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Recent Developments

**RECENT DEVELOPMENTS IN TRADEMARK LAW: CYBERSQUATTERS RUN FOR COVER, WHILE  
COPYCATS BREATHE A SIGH OF RELIEF**

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The arrival of the new millennium was accompanied by a flurry of activity in trademark law. Indeed, some landmark events distinguished the past year as a truly watershed year in the field. For example:

Rapid changes took place in the exploding domain name arena, including opening the domain name registration system to competition and to new generic top level domains (“gTLDs”), organizing the Intellectual Property Constituency of the Internet Corporation for Assigned Names and Numbers (ICANN), and further organizing ICANN itself. In addition, legislation was enacted in the U.S. to curb cybersquatting, and ICANN’s Uniform Dispute Resolution Policy (“UDRP”) was implemented, giving trademark owners an attractive alternative for resolving domain name disputes.

The Trademark Law Treaty (“TLT”) was implemented in the United States.

Dilution became a basis for opposing or canceling trademark registrations.

The Lanham Act was amended in two ways regarding functionality. First, functionality was added as a basis for canceling “incontestable” registrations. Second, the statute was amended to clarify that the plaintiff has the burden to prove that an unregistered trade dress is nonfunctional.

Legislation was enacted to reorganize the United States Patent and Trademark Office (“PTO”).

Events in Europe heralded a possible breakthrough in the United States’ long-sought adherence to the Madrid Protocol.

In addition, the usual intense activity of trademark cases continued in the courts throughout the United States. In particular, the Supreme Court significantly raised the bar on parties attempting to assert trade dress rights in product designs. Last year, the Court decided that product designs are never inherently distinctive and can achieve trade dress protection only through secondary meaning. This year, the Court held that a patented product design is strongly presumed to be functional, and indicated that a design may be deemed functional even where alternative designs exist and there is no competitive need for the claimed feature.

## II. Legislative Activity

On October 30, 1999, the Trademark Law Treaty Implementation Act (“TLTIA”) became effective in the United States.<sup>2</sup> The TLT itself was signed by the United States and sixty-seven other states in October of 1994. The TLT’s objective is to harmonize and simplify procedures around the world for filing trademark applications and renewing registrations, recording changes of names and addresses of trademark owners, recording changes in ownership, and implementing other procedures. The TLT addresses these objectives by prescribing maximum \*234 requirements that member states may impose. Member states are permitted to mandate only those requirements specified in the treaty and thus cannot impose additional (and sometimes burdensome) requirements. Even the U.S. law had some procedures that were beyond the maximum requirements permitted, and thus a few changes in U.S. law were necessary to achieve implementation of the treaty in the United States.

Along with the requirements mandated by the TLT, Congress included in the implementing legislation a number of technical and clarifying amendments to the Lanham Act. The PTO also took the opportunity to make several amendments to its Trademark Rules of Practice. The net result was a multitude of changes relating to trademark registration procedure in the U.S. These changes included:

The difficult standard of “unavoidable delay” for reviving abandoned applications was replaced with the lesser standard of “unintentional delay.”<sup>3</sup>

Procedures for filing trademark applications and obtaining a filing date were simplified. Essentially, only five things are now needed to obtain a filing date: (1) the applicant’s name; (2) the name and address for correspondence; (3) the mark; (4) identification of the goods and/or services; and (5) the fee for at least one class.<sup>4</sup>

Applications and other papers now may be signed by anyone with legal authority to bind the applicant, anyone with firsthand knowledge of the facts in the application and actual or implied authority to act on behalf of the applicant, or an attorney.<sup>5</sup>

Requirements for recording assignments were relaxed, making it no longer necessary to file a copy of the actual assignment document. Extracts or signed explanations of the assignment are now recordable.<sup>6</sup>

Section 8<sup>7</sup> now requires affidavits of continued use every ten years (in addition to the first affidavit between the fifth and sixth anniversary), while Section 9<sup>8</sup> does not require any allegation of use in renewal applications. The grace period for filing renewal applications is extended from three months to six months, and a six-month grace period also is provided for filing Section 8 affidavits, subject to payment of a surcharge.<sup>9</sup>

The Lanham Act was clarified to provide that functional matter is not registrable.<sup>10</sup> All registrations, including those that are incontestable or over five years old, can be cancelled on the ground that the mark is functional.<sup>11</sup>

Section 14 also was clarified to confirm that a certification mark may not be cancelled just because the registrant uses the mark to advertise or promote recognition of the certification program or the goods or services meeting the registrant's certification \*235 standards.<sup>12</sup> However, as in the past, the registrant is prohibited from itself producing, manufacturing, or selling any of the certified goods or services.<sup>13</sup>

The TLTIA was not the only trademark legislation passed during 1999. On August 5, 1999, President Clinton signed an amendment to the Lanham Act<sup>14</sup> that permits opposition and cancellation of registrations based on dilution.<sup>15</sup> Prior to this change, a trademark owner could not oppose or seek to cancel another's registration based on dilution; dilution could only be asserted in a court action. The new law also amends Section 43(a) of the Lanham Act to clarify that the plaintiff has the burden to prove that an unregistered trade dress is nonfunctional.<sup>16</sup> Prior to the enactment of this legislation, the courts were split on which party has the burden of proof on this issue.<sup>17</sup>

On November 29, 1999, President Clinton signed into law the Trademark Cyberpiracy Prevention Act, a/k/a the Anticybersquatting Consumer Protection Act.<sup>18</sup> This act created a new section of the Lanham Act, 43(d)<sup>19</sup>, providing a cause of action where a domain name is registered or used in bad faith. The act provides for transfer of the offending domain name to the trademark owner (or cancellation of the domain name), as well as statutory damages in the amount of \$1,000.00-\$100,000.00 per domain name (for domain names registered after November 29, 1999). The statute also creates in rem jurisdiction in situations where the domain name registrant cannot be found or is not subject to personal jurisdiction in the U.S.. This act thus solves many of the problems encountered by trademark owners in trying to enforce their marks against cybersquatters.

In the same legislation as the anticybersquatting act, the PTO was reorganized into a performance-based operation. This reorganization fell quite short of the \*236 government corporation concept long favored by many observers.<sup>20</sup> Instead, the new law establishes the PTO as an autonomous agency subject to the policy direction of the Secretary of Commerce. The PTO is now headed by a Director/Under Secretary, appointed by the President with the advice and consent of the Senate. Separate Commissioners head up the Patent Office and the Trademark Office, respectively. The Commissioners are appointed for five-year terms by the Secretary of Commerce. A Public Advisory Committee for Trademarks has been established (with a corresponding committee for patents), with members appointed for three-year terms by the Secretary of Commerce (after a phase-in period) and serving at the pleasure of the Secretary of Commerce. Under the new legislation, the PTO is effectively separated into a patent operation and a trademark operation, and both operations are to be performance-based.

### III. ICANN

After a great deal of discussion about privatization of the Internet, ICANN was established as a private non-profit corporation in October 1998. Since then, ICANN has developed with amazing speed, causing more than a few tense moments along the way for intellectual property owners. In April 1999, ICANN announced its first new testbed registrars to compete with the previously exclusive registrar, Network Solutions, Inc., in registering domain names in the gTLDs (e.g., .com, .org, and .net). Within just a few months, many new registrars were in operation. Today, numerous gTLD registrars operate around the world, and ICANN is in the process of approving several new gTLDs.

The Intellectual Property Constituency ("IPC") of ICANN also was formed in 1999. The IPC is part of the Domain Name Supporting Organization ("DNSO"), one of ICANN's three supporting organizations who assist, review, and develop recommendations on Internet policy and structure. Each supporting organization also names three Directors to the ICANN

Board. The IPC is important to intellectual property owners, as it is the organization who represents its their views and interests to ICANN's Board of Directors. The IPC consists of organizations committed to the advocacy and development of intellectual property, and organizations may apply for membership to the IPC Council. Many U.S. intellectual property groups have become members of the IPC.

Another important development was ICANN's initiation of the Uniform Domain Name Dispute Resolution Policy (UDRP), a mandatory arbitration procedure for domain name disputes.<sup>21</sup> This policy was approved in late October 1999, and launched in January 2000. Currently, four entities are approved to decide cases under the UDRP: WIPO's Arbitration and Mediation Center, the National \*237 Arbitration Forum, the Disputes.org/eResolution Consortium, and the INTA/CPR Panel of Neutrals.

The UDRP has proven to be a highly popular and effective vehicle for dealing with cybersquatters. Like the U.S. anticybersquatting statute, the UDRP is reserved for cases of bad faith domain name registration, and a prevailing trademark owner can obtain transfer or cancellation of the offending domain name. Over two thousand cases were decided under the policy in its first year of operation alone. The vast majority of these cases (nearly 80%) have found that the domain name was registered in bad faith, and the panelists have not hesitated to order domain names transferred to the complainant in appropriate cases.

#### IV. Treaties

In addition to TLT, the logjam that has long hindered implementation of the Madrid Protocol<sup>22</sup> finally may have been broken. The Protocol would provide much greater simplicity to U.S. trademark owners in the filing and prosecuting of applications and maintenance of registrations around the world.<sup>23</sup> The Protocol is over ten years old, and even though it has received widespread support in the United States, political issues having to do with voting rights for the European Union have stalled acceptance of the treaty by the U.S. government. However, a compromise appears to have been reached to resolve this impasse, and it is possible that Congress will ratify and implement the Madrid Protocol in the U.S. during this session.

#### V. Cases

As usual, considerable trademark activity occurred in the courts during the past year. In this section, only certain selected cases are discussed.

##### A. Supreme Court

Trade dress protection hit its high water mark in the early-1990s with the Supreme Court's decisions in *Two Pesos, Inc. v. Taco Cabana, Inc.*<sup>24</sup> and *Qualitex Co. v. Jacobson Products Co.*<sup>25</sup> In *Two Pesos*, the Court held that trade dress, like traditional trademarks, can be inherently distinctive-- and thus owners of inherently distinctive trade dress need not prove secondary meaning to achieve protection.<sup>26</sup> Then in *Qualitex*, the Court held that the mere color of a product alone can be \*238 protected as a trademark, provided that it has acquired secondary meaning and is not functional.<sup>27</sup> At that point, the scope of potential trade dress protection seemed limitless.

Well, the pendulum has swung decidedly the other direction. In a pair of recent decisions (discussed below), the Supreme Court has put the brakes on the rapidly-expanding scope of trade dress protection. In short, the Court has made it clear that product designs (as opposed to packaging) are presumed to be both functional and non-distinctive, and the burden to prove otherwise is placed squarely on the party seeking trade dress protection.

##### 1. *TraFFix Devices, Inc. v. Marketing Displays, Inc.*<sup>28</sup>

In this case, the plaintiff 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 Supreme Court rejected plaintiff's claim, holding that the design was functional. Although a patent does not necessarily render a product design functional per se, it does significantly affect the functionality analysis:

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>29</sup>

The Court did not stop there. It went on to discuss its definition of functionality to be applied regardless of whether the claimed trade dress is patented or not. Plaintiff argued that even if its dual spring mechanism assisted in the purpose or use of the road signs, other designs were available to competitors, and granting trade dress protection would not place competitors at a significant competitive disadvantage. The Court rejected this argument. Although the Court acknowledged its previous statement in *Qualitex* that a functional feature is one which would put competitors at a “significant non-reputation-related disadvantage,” it stated that courts need only consider competitive need in cases of aesthetic functionality.<sup>30</sup> The “traditional rule” of functionality, said the Court, remains the formulation articulated in *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*: “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 \*239 cost or quality of the article.”<sup>31</sup> Where a design is functional under this traditional rule, there is no need to proceed further to consider if there is a competitive necessity for the feature, nor to explore whether other designs are possible. Since the design involved in this case served the purpose of resisting the force of wind on temporary signs, the Court held it was functional.

## **2. Wal-Mart Stores, Inc. v. Samara Bros. Inc.**<sup>32</sup>

In *Wal-Mart*, the Supreme Court held that in a Lanham Act Section 43(a) action for infringement of unregistered trade dress, product design can never be inherently distinctive and is therefore protectable only upon a showing of secondary meaning.<sup>33</sup>

In reaching its decision, the Court distinguished its 1992 trade dress decision in *Two Pesos, Inc. v. Taco Cabana, Inc.*<sup>34</sup> In that case, the Court had ruled that an inherently distinctive trade dress, just like an inherently distinctive word mark, is entitled to trademark protection without the necessity for showing secondary meaning.<sup>35</sup> The *Two Pesos* Court, however, did not state what criteria should be used for establishing inherent distinctiveness of trade dress.

In *Wal-Mart*, the Court distinguished between product packaging and product design trade dress. The Court stated that product packaging trade dress, such as the décor of a restaurant, can be inherently distinctive, while product design trade dress, such as the design of clothing, is not inherently distinctive.<sup>36</sup> The Court reasoned that, like the color of a product,<sup>37</sup> a product’s design does not inherently communicate the source of the product to consumers.<sup>38</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>39</sup>

## **\*240 B. Circuit Courts**

### **1. First Circuit**

The First Circuit explored what it takes to prove “bad faith” under the Anticybersquatting Act in *Northern Light Technology, Inc. v. Northern Lights Club*.<sup>40</sup>

The plaintiff operated an Internet search engine under the mark “Northern Light” and the domain name *northernlight.com*. Defendant Jeff Burgar, a self-described “Internet entrepreneur,” registered thousands of “catchy” domain names, which appropriated the names of popular people and organizations. About a month after plaintiff established its *northernlight.com* domain name, defendant registered the domain name *northernlights.com*. Initially, defendant licensed the domain name to a vanity e-mail service offering e-mail accounts (e.g., “JohnDoe@northernlights.com”). After plaintiff contacted defendants about buying the domain name, defendants posted an active page on the *northernlights.com* web site providing links to members of the “Northern Lights Community,” consisting of devotees of, and businesses named after, the Northern Lights (*aurora borealis*).<sup>41</sup>

Finding that the defendants had posted the northernlights.com web site in bad faith and that it was likely to cause confusion, the district court entered a preliminary injunction ordering defendants to remove all content from the site and to post instead an image of the aurora borealis and links to (1) defendant's vanity e-mail site; (2) plaintiff's site; and (3) defendant's former content page described in the link as "BUSINESSES THAT ARE LISTED WITH THE NORTHERN LIGHTS COMMUNITY."<sup>42</sup>

The First Circuit affirmed the district court's order, including its finding of bad faith. The court found that the defendants' myriad explanations for their use of the northernlights.com web site--e.g., as an experimental new business model, as a site for aurora borealis admirers, and as a compilation of businesses named "Northern Lights"--undermined their claim of a subjective belief of fair use under 15 U.S.C. Section 1125(d)(1)(B)(ii).<sup>43</sup> Further, the court was persuaded of defendants' bad faith by their track record of cybersquatting others' trademarks:

Although defendants are correct in asserting that their multiple registrations alone are not dispositive of the bad-faith issue, their well-established pattern of registering multiple domain names containing famous trademarks, such as rollingstones.com, evinrude.com, and givenchy.com, has been made highly relevant to the determination of bad faith by the list of factors in [the Anticybersquatting Act].<sup>44</sup>\***241** Given this history of cybersquatting, the First Circuit found no error in the district court's finding that defendants "acted according to script in this case."<sup>45</sup>

## 2. Second Circuit

### a. Hermés International v. Lederer de Paris Fifth Ave., Inc.<sup>46</sup>

This case involved the sale of knock-off handbags. The district court granted summary judgment dismissing the case on the ground of laches, since plaintiff had known the defendants were selling copies of plaintiff's bags for between nine and nineteen years.<sup>47</sup> However, the Second Circuit reversed, holding that laches is not a defense when the infringement was intentional.<sup>48</sup> The court stated that "intentional infringement is a dispositive, threshold inquiry that bars further consideration of the laches defense, not a mere factor to be weighed in balancing the equities . . . ."<sup>49</sup>

The Second Circuit also held that the district court erred in failing to properly consider the issue of post-sale confusion, which harms the public in various ways.<sup>50</sup>

### b. Nabisco, Inc. v. Warner-Lambert Co.<sup>51</sup>

Is DENTYNE ICE chewing gum likely to be confused with ICE BREAKERS chewing gum? The Second Circuit answered this question with an emphatic no, affirming summary judgment in favor of defendant. The court held that the two marks are at best marginally similar, and the defendant's identification of its product as a member of the widely-recognized DENTYNE family of gums precluded any likelihood of confusion.<sup>52</sup> "Warner-Lambert's prominent use of its well-known house brand therefore significantly reduces, if not altogether eliminates, the likelihood that consumers will be confused as to the source of the parties' products."<sup>53</sup> In addition, the court found that the parties presented their mark in starkly different typefaces and styles, and the shape and overall look of the packages resulted in distinctly different commercial impressions.<sup>54</sup> Because the \***242** parties' use of their marks was so dissimilar, the court concluded that it need not examine any other factors on likelihood of confusion.<sup>55</sup>

### c. Sporty's Farm v. Sportsman's Market, Inc.<sup>56</sup>

In the first reported decision by an appellate court under the Anticybersquatting Act, the Second Circuit held that Sporty's Farm acted with bad faith intent to profit when it registered the domain name sportys.com.<sup>57</sup> Sportsman's Market had prior use and registration of the mark SPORTY'S, and the court found the two marks confusingly similar. Thus, the court held that Sporty's Farm violated Section 43(d).<sup>58</sup>

## 3. Third Circuit

**a. Rose Art Industries, Inc. v. Swanson**<sup>59</sup>

The Third Circuit “upped the ante” on plaintiffs who claim trade dress rights in an entire series or line of products or packaging. In such cases, the plaintiff not only must prove the traditional elements of nonfunctionality and distinctiveness, but also must meet a threshold standard that the products in the line have a “consistent overall look.”<sup>60</sup> Citing an “acute” concern for protecting competition, the court justified this standard “[b]ecause of the broad reach that protection of trade dress for a series or line of products would embrace . . . .”<sup>61</sup>

Although the plaintiff must demonstrate that the series or line has “a recognizable and consistent overall look,” it need not show that the products’ appearances are “identical.”<sup>62</sup> Further, the plaintiff need not include all of its products within its claim, but rather “is free to seek trade dress protection for whatever products or packaging it sees fit.”<sup>63</sup> Thus, the plaintiff can define the line as including or excluding whatever products it wishes, as long as the products included have a consistent overall look.<sup>64</sup>

**\*243 b. A&H Sportswear, Inc. v. Victoria’s Secret Stores, Inc.**<sup>65</sup>

In this case, the Third Circuit compared and contrasted the doctrines of reverse confusion and direct confusion.

While the essence of a direct confusion claim is that the defendant free-rides on the plaintiff’s reputation and goodwill by adopting a similar mark,<sup>66</sup> reverse confusion occurs where the defendant saturates the market with a similar mark and overwhelms the plaintiff.<sup>67</sup> Although the ultimate question in both cases is whether there is a likelihood of consumer confusion as to the source or sponsorship of a product, “there are differences between the two situations that bear mentioning.”<sup>68</sup>

For example, while a defendant’s use of a house mark and/or disclaimer may reduce the likelihood of consumers being confused when they encounter the defendant’s product (i.e., direct confusion), the impact is lessened when consumers encounter the plaintiff’s product (i.e., reverse confusion).<sup>69</sup> In fact, the defendant’s use of a well-known house mark may even aggravate reverse confusion by reinforcing the association between defendant and the mark at issue.<sup>70</sup>

Another important difference between reverse and direct confusion is in the analysis of the strength of the marks.<sup>71</sup> In a direct confusion claim, a plaintiff with a commercially strong mark is more likely to prevail than one with a commercially weak mark.<sup>72</sup> Conversely, in a reverse confusion claim, a plaintiff with a commercially weak mark is more likely to prevail, particularly when pitted against a defendant with a far stronger mark.<sup>73</sup>

Finally, the likelihood of expansion factor is transformed in a reverse confusion case. For a direct confusion claim, the court considers whether the consuming public might expect the plaintiff to manufacture a product in the defendant’s market, or expand into that market.<sup>74</sup> For reverse confusion, the court should consider whether consumers might expect the defendant (typically a larger, more powerful company) to manufacture a product in the plaintiff’s market or TO expand into that market.<sup>75</sup>

**\*244 c. Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C.**<sup>76</sup>

In this case, the Third Circuit held that a mark that is famous in a niche market, but not to the general public, is entitled to protection under the Federal Trademark Dilution Act (FTDA), provided that the plaintiff and defendant are operating in the same or related markets.<sup>77</sup>

Plaintiff was the publisher of *The Sporting News*, a weekly sports publication that has graced newsstands for over a century. The defendant published a weekly sports-betting publication named *Las Vegas Sporting News*. The Third Circuit affirmed a preliminary injunction on the ground that THE SPORTING NEWS mark was famous in the niche sports periodicals market and that defendant’s use of its title blurred the distinctiveness of plaintiff’s mark.<sup>78</sup>

In addition to approving the “niche market” theory of fame, the Third Circuit rejected defendant’s argument that the plaintiff’s mark be subject to a separate test for distinctiveness in addition to fame under the FTDA.<sup>79</sup>

Finally, the court provided guidance on the meaning of “blurring”:



“Blurring” in this context means “to make dim, indistinct or indefinite.” Blurring occurs when the defendant’s use of its mark causes the public to no longer associate the plaintiff’s famous mark with its goods or services; the public instead begins associating both the plaintiff and the defendant with the famous mark. Dilution by blurring takes place when the defendant’s use of its mark causes the identifying features of the plaintiff’s famous mark to become vague and less distinctive. To prove dilution by blurring, the owner of a famous mark must prove that the capacity of its mark to continue to be strong and famous would be endangered by the defendant’s use of its mark.<sup>80</sup>

The court also approved the Second Circuit’s list of factors for determining blurring as articulated in the Nabisco case.<sup>81</sup>

Judge Barry submitted a blistering dissent, arguing that the FTDA was intended to protect only a narrow category of truly famous marks and that a mark well-known only in a “niche market” should not qualify.<sup>82</sup>

#### **\*245 4. Fourth Circuit**

##### **a. Emergency One, Inc. v. American Fire Eagle, Ltd.<sup>83</sup>**

In this case, the Fourth Circuit explored abandonment of a mark under the Lanham Act.

In 1985, a company named American Eagle began manufacturing fire trucks under the mark AMERICAN EAGLE, with a logo consisting of a bald eagle superimposed over an American flag. In 1989, the plaintiff, another fire truck manufacturer, purchased American Eagle and its trademark. From 1989 to June 1992, plaintiff manufactured a few trucks bearing the AMERICAN EAGLE mark to satisfy American Eagle’s back orders. In June 1992, plaintiff closed American Eagle’s plant and ceased manufacturing any new trucks under the AMERICAN EAGLE brand but continued using the mark on promotional merchandise (e.g., T-shirts, hats, tote bags, and nameplates) and on badges on security guard uniforms.<sup>84</sup> Plaintiff also used the AMERICAN EAGLE mark on one recycled truck leaving its factory in 1994.<sup>85</sup>

Meanwhile, in 1994, a former American Eagle employee founded the defendant company, which designed a mark highly similar to the AMERICAN EAGLE logo for use in manufacturing fire trucks.<sup>86</sup> Plaintiff filed suit, and defendant defended on the ground that plaintiff had abandoned the AMERICAN EAGLE mark.<sup>87</sup> The jury found that plaintiff had not abandoned the mark.<sup>88</sup> The Fourth Circuit vacated and remanded for a new trial, holding that the district court improperly instructed the jury regarding the law of abandonment.<sup>89</sup>

The Fourth Circuit first found that defendant had demonstrated that plaintiff discontinued use of the AMERICAN EAGLE mark for three consecutive years, giving rise to a statutory presumption of abandonment.<sup>90</sup> The court held that defendant’s promotional use on clothing and merchandise and incidental use in recycling and repair were not the “use” required to preserve rights under the Lanham Act.<sup>91</sup> Under 15 U.S.C. Section 1127, “use” means “the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a \*246 mark.”<sup>92</sup> Neither promotional use of the mark on goods in a different course of trade (such as defendant’s promotional merchandise) nor mere token use (such as defendant’s single sale of a recycled truck over the course of three years) is sufficient.<sup>93</sup>

However, the court also held that plaintiff did produce evidence that it intended to resume use of the mark on fire trucks.<sup>94</sup> Plaintiff’s continuous promotion of the AMERICAN EAGLE brand on merchandise is evidence of some intent to resume use, and there was evidence that plaintiff considered using the mark on fire trucks between 1992 and 1995.<sup>95</sup> A trademark owner cannot defeat an abandonment claim by simply asserting a vague, subjective intent to resume use at some unspecified future date, and must produce evidence of intent to resume use within the reasonably foreseeable future.<sup>96</sup> What is reasonable will vary depending on the particular industry and circumstances of the case.<sup>97</sup> Here, the court concluded that there was sufficient evidence of intent to resume use to raise a triable issue of fact for the jury.<sup>98</sup>

##### **b. Ale House Management, Inc. v. Raleigh Ale House, Inc.<sup>99</sup>**

This is one of the few reported decisions awarding attorney fees to the defendant under the Lanham Act.

Plaintiff operated a chain of restaurants in Florida. Each restaurant was named after its geographical location plus the words

“ale house” (e.g., “Orlando Ale House”). Although plaintiff planned to expand to other states, it had not yet done so. When plaintiff heard that defendant was preparing to open a restaurant in Raleigh, North Carolina, under the name Raleigh Ale House, it filed suit for trademark, trade dress, and copyright infringement.<sup>100</sup>

Although it conceded that “ale house” may be generic for neighborhood pubs, plaintiff argued that the term was not generic for a restaurant serving both food and beer.<sup>101</sup> The court rejected plaintiff’s argument, since the evidence showed extensive generic use of the term “ale house” to refer not only to facilities that \*247 serve alcohol but also to facilities that serve food.<sup>102</sup> The court also rejected plaintiff’s trade dress claims, since the exterior appearance of plaintiff’s various restaurants differed significantly in shape, size, style, color, and materials,<sup>103</sup> and their interior design was not “unique or memorable.”<sup>104</sup>

Finally, the court affirmed an award of attorney fees to the defendant.<sup>105</sup> Under the Lanham Act, a prevailing defendant may recover attorney fees in an “exceptional” case, necessitating a showing of “something less than bad faith.”<sup>106</sup> Relevant factors include economic coercion, groundless arguments, and failure to cite controlling law.<sup>107</sup> Here, the court justified an award of attorney’s fees award because plaintiff alleged erroneous facts due to reliance on a form complaint; failed to tailor its factual allegations to fit the case; withdrew a federal dilution claim after defendant pointed out its inapplicability; and used its resources to hinder defendant’s business venture.<sup>108</sup>

## 5. Fifth Circuit

### a. Advantage Rent-A-Car, Inc. v. Enterprise Rent-A-Car Co.<sup>109</sup>

In this case, the Fifth Circuit contrasted the level of fame or distinctiveness needed to establish dilution claims under federal and state law.

Enterprise claimed that Advantage’s use of the advertising phrase “We’ll even pick you up” diluted Enterprise’s mark “We’ll pick you up” under the FTDA and under the Texas, Louisiana, Arkansas, and New Mexico antidilution statutes.<sup>110</sup> The district court entered judgment for Advantage, holding that Enterprise’s mark was not sufficiently famous or distinctive to merit dilution protection.<sup>111</sup> The Fifth Circuit affirmed the holding that Enterprise’s mark was insufficiently famous under the FTDA but vacated and remanded to determine whether the mark was sufficiently distinctive under the Texas and Louisiana statutes, which do not explicitly require fame.<sup>112</sup>

\*248 Regarding the FTDA claim, the Fifth Circuit embraced the “niche fame” doctrine, noting that Enterprise need only prove fame in the car rental industry, not in a broader market.<sup>113</sup> However, the court held that Enterprise did not prove that its mark was famous even within the car rental market, reasoning that the words “we’ll pick you up” are common and descriptive.<sup>114</sup> “[D]ilution is an extraordinary remedy,” the court noted.<sup>115</sup>

Turning to the state dilution claims, the Fifth Circuit found that the Texas and Louisiana statutes require only distinctiveness, not fame.<sup>116</sup> The court’s decision gives little guidance on the difference between these two standards, however. “Although there seems to be no established difference between fame under the FTDA and distinctiveness under the Texas and Louisiana statutes, principally because both are such nebulous standards, the substantive difference, if any, is one of degree.”<sup>117</sup> The court pointed out that the factors courts consider in determining whether a mark is sufficiently distinctive for dilution protection under Texas law are much more like those used in the FTDA fame analysis and that “a somewhat stricter standard is to be applied in determining ‘strength’ in dilution analysis than in likelihood of confusion analysis.”<sup>118</sup>

### b. Westchester Media v. PRL USA Holdings, Inc.<sup>119</sup>

In this case, the Fifth Circuit affirmed the trial court’s finding that Westchester’s Polo Magazine infringed designer Ralph Lauren’s POLO marks, but vacated a permanent injunction and remanded to determine whether a disclaimer would be a more appropriate remedy in view of Westchester’s First Amendment rights. The court’s decision is significant in several respects.

First, the court decided two issues of first impression in the Fifth Circuit relating to the FTDA. The Fifth Circuit joined the ongoing intercourt debate as to whether the FTDA requires a showing of actual dilution or merely a likelihood of dilution as with most state antidilution statutes.<sup>120</sup> The Fifth Circuit “endorse[d] \*249 the Fourth Circuit’s holding that the FTDA requires proof of actual harm”<sup>121</sup> and “concluded that the FTDA requires proof of actual dilution.”<sup>122</sup> In addition, the court

held that enjoining a defendant's continuing use of a mark after enactment of the FTDA does not involve impermissible retroactive application of the FTDA, citing the Eighth Circuit's decision in *Viacom*.<sup>123</sup>

The decision also discusses how the First Amendment can significantly impact the issues of liability and relief in a trademark case. The court recognized that magazine publishers have a First Amendment interest in choosing an appropriate title for their work, and, therefore, any finding that the title is likely to cause confusion with a plaintiff's mark must be "particularly compelling" to outweigh this First Amendment interest.<sup>124</sup> The court also indicated that when the challenged use involves First Amendment interests, the preferred remedy "is a disclaimer that will officially dissociate the junior user of the mark from the senior user's product."<sup>125</sup> The court remanded to determine "whether a disclaimer procedure better comports with First Amendment principles than an outright prohibition on Westchester's use of 'Polo' " for its magazine.<sup>126</sup>

### **c. *Mink v. AAAA Development LLC***<sup>127</sup>

In *Mink*, the Fifth Circuit decided that the district court lacked personal jurisdiction over a defendant whose sole contact with Texas was a "passive" web site. The issue was one of first impression in this circuit.<sup>128</sup>

Plaintiff David Mink ("Mink") sued defendants AAAA Development ("AAAA") and David Middlebrook ("Middlebrook"), charging them with copyright infringement and violations of his patent-pending rights,<sup>129</sup> based on an alleged conspiracy between AAAA and Middlebrook to copy a computer program Mink designed. Mink shared the content of his program with a Colorado resident, who then allegedly shared the information with Middlebrook and AAAA. AAAA was a Vermont corporation with its principal place of business in Vermont, and Middlebrook was a Vermont resident.<sup>130</sup>

\*250 The district court dismissed the case for lack of personal jurisdiction.<sup>131</sup> Mink then filed a motion for reconsideration and alleged, for the first time, that the defendants had been cold-calling Texas residents and that AAAA had an Internet web site, accessible in Texas, that could fulfill the minimum contacts requirement for the exercise of personal jurisdiction.<sup>132</sup> The district court denied the motion, and Mink appealed.<sup>133</sup>

Regarding AAAA's web site, the court recognized that "[c]ourts addressing the issue of whether personal jurisdiction can be constitutionally exercised over a defendant look to the 'nature and quality of commercial activity that an entity conducts over the Internet.'" <sup>134</sup> The court then adopted the reasoning in *Zippo* that Internet use could be broken down into a spectrum consisting of three areas.<sup>135</sup> At one end of the spectrum, where personal jurisdiction exists, are situations where a defendant does business over the Internet by "entering into contracts with residents of other states[,] which 'involve the knowing and repeated transmission of computer files over the Internet . . .'" <sup>136</sup> At the opposite end of the spectrum, where personal jurisdiction does not exist, are "passive" web sites, i.e., those that do nothing more than advertise.<sup>137</sup> In the middle of the spectrum are "situations where a defendant has a web site that allows a user to exchange information with a host computer."<sup>138</sup> The level of interactivity and the commercial nature of the exchange of information occurring on such a web site determine whether personal jurisdiction exists in this middle ground.<sup>139</sup>

The Fifth Circuit determined that AAAA's web site, which posted information about its products and services, was passive.<sup>140</sup> The court noted that "[w]hile the web site provides users with a printable mail-in order form, AAAA's toll-free number, a mailing address and an [e-mail] address, orders are not taken through [the] web site."<sup>141</sup> Further, the court pointed out that no evidence existed that "AAAA conducted business over the Internet by engaging in business transactions with forum residents or by entering into contracts over the Internet."<sup>142</sup> While the court gave some attention to the fact that the web site provided users with an e-mail \*251 address, it concluded that "the web site [did not allow] AAAA to do anything but reply to e-mail initiated by web site visitors."<sup>143</sup> The court pointed out that the capability to order or purchase products or services on-line did not exist with AAAA's web site and, moreover, that "potential customers [were] instructed by the web site to remit any completed order forms by regular mail or fax."<sup>144</sup>

### **d. *Igloo Products Corp. v. Brantex, Inc.***<sup>145</sup>

This case addresses the evidentiary effect of trademark registrations.

The suit involved the issue of whether Igloo's use of the term "Cool Pack" for portable containers infringed Brantex's trademark KOOL PAK. Brantex owned two federal registrations for the mark KOOL PAK in design forms. In the first,

Brantex was required to disclaim any exclusive right to the words “Kool Pak” alone, while in the second, no disclaimer was required based on Brantex’s claim that the word mark Kool Pak had become distinctive. Brantex also applied to register the word mark Kook Pak, which Igloo opposed. Finally, Brantex owned a Texas registration for the word mark Kool Pak.<sup>146</sup>

The jury found that the mark KOOL PAK was descriptive and lacked secondary meaning.<sup>147</sup> Brantex argued that the jury should have been instructed that the word mark had presumptively developed secondary meaning, since the PTO issued a registration under Section 2(f)<sup>148</sup> without any disclaimer, and because of Brantex’s Texas registration for the word mark.<sup>149</sup> The Fifth Circuit rejected this contention, noting that the prima facie presumption of validity provided by the Lanham Act pertains to the whole mark--in this case the words plus a design--rather than to any individual portion of the mark.<sup>150</sup> In addition, even if a prima facie presumption of validity attached to the word mark KOOL PAK by virtue of Brantex’s Texas registration, that would only shift to Igloo the initial burden of production as the issue of secondary meaning.<sup>151</sup> Pursuant to Federal Rule of Evidence 301, the ultimate burden of persuasion would remain with Brantex.<sup>152</sup>

**\*252 e. Seatrax, Inc. v. Sonbeck International, Inc.**<sup>153</sup>

This case provides guidance on the standards for recovering defendant’s profits and attorney fees under the Lanham Act.

The plaintiff filed this action alleging trademark infringement, trade secret misappropriation, and unfair trade practices.<sup>154</sup> Based on the jury’s verdict finding trademark infringement, the district court granted injunctive relief but denied plaintiff’s request for an accounting of defendant’s profits and for attorney fees.<sup>155</sup> Unsatisfied by this result, plaintiff appealed the denial of these monetary remedies (as well as various other issues).<sup>156</sup> The Fifth Circuit affirmed.<sup>157</sup>

Regarding defendant’s profits, the court identified the following non-exhaustive list of factors to determine when a plaintiff is entitled to an accounting under 15 U.S.C. Section 1117(a):

- (1) whether the defendant intended to confuse or deceive;
- (2) whether sales have been diverted;
- (3) the adequacy of other remedies;
- (4) any unreasonable delay by the plaintiff asserting her rights;
- (5) the public interest in making the conduct unprofitable; and
- (6) whether it is a case of palming off.<sup>158</sup>

The court rejected plaintiff’s argument that it was entitled to an accounting because defendant was unjustly enriched, finding that, in this case, “evidence of unjust enrichment and diversion of sales is speculative at best.”<sup>159</sup> Further, the jury did not find that defendant’s infringement was willful; plaintiff did not show palming off; and the district court’s permanent injunction provided an effective deterrent to future infringement.<sup>160</sup> “Thus, in light of ‘the lack of sufficient proof of actual damages, and lack of an intent to confuse or deceive, injunctive relief satisfies the equities.’”<sup>161</sup>

Similarly, the court held that plaintiff was not entitled to an award of attorney fees, since the jury found the infringement was not willful.<sup>162</sup> Under \*25315 U.S.C. Section 1117(a), the court may award attorney fees in an “exceptional case,” which “is one in which the defendant’s trademark infringement can be characterized as malicious, fraudulent, deliberate, or willful, and . . . [and that] has been interpreted by courts to require a showing of a high degree of culpability.”<sup>163</sup>

**f. Enrique Bernat F., S.A. v. Guadalajara, Inc.**<sup>164</sup>

In this case, the Fifth Circuit ruled that when conducting a likelihood of confusion analysis between marks that have both a distinctive and a common generic component, the court should compare only the distinctive portions of the marks and not the marks as a whole.<sup>165</sup>

In this case, Chupa Chups, a manufacturer and distributor of lollipops called “Chupa Chups,” sued Dulces Vero, a manufacturer and distributor of lollipops called “Chupa Gurts,” for trademark infringement. The Fifth Circuit found that “chupa” is a generic Spanish word for “lollipop,” and because generic terms cannot obtain trademark protection, the only part of Chupa Chups’ mark that could obtain trademark protection is “Chups.”<sup>166</sup> Therefore, the court went on to state, “Chups” and “Gurts” should be compared to determine likelihood of confusion and not “Chupa Chups” and “Chupa Gurts.”<sup>167</sup> The court then ruled in favor of the defendant, since “Chups” and “Gurts” by themselves are not confusingly similar terms.<sup>168</sup>

#### **g. Small Business Assistance Corp. v. Clear Channel Broadcasting, Inc.<sup>169</sup>**

In this case, the plaintiff asserted that the defendant’s mark, SUMMER JAM, infringed upon its mark, UNCLE SAM JAM.<sup>170</sup> The Fifth Circuit, however, disagreed and rejected the jury’s finding of infringement, finding that SUMMER JAM is a generic term for a musical concert occurring during the summer months and holding that a trademark cannot be infringed by use of the generic term for the product or service it designates.<sup>171</sup>

#### **\*254 6. Sixth Circuit**

In *Kellogg Co. v. Exxon Corp.*,<sup>172</sup> the Sixth Circuit analyzed the affirmative defenses of laches and acquiescence and the offensive countermeasure to those affirmative defenses: progressive encroachment.

Kellogg alleged that Exxon’s use of a cartoon tiger in connection with the sale of food and beverage items infringed and diluted Kellogg’s TONY THE TIGER trademark. Exxon began using its cartoon tiger in 1964 in connection with its well-known “Put a Tiger In Your Tank” advertising campaign and registered the cartoon tiger mark in 1965 for motor fuels. Later, Exxon began using the cartoon tiger mark in connection with its convenience stores, including the sale of food and beverage products at those stores.<sup>173</sup>

In 1996, Kellogg filed suit. Exxon moved for summary judgment based on the affirmative defenses of laches and acquiescence. The district court granted Exxon’s motion and dismissed the case.<sup>174</sup> The Sixth Circuit, however, reversed and remanded the case for trial of Kellogg’s infringement and dilution claims.

The Sixth Circuit first addressed Exxon’s laches defense. Noting that Kellogg had withdrawn its claims for damages, the court held that laches was inapplicable because laches only precludes a plaintiff from recovering damages, not injunctive relief.<sup>175</sup>

The Sixth Circuit next turned to Exxon’s acquiescence defense and the doctrine of progressive encroachment. Although Kellogg failed to challenge Exxon’s early use and registration of the cartoon tiger, the court noted that this use and registration was to promote petroleum products.<sup>176</sup> Since the two marks “peaceably co-existed, each catering to its own market . . . Kellogg was not obligated to bring suit at that time in order to protect its trademark.”<sup>177</sup> The court reasoned that the progressive encroachment doctrine gives plaintiffs latitude in the timing of filing suit, permitting them to wait until the likelihood of confusion “looms large.”<sup>178</sup> Here, Kellogg’s duty to defend its trademark was not triggered until Exxon began using its cartoon tiger in connection with the non-petroleum market of food, beverages, and retail convenience stores.<sup>179</sup>

**\*255** The Sixth Circuit rejected the district court’s ruling that direct competition of identical products in identical markets is required for a finding of progressive encroachment.<sup>180</sup> Rather, progressive encroachment turns on “the likelihood of confusion resulting from the defendant’s moving into the same or similar market area and placing itself more squarely in competition with the plaintiff.”<sup>181</sup> Thus, in evaluating a plaintiff’s claim of progressive encroachment, the district court must perform a likelihood of confusion analysis “informed by factors such as whether the defendant has brought itself more squarely into competition with the plaintiff, whether the defendant has made changes to its mark over the years so that it more closely resembles plaintiff’s mark, whether the parties market to the same customers or area, and whether the parties sell products interchangeable in use.”<sup>182</sup>

Finally, the Sixth Circuit held that Kellogg did not acquiesce to Exxon’s use of its cartoon tiger in connection with the sale of non-petroleum products as a matter of law, since there was no evidence that Kellogg actively consented to such use.<sup>183</sup> Further, even assuming Kellogg should have known of Exxon’s non-petroleum usage when Exxon opened its first convenience store in 1984, Kellogg’s failure to bring suit until 1996 was not “so outrageous, unreasonable and inexcusable as

to constitute a virtual abandonment of its right” to seek injunctive relief with regard to the sale of non-petroleum products.<sup>184</sup>

## 7. Seventh Circuit

### a. *Eli Lilly & Co. v. Natural Answers, Inc.*<sup>185</sup>

The Seventh Circuit also weighed in on the intercircuit debate regarding the proper standard for proving dilution under the FTDA, agreeing with the Second Circuit that a plaintiff need only show likelihood of dilution.<sup>186</sup> The Seventh Circuit criticized the Fourth Circuit’s requirement that the plaintiff show actual economic harm<sup>187</sup> as causing “unjust and inefficient results” that Congress could not have intended and as holding plaintiffs “to an impossible level of proof.”<sup>188</sup>

The court then turned to the question of how it should decide whether the plaintiff demonstrated a likelihood of dilution. The plaintiff in this case was the \*256 owner of the well-known mark PROZAC used for a prescription drug for treating clinical depression. The defendant introduced an herbal “mood elevator” named HERBROZAC. The Seventh Circuit affirmed the district court’s finding that plaintiff was likely to succeed in proving a likelihood of dilution, focusing on two of the oft-cited Mead Data<sup>189</sup> factors-- similarity of the marks and renown of the plaintiff’s mark--and discarding the remaining factors--similarity of products, sophistication of consumers, predatory intent, and renown of the junior mark--as “not particularly relevant” to a dilution claim.<sup>190</sup>

Another significant aspect of the court’s decision was its view of the defendant’s use of “Prozac” as a metatag on its web site: The clear intent of this effort, whether or not it was successful, was to divert Internet users searching for information on PROZAC® to Natural Answers’ Web site. . . . “Using another’s trademark in one’s metatags is much like posting a sign with another’s trademark in front of one’s store.” As such, it is significant evidence of intent to confuse and mislead. Because Natural Answers’ wrongful intent is so obvious, we weigh it heavily.<sup>191</sup>

Web designers, beware!

### b. *Johnny Blastoff, Inc. v. Los Angeles Rams Football Co.*<sup>192</sup>

In this case, the Seventh Circuit confirmed that trademark owners may establish rights in a mark through use that is solely by members of the public.

Shortly after a widely-publicized announcement that the Los Angeles Rams intended to relocate to St. Louis, which was highlighted by an edition of a local St. Louis newspaper that included a sixteen-page pullout section entitled “St. Louis Rams,” plaintiff-appellant, Johnny Blastoff, Inc. (“JBI”), applied for and received a Wisconsin state trademark registration for the mark ST. LOUIS RAMS.<sup>193</sup> JBI then filed a host of federal trademark applications for the same mark, two of which were eventually published and opposed by defendants-appellees, Los Angeles Rams Football Co. (“Rams”), St. Louis Rams Partnership, National Football League Properties, Inc., and the National Football League.<sup>194</sup> JBI conducted discovery in the first opposition and sued the defendants in the Western District of Wisconsin.<sup>195</sup> The district court granted defendants summary judgment on a host of issues, and JBI appealed.<sup>196</sup>

\*257 The Seventh Circuit first determined that, despite not actually having used the mark, defendants had established priority in ST. LOUIS RAMS over JBI through third party (public) use and public association.<sup>197</sup> Initially, the court stated that to acquire a protectible right in a mark, a party must use it in connection with its product in a way sufficiently public that an appropriate segment of the public identifies the marked goods as those of the adopter of the mark.<sup>198</sup> Then, turning to exceptions to this rule, the court explained that a strong presumption of franchise owner priority existed with respect to a franchise’s use of an abbreviated version of its mark, such as RAMS, that is independent of urban affiliation.<sup>199</sup> The court also pointed out that rights could be acquired in a mark solely through third party use of an alteration of an existing mark (such as COKE for COCA-COLA) and that advertising and promotion could establish rights in marks.<sup>200</sup>

In analyzing these exceptions, the court cited the defendants’ announcement, the “St. Louis Rams” pull-out, the sale of unlicensed ST. LOUIS RAMS merchandise in the St. Louis area, and the large number of personal seat licenses received by the Rams, as evidence that “[b]y the time [JBI] registered the [ST. LOUIS RAMS] mark in Wisconsin . . . a significant

portion of the public associated the mark with the Rams football club.<sup>201</sup> Use of the mark in newspaper articles and exclusively public use of abbreviations of marks, the court reasoned, “[are] deemed to be on behalf of the mark’s owners.”<sup>202</sup> The court concluded its consideration of the issue by (1) pointing out that the Rams’ owner “implicitly adopted the exact phrase [ST. LOUIS RAMS] on the date of [the announcement]”<sup>203</sup> (2) stressing that its decision in *Indianapolis Colts, Inc. v. Metropolitan Baltimore Football Club Ltd.*<sup>204</sup> supported the proposition that the defendants had “a long-established priority over the use of the [RAMS] name in connection with the same professional football team, regardless of urban affiliation[.]”<sup>205</sup> and (3) noting that, because a product may be designated by more than one trademark, the use by the Rams of the mark LOS ANGELES RAMS after the priority date was irrelevant.<sup>206</sup> JBI’s insignificant use of the mark prior to the priority date established by defendants failed to link the mark to JBI’s products.<sup>207</sup>

**\*258** Turning to JBI’s contention that the district court erred in finding a likelihood of confusion between JBI’s and defendants’ use of ST. LOUIS RAMS, the court noted that “[i]n asserting that the defendants are the cause of confusion of the marks, [JBI] seems to be framing the issue as one of reverse confusion.”<sup>208</sup> The court rejected JBI’s argument because JBI was not the senior user and because JBI had no protectible rights in the ST. LOUIS RAMS mark.<sup>209</sup> Further, the court pointed to JBI’s position at the district court level that the public associated JBI’s goods with the defendants as evidence that the district court did not err in its finding.<sup>210</sup>

### c. *Hot Wax, Inc. v. Turtle Wax, Inc.*<sup>211</sup>

In *Hot Wax*, the Seventh Circuit affirmed the district court’s grant of summary judgment to defendant Turtle Wax, Inc. (“Turtle Wax”) that the false advertising claims of plaintiff Hot Wax, Inc. (“Hot Wax”) were barred by laches.<sup>212</sup> The parties were competitors in the automated carwash/car wax industry. Hot Wax’s products used real carnauba wax, while those of Turtle Wax used less costly ingredients that contained neither natural nor synthetic substances typically found in wax. Turtle Wax’s products also failed to exhibit wax-like properties when applied to the surface of a car.<sup>213</sup>

Although Hot Wax learned the facts about Turtle Wax’s products in the mid-1970s, it waited until 1993 before taking action.<sup>214</sup> At that time, Hot Wax directed letters to Turtle Wax, accusing it of falsely advertising and mislabeling its products.<sup>215</sup> Additionally, Hot Wax directed a letter to the Wisconsin Department of Agriculture, Trade and Consumer Protection requesting that it take action against the alleged false advertising by Turtle Wax.<sup>216</sup> In response, the Department indicated that Turtle Wax had not violated any of Wisconsin’s deceptive trade practice laws on the ground that the term “wax” had grown to encompass a variety of substances, including those that fell outside the traditional definition of the term.<sup>217</sup>

**\*259** Having failed in its letter-writing campaign, Hot Wax sued Turtle Wax in 1997, alleging that Turtle Wax had violated Section 43(a)(2) of the Lanham Act<sup>218</sup> “because its products . . . contained no wax and did not protect or polish the surface of an automobile in the same manner as traditional wax products do.”<sup>219</sup> The parties then filed cross motions for summary judgment on this claim, both of which the district court denied.<sup>220</sup>

The district court did enter summary judgment in favor of Turtle Wax, however, on the ground that laches barred Hot Wax’s claims.<sup>221</sup> The district court found that Hot Wax’s roughly twenty-year unexplained delay in suing Turtle Wax prejudiced the defendant due to the substantial investment Turtle Wax made in the promotion and development of its products.<sup>222</sup> The Seventh Circuit affirmed the district court’s finding and rejected Hot Wax’s arguments that the doctrine of laches was unavailable as a bar to its Lanham Act claims; that laches did not exist; and that, even if laches were established, both the doctrine of unclean hands and the public’s interest precluded its application to Hot Wax’s claims.<sup>223</sup>

Hot Wax initially asserted that, under Illinois law, laches—an equitable defense—did not apply to actions at law seeking damages that were filed within the statute of limitations.<sup>224</sup> In rejecting this argument, the court noted that while state statutes of limitations could serve as benchmarks for determining whether a presumption of laches existed, even claims brought within the limitation period could be barred.<sup>225</sup> Otherwise, the court reasoned, given the notion of a “continuing wrong” applicable in Lanham Act cases, a party could indefinitely delay filing suit.<sup>226</sup> The court also pointed out that, contrary to Hot Wax’s contention, both the Lanham Act and persuasive Seventh Circuit authority contemplated the application of the equitable doctrine of laches to legal claims seeking damages.<sup>227</sup>

The court rejected Hot Wax’s argument that the record did not support a finding of unreasonable delay by pointing to various admissions and acknowledgments by Hot Wax that it knew of Turtle Wax’s activities since at least **\*260** the mid-1970s.<sup>228</sup>

Hot Wax also argued that its delay was justified on the grounds that Turtle Wax's marketing had evolved over time to become literally false and misleading and that Hot Wax needed time to chemically analyze Turtle Wax's products.<sup>229</sup> The court rejected these arguments and made clear that it doubted Hot Wax's veracity in making them.<sup>230</sup> Hot Wax even argued that its delay was justified on the ground that it had attempted to resolve the claims without recourse to litigation.<sup>231</sup> However, the court would not characterize Hot Wax's "five letters to the Chicago Tribune, Turtle Wax, and the Wisconsin Department of Agriculture, Trade and Consumer Protection [during 1993-1995] . . . as a serious attempt to resolve its concerns regarding Turtle Wax's products and advertising,"<sup>232</sup> especially considering the fact that Hot Wax had not pursued any bilateral solutions or provided an explanation of its inactivity for the remainder of the delay.<sup>233</sup>

The court made short work of the second laches requirement, prejudice to Turtle Wax as a result of the unreasonable delay. The "great length" of Hot Wax's delay served as the cornerstone of the court's analysis:

Hot Wax permitted Turtle Wax's advertising and the development of its products to go unchecked for well over a ten- to twenty-year period. During this time, Hot Wax sat idly by and chose not to challenge Turtle Wax's use of the term "wax" with respect to its products, and Turtle Wax invested significant amounts of time and money in product development and advertising . . . . Had Hot Wax successfully pressed its claims in a timely manner, Turtle Wax certainly could have invested its time and money in other areas or simply renamed its products.<sup>234</sup>

Accordingly, the court concluded that the district court did not err in concluding that Turtle Wax was prejudiced by the delay.<sup>235</sup> In a footnote, the court blessed the district court's decision to deny Hot Wax any injunctive relief given the egregiousness of its delay.<sup>236</sup>

**\*261** As a last resort, Hot Wax argued that the applicability of laches should give way to Turtle Wax's unclean hands and the public's interest. Hot Wax asserted that Turtle Wax's unclean hands resulted from its engagement in the alleged "fraud" that its products contained wax or exhibited wax-like properties when, in Hot Wax's opinion, they did not.<sup>237</sup> The court pointed out that Hot Wax certainly had not established "willful fraud," given the conflicting evidence presented to the district court.<sup>238</sup> Moreover, the court reasoned that to conclude that failing to establish innocence at the summary judgment stage proved unclean hands "would be effectively to preclude the application of laches whenever a dispute of fact regarding the merits of a Lanham Act claim existed because . . . conceivably all suits involving Lanham Act claims could involve accusations of fraudulent or deceptive conduct."<sup>239</sup> The court based its decision to dismiss Hot Wax's public interest argument on similar grounds:

Given the fact that there has been no clear showing that the marketing of Turtle Wax's products has had or is having a negative impact on the public interest, we conclude that the public interest does not stand in the way of the application of the doctrine of laches in the present case.<sup>240</sup>

## 8. Ninth Circuit

### a. *Bancroft & Masters, Inc. v. Augusta National, Inc.*<sup>241</sup>

In this case, the Ninth Circuit held that sending a complaint letter to a domain name registrar regarding a registrant's domain name subjects the party sending the letter to personal jurisdiction in the home forum of the domain name registrant.

The defendant in this case operates the well-known Augusta National Golf Club in Augusta, Georgia, and sponsors the major golf tournament known as the Masters. Plaintiff is a small California computer company that registered the domain name "masters.com" with NSI, located in Virginia. In late 1997, defendant sent a letter to NSI complaining about plaintiff's domain name, thereby triggering NSI's then-existing dispute resolution policy, which required plaintiff to (1) voluntarily transfer the domain name to defendant, (2) file suite for declaratory judgment, or (3) have the domain name placed on hold. Plaintiff chose to file a declaratory judgment action in California, but the district court dismissed for lack of jurisdiction.<sup>242</sup>

**\*262** The Ninth Circuit reversed. Under the Supreme Court's "effects test,"<sup>243</sup> a defendant is subject to jurisdiction where it (1) committed an intentional act, (2) expressly aimed at the forum state, and (3) caused harm, the brunt of which is suffered in, and which the plaintiff knows is likely to be suffered in, the forum state.<sup>244</sup> The Ninth Circuit focused on the "express



aiming” requirement of this test and concluded that defendant’s letter to NSI expressly targeting plaintiff satisfied the test.<sup>245</sup>

In a concurring opinion, two of the judges on the panel pointed out that the “effects test” normally has been restricted to tortious conduct by the defendant seeking to wrongfully injure the plaintiff in the forum state.<sup>246</sup> Therefore, the defendant in this case would not be subject to jurisdiction in California if the facts on remand show it acted reasonably and in good faith to protect its trademark against an infringer.<sup>247</sup>

#### **b. GoTo.com, Inc. v. Walt Disney Co.**<sup>248</sup>

In this case, the Ninth Circuit affirmed a preliminary injunction against Disney’s logo for “The Go Network” web site, finding it “glaringly similar” to GoTo.com’s logo for its search engine.<sup>249</sup> Both logos presented the word “GO” in white capital letters in an almost identical sans serif font rendered in a green circle on a square yellow background.<sup>250</sup>

The court’s discussions of the web and web users no doubt will be cited often by plaintiffs involved in Internet trademark disputes. Although both parties offered search engines under their respective marks, GoTo.com’s site enabled consumers to locate third-party products, while The Go Network was an interconnected collection of web sites all belonging to Disney (e.g., disney.com, abc.com, espn.com).<sup>251</sup> Despite these differences, the court held that the parties’ services were sufficiently similar to create a likelihood of confusion:

With respect to Internet services, even services that are not identical are capable of confusing the public. Although even Web tyros can distinguish between a web site that, for example, provides discounted travel tickets and one that provides free Web-based e-mail, a user would almost certainly assume a common sponsorship if the sites’ trademarks were the same . . . .

**\*263** Our ever-growing dependence on the Web may force us eventually to evolve into increasingly sophisticated users of the medium, but, for now, we can safely conclude that the use of remarkably similar trademarks on different web sites creates a likelihood of confusion amongst Web users.<sup>252</sup>

The court also rejected Disney’s request to increase the bond from \$25,000.00 to \$20,000,000.00.<sup>253</sup> Under Federal Rules of Civil Procedure 65(c), stating the amount of a bond is within the district court’s discretion, and the court felt that Disney’s requested bond would risk denying GoTo access to judicial review.<sup>254</sup>

#### **c. Leatherman Tool Group, Inc. v. Cooper Industries, Inc.**<sup>255</sup>

In this case, the Ninth Circuit held that Leatherman’s “admittedly ingenious” Pocket Survival Tool (a multi-function pocket tool containing various tool blades, pliers, etc.) was functional and therefore ineligible for trade dress protection.<sup>256</sup> The court found that “every physical part of the Leatherman is de jure functional.”<sup>257</sup> The court pointed out that no feature of Leatherman’s product was ornamental or intended to identify source and that its designer repeatedly testified as to the superiority of the Leatherman design.<sup>258</sup>

The court rejected the proposition that a combination of functional elements renders a design non-functional:

Leatherman is correct that trade dress must be viewed as a whole, but where the whole is nothing other than the assemblage of functional parts, and where even the arrangement and combination of the parts is designed to result in superior performance, it is semantic trickery to say that there is still some sort of separate “overall appearance” which is non-functional. If it is permissible to draw a distinction between such an object and its “general appearance,” then virtually nothing is utilitarian . . . .<sup>259</sup>

The court also rejected Leatherman’s argument that the availability of other designs of multi-function tools rendered its design nonfunctional.<sup>260</sup> “While it is appropriate to look at possible alternatives when judging whether a design is functional, the evidence here was unequivocal that none of the alternatives offered the same functionality” as Leatherman’s product.<sup>261</sup>

#### **\*264 d. Interstellar Starship Services, Ltd. v. Epix Inc.**<sup>262</sup>

In *Epix*, the Ninth Circuit reversed and remanded the district court's grant of summary judgment to Interstellar Starship Services, Ltd. ("ISS") that ISS's maintenance of an Internet web site at *epix.com* did not infringe Epix, Incorporated's ("Epix's") registered trademark, EPIX.<sup>263</sup>

Epix manufactured and sold video-imaging hardware and software and provided consulting services regarding its products.<sup>264</sup> Epix had obtained a federal trademark registration for EPIX for "printed circuit boards and computer programs for image acquisition, processing, display and transmission in class 9."<sup>265</sup> Unclear of the "precise nature of ISS's business," the court adopted the district court's finding that "ISS's business included the offering of consulting services on "design for test" circuit analysis."<sup>266</sup> ISS's web site at *epix.com* displayed pictures and at one time had included (a) information describing how the pictures were touched up and posted and (b) a link permitting visitors to read about ISS and its business.<sup>267</sup> Epix notified NSI of its registration for EPIX, and, as dictated by NSI's domain-name dispute policy, ISS was forced to seek a declaratory judgment of non-infringement.<sup>268</sup> The district court granted summary judgment to ISS on its non-infringement claim, and Epix appealed.<sup>269</sup>

The court prefaced its analysis of the eight likelihood-of-confusion factors<sup>270</sup> by pointing out that it recognized initial interest confusion, "which permits a finding of a likelihood of confusion although the consumer quickly becomes aware of the source's actual identity and no purchase is made as a result of the confusion."<sup>271</sup> The court then noted that several factors favored Epix, because "for all intents and purposes, [ *epix.com* is] identical in terms of sight, sound, and meaning to EPIX . . . and because both ISS and Epix market on the internet . . ."<sup>272</sup> \*265 The court noted that other factors favored ISS due to the expense of Epix's goods and the sophistication of its customers.<sup>273</sup>

The court's analysis of the similarity of the products and services factor is worthy of some discussion. ISS stressed that it used *epix.com* only as a photograph repository and thus did not compete with Epix's video-imaging business.<sup>274</sup> The court pointed out, however, that the site had previously included a discussion of both ISS's business and the manner by which the photographs were altered and posted.<sup>275</sup> The court then stated that the former content of *epix.com* supported an inference that the services ISS marketed thereon were similar to those offered by Epix.<sup>276</sup> The court indicated that the doctrine of initial interest confusion also supported that inference because an Epix customer might read about ISS on *epix.com* and decide to patronize ISS, "permitting ISS to capitalize on the goodwill Epix developed in its trademark--even if the customer [was] never confused . . ."<sup>277</sup>

#### **e. Lockheed Martin Corp. v. Network Solutions, Inc.**<sup>278</sup>

In this case, the Ninth Circuit held that NSI was not guilty of contributorily infringing Lockheed's mark SKUNK WORKS as a result of NSI's registration of admittedly infringing domain-name combinations--such as *skunkworks.com*--because, in large part, NSI is merely a service that routes Internet users to the server hosting the desired web site.<sup>279</sup> Lockheed sued NSI, after unsuccessfully trying to circumvent NSI's dispute resolution policy, claiming, in relevant part, contributory service mark infringement.<sup>280</sup> The district court granted summary judgment to NSI and also denied Lockheed's motion to amend its complaint to add a cause of action for contributory dilution.<sup>281</sup>

On appeal, Lockheed urged a theory of contributory infringement that NSI supplied a product to a third party with actual or constructive knowledge that the product was being used to infringe Lockheed's service mark.<sup>282</sup> The "product" requirement, the court noted, was spelled out in the Supreme Court's decision in *Inwood Laboratory, Inc. v. Ives Laboratory, Inc.*,<sup>283</sup> which involved a defendant \*266 that supplied generic pills to pharmacists who the alleged contributory infringer knew were mislabeling the pills.<sup>284</sup> However, the court pointed out that the reasoning in *Inwood Laboratory* had been applied to cases that did not involve products.<sup>285</sup> Specifically, both the Seventh Circuit<sup>286</sup> and the Ninth Circuit<sup>287</sup> had determined that flea market owners could be guilty of contributory infringement by renting space to vendors, if certain conditions were met.<sup>288</sup>

The court explained that the Seventh and Ninth Circuit cases teach that when a contributory infringement claim falls outside of the "product" scenario, the court should consider "the extent of control exercised by the defendant over the third party's means of infringement."<sup>289</sup> The court then stated, "[d]irect control and monitoring of the instrumentality used by a third party to infringe the plaintiff's mark permits the expansion of *Inwood Lab.*'s 'supplies of product' requirement for contributory infringement."<sup>290</sup>

The court's explanation of why NSI was not guilty of contributory infringement is slightly disjointed. Instead of explaining why NSI did not sufficiently control and monitor the registrants' means of infringement, the court stated that "[t]he case at

bench involves a fact pattern squarely on the ‘service’ side of the product/service distinction suggested by Inwood Lab. and its offspring.<sup>291</sup> The court was referring to the suggestion by the Seventh Circuit in *Hard Rock* that a “temporary help service . . . might not be liable if it furnished [to the defendant] the workers he employed to erect his stand [at the flea market].”<sup>292</sup> The court explained that “NSI does not supply the domain-name combination any more than the Postal Service supplies a street address by performing the routine service of routing mail.”<sup>293</sup>

The court then addressed the direct control and monitoring issue in the alternative, stating, “[t]he ‘direct control and monitoring’ rule established by [the Seventh and Ninth Circuits] likewise fails to reach the instant situation.”<sup>294</sup> Without further explanation, the court stated that NSI’s service of translating \*267 domain names to Internet protocol addresses did not entail sufficient direct control and monitoring.<sup>295</sup>

Having completed its analysis of the contributory infringement issue, the court went on to dispose of two other issues raised by Lockheed in its appeal. First, Lockheed urged that the district court had erred by holding that Section 32(2) of the Lanham Act<sup>296</sup> did not create an independent basis for liability.<sup>297</sup> The court explained that Section 32(2) did not create such a cause of action with respect to NSI because NSI had not infringed Lockheed’s trademark rights.<sup>298</sup> Second, Lockheed appealed the district court’s decision to deny Lockheed’s motion to (a) amend its complaint to add a contributory dilution cause of action and (b) include allegations of several other offending domain-name combinations.<sup>299</sup> The court denied Lockheed’s appeal of this issue as well, noting that while one district court had recognized the cause of action for contributory dilution, no appellate court or statute had yet established such a cause of action.<sup>300</sup> Moreover, the court considered the proposed amendment to be futile, considering that NSI was not guilty of contributory infringement.<sup>301</sup>

## 9. Tenth Circuit

In contrast to the Fifth Circuit’s view expressed in *Igloo Products* that a registration only shifts the initial burden of production to the defendant on the mark’s validity,<sup>302</sup> the Tenth Circuit in *Creative Gifts, Inc. v. UFO*<sup>303</sup> held that a registration shifts the burden of proof: “Because a trademark’s certificate of registration carries with it the presumption that the trademark is valid, a party seeking cancellation of a registration on the ground that the mark has become generic carries the burden of proving that fact by a preponderance of the evidence.”<sup>304</sup> Evidence of genericness may come from direct testimony of purchasers, consumer surveys, dictionary listings, newspapers and other publications.<sup>305</sup>

\*268 The Tenth Circuit also held in this case that a defendant who is a former trademark licensee of the plaintiff is estopped from challenging the validity of the plaintiff’s mark on the ground that the license was “naked.”<sup>306</sup>

## 10. Federal Circuit

In *Recot, Inc. v. M.C. Becton*,<sup>307</sup> the Federal Circuit reemphasized its rule that famous marks are entitled to broad protection.

This was an appeal from an unsuccessful opposition by the owner of the well-known mark FRITO-LAY against an application to register the mark FIDO LAY for edible dog treats. The Federal Circuit vacated the Trademark Trial and Appeal Board’s decision primarily based on the fame of the FRITO-LAY mark. The court stated, “Fame of the prior mark, when present, plays a ‘dominant’ role in the process of balancing [the likelihood of confusion factors] . . . Famous marks thus enjoy a wide latitude of legal protection.”<sup>308</sup> The court rejected the Board’s attempt to limit the importance of the fame factor to cases where the parties’ products or services are identical or closely related.<sup>309</sup>

## VI. Conclusion

As we enter the new millennium, technology is developing at a staggering pace. Use of the Internet and e-commerce continues to grow exponentially, bringing more and more businesses into the realm of international commerce. Strong trademarks--and strong systems for protecting trademarks--are vitally important to the success of these businesses. As the business world continues to develop and expand, trademark law must develop with it--both on the domestic and international front. As the past year illustrates, these developments are likely to continue at a dizzying pace as trademark law struggles to keep up with technology.

## Footnotes

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- 1 The opinions expressed in this article are solely those of the authors and should not be attributed to Fulbright & Jaworski L.L.P. or its clients.
- 2 Trademark Law Treaty Implementation Act (“TLTIA”) of 1998, Pub. L. No. 105-330, 112 Stat. 3064. Although this legislation was signed by President Clinton on October 30, 1998, the amendments implementing the TLT requirement did not become effective until one year later. Several of the other technical and clarifying amendments included in the TLTIA, however, became effective immediately.
- 3 37 C.F.R. § 2.66 (2000).
- 4 37 C.F.R. § 2.21 (2000).
- 5 37 C.F.R. § 2.33 (2000).
- 6 37 C.F.R. § 3.25 (2000).
- 7 15 U.S.C. § 1058 (Supp. V 2000).
- 8 15 U.S.C. § 1059 (Supp. V 2000).
- 9 37 C.F.R. §§ 2.160(a)(3), 2.182 (2000).
- 10 15 U.S.C. § 1052(e)(5) (Supp. V 2000).
- 11 15 U.S.C. § 1064(3) (Supp. V 2000).
- 12 15 U.S.C. § 1064 (Supp. V 2000).
- 13 *Id.*
- 14 Trademark Amendments Act of 1999, Pub. L. No. 106-43 113 Stat. 218.
- 15 15 U.S.C. §§1063-1064 (Supp. V 2000).

16 15 U.S.C. §1125(a)(3) (Supp. V 2000).

17 Cases placing the burden of proving nonfunctionality on the plaintiff include *Sunbeam Prods., Inc. v. West Bend Co.*, 123 F.3d 246, 251 (5th Cir. 1997); *Merchant & Evans, Inc. v. Roosevelt Bldg. Prods. Col.*, 963 F.2d 628, 633 (3d Cir. 1992); *Ferrari S.P.A. Esercizio Fabriche Automobil E. Corse v. Roberts*, 944 F.2d 1235, 1239 (6th Cir. 1991); *Woodsmith Publ'g Co. v. Meredith Corp.*, 904 F.2d 1244, 1247 (8th Cir. 1990); *Clamp Mfg. Co. v. Enco Mfg. Co.*, 870 F.2d 512, 516 (9th Cir. 1989); *Reader's Digest Ass'n v. Conservative Digest, Inc.*, 821 F.2d 800, 803 (D.C. Cir. 1987); *Brooks Shoe Mfg. Co. v. Suave Shoe Corp.*, 716 F.2d 854, 857 (11th Cir. 1983); *Fisher Stoves, Inc. v. All Nighter Stove Works, Inc.*, 626 F.2d 193, 195 (1st Cir. 1980); *Textron, Inc. v. ITC*, 753 F.2d 1019, 1026 (Fed. Cir. 1985). Cases making functionality an affirmative defense include *Badger Meter, Inc. v. Grinnell Corp.*, 13 F.3d 1145, 1151 (7th Cir. 1994); *Wallace Int'l Silversmiths, Inc. v. Godinger Silver Art Col.*, 916 F.2d 76, 79 (2d Cir. 1990); *Hartford House, Ltd. v. Hallmark Cards, Inc.*, 846 F.2d 1268, 1271 n.3 (10th Cir. 1988).

18 Consolidated Appropriations Act of 2000, Pub. L. No. 106-113, 113 Stat. 1501.

19 15 U.S.C. § 1125(d) (Supp. V 2000).

20 For example, the American Intellectual Property Law Association adopted a resolution in 1991 favoring the establishment of the PTO as a government corporation independent from the Department of Commerce and voted to support a bill accomplishing that in 1996. AIPLA Past Action Manual 1982-2000 at 4.

21 See Uniform Domain Name Dispute Resolution Policy at <http://www.icann.org/udrp/udrp-policy-24oct99.htm>.; Rules for Uniform Domain Name Dispute Resolution Policy at <http://www.icann.org/udrp/udrp-rules-24oct99.htm>.

22 Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, June 27, 1989, Art. 10(3)(a), WIPO Pub. No. 204(E).

23 See Louis T. Pirkey & William G. Barber, GATT Symposium Issue: The Implications of GATT on U.S. Intellectual Property Laws: Treaties Bring Changes to U.S. Trademark Law and Practice, 22 AIPLA Q. J. 509, 521-29 (1994).

24 505 U.S. 763, 23 U.S.P.Q.2d (BNA) 1081 (1992).

25 514 U.S. 159, 34 U.S.P.Q.2d (BNA) 1161 (1995).

26 Two Pesos, 505 U.S. at 776, 34 U.S.P.Q.2d at 1089.

27 *Qualitex*, 514 U.S. at 166, 34 U.S.P.Q.2d at 1164.

28 121 S. Ct. 1255, 58 U.S.P.Q.2d (BNA) 1001 (2001).

29 *Id.* at 1260, 58 U.S.P.Q.2d at 1004.

30 *Id.* at 1262, 58 U.S.P.Q.2d at 1005 (quoting *Qualitex*, 514 U.S. at 165, 34 U.S.P.Q.2d at 1163).

31 *Id.* at 1261, 58 U.S.P.Q.2d at 1005 (quoting *Qualitex*, 514 U.S. at 165, 34 U.S.P.Q.2d at 1163, quoting *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850 n.10, 214 U.S.P.Q. 1, 4 n.10 (1982)).

32 529 U.S. 205, 54 U.S.P.Q.2d (BNA) 1065 (2000).

33 Id. at 212-13, 54 U.S.P.Q.2d at 1068-69.

34 505 U.S. 763, 23 U.S.P.Q.2d (BNA) 1081(1992).

35 Id. at 776, 23 U.S.P.Q.2d at 1086.

36 Wal-Mart, 529 U.S. at 212, 54 U.S.P.Q.2d at 1068-69.

37 See *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 162-163, 34 U.S.P.Q.2d (BNA) 1161 (1995).

38 Wal-Mart, 529 U.S. at 212-213, 54 U.S.P.Q.2d at 1068-69.

39 Id. at 215, 54 U.S.P.Q.2d at 1064.

40 236 F.3d 57, 57 U.S.P.Q.2d (BNA) 1277 (1st Cir. 2001).

41 236 F.3d at 59, 57 U.S.P.Q.2d at 1278.

42 Id. at 60, 57 U.S.P.Q.2d at 1280.

43 Id. at 64, 57 U.S.P.Q.2d at 1283-84.

44 Id., (citing 15 U.S.C. § 1125(d)(1)(B)(i)(VIII) (Supp. V 2000)) (emphasis in original).

45 Id. at 65, 57 U.S.P.Q.2d at 1284.

46 219 F.3d 104, 55 U.S.P.Q.2d (BNA) 1360 (2d Cir. 2000).

47 Id. at 106, 55 U.S.P.Q.2d at 1362.

48 Id. at 107, 55 U.S.P.Q.2d. at 1363.

49 Id.

50 Id. at 108-09, 55 U.S.P.Q.2d at 1363-64.

51 220 F.3d 43, 55 U.S.P.Q.2d (BNA) 1051 (2d Cir. 2000).

52 Id. at 46, 55 U.S.P.Q.2d at 1054.

53 Id.

54 Id. at 47, 55 U.S.P.Q.2d at 1054.

55 Id. at 48, 55 U.S.P.Q.2d at 1055.

56 202 F.3d 489, 53 U.S.P.Q.2d 1570 (BNA) (2d Cir. 2000).

57 Id. at 498, 53 U.S.P.Q.2d at 1577.

58 Id.

59 235 F.3d 165, 57 U.S.P.Q. 2d 1125 (BNA) (3d Cir. 2000).

60 Id. at 172, 57 U.S.P.Q.2d at 1130.

61 Id. at 173, 57 U.S.P.Q.2d at 1130.

62 Id., 57 U.S.P.Q.2d at 1131.

63 Id.

64 Id.

65 237 F.3d 198, 57 U.S.P.Q.2d 1097 (BNA) (3d Cir. 2000).

66 Id.

67 Id. at 228, 57 U.S.P.Q.2d at 1116.

68 Id. at 229, 57 U.S.P.Q.2d at 1117.

69 Id. at 230, 57 U.S.P.Q.2d at 1118.

70 Id.

71 Id.

72 Id. at 231, 57 U.S.P.Q.2d at 1119.

73 Id.

74 Id.

75 Id. at 234, 57 U.S.P.Q.2d at 1121.

76 212 F.3d 157, 54 U.S.P.Q. 2d 1577 (3d Cir. 2000).

77 Id. at 163-66, 54 U.S.P.Q.2d at 1581-82.

78 Id. at 166, 54 U.S.P.Q.2d at 1582.

79 Id. at 167, 54 U.S.P.Q.2d at 1583.

80 Id. at 168, 54 U.S.P.Q.2d at 1584 (citations omitted).

81 Id., 54 U.S.P.Q.2d at 1585 (citing *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208 (2d Cir. 1999)).

82 Id. at 171, 54 U.S.P.Q.2d at 1586-94 (Barry, J., dissenting).

83 228 F.3d 531, 56 U.S.P.Q.2d (BNA) 1343 (4th Cir. 2000).

84 Id. at 534, 56 U.S.P.Q.2d at 1345.

85 Id.

86 Id.

87 Id. at 533, 56 U.S.P.Q.2d at 1344.

88 Id.

89 Id. at 541, 56 U.S.P.Q.2d at 1350.

90 Id. at 537, 56 U.S.P.Q.2d at 1347; 15 U.S.C. § 1127.

91 Id. at 536-37, 56 U.S.P.Q.2d at 1347.



92 Id. at 537, 56 U.S.P.Q.2d at 1347.

93 Id.

94 Id.

95 Id.

96 Id.

97 Id., 56 U.S.P.Q.2d at 1347-48.

98 Id., 56 U.S.P.Q.2d at 1348.

99 205 F.3d 137, 54 U.S.P.Q.2d (BNA) 1040 (4th Cir. 2000).

100 Id. at 140, 54 U.S.P.Q.2d at 1042.

101 Id. at 140-41, 54 U.S.P.Q.2d at 1043. Food accounted for 70% of plaintiff's gross sales. Id. at 139, 54 U.S.P.Q.2d at 1042.

102 Id. at 140-41, 54 U.S.P.Q.2d at 1043.

103 Id. at 141, 54 U.S.P.Q.2d at 1043.

104 Id. at 142, 54 U.S.P.Q.2d at 1044.

105 Id. at 144, 54 U.S.P.Q.2d at 1046.

106 Id., 54 U.S.P.Q.2d at 1045.

107 Id., 54 U.S.P.Q.2d at 1046.

108 Id., 54 U.S.P.Q.2d at 1045.

109 238 F.3d 378, 57 U.S.P.Q.2d (BNA) 1561 (5th Cir. 2001).

110 Id. at 381, 57 U.S.P.Q.2d at 1561-62.

111 Id.

112 Id.

113 Id. at 380, 57 U.S.P.Q.2d at 1563.

114 Id. at 381, 57 U.S.P.Q.2d at 1563.

115 Id.

116 Id.

117 Id.

118 Id., 57 U.S.P.Q.2d at 1564 (citing *Pebble Beach Co. v. Tour 18 I, Ltd.*, 942 F. Supp. 1513, 1565 (S.D. Tex. 1996).

119 214 F.3d 658, 55 U.S.P.Q.2d (BNA) 1225 (5th Cir. 2000). The author is counsel for Westchester Media in this case.

120 Compare *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 461, 50 U.S.P.Q.2d (BNA) 1065, 1075 (4th Cir.), cert. denied, 120 S.Ct. 285 (1999) (holding that the FTDA requires proof of “actual economic harm to the famous mark’s economic value”), with *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 223-25, 51 U.S.P.Q. 1882, 1893-94 (2d Cir. 1999) (rejecting Fourth Circuit’s requirement that plaintiff show “actual, consummated harm” to prevail under FTDA).

121 Westchester, 214 F.3d at 670, 55 U.S.P.Q.2d at 1234.

122 Id. at 671, 55 U.S.P.Q.2d at 1235.

123 Id. at 669-70 n.11, 55 U.S.P.Q.2d. at 1234 n.11 (citing *Viacom, Inc. v. Ingram Enters, Inc.*, 141 F.3d 886, 889, 46 U.S.P.Q.2d (BNA) 1473, 1475 (8th Cir. 1998))

124 Id. at 664-65, 55 U.S.P.Q.2d at 1236-37.

125 Id. at 672, 55 U.S.P.Q.2d at 1236.

126 Id. at 675, 55 U.S.P.Q.2d at 1238.

127 190 F.3d 333, 52 U.S.P.Q.2d (BNA) 1218 (5th Cir. 1999).

128 Id. at 336, 52 U.S.P.Q.2d at 1220.

129 Id. at 335, 52 U.S.P.Q.2d at 1219. The court did not explain what rights exist with respect to a pending patent application.

130 Id.

131 Id.

132 Id.

133 Id.

134 Id. at 336, 52 U.S.P.Q.2d at 1220. (quoting Zippo Mfg. v. Zippo Dot Com, Inc., 952 F. Supp. 1119, 1124, 42 U.S.P.Q.2d (BNA) 1062, 1066 (W.D. Pa. 1997)).

135 Id.

136 Id. (quoting Zippo, 952 F. Supp. at 1124, 42 U.S.P.Q.2d at 1066).

137 Id.

138 Id.

139 Id.

140 Id. at 336-37, 52 U.S.P.Q.2d at 1220-21.

141 Id. at 337, 52 U.S.P.Q.2d at 1220.

142 Id., 52 U.S.P.Q.2d at 1221.

143 Id. In a footnote, the court pointed out that the record contained a printed screen from the website that portrayed the e-mail as “possibly...an e-mail link, as opposed to simply an e-mail address.” Id. at 337 n.1, 52 U.S.P.Q.2d at 1221 n.1. Unable to verify whether a link existed, the court noted “that the mere existence of an e-mail link, without more, would not change [its] conclusion that there is no personal jurisdiction.” Id.

144 Id. at 337, 52 U.S.P.Q.2d at 1221.

145 202 F.3d 814, 53 U.S.P.Q.2d (BNA) 1753 (5th Cir. 2000).

146 Id. at 818, 53 U.S.P.Q.2d at 1756-57.

147 Id. at 816, 53 U.S.P.Q.2d at 1755.

148 15 U.S.C. § 1052(f) (Supp. 1999).

149 Igloo, 202 F.3d at 817-18, 53 U.S.P.Q.2d at 1756-57.

150 Id. at 817, 53 U.S.P.Q.2d at 1756.

151 Id. at 819, 53 U.S.P.Q.2d at 1758.

152 Id.

153 200 F.3d 358, 53 U.S.P.Q.2d (BNA) 1513 (5th Cir. 2000).

154 Id. at 363, 53 U.S.P.Q.2d at 1515.

155 Id.

156 Id.

157 Id. at 373, 53 U.S.P.Q.2d at 1523.

158 Id. at 369, 53 U.S.P.Q.2d at 1520.

159 Id. at 372, 53 U.S.P.Q.2d at 1522.

160 Id.

161 Id., 53 U.S.P.Q. 2d at 1522-23.

162 Id. at 373, 53 U.S.P.Q.2d at 1523.

163 Id. at 372-73, 53 U.S.P.Q.2d at 1523.

164 210 F.3d 439, 54 U.S.P.Q.2d (BNA) 1497 (5th Cir. 2000).

165 Id. at 445, 54 U.S.P.Q.2d at 1501.

166 Id.

167 Id.

168 Id.

169 210 F.3d 278, 54 U.S.P.Q.2d 1350 (BNA) (5th Cir. 2000). Fulbright & Jaworski represented the defendant in the appeal of this case.

170 Id. at 279, 54 U.S.P.Q.2d at 1351.

171 Id. at 279, 54 U.S.P.Q.2d at 1351.

172 209 F.3d 562, 54 U.S.P.Q.2d 1413 (6th Cir.), cert. denied, 121 S.Ct. 340 (2000). The authors are counsel for Exxon in this case.

173 Id. at 564-67, 54 U.S.P.Q.2d at 1413-16.

174 Id.

175 Kellog, 209 F.3d at 568-69, 54 U.S.P.Q.2d at 1418.

176 Id. at 573, 54 U.S.P.Q.2d at 1422.

177 Id.

178 Id. at 570-71, 54 U.S.P.Q.2d at 1419.

179 Id. at 574, 54 U.S.P.Q.2d at 1422.

180 Id. at 575, 54 U.S.P.Q.2d at 1423.

181 Id. at 573, 54 U.S.P.Q.2d at 1421.

182 Id.

183 Id. at 574, 54 U.S.P.Q.2d at 1422.

184 Id.

185 233 F.3d 456, 56 U.S.P.Q.2d 1942 (BNA) (7th Cir. 2000).

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

187 See Ringling Bros. Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 50 U.S.P.Q.2d 1065 (BNA) (4th Cir. 1997), cert. denied, 528 U.S. 923 (1999).

188 Eli Lilly, 233 F.3d at 468, 56 U.S.P.Q.2d at 1950.

189 See *Mead Data Control, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1035, 10 U.S.P.Q.2d 1961, 1965 (BNA) (2d Cir. 1989).

190 *Eli Lilly*, 233 F.3d at 469, 56 U.S.P.Q.2d at 1951.

191 *Id.* at 465, 56 U.S.P.Q.2d at 1948 (citations omitted).

192 188 F.3d 427, 51 U.S.P.Q.2d 1920 (BNA) (7th Cir. 1999), cert. denied, 120 S. Ct. 1241 (2000).

193 *Id.* at 431-32, 51 U.S.P.Q.2d at 1922.

194 *Id.* at 430-32, 51 U.S.P.Q.2d at 1921-23.

195 *Id.* at 432, 51 U.S.P.Q.2d at 1923.

196 *Id.* at 432-33, 51 U.S.P.Q.2d at 1923.

197 *Id.* at 433-35, 51 U.S.P.Q.2d at 1923-24.

198 *Id.* at 433-34, 51 U.S.P.Q.2d at 1924.

199 *Id.* at 434, 51 U.S.P.Q.2d at 1924.

200 *Id.*

201 *Id.*

202 *Id.*

203 *Id.* at 435, 51 U.S.P.Q.2d at 1925.

204 34 F.3d 410, 31 U.S.P.Q.2d (BNA) 1811 (7th Cir. 1994).

205 *Johnny Blastoff*, 188 F.3d at 435, 51 U.S.P.Q.2d at 1925.

206 *Id.*

207 *Id.* at 434, 51 U.S.P.Q.2d at 1924-25 .

208 *Id.* at 437, 51 U.S.P.Q.2d at 1926.

209 Id.

210 Id.

211 191 F.3d 813, 52 U.S.P.Q.2d (BNA) 1065 (7th Cir. 1999).

212 Id. at 816, 52 U.S.P.Q.2d at 1066.

213 Id. at 816-17, 52 U.S.P.Q.2d at 1066.

214 Id. at 817, 52 U.S.P.Q.2d at 1066.

215 Id.

216 Id., 52 U.S.P.Q.2d at 1066-67 .

217 Id., 52 U.S.P.Q.2d at 1067.

218 15 U.S.C. § 1125(a)(2) (1998).

219 Hot Wax, 191 F.3d at 817-18, 52 U.S.P.Q.2d at 1067.

220 Id. at 818, 52 U.S.P.Q.2d at 1067. See also Hot Wax, Inc. v. Turtle Wax, Inc., 27 F. Supp. 2d 1043, 48 U.S.P.Q.2d 1602 (BNA) (N.D. Ill. 1998).

221 Id.

222 Id.

223 Id. at 819-27, 52 U.S.P.Q.2d at 1068-74.

224 Id. at 820, 52 U.S.P.Q.2d at 1069.

225 Id. at 821, 52 U.S.P.Q.2d at 1069-70.

226 Id., 52 U.S.P.Q.2d at 1069.

227 Id. at 822, 52 U.S.P.Q.2d at 1070.

228 Id. at 822-23, 52 U.S.P.Q.2d at 1070-71.

229 Id. at 823, 52 U.S.P.Q.2d at 1071.

230 Id. (“[I]t cannot be equitable for a well-informed merchant with knowledge of a claimed invasion of right, to wait to see how successful his competitor will be and then destroy with the aid of court decree, much that the competitor has striven for and accomplished.” (quoting *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492, 498, 128 U.S.P.Q. (BNA) 411, 415 (2d Cir. 1961))).

231 Id.

232 Id. at 823-24, 52 U.S.P.Q.2d at 1071-72.

233 Id. at 824, 52 U.S.P.Q.2d at 1072.

234 Id.

235 Id.

236 Id. at 824 n.3, 52 U.S.P.Q.2d at 1072 n.3. The precise nature of the monetary relief that Hot Wax sought is not clear from the court’s decision. Initially, the Seventh Circuit characterized the requested relief as “damages.” Id. at 816, 52 U.S.P.Q.2d at 1066. As used in the Lanham Act, damages are synonymous with the plaintiff’s lost profits. 15 U.S.C. § 1117(a) (1998). Later, however, the court pointed out that Hot Wax had characterized the requested relief as “Turtle Wax’s wrongfully gained profits.” Hot Wax, 191 F.3d at 824 n.3, 52 U.S.P.Q.2d at 1072 n.3. The district court referred to Hot Wax’s claim as one for “damages” throughout its opinion. *Hot Wax, Inc. v. Turtle Wax, Inc.*, 27 F. Supp. 2d 1043, 48 U.S.P.Q.2d 1602 (BNA) (N.D. Ill. 1998) passim. In any event, the distinction is likely irrelevant considering both remedies are “subject to the principles of equity” . See 15 U.S.C. § 1117(a).

237 Id. at 825, 52 U.S.P.Q.2d at 1073.

238 Id. at 826, 52 U.S.P.Q.2d at 1073.

239 Id.

240 Id. at 827, 52 U.S.P.Q.2d at 1074.

241 223 F.3d 1082, 55 U.S.P.Q.2d (BNA) 1941 (9th Cir. 2000).

242 Id. at 1085, 55 U.S.P.Q.2d at 1942 (citations omitted).

243 See *Calder v. Jones*, 465 U.S. 783 (1984).

244 *Bancroft & Masters*, 223 F.3d at 1087, 55 U.S.P.Q. 2d at 1944.



245 Id. at 1088, U.S.P.Q.2d at 1945.

246 Id. at 1088, U.S.P.Q.2d at 1946.

247 Id.

248 202 F.3d 1199, 53 U.S.P.Q.2d (BNA) 1652 (9th Cir. 2000).

249 Id. at 1206, 53 U.S.P.Q.2d at 1656.

250 Id.

251 Id. at 1203, 53 U.S.P.Q.2d at 1654.

252 Id. at 1206, 53 U.S.P.Q.2d at 1657.

253 Id. at 1211, 53 U.S.P.Q.2d at 1660.

254 Id.

255 199 F.3d 1009, 53 U.S.P.Q.2d 1196 (BNA) (9th Cir. 1999).

256 Id. at 1010, 53 U.S.P.Q.2d at 1198.

257 Id. at 1013, 53 U.S.P.Q.2d at 1200.

258 Id.

259 Id.

260 Id. at 1013, 53 U.S.P.Q.2d at 1200-01.

261 Id.

262 184 F.3d 1107, 51 U.S.P.Q.2d 1535 (BNA) (9th Cir. 1999), cert. denied, 528 U.S. 1155 (2000).

263 Id. at 1108, 51 U.S.P.Q.2d at 1535.

264 Id.

265 Id. at 1108-09, 51 U.S.P.Q.2d at 1535.

266 Id. (quoting *Interstellar Starship Servs., Ltd. v. EPIX Inc.*, 983 F. Supp. 1331, 1332, 45 U.S.P.Q.2d (BNA) 1304, 1305 (D. Or. 1997)).

267 Id.

268 Id.

269 Id.

270 Id. at 1111 n.3, 51 U.S.P.Q.2d at 1537 n.3 (noting that the district court applied the six-factor test from *Century 21 Real Estate Corp. v. Sandlin* and stating, “[a]lthough we apply the [eight-factor] test and hold that both unmentioned factors are relevant in the instant case, we do not believe that a district court necessarily errs as a matter of law when choosing one formulation over another”) (citations omitted).

271 Id. at 1110, 51 U.S.P.Q. 2d at 1536.

272 Id., 51 U.S.P.Q. 2d at 1537.

273 Id.

274 Id.

275 Id. at 1110-111, 51 U.S.P.Q.2d at 1537.

276 Id. at 1111, 51 U.S.P.Q.2d at 1537.

277 Id.

278 194 F.3d 980, 52 U.S.P.Q.2d (BNA) 1481 (9th Cir. 1999).

279 Id. at 983-85, 52 U.S.P.Q.2d at 1483-85.

280 Id. at 983, 52 U.S.P.Q.2d at 1483.

281 Id. at 981, 983, 52 U.S.P.Q.2d at 1482, 1483.

282 Id. at 983-84, 52 U.S.P.Q.2d at 1483-84.

283 456 U.S. 844, 214 U.S.P.Q. (BNA) 1 (1982).

284 Lockheed, 194 F.3d at 984, 52 U.S.P.Q.2d at 1484.

285 Id.

286 See *Hard Rock Cafe Licensing Corp. v. Concession Servs., Inc.*, 955 F.2d 1143, 21 U.S.P.Q.2d (BNA) 1764 (7th Cir. 1992).

287 See *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259, 37 U.S.P.Q.2d (BNA) 1590 (9th Cir. 1996).

288 See Lockheed, 194 F.3d at 984, 52 U.S.P.Q.2d at 1484 .

289 Id.

290 Id.

291 Id.

292 Hard Rock, 955 F.2d at 1148, 21 U.S.P.Q.2d at 1768.

293 Lockheed, 194 F.3d at 984-85, 52 U.S.P.Q.2d at 1484.

294 Id. at 985, 52 U.S.P.Q.2d at 1484 (emphasis added).

295 Id. at 985, 52 U.S.P.Q.2d at 1484 (stating that the district court had correctly observed that infringement resulted from the registrant's use of the domain name on its web site in connection with goods or services).

296 15 U.S.C. § 1114(2) (1998).

297 Id. at 981, 985, 52 U.S.P.Q.2d at 1482, 1485.

298 Id. at 985, 52 U.S.P.Q.2d at 1485.

299 Id. at 985-86, 52 U.S.P.Q.2d at 1485.

300 Id. at 986, 52 U.S.P.Q.2d at 1486.

301 Id.

302 See supra notes 145-52 and accompanying text.

303 235 F.3d 540, 57 U.S.P.Q.2d (BNA) 1321 (10th Cir. 2000).

304 Id. at 545, 57 U.S.P.Q.2d at 1325 (quoting *Glover v. Ampak, Inc.*, 74 F.3d 57, 59 (4th Cir. 1996) (citations omitted)).

305 Id.

306 Id. at 548, 57 U.S.P.Q.2d at 1328.

307 214 F.3d 1322, 54 U.S.P.Q.2d (BNA) 1894 (Fed. Cir. 2000).

308 Id. at 1327, 54 U.S.P.Q.2d at 1897.

309 Id.