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Recent Developments

**RECENT DEVELOPMENTS IN TRADEMARK LAW: DISROBING TRADE DRESS, CONFOUNDING  
DILUTION, AND CONDEMNING CYBERSQUATTING**

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## \*247 Introduction

There was, as usual, considerable trademark activity in the courts during the past year. The Supreme Court has attempted to rein in the reach of trade dress protection for product designs, and the lower courts are now grappling with the Supreme Court's new standards. Dilution and cybersquatting also continued to be hot areas. This paper addresses these and many other issues challenging the courts over the past year.

### A. The Supreme Court Giveth then Taketh Away: Disrobing Trade Dress Protection on Product Designs

"[T]he protectability analysis in a trade dress claim based on product design has changed considerably."<sup>1</sup>

As the song says, "Turn out the lights, the party's over." The Supreme Court's love affair with trade dress protection has officially ended. After issuing a pair of pro-protection decisions in the early to mid-1990s,<sup>2</sup> the Court has now switched directions to make it much more difficult to establish trade dress rights, particularly in product designs.

#### 1. Trade Dress Protection Generally

Protection of trade dress is an important part of this country's intellectual property law system. "Trade dress" is the term used to refer to the overall look of a party's product or service, including, for example, its color, design, configuration, and/or packaging. Courts have long recognized that when a particular trade dress \*248 serves to identify the source of a product or service to consumers (i.e., it is distinctive) and is not functional, then it is protectable under the Lanham Act. As the Supreme Court has recognized, protection of trade dress "serves the Act's purpose 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.'"<sup>3</sup> National protection of trade dress is desirable because it "foster[s] competition and the maintenance of quality by securing to the producer the benefits of good reputation."<sup>4</sup>

#### 2. Wal-Mart Stores, Inc. v. Samara Bros., Inc.<sup>5</sup>: An Abrupt "About Face" on Inherent Distinctiveness

In 1992, the Supreme Court issued its decision in *Two Pesos, Inc. v. Taco Cabana, Inc.*, holding that proof of secondary meaning is not required for protection of "inherently distinctive" trade dress.<sup>6</sup> The trade dress at issue in that case was a restaurant motif that a jury had found to be inherently distinctive. Although the Court endorsed protection of inherently distinctive trade dress, it did not define how to determine whether a particular trade dress is inherently distinctive. Nor did the Court distinguish between different types of trade dress (e.g., restaurant décor v. product packaging v. product design) which could or could not be inherently distinctive. To the contrary, the Court seemed to suggest that the same rules should be applied to word marks, symbols, and product designs.<sup>7</sup>

Over the next several years, courts struggled to identify what standards to use to determine whether trade dress is inherently distinctive, particularly where the trade dress at issue consisted of the product's configuration or design (as opposed to packaging). Some courts attempted to apply the traditional Abercrombie<sup>8</sup> "spectrum of distinctiveness" analysis used to determine inherent distinctiveness of word marks.<sup>9</sup> Others rejected this analysis for product configuration and adopted \*249 the Seabrook<sup>10</sup> factors set forth by the Court of Customs and Patent Appeals (even though Seabrook itself involved a design mark, not a product design) or adopted their own tests or factors.<sup>11</sup> Although these courts disagreed on the appropriate standards for judging inherent distinctiveness, none of them questioned the fundamental proposition that product designs can

potentially be inherently distinctive.

In 1999, the Supreme Court decided to resolve this circuit split in the Wal-Mart case, granting certiorari on the following question: “What must be shown to establish that a product’s design is inherently distinctive for purposes of Lanham Act trade-dress protection?”<sup>12</sup> However, instead of answering whether the Abercrombie, Seabrook, or some other test should be used to determine inherent distinctiveness of product designs, the Supreme Court issued a surprising decision, holding that product designs can never be inherently distinctive.<sup>13</sup> The Court distinguished product design from product packaging, stating that packaging (such as the restaurant décor involved in Two Pesos) can be inherently distinctive, while product design (such as the clothing designs involved in Wal-Mart) can not.<sup>14</sup> The Court reasoned that, like the color of a product,<sup>15</sup> a product’s design does not inherently communicate the source of the product to consumers.<sup>16</sup> The Court went on to state that to the extent there are close cases as to whether an asserted trade dress constitutes “packaging” or “design,” courts should err on the side of caution and classify ambiguous trade dress as product design, thereby requiring secondary meaning.<sup>17</sup>

### **\*250 3. Traffix Devices, Inc. v. Marketing Displays, Inc.<sup>18</sup>: Tossing the “Competitive Need” Functionality Standard Out the Window**

The Supreme Court dealt trade dress protection another blow about a year later in Traffix. In this case, the Court addressed two significant issues: (1) the effect of an expired utility patent on trade dress protection of a product design; and (2) the definition of functionality more broadly, regardless of the existence of a patent covering the design.

The plaintiff in this case owned two utility patents covering a dual-spring mechanism used on temporary road signs. Following expiration of the patents, plaintiff attempted to assert trade dress rights in the dual-spring mechanism. The district court granted summary judgment that the plaintiff’s design was functional.<sup>19</sup> The Sixth Circuit reversed and remanded, holding that there were material fact issues regarding functionality.<sup>20</sup> The Sixth Circuit noted a split among the circuits as to whether the existence of an expired utility patent forecloses the possibility of the patentee’s claiming trade dress protection in the product’s design.<sup>21</sup> The Supreme Court granted certiorari to resolve this conflict.<sup>22</sup>

Although the Court declined to adopt a per se rule that a patent forecloses trade dress protection, it held that a patent does significantly affect the analysis of functionality:

A prior patent, we conclude, has vital significance in resolving the trade dress claim. A utility patent is strong evidence that the features therein claimed are functional. If trade dress protection is sought for those features the strong evidence of functionality based on the previous patent adds great weight to the statutory presumption that features are deemed functional until proved otherwise by the party seeking trade dress protection. Where the expired patent claimed the features in question, one who seeks to establish trade dress protection must carry the heavy burden of showing that the feature is not functional, for instance by showing that it is merely an ornamental, incidental, or arbitrary aspect of the device.<sup>23</sup> Although the question accepted on certiorari seemed to be limited to the effect of a prior patent, the Court did not stop there. It went on to discuss the definition of functionality to be applied regardless of whether the claimed trade dress has been patented or not. This is where the Court’s decision becomes quite troublesome.

**\*251** Before the Traffix decision, most courts and commentators believed the crux of the functionality issue was the effect on competition: if granting exclusive rights in a particular design or feature would significantly hinder competition, it was deemed functional and trade dress protection would be denied.<sup>24</sup> The Supreme Court itself seemed to endorse this concept in Two Pesos, where it rejected the argument that the Fifth Circuit’s law (protecting inherently distinctive trade dress without secondary meaning) would cut off competition:

The Fifth Circuit holds that a design is legally functional, and thus unprotectable, if it is one of a limited number of equally efficient options available to competitors and free competition would be unduly hindered by according the design trademark protection. This serves to assure that competition will not be stifled by the exhaustion of a limited number of trade dresses.<sup>25</sup> Similarly in Qualitex Co. v. Jacobson Prods. Co.,<sup>26</sup> the Supreme Court stated:

The functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm’s reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature. . . . This Court consequently has explained that, “[i]n general terms, a product feature is functional,” and cannot serve as a trademark, “if it is

essential to the use or purpose of the article or if it affects the cost or quality of the article,” that is, if exclusive use of the feature would put competitors at a significant non-reputation related disadvantage.<sup>27</sup> In *TraFFix*, the Sixth Circuit had reversed the district court’s summary judgment of functionality, reasoning that trade dress protection would not be denied on functionality grounds unless it would “put competitors at a significant non-reputation-related disadvantage,” and pointing to plaintiff’s “numerous competitors and their equivalent products as proof that [plaintiff’s] trade dress is not a competitive necessity.”<sup>28</sup> The Supreme Court reversed, characterizing the Sixth Circuit’s focus on competitive necessity as a “misinterpretation of trade dress principles. . . .”<sup>29</sup> The Court latched onto the definition of functionality it gave some 19 years earlier in dicta in a footnote of its *Inwood* decision--namely that a product feature is functional “if it is essential to the use or purpose of the article or it affects the cost or quality”--and anointed this formulation as the “traditional rule” of **\*252** functionality.<sup>30</sup> Although the Court had since qualified this test in its *Qualitex* decision, where it explained that a functional feature is one “the exclusive use of [which] would put competitors at a significant non-reputation-related disadvantage,” the Court in *TraFFix* held that this phrase did not displace the *Inwood* test, but rather added a separate hurdle in cases of “aesthetic functionality.”<sup>31</sup>

Where the design is functional under the *Inwood* formulation there is no need to proceed further to consider if there is a competitive necessity for the feature. . . . There is no need, furthermore, to engage, as did the Court of Appeals, in speculation about other design possibilities. . . .<sup>32</sup> The Court concluded that the plaintiff’s product design in this case was functional as a matter of law, regardless of any effect on competition or the availability of alternative designs, because it “provides a unique and useful mechanism to resist the force of wind.”<sup>33</sup>

Under the Supreme Court’s analysis in *TraFFix*, therefore, it appears a distinctive product design can be denied trade dress protection even though the feature provides no significant utilitarian advantage, and even though there are equally effective alternative designs available to competitors. Thus, both the *Wal-Mart* and *TraFFix* decisions represent a marked departure from prior well-established trade dress analysis, significantly raising the bar on plaintiffs seeking trade dress protection.

#### 4. Aftermath in the Circuit Courts

##### a. *Yankee Candle Co. v. Bridgewater Candle Co.*<sup>34</sup>

The impact of the Supreme Court’s *Wal-Mart* decision was on display in this case.

The plaintiff is a leading manufacturer of scented candles. Believing the defendant copied its line of candles, plaintiff asserted various claims, including trade dress infringement. Specifically, plaintiff claimed that its trade dress consisted of a combination of: (1) its product display system; (2) its catalog layout; (3) its candle shapes and sizes; (4) the quantities of candles it sells as a unit; and (5) its **\*253** labels.<sup>35</sup> The First Circuit affirmed summary judgment against the plaintiff on this claim.<sup>36</sup>

On appeal, plaintiff argued that the combination of elements comprising its claimed trade dress were “arbitrary” choices and thus “inherently distinctive.”<sup>37</sup> Taking heed of the Supreme Court’s advice that “courts should err on the side of caution and classify ambiguous trade dress as product design, thereby requiring secondary meaning,”<sup>38</sup> the First Circuit held that the plaintiff’s alleged trade dress here (excluding the labels) was closer to the product design category than to packaging. Distinguishing the restaurant décor involved in *Two Pesos*, the court said, “Yankee has not made a claim as to the overall appearance of an entire store, but has instead isolated certain characteristics of its candle display in stores. . . . The fact that Yankee points to particular aspects of the candles themselves, namely their shapes and sizes, only confirms our categorization.”<sup>39</sup>

As for labels, the court acknowledged that “[d]etachable labels are a classic case of product packaging” that can be inherently distinctive, but held that the plaintiff’s labels in this case were not.<sup>40</sup> The court found that the labels were “essentially a combination of functional and common features,” and were not so “unique and unusual” that they were source-indicative in the absence of secondary meaning.<sup>41</sup>

Finally, the court held that plaintiff’s evidence of secondary meaning was insufficient to survive summary judgment.<sup>42</sup> Although plaintiff offered “circumstantial evidence” of secondary meaning--such as advertisements featuring pictures of its

products, continuous and exclusive use, high sales figures, and intentional copying by the defendant--plaintiff failed to produce any direct evidence of secondary meaning, such as a survey or consumer testimony.<sup>43</sup> The court indicated that although circumstantial evidence can lend support to a conclusion that a mark has acquired secondary meaning, it cannot do so standing alone.<sup>44</sup>

#### **\*254 b. Clicks Billiards, Inc. v. Sixshooters, Inc.<sup>45</sup>**

What the lower courts will do with the Supreme Court's Traffix decision is a bit more difficult to predict, as illustrated by this decision from the Ninth Circuit.

This case involved whether the overall image of plaintiff's (Clicks') pool halls constituted protectable trade dress. In analyzing this issue, the Ninth Circuit addressed all three elements of a trade dress infringement claim: (1) nonfunctionality; (2) distinctiveness; and (3) likelihood of confusion.<sup>46</sup> Reversing the district court, the Ninth Circuit held that Clicks introduced sufficient evidence on each of these elements to survive summary judgment.

The Ninth Circuit's reasoning on the functionality issue is remarkably inconsistent with the Supreme Court's statements in Traffix. The Ninth Circuit rejected the district court's finding that the overall image of Clicks' pool halls was "functional and purely aesthetic," holding that a trade dress cannot be both.<sup>47</sup> "Such a formulation is internally inconsistent and at odds with the commonly accepted view that functionality denotes utility."<sup>48</sup> The court noted that the Ninth Circuit has not adopted the "aesthetic functionality" theory, that is, "the notion that a purely aesthetic feature can be functional."<sup>49</sup> The court concluded that the "ultimate issue on functionality is whether Clicks' 'particular integration of elements leaves a multitude of alternatives to the pool hall 'industry that would not prove confusingly similar to' its trade dress."<sup>50</sup> The Ninth Circuit's rejection of aesthetic functionality, as well as its focus on availability of alternative designs as the "ultimate" test for functionality, are at odds with the Supreme Court's explicit endorsement of "aesthetic functionality" and its rejection of any need to consider "other design possibilities" in the Traffix case.<sup>51</sup>

**\*255** The Ninth Circuit also stressed the importance of analyzing trade dress elements as a whole, not in isolation. "The fact that individual elements of the trade dress may be functional does not necessarily mean that the trade dress as a whole is functional; rather, 'functional elements that are separately unprotectable can be protected together as part of a trade dress.'"<sup>52</sup> [I]n evaluating functionality as well as the other elements of a trade dress claim, it is crucial that we focus not on the individual elements, but rather on the overall visual impression that the combination and arrangements of those elements create. Trade dress is the composite tapestry of visual effects. Courts have repeatedly cautioned that, in trademark--and especially trade dress--cases, the mark must be examined as a whole, not by its individual constituent parts.<sup>53</sup> Regarding distinctiveness, the Ninth Circuit held that Clicks had introduced substantial evidence tending to show that the trade dress of its pool halls had attained secondary meaning<sup>54</sup> in the forms of both a survey and evidence of intentional copying. Although the district court acknowledged that Clicks' survey may have had flaws,<sup>55</sup> it raised questions of material fact sufficient to preclude summary judgment.<sup>56</sup> Similarly, although the evidence of copying was subject to various interpretations, a district court cannot decide issues of contested fact on summary judgment.<sup>57</sup>

Finally, the Ninth Circuit held that Clicks demonstrated a genuine issue of fact with respect to likelihood of confusion, emphasizing that "trial courts disfavor deciding trademark cases in summary judgments because the ultimate issue is so inherently factual."<sup>58</sup> In particular, the court pointed to the Clicks' survey evidence,<sup>59</sup> testimony regarding actual confusion, and evidence of intent to copy.<sup>60</sup>

#### **\*256 c. Valu Engineering, Inc. v. Rexnord Corp.<sup>61</sup>**

The Federal Circuit has also attempted to distance itself from the Traffix decision, holding that the Supreme Court didn't really mean that availability of alternative designs is irrelevant to the "traditional" functionality analysis.

In this case, Valu applied to register several cross-sectional designs of conveyor guide rails as trademarks. The TTAB held that the designs were functional, and the Federal Circuit affirmed.

The Federal Circuit began its functionality analysis by pointing out that it has traditionally used the following four factors

(known as the “Morton-Norwich factors”) to determine whether a product design is functional: “(1) the existence of a utility patent disclosing the utilitarian advantages of the design; (2) advertising materials in which the originator of the design touts the design’s utilitarian advantages; (3) the availability to competitors of functionally equivalent designs; and (4) facts indicating that the design results in a comparatively simple or cheap method of manufacturing the product.”<sup>62</sup> The court then stated that it “must determine whether the Supreme Court’s recent decision in *TrafFix Devices, Inc. v. Marketing Displays, Inc.*,<sup>63</sup> altered the Morton-Norwich factors.”<sup>64</sup> Remarkably, the court concluded it did not:

We do not understand the Supreme Court’s decision in *TrafFix* to have altered the Morton-Norwich analysis. As noted above, the Morton-Norwich factors aid in the determination of whether a particular feature is functional, and the third factor focuses on the availability of “other alternatives.” We did not in the past under the third factor require that the opposing party establish that there was a “competitive necessity” for the product feature. Nothing in *TrafFix* suggests that consideration of alternative designs is not properly part of the overall mix, and we do not read the Court’s observations in *TrafFix* as rendering the availability of alternative designs irrelevant. Rather, we conclude that the Court merely noted that once a product feature is found functional based on other considerations there is no need to consider the availability of alternative designs, because the feature cannot be given trade dress protection merely because there are alternative designs available. But that does not mean that the availability of alternative designs cannot be a legitimate source of evidence to determine whether a feature is functional in the first place.<sup>65</sup> The Federal Circuit then essentially resorted to its pre-*TrafFix* functionality analysis, indicating that “the preservation of competition” is not only an important \*257 policy underlying the functionality doctrine, but that the “effect upon competition ‘is really the crux’ of the functionality inquiry.”<sup>66</sup>

Although the Federal Circuit concluded that the Morton-Norwich factors survived *TrafFix*, this did not save the design in this case. The court held that Valu’s conveyor guide rail designs provided utilitarian advantages in a particular, competitively significant application (namely, use in wet areas of bottling and canning plants). Further, Valu filed an abandoned patent application touting certain utilitarian advantages. Thus, the TTAB’s findings on functionality were supported by substantial evidence.

#### **d. Yurman Design, Inc. v. PAJ, Inc.<sup>67</sup>**

This case also highlights the difficulty in establishing protectable trade dress rights in product designs following *Wal-Mart* and *TrafFix*.

The case involved two jewelry manufacturers specializing in twisted cable jewelry. The plaintiff claimed that the defendant copied a line of costume jewelry from plaintiff, and sued for copyright and trade dress infringement. The jury found for plaintiff on all claims.<sup>68</sup>

Although the Second Circuit affirmed the judgment against defendant based on the copyright claims, it reversed the trade dress claims.<sup>69</sup> The court devoted several pages of its opinion to emphasize the difficult hurdles a plaintiff must overcome to establish trade dress rights in product designs. “We exercise particular caution, when extending protection to product designs.”<sup>70</sup> “While most trademarks only create a monopoly in a word, a phrase, or a symbol, granting trade dress protection to an ordinary product design would create a monopoly in the goods themselves.”<sup>71</sup> Citing the Supreme Court’s *Wal-Mart* decision, the court emphasized that a plaintiff asserting rights in a product design must make the “difficult showing” of secondary meaning, explaining that “[t]his check on monopoly rights . . . is particularly important in cases of product design” to avoid undermining copyright and patent law and impinging on expression of ideas.<sup>72</sup> Similarly, the court cited the Supreme Court’s *TrafFix* decision for its definitions of both utilitarian and aesthetic functionality,<sup>73</sup> and emphasized that these tests are \*258 “even more critical” in product design cases than in packaging cases “because a monopoly right in the design of the product itself is more likely to preclude competition.”<sup>74</sup> Finally, the court noted that concern for protecting competition is “particularly acute” where the plaintiff seeks trade dress protection for an entire product line.<sup>75</sup>

Following this discussion, the court rejected the plaintiff’s trade dress claim in its line of twisted cable jewelry because it failed to articulate the design elements that compose the trade dress.<sup>76</sup> “In sum, we hold that a plaintiff asserting that a trade dress protects an entire line of different products must articulate the specific common elements sought to be protected.”<sup>77</sup>

#### **e. Nora Beverages, Inc. v. Perrier Group of America, Inc.<sup>78</sup>**

Another trade dress claim bit the dust in this case, this one involving product packaging.

In this case, the plaintiff sold bottled spring water under the brand name NAYA, and claimed trade dress rights in its 1.5 liter clear, ribbed plastic bottles.<sup>79</sup> When the defendant introduced an identically sized and similarly shaped bottle, plaintiff sued for trade dress infringement and other claims.<sup>80</sup>

The Second Circuit rejected plaintiff's claims, affirming the district court's summary judgment that plaintiff's trade dress lacked distinctiveness and that confusion was unlikely.<sup>81</sup> Regarding distinctiveness, the court (agreeing with the lower court's findings) found that plaintiff's bottle was generic "because it was used, with minor variations, throughout the entire market of similar products."<sup>82</sup> Further, the court found confusion unlikely based on the defendant's prominent use of its own labels, the weakness of the plaintiff's mark (particularly in view of plaintiff's sales of its bottles to third parties), de minimis evidence of actual confusion, and lack of evidence of bad faith.<sup>83</sup>

Although the district court did not base its summary judgment on functionality, the Supreme Court's *TraFFix* decision reared its ugly head in a \*259 lengthy footnote in the Second Circuit's decision.<sup>84</sup> The Second Circuit commented that the district court might have found for defendant on functionality grounds "in light of the Supreme Court's recent rulings which curtail trade dress protection by expanding the functionality doctrine."<sup>85</sup> The court noted that plaintiff's ribbed, cylindrical design bottle design creating a waist is "useful" (and thus functional) because it assists in gripping the bottle snugly and securely, and that plaintiff's alleged expenditure of great resources researching the bottle design "is unavailing as to a functionality argument."<sup>86</sup>

#### **f. Herman Miller, Inc. v. Palazetti Imports and Exports, Inc.**<sup>87</sup>

Although product design trade dress claims may be on life support, this case shows they're not totally dead yet.

This case involves the famous Eames lounge chair and ottoman, designed in 1956 by Charles Eames for the plaintiff, Herman Miller.<sup>88</sup> Among numerous distinctions, this chair and ottoman have been featured in various media, including, the Today Show and Encyclopedia Americana, and are on permanent exhibit at several museums.<sup>89</sup> They have been the subject of several honors, including winning the grand prize at the Milan Triennial,<sup>90</sup> being declared among the "One Hundred Greatest Products of All Time" by a designer group, and being listed as one of 16 distinctive corporate shapes in the Journal of Business & Design.<sup>91</sup>

With success comes imitation. For over 30 years, there has been a market for "knockoffs" of the Eames chair and ottoman manufactured and sold by numerous other companies.<sup>92</sup> Although Herman Miller had often written to these companies over the years demanding that they not use Eames as a trademark to market these reproductions, it had never prior to this case requested that they cease production or marketing of the products themselves. Based on this history, the district court dismissed Herman Miller's claim of trade dress rights in the furniture design on summary judgment, holding there was no evidence "that the general public attributes the lounge chair and ottoman to Herman Miller."<sup>93</sup>

\*260 The Sixth Circuit reversed, holding that there was a genuine issue of material fact as to whether Herman Miller's trade dress in the Eames chair and ottoman had acquired secondary meaning.<sup>94</sup> The court pointed to various evidence supporting secondary meaning submitted by Herman Miller, including affidavits from design experts, authors, historians, and employees; unsolicited media coverage; use since 1956; sales of over 100,000 lounge chairs and ottomans; and intentional copying by the defendant.<sup>95</sup> Although Herman Miller did not present any consumer surveys, "their absence is not fatal, at least on summary judgment."<sup>96</sup>

Although the Sixth Circuit revived Herman Miller's trade dress claims, it instructed the district court to consider on summary judgment defendant's argument that Herman Miller abandoned whatever trade dress rights it may have had in the Eames lounge chair and ottoman by failing to prosecute infringers.<sup>97</sup> "Although it appears unlikely that failure to prosecute, by itself, can establish that trade dress has been abandoned, it is possible that in extreme circumstances, failure to prosecute may cause trade dress rights to be extinguished by causing a mark to lose its significance as an indication of source."<sup>98</sup>

The Sixth Circuit also affirmed the district court's holding that Herman Miller was barred by laches from recovering damages for past infringement, but that the delay did not estop Herman Miller from future injunctive relief or post-suit monetary relief.<sup>99</sup> Herman Miller knew or should have known that defendant was reproducing the Eames lounge chair and ottoman



more than four years prior to filing suit.<sup>100</sup> This exceeded the analogous statute of limitations, and Herman Miller offered no evidence indicating that defendant was not prejudiced by the delay.<sup>101</sup>

## **B. Dilution**

### **1. No Dilution Protection for Non-Inherently Distinctive Marks? TCPIP Holding Co. v. Haar Communications, Inc.**<sup>102</sup>

In a highly controversial decision, the Second Circuit established a bright line rule that descriptive (i.e., non-inherently distinctive) marks do not qualify for **§ 261** protection under the Federal Trademark Dilution Act (“FTDA”) no matter how much acquired distinctiveness they have achieved.

The plaintiff operates a chain of children’s clothing stores under the federally-registered mark THE CHILDREN’S PLACE. Defendants decided to create a portal on the Internet to facilitate children surfing the web and provide links to child-related products, services and information. Defendants registered the domain name “thechildrensplace.com,” and after receiving a cease and desist letter from plaintiff, registered approximately 80 more domain names that included the words “children(s)” or “child(s)” and “place(s).” Defendants offered to sell some of these domain names to plaintiff for several hundred thousand dollars, and plaintiff sued. The district court preliminarily enjoined defendants from using all 81 domain names on both dilution and infringement grounds, and defendants appealed.<sup>103</sup>

Although the Second Circuit affirmed the preliminary injunction with regard to some of defendants’ domain names on the ground of likelihood of confusion,<sup>104</sup> it vacated the district court’s ruling to the extent it was based on the FTDA.<sup>105</sup> The court drew a bright line rule that descriptive marks lacking inherent distinctiveness “cannot qualify for the protection of the Dilution Act.”<sup>106</sup> The court reasoned that given the “policies that strongly disfavor marks lacking inherent distinctiveness, according them only narrow protection, we think it highly unlikely that Congress intended to extend to such marks the expanded rights conferred by the Dilution Act.”<sup>107</sup> The court acknowledged that the FTDA directs courts to consider “the degree of inherent or acquired distinctiveness” in determining whether a mark is distinctive and famous.<sup>108</sup> However, according to the court, “[t]he mention of each as a relevant factor neither states nor implies that they should be deemed equivalent.”<sup>109</sup> Further, requiring “inherent distinctiveness” does not render the reference to “acquired distinctiveness” superfluous, “[b]ecause a high ‘degree of . . . acquired distinctiveness’ is crucial to a finding of fame. . . .”<sup>110</sup> Thus, according to the court, a mark must be both inherently distinctive (to meet the statutory requirement of distinctiveness) and have acquired distinctiveness (to meet the statutory requirement of fame) to qualify for protection under the FTDA.<sup>111</sup>

Is the Second Circuit right? I’m sure the owners of famous but non-inherently distinctive marks (such as McDONALD’S, DELL, and THE UNIVERSITY OF **§ 262** TEXAS)<sup>112</sup> hope not. In this author’s view, the Second Circuit is clearly wrong under the plain meaning of the statute. The FTDA unambiguously states that “acquired distinctiveness” is one factor the court may consider in determining whether a mark qualifies for protection, which necessarily means that descriptive marks can potentially qualify. The Second Circuit argued that if the statute’s requirement of distinctiveness could be satisfied by “acquired distinctiveness,” the reference to “inherent distinctiveness” would become “superfluous” because:

By definition, every mark that is famous, in the sense intended by the Act, has a high degree of acquired distinctiveness. Thus, no mark can qualify for the Act’s protection without acquired distinctiveness. If that acquired distinctiveness satisfies not only the fame requirement, but also the distinctiveness requirement, then there will never be a case when a court needs to consider whether the mark has inherent distinctiveness. The statute’s invitation to courts to consider the mark’s degree of inherent distinctiveness would serve no function.

We therefore understand Clause (A) of § 1125(c)(1) to invite two inquiries: (1) Has the plaintiff’s mark achieved a sufficient degree of consumer recognition (“acquired distinctiveness”) to satisfy the Act’s requirement of fame? (2) Does the mark possess a sufficient degree of “inherent distinctiveness” to satisfy the Act’s requirement of “distinctive quality.”<sup>113</sup> This is where the court went astray--improperly equating the concept of “acquired distinctiveness” with “consumer recognition.” By doing so, it rendered superfluous another factor explicitly listed in the FTDA, “the degree of recognition of the mark in the trading areas and channels of trade used by the mark’s owner and the person against whom the injunction is sought.”<sup>114</sup> The term “degree of . . . acquired distinctiveness” must mean something different than “degree of recognition” or factor (F) is rendered meaningless. The term “acquired distinctiveness” in the FTDA should be given its ordinary meaning in trademark law: secondary meaning acquired by a non-inherently distinctive mark.<sup>115</sup>

The Second Circuit was rightfully concerned about giving one company exclusive rights in descriptive, commonly used marks such as “American,” “National,” “United,” etc.<sup>116</sup> But that concern doesn’t justify throwing the baby out with the bathwater. The FTDA accommodates this concern in two ways. First, it lists as another factor for determining distinctiveness and fame “the nature and extent of use of the same or similar marks by third parties.”<sup>117</sup> Further, even if a \*263 plaintiff proves that its mark is sufficiently “distinctive and famous” to qualify for protection under the FTDA, the plaintiff must still prove that the defendant’s use “causes dilution of the distinctive quality of the famous mark.”<sup>118</sup> Owners of marks that are widely used by others in different fields may have difficulty proving this requirement. On the other hand, descriptive marks with a high degree of acquired distinctiveness should at least potentially qualify for dilution protection in appropriate cases. Thus, in this author’s humble view, the Second Circuit missed the mark on this one.

## **2. Sixth Circuit Adopts the “Likelihood of Dilution” Standard: V Secret Catalogue, Inc. v. Moseley<sup>119</sup>**

Although dilution can theoretically occur even when there is no likelihood of confusion, it is rare for a court to actually decide a case that way. This is one of those rare cases.

Plaintiff operates the famous “Victoria’s Secret” catalog and stores featuring women’s lingerie. The defendants, Victor and Cathy Moseley, opened a store named “Victor’s Secret” (later renamed “Victor’s Little Secret”) selling men’s and women’s lingerie, adult videos, sex toys, and adult novelties. The district court granted summary judgment that there was no likelihood of confusion, but held that defendants’ mark blurred and tarnished plaintiff’s mark under the FTDA.<sup>120</sup> The Sixth Circuit affirmed, stating:

[T]his is a case that highlights the distinction between an infringement and a dilution claim. While no consumer is likely to go to the Moseleys’ store expecting to find Victoria’s Secret’s famed Miracle Bra, consumers who hear the name “Victor’s Little Secret” are likely automatically to think of the more famous store and link it to the Moseleys’ adult-toy, gag gift, and lingerie shop. This, then, is a classic instance of dilution by tarnishing (associating the Victoria’s Secret name with sex toys and lewd coffee mugs) and by blurring (linking the chain with a single, unauthorized establishment).<sup>121</sup> Quoting extensively from the Second Circuit’s Nabisco decision,<sup>122</sup> the Sixth Circuit held that an FTDA claimant must prove that its mark is “distinctive” as well as being “famous.”<sup>123</sup> Although the court’s decision is not entirely clear on what a party must prove to establish that its mark is “distinctive,” it seemed to suggest that only “arbitrary” or “fanciful” marks would qualify.<sup>124</sup> If so, this decision is even \*264 more extreme (and wrong, in this author’s view) than the Second Circuit’s TCPIP decision discussed above.

The Sixth Circuit also discussed the intercourt debate regarding the proper standard for dilution under the FTDA, again endorsing the Second Circuit’s Nabisco decision that a plaintiff need only show likely dilution, not actual dilution.<sup>125</sup> The court relied heavily on a passage in the FTDA’s legislative history stating “dilution is an infection, which if allowed to spread, will inevitably destroy the advertising value of the mark,”<sup>126</sup> concluding that this passage “evinces an intent to allow a remedy before dilution has actually caused economic harm to the senior mark.”<sup>127</sup>

## **C. Cybersquatting**

### **1. Parody Defense Fails: People for the Ethical Treatment of Animals v. Doughney<sup>128</sup>**

People who use domain names incorporating others’ marks to parody trademark owners are playing with fire, as the defendant in this case discovered.

People for the Ethical Treatment of Animals (“PETA”) is an animal rights organization dedicated to promoting animal protection and opposing the exploitation of animals for food, clothing, entertainment and vivisection.<sup>129</sup> The defendant registered the domain name “peta.org” in 1995, and created a website called “People Eating Tasty Animals” serving as a “resource for those who enjoy eating meat, wearing fur and leather, hunting, and the fruits of scientific research,” and containing links to various meat, fur, leather, hunting, animal research, and similar organizations.<sup>130</sup> The district court granted PETA’s motion for summary judgment but denied its motion for attorney fees,<sup>131</sup> and both parties appealed.<sup>132</sup> The Fourth

Circuit affirmed.<sup>133</sup>

The appellate court first rejected defendant's argument that he was not using the *peta.org* domain name in connection with goods or services.<sup>134</sup> First, the court found defendant's use of PETA's mark in the domain name of his website is likely \*265 to prevent Internet users from reaching PETA's own website and thus accessing PETA's services.<sup>135</sup> Moreover, defendant's website linked to more than 30 commercial operations offering goods and services, and thus the court concluded his use was "in connection with" the sale of goods and services.<sup>136</sup>

The Fourth Circuit also rejected defendant's argument that his domain name and website must be viewed together, and that they do not create a likelihood of confusion because they parody PETA.<sup>137</sup> "A parody must 'convey two simultaneous--and contradictory--messages: that it is the original, but also that it is not the original. . . .'"<sup>138</sup> Although the domain name *peta.org* conveyed the first message that it is related to PETA, it did not convey the second, contradictory message that it is a parody of PETA.<sup>139</sup> Although defendant's website made it clear that it was not related to PETA, this second message was not conveyed simultaneously with the first message (i.e., the domain name) as required to be considered a parody.<sup>140</sup> "The domain name conveys the first message; the second message is conveyed only when the viewer reads the content of the website."<sup>141</sup>

The Fourth Circuit also affirmed the district court's conclusion that defendant violated the Anticybersquatting Consumer Protection Act (ACPA),<sup>142</sup> rejecting his arguments that he did not seek to financially profit from registering the *peta.org* domain name and did not act in bad faith.<sup>143</sup> The court relied heavily on defendant's statements to the press and on his website that PETA should attempt to "settle" with him and "make him an offer."<sup>144</sup> Further, the court found that several of the ACPA factors suggested bad faith, including the fact that defendant made false statements when registering the domain name and registered other domain names identical or similar to other famous marks or names.<sup>145</sup> Although the district court found that defendant "thought he had a legitimate First Amendment right to express himself this way . . . to create a parody of the plaintiff's organization," that did not shield him under the ACPA's safe harbor provision because the court did not find \*266 he had reasonable grounds to believe his use of PETA's mark was lawful, only that he thought it to be lawful.<sup>146</sup>

Finally, the Fourth Circuit affirmed the denial of an attorney fee award. The court rejected PETA's argument that such a holding is inconsistent with the district court's bad faith finding under the ACPA.<sup>147</sup> A bad faith finding under the ACPA does not compel a finding of malicious, fraudulent, willful, or deliberate behavior under 15 U.S.C. § 1117.<sup>148</sup> The district court acted within its discretion when it found that defendant did not act with the level of willful behavior necessary for an award of attorney fees.<sup>149</sup>

## **2. Summary Judgment of Bad Faith: Virtual Works, Inc. v. Volkswagen of America, Inc.**<sup>150</sup>

In this case, another cybersquatter bit the dust. The decision is particularly significant in that the court found the domain name holder guilty of bad faith under the ACPA on summary judgment, even though the issue was contested and the domain name (*vw.net*) was an acronym of the registrant's company name.

Virtual Works operated an ISP business. The evidence showed that when Virtual Works registered the domain name *vw.net*, they were aware that some Internet users might think it was affiliated with Volkswagen, and they would be willing to sell it to Volkswagen "for a lot of money."<sup>151</sup> After using the domain name for about two years and receiving inquiries from various Volkswagen dealerships about purchasing the domain name, Virtual Works called Volkswagen's trademark department and threatened to sell the domain name to the highest bidder unless Volkswagen bought the rights to it within 24 hours.<sup>152</sup> Volkswagen responded by invoking NSI's then-existing dispute resolution procedure, whereupon Virtual Works filed a declaratory judgment action. Volkswagen counterclaimed for trademark infringement, dilution, and cybersquatting.

The Fourth Circuit had no trouble ruling in Volkswagen's favor on these facts, affirming the district court's holding that Virtual Works had violated the ACPA. Although the court was "mindful that the instant case comes to us on summary judgment and involves a contested determination of Virtual Works' intent," it held that the evidence established bad faith.<sup>153</sup> The fact that one of Virtual Works' \*267 purposes in selecting *vw.net* was legitimate (i.e., it was the company's own initials) did not save them. The court found that Virtual Works had a "dual purpose" in selecting the domain name, the other being "to profit from the natural association of *vw.net* with the VW mark."<sup>154</sup> Although "[i]t is true that a mere offer to sell a domain name is not itself evidence of unlawful trafficking" and "[t]he ACPA was not enacted to put an end to the sale of domain names," the court found that Virtual Works' actions here involved "more than a plain vanilla offer to sell a domain name."<sup>155</sup> The court rejected Virtual Works' argument that it qualified for the ACPA's "safe harbor" provision (which states that bad

faith intent “shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful”<sup>156</sup>), stating:

The openly admitted hope of profiting from consumer confusion of vw.net with the VW mark disqualifies Virtual Works from the ACPA’s safe harbor. A defendant who acts even partially in bad faith in registering a domain name is not, as a matter of law, entitled to benefit from the ACPA’s safe harbor provision.<sup>157</sup>

### 3. “Typosquatting”: Shields v. Zuccarini<sup>158</sup>

In this case, the Third Circuit condemned the practice of “typosquatting.”

The plaintiff Joseph Shields is the creator of the popular Joe Cartoon cartoons and merchandise, and operates a website at joecartoon.com. The defendant, John Zuccarini, a self-proclaimed “wholesaler” of domain names, registered various misspellings of the joecartoon.com domain name, such as joescartoon.com, joecarton.com, etc., and posted websites featuring ads at these domain names. Immediately after Shields filed suit, Zuccarini changed the content on the sites to so-called “political protests” pages criticizing joecartoon.com, ICANN’s UDRP, and the ACPA.

The court was not amused. The Third Circuit affirmed an injunction transferring the domain names to Shields, and an award of \$10,000 per infringing domain name and attorney fees of almost \$40,000.<sup>159</sup> The court rejected Zuccarini’s argument that “typosquatting” (i.e., registering intentional misspellings of marks as domain names) is not actionable under the ACPA, citing the plain language of the statute covering domain names that are “confusingly similar” to distinctive or famous marks.<sup>160</sup> The court further noted that the legislative history specifically \*268 contemplates prohibiting trademark misspellings because they cause Internet users who make a slight spelling or typographical error to reach an unintended site.<sup>161</sup> Thus, “Zuccarini’s conduct here is a classic example of a specific practice the ACPA was designed to prohibit.”<sup>162</sup>

The Third Circuit also rejected Zuccarini’s argument that his sites were protected by the First Amendment, finding that his claim of good faith fair use was a “spurious explanation cooked up purely for this suit.”<sup>163</sup> Noting that Zuccarini used the websites purely for commercial purposes until the case was filed, the court ruled that he could not absolve himself of liability by his after-the-fact switch to “political protests.”<sup>164</sup>

Finally, the Third Circuit affirmed the award of statutory damages and attorney fees. Although Zuccarini registered the domain names prior to enactment of the ACPA, the court held that his continued use of the domain names thereafter “subjects him to the statute’s proscriptions and remedies.”<sup>165</sup> The court also rejected Zuccarini’s argument that the statutory damages award was punitive in nature because he only used the sites for 60 days after passage of the ACPA, stating, “There is nothing in the statute that requires that the court consider the duration of infringement when calculating statutory damages.”<sup>166</sup>

### 4. Jurisdiction Over Uniform Dispute Resolution Policy Decisions: Sallen v. Corinthians Licenciamentos LTDA<sup>167</sup>

This case confirms that federal courts have jurisdiction under the ACPA to adjudicate disputes over Uniform Dispute Resolution Policy (UDRP) decisions.

The plaintiff (“Sallen”) was a U.S. resident who registered the domain name corinthians.com with NSI.<sup>168</sup> About a year later, Sallen sent an e-mail to defendant (“CL”), who operates the popular Brazilian soccer team named Corinthians, saying that he had been contacted by several people in Brazil regarding the purchase of the corinthians.com domain name and that it occurred to him that it was in CL’s interest to own it.<sup>169</sup> CL responded by sending Sallen a cease and desist letter.<sup>170</sup> At some point, Sallen posted Biblical material on the corinthians.com website, \*269 although the parties dispute whether this occurred before or after he received CL’s letter.<sup>171</sup>

CL then filed a UDRP complaint with the World Intellectual Property Organization (WIPO), who ruled in favor of CL and ordered that the domain name be transferred.<sup>172</sup> Sallen responded by filing a complaint in the United States District Court for the District of Massachusetts, seeking declaratory relief under 15 U.S.C. § 1114(2)(D)(v)<sup>173</sup> and 28 U.S.C. § 2201 that his registration and use of the domain name was not unlawful under the ACPA and that he was not required to transfer the

domain name to CL.<sup>174</sup> The district court dismissed Sallen's complaint for lack of subject matter jurisdiction, based on CL's representation that it had no intent to sue Sallen under the ACPA.<sup>175</sup>

The First Circuit reversed, holding that Sallen's complaint was explicitly authorized under Section 1114(2)(D)(v).<sup>176</sup> The court rejected CL's argument that no "case or controversy" merely because it disclaimed any intent to sue Sallen under the ACPA. The court held that "there is indeed a controversy between Sallen and CL," that is, a controversy over rights to the domain name corinthians.com.<sup>177</sup> Regardless of any apprehension of suit under the ACPA, "Section 1114(2)(D)(v) provides a registrant who has lost a domain name under the UDRP with a cause of action for an injunction returning the domain name if the registrant can show that she is in compliance with the ACPA."<sup>178</sup>

Subsection (D)(v) is best understood as creating a protection for registrants to counteract abusive behavior by trademark holders. And this abusive behavior is best understood to include administrative dispute resolution proceedings under the UDRP where those proceedings are intended . . . to strip a domain name from a registrant who has lawfully registered and used that domain name.<sup>179</sup> \*270 The First Circuit remanded the case to the district court to determine whether Sallen's registration and use of the corinthians.com was in compliance with the ACPA.<sup>180</sup>

## D. Use Issues

### 1. Use "As a Mark": *MicroStrategy, Inc. v. Motorola, Inc.*<sup>181</sup>

This case addresses the standards for determining when a term is used "as a mark."

MicroStrategy, a communications software producer, alleged that it adopted the term "Intelligence Everywhere" in 1998 as a company "mission" statement, as well as a trademark for one of its software products. When Motorola adopted the same term in late 2000 as a new global brand for its products, MicroStrategy sued and sought a preliminary injunction.<sup>182</sup>

Affirming the denial of the preliminary injunction, the Fourth Circuit held that MicroStrategy had failed to show that it used the phrase "Intelligence Everywhere" as a mark to identify the source of its products. The court noted that in the 24 documents comprising 252 pages submitted by MicroStrategy, it did not use the term "Intelligence Everywhere" consistently or prominently.<sup>183</sup> Each document typically referred to "Intelligence Everywhere" only once, and that reference followed no particular design or sequence, and most often appeared in the midst of text.<sup>184</sup> MicroStrategy did not use any constant pattern or design to highlight "Intelligence Everywhere."<sup>185</sup> The court concluded that this "limited, sporadic, and inconsistent use" was insufficient to establish trademark use of the phrase "Intelligence Everywhere."<sup>186</sup>

Several passages in the court's decision are instructive on establishing trademark use. The court started with the following principles:

[I]n order to obtain trademark protection "a designation must be proven to perform the job of identification: to identify one source and distinguish it from other sources." "Not every single word [or] phrase . . . that appears on a label or in an advertisement qualifies as a protectable mark." If a purported mark fails to identify its source, it is not protectable. . . . "[A] plaintiff must show that it has actually used the designation at issue as a trademark; \*271 thus, the designation or phrase must be used to perform[ ] the trademark function of identifying the source of the merchandise to the customers."<sup>187</sup> The court then emphasized that a mark should be used prominently, not buried in text:

Use of a trademark to identify goods and services and distinguish them from those of others "does not contemplate that the public will be required or expected to browse through a group of words, or scan an entire page in order to decide that a particular word, separated from its context, may or may not be intended, or may or may not serve to identify the product." . . . A trademark need not be "particularly large in size or . . . appear in any particular position on the goods, but it must be used in such a manner that its nature and function are readily apparent and recognizable without extended analysis or research and certainly without legal opinion." . . . "[A] designation is not likely to be perceived as a mark of origin unless it is repetitively used, as opposed to only an occasional or isolated use."<sup>188</sup> Addressing MicroStrategy's use of the term as a mission statement, the court stated:

Although in the proper context, a mission statement, like a slogan, can serve as a trademark, a company mission statement or slogan is certainly not by definition a trademark. Rather, mission statements, like "[s]logans often appear in such a context

that they do not identify and distinguish the source of goods or services. In such cases, they are neither protectable nor registrable as trademarks.<sup>189</sup> Judge Niemeyer dissented, arguing that the balance of harms tipped decidedly in MicroStrategy's favor, and that MicroStrategy's chances of prevailing at trial were "quite good."<sup>190</sup> Although he acknowledged that MicroStrategy had not consistently used the "Intelligence Everywhere" mark in all of its corporate documents, "the record certainly does reflect that MicroStrategy has used the mark consistently as a trademark with respect to its 'Broadcaster' software."<sup>191</sup> Further, Motorola's widespread use of the identical mark in a complementary product market would "effectively and permanently destroy" MicroStrategy's mark.<sup>192</sup>

## **\*272 2. "Use in Commerce"**

### **a. Chance v. Pac-Tel Teletrac, Inc.**<sup>193</sup>

This was a priority battle addressing what activities qualify as "use in commerce" under the Lanham Act.

Plaintiff operated (or at least intended to operate) a "lost and found" service under the mark TELETRAK in which customers could attach tags with unique serial numbers to their belongings, and finders of lost tagged items could call a toll-free number to report them. Defendants, on the other hand, operated a radio frequency-based system under the mark TELETRAC for tracking fleet vehicles and recovering lost or stolen vehicles. Although plaintiff mailed out postcards to 35,000 locksmiths in October 1989, generating 128 responses (but no sales) to its toll-free number, the Ninth Circuit held that this mailing could not be considered a first use because plaintiff failed to submit evidence showing that it genuinely continued to exploit the mark thereafter.<sup>194</sup> Although plaintiff purportedly delivered tags to two of his personal friends in 1990, he did not have the requisite equipment or capital to operate the business until at least February 1991.<sup>195</sup>

The court found that defendants had significant activities even prior to plaintiff's postcard mailing, using the mark on a continuous basis as early as the summer of 1989.<sup>196</sup> In July 1989, defendants began a comprehensive public relations campaign to market their new service, including distributing press releases and giving interviews to the media, and made presentations to prospective customers.<sup>197</sup> In April 1990, a customer began using defendants' service on a non-test basis, although it did not begin paying for the service until December 1990 when the service was publicly launched.<sup>198</sup> Defendants also developed customers and signed agreements with at least 24 fleet operators from mid-1990 onward.<sup>199</sup> The court found these activities sufficient to demonstrate priority.<sup>200</sup>

Holding that the same "totality of the circumstances" test for priority should be applied regardless of whether the case involves a trademark or service mark,<sup>201</sup> the court offered the following guidance for applying this test:

**\*273** [W]e hold that the totality of the circumstances must be employed to determine whether a service mark has been adequately used in commerce so as to gain the protection of the Lanham Act. In applying this approach, the district courts should be guided in their consideration of non-sales activities by factors . . . such as the genuineness and commercial character of the activity, the determination of whether the mark was sufficiently public to identify or distinguish the marked service in an appropriate segment of the public mind as those of the holder of the mark, the scope of the non-sales activity relative to what would be a commercially reasonable attempt to market the service, the degree of ongoing activity of the holder to conduct the business using the mark, the amount of business transacted, and other similar factors which might distinguish whether a service has actually been "rendered in commerce" .<sup>202</sup>

### **b. Planetary Motion, Inc. v. Techsplosion, Inc.**<sup>203</sup>

A similar priority battle occurred in this case between two Internet e-mail services over superior rights in the mark COOLMAIL. Although the defendants launched their service under the COOLMAIL mark about a week before the plaintiff filed its ITU application, plaintiff obtained the upper hand during the course of the litigation by acquiring prior common law rights from an individual (Darrah) who developed e-mail-related software under the mark COOLMAIL.<sup>204</sup> The district court entered summary judgment permanently enjoining the defendants from using the COOLMAIL mark and awarding attorney fees in plaintiff's favor.<sup>205</sup> The Eleventh Circuit affirmed the injunction, but vacated the attorney fee award.<sup>206</sup>

On appeal, the defendants argued that Darrah's prior use of the mark COOLMAIL was insufficient to create trademark rights because he distributed the software free over the Internet.<sup>207</sup> The court rejected this argument, stating "the existence of sales or lack thereof does not by itself determine whether a user of a mark has established ownership rights therein."<sup>208</sup> Darrah's distribution of his software was widespread to numerous Internet e-mail users, the mark COOLMAIL served to identify the source of the software, and software is commonly distributed over the Internet without charge.<sup>209</sup> Although Darrah may not have had an immediate profit-motive, his activities bore sufficient elements of competition to acquire trademark rights.<sup>210</sup> The court concluded that Darrah's use of the mark in connection with the software constituted "significant and substantial public \*274 exposure of a mark sufficient to have created an association in the mind of [the] public."<sup>211</sup>

The Eleventh Circuit also rejected the defendants' argument that the district court erred in analyzing likelihood of confusion based on the parties' current use (e-mail service), instead of limiting the scope of the plaintiff's protection to Darrah's initial use (software).<sup>212</sup> Under the "natural expansion" doctrine, a senior user's rights are limited to goods on which the mark has already been used when the junior user intervenes or that lie within the realm of natural expansion, i.e., related goods.<sup>213</sup> The Eleventh Circuit found that e-mail notification software and an Internet e-mail service were sufficiently related that consumers could attribute such a product and service under the same name to the same source.<sup>214</sup>

Although the Eleventh Circuit affirmed the injunction against the defendants,<sup>215</sup> it vacated the attorney fee award as an abuse of discretion since the district court failed to articulate a basis for the award. Also, there was nothing in the record to support a finding of "malicious, fraudulent, deliberate, or willful" conduct on the part of the defendants.<sup>216</sup>

### 3. Remote Junior Use

#### a. C.P. Interests, Inc. v. California Pools, Inc.<sup>217</sup>

This case addresses standards for qualifying as a remote junior user.

The plaintiff operates a business focusing on pool construction in Houston under the name CALIFORNIA POOLS. Plaintiff claimed rights in the CALIFORNIA POOLS mark through another company and had previously operated a pool service and repair business in Dallas.

The defendant also operates a pool construction business and owns a 1995 federal trademark registration for the mark CALIFORNIA POOLS & SPAS, INC. When defendant attempted to open an office in Houston in 1997, this case ensued. The jury found that plaintiff owned superior rights in the CALIFORNIA POOLS mark as a good faith junior user, and the district court enjoined defendant from using the mark within a 100-mile radius of Houston.<sup>218</sup>

\*275 On appeal, defendant attacked certain portions of the jury instructions relating to plaintiff's claim of remote junior use. Regarding "good faith adoption," the court instructed the jury that "mere knowledge of defendant's use of the mark does not defeat good faith, though it is a factor you may consider if you find that plaintiff had knowledge at the time of its use."<sup>219</sup> Acknowledging that its view is in the minority, the Fifth Circuit ruled that knowledge of the senior party's use does not necessarily defeat a claim of good faith adoption, but rather is merely one factor in the good faith inquiry.<sup>220</sup> Thus, the jury instruction was upheld.

Defendant also objected to the jury instructions regarding "tacking on" because they asked whether plaintiff's predecessor's business (i.e., the Dallas pool service and repair business) was "substantially related" to plaintiff's business (pool construction in Houston)--defendant argued that the proper inquiry would have been whether the businesses were "substantially identical."<sup>221</sup> Although the Fifth Circuit agreed that the dominant terminology in the case law is "substantially identical," and that defendant's arguments about the differences between the pool services and pool construction industries "may have common-sense appeal," the court was not convinced that the error in the instructions was outcome-altering.<sup>222</sup>

#### b. National Association for Healthcare Communications, Inc. v. Central Arkansas Area Agency on Aging, Inc.<sup>223</sup>

The Eighth Circuit explored the proper geographic scope of a remote junior user's exclusive rights in this case.

Both parties used the mark "CareLink" for medical-related services. Plaintiff, the senior user, began using the mark in early

1992, and owned a pending federal application to register the mark. Defendant adopted the same mark (without knowledge of plaintiff's prior use) in early 1995 in a six-county region in central Arkansas, and registered the mark in Arkansas. Although plaintiff had attempted to market its services in Arkansas prior to defendant's first use, it made only one sale there prior to that time. After defendant's first use, plaintiff succeeded in obtaining several hundred Arkansas customers, though none in defendant's six-county area. Both parties claimed superior rights throughout the state.

Although the district court granted an injunction in defendant's favor covering the entire state of Arkansas, the Eighth Circuit narrowed it to cover only \*276 defendant's six-county area.<sup>224</sup> The court rejected plaintiff's argument that it had penetrated the Arkansas market prior to defendant's first use, noting that there was no proof that the entire State of Arkansas was a single geographic market.<sup>225</sup> Defendant's trade area was only a six-county region in central Arkansas, not the entire state, and plaintiff had never penetrated defendant's area.<sup>226</sup>

The court saved for another day the issue of who owned superior rights in the rest of the state. Although an Arkansas registration confers statewide rights, there was no evidence that defendant intended to expand outside its six-county area, and thus neither party was presently entitled to an injunction in those areas.<sup>227</sup> If the defendant did ever decide to expand, the court could decide the issues at that time.<sup>228</sup>

#### **4. Fair Use: Packman v. Chicago Tribune Co.<sup>229</sup>**

On June 14, 1998, the Chicago Bulls won their sixth NBA championship. The following day, the Chicago Tribune ran a front-page feature on the Bulls' accomplishment with the following headline: "The joy of six."<sup>230</sup> As it has done on several other historic occasions, the Tribune also reproduced this front cover on t-shirts, posters, plaques and other memorabilia.<sup>231</sup>

The plaintiff in this case, Diana Packman, owned federal and Illinois registrations for the mark "the joy of six," which she allegedly used for "entertainment services" to promote gatherings and outings to watch basketball and football games.<sup>232</sup> She also printed "the joy of six" on small quantities of hats and t-shirts.<sup>233</sup>

On November 16, 1999 (some 17 months after the Chicago Tribune ran the headline), Ms. Packman filed suit. Although she did not challenge the Tribune's use of the headline "The joy of six" in its newspaper, she objected to the use of it on promotional memorabilia.<sup>234</sup> The district court granted summary judgment to the \*277 Tribune on the grounds that its use of "The joy of six" was a fair use and that consumers were not likely to be confused.<sup>235</sup> The Seventh Circuit affirmed.<sup>236</sup>

Regarding fair use, the court found that the Tribune did not use "The joy of six" as a trademark to identify itself as the source of the newspaper or memorabilia, but rather fairly and in good faith only in its descriptive sense to celebrate the Bulls' sixth championship. The court found that the Tribune prominently displayed its distinctive masthead to identify the source of the products.<sup>237</sup> The court also found that "the joy of six" is a commonly-used phrase to describe the emotions associated with six of anything, and pointed out that several other newspapers around the country used the same headline to describe the Bulls' sixth championship.<sup>238</sup>

The Seventh Circuit also affirmed the holding of no likelihood of confusion, finding (among other things) that Packman's mark was weak because it was a widely used descriptive phrase lacking distinctiveness, that the Tribune's prominent use of its masthead and front page minimized confusion, and that the purported evidence of actual confusion was de minimis.<sup>239</sup>

### **E. Genericness**

#### **1. "Functional" Use of Mark Negates Trademark Rights: America Online, Inc. v. AT&T Corp.<sup>240</sup>**

In this clash of titans, AOL asserted trademark rights in (and infringement of) the terms "You Have Mail," "IM," and "Buddy List." AOL struck out on the first two (summary judgment of genericness), but narrowly survived on the third.

The Fourth Circuit agreed that the phrase "You Have Mail" is generic for informing Internet users that they have electronic mail in their inboxes. The court was impressed by evidence showing that the UNIX operating system has used that phrase since before AOL was even formed.<sup>241</sup> In addition, other companies have used the phrase (or derivatives thereof) to notify subscribers of the arrival of e-mail messages.<sup>242</sup> Further, the court found AOL's own use of "You Have Mail" inconsistent



with its claim that the phrase is a trademark, since AOL only displayed \*278 the phrase when the subscriber in fact has mail in the electronic mailbox.<sup>2243</sup> The court held that “when words are used in a context that suggests only their common meaning, they are generic and may not be appropriated as exclusive property.”<sup>2244</sup>

The court rejected AOL’s argument that its survey evidence created a fact issue sufficient to survive summary judgment. AOL conducted a secondary meaning survey in which they asked respondents whether they had heard or seen the expression “You Have Mail,” and if so, whether they associated that expression with one specific ISP, or more than one.<sup>245</sup> 41% of the respondents associated the phrase with a single ISP, and 37% associated it specifically with AOL.<sup>246</sup> The court was unswayed by this evidence, stating:

But [the fact that a portion of the public associates “You Have Mail” with AOL] does not reveal that the primary significance of the term “You Have Mail” to announce the arrival of new e-mail is not the functional, heartland usage of the phrase. . . . AOL’s evidence may establish what is called “de facto” secondary meaning, but such secondary meaning does not entitle AOL to exclude others from a functional use of the words. Stated otherwise, the repeated use of ordinary words functioning within the heartland of their ordinary meaning, and not distinctively, cannot give AOL a proprietary right over those words, even if an association develops between the words and AOL.<sup>247</sup> Turning to the alleged mark IM, the court found that this was simply an “initialism” for the generic term “instant message.” The court rejected AOL’s claim of trademark rights in light of the use of “IM” to denote “instant message” in books, dictionaries, and glossaries, and in view of AOL’s own employees’ use of “IM” as a noun or verb in lieu of “instant message.”<sup>248</sup>

Why did “BUDDY LIST” meet a different fate? Because AOL owned a federal registration for that mark. Although the Fourth Circuit disagreed with AOL that PTO findings are entitled to “substantial deference,” a registration must be treated as prima facie evidence of the validity of the mark.<sup>249</sup> This prima facie evidence is “sufficient to establish a question of material fact that could not be resolved on summary judgment.”<sup>250</sup> Although AT&T presented extensive evidence of generic use of the phrase “Buddy List”<sup>251</sup> to rebut the presumption of validity conferred by AOL’s registration, such rebuttal evidence “does not eliminate from \*279 the case the evidence itself that gave rise to the presumption.”<sup>252</sup> Quoting from the Committee Note to § 301 of the Federal Rules of Evidence, the court stated, “[a] presumption does not vanish upon the introduction of contradicting evidence. [I]nstead it is merely deemed sufficient evidence of the fact presumed, to be considered by the jury or other finder of fact.”<sup>253</sup> Thus, AOL’s registration, as well as other evidence showing that BUDDY LIST had been treated in a suggestive manner, precluded summary judgment.<sup>254</sup>

## **2. Survey Will Not Save Mark Commonly Used Prior to Plaintiff’s Adoption: Hunt Masters, Inc. v. Landry’s Seafood Restaurant, Inc.**<sup>255</sup>

Is the term “crab house” generic for restaurants that serve crab? Of course, says the Fourth Circuit.

The plaintiff (Hunt) operated a restaurant in Charleston, South Carolina under the name “Charleston Crab House.” The defendant (Landry’s), owner of “The Crab House” chain, opened a restaurant within a few miles of Hunt’s restaurant. Both parties owned federal registrations of their marks in design form, with both disclaiming protection of “crab house” alone.

Affirming the denial of a preliminary injunction, the Fourth Circuit held that “crab house” is generic.<sup>256</sup> Although recognizing that courts should not parse terms in determining whether a mark is generic but rather consider the mark as a whole, this “does not preclude courts from considering the meaning of individual words in determining the meaning of the entire mark.”<sup>257</sup> Since one of the dictionary definitions of “house” is “restaurant,” “crab house” denotes a class of restaurant that serves crab.<sup>258</sup>

The court went on to reject Hunt’s survey evidence.<sup>259</sup> The court held that consumers’ understanding of a term determines genericness only in “a scenario involving a coined word for a product (such as ‘aspirin,’ ‘teflon,’ or ‘thermos’) that is alleged to have become generic through common usage.”<sup>260</sup> However, where the plaintiff did not coin the term at issue and it was commonly used prior to its association with the products at issue, “it is not necessary to determine whether the \*280 term has become generic through common use, rendering [a] customer survey irrelevant.”<sup>261</sup>

### 3. “1-800-Generic” Phone Numbers Can Qualify for Protection: In re Dial-A-Mattress Operating Corp.<sup>262</sup>

Can a company register an alphanumeric telephone number consisting solely of a toll-free area code and a generic term? Apparently so, according to this decision from the Federal Circuit.

Dial-A-Mattress filed an ITU application to register 1-888-MATRESS as a mark for “telephone shop-at-home retail services in the field of mattresses.”<sup>263</sup> The PTO rejected the application on the ground of genericness, finding that the “888” toll-free area code is devoid of source-identifying significance, and that “MATRESS” is legally equivalent to “mattress,” the generic term for the services.<sup>264</sup>

The Federal Circuit reversed. It drew a distinction between marks consisting of a “compound word” made up of generic constituent words (e.g., “Screenwipe”), and marks consisting of a phrase comprised of generic words (e.g., “Society for Reproductive Medicine”). Where the mark is a compound word, the PTO satisfies its burden of proving genericness by showing that each constituent word is generic and “the separate words joined to form a compound have a meaning identical to the meaning common usage would ascribe to those words as a compound.”<sup>265</sup> However, where the mark is a phrase, the PTO “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.’”<sup>266</sup> The court held that a mnemonic formed by the union of a series of numbers and a word “bears closer conceptual resemblance to a phrase than a compound word,” and thus the Gould Paper test does not apply.<sup>267</sup> The PTO does not meet its burden of proving an alphanumeric telephone number generic merely by showing that it is composed of an area code and generic term--it must produce evidence of the meaning the relevant public accords the mark “as a whole.”<sup>268</sup>

\*281 Applying this rule, the court found that the mark was not generic because the PTO failed to submit evidence that the relevant public refers to the class of shop-at-home telephone mattress retailers as “1-888-MATRESS.”<sup>269</sup> Further, although the mark was “merely descriptive” of the services, Dial-A-Mattress owned registrations of other marks (“(212)M-A-T-T-R-E-S” and “1-800-MATTRES, AND LEAVE OFF THE LAST S THAT’S THE S FOR SAVINGS”) which the court found were the legal equivalents of “1-888-MATRESS.”<sup>270</sup> Thus, Dial-A-Mattress was entitled to rely on those registrations as prima facie evidence of acquired distinctiveness.<sup>271</sup>

## F. Monetary Awards

### 1. Attorney Fee Awards: S Industries, Inc. v. Centra 2000, Inc.<sup>272</sup>

In a blistering decision, the Seventh Circuit ripped the plaintiff for filing an oppressive lawsuit and frivolous appeal, and needlessly multiplying the cost of litigation through procedural tactics.

Plaintiff filed suit alleging that the defendant Centra 2000, a producer of sophisticated data management software, infringed its “Sentra” trademark. The district court granted summary judgment to defendant and awarded attorney fees in the amount of \$136,803, holding that plaintiff’s claims were meritless and that plaintiff had engaged in dilatory tactics.

The Seventh Circuit affirmed. In a memorable characterization of the standard for reviewing an attorney fee award under the Lanham Act for clear error, the court stated, “[w]e will not reverse a determination for clear error unless it strikes us as wrong with the force of a 5-week-old, unrefrigerated, dead fish.”<sup>273</sup> But it appears the only thing that smelled like a dead fish to the court here was the plaintiff and its counsel. The court characterized plaintiff’s suit and claims as “oppressive,” “meritless,” and “indefensible,” pointing out that plaintiff had no federal registration for the “Sentra” mark, and failed to produce evidence of any “Sentra” brand computer software or hardware, packaging, advertising, or licensing (other than for mouse pads).<sup>274</sup> Plaintiff then drove up the cost and aggravation of the lawsuit by failing to respond to discovery requests, serve and sign motions filed with the court, comply with local rules, court orders and deadlines, and attend a hearing.<sup>275</sup> The court noted that this was not an isolated incident. S Industries had filed 33 trademark infringement lawsuits in the Northern District of Illinois \*282 between 1995 and 1997, several of which were found to be frivolous, oppressive, and/or justifying attorney fees or sanctions in the defendants’ favor.<sup>276</sup>

### 2. Defendant’s Profits: Estate of James S. Bishop v. Equinox International Corp.<sup>277</sup>

This case illustrates how much discretion district courts are given in fashioning monetary relief under the Lanham Act.

The original plaintiff in this case was a gentleman who sold a dietary supplement (in both liquid and capsule form) under the federally registered mark ESSENCE OF LIFE. Years after plaintiff registered his mark, defendant began using the mark ESSENCE OF LIFE for a liquid mineral complex. Although defendant represented that it would stop using the mark in response to plaintiff's cease and desist letter, it continued using the mark.<sup>278</sup>

Following a bench trial, the district court held that defendant deliberately or willfully infringed plaintiff's mark, finding that it did not cease using the mark as promised because it perceived plaintiff to be without the resources to sue.<sup>279</sup> Based on these findings, the district court enjoined defendant's use of the ESSENCE OF LIFE mark and awarded plaintiff \$100,000 in attorney fees.<sup>280</sup> However, the court denied an award of defendant's profits due to "the relative weakness of the mark, the lack of customer confusion or deception, that Equinox did not benefit from Bishop's mark," and held that "the award of attorney fees is a sufficient deterrent under these circumstances."<sup>281</sup>

The Tenth Circuit affirmed, emphasizing the "wide discretion" given to district courts to fashion equitable remedies.<sup>282</sup> The court noted that plaintiff did not lose any sales due to defendant's infringement, and was "simply seeking a windfall based upon the defendant's willful, but in no way damaging . . . appropriation of the plaintiff's trademark."<sup>283</sup> The court concluded that "the district court carefully weighed the equities" and its decision "was well within its discretion."<sup>284</sup>

\*283 Judge Baldock dissented in part, arguing that the district court should have at least permitted plaintiff to take discovery and conducted a full accounting before deciding whether an award of profits was an appropriate remedy in this case.<sup>285</sup>

### **3. "Innocent Infringer" Defense to Damages: Dial One of the Mid-South, Inc. v. Bell South Telecommunications, Inc.**<sup>286</sup>

In this case, the Fifth Circuit explored the meaning of the term "innocent infringer" in 15 U.S.C. § 1114(2), a section shielding certain printers, publishers, and distributors from monetary liability.

The plaintiffs were the New Orleans franchise holder and franchisees of the Dial One trademark. Defendants produced and published the Yellow Pages and White Pages telephone directories for southeastern Louisiana, and erroneously listed a former Dial One franchisee in the alphabetical section under "Dial One." The district court rejected defendants' argument that they were "innocent infringers" immune to monetary liability, and awarded about \$150,000 in lost profits. The Fifth Circuit affirmed.<sup>287</sup>

On appeal, defendants argued that the term "innocent" in 15 U.S.C. § 1114(2) should be read to mean "without constitutional malice," citing remarks in the legislative history by Congressman Kastenmeier referencing the "actual malice" standard from *N.Y. Times v. Sullivan*, 376 U.S. 254 (1964).<sup>288</sup> The Fifth Circuit rejected this argument, adopting "a standard of objective reasonableness under which a defendant is an innocent infringer only if, regardless of state of mind, its conduct is reasonable."<sup>289</sup> Since the defendants in this case had notice of the cessation of the former franchisee's agreement with Dial One yet failed to remove the listing in the phone books, their conduct was not objectively reasonable.<sup>290</sup>

### **G. Exhaustion Doctrine and the Material Difference Exception: Davidoff & Cie, S.A. v. PLD International Corp.**<sup>291</sup>

Can an alteration to a product's packaging alone (not to the product itself) transform a genuine product into a non-genuine product? Yes, answers the Eleventh Circuit.

\*284 The plaintiff manufactures DAVIDOFF fragrances, which it packages in glass bottles and distributes in the United States through a network of retailers.<sup>292</sup> The defendant acquired DAVIDOFF fragrances intended for overseas or duty-free sales, and distributed them to discount retail stores in the U.S.<sup>293</sup> Although these fragrances themselves were identical to the fragrances plaintiff sells in the U.S., defendant covered the original codes on the bottom of the boxes with white stickers and etched the batch codes off the bottles.<sup>294</sup>

The Eleventh Circuit affirmed a preliminary injunction in the plaintiff's favor, holding that the defendant had materially altered plaintiff's product. Although the court acknowledged that the resale of genuine trademarked goods generally does not

constitute infringement since consumers would not be confused as to the origin of the goods, the Eleventh Circuit adopted the exception recognized in other circuits that the resale of a trademarked product that is materially different from the original can constitute infringement.<sup>295</sup> “A material difference is one that consumers consider relevant to a decision about whether to purchase the product.”<sup>296</sup>

Here, the Eleventh Circuit agreed with the district court’s findings that etching the glass to remove the batch codes degrades the appearance of the product and may make a consumer think that the product had been tampered with or harmed.<sup>297</sup> Such an alteration could adversely affect the plaintiff’s goodwill, and creates a likelihood of consumer confusion.<sup>298</sup> Although defendant may not have altered the liquid fragrance inside the bottle, the court reasoned that the appearance of fragrance bottles is important to establishing the image and “commercial magnetism” of the trademark associated with the product.<sup>299</sup>

#### **H. Geographic Misdescriptiveness: In re Save Venice New York, Inc.**<sup>300</sup>

In this case, the Federal Circuit expanded the test for “primarily geographically deceptively misdescriptive” marks so that it applies to traditional goods directly linked to a particular geographic area, but also to “related goods” which consumers would likely believe originated there.

The applicant in this case is a non-profit corporation devoted to preserving and restoring cultural treasures of Venice, Italy. It applied to register a mark containing \*285 the term THE VENICE COLLECTION, along with a design of the Lion of St. Mark from the Venetian flag. The mark was to be applied to potpourri, tableware made of precious and nonprecious metals, lamps, clocks, art prints, paper products, residential furniture, dinnerware, glassware, bedding and carpets. The PTO found that the primary significance of the mark was a geographic reference to Venice, and that Venice is a location known for paper, publishing, printing, textiles, jewelry, art objects, glassmaking, housewares and lace.<sup>301</sup> The PTO further found that the applicant’s goods were identical to traditional Venetian products, or related thereto, and that consumers would believe that applicant’s goods sold under the mark come from Venice.<sup>302</sup> Since applicant’s goods were not made in Venice, the PTO concluded that the mark was “primarily geographically deceptively misdescriptive” under 15 U.S.C. § 1052(e)(3).<sup>303</sup>

The Federal Circuit affirmed.<sup>304</sup> A mark is primarily geographically deceptively misdescriptive if: “(1) the mark’s primary significance is a generally known geographic location; and (2) consumers would reasonably believe the applicant’s goods are connected with the geographic location in the mark, when in fact they are not.”<sup>305</sup> Although there was no evidence of a direct goods/place association between Venice and some of the goods in the application here, the court approved the PTO’s application of the “related goods” test to geographic marks.<sup>306</sup> The court went on to say:

Because we consider that consumers may assume that geographic regions, like other commercial actors, are likely to expand from their traditional goods or services into related goods or services, we hold that the registrability of a geographic mark may be measured against the public’s association of that region with both its traditional goods and any related goods or services that the public is likely to believe originate there. The essence of the test is whether consumers are likely to be confused by the source of the related goods identified by a distinctive geographic mark.<sup>307</sup>

#### **I. Laches: Bridgestone/Firestone Research, Inc. v. Automobile Club de l’Ouest de la France**<sup>308</sup>

This case involved the application of laches to bar a cancellation claim.

Bridgestone owned a registration issued in 1963 for the mark LEMANS for pneumatic rubber tires. In 1986, Automobile Club (who runs the internationally \*286 known LeMans auto race in France) obtained a supplemental registration for the mark LEMANS for automobile tires. In 1991, Bridgestone petitioned to cancel Automobile Club’s registration under Section 2(d) of the Lanham Act,<sup>309</sup> and Automobile Club counterclaimed to cancel Bridgestone’s registration under Section 2(a).<sup>310</sup> The TTAB granted both parties’ petitions, and Bridgestone appealed.<sup>311</sup>

The Federal Circuit reversed, holding that Automobile Club’s counterclaim was barred by laches due to its undue delay<sup>312</sup> and economic prejudice to Bridgestone. The court rejected Automobile Club’s argument that the period of delay should be measured from 1991 when it first learned of Bridgestone’s registration, citing, among other things, the constructive notice provision of 15 U.S.C. § 1072.<sup>313</sup> Further, the court held that Bridgestone had suffered economic prejudice as a result of its

investment in and promotion of its LEMANS brand tires during the period of delay.<sup>314</sup> The Federal Circuit rejected the TTAB's requirement that Bridgestone needed to show specific evidence of reliance, holding such proof could relate to estoppel "but it does not apply to laches."<sup>315</sup> "When there has been an unreasonable period of delay by a plaintiff, economic prejudice to the defendant may ensue whether or not the plaintiff overtly lulled the defendant into believing that the plaintiff would not act, or whether or not the defendant believed that the plaintiff would have grounds for action."<sup>316</sup>

The court also rejected Automobile Club's argument that laches is not available to bar a Section 2(a) claim, as well as its assertion that laches is no defense because Bridgestone's use of the LEMANS mark is a "continuing wrong."<sup>317</sup>

## **\*287 J. Musicians**

### **1. No Trademark Protection for "Signature Performance": Oliveira v. Frito-Lay, Inc.<sup>318</sup>**

In this case, the Second Circuit sent "The Girl from Ipanema" packing on a trip from federal to state court.

In 1996, Frito-Lay launched its "Baked Lays" potato chips product with a TV commercial featuring the Muppets' "Miss Piggy" and several models lounging by a pool, and playing in the background the famous 1964 recording of "The Girl from Ipanema" by Astrud Oliveira (or Gilberto, as she is known professionally). Frito-Lay paid over \$200,000 in license fees to the song's composer and record company, but did not seek Gilberto's permission to use the recording in the ad. Gilberto filed suit alleging a variety of claims under Section 43(a) of the Lanham Act and state law.

Gilberto asserted two theories under Section 43(a): (1) false implied endorsement; and (2) unregistered trademark infringement. The Second Circuit affirmed the dismissal of these claims, holding that no reasonable fact finder could find an implied endorsement from Frito-Lay's commercial.<sup>319</sup> Further, although a musical composition can qualify as a trademark when it identifies a company's goods or services,<sup>320</sup> it cannot serve as a trademark "for itself."<sup>321</sup> Similarly, "the law does not accord [an artist] trademark rights in the recording of her signature performance."<sup>322</sup> The court reasoned that although courts have protected the "persona" of an artist against misappropriation, no court "throughout the history of trademark" has accorded trademark rights in a recording to a performer.<sup>323</sup> The court indicated that if trademark law should be extended to provide protection to an artist's signature performance, that extension should come from Congress, not the courts.<sup>324</sup> Noting that Frito-Lay had paid bona fide license fees to all known holders of rights in the recording, the court concluded, "[w]e can see no justification for now altering the commercial world's understanding of the scope of trademark rights in this fashion."<sup>325</sup>

The Second Circuit found more potential merit to Gilberto's state law claims, such as alleged violation of her right of publicity, unfair competition, and unjust **\*288** enrichment.<sup>326</sup> However, the court held that she would have to pursue those claims in the New York state courts.<sup>327</sup>

### **2. Long Live the Original "Drifters": Marshak v. Treadwell<sup>28</sup>**

This case involves a fascinating dispute over the rights to the name of the well-known signing group, "The Drifters."

The Drifters were a successful singing group whose popularity peaked in the 1950s and early '60s with such classic hits as "Under the Boardwalk," "On Broadway," and "Save the Last Dance for Me." The group was managed by George Treadwell and his company, The Drifters, Inc., from 1953 until his death in 1967. Although membership in the group changed over the years, all members signed employment contracts acknowledging exclusive ownership of The Drifters name by Treadwell's company, and agreeing not to use that name themselves.

In 1969, CBS Radio and Rock Magazine set out to reunite old singing groups to perform live concerts. Larry Marshak, an editor of Rock Magazine, convinced three former members of The Drifters to reunite and perform under "The Drifters" name. Benefiting from a wave of nostalgia [in the United States] for the early days of rock-and-roll, Marshak's group made recordings and appeared live and on television. Marshak also convinced the trio in December 1976 to file a federal application to register the mark THE DRIFTERS for a singing group, and assign the application or mark to him.

In 1995, George Treadwell's widow Faye (then the sole owner of The Drifters, Inc.) published a book in which she claimed to own THE DRIFTERS mark. Marshak sued for trademark infringement. Treadwell counterclaimed for infringement and

cancellation of Marshak's registration on the ground of fraud. The district court ruled in favor of Treadwell on all issues, and the Third Circuit affirmed.

On appeal, Marshak argued that Treadwell's fraud claim was time-barred because it was not brought within the most analogous state statute of limitations.<sup>329</sup> The court rejected this argument, holding that under the plain meaning of Section 14(3) of the Lanham Act, "[a] petition to cancel a registration of a mark . . . may . . . be filed [a]t any time if . . . its registration was obtained fraudulently. . . ."<sup>330</sup> Although that section applies to a cancellation petition filed with the PTO rather than a claim asserted in court, Section 37 of the Lanham Act gives federal courts \*289 concurrent authority to cancel registered marks.<sup>331</sup> Congress would not have intended to allow a petition for cancellation to be filed with the PTO "at any time" but subject an identical request in a district court to a state statute of limitations.<sup>332</sup> Further, the interest vindicated by Section 14 is not just the injury to the challenging party, but the integrity of the federal register--a state statute of limitations should not operate to frustrate that interest.<sup>333</sup> Although a claim for damages for fraudulent procurement under Section 38 of the Lanham Act is subject to a limitations period, a request for cancellation is not.<sup>334</sup> The court went on to hold that the jury's finding of fraud was amply supported and cancellation of Marshak's registration was justified.<sup>335</sup>

The Third Circuit also affirmed the district court's entry of judgment as a matter of law against Marshak on the issue of abandonment. Although The Drifters group disbanded in about 1967, their recordings continued to be played on the radio and sold in stores without interruption, and Treadwell's companies continuously received royalties from such sales.<sup>336</sup> In addition, many of The Drifters' songs were recorded on compact disk and re-released.<sup>337</sup> Thus, Marshak failed to prove both non-use and intent to abandon the mark.<sup>338</sup> "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."<sup>339</sup>

Finally, the Third Circuit held that Treadwell was entitled to judgment as a matter of law on infringement.<sup>340</sup> Acknowledging that infringement is generally a question for the jury, the court concluded that a reasonable fact finder could not fail to find a likelihood of confusion on these facts.<sup>341</sup> "Marshak's group performs under the name 'The Drifters' and sings the same hit songs that were recorded and made famous by the original Drifters in the fifties and sixties. There is surely a likelihood of confusion because the public is misled to believe that Marshak's \*290 singers and the famous Drifters records originate from the same source."<sup>342</sup> Thus, Marshak was permanently enjoined from using THE DRIFTERS mark.<sup>343</sup>

## **K. International Issues**

### **1. Customs Regulations: Stuhlburg International Sales Co. v. John D. Brush and Co.**<sup>344</sup>

This case addresses the interplay between two legal regimes: trademark protection and customs regulation.

The defendant (Brush) owned the federally-registered trademark FIRE-SAFE for fire-resistant safes. The plaintiff (Sisco) was a competitor who sold safes under the name "The Protector Firesafe." After Sisco targeted and secured significant orders from several of Brush's large customers such as Staples, Target, and Kmart, Brush recorded its trademark with the U.S. Customs Service, who detained 6400 Sisco safes destined for Kmart.<sup>345</sup> Sisco responded by filing a declaratory judgment suit, seeking an order of non-infringement and cancellation of Brush's registration on the ground of genericness.<sup>346</sup> The district court granted a TRO and preliminary injunction in Sisco's favor, finding that the term "fire safe" is generic and ordering Brush to consent to the release of Sisco's safes.<sup>347</sup>

On appeal, Brush first argued that the district court lacked subject matter jurisdiction because the Court of International Trade (CIT) has exclusive jurisdiction to hear a challenge to the detention of goods by Customs.<sup>348</sup> The Ninth Circuit rejected this argument because Sisco's goods were not merely excluded by Customs (in which case Sisco would have been free to dispose of them outside the U.S.), but were essentially seized.<sup>349</sup> Also, the CIT jurisdiction statutes do not divest a federal court of jurisdiction over the underlying trademark dispute.<sup>350</sup>

Similarly, the court rejected Brush's argument that Sisco was required under the exhaustion and ripeness doctrines to have gone through the Customs Service's detention and administrative process before filing suit.<sup>351</sup> The validity of a \*291 trademark cannot be challenged in such proceedings, and the administrative process would have left Sisco without any remedy during the detention period.<sup>352</sup>

Finally, the Ninth Circuit affirmed the preliminary injunction, finding no clear error in the district court's decision that Sisco was likely to succeed on its genericness claim. The terms "Firesafe" and "Fire Safe" are widely used in the safe industry to refer to a type or category of safe, and Brush itself had used the term in a generic sense.<sup>353</sup> Although Brush submitted a survey purportedly showing 44% consumer awareness of the term "Fire-Safe," the evidence failed to show whether consumers were asked to identify the term as a brand name or a common name, "a critical issue in a case involving genericness."<sup>354</sup>

## **2. The Paris Convention: International Café, S.A.L. v. Hard Rock Café International (U.S.A.), Inc.**<sup>355</sup>

This case addresses the relationship between the Lanham Act<sup>356</sup> and the Paris Convention for the Protection of Industrial Property ("Paris Convention")<sup>357</sup>.

Plaintiff alleged that it owned exclusive rights in the well-known HARD ROCK CAFE name and logo in Lebanon through an agreement with one of the defendants' related companies, and that defendants infringed those rights by opening a HARD ROCK CAFE restaurant in Beirut less than a mile from plaintiff's restaurant. Plaintiff sued defendants in the Middle District of Florida alleging unfair competition under Section 44 of the Lanham Act, 15 U.S.C. § 1126, and breach of contract under state law. Both the district court and Eleventh Circuit dismissed the case for lack of subject matter jurisdiction, relegating plaintiff to the Lebanon courts.<sup>358</sup>

The Eleventh Circuit rejected plaintiff's argument that Section 44 of the Lanham Act incorporates the provisions governing unfair competition in the Paris Convention.<sup>359</sup> The court explained that although Section 44 incorporates the Paris Convention to some degree, it only requires "national treatment" of foreign nationals--that is, giving them the same treatment given to U.S. nationals.<sup>360</sup> "But the Paris Convention, as incorporated by section 44 of the Lanham Act, creates no new cause of action for unfair competition. Any cause of action based on unfair \*292 competition must be grounded in the substantive provisions of the Lanham Act."<sup>361</sup> The Paris Convention is premised on the idea that each nation's law should only have territorial application, according to the court.<sup>362</sup> Although the court recognized that the Lanham Act can have extraterritorial effect where the defendant's activities have "substantial effects" in the U.S.,<sup>363</sup> mere financial gains by the defendant from royalties and merchandise commissions are insufficient to meet this test.<sup>364</sup> Since plaintiff was not competing or using its trademark in the U.S. and merely alleged that defendants were infringing its rights in a foreign country, defendants' use of the HARD ROCK CAFE trademark in Lebanon is subject to Lebanese law.<sup>365</sup>

## **Conclusion**

As can be seen, the appellate courts were quite active during the past year dealing with a myriad of trademark issues. Although trade dress, dilution, and cybersquatting continue to demand much attention, the courts tackled many other interesting issues as well. This trend will no doubt continue in the years to come.

### Footnotes

<sup>a1</sup> Fulbright & Jaworski L.L.P.

<sup>1</sup> Herman Miller, Inc. v. Palazetti Imports and Exports, Inc., 270 F.3d 298, 308, 60 U.S.P.Q.2d (BNA) 1633, 1641 (6th Cir. 2001).

<sup>2</sup> Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 23 U.S.P.Q.2d (BNA) 1081 (1992); Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 34 U.S.P.Q.2d (BNA) 1161 (1995).

<sup>3</sup> Two Pesos, 505 U.S. at 774., 23 U.S.P.Q.2d at 1086 (1992) (quoting Park 'N Fly, Inc. v. Dollar Park and Fly, Inc., 469 U.S. 189, 198 (1985)).

<sup>4</sup> Id at 774, 23 U.S.P.Q.2d at 1086.

- 5 529 U.S. 205, 54 U.S.P.Q.2d (BNA) 1065 (2000).
- 6 Two Pesos,, 505 U.S. at 775-76, 23 U.S.P.Q.2d at 1086.
- 7 Two Pesos, 505 U.S. at 772, 23 U.S.P.Q.2d at 1085 (criticizing Second Circuit’s requirement of secondary meaning for all trade dress because it “seemingly denied protection for unregistered but inherently distinctive marks of all kinds, whether the claimed mark used distinctive words or symbols or distinctive product designs,” and recognizing “a verbal or symbolic mark or the features of a product design” as types of marks registrable under Lanham Act Section 2 without secondary meaning unless they are descriptive) (emphasis added).
- 8 *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9, 189 U.S.P.Q. (BNA) 769 (2d Cir. 1976), which identifies the following categories of terms in ascending order of distinctiveness: “(1) generic, (2) descriptive, (3) suggestive, and (4) arbitrary or fanciful.”
- 9 See *Ashley Furniture Indus., Inc. v. Sangiacomo N.A. Ltd.*, 187 F.3d 363, 371, 51 U.S.P.Q.2d (BNA) 1609, 1612-13 (4th Cir. 1999); *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 540, 48 U.S.P.Q.2d (BNA) 1065, 1073 (5th Cir. 1998); *Insty\*Bit, Inc. v. Poly-Tech Indus., Inc.*, 95 F.3d 663, 672-73, 39 U.S.P.Q.2d (BNA) 1961, 1967-68 (8th Cir. 1996).
- 10 *Seabrook Foods, Inc. v. Bar-Well Foods Ltd.*, 568 F.2d 1342, 1344, 196 U.S.P.Q.2d (BNA) 289, 291 (C.C.P.A. 1977) (“In determining whether a design is arbitrary or distinctive this court has looked to whether it was a ‘common’ basic shape or design, whether it was unique or unusual in a particular field, whether it was a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a dress or ornamentation for the goods, or whether it was capable of creating a commercial impression distinct from the accompanying words.”)
- 11 See *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 40, 49 U.S.P.Q.2d (BNA) 1225, 1234 (1st Cir. 1998); *Knitwaves, Inc. v. Lollytogs Ltd.*, 71 F.3d 996, 1008-09, 36 U.P.Q.P.2d (BNA) 1737, 1745 (2d Cir. 1995); *Duraco Prods., Inc. v. Joy Plastic Enters., Ltd.*, 40 F.3d 1431, 1449-51, 32 U.S.P.Q.2d (BNA) 1742, 1738-40 (3d Cir. 1994).
- 12 *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 528 U.S. 808 (1999).
- 13 *Wal-Mart*, 529 U.S. at 216, 54 U.S.P.Q.2d at 1070.
- 14 *Id.* at 212-15, 54 U.S.P.Q.2d at 1068.
- 15 *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 162-63, 34 U.S.P.Q.2d (BNA) 1161, 1162-63 (1995).
- 16 *Wal-Mart*, 529 U.S. at 213, 54 U.S.P.Q.2d at 1067.
- 17 *Id.* at 215, 54 U.S.P.Q.2d at 1070.
- 18 121 S.Ct. 1255, 58 U.S.P.Q.2d (BNA) 1001 (2001).
- 19 *Marketing Displays, Inc. v. Traffix Devices, Inc.*, 971 F. Supp. 262, 276 (E.D. Mich. 1997).
- 20 *Marketing Displays, Inc v. Traffix Devices, Inc.*, 200 F.3d 929, 938-42, 53 U.S.P.Q.2d (BNA) 1335, 1342-45 (6th Cir. 1999).



21 Id. at 939, 53 U.S.P.Q.2d at 1343

22 TrafFix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23, 28, 58 U.S.P.Q.2d (BNA) 1001, 1004 (citing 530 U.S. 1260 (2000)).

23 532 U.S. at 31, 58 U.S.P.Q.2d at 1005.

24 See Brunswick Corp. v. British Seagull Ltd., 35 F.3d 1527, 1531, 32 U.S.P.Q.2d (BNA) 1120, 1122 (Fed. Cir. 1994); Schwinn Bicycle Co. v. Ross Bicycles, Inc., 880 F.2d 1176, 1191, 870 U.S.P.Q.2d (BNA) 1001, 1013-14 (7th Cir. 1989); Sicilia Di R. Biebow & Co. v. Cox, 732 F.2d 417, 429 (5th Cir. 1984); In re Morton-Norwich Prods., Inc., 671 F.2d 1332, 1341, 213 U.S.P.Q. (BNA) 9, 16 (C.C.P.A. 1982); Restatement of the Law Third, Unfair Competition § 17 (1995); McCarthy on Trademarks and Unfair Competition §§ 7:63-7:78 (4th ed. 2001).

25 Two Pesos, 505 U.S. at 775, 23 U.S.P.Q.2d at 1086 (citation omitted).

26 514 U.S. 159, 34 U.S.P.Q.2d (BNA) 1161 (1995).

27 Id. at 164-65., 34 U.S.P.Q.2d at 1163-64 (quoting Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844, 850 n.10, 102 S.Ct. 2182, 2186 n.10 (1982)).

28 Market Displays, 200 F.3d at 940, 53 U.S.P.Q.2d at 1344 (emphasis in original).

29 Id. at 1261, 58 U.S.P.Q.2d at 1006.

30 Id. at 1261-62, 58 U.S.P.Q.2d at 1006.

31 Id.

32 Id. at 1262, 58 U.S.P.Q.2d at 1006-07.

33 Id. at 1262, 58 U.S.P.Q.2d at 1007.

34 259 F.3d 25, 59 U.S.P.Q.2d (BNA) 1720 (1st Cir. 2001).

35 Id. at 39, 59 U.S.P.Q.2d at 1727-28.

36 Id. at 32, 59 U.S.P.Q.2d at 1722.

37 Id. at 40, 59 U.S.P.Q.2d at 1728.

38 Id. at 41, 59 U.S.P.Q.2d at 1729 (quoting Wal-Mart Stores, Inc. v. Samura Bros., Inc., 529 U.S. 205, 215, 54 U.S.P.Q.2d (BNA) 1065, 1069 (2000)).

39 Id., 59 U.S.P.Q.2d at 1729.

40 Id.

41 Id. at 43, 59 U.S.P.Q.2d at 1730 (quoting *I.P. Lund Trading ApS v. Kohler, Co.*, 163 F.3d 27, 40 (1st Cir. 1998)).

42 Id. at 45, 59 U.S.P.Q.2d at 1732.

43 Id. at 43, 59 U.S.P.Q.2d at 1730.

44 Id. at 43-44, 59 U.S.P.Q.2d at 1731-32.

45 251 F.3d 1252, 58 U.S.P.Q.2d (BNA) 1881 (9th Cir. 2001).

46 Id. at 1257, 58 U.S.P.Q.2d at 1884.

47 Id. at 1260, 58 U.S.P.Q.2d at 1885.

48 Id.

49 Id. This observation is a bit ironic, since it was a Ninth Circuit decision, *Pagliero v. Wallace China Co.*, 198 F.2d 339, 95 U.S.P.Q. (BNA) 45 (9th Cir. 1952), that is widely credited as giving birth to the aesthetic functionality doctrine.

50 *Clicks Billiards*, 257 F.3d at 1261, 58 U.S.P.Q. at 1887.

51 *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23, 27, 58 U.S.P.Q.2d 1001 (BNA), 1006-07 (2001) (“It is proper to inquire into a ‘significant non-reputation-related disadvantage’ in cases of aesthetic functionality, the question involved in *Qualitex*. Where the design is functional under the *Inwood* formulation there is no need to proceed further to consider if there is a competitive necessity for the feature.... There is no need, furthermore, to engage ... in speculation about other design possibilities....”). See also *Qualitex*, 514 U.S. at 170, 34 U.S.P.Q.2d at 1165 (discussing Restatement (Third) of Unfair Competition’s provisions on aesthetic functionality doctrine).

52 *Clicks Billiards*, 257 F.3d at 1259, 58 U.S.P.Q.2d at 1885 (emphasis in original).

53 Id. (emphasis in original).

54 Id. at 1262, 58 U.S.P.Q.2d at 1887.

55 In the secondary meaning survey, patrons at a *Clicks* pool hall were asked, “Do you associate the visual look and appearance of this billiard parlor with *Clicks Billiards* only or with other billiard parlors too?,” followed by “What is it about the visual look and appearance of this billiard parlor that makes you associate it with *Clicks Billiards* only?” Id. at 1262-63, 58 U.S.P.Q.2d at 1888 and n.6. Eighty percent answered “*Clicks* only” to the first question. Id.

56 Id. at 1263, 58 U.S.P.Q.2d at 1888.

57 Id., 58 U.S.P.Q.2d at 1889.

58 Id. at 1264-65, 58 U.S.P.Q.2d at 1889, 1891.

59 In the likelihood of confusion survey, respondents were shown photos of defendant's pool hall and asked, "Do you think that the billiard parlor in these photos is owned or operated by Clicks Billiards or do you think that the billiard parlor in the photos is owned and operated by a different company?" Id. at 1265, 58 U.S.P.Q.2d at 1889. 72% answered Clicks, and another 13% believed the defendant's pool hall was licensed, endorsed or authorized by or in some way connected with Clicks. Id. at 1265, 58 U.S.P.Q.2d at 1889-90.

60 Id. at 1266, 58 U.S.P.Q.2d at 1889-90.

61 278 F.3d 1268, 61 U.S.P.Q.2d (BNA) 1422 (Fed. Cir. 2002).

62 Id. at 1274, 61 U.S.P.Q.2d at 1426 (citing *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 1340-41, 213 U.S.P.Q.2d (BNA) 9, 13-14 (C.C.P.A. 1982)).

63 532 U.S. 23, 121 S. Ct. 1255 (2001).

64 *Valu Engineering*, 278 F.3d 1268 at 1274, 61 U.S.P.Q.2d at 1426.

65 Id. at 1276, 61 U.S.P.Q.2d at 1427 (citations omitted).

66 Id. at 1277, 61 U.S.P.Q.2d at 1428.

67 262 F.3d 101, 59 U.S.P.Q.2d (BNA) 1813 (2d Cir. 2001).

68 Id. at 107, 59 U.S.P.Q.2d at 1815.

69 Id. at 107, 59 U.S.P.Q.2d at 1814.

70 Id. at 114, 59 U.S.P.Q.2d at 1820 (quoting *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 380, 42 U.S.P.Q.2d (BNA) 1641, 1646 (2d Cir. 1997)).

71 Id. at 115, 59 U.S.P.Q.2d at 1821 (quoting *Landscape Forms*, 113 F.3d at 380, 42 U.S.P.Q.2d at 1641).

72 Id.

73 Id. at 116, 59 U.S.P.Q.2d at 1821.

74 Id. at 116, 59 U.S.P.Q.2d at 1822.

75 Id.

76 Id. at 117, 59 U.S.P.Q.2d at 1823.

77 Id. at 118, 59 U.S.P.Q.2d at 1823.

78 269 F.3d 114, 60 U.S.P.Q.2d (BNA) 1038 (2d Cir. 2001).

79 Id. at 117, 60 U.S.P.Q.2d at 1039.

80 Id. at 117, 60 U.S.P.Q.2d at 1040.

81 Id. at 125, 60 U.S.P.Q.2d at 1046.

82 Id. at 119, 60 U.S.P.Q.2d at 1041.

83 Id. at 120-25, 60 U.S.P.Q.2d at 1042-45.

84 Id. at 120, 60 U.S.P.Q.2d at 1042 n.4.

85 Id.

86 Id.

87 270 F.3d 298, 60 U.S.P.Q.2d (BNA) 1633 (6th Cir. 2001).

88 Id. at 302, 60 U.S.P.Q.2d at 1636.

89 Id. at 302, 60 U.S.P.Q.2d at 1633.

90 Id.

91 Id. at 303, 60 U.S.P.Q.2d at 1637.

92 Id. at 304, 60 U.S.P.Q.2d at 1637.

93 Id. at 306, 310, 60 U.S.P.Q.2d at 1039, 1046-47.

94 Id. at 316, 60 U.S.P.Q.2d at 1647.

95 Id. at 308-11, 60 U.S.P.Q.2d at 1643-46.

96 Id. at 313, 60 U.S.P.Q.2d at 1644.

97 Id. at 316, 60 U.S.P.Q.2d at 1647.

98 Id. at 317, 60 U.S.P.Q.2d at 1648.

99 Id. at 321-22, 60 U.S.P.Q.2d at 1651.

100 Id., 60 U.S.P.Q.2d at 1650-51.

101 Id. at 322, 60 U.S.P.Q.2d at 1651.

102 294 F.3d 88, 57 U.S.P.Q.2d (BNA) 1969 (2d Cir. 2001).

103 Id. at 92, 57 U.S.P.Q.2d at 1972.

104 Id. at 103, 57 U.S.P.Q.2d at 1981-82.

105 Id. at 90, 57 U.S.P.Q.2d at 1970-71.

106 Id. at 98, 57 U.S.P.Q.2d at 1977.

107 Id. at 95, 57 U.S.P.Q.2d at 1975.

108 Id. at 97, 57 U.S.P.Q.2d at 1976 (quoting 15 U.S.C. § 1125(c)(1)(A) (2000), emphasis added).

109 Id.

110 Id. at 98, 57 U.S.P.Q.2d at 1977.

111 Id.

112 The Lanham Act treats surnames and geographically descriptive terms as lacking inherent distinctiveness. 15 U.S.C. § 1052(e) (2000).

113 244 F.3d at 98, 57 U.S.P.Q.2d at 1977.

114 15 U.S.C. §1125(c)(1)(F) (2000).

115 See, e.g., *Two Pesos*, 505 U.S. at 769, 23 U.S.P.Q.2d at 1084 (“The general rule regarding distinctiveness is clear: an identifying mark is distinctive and capable of being protected if it either (1) is inherently distinctive or (2) has acquired distinctiveness through secondary meaning.” (emphasis in original)).

116 244 F.3d at 95-96, 57 U.S.P.Q.2d at 1975.

117 15 U.S.C. §1125(c)(1)(G) (2000).

118 15 U.S.C. § 1125(c)(1) (2000).

119 259 F.3d 464, 59 U.S.P.Q.2d (BNA) 1650 (6th Cir. 2001).

120 *Id.* at 466, 59 U.S.P.Q.2d at 1652.

121 *Id.* at 477, 59 U.S.P.Q.2d at 1659.

122 *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 51 U.S.P.Q.2d (BNA) 1882 (2d Cir. 1999).

123 259 F.3d at 468, 59 U.S.P.Q.2d at 1653.

124 *Id.* at 469, 59 U.S.P.Q.2d at 1654.

125 *Id.* at 475-76, 59 U.S.P.Q.2d at 1658.

126 *Id.*, citing H.R. Rep. No. 104-374 (1995), reprinted in 1996 U.S.C.C.A.N. 1029, 1032.

127 *Id.* (emphasis in original).

128 263 F.3d 359, 60 U.S.P.Q.2d (BNA) 1109 (4th Cir. 2001).

129 *Id.* at 362, 60 U.S.P.Q.2d at 1110.

130 *Id.* at 363, 60 U.S.P.Q.2d at 1111.

131 *Id.*

132 *Id.* at 363-65, 60 U.S.P.Q.2d at 1111-12.

133 Id. at 362, 60 U.S.P.Q.2d at 1110.

134 Id. at 364-65, 60 U.S.P.Q.2d at 1112-12.

135 Id. at 366, 60 U.S.P.Q.2d at 1113.

136 Id.

137 Id.

138 Id. (quoting *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ. Group., Inc.*, 886 F.2d 490, 494 (2d Cir. 1989)).

139 Id. at 367, 60 U.S.P.Q.2d at 1114.

140 Id.

141 Id.

142 15 U.S.C.S. 1225.

143 Id. at 366-69, 60 U.S.P.Q.2d at 1114-15.

144 Id. at 362-68, 60 U.S.P.Q.2d at 1111-15.

145 Id. at 369-70, 60 U.S.P.Q.2d at 1116.

146 Id.

147 Id.

148 Id. at 370-71, 60 U.S.P.q.2d at 1117.

149 Id.

150 238 F.3d 264, 57 U.S.P.Q.2d (BNA) 1547 (4th Cir. 2001).

151 Id. at 266, 57 U.S.P.Q.2d at 1549.

152 Id. at 266-67, 57 U.S.P.Q.2d at 1549.

153 Id. at 269, 57 U.S.P.Q.2d at 1551.

154 Id. at 269-70, 57 U.S.P.Q.2d at 1551.

155 Id. at 270, 57 U.S.P.Q.2d at 1551.

156 Id. at 269, 57 U.S.P.Q.2d at 1550, (quoting 15 U.S.C. § 1125(d)(1)(B)(ii) (2000)).

157 Id. at 270, 57 U.S.P.Q.2d at 1552.

158 254 F.3d 476, 59 U.S.P.Q.2d (BNA) 1207 (3d Cir. 2001).

159 Id. at 487, 59 U.S.P.Q.2d at 1208.

160 Id. at 482, 59 U.S.P.Q.2d at 1212, (citing 15 U.S.C. § 1125(d)(1)(A)(ii)(I), (II) (2000)).

161 254 F.3d at 483, 59 U.S.P.Q.2d at 1212.

162 Id. at 484, 59 U.S.P.Q.2d at 1212.

163 Id. at 485, 59 U.S.P.Q.2d at 1213.

164 Id. at 486, 59 U.S.P.Q.2d at 1213-14.

165 Id. at 486, 59 U.S.P.Q.2d at 1214.

166 Id. at 487, 59 U.S.P.Q.2d at 1214.

167 273 F.3d 14, 60 U.S.P.Q.2d 1941 (BNA) (1st Cir. 2001).

168 Id. at 20, 60 U.S.P.Q.2d at 1945.

169 Id. at 21, 60 U.S.P.Q.2d at 1946.

170 Id.

171 Id.

172 Id. at 21-22, 60 U.S.P.Q.2d at 1946-47.



173 Section 1114(2)(D)(v) states:  
A domain name registrant whose domain name has been suspended, disabled, or transferred under a policy described under clause (ii)(II) may, upon notice to the mark owner, file a civil action to establish that the registration or use of the domain name by such registrant is not unlawful under this Act. The court may grant injunctive relief to the domain name registrant, including the reactivation of the domain name or transfer of the domain name to the domain name registrant.  
15 U.S.C. § 1114(2)(D)(v) (2000).

174 Sallen, 273 F.3d at 22, 60 U.S.P.Q.2d at 1947.

175 Id. at 22, 60 U.S.P.Q.2d at 1947.

176 Id. at 24-25, 60 U.S.P.Q.2d at 1948-49.

177 Id. at 25, 60 U.S.P.Q.2d at 1949.

178 Id. at 26, 60 U.S.P.Q.2d at 1950.

179 Id. at 29-30, 60 U.S.P.Q.2d at 1952-53.

180 Id. at 16, 60 U.S.P.Q.2d at 1942.

181 245 F.3d 335, 58 U.S.P.Q.2d (BNA) 1278 (4th Cir. 2001).

182 Id. at 338, 58 U.S.P.Q.2d at 1279.

183 Id. at 341-42, 58 U.S.P.Q.2d at 1281-82.

184 Id. at 341, 58 U.S.P.Q.2d at 1281.

185 Id. at 342, 58 U.S.P.Q.2d at 1282 (citing *Textron Inc. v. Cardinal Eng'g Corp.*, 164 U.S.P.Q. (BNA) 397, 399 (Pat. Off. T.T.A.B. 1969)).

186 Id. at 343, 59 U.S.P.Q.2d at 1283.

187 Id. at 341, 58 U.S.P.Q.2d at 1281 (citations omitted).

188 Id. at 341-42, 58 U.S.P.Q.2d at 1281-82 (citations omitted).

189 Id. at 342, 58 U.S.P.Q.2d at 1282.

190 Id. at 345, 58 U.S.P.Q.2d at 1284.

191 Id. at 346, 58 U.S.P.Q.2d at 1285 (emphasis in original).

192 Id. at 345, 58 U.S.P.Q.2d at 1284.

193 242 F.3d 1151, 58 U.S.P.Q.2d (BNA) 1222 (9th Cir. 2001).

194 Id. at 1160, 58 U.S.P.Q.2d at 1228.

195 Id.

196 Id.

197 Id. at 1154, 58 U.S.P.Q.2d at 1223.

198 Id.

199 Id., at 58 U.S.P.Q.2d at 1224.

200 Id. at 1161, 58 U.S.P.Q.2d at 1229.

201 Id. at 1159, 58 U.S.P.Q.2d at 1228.

202 Id.

203 261 F.3d 1188, 59 U.S.P.Q.2d (BNA) 1894 (11th Cir. 2001).

204 Id. at 1191, 59 U.S.P.Q.2d at 1895-96.

205 Id. at 1190-91, 59 U.S.P.Q.2d at 1895.

206 Id.

207 Id. at 1194, 59 U.S.P.Q.2d at 1898.

208 Id. at 1196, 59 U.S.P.Q.2d at 1899.

209 Id. at 1196-98, 59 U.S.P.Q.2d at 1900.

210 Id. at 1200, 59 U.S.P.Q.2d at 1902.

211 Id.

212 Id. at 1201, 59 U.S.P.Q.2d at 1903.

213 Id.

214 Id. at 1202, 59 U.S.P.Q.2d at 1904.

215 Id. at 1204, 59 U.S.P.Q.2d at 1905-06.

216 Id. at 1205, 59 U.S.P.Q.2d at 1906.

217 238 F.3d 690, 57 U.S.P.Q.2d (BNA) 1690 (5th Cir. 2001).

218 Id. at 692-93, 57 U.S.P.Q.2d at 1692.

219 Id. at 700, 57 U.S.P.Q.2d at 1698.

220 Id. (citing *El Chico, Inc. v. El Chico Café*, 214 F.2d 721, 756, 102 U.S.P.Q. (BNA) 267, 276 (5th Cir. 1954) (holding that knowledge of use is not dispositive in the absence of “an intent to benefit from the reputation or good will of the [senior user].”)).

221 Id. at 701, 57 U.S.P.Q.2d at 1698.

222 Id.

223 257 F.3d 732, 59 U.S.P.Q.2d (BNA) 1352 (8th Cir. 2001).

224 Id. at 738, 59 U.S.P.Q.2d at 1352.

225 Id. at 736, 59 U.S.P.Q.2d at 1355.

226 Id.

227 Id., 59 U.S.P.Q.2d at 1355-56.

228 Id. at 738, 59 U.S.P.Q.2d at 1357.

229 267 F.3d 628, 60 U.S.P.Q.2d (BNA) 1246 (7th Cir. 2001).

230 This phrase is, of course, a play on the 1980s book series *The Joy of Sex* by Alex Comfort. Id. at 632-33 and n.1, 60 U.S.P.Q.2d at 1246 and n.1.

231 Id. at 632, 60 U.S.P.Q.2d at 1246.

232 Id. at 633, 60 U.S.P.Q.2d at 1246-47.

233 Id., 60 U.S.P.Q.2d at 1247.

234 Id. at 635, 60 U.S.P.Q.2d at 1248.

235 Id. at 636, 60 U.S.P.Q.2d at 1249.

236 Id. at 632, 60 U.S.P.Q.2d at 1246.

237 Id. at 639, 60 U.S.P.Q.2d at 1251.

238 Id. at 641, 60 U.S.P.Q.2d at 1252.

239 Id. at 643-46, 60 U.S.P.Q.2d at 1254-57.

240 243 F.3d 712, 57 U.S.P.Q.2d (BNA) 1902 (4th Cir. 2001).

241 Id. at 819, 57 U.S.P.Q.2d at 1907.

242 Id., 57 U.S.P.Q.2d at 1908.

243 Id. at 819-20, 57 U.S.P.Q.2d at 1908 (emphasis in original).

244 Id. at 820, 57 U.S.P.Q.2d at 1908.

245 Id. at 822, 57 U.S.P.Q.2d at 1910.

246 Id.

247 Id. (internal citation omitted).

248 Id. at 823, 57 U.S.P.Q.2d at 1911.

249 Id. at 818, 57 U.S.P.Q.2d at 1906; see 15 U.S.C. § 1057(b) (2000).

250 America Online, 243 F.3d at 818, 57 U.S.P.Q.2d at 1906.

251 Id. at 816, 57 U.S.P.Q.2d at 1905.

252 Id. at 818, 57 U.S.P.Q.2d at 1906.

253 Id.

254 Id. at 818, 57 U.S.P.Q.2d at 1907.

255 240 F.3d 251, 57 U.S.P.Q.2d (BNA) 1884 (4th Cir. 2001).

256 Id. at 254, 57 U.S.P.Q.2d at 1885.

257 Id.

258 Id., 57 U.S.P.Q.2d at 1885-86.

259 Id. at 255, 57 U.S.P.Q.2d at 1886.

260 Id.

261 Id.

262 240 F.3d 1341, 57 U.S.P.Q.2d (BNA) 1807 (Fed. Cir. 2001).

263 Id. at 1341, 57 U.S.P.Q.2d at 1809.

264 Id.

265 Id. at 1345, 57 U.S.P.Q.2d at 1810 (quoting *In re Gould Paper Corp.*, 834 F.2d 1017, 1018, 5 U.S.P.Q.2d (BNA) 1110, 1112 (Fed. Cir. 1987)).

266 Id., 57 U.S.P.Q.2d at 1810 (quoting *In re The Am. Fertility Soc’y*, 188 F.3d 1341, 1347, 51 U.S.P.Q.2d (BNA) 1832, 1836 (Fed. Cir. 1999)).

267 Id. at 1344-45, 57 U.S.P.Q.2d at 1810.

268 Id.

269 Id.

270 Id. at 1346-48, 57 U.S.P.Q.2d at 1812-13.

271 Id. at 1813.

272 249 F.3d 625, 58 U.S.P.Q.2d (BNA) 1635 (7th Cir. 2001).

273 Id. at 627, 58 U.S.P.Q.2d at 1636.

274 Id. at 58 U.S.P.Q.2d at 1637.

275 Id. at 627-28, 58 U.S.P.Q.2d at 1637.

276 Id. at 627-28 n.1, 628-29, 58 U.S.P.Q.2d at 1637 n.1, 1638.

277 256 F.3d 1050, 59 U.S.P.Q.2d (BNA) 1481 (10th Cir. 2001).

278 Id. at 1052, 59 U.S.P.Q.2d at 1482.

279 Id.

280 Id.

281 Id. at 1053, 59 U.S.P.Q.2d at 1483.

282 Id. at 1055, 59 U.S.P.Q.2d at 1484.

283 Id. at 1056, 59 U.S.P.Q.2d at 1485.

284 Id.

285 Id. at 1053-61, 59 U.S.P.Q.2d at 1487-89.

286 269 F.3d 523, 60 U.S.P.Q.2d (BNA) 1599 (5th Cir. 2001).

287 Id. at 525, 60 U.S.P.Q.2d at 1600.

288 Id. at 526, 60 U.S.P.Q.2d at 1601.

289 Id. at 525, 527, 60 U.S.P.Q.2d at 1600, 1602.

290 Id. at 527, 60 U.S.P.Q.2d at 1602.

291 263 F.3d 1297, 60 U.S.P.Q.2d (BNA) 1046 (11th Cir. 2001).

292 Id. at 1299, 60 U.S.P.Q.2d at 1047.

293 Id.

294 Id.

295 Id. at 1302, 60 U.S.P.Q.2d at 1049.

296 Id.

297 Id. at 1302-03, 60 U.S.P.Q.2d at 1050.

298 Id. at 1303, 60 U.S.P.Q.2d at 1050.

299 Id.

300 259 F.3d 1346, 59 U.S.P.Q.2d (BNA) 1778 (Fed. Cir. 2001).

301 Id. at 1350, 59 U.S.P.Q.2d at 1780.

302 Id. at 1350, 59 U.S.P.Q.2d at 1780-81.

303 Id.

304 Id. at 1356, 59 U.S.P.Q.2d at 1784.

305 Id. at 1352, 59 U.S.P.Q.2d at 1781.

306 Id. at 1355, 59 U.S.P.Q.2d at 1784.

307 Id.

308 245 F.3d 1359, 58 U.S.P.Q.2d (BNA) 1460 (Fed. Cir. 2001).

309 15 U.S.C. § 1052(d) (2000).

310 15 U.S.C. § 1052(a) (2000).

311 *Bridgestone/Firestone Research*, 245 F.3d at 1361, 58 U.S.P.Q.2d at 1461.

312 Note that this case took approximately 10 years to work its way through the TTAB and Federal Circuit. Talk about unreasonable delay!

313 *Id.* at 1362, 58 U.S.P.Q.2d at 1452-63.

314 *Id.* at 1363, 58 U.S.P.Q.2d at 1463.

315 *Id.*

316 *Id.*

317 *Id.* at 1364, 58 U.S.P.Q.2d at 1464.

318 251 F.3d 56, 58 U.S.P.Q.2d (BNA) 1767 (2d Cir. 2001).

319 *Id.* at 61, 58 U.S.P.Q.2d at 1770-71.

320 *Id.* at 61-62, 58 U.S.P.Q.2d at 1771.

321 *Id.* at 62, 58 U.S.P.Q.2d at 1772.

322 *Id.*

323 *Id.*

324 *Id.* at 62-63, 58 U.S.P.Q.2d at 1772.

325 *Id.* at 63, 58 U.S.P.Q.2d at 1772.

326 *Id.* at 63, 58 U.S.P.Q.2d at 1773.

327 *Id.* at 64, 58 U.S.P.Q.2d at 1773-74.

328 240 F.3d 184, 57 U.S.P.Q.2d (BNA) 1764 (3d Cir. 2001).



329 Id. at 192, 57 U.S.P.Q.2d at 1769.

330 Id. (quoting 15 U.S.C. § 1064(3) (2000)).

331 Id. at 193, 57 U.S.P.Q.2d at 1770 (citing 15 U.S.C. § 1119 (2000)).

332 Id. at 193, 57 U.S.P.Q.2d at 1770.

333 Id. at 194, 57 U.S.P.Q.2d at 1771.

334 Id.

335 Id. at 197, 57 U.S.P.Q.2d at 1774.

336 Id. at 199, 57 U.S.P.Q.2d at 1775.

337 Id.

338 Id., 57 U.S.P.Q.2d at 1775-76.

339 Id., 57 U.S.P.Q.2d at 1775 (quoting *Marshak v. Treadwell*, 58 F.Supp.2d 551, 575 (D.N.J 1999)).

340 Id. at 200, 57 U.S.P.Q.2d at 1776.

341 Id.

342 Id.

343 Id.

344 240 F.3d 832, 57 U.S.P.Q.2d (BNA) 1920 (9th Cir. 2001).

345 Id. at 835, 57 U.S.P.Q.2d at 1922.

346 Id. at 835, 57 U.S.P.Q.2d at 1922.

347 Id.

348 Id. at 836, 57 U.S.P.Q.2d at 1922.

349 Id., 57 U.S.P.Q.2d at 1923.

350 Id. at 837, 57 U.S.P.Q.2d at 1923.

351 Id. at 838-39, 57 U.S.P.Q.2d at 1924-25.

352 Id. at 838, 57 U.S.P.Q.2d at 1924.

353 Id. at 840, 57 U.S.P.Q.2d at 1926.

354 Id.

355 252 F.3d 1274, 58 U.S.P.Q.2d (BNA)1925 (11th Cir. 2001).

356 15 U.S.C. §1051 et seq. (2000).

357 Paris Convention for the Protection of Industrial Property, July 14, 1967, 24 U.S.T. 2140.

358 Id. at 1279, 58 U.S.P.Q.2d at 1928.

359 Id. at 1277-78, 58 U.S.P.Q.2d at 1927.

360 Id. at 1278, 58 U.S.P.Q.2d at 1928.

361 Id.

362 Id. at 1278, 58 U.S.P.Q.2d at 1928.

363 See *Steele v. Bulova Watch Co.*, 344 U.S. 280, 95 U.S.P.Q. (BNA) 391 (1952).

364 *Int'l Café*, 252 F.3d at 1278, 58 U.S.P.Q.2d at 1928.

365 Id. at 1279, 58 U.S.P.Q.2d at 1928.