if the Lanham Act and the FDCA cannot be implemented in full at the same time. [Citations]. But neither the statutory structure nor the empirical evidence of which the Court is aware indicates there will be any difficulty in fully enforcing each statute according to its terms.

The position Coca-Cola takes in this Court that because food and beverage labeling is involved it has no Lanham Act liability here for practices that allegedly mislead and trick consumers, all to the injury of competitors, finds no support in precedent or the statutes.

LANHAM ACT LIABILITY OF ADVERTISING AGENCIES

Nestlé Purina Petcare Co. v. Blue Buffalo Co. Ltd., 2015 U.S. Dist. LEXIS 51273 (E.D. Mo. April 20, 2015). Nestle Purina PetCare Company alleged that Blue Buffalo falsely claimed that its dog food products, which it advertises as "grain free" and containing "no chicken by-product," do in fact contain those ingredients. Purina then issued press releases about the suit and launched a website, www.PetFoodHonesty.com (the "Honesty website") charging Blue Buffalo with false advertising. Blue Buffalo filed a counterclaim alleging that Purina's press releases and "Honesty website" constituted false advertising. Blue Buffalo also named the advertising agencies that assisted Purina with its challenged public statements and the Honesty website as defendants in the action. The advertising agencies moved to dismiss the claim against them. The court denied the motion.

The language of the Act creates a cause of action against any person who engages in false advertising. Liability is not limited to direct competitors. [Citation.] Nor is liability limited to competitors who commission false advertisements. Rather, those who work with competitors to produce false advertisements may also be liable under the Lanham Act. [Citation.]

Unfortunately, there is not much case law discussing the liability of advertising and public relations agencies for Lanham Act false advertising violations. However, a handful of district courts around the county have addressed this issue, and these courts have held that advertising agencies may be liable under the Lanham Act. See Gillette v. Wilkinson Sword, Inc., 795 F. Supp. 662, 663-64 (S.D.N.Y. 1992) ("The analysis of Noone [v. Banner Talent Associates, Inc., 398 F.Supp. 260 (S.D.N.Y. 1975)] is sound, and should apply generally to non-principal co-defendants who knowingly participate in false advertising. Thus, advertising agencies are liable under § 43(a) at least where they knowingly participate in the false advertising.") (citing Noone, 398 F.Supp. at 263); and In re Century 21-RE/MAX Real Estate Adver. Claims Litig., 882 F. Supp. 915, 924-25 (C.D. Cal. 1994) (holding that "[j]oint tortfeasor liability is available only when
the defendant has "knowingly participated in the creation, development and propagation of the . . . false advertising campaign" (quoting Gillette, 795 F. Supp. at 664). See also Maybelline Co. v. Noxell Corp., 813 F.2d 901 (8th Cir. 1987) (reviewing a false advertising claim under the Lanham Act which included advertising agency co-defendants who had carried out the challenged advertising campaign on behalf of Maybelline).

The Advertising Defendants concede that advertising agencies may be liable under the Lanham Act, but argue that such is not the case here because liability will only be found where the agency "was an active participant in the preparation of the ad" and "knew or had reason to know that it was false or deceptive." [Citation.] The Advertising Defendants argue that Blue Buffalo has failed to sufficiently allege either of these elements. Blue Buffalo disagrees that the Lanham Act imposes a scienter or "knowing" requirement.

Although an older version of the Lanham Act included a "knowing" element, Congress amended the Act in 1988 to remove that element. Compare 15 U.S.C. § 1125(a) (1970) ("[A]ny person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action.") (emphasis added), with 15 U.S.C. § 1125(a) (1988) ("Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce . . . [any] false or misleading representation of fact . . . shall be liable in a civil action . . . .") (effective as of Nov. 1989). Indeed, courts agree that the elements of a false advertising claim under the current version of the Lanham Act are:

(1) a false statement of fact by the defendant in a commercial advertisement about its own or another's product; (2) the statement actually deceived or has the tendency to deceive a substantial segment of its audience; (3) the deception is material, in that it is likely to influence the purchasing decision; (4) the defendant caused its false statement to enter interstate commerce; and (5) the plaintiff has been or is likely to be injured as a result of the false statement, either by direct diversion of sales from itself to defendant or by a loss of goodwill associated with its products.


Despite the clear language of the Lanham Act, the Advertising Defendants argue that the Lanham Act silently imposes a scienter requirement in actions against advertising agencies. . . . [The court distinguished prior cases on the ground that they relied on pre-amendment versions of the Lanham Act.]
Congress expressly removed the "knowing" element from the Lanham Act in the 1988 amendment, and the sparse case law cited by the parties has not convinced me that there is still a silent "knowing" requirement for claims against advertising agencies. As a result, I will not dismiss the complaint against the Advertising Defendants for failure to allege that the Advertising Defendants knew the advertisements they allegedly created were misleading or false.

QUESTION

When Congress removed the knowledge requirement, do you think it had advertising agencies in mind? Why and under what circumstances should (or should not) advertising agencies be held to a different standard than their clients with respect to claims of false representation?

D. STANDING TO ASSERT A § 43(a) CLAIM

Pages 811-14. Replace material on these pages, up to but not including the Questions, with:

LEXMARK INTERNATIONAL, INC. v. STATIC CONTROL COMPONENTS, INC.

JUSTICE SCALIA DELIVERED THE OPINION OF THE COURT


I. Background

Lexmark manufactures and sells laser printers. It also sells toner cartridges for those printers (toner being the powdery ink that laser printers use to create images on paper). Lexmark designs its printers to work only with its own style of cartridges, and it therefore dominates the market for cartridges compatible with its printers. That market, however, is not devoid of competitors. Other businesses, called "remanufacturers," acquire used Lexmark toner cartridges, refurbish them, and sell them in competition with new and refurbished cartridges sold by Lexmark.

Lexmark would prefer that its customers return their empty cartridges to it for refurbishment and resale, rather than sell those cartridges to a remanufacturer. So Lexmark introduced what it called a "Prebate" program, which enabled customers to purchase new toner cartridges at a 20-percent discount if they would agree to return the cartridge to Lexmark once it was empty. Those terms were communicated to consumers through notices printed on the toner-cartridge boxes, which advised the consumer that opening the box would indicate assent to the terms—a practice commonly known as "shrinkwrap licensing," [citation]. To enforce the Prebate terms, Lexmark
included a microchip in each Prebate cartridge that would disable the cartridge after it ran out of toner; for the cartridge to be used again, the microchip would have to be replaced by Lexmark.

Static Control is not itself a manufacturer or remanufacturer of toner cartridges. It is, rather, "the market leader [in] making and selling the components necessary to remanufacture Lexmark cartridges." 697 F.3d 387, 396 (CA6 2012) (case below). In addition to supplying remanufacturers with toner and various replacement parts, Static Control developed a microchip that could mimic the microchip in Lexmark's Prebate cartridges. By purchasing Static Control's microchips and using them to replace the Lexmark microchip, remanufacturers were able to refurbish and resell used Prebate cartridges.


As relevant to its Lanham Act claim, Static Control alleged two types of false or misleading conduct by Lexmark. First, it alleged that through its Prebate program Lexmark "purposefully misleads end-users" to believe that they are legally bound by the Prebate terms and are thus required to return the Prebate-labeled cartridge to Lexmark after a single use. Second, it alleged that upon introducing the Prebate program, Lexmark "sent letters to most of the companies in the toner cartridge remanufacturing business" falsely advising those companies that it was illegal to sell refurbished Prebate cartridges and, in particular, that it was illegal to use Static Control's products to refurbish those cartridges. Static Control asserted that by those statements, Lexmark had materially misrepresented "the nature, characteristics, and qualities" of both its own products and Static Control's products. . . .

[The District Court dismissed Static Control’s counterclaim on the ground that it was an insufficiently direct competitor of Lexmark. The Sixth Circuit reversed.] Taking the lay of the land, it identified three competing approaches to determining whether a plaintiff has standing to sue under the Lanham Act. It observed that the Third, Fifth, Eighth, and Eleventh Circuits all refer to "antitrust standing . . ." [Citations]. By contrast, "[t]he Seventh, Ninth, and Tenth [Circuits] use a categorical test, permitting Lanham Act suits only by an actual competitor." [Citations]. And the Second Circuit applies a "'reasonable interest' approach," under which a Lanham Act plaintiff "has standing if the claimant can demonstrate '(1) a reasonable interest to be protected against the alleged false advertising and (2) a reasonable basis for believing that the interest is likely to be damaged by the alleged false advertising.'" [Citations]. The Sixth Circuit applied the Second Circuit's reasonable-interest test and concluded that Static Control had standing because it "alleged a cognizable interest in its business reputation and sales to remanufacturers and sufficiently alleged that th[o]se interests were harmed by Lexmark's statements to the remanufacturers that Static Control was engaging in illegal conduct." [Citation].

We granted certiorari to decide "the appropriate analytical framework for determining a party's standing to maintain an action for false advertising under the Lanham Act." . . .
III. Static Control's Right To Sue Under §1125(a)

[T]his case presents a straightforward question of statutory interpretation: Does the cause of action in §1125(a) extend to plaintiffs like Static Control? The statute authorizes suit by "any person who believes that he or she is likely to be damaged" by a defendant's false advertising. §1125(a)(1). Read literally, that broad language might suggest that an action is available to anyone who can satisfy the minimum requirements of Article III. No party makes that argument, however, and the "unlikelihood that Congress meant to allow all factually injured plaintiffs to recover persuades us that [§1125(a)] should not get such an expansive reading." [Citation]. We reach that conclusion in light of two relevant background principles . . . : zone of interests and proximate causality.

A. Zone of Interests

First, we presume that a statutory cause of action extends only to plaintiffs whose interests "fall within the zone of interests protected by the law invoked." [Citation]. . . .

Identifying the interests protected by the Lanham Act . . . requires no guesswork, since the Act includes an "unusual, and extraordinarily helpful," detailed statement of the statute's purposes. [Citation]. Section 45 of the Act, codified at 15 U.S.C. §1127, provides:

"The intent of this chapter is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce from interference by State, or territorial legislation; to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions respecting trademarks, trade names, and unfair competition entered into between the United States and foreign nations."

Most of the enumerated purposes are relevant to false-association cases; a typical false-advertising case will implicate only the Act's goal of "protect[ing] persons engaged in [commerce within the control of Congress] against unfair competition." Although "unfair competition" was a "plastic" concept at common law, [citation], it was understood to be concerned with injuries to business reputation and present and future sales. [Citations].

We thus hold that to come within the zone of interests in a suit for false advertising under §1125(a), a plaintiff must allege an injury to a commercial interest in reputation or sales. A consumer who is hoodwinked into purchasing a disappointing product may well have an injury-in-fact cognizable under Article III, but he cannot invoke the protection of the Lanham Act--a conclusion reached by every Circuit to consider the question. [Citations]. Even a business misled by a supplier into purchasing an inferior product is, like consumers generally, not under the Act's aegis.

100
B. Proximate Cause

Second, we generally presume that a statutory cause of action is limited to plaintiffs whose injuries are proximately caused by violations of the statute. For centuries, it has been "a well established principle of [the common] law, that in all cases of loss, we are to attribute it to the proximate cause, and not to any remote cause." [Citations]. That venerable principle reflects the reality that "the judicial remedy cannot encompass every conceivable harm that can be traced to alleged wrongdoing." [Citation]. Congress, we assume, is familiar with the common-law rule and does not mean to displace it sub silentio. We have thus construed federal causes of action in a variety of contexts to incorporate a requirement of proximate causation. [Citations]. No party disputes that it is proper to read §1125(a) as containing such a requirement, its broad language notwithstanding.

The proximate-cause inquiry is not easy to define, and over the years it has taken various forms; but courts have a great deal of experience applying it, and there is a wealth of precedent for them to draw upon in doing so. [Citations]. Proximate-cause analysis is controlled by the nature of the statutory cause of action. The question it presents is whether the harm alleged has a sufficiently close connection to the conduct the statute prohibits.

Put differently, the proximate-cause requirement generally bars suits for alleged harm that is "too remote" from the defendant's unlawful conduct. That is ordinarily the case if the harm is purely derivative of "misfortunes visited upon a third person by the defendant's acts." [Citations]. In a sense, of course, all commercial injuries from false advertising are derivative of those suffered by consumers who are deceived by the advertising; but since the Lanham Act authorizes suit only for commercial injuries, the intervening step of consumer deception is not fatal to the showing of proximate causation required by the statute. [Citation]. That is consistent with our recognition that under common-law principles, a plaintiff can be directly injured by a misrepresentation even where "a third party, and not the plaintiff, . . . relied on" it. [Citation].

We thus hold that a plaintiff suing under §1125(a) ordinarily must show economic or reputational injury flowing directly from the deception wrought by the defendant's advertising; and that that occurs when deception of consumers causes them to withhold trade from the plaintiff. That showing is generally not made when the deception produces injuries to a fellow commercial actor that in turn affect the plaintiff. For example, while a competitor who is forced out of business by a defendant's false advertising generally will be able to sue for its losses, the same is not true of the competitor's landlord, its electric company, and other commercial parties who suffer merely as a result of the competitor's "inability to meet [its] financial obligations." [Citation].

C. Proposed Tests

At oral argument, Lexmark agreed that the zone of interests and proximate causation supply the relevant background limitations on suit under §1125(a). But it urges us to adopt, as the optimal formulation of those principles, a multifactor balancing test derived from Associated General Contractors. In the alternative, it asks that we adopt a categorical test permitting only direct competitors to sue for false advertising. And although neither party urges adoption of the
"reasonable interest" test applied below, several amici do so. While none of those tests is wholly without merit, we decline to adopt any of them. We hold instead that a direct application of the zone-of-interests test and the proximate-cause requirement supplies the relevant limits on who may sue.

The balancing test Lexmark advocates was first articulated by the Third Circuit in Conte Bros. [Automotive, Inc. v. Quaker State-Slick 50, Inc., 165 F.3d 221 (3d Cir. 1998)] and later adopted by several other Circuits. Conte Bros. identified five relevant considerations:

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

This approach reflects a commendable effort to give content to an otherwise nebulous inquiry, but we think it slightly off the mark. The first factor can be read as requiring that the plaintiff's injury be within the relevant zone of interests and the second and third as requiring (somewhat redundantly) proximate causation; but it is not correct to treat those requirements, which must be met in every case, as mere factors to be weighed in a balance. And the fourth and fifth factors are themselves problematic. "[T]he difficulty that can arise when a court attempts to ascertain the damages caused by some remote action" is a "motivating principle" behind the proximate-cause requirement, [citation]; but potential difficulty in ascertaining and apportioning damages is not, as Conte Bros. might suggest, an independent basis for denying standing where it is adequately alleged that a defendant's conduct has proximately injured an interest of the plaintiff's that the statute protects. Even when a plaintiff cannot quantify its losses with sufficient certainty to recover damages, it may still be entitled to injunctive relief under §1116(a) (assuming it can prove a likelihood of future injury) or disgorgement of the defendant's ill-gotten profits under §1117(a). [Citations]. Finally, experience has shown that the Conte Bros. approach, like other open-ended balancing tests, can yield unpredictable and at times arbitrary results. See, e.g., Tushnet, Running the Gamut from A to B: Federal Trademark and False Advertising Law, 159 U. Pa. L. Rev. 1305, 1376-1379 (2011).

In contrast to the multifactor balancing approach, the direct-competitor test provides a bright-line rule; but it does so at the expense of distorting the statutory language. To be sure, a plaintiff who does not compete with the defendant will often have a harder time establishing proximate causation. But a rule categorically prohibiting all suits by noncompetitors would read too much into the Act's reference to "unfair competition" in §1127. By the time the Lanham Act was adopted, the common-law tort of unfair competition was understood not to be limited to actions between competitors. One leading authority in the field wrote that "there need be no competition in unfair competition," just as "[t]here is no soda in soda water, no grapes in grape fruit, no bread in bread fruit, and a clothes horse is not a horse but is good enough to hang things on."
[Citations]. It is thus a mistake to infer that because the Lanham Act treats false advertising as a form of unfair competition, it can protect only the false-advertiser's direct competitors.

Finally, there is the "reasonable interest" test applied by the Sixth Circuit in this case. As typically formulated, it requires a commercial plaintiff to "demonstrate (1) a reasonable interest to be protected against the alleged false advertising and (2) a reasonable basis for believing that the interest is likely to be damaged by the alleged false advertising." [Citation]. A purely practical objection to the test is that it lends itself to widely divergent application. Indeed, its vague language can be understood as requiring only the bare minimum of Article III standing. The popularity of the multifactor balancing test reflects its appeal to courts tired of "grappl[ing] with defining" the "reasonable interest" test "with greater precision." [Citation]. The theoretical difficulties with the test are even more substantial: The relevant question is not whether the plaintiff's interest is "reasonable," but whether it is one the Lanham Act protects; and not whether there is a "reasonable basis" for the plaintiff's claim of harm, but whether the harm alleged is proximately tied to the defendant's conduct. In short, we think the principles set forth above will provide clearer and more accurate guidance than the "reasonable interest" test.

IV. Application

Applying those principles to Static Control's false-advertising claim, we conclude that Static Control comes within the class of plaintiffs whom Congress authorized to sue under §1125(a).

To begin, Static Control's alleged injuries--lost sales and damage to its business reputation--are injuries to precisely the sorts of commercial interests the Act protects. Static Control is suing not as a deceived consumer, but as a "perso[n] engaged in" "commerce within the control of Congress" whose position in the marketplace has been damaged by Lexmark's false advertising. §1127. There is no doubt that it is within the zone of interests protected by the statute.

Static Control also sufficiently alleged that its injuries were proximately caused by Lexmark's misrepresentations. This case, it is true, does not present the "classic Lanham Act false-advertising claim" in which "'one competito[rr] directly injur[es] another by making false statements about his own goods [or the competitor's goods] and thus inducing customers to switch.'" [Citation]. But although diversion of sales to a direct competitor may be the paradigmatic direct injury from false advertising, it is not the only type of injury cognizable under §1125(a). For at least two reasons, Static Control's allegations satisfy the requirement of proximate causation.

First, Static Control alleged that Lexmark disparaged its business and products by asserting that Static Control's business was illegal. See 697 F.3d, at 411, n. 10 (noting allegation that Lexmark "directly target[ed] Static Control" when it "falsely advertised that Static Control infringed Lexmark's patents"). When a defendant harms a plaintiff's reputation by casting aspersions on its business, the plaintiff's injury flows directly from the audience's belief in the disparaging statements. Courts have therefore afforded relief under §1125(a) not only where a defendant denigrates a plaintiff's product by name, [citation], but also where the defendant damages the product's reputation by, for example, equating it with an inferior product, [citations]. Traditional proximate-causation principles support those results: As we have
observed, a defendant who "seeks to promote his own interests by telling a known falsehood to or about the plaintiff or his product" may be said to have proximately caused the plaintiff's harm. [Citation].

The District Court emphasized that Lexmark and Static Control are not direct competitors. But when a party claims reputational injury from disparagement, competition is not required for proximate cause; and that is true even if the defendant's aim was to harm its immediate competitors, and the plaintiff merely suffered collateral damage. Consider two rival Carmakers who purchase airbags for their cars from different third-party manufacturers. If the first Carmaker, hoping to divert sales from the second, falsely proclaims that the airbags used by the second Carmaker are defective, both the second Carmaker and its airbag supplier may suffer reputational injury, and their sales may decline as a result. In those circumstances, there is no reason to regard either party's injury as derivative of the other's; each is directly and independently harmed by the attack on its merchandise.

In addition, Static Control adequately alleged proximate causation by alleging that it designed, manufactured, and sold microchips that both (1) were necessary for, and (2) had no other use than, refurbishing Lexmark toner cartridges. It follows from that allegation that any false advertising that reduced the remanufacturers' business necessarily injured Static Control as well. Taking Static Control's assertions at face value, there is likely to be something very close to a 1:1 relationship between the number of refurbished Prebate cartridges sold (or not sold) by the remanufacturers and the number of Prebate microchips sold (or not sold) by Static Control. "Where the injury alleged is so integral an aspect of the [violation] alleged, there can be no question" that proximate cause is satisfied. [Citation].

To be sure, on this view, the causal chain linking Static Control's injuries to consumer confusion is not direct, but includes the intervening link of injury to the remanufacturers. Static Control's allegations therefore might not support standing under a strict application of the "general tendency" not to stretch proximate causation "beyond the first step." [Citation]. But the reason for that general tendency is that there ordinarily is a "discontinuity" between the injury to the direct victim and the injury to the indirect victim, so that the latter is not surely attributable to the former (and thus also to the defendant's conduct), but might instead have resulted from "any number of [other] reasons." [Citation]. That is not the case here. Static Control's allegations suggest that if the remanufacturers sold 10,000 fewer refurbished cartridges because of Lexmark's false advertising, then it would follow more or less automatically that Static Control sold 10,000 fewer microchips for the same reason, without the need for any "speculative . . . proceedings" or "intricate, uncertain inquiries." [Citation]. In these relatively unique circumstances, the remanufacturers are not "more immediate victim[s]" than Static Control. [Citation].

Although we conclude that Static Control has alleged an adequate basis to proceed under §1125(a), it cannot obtain relief without evidence of injury proximately caused by Lexmark's alleged misrepresentations. We hold only that Static Control is entitled to a chance to prove its case.
Belmora, LLC v. Bayer Consumer Care AG, 2015 U.S. Dist. LEXIS 17481 (E.D. Va., February 6, 2015). Belmora introduced a line of analgesic products in the United States under the FLANAX brandname in 2002. Belmora’s packaging of its FLANAX products closely resembled the trade dress of Bayer’s FLANAX analgesics, which Bayer sold only in Mexico. Applying Lexmark to assess whether Bayer had standing to sue Belmora for false designation of origin in violation of Lanham Act sec. 43(a)(1)(A), and for false advertising under sec. 43(a)(1)(B), the district court ruled that Bayer’s interests did not fall within the same zone of interests Congress intended to protect under that provision, and that Bayer did not sufficiently plead economic injury or an injury to business reputation proximately caused by Belmora’s use of the FLANAX mark. Bayer lacked a protectable interest because it had no trademark rights in the U.S., having used the mark only in Mexico.

1. Zone of Interests

The Court holds that Bayer’s interests do not fall within the zone of interests Congress intended to protect under Section 43(a) of the Lanham Act because Bayer does not possess a protectable interest in the FLANAX mark in the United States. Whether a plaintiff comes within "the zone of interests" is an issue that requires the Court to interpret the statute to determine "whether a legislatively conferred cause of action encompasses a particular plaintiff's claim." Lexmark, 134 S. Ct. at 1387 (citations and internal quotation marks omitted).

Congress described the purposes of the Lanham Act as follows:

The intent of this chapter is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce from interference by State, or territorial legislation; to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions respecting trademarks, trade names, and unfair competition entered into between the United States and foreign nations.

Lanham Act § 45, 15 U.S.C. § 1127. The Supreme Court observed that "[m]ost of the enumerated purposes are relevant to false-association cases." [Citation.] The Supreme Court has previously explained that the Lanham Act "provides national protection of trademarks in order to secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers." Park ’N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189, 198 (1985) (emphasis added).

The Court holds that Bayer does not possess a protectable interest in the FLANAX mark. Section 43(a)(1)(A) of the Lanham Act protects "qualifying"
unregistered trademarks. [Citations.] However, that unregistered mark must be used in commerce in the United States. [Citations] Here, Bayer failed to plead facts showing that it used the FLANAX mark in commerce in United States. [Citations.] Consequently, the Court holds that Bayer does not possess a protectable interest in the mark.

Possession of a protectable interest in a trademark is a dispositive issue in false designation of origin claims and Bayer lacks this key element. After reviewing Congress' statutory pronouncement regarding the purposes of the Lanham Act, as well as both Fourth Circuit and Supreme Court case law analyzing the Act, the Court holds that Bayer is not "within the class of plaintiffs whom Congress has authorized to sue under" Section 43(a)(1)(A) of the Lanham Act, 15 U.S.C. § 1125(a)(1)(A), for false designation of origin because it does not own a protectable interest in the FLANAX mark in the United States. [Citation.] Because Bayer is not within the class of plaintiffs Congress sought to protect under Section 43(a)(1)(A), the Court holds that Bayer fails the zone-of-interests test.

For essentially the same reasons, the court found that Bayer enjoyed no business reputation in the U.S. in the FLANAX mark, and therefore granted Belmora’s motion to dismiss the complaint.

Page 814. Renumber Questions 1 and 2 as 2 and 3, and insert new Question 1:

1. Why is a “hoodwinked customer” not within the Lanham Act’s “zone of interests”?
Chapter 11

INTERNET DOMAIN NAMES

B. ANTICYBERSQUATTING CONSUMER PROTECTION ACT

Page 824. Add after text of ACPA:

QUESTION

What is a “domain name” under the ACPA? Only the words immediately preceding the TDL? For example, wordpress.com is the domain name of a blog hosting site. Are the URLs of the hosted blogs also domain names? If a blog’s URL includes a third party trademark without authorization, for example, https://ronkramermusclebeach.wordpress.com, is the blogger subject to suit under the ACPA? See Thermolife Int’l. LLC v. https://ronkramermusclebeach.wordpress.com (complaint filed N.D. Cal. April 8, 2015)

Page 864. Add after excerpt from Lipton article:

QUESTION

Is there a nominative fair use defense to section 43(d)? Consider the following: your client, “Ikeahackers” operates a website, under the domain name ikeahackers.com, for people who create new furniture (or improbable objects) by taking apart and recombining pieces of their Ikea furniture. “The ideas range from simply adding decorations to make a piece look unique to major revamps that require ‘power tools and lots of ingenuity.’” http://arstechnica.com/tech-policy/2014/06/ikea-waits-8-years-then-shuts-down-ikeahackers-site-with-trademark-claim/. The site does not sell anything, but carries advertising. Ikea has sent a letter demanding that your client cease using “ikea” in its domain name. What do you advise?

Pages 865-71. Replace *Solid Host, NL v. Namecheap, Inc.* and *Microsoft v Shah*, and paragraph following, with the following:

**PETROLIAM NASIONAL BERHAD v. GODADDY.COM, INC.**

737 F.3d 546 (9th Cir. 2013), *cert. denied*, 135 S.Ct. 55 (2014)

M. SMITH, CIRCUIT JUDGE:

In this appeal, Petrolian Nasional Berhad (Petronas) requests that we read a cause of action for contributory cybersquatting into the Anticybersquatting Consumer Protection Act (ACPA or Act), 15 U.S.C. § 1125(d). Because we conclude that neither the plain text nor the purpose of the ACPA provide support for such a cause of action, we hold that there is none. We therefore affirm the judgment of the district court.

**FACTS AND PRIOR PROCEEDINGS**

Petroleum Nasional Berhad (Petronas) is a major oil and gas company with its headquarters in Kuala Lumpur, Malaysia. Petronas owns the trademark to the name "PETRONAS." Godaddy.com, Inc. (GoDaddy) is the world's largest domain name registrar, maintaining over 50 million domain names registered by customers around the world. GoDaddy also provides domain name forwarding services, which, like its registration service, enables Internet users who type in a particular domain name to arrive at the target site specified by GoDaddy's customer, the registrant.

In 2003, a third party registered the domain names "petronastower.net" and "petronastowers.net" through a registrar other than GoDaddy. In 2007, the owner of those names transferred its registration service to GoDaddy. The registrant used GoDaddy's domain name forwarding service to direct the disputed domain names to the adult web site, "camfunchat.com," which was hosted on a web server maintained by a third party, and which had been associated with the disputed domain names, using the previous registrar.

Petronas sued GoDaddy in the United States District Court for the Northern District of California on a number of theories, including cybersquatting under 15 U.S.C. § 1125(d), and contributory cybersquatting.

Our first obligation in determining whether the ACPA includes a contributory cybersquatting claim is to examine the plain text of the statute. [Citation]. Established common law principles can be inferred into a cause of action where circumstances suggest that Congress intended those principles to apply. [Citations].
We hold that the ACPA does not include a cause of action for contributory cybersquatting because: (1) the text of the Act does not apply to the conduct that would be actionable under such a theory; (2) Congress did not intend to implicitly include common law doctrines applicable to trademark infringement because the ACPA created a new cause of action that is distinct from traditional trademark remedies; and (3) allowing suits against registrars for contributory cybersquatting would not advance the goals of the statute.

I. The Plain Text of the ACPA Does Not Provide a Cause of Action for Contributory Cybersquatting

The ACPA imposes civil liability for cybersquatting on persons that "register[], traffic[] in, or use[] a domain name" with the "bad faith intent to profit" from that protected mark. 15 U.S.C. § 1125(d)(1)(A). The plain language of the statute thus prohibits the act of cybersquatting, but limits when a person can be considered to be a cybersquatter. Id. The statute makes no express provision for secondary liability. Id. Extending liability to registrars or other third parties who are not cybersquatters, but whose actions may have the effect of aiding such cybersquatting, would expand the range of conduct prohibited by the statute from a bad faith intent to cybersquat on a trademark to the mere maintenance of a domain name by a registrar, with or without a bad faith intent to profit. This cuts against finding a cause of action for contributory cybersquatting.

Furthermore, "Congress knew how to impose [secondary] liability when it chose to do so." [Citation]. Congress chose not to impose secondary liability under the ACPA, despite the fact that the availability of such remedies under traditional trademark liability should have increased the salience of that issue. [Citations].

Petronas argues that the liability limiting language in Section 1114(2)(D)(iii) indicates that Congress intended 15 U.S.C. § 1125(d)(1)(A) to create a cause of action for secondary liability. Section 1114(2)(D)(iii) provides that "[a] domain name registrar, a domain name registry, or other domain name registration authority shall not be liable for damages under this section for the registration or maintenance of a domain name for another absent a showing of bad faith intent to profit from such registration or maintenance of the domain name." By its terms, Section 1114(2)(D)(iii), applies only to "this section," meaning Section 1114. Section 1114, in turn, sets out remedies for the entire Lanham Act, including actions brought under Section 1125(a), which indisputably includes a cause of action for contributory infringement. [Citation]. Thus, the limitations on secondary liability in Section 1114 are equally consistent with the existence or absence of a cause of action for contributory cybersquatting under Section 1125(d). [Citation].

Furthermore, the legislative history of the ACPA establishes that Section 1114(2)(D)(iii) was intended to codify the protection that we granted registrars in Lockheed Martin Corp. v. Network Solutions, Inc., 194 F.3d 980, 984-985 (9th Cir. 1999), which considered secondary liability of registrars for trademark infringement under 15 U.S.C. § 1125(a). S. Rep. 106-140 at 11 ("The bill, as amended, also promotes the continued ease and efficiency users of the current registration system enjoy by codifying current case law limiting the secondary liability of domain name registrars and registries for the act of registration of a domain name." (citing, inter alia,
Section 1114(2)(D)(iii) thus does not suggest that Congress intended to include a cause of action for contributory cybersquatting in Section 1125(d).

II. The ACPA Created a New and Distinct Cause of Action


"When Congress enacts a statute under which a person may sue and recover damages from a private defendant for the defendant's violation of some statutory norm, there is no general presumption that the plaintiff may also sue aiders and abettors." [Citation]. Contributory liability has, however, been applied to trademark infringement under the Lanham Act. [Citation]. Petronas argues that by legislating against this background, and by placing the ACPA within the Lanham Act, Congress intended to include within the ACPA a cause of action for contributory cybersquatting. [Citation]. We disagree.

Although there is no general presumption of secondary liability, [citation], courts can infer such a cause of action where circumstances suggest that Congress intended to incorporate common law principles into a statute. The circumstances surrounding the passage of the Lanham Act support such an inference, as has been recognized by the Supreme Court. [Citation]. The circumstances surrounding the enactment of the ACPA, however, do not support the inference that Congress intended to incorporate theories of secondary liability into that Act. Accordingly, we conclude that the ACPA did not incorporate principles of secondary liability.

Prior to the enactment of the Lanham Act, the Supreme Court incorporated a common law theory of contributory liability into the law of trademarks and unfair competition. [Citation]. The Lanham Act then codified the existing common law of trademarks. [Citations]. In light of the Lanham Act's codification of common law principles, including contributory liability, the Supreme Court concluded that a plaintiff could re-cover under the Act for contributory infringement of a trademark. [Citation].

By contrast, the ACPA did not result from the codification of common law, much less common law that included a cause of action for secondary liability. Rather, the ACPA created a new statutory cause of action to address a new problem: cybersquatting. S. Rep. 106-140 at 7 (noting that "[c]urrent law does not expressly prohibit the act of cybersquatting").

Consistent with their distinct purposes, claims under traditional trademark law and the ACPA have distinct elements. Traditional trademark law only restricts the commercial use of another's protected mark in order to avoid consumer confusion as to the source of a particular product. [Citations]. Cybersquatting liability, however, does not require commercial use of a domain
name involving a protected mark. [Citation]. Moreover, to succeed on a claim for cybersquatting, a mark holder must prove "bad faith" under a statutory nine factor test. 15 U.S.C. § 1125(d)(1)(B). No analogous requirement exists for traditional trademark claims. [Citations].

These differences highlight the fact that the rights created in the ACPA are distinct from the rights contained in other sections of the Lanham Act, and do not stem from the common law of trademarks. Accordingly we decline to infer the existence of secondary liability into the ACPA based on common law principles. [Citation].

III. Finding a Cause of Action for Contributory Cybersquatting would not Further the Goals of the Statute

Congress enacted the ACPA in 1999 in order to "protect consumers . . . and to provide clarity in the law for trademark owners by prohibiting the bad-faith and abusive registration of distinctive marks . . . ." S. Rep. No. 106-140 at 4. The ACPA is a "carefully and narrowly tailored" attempt to fix this specific problem. Id. at 12-13. To this end, the statute imposes a number of limitations on who can be liable for cybersquatting and in what circumstances, including a bad faith requirement, and a narrow definition of who "uses" a domain name. 15 U.S.C. §§ 1125(d)(1)(A)(i), 1125(d)(1)(B), 1125(d)(1)(D). Imposing secondary liability on domain name registrars would expand the scope of the Act and seriously undermine both these limiting provisions.

Recognizing this risk, some of the district courts that have recognized a cause of action for contributory liability have required that a plaintiff show "exceptional circumstances" in order to hold a registrar liable under that theory. See Above.com Pty Ltd., 881 F. Supp. 2d at 1178; Shah, 2011 U.S. Dist. LEXIS 2995, 2011 WL 108954, at *2; Greatdomains.com, Inc., 177 F. Supp. 2d at 647. This "exceptional circumstances" test has no basis in either the Act, or in the common law of trademark. Rather than attempt to cabin a judicially discovered cause of action for contributory cybersquatting with a limitation created out of whole cloth, we simply decline to recognize such a cause of action in the first place.

Limiting claims under the Act to direct liability is also consistent with the ACPA's goal of ensuring that trademark holders can acquire and use domain names without having to pay ransom money to cybersquatters. Because direct cybersquatting requires subjective bad faith, focusing on direct liability also spares neutral third party service providers from having to divine the intent of their customers. In order for a service provider like GoDaddy, with clients holding over 50 million domain names, to avoid contributory liability, it would presumably have to analyze its customer's subjective intent with respect to each domain name, using the nine factor statutory test. 15 U.S.C. § 1125(d)(1)(B). Despite that nearly impossible task, service providers would then be forced to inject themselves into trademark and domain name disputes. Moreover, imposing contributory liability for cybersquatting would incentivize "false positives," in which the lawful use of a domain name is restricted by a risk-averse third party service provider that receives a seemingly valid take-down request from a trademark holder. Entities might then be able to assert effective control over domain names even when they could not successfully bring an ACPA action in court.
When actionable cybersquatting occurs, mark holders have sufficient remedies under the ACPA without turning to contributory liability. In addition to the provisions imposing civil liability on cybersquatters, 15 U.S.C. § 1125(d)(1)(A), the ACPA authorizes an in rem action against a domain name if the registrant is not available to be sued personally. 15 U.S.C. § 1125(d)(2)(A). Finally, trademark holders may still bring claims for traditional direct or contributory trademark infringement that arises from cybersquatting activities. 15 U.S.C. § 1125(d)(3).

QUESTIONS

1. Even if claims against cybersquatting are only statutory, why does it follow that courts should not apply common law-based claims for derivative liability to statutory claims for primarily liability?

2. The Ninth Circuit emphasizes Congress’ concern to immunize domain name registrars from liability, “absent a showing of bad faith intent to profit from such registration or maintenance of the domain name”. Could such a showing be made with respect to a registrar? If so, could there be a claim for secondary liability?

Page 881. Add after Questions:

NOTE: PERSONAL JURISDICTION IN CYBERSQUATTING CASES

The ACPA’s provisions on in rem jurisdiction provide a response to one of the jurisdictional problems arising out of alleged cybersquatting activity, enabling actions against a multiplicity of registrations of related domain names. Suits against individual cybersquatters remain governed by Federal Rule of Civil Procedure 4, which in turn references state long arm statutes and constitutional norms of minimum contacts. The application of these norms was tested in Bittorent Inc. v. Bittorrent Mktg GmbH, 2014 U.S. Dist. LEXIS 157593 (N.D. Cal. Nov. 5, 2014), involving a claim against a German national whom Bittorrent Inc. alleged had registered the domain name bittorent.net to compete with Bittorrent Inc.’s products and services by capitalizing on misdirected users, who paid for services that they did not in fact receive.

The Court notes that cybersquatting, as is alleged here, has always been subject to a somewhat different personal jurisdiction analysis:

Although jurisdiction questions in most ordinary domain name disputes are analyzed according to the three-part [Calder] test . . . a special jurisprudence seems to have developed for cases involving so-called "cybersquatters" or "cyberpirates." In a substantial number of cases, these so-called "cyberpirates" or "cybersquatters" will purposely register the trademark of a well-known corporation as a domain name with the intention of later selling that domain name to the corporation for an
extraordinary profit. . . [C]ybersquatting cases have developed their own statutory and court-made rules.

4A Charles Alan Wright & Arthur R. Miller, Federal Practice & Procedure Civil § 1073.1 (Personal Jurisdiction and the Internet) (3d ed. 2002). As such, courts have routinely found the existence of specific personal jurisdiction where the defendant's alleged conduct amounts to a scheme targeted at a trademark owner designed to extort money from the mark owner for domain names that capitalize on typographical errors and user confusion. [Citations] Such is the case here.

Taking allegations in the Complaint as true and drawing reasonable inferences in Plaintiff's favor, there is no question that Plaintiff has alleged that Defendant intentionally engaged in a scheme to infringe Plaintiff's famous mark and force Plaintiff to pay ransom for the Infringing Domain Names. Even when Defendant offered digital download products and services on the Infringing Domain Names, such offers were deceptive because paying customers would not actually receive the purchased services. Such conduct evinces an intent to intentionally diminish the value of Plaintiff's trademark through customer confusion and frustration and, in turn, force Plaintiff to eliminate such blemishes on its trademark by acquiring the Infringing Domain Names from Defendant. Through this scheme, Defendant's use of the Infringing Domain Names put Plaintiff's "name and reputation at [its] mercy," thereby causing injury to Plaintiff in California. Panavision, 141 F.3d at 1327.

Exercising specific personal jurisdiction over a cybersquatter who, as here, knowingly registers confusingly similar domain names in a scheme to extort money from a trademark owner does not give rise to de facto universal jurisdiction. [Citation.] The cybersquatter is subject to suit in the forum where the trademark owner is located and experiences the brunt of the injury to its trademark. In this case, that would be California, where Plaintiff is incorporated and maintains its principal place of business. Because Plaintiff was the target of Defendant's scheme to extract money in exchange for domain names that incorporate Plaintiff's trademark, Defendant's contact with California is "not based on the 'random, fortuitous, or attenuated' contacts [it] makes by interacting with other persons affiliated with the State," but rather by its extortion scheme expressly aimed at Plaintiff in Plaintiff's principal place of business. [Citation.]

Based on the foregoing, the Court concludes that Defendant has "purposefully directed" its conduct at California.

The court further found that Bittorent Inc.’s claims arose out of Bittorent GmbH’s forum-related activities, and that exercising jurisdiction over Bittorent GmbH was reasonable “because Defendant interjected itself into California by targeting a California company through its elaborate cybersquatting and typosquatting scheme.”
Page 895. Add new Question 4:

In Google, Inc. v. Gillespie, http://www.adrforum.com/domaindecisions/1434643.htm (NAF 2012), Google, Inc. succeeded in its UDRP action to cancel over 100 domain names incorporating the term “google.” A later stage of the controversy, in which Gillespie alleged that “google” had become generic for internet search, appears in this Supplement, Elliot v. Google, Inc., 45 F. Supp. 3d 1156 (D. Az. 2014), supra Chapter 5. Should a domain name registrant’s assertion that a trademark incorporated into a domain name has become generic figure in UDRP determinations? If so, how?

Chapter 12

REMEDIES

A. INJUNCTIVE RELIEF

1. Injunctions

Page 925. Delete Nova Wines, Inc. v. Adler and add the following case:

HERB REED ENTERPRISES, LLC v. FLORIDA ENTERTAINMENT MANAGEMENT, INC.
736 F.3d 1239 (9th Cir. 2013)

MCKEOWN, CIRCUIT JUDGE:

"The Platters"--the legendary name of one of the most successful vocal performing groups of the 1950s--lives on. With 40 singles on the Billboard Hot 100 List, the names of The Platters' hits ironically foreshadowed decades of litigation--"Great Pretender," "Smoke Gets In Your Eyes," "Only You," and "To Each His Own." Larry Marshak and his company Florida Entertainment Management, Inc. (collectively "Marshak") challenge the district court's preliminary injunction in favor of Herb Reed Enterprises ("HRE"), enjoining Marshak from using the "The Platters" mark in connection with any vocal group with narrow exceptions. We consider an issue of first impression in our circuit: whether the likelihood of irreparable harm must be established--rather than presumed, as under prior Ninth Circuit precedent--by a plaintiff seeking injunctive relief in the trademark context. In light of Supreme Court precedent, the answer is yes, and we reverse the district court's order granting the preliminary injunction.

BACKGROUND

The Platters vocal group was formed in 1953, with Herb Reed as one of its founders. Paul Robi, David Lynch, Zola Taylor, and Tony Williams, though not founders, have come to be recognized as the other "original" band members. The group became a "global sensation" during the latter half of the 1950s, then broke up in the 1960s as the original members left one by one. After the break up, each member continued to perform under some derivation of the name "The Platters." Marshak v. Reed, No. 96 CV 2292(NG)(MLO), 2001 U.S. Dist. LEXIS 880, 2001 WL 92225, at *4 (E.D.N.Y. and S.D.N.Y. Feb. 1, 2001) ("Marshak I").

Litigation has been the byproduct of the band's dissolution; there have been multiple legal disputes among the original members and their current and former managers over ownership of "The Platters" mark. Much of the litigation stemmed from employment contracts executed in 1956 between the original members and Five Platters, Inc. ("FPI"), the company belonging to Buck Ram, who became the group's manager in 1954. As part of the contracts, each member assigned to FPI any rights in the name "The Platters" in exchange for shares of FPI stock. Marshak I, 2001 U.S. Dist. LEXIS 880, 2001 WL 92225, at *3. According to Marshak, FPI later
transferred its rights to the mark to Live Gold, Inc., which in turn transferred the rights to Marshak in 2009. Litigation over the validity of the contracts and ownership of the mark left a trail of conflicting decisions in various jurisdictions, which provide the backdrop for the present controversy. What follows is a brief summary of the tangled web of multi-jurisdictional litigation that spans more than four decades.

In 1972, FPI sued Robi and Taylor for trademark infringement in California, resulting in a 1974 judgment in Robi's favor, which held that FPI "was a sham used by Mr. Ram to obtain ownership of the name 'Platters.'" Robi v. Five Platters, Inc., 838 F.2d 318, 320 (9th Cir. 1988) ("Robi I") (quoting the 1974 decision). We upheld the judgment in favor of Robi, id. at 330, and later affirmed the district court's award of compensatory and punitive damages to Robi as well as its cancellation of FPI's three registered trademarks using the words "The Platters." Robi v. Five Platters, Inc., 918 F.2d 1439, 1441 (9th Cir. 1990) ("Robi II").

In 1984, FPI sued Reed for trademark infringement in the Southern District of Florida. Marshak I, 2001 U.S. Dist. LEXIS 880, 2001 WL 92225, at *9. Id. . . . Preferring to avoid trial, Reed signed a court-approved stipulation of settlement in 1987, under which he assigned to FPI all rights he had in FPI stock, retained the right to perform as "Herb Reed and the Platters," and agreed not to perform under the name "The Platters." However, the settlement included an "escape clause":

In the event that a court of competent jurisdiction enters a final order with all appeals being exhausted that provides that The Five Platters, Inc. has no right in the name "The Platters," then nothing contained herein shall be construed to limit Herbert Reed's rights in the name "The Platters" and this agreement shall not inure to any party other than The Five Platters, Inc., and its successors and assigns or Herbert Reed.

A key question is whether the escape clause has now been triggered.

In 2001, Marshak, FPI, and other plaintiffs sued Reed . . . for trademark infringement in the Eastern District of New York; Reed counterclaimed, also alleging trademark infringement. Marshak I, 2001 U.S. Dist. LEXIS 880, 2001 WL 92225, at *1. The court interpreted the 1987 settlement as "barr[ing] Reed from asserting that he has any right to the name 'The Platters' as against FPI or those claiming through FPI except as specifically allowed in that agreement, or from otherwise interfering with plaintiffs' rights to the use of 'The Platters.'" [Citation]. The court determined that the settlement's escape clause had not been triggered either by Robi I, because the Ninth Circuit reversed the judgment in favor of Williams indicating that FPI still had some rights to "The Platters" mark, or by Robi II, because cancellation of FPI's federal mark registration did not resolve the question whether FPI was entitled to use the name "The Platters." [Citation]. The district court enjoined Reed from, among other things, interfering with FPI and Marshak's use of the name "The Platters" except as permitted in the 1987 settlement ("the 2001 injunction"). " [Citation]. The Second Circuit affirmed. Marshak v. Reed, 13 F. App'x 19 (2d Cir. 2001).

. . .

HRE, which manages Reed's business affairs and holds his rights, sued FPI and other defendants for trademark infringement in the District of Nevada in 2010. To get around the
restrictions in the 1987 settlement, HRE creatively alleged that it owned the "Herb Reed and the Platters" mark and that defendants used a confusingly similar mark, namely "The Platters." *Herb Reed Enters., Inc. v. Bennett*, No. 2:10-CV-1981 JCM (RJJ), 2011 U.S. Dist. LEXIS 9212, 2011 WL 220221, at *1 (D. Nev. Jan. 21, 2011). . . . The action resulted in a 2011 default judgment and permanent injunction declaring that (1) FPI "never used the mark 'The Platters' in a manner that [was] not false and misleading and thus never acquired common law rights to the mark," and (2) "Reed, having first used the mark 'The Platters' in commerce in 1953, and having continuously used the mark in commerce since then has superior rights to the mark to all others," including FPI and "anyone claiming rights from or through" FPI. *Herb Reed Enters., Inc. v. Monroe Powell's Platters, LLC*, 842 F. Supp. 2d 1282, 1287 (D. Nev. 2012) (quoting the 2011 judgment).

In 2012, HRE successfully obtained a preliminary injunction against Monroe Powell, FPI's former performer employee, and his company in a trademark infringement action in the District of Nevada. *Id.* at 1284. Because Powell claimed to have acquired rights to "The Platters" mark through FPI, there was a question as to whether the 1987 settlement limited Reed's ability to pursue a remedy. The district court held that, "even assuming that the 1987 stipulation applies, the escape clause has been triggered and no longer bars Reed from suing FPI or those claiming through FPI for trademark infringement." *Id.* at 1288. The court reasoned that the 2011 Nevada default judgment, which "determined that FPI 'has no right in the name "The Platters"' as required by the 1987 stipulation," was "a final order with all appeals being exhausted" because the judgment was never appealed. *Id.* at 1288-89 (quoting the 2011 judgment).

. . .

Last year brought yet another lawsuit. HRE commenced the present litigation in 2012 against Marshak in the District of Nevada, alleging trademark infringement and seeking a preliminary injunction against Marshak's continued use of "The Platters" mark. The district court held that HRE was not precluded from asserting a right in "The Platters" mark either by the 1987 settlement--the escape clause of which had been triggered by the 2011 Nevada default judgment--or by the equitable doctrine of laches. " [Citation]. The district court found that HRE had established a likelihood of success on the merits, a likelihood of irreparable harm, a balance of hardships in its favor, and that a preliminary injunction would serve public interest. Accordingly, the district court granted the preliminary injunction and set the bond at $10,000. Marshak now appeals from the preliminary injunction.

. . .

To obtain a preliminary injunction, HRE "must establish that [it] is likely to succeed on the merits, that [it] is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in [its] favor, and that an injunction is in the public interest." *Winter v. Natural Res. Def. Council, Inc.*, 555 U.S. 7, 20, 129 S. Ct. 365, 172 L. Ed. 2d 249 (2008). We review a district court's preliminary injunction for abuse of discretion, a standard of review that is "limited and deferential." *Johnson v. Couturier*, 572 F.3d 1067, 1078 (9th Cir. 2009). If the district court "identified and applied the correct legal rule to the relief requested," we will reverse only if the court's decision "resulted from a factual finding that was illogical, implausible, or
without support in inferences that may be drawn from the facts in the record." United States v. Hinkson, 585 F.3d 1247, 1263 (9th Cir. 2009) (en banc).

Marshak's key arguments are that the district court erred in concluding that HRE had established a likelihood of success on the merits because Reed abandoned "The Platters" mark and that the district court erred in finding a likelihood of irreparable harm.

A. LIKELIHOOD OF SUCCESS ON THE UNDERLYING TRADEMARK DISPUTE

As to its trademark infringement claim, to establish a likelihood of success on the merits HRE must show that it is "(1) the owner of a valid, protectable mark, and (2) that the alleged infringer is using a confusingly similar mark." Grocery Outlet, Inc. v. Albertson's, Inc., 497 F.3d 949, 951 (9th Cir. 2007) (per curiam). Tellingly, Marshak does not challenge the district court's conclusions on these two points, except by asserting the affirmative defense of abandonment on the alleged basis that Reed abandoned "The Platters" mark by signing the 1987 Florida settlement. But "[a]bandonment of a trademark, being in the nature of a forfeiture, must be strictly proved." [Citation]. The district court did not err in concluding that Marshak failed to meet that burden.

Marshak has not established either of the two requirements of abandonment under 15 U.S.C. § 1127: (1) discontinuance of trademark use, and (2) intent not to resume use. . . . Non-use requires "complete cessation or discontinuance of trademark use," where "use" signifies any use in commerce and "includes the placement of a mark on goods sold or transported." Electro Source, LLC v. Brandess-Kalt-Aetna Grp., Inc., 458 F.3d 931, 936, 938 (9th Cir. 2006) (emphasis in original). "Even a single instance of use is sufficient against a claim of abandonment of a mark if such use is made in good faith." Carter-Wallace, Inc. v. Procter & Gamble Co., 434 F.2d 794, 804 (9th Cir. 1970).

HRE presented evidence that . . . it continued to receive royalties from the sale of The Platters' previously recorded material. . . . The receipt of royalties is a genuine but limited usage of the mark that satisfies the "use" requirement, especially when viewed within the totality of the circumstances--namely, that Reed was constrained by the settlement. " [Citation]. Receipt of royalties certainly qualifies as placement of "The Platters" mark on goods sold, and supports the finding that there was no abandonment. See Marshak v. Treadwell, 240 F.3d 184, 199 (3d Cir. 2001) ("A successful musical group does not abandon its mark unless there is proof that the owner ceased to commercially exploit the mark's secondary meaning in the music industry.") (internal quotation marks and citation omitted).

. . .

We conclude that the record supports the district court's determination that HRE did not abandon "The Platters" mark.

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5 Marshak does not dispute the district court's finding that HRE is the senior user, or the district court's reasoning invaliding Marshak's claims of ownership. Nor does Marshak contest the district court's determination that Marshak's use of "The Platters" mark is confusingly similar to HRE's use of both "The Platters" and "Herb Reed and the Platters" marks according to the Ninth Circuit's test. See AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 348-49 & n.11 (9th Cir. 1979) (describing the factors relevant to determining whether the alleged infringer is using a confusingly similar mark), abrogated in part on other grounds by Mattel, Inc. v. Walking Mountain Prods., 353 F.3d 792, 810 (9th Cir. 2003).
B. LIKELIHOOD OF IRREPARABLE HARM

. . . [T]wo recent Supreme Court cases have cast doubt on the validity of this court's previous rule that the likelihood of "irreparable injury may be presumed from a showing of likelihood of success on the merits of a trademark infringement claim." Brookfield Commun., Inc. v. W. Coast Entm't Corp., 174 F.3d 1036, 1066 (9th Cir. 1999) (emphasis added). Since Brookfield, the landscape for benchmarking irreparable harm has changed with the Supreme Court's decisions in eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388, 126 S. Ct. 1837, 164 L. Ed. 2d 641, in 2006, and Winter in 2008.

In eBay, the Court held that the traditional four-factor test employed by courts of equity, including the requirement that the plaintiff must establish irreparable injury in seeking a permanent injunction, applies in the patent context. 547 U.S. at 391. Likening injunctions in patent cases to injunctions under the Copyright Act, the Court explained that it "has consistently rejected . . . a rule that an injunction automatically follows a determination that a copyright has been infringed," and emphasized that a departure from the traditional principles of equity "should not be lightly implied." Id. at 391-93 (citations omitted). The same principle applies to trademark infringement under the Lanham Act. Just as "[n]othing in the Patent Act indicates that Congress intended such a departure," so too nothing in the Lanham Act indicates that Congress intended a departure for trademark infringement cases. Id. at 391-92. Both statutes provide that injunctions may be granted in accordance with "the principles of equity." 35 U.S.C. § 283; 15 U.S.C. § 1116(a).

In Winter, the Court underscored the requirement that the plaintiff seeking a preliminary injunction "demonstrate that irreparable injury is likely in the absence of an injunction." 555 U.S. at 22 (emphasis in original) (citations omitted). The Court reversed a preliminary injunction because it was based only on a "possibility" of irreparable harm, a standard that is "too lenient." Id. Winter's admonition that irreparable harm must be shown to be likely in the absence of a preliminary injunction also forecloses the presumption of irreparable harm here.

Following eBay and Winter, we held that likely irreparable harm must be demonstrated to obtain a preliminary injunction in a copyright infringement case and that actual irreparable harm must be demonstrated to obtain a permanent injunction in a trademark infringement action. Flexible Lifeline Sys. v. Precision Lift, Inc., 654 F.3d 989, 998 (9th Cir. 2011); Reno Air Racing Ass'n, Inc., v. McCord, 452 F.3d 1126, 1137-38 (9th Cir. 2006). Our imposition of the irreparable harm requirement for a permanent injunction in a trademark case applies with equal force in the preliminary injunction context. [Citation]. We now join other circuits in holding that the eBay principle--that a plaintiff must establish irreparable harm--applies to a preliminary injunction in a trademark infringement case. See N. Am. Med. Corp. v. Axiom Worldwide, Inc., 522 F.3d 1211, 1228-29 (11th Cir. 2008); Audi AG v. D'Amato, 469 F.3d 534, 550 (6th Cir. 2006) (applying the requirement to a permanent injunction in a trademark infringement action).

Having anticipated that the Supreme Court's decisions in eBay and Winter signaled a shift away from the presumption of irreparable harm, the district court examined irreparable harm in its own right, explaining that HRE must "establish that remedies available at law, such as monetary damages, are inadequate to compensate" for the injury arising from Marshak's continuing allegedly infringing use of the mark. Although the district court identified the correct legal principle, we conclude that the record does not support a determination of the likelihood of irreparable harm.
Marshak asserts that the district court abused its discretion by relying on "unsupported and conclusory statements regarding harm [HRE] might suffer." We agree.

The district court's analysis of irreparable harm is cursory and conclusory, rather than being grounded in any evidence or showing offered by HRE. To begin, the court noted that it "cannot condone trademark infringement simply because it has been occurring for a long time and may continue to occur." The court went on to note that to do so "could encourage wide-scale infringement on the part of persons hoping to tread on the goodwill and fame of vintage music groups." Fair enough. Evidence of loss of control over business reputation and damage to goodwill could constitute irreparable harm. See, e.g., Stuhlbarg Int'l Sales Co., Inc. v. John D. Brush and Co., Inc., 240 F.3d 832, 841 (9th Cir. 2001) (holding that evidence of loss of customer goodwill supports finding of irreparable harm). Here, however, the court's pronouncements are grounded in platitudes rather than evidence, and relate neither to whether "irreparable injury is likely in the absence of an injunction," Winter, 555 U.S. at 22, nor to whether legal remedies, such as money damages, are inadequate in this case. It may be that HRE could establish the likelihood of irreparable harm. But missing from this record is any such evidence.

Even if we comb the record for support or inferences of irreparable harm, the strongest evidence . . . is an email from a potential customer complaining to Marshak's booking agent that the customer wanted Herb Reed's band rather than another tribute band. This evidence, however, simply underscores customer confusion, not irreparable harm.

The practical effect of the district court's conclusions, which included no factual findings, is to reinsert the now-rejected presumption of irreparable harm based solely on a strong case of trademark infringement. Gone are the days when "[o]nce the plaintiff in an infringement action has established a likelihood of confusion, it is ordinarily presumed that the plaintiff will suffer irreparable harm if injunctive relief does not issue." Rodeo Collection, Ltd. v. W. Seventh, 812 F.2d 1215, 1220 (9th Cir. 1987) (citing Apple Computer, Inc. v. Formula International Inc., 725 F.2d 521, 526 (9th Cir.1984)). This approach collapses the likelihood of success and the irreparable harm factors. Those seeking injunctive relief must proffer evidence sufficient to establish a likelihood of irreparable harm. As in Flexible Lifeline, 654 F.3d at 1000, the fact that the "district court made no factual findings that would support a likelihood of irreparable harm," while not necessarily establishing a lack of irreparable harm, leads us to reverse the preliminary injunction and remand to the district court.

In light of our determination that the record fails to support a finding of likely irreparable harm, we need not address the balance of equities and public interest factors.

REVERSED and REMANDED.

Page 929. Delete Question 1 and replace it with the following Question:

1. What if a party waits for some time after learning of an infringing situation before bringing a motion for a preliminary injunction. Should that delay affect analysis of irreparable harm? Why or why not? See, e.g. Citibank N.A. v. Citytrust, 756 F.2d 273 (2d Cir. 1985). Are there any other factors that might undercut a finding of irreparable harm?
5. Georgia Pacific sells enMOTION towel dispensers along with paper towels designed to fit within them. Georgia Pacific commenced three separate trademark infringement suits in three different courts, one in North Carolina against von Drehle, which sold paper towels to fit within the enMOTION dispensers, and the other two in Arkansas and Ohio against towel distributors. The actions in Arkansas and Ohio found no likelihood of confusion and were affirmed by the Eighth and Sixth Circuits respectively; whereas, the action in North Carolina resulted in a finding of likelihood of confusion in which the district court judge entered a nationwide injunction against sales of the paper towels despite the opposite results in the other two proceedings. Was this proper? If not, should a geographically limited injunction have issued instead? See Georgia-Pacific Consumer Prods. LP v. von Drehle Corp., 781 F.3d 710 (4th Cir. 2015), infra this Chapter.

Page 930. Delete the Note: Presumption of Irreparable Harm and substitute the following Note:

NOTE: PRESUMPTION OF IRREPARABLE HARM

The Ninth Circuit in Herb Reed, supra, rejected the traditional presumption of irreparable harm applied by many courts once a likelihood of confusion is found and instead followed the Supreme Court's decisions in eBay Inc. v. MercExchange, LLC, 547 U.S. 388 (2006), involving a permanent injunction in a patent infringement claim, and Winter v. Natural Resources Defense Council, Inc., 555 U.S. 7 (2008), involving a preliminary injunction against the Navy’s use of sonar in exercises because of the impact on marine life. The Third Circuit has similarly found that the eBay and Winter rationale is “equally applicable in other contexts, including cases arising under the Lanham Act.” Ferring Pharm., Inc. v. Watson Pharm., Inc., 765 F.3d 205 (3rd Cir. 2014)(involving denial of a preliminary injunction in a false advertising case).

Although the Ninth Circuit in Herb Reed states that the Eleventh Circuit also followed eBay and Winter, the opinion in that case, while noting the doubt cast on presumption of irreparable harm, did not feel compelled to definitively rule. North American Medical Corp. v. Axiom Worldwide, Inc., 522 F.3d 1211 (11th Cir. 2008); see also Swarovski Aktiengesellschaft v. Building #19, Inc., 704 F.3d 44 (1st Cir. 2013) (no need to decide question as likely confusion had not been demonstrated); Voice of the Arab World, Inc. v. MDTV Medical News Now, Inc., 645 F.3d 26 (1st Cir. 2011) (no need to decide question where delay in seeking preliminary relief made application of presumption inapplicable).

The Eleventh Circuit in Axiom Worldwide explained:

Even though we hold that [plaintiffs] have established a substantial likelihood of success on the merits of their trademark infringement and false advertising claims, we must still evaluate whether [plaintiffs] have demonstrated, with respect to each claim, that they will suffer irreparable harm in the absence of an injunction. In reaching its conclusion that [plaintiffs] satisfied this element of the preliminary
injunction test, the district court relied on two presumptions, one regarding the infringement claims and one regarding the false advertising claims. For the reasons that follow, we vacate the preliminary injunction with respect to both the trademark claims and the false advertising claims….

... [O]ur prior cases do extend a presumption of irreparable harm once a plaintiff establishes a likelihood of success on the merits of a trademark infringement claim.…

Nonetheless, ... a recent U.S. Supreme Court case calls into question whether courts may presume irreparable harm merely because a plaintiff in an intellectual property case has demonstrated a likelihood of success on the merits. See generally eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388, 126 S.Ct. 1837, 164 L.Ed.2d 641 (2006). In eBay, the Federal Circuit reversed the denial of injunctive relief, articulating a categorical rule that permanent injunctions shall issue once infringement is established. The Supreme Court reversed the Federal Circuit and admonished ... courts for applying categorical rules to the grant or denial of injunctive relief. The Court stressed that the Patent Act indicates "that injunctive relief 'may' issue only 'in accordance with the principles of equity.'" Id. at 393, 126 S. Ct. at 1839. Because the Court concluded "that neither court below correctly applied the traditional four-factor framework that governs the award of injunctive relief, [it] vacated the judgment of the Court of Appeals, so that the District Court may apply that framework in the first instance." Id. at 394, 126 S. Ct. at 1841....

Similar to the Patent Act, the Lanham Act grants federal courts the "power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable." 15 U.S.C. § 1116(a) (2006).... Because the language of the Lanham Act ... is so similar to the language of the Patent Act, we conclude that the Supreme Court's eBay case is applicable to the instant case.

However, we decline to express any further opinion with respect to the effect of eBay on this case. For example, we decline to decide whether the district court was correct in its holding that the nature of the trademark infringement gives rise to a presumption of irreparable injury. In other words, we decline to address whether such a presumption is the equivalent of the categorical rules rejected by the Court in eBay for several reasons... [T]he district court has not addressed the effect of eBay... [T]he district court may well conclude on remand that it can ... reach an appropriate decision by fully applying eBay without the benefit of a presumption of irreparable injury, or it may well decide that the particular circumstances of the instant case bear substantial parallels to previous cases such that a presumption of irreparable injury is an appropriate exercise of its discretion in light of the historical traditions. See eBay, 547 U.S. at 394–97, 126 S. Ct. at 1841–43 (concurring opinions of Chief Justice Roberts and Justice Kennedy, representing the views of seven Justices). Accordingly, we also vacate the preliminary injunction as it applies to the trademark infringement claim, and
remand to the district court for further proceedings not inconsistent with this opinion, and with eBay.

Although the Second Circuit has found copyright plaintiffs must demonstrate irreparable harm to justify an injunction, *Salinger v. Colting*, 607 F.3d 68 (2d Cir. 2010), it has not yet held that eBay prohibits presuming irreparable harm when likely confusion has been shown. *Barefoot Contessa Pantry, LLC v. Aqua Star (USA) Co.*, 2015 U.S. Dist. LEXIS 24013 (S.D.N.Y. Feb. 26, 2015). The *Barefoot Contessa* court nevertheless did not need to rely on the presumption and granted a TRO by finding irreparable harm in plaintiffs’ loss of control over reputation. The plaintiffs are known for their celebrity chef TV show, cookbooks and high-end food products. They had licensed defendant’s predecessor in interest to use their marks in connection with frozen dinners but terminated the license once it was assigned to a different company. The trade dress at issue in the case is shown below.

The district court noted:

Courts have consistently "found irreparable harm to exist in situations where there is a likelihood of confusion between the marks, and where the reputation and goodwill cultivated by the party seeking the injunction would be out of the party's control because of the infringement." *Microban Prods. Co. v. API Indus., Inc.*, No. 14-CV-41 (KPF), 2014 U.S. Dist. LEXIS 63883 (S.D.N.Y. May 8, 2014). That is because where "the party seeking the injunction shows that it will lose control over the reputation of its trademark . . . loss of control over one's reputation is neither calculable nor precisely compensable." *NYP Holdings*
v. N.Y. Post Pub'g Inc., 2014 U.S. Dist. LEXIS 165632, (S.D.N.Y. Nov. 17, 2014). That is the case here. Plaintiffs … have spent almost thirty-five years -- and millions of dollars in advertisement and marketing -- building the Barefoot Contessa brand. Additionally, Garten claims that she has been "extremely careful to associate the Barefoot Contessa brand with a handful of products for which [she has] total creative input and absolute control over design and quality, to ensure that any products bearing the brand and [her] name reflect [her] core values and high standards" -- an assertion supported by her refusal to enter into a licensing agreement with Defendants after they acquired the assets of Contessa Premium because of her concerns regarding their inexperience in the frozen meals sector. Plaintiffs' control over products associated with Barefoot Contessa is imminently threatened by the "Contessa Chef Inspired" trade dress that is strongly similar -- if not virtually identical to -- the Frozen Dinner Trade Dress, particularly in light of the fact that the two products have appeared side-by-side in grocery stores, and have both been labeled "Barefoot Contessa" products by grocery stores.

The district court also concluded that the plaintiffs satisfied the eBay balance of hardships and public interest factors:

Finally, assuming arguendo that Plaintiffs must show that the balance of hardships tips in their favor and that a temporary restraining order is in the public interest, they have done so. The Court is mindful that, after [defendant's predecessor's] liquidation in 2014, Defendants have been struggling to build a new consumer base, and that OFI may suffer financial and reputational harm from a cessation of production. At the same time, Defendants only started distribution of their "Contessa Chef Inspired" line of products last month. Moreover, as noted above, Plaintiffs also face a significant loss of consumer goodwill from continued sales of infringing products, as they have already received complaints regarding both counterfeit Barefoot Contessa frozen meals and "Contessa Chef Inspired" meals. And the temporary injunctive relief granted by the Court does not include a recall, one of the remedies Defendants contend would devastate their business; instead, the Court's order merely pauses existing production and shipping of infringing products -- thereby restoring the parties to the status quo that existed before Defendants began production of the allegedly infringing goods -- pending the preliminary injunction hearing in two weeks.

Lastly, the harm Defendants face is, to a large extent, self-inflicted. After being refused a license from Plaintiffs, Defendants took a calculated risk in launching a product with a trade dress virtually identical to the trade dress that was used in the previously licensed line of products. In doing so, they proceeded at their peril. Cf. SmithKline Beecham Consumer Healthcare, L.P. v. Watson Pharms., Inc., 63 F. Supp. 2d 467, 472 (S.D.N.Y. 1999), amended, No. 99-CV-9214 (DC), 1999 U.S. Dist. LEXIS 20221, (S.D.N.Y. Sept. 20, 1999) and order dissolved due to a change in circumstances, No. 99-CV-9214, (DC), 1999 U.S. Dist. LEXIS 19677, 1999 WL 1243894 (S.D.N.Y. Dec. 22, 1999) (finding that the balance of equities favored the plaintiff despite the fact that the defendant "would suffer substantial
financial losses if its launch of the product is delayed," because "]ny harm that [defendant] would suffer by the issuance of a preliminary injunction is largely the result of its own doing."). As for whether a temporary restraining order is in the public interest, "]he consuming public has a protectable interest in being free from confusion, deception and mistake." U.S. Polo Ass'n, 800 F. Supp. 2d at 541; see also Tecnimed, 763 F. Supp. 2d at 417 (finding that the public interest is served "by removing confusing trade dress from the marketplace.").

Page 932. Delete Question 1 and Renumber Questions 2-4 as Questions 1-3.

Page 933. Add the following Note after the Questions.

NOTE: THE “SAFE DISTANCE” RULE

In determining whether a defendant is guilty of contempt of a previously issued injunction against infringing conduct, courts frequently invoke the “safe distance” rule in cases where the previous infringer makes some modifications to the previously infringing mark or trade dress. Although the modified mark and/or trade dress may not have been found infringing in the first instance, it may violate the injunction if the modifications do not preserve a “safe distance” from the plaintiff’s mark or trade dress. See generally 5 J. McCarthy on Trademarks and Unfair Competition § 30:21 (4th ed. 2015).

The Sixth Circuit recently applied this doctrine in Innovation Ventures, LLC v. N2G Distributing, Inc., 763 F.3d 524 (6th Cir. 2014). The defendants in that case had been found guilty of infringing plaintiff’s 5-HOUR ENERGY mark and/or trade dress in a series of energy drink products sold by defendants. The plaintiff’s 5-HOUR ENERGY product and defendant’s initial 6-HOUR ENERGY product are shown below:
After a permanent injunction was entered, the defendants, through a new company, made some modifications to the products as shown below:

The plaintiff moved for a contempt order, which the district court granted. The district court did not engage in a likelihood of confusion analysis to determine whether the modified versions were infringing, but instead applied the “safe distance” rule. The Sixth Circuit affirmed, noting:

A court's ability to issue injunctions, and then enforce those injunctions with a finding of contempt, springs from the court's inherent equitable powers. [Citations]. Equity allows courts, faced with recalcitrant parties who repeatedly
violate the law, to craft permanent injunctions which "proscribe activities that, standing alone, would have been unassailable." *E.E.O.C. v. Wilson Metal Casket Co.*, 24 F.3d 836, 842 (6th Cir. 1994). This equitable principle goes by a specialized name in the context of permanent injunctions to protect intellectual property—the Safe Distance Rule....

The Safe Distance Rule gives courts a ... useful tool in crafting and enforcing permanent injunctions. Once a party infringes on another's trademark or trade dress, the confusion sowed "is not magically remedied" by *de minimis* fixes. [Citation]. "Instead, the confusion lingers, creating the need for the infringer not only to secure a new non-infringing name (or other infringing characteristic) for his product, but one so far removed ... so as to put the public on notice that the two are not related."[Citation]. In contempt proceedings, the Safe Distance Rule "reliev[es] the reviewing court of the need to retry the entire range of issues that may be relevant in an infringement action for each small variation the defendant makes to the enjoined mark." *PRL USA Holdings, Inc. v. U.S. Polo Ass'n, Inc.*, 520 F.3d 109, 118 (2d Cir. 2008). If the law were otherwise, an enjoined party "could simply make a tiny change and start a new trademark contest all over again in the context of the contempt hearing as to use of the 'new' format." 5 McCarthy on Trademarks and Unfair Competition § 30:21 (4th ed. 2013).

The Safe Distance Rule is ... a specialized application of the courts' traditional equitable power to craft permanent injunctions tailored to the needs of each case, and then enforce them with the sanction of contempt. The district court's permanent injunction in this case barred Defendants, their agents, and their confederates from marketing products that use marks "confusingly similar" to the protected trademark and trade dress.... Once Plaintiff moved for contempt, the district court did not err by refusing to go through a full likelihood-of-confusion analysis with Defendants' modified products. The district court was within its rights to simply determine whether the modified products were confusingly similar. [Citation].

Do you agree that the defendants’ modified trade dress failed to keep a safe distance from plaintiff's?

**B. MONETARY RELIEF**

2. Corrective Advertising

Page 961. Add Question 5.

5. A rival court reporter acquired a URL incorporating the name of a competitor and then re-directed the domain name to her own website. When the competitor complained, the court reporter ceased re-directing the website but refused to transfer the domain name. The competitor successfully secured a transfer of the domain name through a WIPO arbitration and brought an action under §§ 43(a) and (d), claiming the cost of damage control spent on the WIPO
arbitration. Should such damages be available when there are no claims of false advertising and the plaintiff has not engaged in any corrective advertising? See Migliore & Assoc., LLC v. Kentuckiana Reporters, LLC, 2015 U.S. Dist. LEXIS 19568 (D. Ky. Feb. 19, 2015).

3. Attorney’s Fees

Page 967. Add the following case after Trafficschool.com

In Georgia-Pacific Consumer Products LP v. von Drehle Corp., 781 F.3d 710 (4th Cir. 2015), the district entered a nationwide injunction against defendant’s distribution of paper towels designed to fit within plaintiff’s enMOTION towel dispensers after a jury finding of contributory trademark infringement. It also trebled the jury’s award of $791,431 to $2,374,293 and awarded attorney’s fees of $2,225,782 after a finding that “exceptional” circumstances existed. The Fourth Circuit found that a nationwide injunction was improper because parallel actions had been brought against two of defendant’s distributors that had resulted in prior findings of no infringement by the Sixth and Eighth Circuits. As a matter of comity, the Fourth Circuit limited the injunctive relief to the states within the Fourth Circuit. With respect to the trebling of damages, the appellate court found that the district court “conflated § 1117(a) and § 1117(b).” Section 1117(b) was inapplicable as the case did not involve a counterfeit mark and the enhancement of damages available under section 1117(a) was inapplicable because there was no showing of the inadequacy of the award. With respect to the award of attorney’s fees, the appellate court noted:

...Section 1117(a) provides, "The court in exceptional cases may award reasonable attorney fees to the prevailing party." The court based its willful-and-intentional finding on the fact that von Drehle specifically designed its 810-B paper towels for use in Georgia-Pacific's enMotion dispenser and knew that they would be stuffed in those dispensers.

von Drehle contends that this case is not "exceptional," as that term is used in § 1117(a), and that the district court erroneously relied on its purposeful conduct in distributing towels for use in Georgia-Pacific's enMotion machines, conflating willful and intentional conduct with willful and intentional infringement. We agree, especially since Von Drehle reasonably believed that its conduct was lawful.

We have defined the "exceptional" case for purposes of § 1117(a) "as one in which 'the defendant's conduct was malicious, fraudulent, willful or deliberate in nature.' Retail Servs., Inc. v. Freebies Publ'g, 364 F.3d 535, 550 (4th Cir. 2004) (quoting PETA v. Doughney, 263 F.3d 359, 370 (4th Cir. 2001)). But, in this context, the word "willful" does not mean that the defendant's actions were merely volitional, but rather that the defendant acted with the intent to infringe the plaintiff's protected mark. See, e.g., In re Outsidewall Tire Litig., 748 F. Supp. 2d 557, 562 (E.D. Va. 2010) ("[W]illfulness' means more than simply that the act of infringement was done voluntarily and intentionally and not because of accident or other innocent reason" (internal quotation marks and citation omitted)); (citations). To affirm the district court's application of its volitional standard would mean that every Lanham Act case
would qualify as "exceptional" unless the defendant could show that it unintentionally or mistakenly performed the actions later found to be a violation of the Act.

More importantly, after the court had received the parties' briefs in this case, the Supreme Court handed down its decision in *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749, 188 L. Ed. 2d 816 (2014). While *Octane Fitness* did not construe § 1117(a), it did construe a parallel and identical provision in the Patent Act, which provides, "The court in exceptional cases may award reasonable attorney fees to the prevailing party." 35 U.S.C. § 285. The Federal Circuit had previously given § 285 a narrow interpretation, concluding:

A case may be deemed exceptional when there has been some material inappropriate conduct related to the matter in litigation, such as willful infringement, fraud or inequitable conduct in procuring the patent, misconduct during litigation, vexatious or unjustified litigation, conduct that violates Fed. R. Civ. P. 11, or like infractions. Absent misconduct in conduct of the litigation or in securing the patent, sanctions may be imposed against the patentee only if both (1) the litigation is brought in subjective bad faith, and (2) the litigation is objectively baseless.

*A case may be deemed exceptional when there has been some material inappropriate conduct related to the matter in litigation, such as willful infringement, fraud or inequitable conduct in procuring the patent, misconduct during litigation, vexatious or unjustified litigation, conduct that violates Fed. R. Civ. P. 11, or like infractions. Absent misconduct in conduct of the litigation or in securing the patent, sanctions may be imposed against the patentee only if both (1) the litigation is brought in subjective bad faith, and (2) the litigation is objectively baseless.

*Brooks Furniture Mfg., Inc. v. Dutailier Int'l, Inc.*, 393 F.3d 1378, 1381 (Fed. Cir. 2005); (citation omitted). But the Supreme Court rejected the Federal Circuit's interpretation of "exceptional," describing the Federal Circuit's test as "unduly rigid." *Octane Fitness*, 134 S. Ct. at 1755. Relying on the statute's simple text and dictionary definitions of "exceptional," the Court concluded:

[A]n 'exceptional' case is simply one that stands out from others with respect to the substantive strength of a party's litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated. District courts may determine whether a case is 'exceptional' in the case-by-case exercise of their discretion, considering the totality of the circumstances.

*Id.* at 1756. The Court then pointed the district courts to the same nonexclusive list of factors that it had previously identified as relevant for use in determining whether to award attorneys fees under a similar provision of the Copyright Act, a list that included "frivolousness, motivation, objective unreasonableness (both in the factual and legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence." *Id.* at 1756 n.6 (*quoting Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 534 n.19, 114 S. Ct. 1023, 127 L. Ed. 2d 455 (1994)) (internal quotation marks omitted).

To be sure, the *Octane Fitness* Court did not interpret the attorneys fees provision of § 1117(a). But the language of § 1117(a) and § 285 is identical, and we conclude that there is no reason not to apply the *Octane Fitness* standard when considering the award of attorneys fees under § 1117(a). *See Fair Wind Sailing, Inc. v. Dempster*, 764 F.3d 303, 314-15 (3d Cir. 2014) ("While *Octane Fitness* directly concerns the scope of a district court's discretion to award fees for [an] 'exceptional' case under § 285 of

129
the Patent Act, the case controls our interpretation of [§ 1117(a)]. Not only is § 285 identical to [§ 1117(a)], but Congress referenced § 285 in passing [§ 1117(a)"

Thus, we conclude that a district court may find a case "exceptional" and therefore award attorneys fees to the prevailing party under § 1117(a) when it determines, in light of the totality of the circumstances, that (1) "there is an unusual discrepancy in the merits of the positions taken by the parties," Fair Wind Sailing, 764 F.3d at 315, based on the non-prevailing party's position as either frivolous or objectively unreasonable, see Octane Fitness, 134 S. Ct. at 1756 n.6; (2) the non-prevailing party "has litigated the case in an 'unreasonable manner,'" Fair Wind Sailing, 764 F.3d at 315 (quoting Octane Fitness, 134 S. Ct. at 1756); or (3) there is otherwise "the need in particular circumstances to advance considerations of compensation and deterrence," Octane Fitness, 134 S. Ct. at 1756 n.6 (quoting Fogerty, 510 U.S. at 534 n.19) (internal quotation marks omitted).

Because the district court did not have the benefit of the Octane Fitness standard when considering whether Georgia-Pacific was entitled to attorneys fees under § 1117(a), we vacate the court's award of attorneys fees and remand the question for further consideration in light of this standard.

Page 967. Add new Questions 4 and 5.

4. Both the Third and Fourth Circuits have adopted the Octane Fitness standard of exceptionality. Is this standard different from that articulated by the Seventh Circuit in Nightingale? Would the Nightingale result be different under the Octane Fitness standard?

5. A recent Seventh Circuit decision applied the Nightingale standard in assessing whether the circumstances were “exceptional” so as to require an award of attorney’s fees. The opinion did not reference Octane Fitness. Should it have done so? See Burford v. Accounting Practice Sales, Inc., 114 U.S.P.Q.2d 1734 (7th Cir. 2015); see also Premium Balloon Accessories, Inc. v. Creative Balloons Mfg., Inc., 2014 U.S. App. LEXIS 15326 (6th Cir. 2014) (not recommended for full-text publication) (applied Octane Fitness standard to attorney’s fees question on patent issue, but applied 6th Circuit standard on trade dress infringement issue).

D. BORDER CONTROL MEASURES

Page 1010. Insert new Question 3.

3. Hokto USA grows its mushrooms in a special growing medium to satisfy U.S. organic standards; whereas, its Japanese parent Hokto Japan does not use this medium for its mushrooms intended for the Japanese market. Additionally, the Japanese parent uses Japanese language packaging for mushrooms intended for the Japanese market; whereas, Hokto USA’s packages are also in English. The labeling provides information about calorie count, serving size and
nutritional information. Concord Farms imports Hokto Japan’s mushrooms intended for the Japanese market. Should the differences with Hokto USA’s mushrooms be considered material? See Hokto Kinoko Co. v. Concord Farms, Inc., 738 F.3d 1085 (9th Cir. 2013) (affirms summary judgment for the plaintiff).